

# (Un)Planned Retirement: Expectations and Realization of Retirement Path

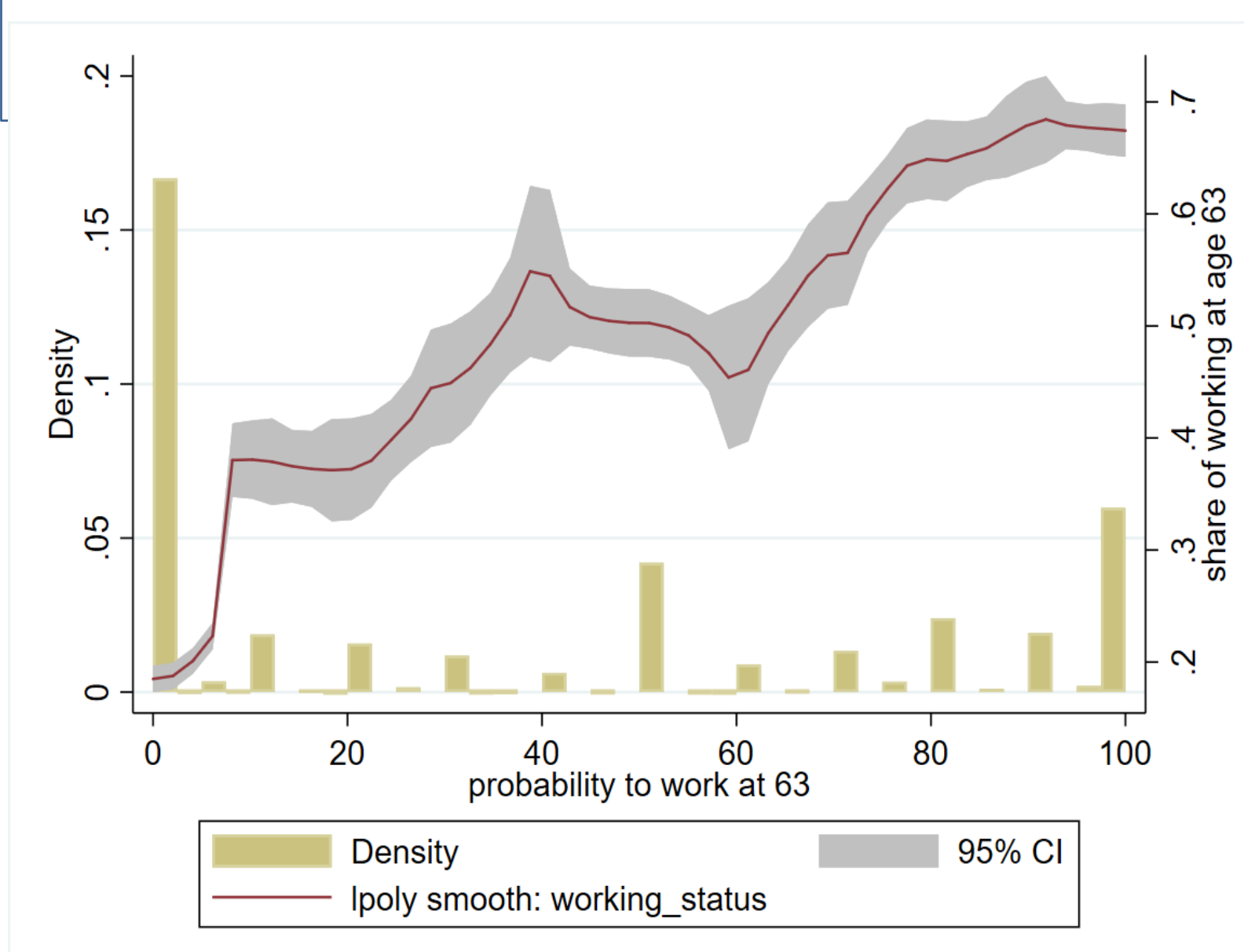
Filip Pertold  
CERGE-EI

## Introduction

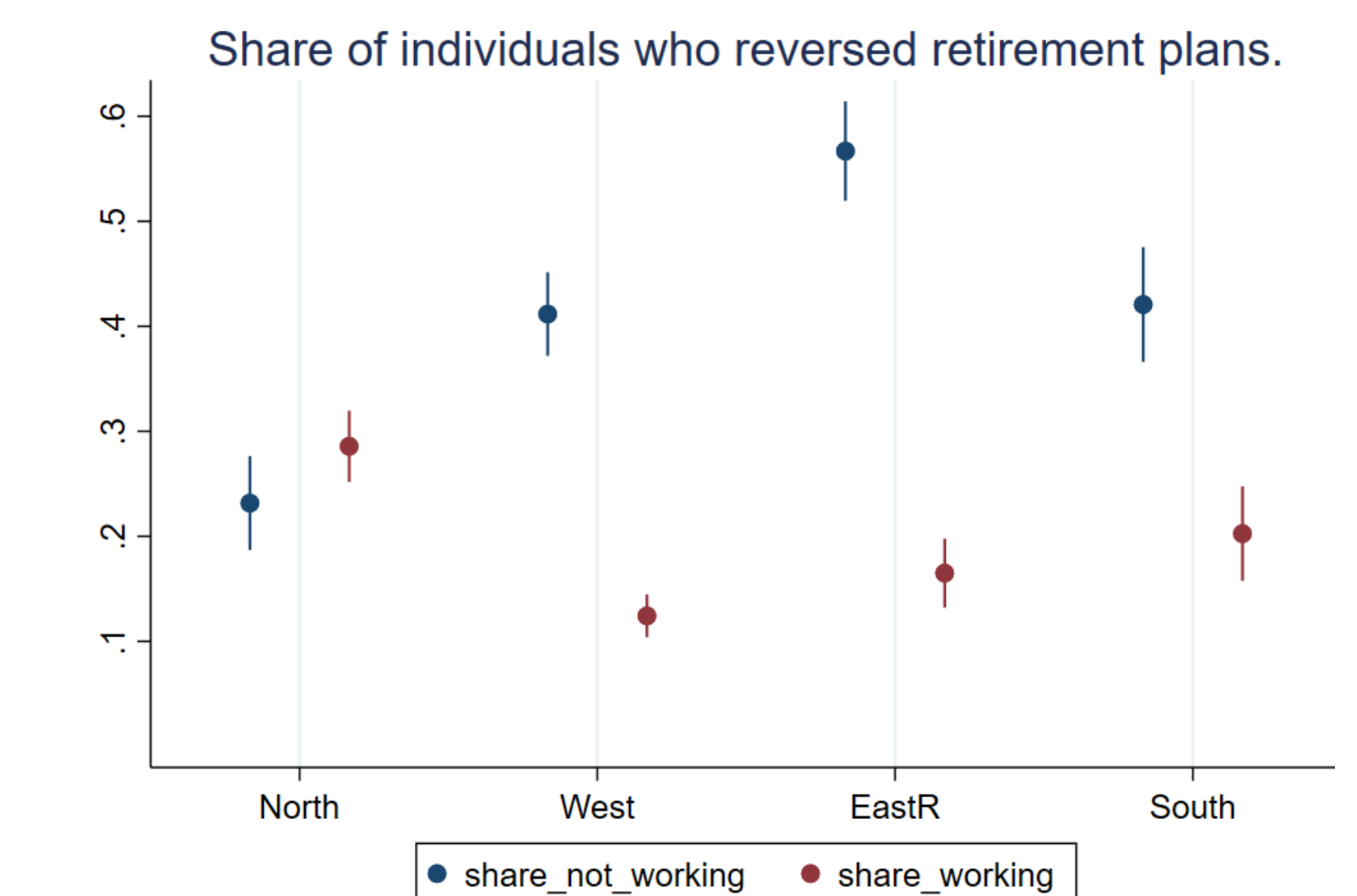
- Ageing society put lot of pressure on public finances
- Countries and regions differ substantially in retirement behavior. Is it reflected also in individual expectations?
- We use Survey of Health Ageing and Retirement (SHARE)
- We compare different parts of Europe: North vs. South vs East vs. West
- Does health status and expectations about collecting benefits predict retirement behavior?

## Descriptives

Distribution of retirement expectations (measured at ages 50-61) and actual share of workers around age 63



Unplanned retirement and unplanned working



## Data

In our analysis, we use Survey of Health, Ageing and Retirement (SHARE) collected between 2007 – 2015. Waves are collected over two years period.

About 5,000 individuals older 50 years old individuals from 12 European countries over at least three consecutive period crossing age 63.

