

*Multilevel Analysis of Old-age
Pension Policy and Older Adults'
Life Satisfaction*

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GSA Annual Meeting, Boston
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Old-age pension policy aims to secure retirement income

Financial indicators

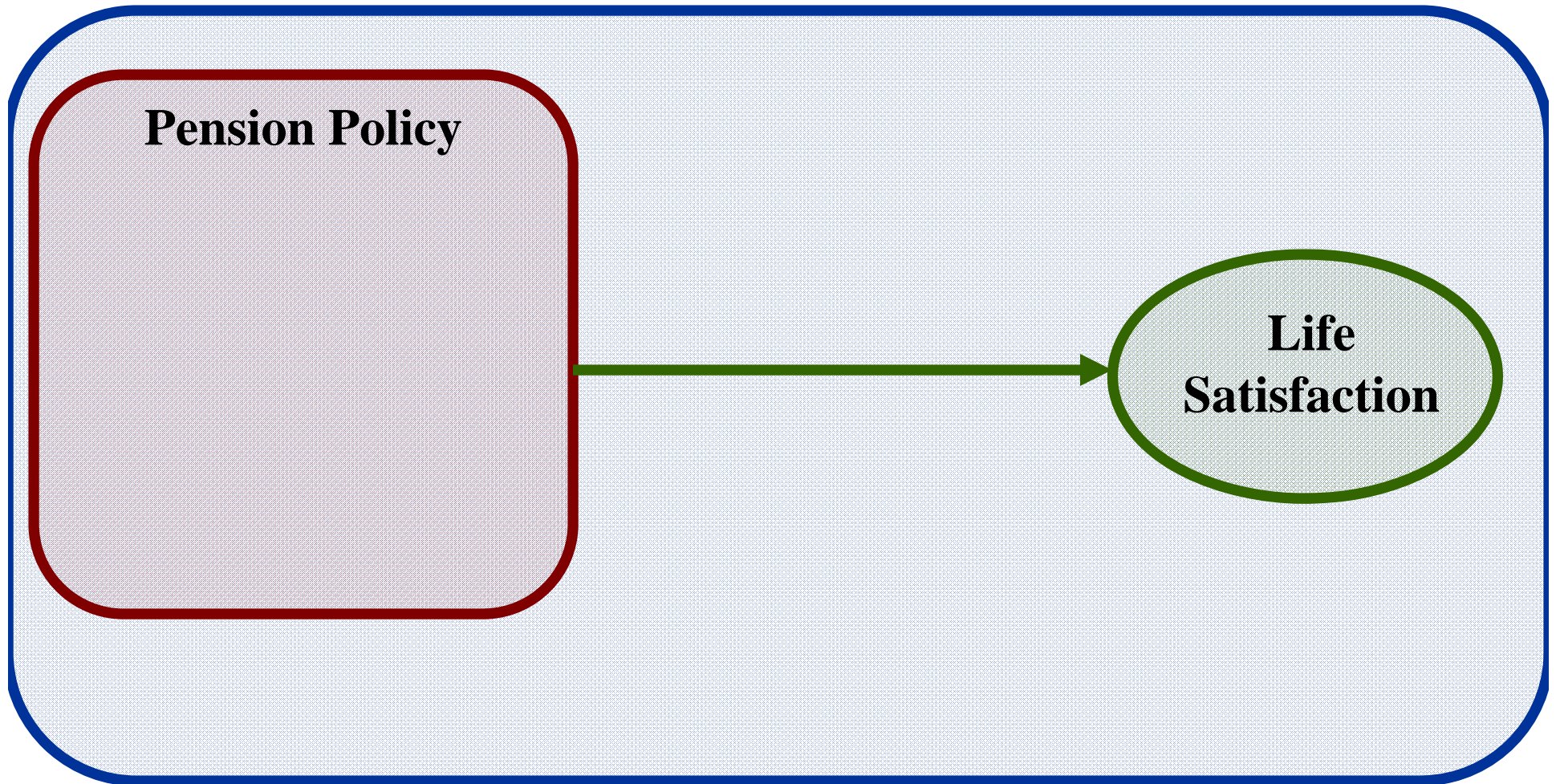


Old-age pension policy also aims to improve life satisfaction...



...or at least not to decrease it!

There will be three themes running through this presentation



How can we best characterize pension policy?

Pension Policy

- Pension expenditures
- Social security expenditures



What are the main dimensions of variation in the institutional design of pension policy?

Pension Policy	Low	High
<i>Individualization</i> (risk)	Social Insurance	IRAs
<i>Redistribution</i> (resources/need)	Contributory	Non-contributory

What are the main dimensions of variation in the institutional design of pension policy?

