

RETIREMENT IS GOOD FOR YOUR HEALTH: Evidence from Germany

Retired people use their leisure time to become healthier than when they were still working. That is the main finding of research by **Peter Eibich**, to be presented at the annual congress of the European Economic Association in Mannheim in August 2015.

He notes that despite retirement being seen as the first stage of declining health, this is just because poor health causes people to retire and not the other way around. Analysing representative survey data from Germany for the period 1994 to 2012, his study finds that retirement improves health through more exercise, longer sleep and recovery from work-related strain. According to his research, retired people:

- Are more likely to rate their health as satisfactory or better – and their mental health improves after retiring.
- Visit their doctor less often by about one visit per three months.
- Get an extra 40 minutes of sleep per weekday.
- Are 10 percentage points more likely to exercise frequently.
- Benefit greatly if their previous work was physically demanding.

Overall, the research finds that retirees pursue a more active lifestyle. While they spend about one hour longer on hobbies, they also spend more time on repairs, gardening, running errands and caring for children. Since these activities require physical effort and concentration, they should also contribute to the positive health effects of retirement. The author comments:

‘My study shows that older people will use additional leisure time to pursue an active lifestyle and improve their health. This suggests that incentives, such as part-time work or partial retirement programmes, might prove effective in maintaining the health of older workers.’

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Retirement leads to an improvement in health, in particular mental health. These improvements are partly caused by changes in health behaviour and time use of retired people. Analysing representative survey data from Germany, this study finds that:

- Retirees are more likely to report their health as satisfactory or better. In addition, their mental health status improves on retirement.
- Retirement reduces the number of visits to a physician by about one visit per three months.

These health benefits seem to be caused by changes in retirees’ behaviour:

- They sleep about 40 minutes per weekday longer.
- They are 10 percentage points more likely to exercise frequently.
- Workers from physically demanding occupations benefit from a relief of their work-related strain.

The results indicate that elderly people use additional leisure time to improve their health and health behaviour.

It is often assumed that retirement has negative consequences for health, up to and including early death. This belief conflates the fact that deteriorating health is one of the main reasons for retirement with the actual health effects of retirement.

This study, published in *the Journal of Health Economics*, uses detailed data on German retirees from the German Socio-Economic Panel Study (GSOEP) covering the years 1994 to 2012.

According to the data, about 19% percent of the workers retire shortly after turning 60 (the earliest retirement age), and another 13% retire after their 65th birthday (the official retirement age until 2012). Comparing individuals slightly below with individuals slightly above these age thresholds makes it possible to disentangle the effect of worsening health on the retirement probability from the health consequences of retirement.

The empirical results show that retirement increases an individuals' probability of reporting their health as satisfactory or better by about 10 percentage points. Furthermore, retirement improves mental health and reduces the number of visits to a physician by about one visit per three months.

These improvements are caused by behavioural changes of the retirees. Retirement reduces the probability of smoking by about six percentage points, and increases the probability of frequent exercise by 11 percentage points.

Moreover, retirees sleep on average 40 minutes longer per night. Given that the average sleep duration among older workers is less than seven hours, this increase should (partly) account for the improvement in mental health.

Retirees also pursue a more active lifestyle. While they spend about one hour longer on leisure time activities (hobbies), they also spend more time on repairs and gardening work, running errands and caring for children. Since these activities require physical effort and concentration, they should also contribute to the positive health effects of retirement.

Further insights are gained by comparing different groups of the population. For example, workers retiring from physically straining jobs (for example, construction workers) benefit from an improvement in their physical health status. This points towards relief and recovery from work-related strain as one of reasons for the positive health effects of retirement.

Retirement ages throughout Europe are increasing, and both policy-makers and employers are looking to preserve the health status of older workers. This study shows that older people will use additional leisure time to pursue an active lifestyle and improve their health. Consequently, incentives such as part-time work or partial retirement programmes might prove effective in maintaining the health of older workers.

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