

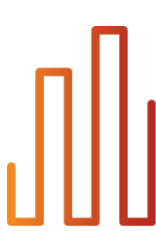
Turin

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# Too busy to stay at work. How willing are Italian workers “to pay” to anticipate their retirement?

By Riccardo Calcagno; Flavia Coda Moscarola; Elsa Fornero

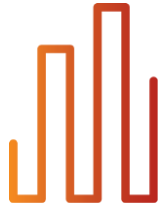
*Discussion by Amparo Nagore García (LISER)*



# Summary

- **Workers' reactions** to changes in pension rules is crucial for the **effectiveness** of such policies
- **Aim:** To study the **effects** of the 2011 Italian **pension reform** on:
  - Workers' **preference** to **anticipate** the RA
  - The **price** workers are willing to **pay** for it.
- **What do they do?** Using an ad-hoc survey
  1. Estimate the **preference to anticipate retirement** (Expected RA-Desired RA)
  2. Estimate the **availability & amount that workers are willing to pay for anticipating the RA 1 year**
- **Identification Strategy:** "Monti-Fornero pension reform" (unknown exogenous shock)  
Control/Treatment group: individuals unaffected/affected by the reform
  - I. OLS (Expected RA-Desired RA)
  - II. Probit model (availability to pay for anticipating the RA=1)
  - III. Tobit model (% of pension the individual is willing to renounce to anticipate the RA)

# Empirical analysis



- **Dataset: Ad-hoc survey** to a representative sample of Italian workers aged **55-64**
- Rich survey including **questions** related with **retirement** decision & **understanding** of the reform
- **Sample** selected: ids who consistently show **a desire to anticipate the RA** (N=501)
- Estimations:

Control variables: personal characteristics, level of education, caregiving, health status, expected RA, arduous work, wealth, treated, understanding,

**Is information on wages and private pension plans available?**

➔ Main focus: gender, informal care activities, obligation to postpone retirement, financial literacy



# Main findings

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- Generalized **preference for anticipating retirement** is not accompanied by generalized **willingness to pay**.
- **Women** involved in **informal care of children** are available to pay significantly more than women who are not caregivers and even more than men.
- Policy **conclusion**: necessity of considering side effects of the reforms and of integrating policy measures.



# Questions / Comments

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➤ **General comments:**

1. More **institutional background** on the Italian pension reform could be useful. For instance, more detail about the early & statutory retirement age for men and women by age and seniority before and after the reform? Is gradual/partial retirement common in Italy (alternative to restrictions of early retirement)?
2. **Control group** includes unaffected individuals by the reform, What is the criteria for being affected/unaffected by the reform? Do control and treatment group have similar characteristics? Can you show the descriptive for control & treatment group and the similarity?
3. For the **heterogeneous effect of the crisis**, why don't you interact the variables of interest with the treatment dummy (affected by the reform)?



# Questions / Comments

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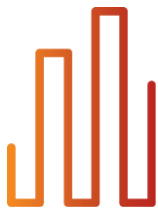
## ➤ Preferences to anticipate retirement

- ✓ Measure of **preferences to anticipate retirement** (Expected RA-Desired RA)

Expectations might be based on the past rules, might reflect age of first eligibility for early retirement...

➔ Could you compute...?

- **Preferences to anticipate**: SRA-Desired RA (scenarios for SRA if needed)
  - **Deviation of expectations from SRA**: SRA-E(RA) How do these expectations reflect the real SRA?
- ✓ To which extent are the stronger **effects of women** driven by the stronger increase of the SRA they suffer in the private sector? Could you interact women with the treatment dummy?
  - ✓ Could the finding that “**highly qualified workers** reduces the willingness to anticipate retirement” be due to their higher salaries and higher opportunity cost of retirement?



# Questions / Comments

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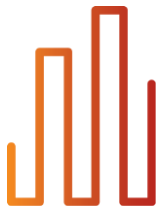
## ➤ Preferences to anticipate retirement

### ✓ Understanding of the reform:

- Why the misunderstanding of the reform should affect the preferences of the **control** group? Could you add an interaction treatment\*Understanding\_Index?
- The effect of understanding index becomes less significant when **wealth** is included. Is this due to the change in the sample or to the correlation of this variable with wealth? For **robustness**, you could regress specification (3) for 326 ids.

# Questions

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## Willingness to pay for anticipate retirement

1. How well **informed** are Italian workers about their future **pensions** to answer correctly the percentage they would renounce to anticipate one year the retirement? To what extent might this answer be biased by the information on the future pension and the way the question is asked?

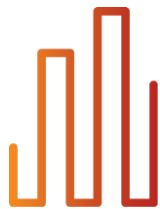




# Minor things

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- Table 1
  - ✓ would be easier to read if men's columns are next to women's columns.
  - ✓ Typo: "Willingness to pay to anticipate retirement" is twice with different values
  - ✓ Housing wealth could be added
- Does "anticipate retirement" always refer to the reference retirement age after the reform? What about those workers not forced to postpone retirement by the reform?
- In page 6, I would revise the sentence "The readiness to pay to anticipate retirement, should also be positive...."
- In page 8 "Again informal caregiving activity..." I think that again should be drop because caregiving activity was not significant in OLS estimation.



Thank you!