91 countries, 1981-2008

Pension Policy

Individualization
(risk)

Redistribution
(resources/need)

IRAs

Closure of social insurance

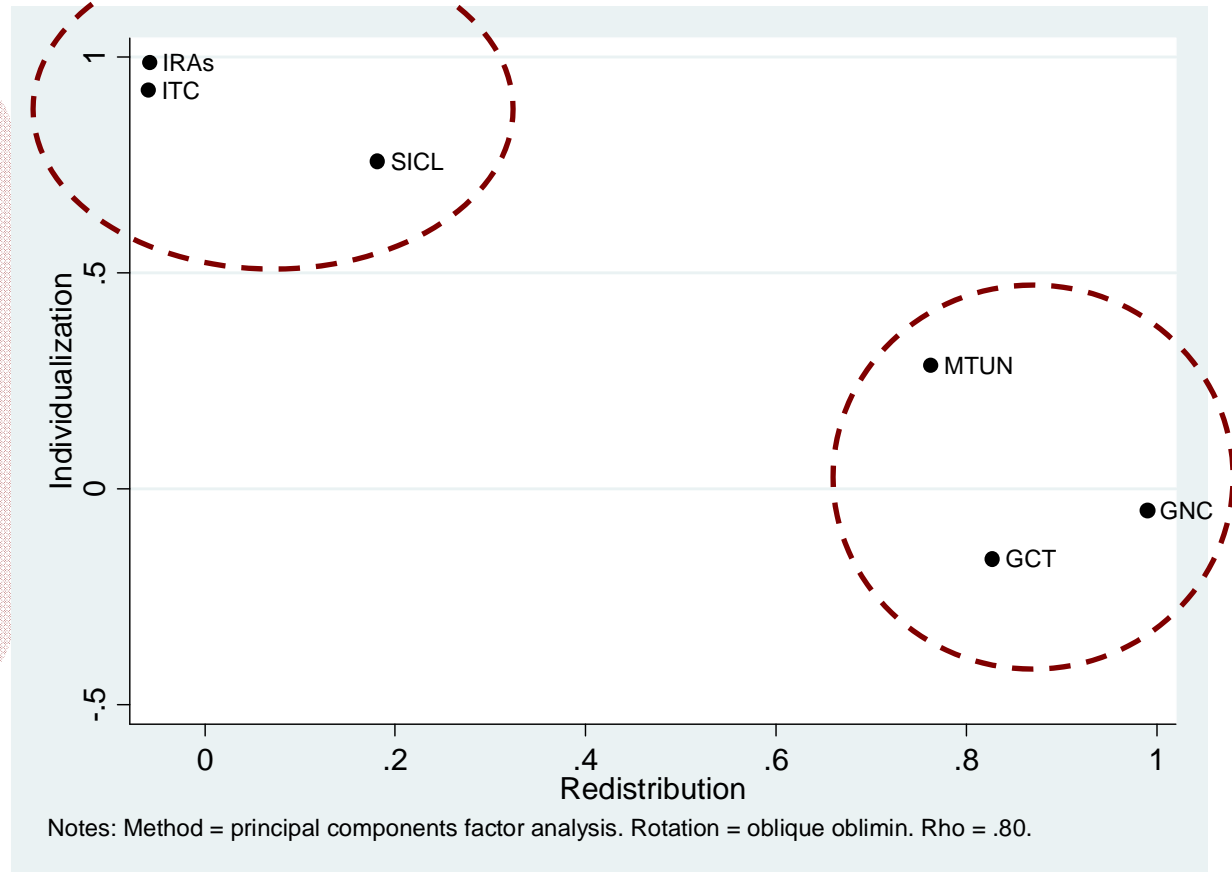
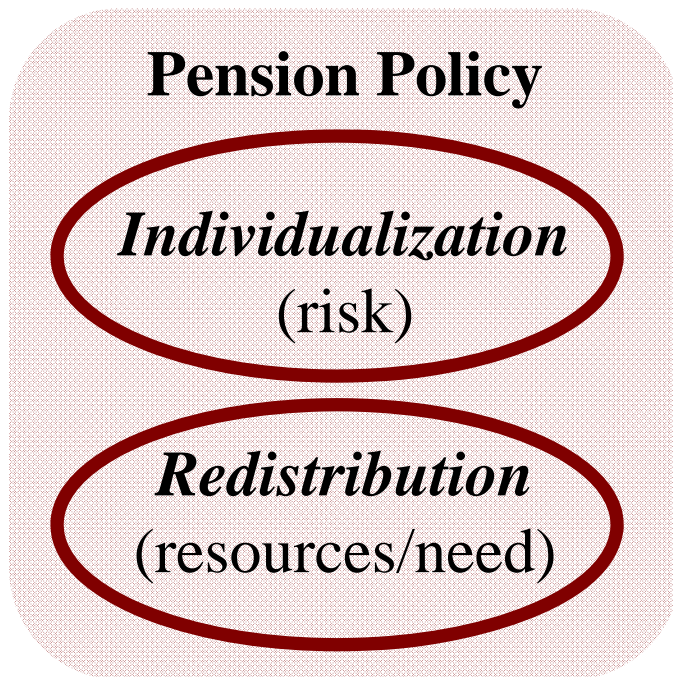
Insured person contributes > 33%