For the purpose of our analysis, we divide these countries into following groups:  
East (Czechia, Slovenia and Estonia)  
West (Germany, Austria, Belgium, Switzerland and France),  
North (Sweden and Denmark)  
South (Spain and Italy).

Key variables:

Subjective probability to work at age 63 (asked in age 50-61)

Subjective expectations of age when you collect pension benefits.

Subjective health limitation at work.

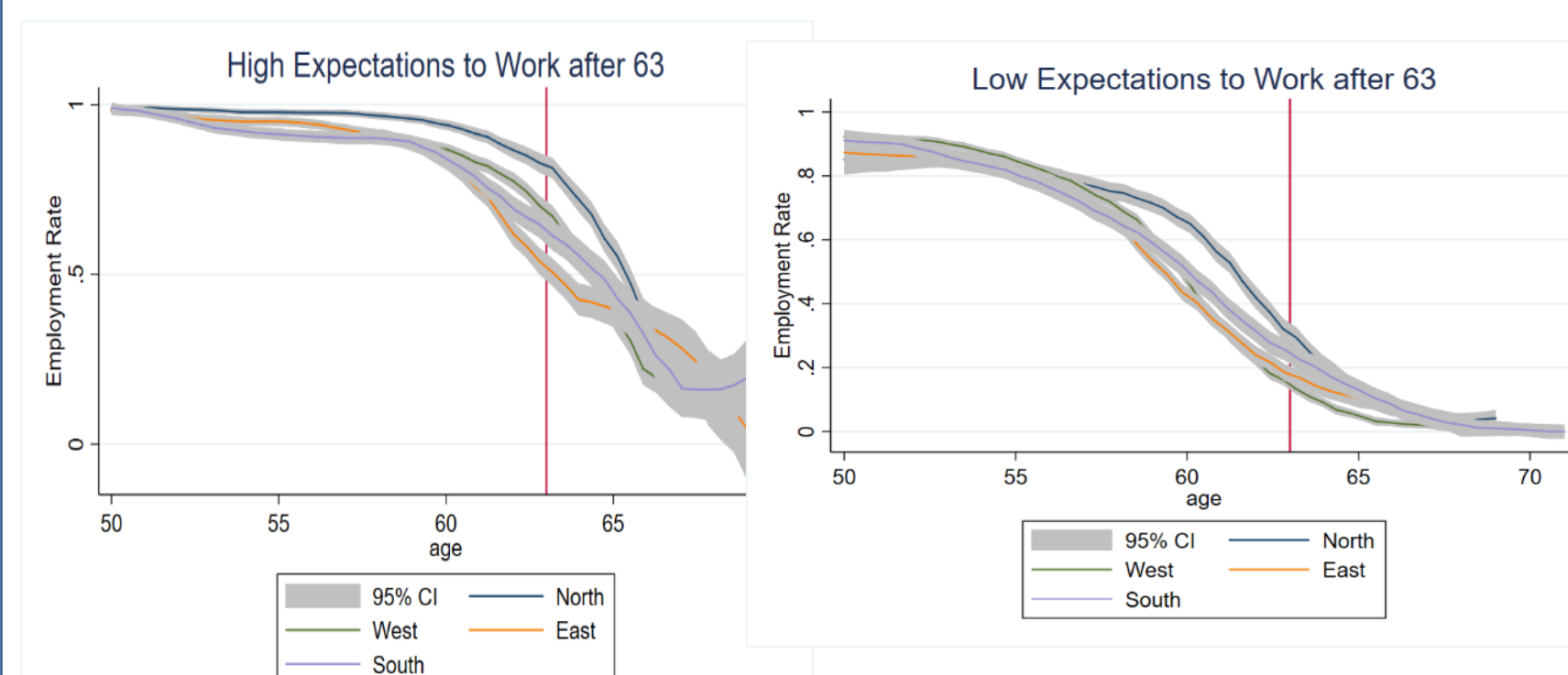
We use panel data to match individual observations over waves.

