

Erasmus  
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# Discussion of A Cross-Country Study of Saving and Spending in Retirement

Netspar International Pension Workshop  
January 19, 2017  
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# Overview

- Research question and design
- Cross country differences
- Vignettes
- Choice modelling
- Open questions

# Research question and design

- How does a different composition of one's pension wealth – in terms of liquid vs annuitized wealth – affect consumption plans
- Study uses variation across individuals and across countries
  - Role of government nudges
  - Role of life events

# Cross-country differences

- Are people also different?
  - People choose their institutions
  - Do institutions then cause differences?
- Do institutions differ beyond the pension system?
  - Insurance system for medical expenditures
  - Homes for the elderly and their costs
  - Support for household chores, e.g. cleaning
  - Income vs means tested co-payments
- Is it sufficient to use PPP?
  - The Dutch system has an employer contribution into the 2<sup>nd</sup> pillar pension scheme -> affects life-cycle income but not gross income
  - Better to use net income instead of gross to account for tax scheme differences?

# Vignettes

- Vignettes mimic cross-country differences in institutional settings
  - Strengthens design of “real” cross-country study
- How complete/realistic are the vignettes?
  - Housing (always difficult)
  - What if savings are at 0?
  - What do limitations in ADL imply
    - More health related expenditures
    - Limited ability to spend/consume
- Is the amount of liquid assets part of the vignette?
  - Respondents advise households who have a huge amount of savings (relative to income) based on the motive “have cash on hand”. Do they infer preferences from the vignette?
- Compose consumption path vs choice of restricted paths?

# Choice modelling

- Data collection allows for powerful analyses
- How do different households make different choices in different situations
- Role of demographics
  - Currently envisioned to influence savings motives
  - Direct impact on choice of consumption profile?
  - Mediation?

# Open questions

- Respondents are asked to advice somebody else. Is advice less biased than behavior?
  - It might rule out procrastination that effects actual behavior
  - Can people anticipate others' preferences
- How difficult is it to ask for respondents' own plans?
  - Would it be realistic to have scenarios there as well?