Means-tested or universal

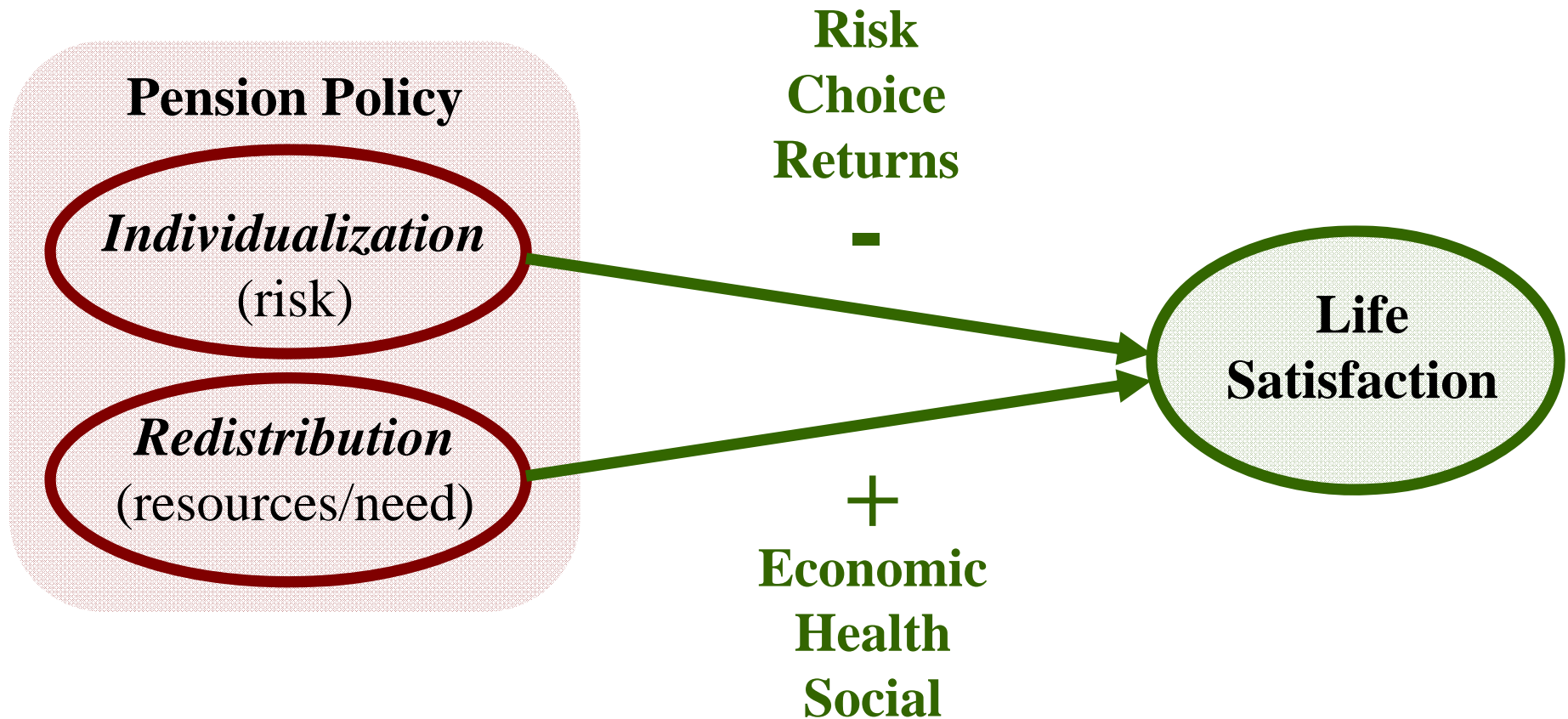
Government funded pensions

Government systematically subsidizes

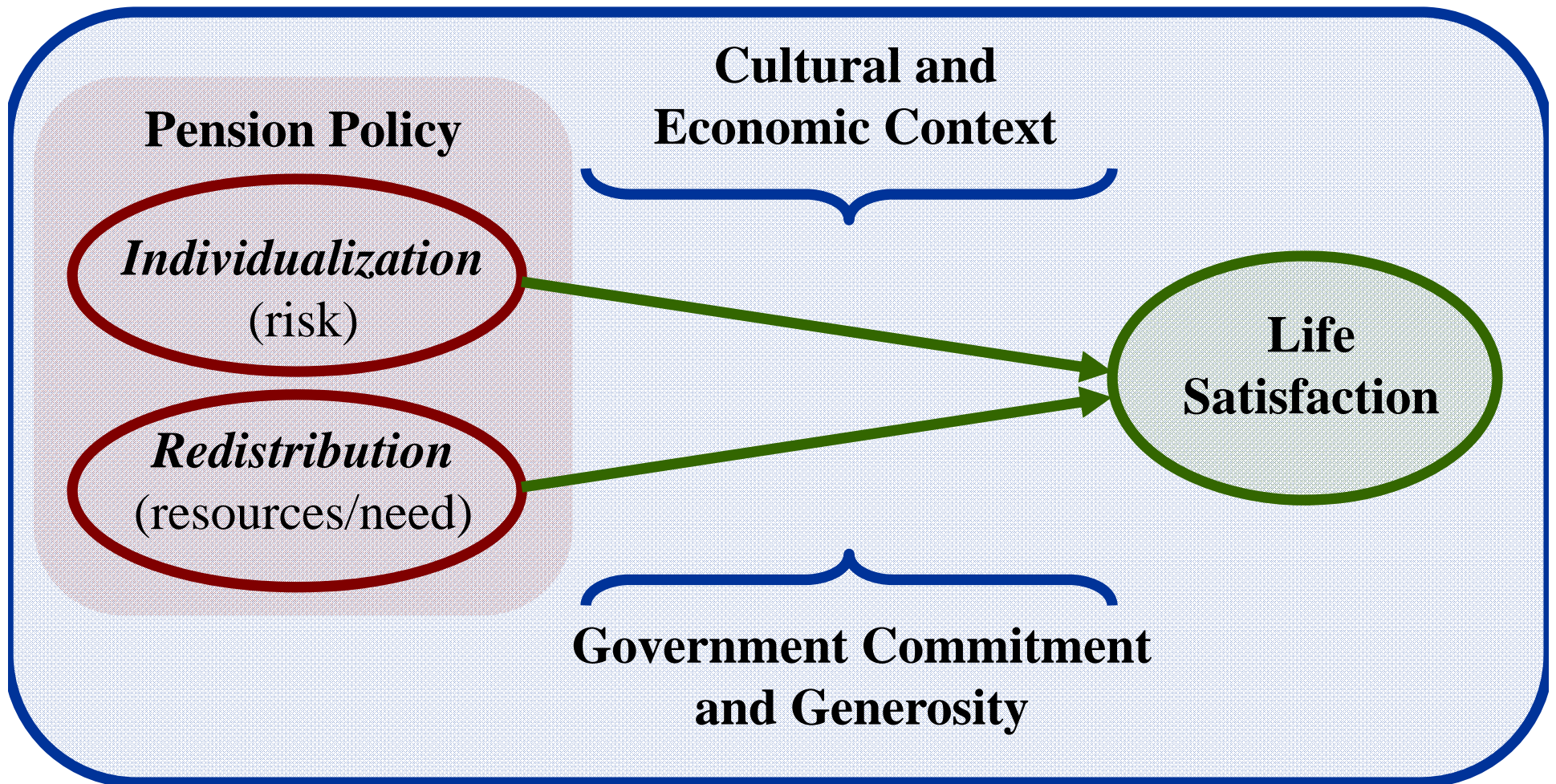
What are the main dimensions of variation in the institutional design of pension policy?



What is the impact of pension policy on the life satisfaction of older adults?



What factors shape the relationship between pension policy and life satisfaction?



The lack of empirical research qualifying the positions in the theoretical debates is striking

