Can layoffs shorten lifespans?

By Editor Test *Tue, Sep 18, 2012*

Unemployment shocks at ages 57 to 61 have the biggest long-term effect on survival, while shocks at earlier (ages 55 to 56) or later (ages 62 to 65) ages have no significant long-term effect, economists at Wellesley College found.

Past research has shown that periods of high unemployment, for unknown reasons, can coincide with periods of generally lower mortality rates. But a new paper from economists at Wellesley College suggests that laying people off in their 50s can shave a few years off of their lifespans.

The paper, "Recessions, Older Workers, and Longevity: How Long Are Recessions Good For Your Health?", was written by Courtney C. Coile, Phillip B. Levine and Robin McKnight, all of Wellesley College. The paper said in part:

> "If workers experience an economic downturn in their late 50s, they may face several years of reduced employment and earnings before "retiring" when they reach Social Security eligibility at age 62. They also may experience lost health insurance, and therefore higher financial barriers to health care, through age 65, when Medicare becomes available.
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> "All of these experiences could contribute to weaker long-term health outcomes. To examine these hypotheses, we use Vital Statistics mortality data between 1969 and 2008 to generate age-specific cohort survival probabilities at older ages. We then link these survival probabilities to labor market conditions at earlier ages. We also use data from the 1980-2010 March Current Population Surveys and the 1991-2010 Behavioral Risk Factor Surveillance System surveys to explore potential mechanisms for this health effect.
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> "Our results indicate that experiencing a recession in one's late 50s leads to a reduction in longevity. We also find that this exposure leads to several years of reduced employment, health insurance coverage, and health care utilization which may contribute to the lower long-term likelihood of survival.
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> "In terms of survival probabilities, we find that a one percentage point increase in the unemployment rate at, say, age 58 reduces the likelihood of surviving through age 79 by 0.045 percentage points. This means that if the entire impact on survival is generated from those initial workers who suffered long-term unemployment resulting from a recession, an additional one in ten of those workers would not survive to age 79 as a result of the labor market downturn.
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> "An alternative way to interpret these numbers is to estimate the impact on life expectancy assuming that all of the survival effect was transmitted through employment reductions. These calculations suggest that a worker who lost their job at age 58 as a result of a recession could be expected to live three fewer years (19 years instead of 22) as a result.
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> "We find that unemployment shocks at ages 57 to 61 have the biggest long-term effect on survival,

> while shocks at earlier (ages 55 to 56) or later (ages 62 to 65) ages have no significant long-term effect. A plausible mechanism for this longer-term finding is the long period of lower rates of employment, health insurance coverage, and access to health care that we find comes with exposure to an economic downturn in one's late 50s or early 60s."