**Definition of unplanned retirement:**

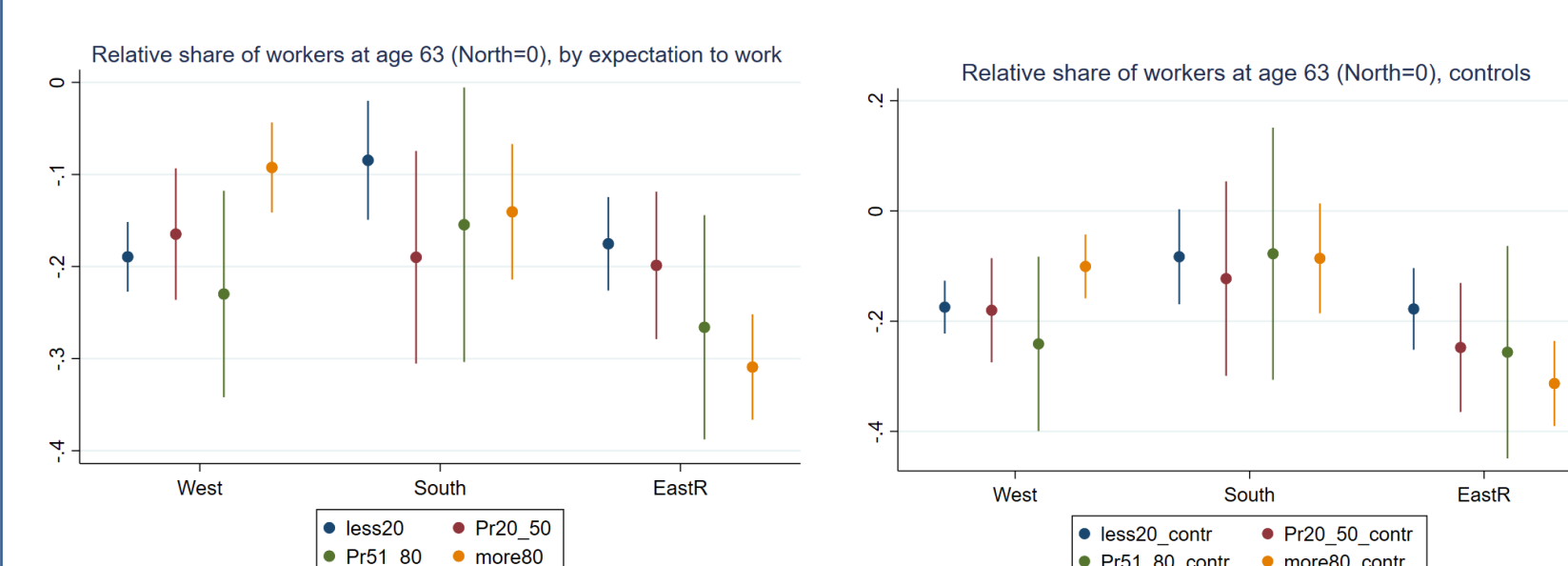
**Report high expected probability to work after age 63 (reported at age 51-60), and are not economically active at age 62-64**