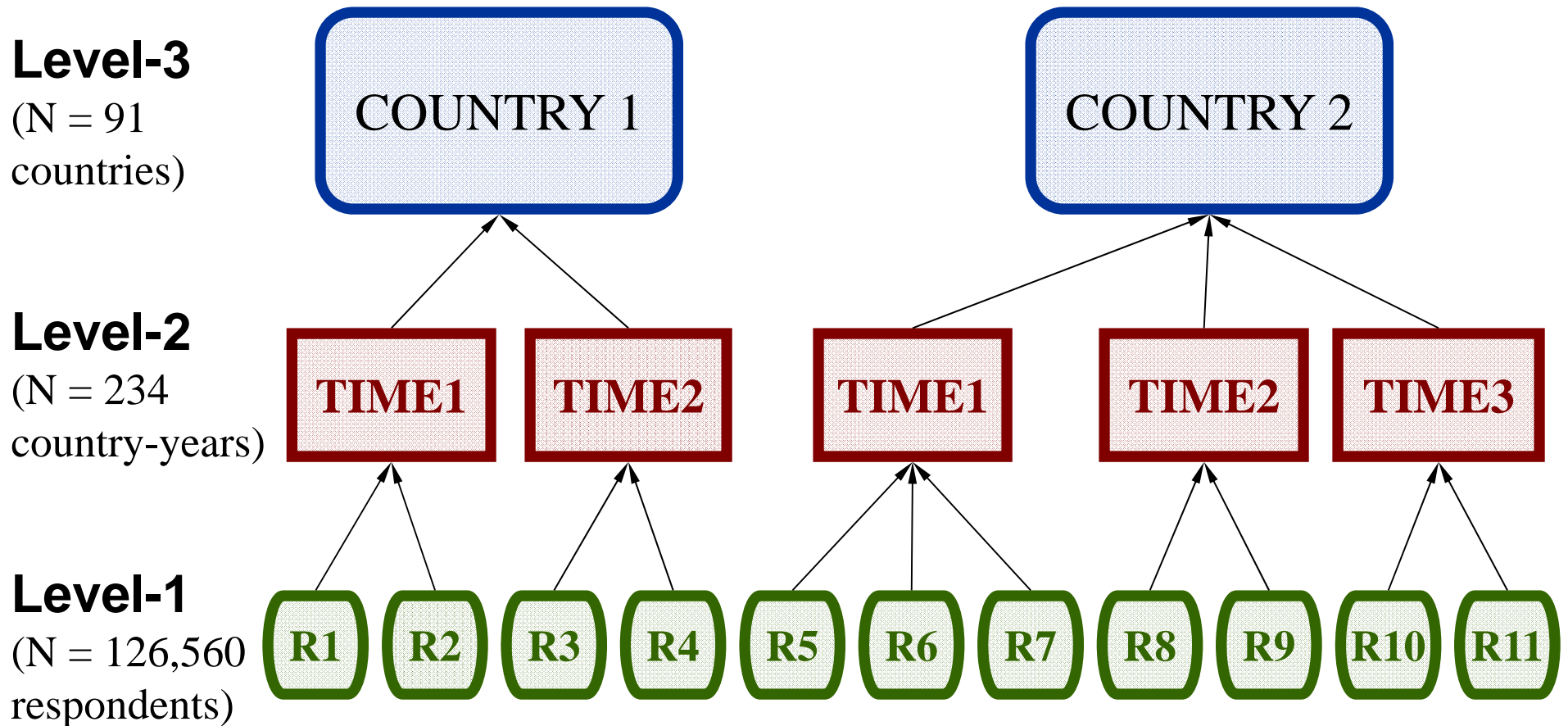
Body of work is fragmented

- Comparative-historical (OECD)
- Aging and life course (U.S.)
- Emotions and mental health (micro-level, younger age)

