

*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

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2,373 individuals in employment at W1

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graph TD; A[2,373 individuals in employment at W1] --> B[90% still employed at W2]; A --> C["10% have retired, due to:  
Involuntary exit (N=30)  
Own ill health (N=22)  
Voluntary exit (N=192)"];
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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)

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

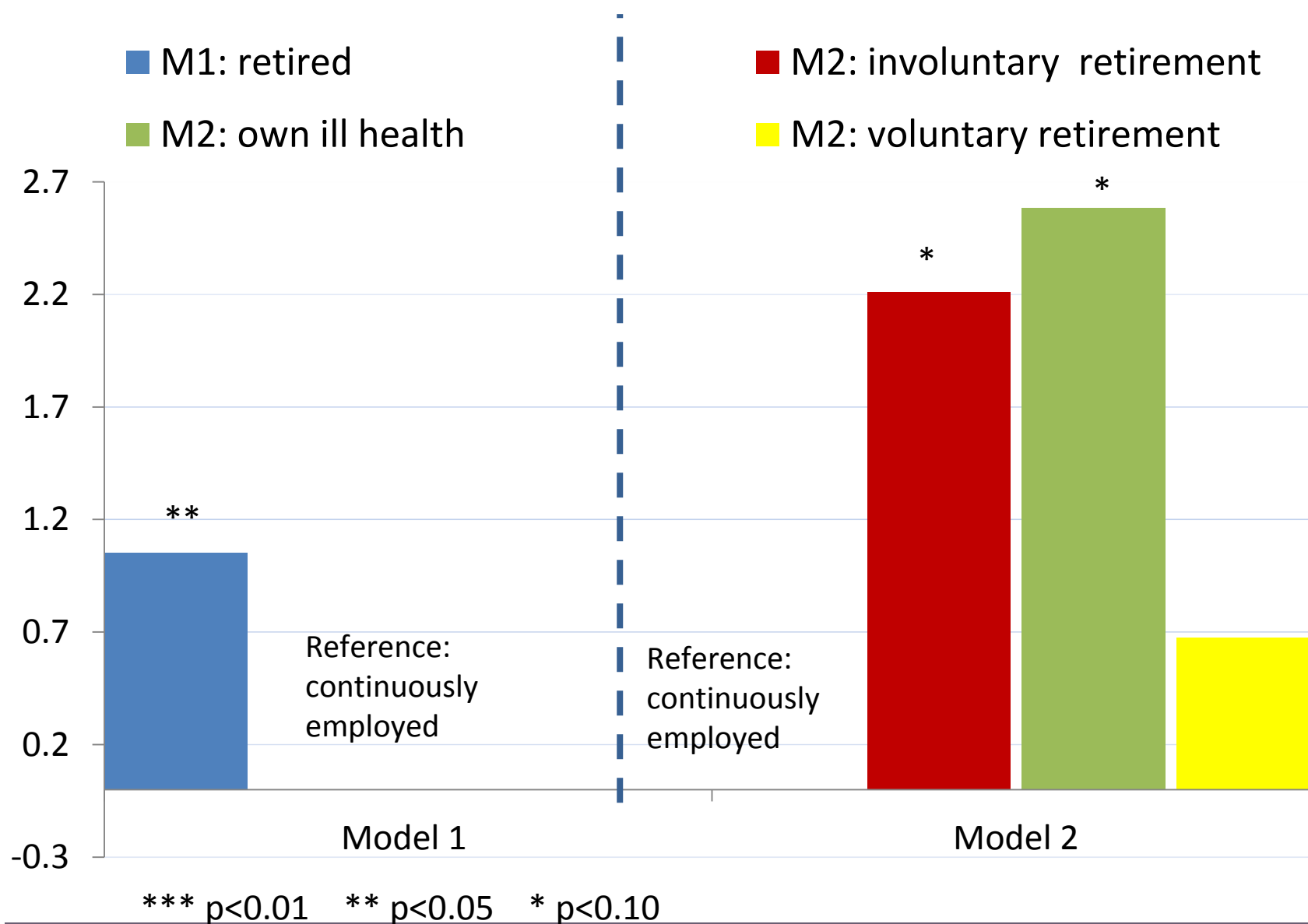
\*\*\*1%; \*\*5%; \*10%

	Continuously employed	Fully retired
<b><i>Independent variables</i></b>		
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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	<b>Model 1</b>	<b>Model 2</b>
Continuously employed	Ref.	Ref.
Fully retired	1.05**	--
Retired involuntarily	--	2.21*
Retired due to own ill health	--	2.58*
Retired voluntarily	--	0.67

	<b>Model 1</b>	<b>Model 2</b>
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

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- 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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