

## DIW Applied Micro Seminar

### Later pension, poorer health? Evidence from the new State Pension age in the UK

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#### *Abstract:*

Most OECD countries have introduced reforms to extend the state pension eligibility age over the last decade, but the consequences of these reforms for the well-being of older people are not well understood. We examine the health impact of a recent pension reform that gradually increased the State Pension eligibility age for women in the UK from 60 to up to 66 years. Using data from the Understanding Society Survey for the period 2009-2015 we apply a difference-in-differences approach that exploits the gradual expansion of State Pension Age across cohorts which led to a 11% increase in employment. We find strong evidence that an increase in the State Pension Age in the UK led to a significant increase in depressive symptoms, as well as a decline in both physical and mental health among women from routine-manual occupations. We show evidence of a dose-response relationships whereby a longer increase in the state pension age leads to worse health outcomes. This effect is consistent with a significant fall of 27% in individual incomes after the reform for women from routine-manual occupations. In our preferred specification, women made ineligible for the State Pension exhibit up to a 10% increase in GHQ-12 depression scores, a decline of 3% in mental health and around 5% in physical health scores as measured by the MCS and PCS scales.