## Cross-regional differences

Retirement paths with respect to expectations

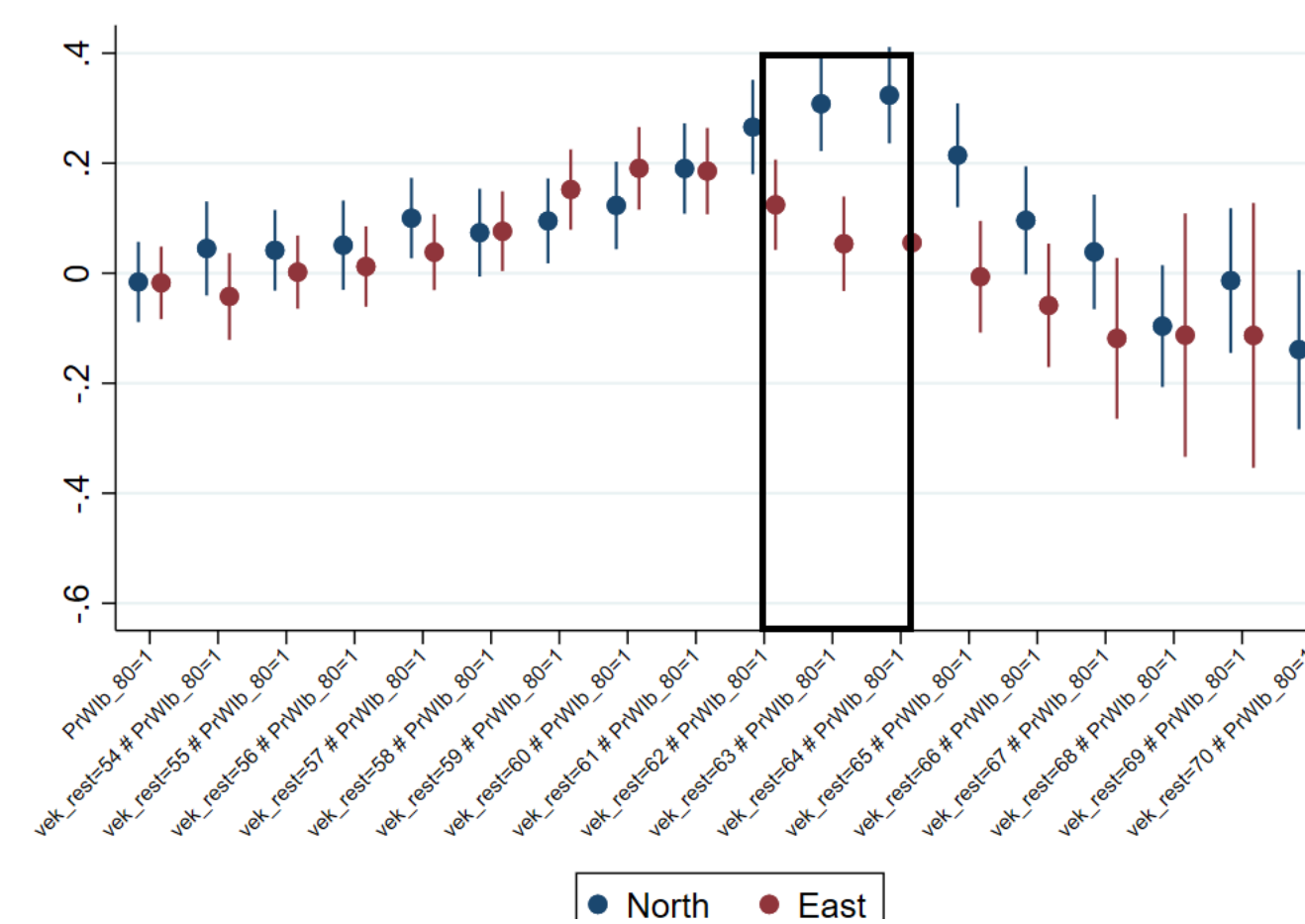


Relative share of working population at age 63 w.r.t. expectations, with and without controls



Controls: education, occupation, subjective health, grip strengths, memory test, limitation with daily activities

Does subjective retirement expectations predict labour supply at age 63 in fixed effect estimation? East vs North