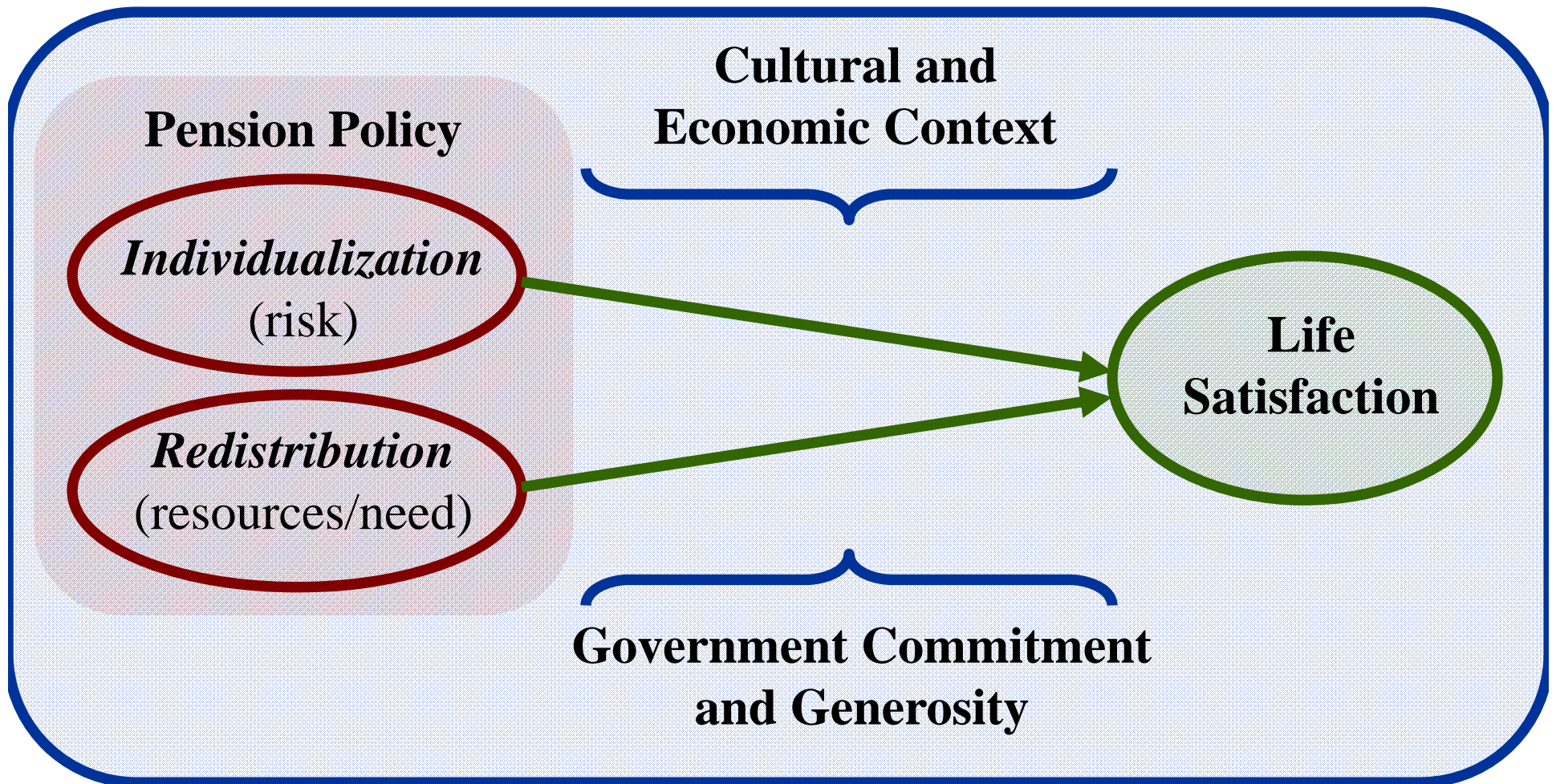
Lack of adequate data

- Individuals OR countries
- Cross-sectional
- Younger age groups

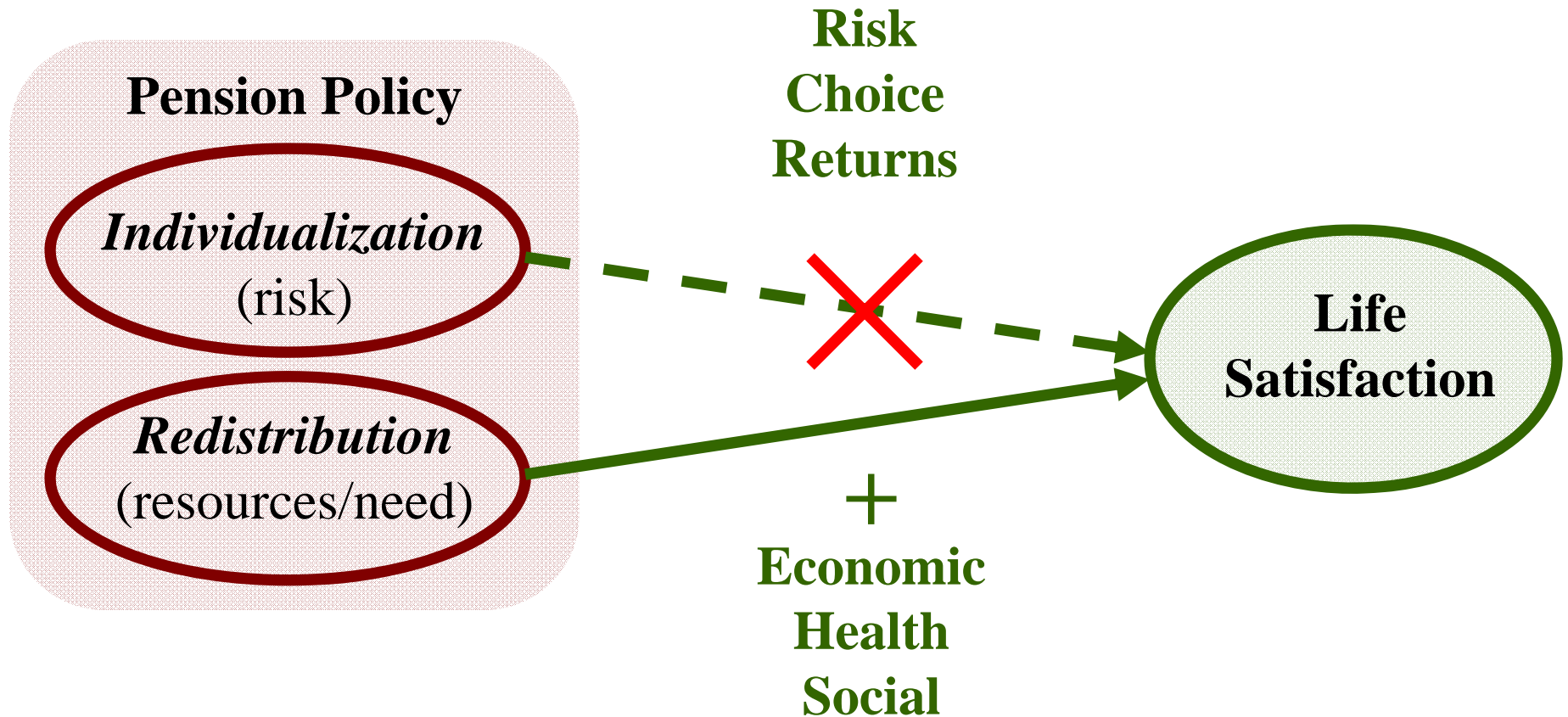
To study complex processes we need data and methods that are also complex



