Relevance

1. Pension funds’ recovery measures have lead to lower pension annuities and the recession affected workers’ wealth between 2008 – 2014.

2. Paper shows how changes in (pension) annuities influence workers’ planning for retirement, i.e. their anticipated (minimal) level of expenses during retirement.
Main points

1. Pension annuities dropped by 20% between 2008 – 2014 and workers’ consumption floors during retirement decreased by 10%.

2. Fraction of people whose pension annuities is not sufficient to meet their consumption floor increased from 25% to 32%.

3. Without adjustments of consumption floor, this fraction would have increased from 25% to 50%.

4. If both pension annuities as well as the liquidation of all assets are taken into account the fraction would have increased from 10% to 16%.
Main points

Novelties of this paper:

- Combination use survey data from respondents (consumption floor when retired) with administrative data from tax office (assets) and pension funds (projected pension annuities) for 2008 and 2014.

- The authors show how wealth shocks might influence future expenses during retirement.
Comment 1: Pension annuities and crisis

- In the paper the reduction in pension annuities by 20% is related to the financial crisis and the subsequent recession.

- However, also the increase in life expectancy and the ageing of the population as a whole have affected pension funds’ financial positions.

To what extent is the reduction in pension annuities attributable to the crisis/recession and to other factors?

- Can you disentangle the impact of the crisis, increase in life expectancy and the ageing population on the development of the pension annuities?
Comment 2: LISS sample

- In 2008 the sample size was N=1,396 and in 2014 N=2,755.
- Between 2008 and 2014 the consumption floor, i.e. the minimum amount of money that people want to spend during their retirement, went down by 10% (keeping prices equal).

To what extent are the samples in 2008 and 2014 comparable?

- Why was the sample size in 2014 twice as high as in 2008?
- How do you take into account any differences in sample composition when calculating average/median consumption floors?
Comment 3: Knowledge about pension income

- In the paper drop in consumption floor is related to external shocks in pension income.

- However, people know very little about their pension.
Comment 3: Knowledge about pension income

Sources with information on respondent's own pension (DNB/DHS nov. 2015)

<table>
<thead>
<tr>
<th>Age</th>
<th>25-34</th>
<th>35-44</th>
<th>45-54</th>
<th>55-64</th>
<th>65-74</th>
<th>&gt;=75</th>
<th>all</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>48%</td>
<td>43%</td>
<td>38%</td>
<td>20%</td>
<td>35%</td>
<td>42%</td>
<td>35%</td>
</tr>
<tr>
<td>Yes, by myself, via <a href="http://www.mijnpensioenoverzicht.nl">www.mijnpensioenoverzicht.nl</a></td>
<td>14%</td>
<td>15%</td>
<td>19%</td>
<td>35%</td>
<td>16%</td>
<td>7%</td>
<td>19%</td>
</tr>
<tr>
<td>Yes, by myself: via my 'uniform pensioenoverzicht' of my pension fund</td>
<td>9%</td>
<td>7%</td>
<td>10%</td>
<td>23%</td>
<td>9%</td>
<td>1%</td>
<td>11%</td>
</tr>
<tr>
<td>Yes, via my own 'uniform pensioenoverzicht' sent to me by my pension fund</td>
<td>13%</td>
<td>14%</td>
<td>15%</td>
<td>26%</td>
<td>17%</td>
<td>9%</td>
<td>17%</td>
</tr>
<tr>
<td>Yes, I contacted my pension fund myself</td>
<td>2%</td>
<td>1%</td>
<td>3%</td>
<td>8%</td>
<td>6%</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>Yes, my pension funds contacted me in an alternative way</td>
<td>28%</td>
<td>28%</td>
<td>28%</td>
<td>31%</td>
<td>37%</td>
<td>37%</td>
<td>32%</td>
</tr>
<tr>
<td>Yes, via my employer</td>
<td>4%</td>
<td>6%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>Yes, otherwise</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>5%</td>
<td>9%</td>
<td>3%</td>
</tr>
</tbody>
</table>

- 35% participants are not informed on their pension (November 2015)
- This holds especially for people below 45.

Possible to control for differences in respondents' knowledge about their pension when analysing consumption floors?
Comment 4: Pension annuities

- Real value of pension annuities went down by 20% between 2008 and 2014.

- Inflation in that period was about 11%. No indexation explains about half of the 20% reduction. What about the other half?

Could you provide a decomposition of the change in the real value of the pension annuities by its main drivers?
Comment 5: Value real estate

- 2008-2014: value of owner occupied real estate in the sample went down by 31.6% from EUR 247K to EUR 169K.
- The avg. value of house prices in NL went down by 20%.
- Large difference between development property in the sample and in NL.

Why is that?

- How is the value of owner occupied real estate calculated?
- Why does the avg. value of owner occupied real estate for p25 went down from EUR 104.7K to EUR 0? Are p25 people in 2014 all renters?
I enjoyed reading your paper!