

*Towards making Ireland the best
place in the world to grow old*

tilda

Staidéar Fadaimseartha na
hÉireann um Dhul in Aois

The Irish Longitudinal
Study on Ageing

The Impact of Voluntary & Involuntary Retirement on Mental Health: Evidence from Older Irish Adults

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- Postponement of retirement to counteract effects of population ageing
 - Larger tax base
 - Pension benefits paid later in life
 - But what about individual wellbeing?
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- A priori, retirement can affect mental health:
 - **Negatively** if perceived as:
 - stressful event
 - loss of identity
 - loss of income
 - **Positively** if:
 - relief from job-related stress
 - satisfaction derived from many sources throughout life
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- Association between retirement & mental health generally **negative**
 - But few studies have attempted to identify *causal effects*
 - Difficult because:
 - Unobserved heterogeneity
 - Unobservables correlated with retirement and mental health
 - Reverse causation
 - Poor mental health after retirement might be the cause, not the effect, of retirement
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- Empirical papers have used different strategies:
 - Fixed effect models (Mandal & Roe 2008; Dave et al. 2008; Latif 2013; Charles 2002)
 - Two-stage least square estimation (Charles 2002, Mandal & Roe 2008; Latif 2013; Neuman 2008; Coe & Zamarro 2011)
 - Non-parametric estimators (Behncke 2012)
 - Regression discontinuity design (Johnston & Lee 2009)
 - Results are mixed:
 - Negative effect (Mandal & Roe 2008; Dave et al. 2008)
 - Positive effect (Mandal & Roe 2008; Charles 2002; Johnston & Lee 2009)
 - No effect (Coe & Zamarro 2011; Behncke 2012)
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- We run 2 models where reference category = continuously employed
 - **Model 1:**
 - continuously employed
 - vs retired
 - **Model 2:**
 - continuously employed
 - vs retired voluntarily
 - vs retired involuntarily
 - vs retired due to own ill health
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DEPENDENT VARIABLE

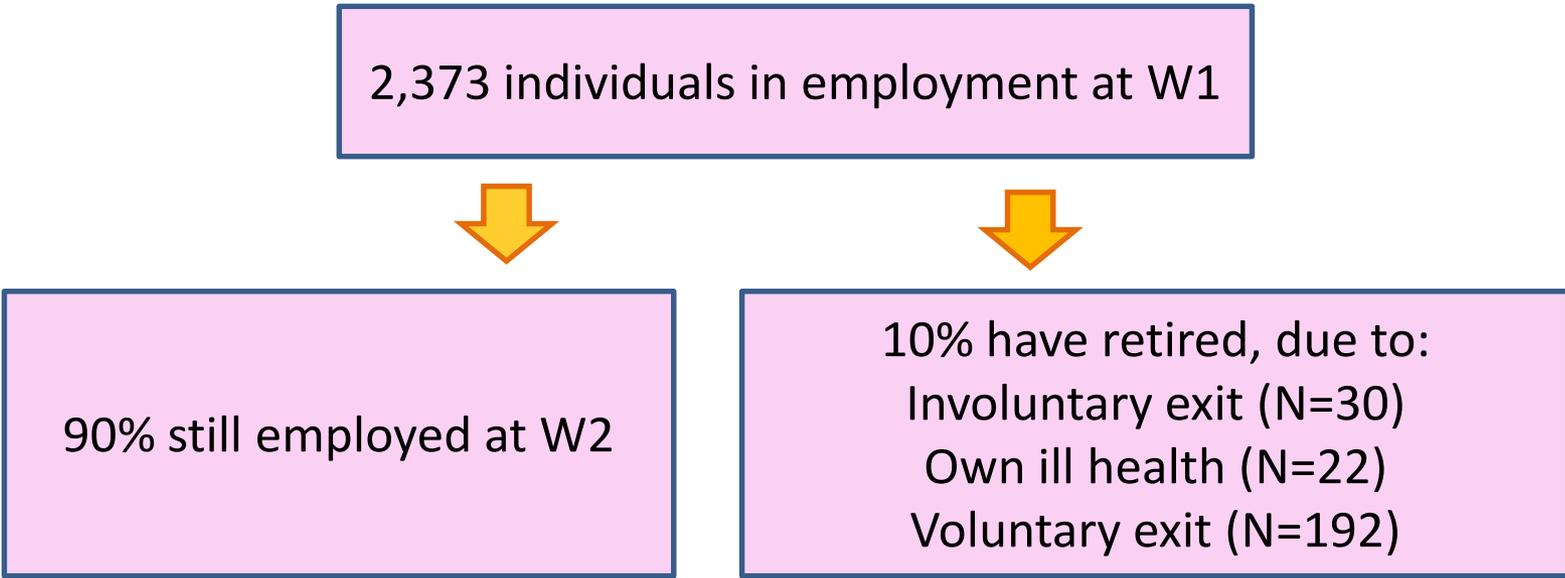
- Change in depression score (CESD)
 - CESD score at Wave 2 – CESD score at Wave 1 (e.g. 15-10=5)

INDEPENDENT VARIABLES

- Demographic/social changes
 - Death of child/spouse/parent; loss of close friends or relatives; stopped participating in a group
 - Economic changes
 - **Retirement**; changes in income
 - Physical health changes
 - Onset of cardiovascular disorder; onset of chronic illness
 - Loss of functional capacity
 - Deterioration in self-reported physical health
 - Deterioration in self-reported vision
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The sample

2,373 individuals in employment at W1



90% still employed at W2

10% have retired, due to:
Involuntary exit (N=30)
Own ill health (N=22)
Voluntary exit (N=192)

