

Retirement decisions across different European countries

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In this paper we use data from eight waves of the European Community Household Panel (ECHP) to describe and analyse the dynamics of individual and joint labour force behaviour across 15 European Union (EU15) countries. We focus on testing differences on the retirement behaviour in the EU countries as well as the relevance of joint retirement across them. Although we consider a wide range of determinants, we mainly focus on those related to the effects of health, complementarities in leisure and/or assortative mating. We first find that a working spouse is more likely to retire the more recently the other spouse has retired; this effect is stronger if the wife is the working spouse. Second, there is evidence of assortative mating and/or complementarities in leisure; the effects of all relevant factors on the retirement decision of one spouse depend strongly on whether the other one is working, unemployed, or retired. Third, besides the standard evidence that poor health increases the retirement probability, we find that the husband's health affects the couple's retirement decisions much more strongly than the wife's health does. Additional asymmetric effects are detected with respect to income related variables. Fourth, we find different behaviour across countries at least according to a north-south gradient. Finally, we simulate changes both on the normal and early retirement ages of spouses and on the marginal and average tax rates, following recent reforms happened during the late years in some EU countries. While changes on the normal and early ages have important effects on the probabilities of retirement for men, women and couples, marginal changes on disposable income has negligible effects.

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