
In Austria, earlier retirement was associated with earlier death

By Editorial Staff Thu, Jan 3, 2019

An additional year in early retirement increased a man's probability of death before age 73 by 1.85 percentage points and reduced the age at death by an average of about 10 weeks, according to researchers.

Many workers dream of retiring as early as possible to pursue travel, leisure, sport, and other pursuits. But new research suggests that some individuals, particularly men, might want to postpone retirement. They might live longer.

Austrian men who took advantage of a temporary change in unemployment insurance rules and retired early experienced an increased risk of premature death, according to “Fatal Attraction? Extended Unemployment Benefits, Labor Force Exits, and Mortality,” NBER Working Paper (No. 25124). The effect wasn’t seen in women.

Researchers Andreas Kuhn, Stefan Staubli, Jean-Philippe Wuellrich, and Josef Zweimüller analyzed a unique public program in Austria in the late 1980s and early 1990s that was adopted when that nation’s steel sector underwent dramatic layoffs. To cushion the economic blow to older workers, the Austrian government implemented the Regional Extended Benefits Program (REBP).

This program effectively allowed workers in some regions of Austria to take early retirement via disability insurance or old-age pension programs. It induced a significant increase in early retirement.

Using information from the Austrian Social Security Database, the researchers compiled information on 310,440 men and 144,532 women—excluding those from the steel sector—and compared data from REBP-eligible regions and nearby non-REBP regions. They compared the employment histories, incomes, gender, age, retirement dates, and age at death of those who took early retirement and those who were eligible but did not.

The researchers found that an additional year in early retirement increased a man’s probability of death before age 73 by 1.85 percentage points — equivalent to a relative increase of 6.8%—and reduced the age at death by an average of about 10 weeks. For women, early retirement was not associated with elevated mortality, a finding that is in line with previous research by others.

They also found that the changes in lifetime income associated with early retirement were

negligible, particularly when generous government old-age benefits were counted, and that they could not explain the increased mortality among certain groups of the population. These researchers suggest that lifestyle changes may explain the study's mortality findings.

Men in blue-collar occupations, men with low-work experience, and men who had some pre-existing health impairment displayed higher mortality effects than men in white-collar occupations. An additional year in early retirement increased the probability of death before age 73 by 1.91 percentage points for blue collar men, 3.45 percentage points among men who have spent some time on sick leave, and by 2.42 percentage points among men with low work experience.

To check the robustness of their findings, the researchers analyzed data from before and after the early retirement program and found no differences in mortality and early retirement trends between those two periods.

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