IZA News
About IZA
Organization Chart
People
Research
Labor Policy
Publications
Discussion Papers
Policy Papers
Standpunkte
Books
Research Reports
IZA Compact
IZA in the Press
Publication Record
Journals
Events
IZA Prize / YLE Award
Teaching
Links / Resources
Press

IZA

Retirement Choice Simulation in Household Settings with Heterogeneous Pension Plans

by Jinjing Li, Cathal O'Donoghue

(July 2011)

Abstract:
This paper estimates a structured life cycle model of family retirement decision using a unique historical dataset back simulated from Living in Ireland survey. Our model takes the advantages of the dataset and models retirement decisions in terms of monetary and leisure incentives, which reflect the complex welfare system in Ireland. The household extension ver of the model adapts a collective modelling approach, where the intra-household bargaining is considered. We further incorp complimentary leisure, which allows us to analyse the interactions of spouses' retirement timing. This methodology enable to capture the dynamics of retirement and tax-benefit policies and can be used to simulate the effect of policy reform on household retirement behaviours. The paper, in addition, applies the model to assess individual budgetary implications and labour market impact of rising the minimum retirement age. Our simulation shows that increasing the minimum age for stat pension entitlement to 70 would only delay the retirement by less than 2 years according to the individual based model. Wh we consider the intra-household bargaining and the higher preference of leisure found in the dual career households, the eff postponing retirement further declines. The result suggests barely postponing the minimum retirement age for state pensio without redefining the occupation and private pension rules will only have limited impact for household retirement behaviour Ireland.

Text: See Discussion Paper No. 5866

Back

© IZA Impressum *Last updated: 2012-12-13* webmaster@iza.org | Bookmark this page | Print View