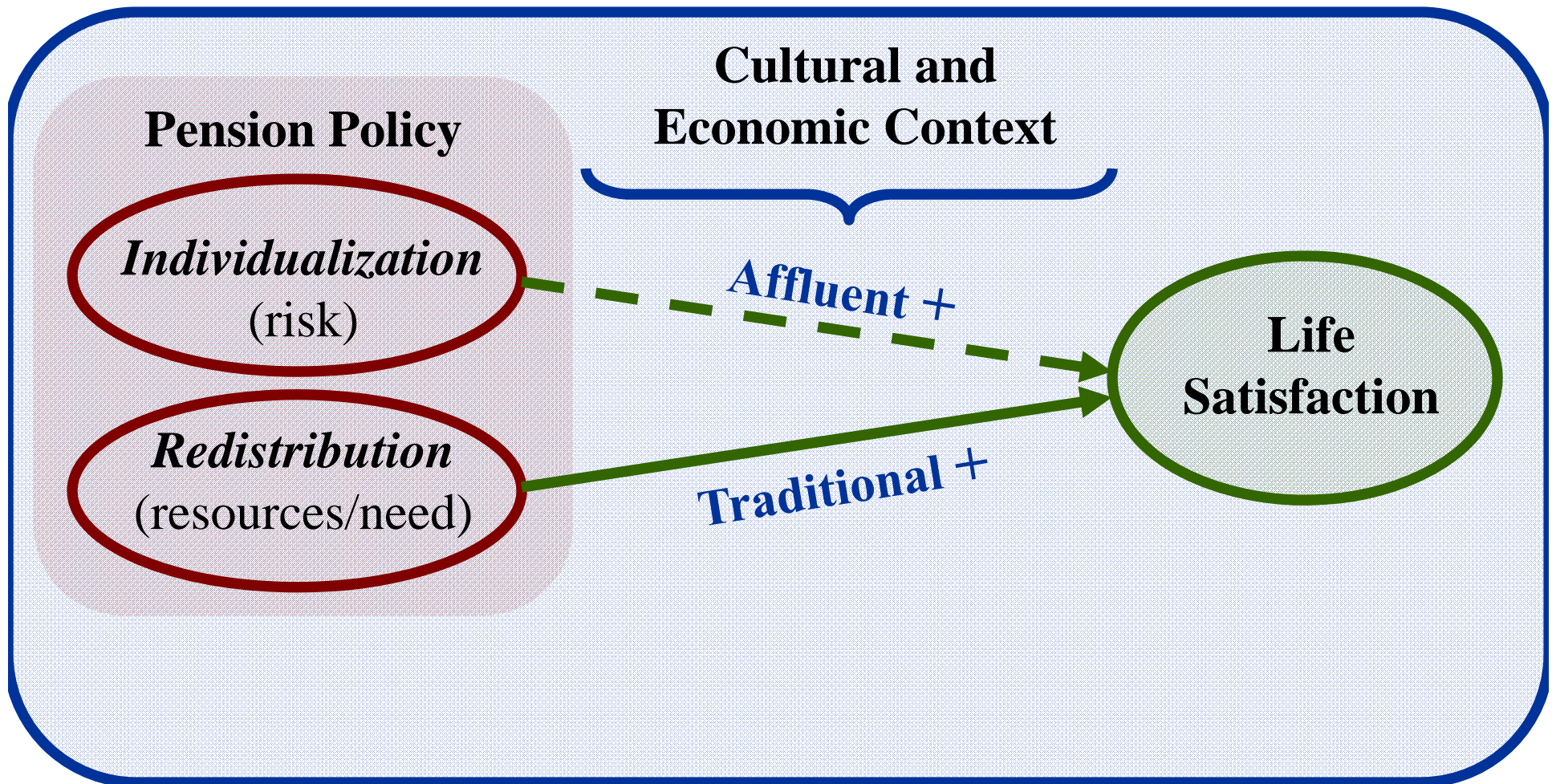
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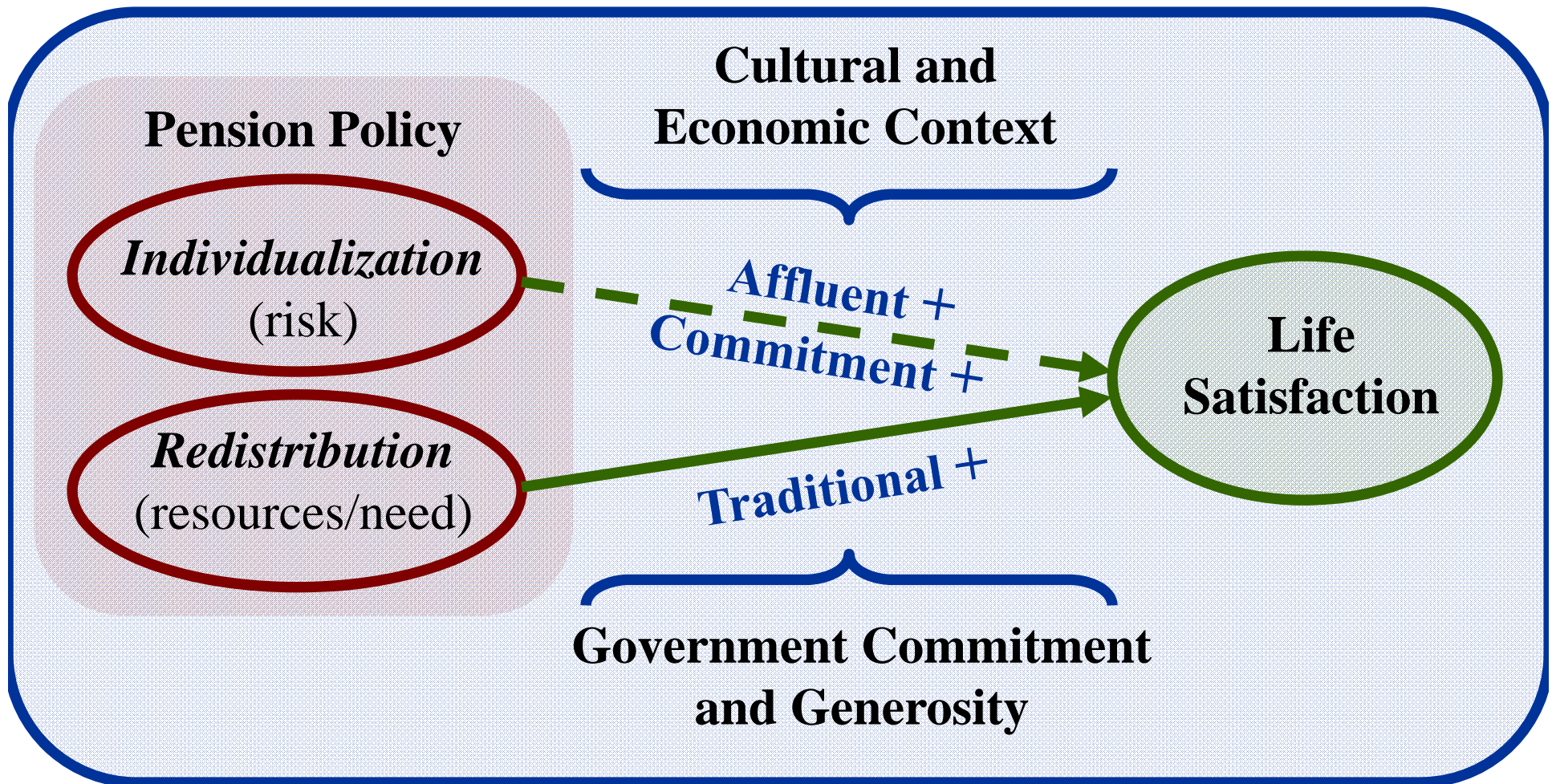
Life satisfaction comes with redistribution



The impact of pension policy on life satisfaction is contingent on the macro-social context



Government commitment improves the impact of individualization and life satisfaction



Conclusion

- Individualization and redistribution are two distinct sources of variation in pension policy.
- The individualization of risk has less subjective emotional impact than the redistribution of resources and alleviation of need.
- Pension policy is embedded in cultural and economic contexts that help explain how people react subjectively to this policy.
- Government commitment to social security buffers the detrimental effect of individualization.

Redistribution is an efficient avenue to increase the life satisfaction of older adults

Individualization is a resource-demanding option:

- Parallel redistribution.
- Affluence shield.
- Government commitment.

Redistribution:

- Boosts life satisfaction.
- Even more beneficial in traditional cultures.
- Works without excessive government commitment.

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