

## PRESS RELEASE

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# Pension reform: “Why later retirement increases mortality risk” – EPOS Research Center at University of Mannheim reveals

- **Research provides causal empirical evidence on adverse mortality effects of later retirement**
- **Flexible retirement mitigates higher risks**
- **Sense of achievement protects health at work**

Mannheim, Germany, 09.05.2023 – **Populations are ageing rapidly worldwide: The OECD projects that the number of retirees per worker will rise by 50 percent until 2050. To cope with rising costs, governments aim to reform their public pension schemes. One of the main policy tools is to raise the minimum eligibility age. Yet, a new study by the University of Mannheim shows that removing early retirement increases the hazard of dying. “The Effect of Removing Early Retirement on Mortality” Discussion Paper is published by Cristina Bellès-Obrero, Ph.D., Prof. Sergi Jiménez-Martin and Prof. Han Ye at the EPOS Collaborative Research Center Transregio 224, a cooperation of the Universities of Bonn and Mannheim in Germany.**

“Our research provides empirical evidence that later retirement increases mortality,” the economists say. “Most policymakers aim to create incentives for longer working lives to cope with ageing populations. It is therefore highly relevant to understand the impact of delaying retirement and how to mitigate negative effects. To that end, our research team analysed Social Security data over a long period of time – starting before and after the Spanish pension reform of 1967 which raised the early retirement age: Those contributing before 1 January 1967 maintained the right to voluntarily retire at the age of 60. Those who started contributing after that date could only voluntarily claim a pension at age 65.”

### **Workplace conditions at the end of career matter**

The results show that delaying labour market exit by one year increases the hazard of dying between the ages of 60 and 69 by 4.2 percentage points. Depending on the working conditions during the last years of employment, delaying retirement has different effects on life expectancy. Characteristics such as the physical and psychosocial burden, the self-value at work and the skill level all have an influence.

### **Sense of achievement is important for health**

The results imply that losing the right to retire early can lead to the death of individuals who work in physically demanding jobs and who are also highly exposed to psychosocial burdens. Yet, employees who feel a sense of achievement and recognition within their workplace do not experience a negative mortality effect. As to skill level, delaying retirement by one year increases the probability of dying between the ages of 60 and 69 by 5.4 percentage points for blue-collar workers.

### **There is no “one-fits-all” solution**

“These results show that there can be no ‘one-fits-all’ retirement solution,” the authors say. “We find that policies which remove access to early retirement for the general population can exacerbate the socio-economic disparities in life expectancy. Our results also indicate that individuals did not fully comply with the rise in statutory retirement age. They utilized other ways to leave the labour market before claiming a regular pension, by either claiming disability insurance or a partial pension.”

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## **The way forward: Flexible retirement schemes**

Those who had access to a partial pension experienced lower mortality rates. This shows that gradual retirement can smooth the adverse effects of prolonged working lives. “Gradually reducing hours worked toward the end of people’s careers is a good way forward to cope with the challenges of aging populations while protecting workers’ health at the same,” the authors conclude.

The presented discussion paper is a publication without peer review of the Collaborative Research Center Transregio 224 EPoS. Access the full discussion paper [here](#). Find the list of all discussion papers of the CRC [here](#).

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## **The Collaborative Research Center (CRC) Transregio 224 EPoS**

Established in 2018, [the Collaborative Research Center Transregio 224 EPoS](#), a cooperation of the universities Bonn and Mannheim, is a long-term research institution funded by the German Research Foundation (Deutsche Forschungsgemeinschaft, DFG). EPoS addresses three key societal challenges: how to promote equality of opportunity; how to regulate markets in light of the internationalization and digitalization of economic activity; and how to safeguard the stability of the financial system.

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