Retirees are on average 5 years older than those still at work
(average age: 61.7 years vs 56.6 years)

	Continuously employed	Fully retired	Retired due to ill health	Retired involuntarily	Retired voluntarily
Δ in CES-D score, mean	-0.378	0.783**	3.041**	1.854*	0.328*
N	2,129	244	22	30	192

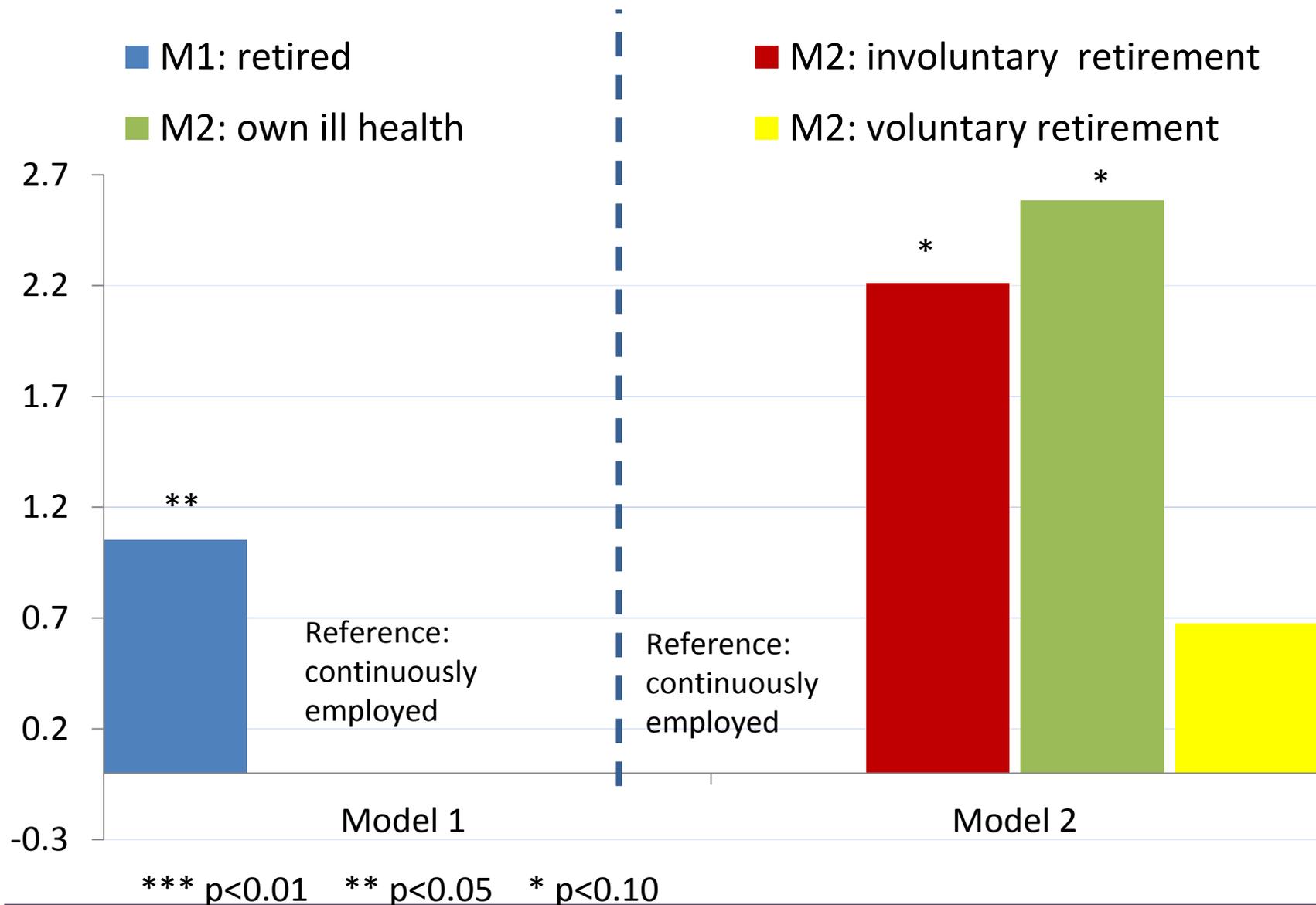
***1%; **5%; *10%

	Continuously employed	Fully retired
<i>Independent variables</i>		
Loss in functional capacity (new ADL)	0.008	0.026*
Onset of hypertension/high chol/diabetes	0.134	0.190**
Onset of chronic illness	0.175	0.258*
Income has decreased	0.407	0.693***
Income has increased/stayed the same	0.461	0.142***

***1%; **5%; *10%

Regression results: coefficients

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	Model 1	Model 2
Continuously employed	Ref.	Ref.
Fully retired	1.05**	--
Retired involuntarily	--	2.21*
Retired due to own ill health	--	2.58*
Retired voluntarily	--	0.67

	Model 1	Model 2
Death of child/spouse/parent	1.69**	1.68**
Loss in functional capacity (new IADL)	3.63*	3.51*
1 point deterioration in SR health	0.78**	0.78**
2+ point deterioration in SR health	1.60*	1.58**
Deterioration in SR vision	0.60**	0.62**

***1%; **5%; *10%

Conclusions

- We investigated effects of retirement on mental health and found that reason for retirement is important
 - Negative effect of retirement for those who retired involuntarily or due to ill health
 - No effect for those who retired voluntarily
 - Findings particular important in the current economic context
 - Important to note that this is a short-run effect. Impact might change in medium to long-run
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