How does delayed retirement affect mortality

Discussion
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What the paper does

• Uses administrative data from NL
• Exploits the introduction, in 2009, of a financial bonus to keep working (for ages 62-72 with different amounts by age)
  – Bonus levels changed in 2012
  – Repealed in 2013 and replaced by a less generous bonus scheme
• Compares cohorts and uses adjacent older cohorts as control
Strengths

- The incentives affected the total population, which helps generalizability
- Admin data: enormous sample size
Strenghts (?)

• The incentives affected the total population, which helps generalizability
• Admin data: enormous sample size
• The downside of incentives affecting the whole population is that there are no natural control groups (except adjacent cohorts)
Specification

• Mortality Equation

\[ D_{i,t+5} = \alpha + X'_{it}\beta + \gamma Working_{it} + \delta year + A_k + S_n + \varepsilon_{it} \]

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• Instrument Equation

\[ Working_{it} = \pi + X_{it}'\rho + \lambda DWB_{it} + \theta \text{year} + A_k + S_n + \eta_{it} \]

• Agents are not forward looking and the size of bonus does not matter
Interpretation

• Many studies show that earlier retirement may have beneficial health effects
• This study suggests that later retirement may have beneficial effects.
• All of this suggests, people understand how work affects health:
  – If work is bad for my health, I want to get out if I have a chance
  – If work is good for my health, I am OK with working more if it is made somewhat more financially attractive