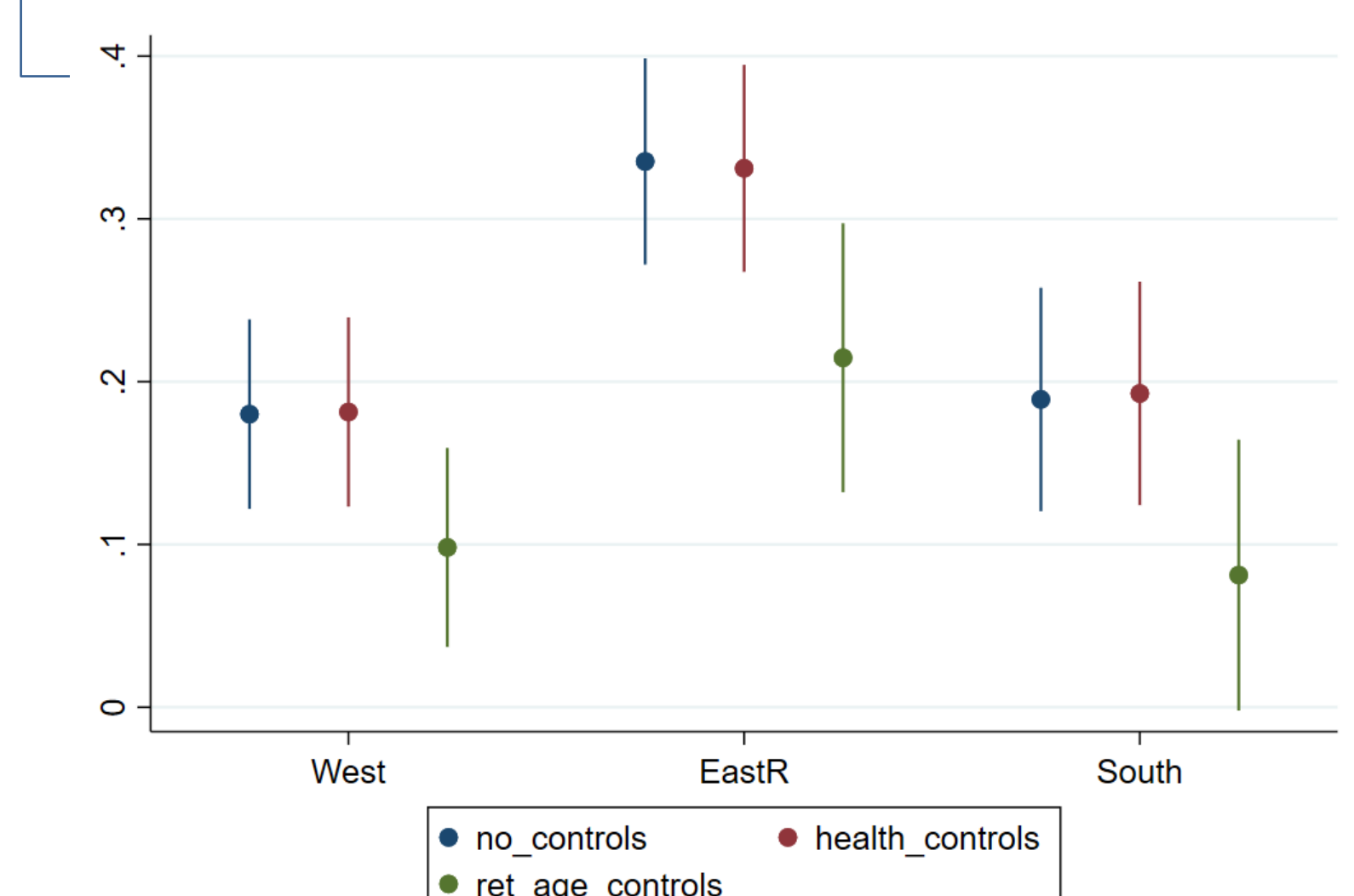


Note: fixed effect regression north vs east. LHS: working status. RHS: interaction of age and high expectation to work. Other control: age, health

## Potential Mechanism

High rate of unplanned retirees in Eastern Europe, low share in North

Do expectations about age when individuals plan to collect retirement benefits explain cross-regional differences in unplanned retirement?



## Conclusions

- Substantial differences in unplanned retirement across Europe
- Highest share of unplanned retirement is in Eastern Europe
- The difference cannot be explained by health status of workers or occupation history.
- Unplanned exit from from labour market be predecited by expected age of collecting benefits.
- Policy makers has to credibly change expectations about age when pension benefits are eligible.

## Contact

Filip Pertold  
CERGE-EI  
Email: fpertold@gmail.com

## Acknowledgement

This paper uses data from SHARE Waves 1, 2, 3, 4, 5, 6 and 7 (DOIs: 10.6103/SHARE.w1.700, 10.6103/SHARE.w2.700, 10.6103/SHARE.w3.700, 10.6103/SHARE.w4.700, 10.6103/SHARE.w5.700, 10.6103/SHARE.w6.700, 10.6103/SHARE.w7.700), see Börsch-Supan et al. (2013) for methodological details. The SHARE data collection has been funded by the European Commission through FP5 (QLK6-CT-2001-00360), FP6 (SHARE-13: RII-CT-2006-062193, COMPARE: CIT5-CT-2005-028857, SHARELIFE: CIT4-CT-2006-028812), FP7 (SHARE-PREP: GA N°211909, SHARE-LEAP: GA N°227822, SHARE M4: GA N°261982) and Horizon 2020 (SHARE-DEV3: GA N°676536, SERISS: GA N°654221) and by DG Employment, Social Affairs & Inclusion. Additional funding from the German Ministry of Education and Research, the Max Planck Society for the Advancement of Science, the U.S. National Institute on Aging (U01\_AG09740-13S2, P01\_AG005842, P01\_AG08291, P30\_AG12815, R21\_AG025169, Y1-AG-4553-01, IAG\_BSR06-11, OSHA\_04-064, HHSN271201300071C) and from various national funding sources is gratefully acknowledged (see www.share-project.org). This work was supported by the Ministry of Education, Youth and Sports of the Czech Republic through the project SHARE-CZ+ (CZ.02.1.01/0.0/0.0/16\_013/0001740).