



## Economics of Ageing Workshop 2019 and *Journal of the Economics of Ageing* special issue on Resources in Retirement

24-25 June 2019 9.00am - 6.00pm

UNSW Sydney Tyree Room, John Niland Scientia Building

Perhaps the single most important policy domain in the context of an ageing demographic revolves around the resources available for older cohorts as they withdraw from the labour force. In developed countries, there is major reliance on publicly funded retirement programs, along with increasing development of policies to support those requiring care in their last years. These requirements, magnified by burgeoning older cohorts, raise critical questions around how retirement policy – both public transfer design and regulation of private pensions – can be designed or reformed to best trade off retirement income adequacy against fiscal stress. Demands for subsidised long-term care support raise corresponding, though distinct, issues. Emerging economies, many of which are ageing very rapidly while still facing relatively low per capita incomes, confront different issues. Large informal sectors mean that many people lie outside the reach of any formal program of support, while urbanisation means that traditional family support is breaking down. This workshop will address these issues.

### Local Workshop Committee

Hazel Bateman, CEPAR, UNSW Sydney

Isabella Dobrescu, CEPAR, UNSW Sydney

Anne Gordon, CEPAR, UNSW Sydney

Mike Keane, CEPAR, UNSW Sydney

Bei Lu, CEPAR, UNSW Sydney

John Piggott, CEPAR, UNSW Sydney

Alan Woodland, CEPAR, UNSW Sydney

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Alfonso Sousa-Poza, University of Hohenheim, Germany

Website: [cepar.edu.au/news-events/events/economics-ageing-workshop-2019](http://cepar.edu.au/news-events/events/economics-ageing-workshop-2019)

**PROGRAM AT A GLANCE – DAY 1: JUNE 24**

|               |  |
|---------------|--|
| 08:30 – 09:00 | Arrival and registration   |
| 09:00 – 09:15 | <p><b>Welcome address</b></p> <p><b>Opening remarks:</b> John Piggott, CEPAR Director, Scientia Professor of Economics, UNSW Sydney</p>  |
| 09:15 – 10:30 | <p><b>Keynote lecture: A Proposal to Streamline the Age Pension</b></p> <p><b>Michael Keane</b>, CEPAR Chief Investigator, ARC Laureate Fellow, Professor of Economics, UNSW Sydney</p>  |
| 10:30 – 11:00 | Morning Tea  |
| 11:00 – 13:00 | <b>SESSION 1</b>   |
| 11:00 – 12:00 | <p><b>Tenure Choice, Portfolio Structure and Long-Term Care - Optimal Risk Management in Retirement</b></p> <p><b>Hans Fehr</b> (University of Wuerzburg, Netspar and CESifo), Maurice Hofmann (University of Wuerzburg)</p> <p><b>Discussant:</b> George Kudrna, CEPAR, UNSW Sydney</p>   |
| 12:00 – 13:00 | <p><b>Retirement Savings and Real Estate Purchases</b></p> <p>Monika Büttler, Katharina E. Hofer, <b>Sabrina Stadelmann</b> (all University of St. Gallen)</p> <p><b>Discussant:</b> Geni Dechter, School of Economics, UNSW Sydney</p>  |
| 13:00 – 14:00 | Lunch  |
| 14:00 – 16:00 | <b>SESSION 2</b>   |
| 14:00 – 15:00 | <p><b>Leaving Money on the Table? Suboptimal Enrollment in the New Social Pension Program in China</b></p> <p><b>Xi Chen</b> (Yale University), Lipeng Hu (Peking University), Jody L. Sindelar (Yale University)</p> <p><b>Discussant:</b> Katja Hanewald, CEPAR, UNSW Sydney</p>   |
| 15:00 – 16:00 | <p><b>Social Security Expansion and Neighborhood Cohesion: Evidence from Community-Living Older Adults in China</b></p> <p>Elizabeth Bradley (Yale University), Xi Chen (Yale University), <b>Gaojie Tang</b> (Shanghai University of Finance and Economics)</p> <p><b>Discussant:</b> Gigi Foster, School of Economics, UNSW Sydney</p> |
| 16:00 – 16:30 | Afternoon tea  |

|                      |   |
|----------------------|---|
| <b>16:30 – 18:30</b> | <b>SESSION 3</b>  |
| 16:30 – 17:30        | <p><b>Taking Control: Active Investment Choice in Singapore’s National Defined Contribution Scheme</b><br/> <b>Joelle H. Fong</b> (National University of Singapore)</p> <p><b>Discussant:</b> Hazel Bateman, CEPAR, UNSW Sydney</p>  |
| 17:30 – 18:30        | <p><b>The Influence of the Old-Age Retirement on Health: Causal Evidence from the Finnish Register Data</b><br/> <b>Tero Kuusi</b> (The Research Institute of the Finnish Economy), Pekka Martikainen (University of Helsinki), Tarmo Valkonen (The Research Institute of the Finnish Economy)</p> <p><b>Discussant:</b> Michele De Nadai, School of Economics, UNSW Sydney</p> |
| <b>19:00</b>         | <p><b>Workshop Dinner</b>, sponsored by Elsevier<br/> <i>The Lounge</i><br/> <i>Level 11, Library Building F21 (entry from rear of building), UNSW Sydney</i></p>   |

**PROGRAM AT A GLANCE – DAY 2: JUNE 25**

|               |   |
|---------------|---|
| 08:30 – 09:00 | Arrival   |
| 09:00 – 09:05 | <b>Opening remarks</b>  |
| 09:05 – 10:20 | <b>Keynote lecture: Understanding Long-Term Care</b><br><b>Kathleen McGarry</b> , Professor of Economics, UCLA; Research Associate, NBER  |
| 10:20 – 10:50 | Morning Tea   |
| 10:50 – 12:50 | <b>SESSION 4</b>  |
| 10:50 – 11:50 | <b>Health Inequality among Chinese Older Adults: The Role of Childhood Circumstances</b><br><b>Binjian Yan</b> (Nanjing Agricultural University and Yale University), Xi Chen (Yale University); Thomas M. Gill (Yale University)<br><br><b>Discussant:</b> Arpita Chatterjee, School of Economics, UNSW Sydney   |
| 11:50 – 12:50 | <b>The Impact of Cash Transfers on Child Outcomes in Rural Thailand: Evidence from a Social Pension Reform</b><br>Tabea Herrmann (University of Hannover), <b>Attakrit Leckcivilize</b> (University of Aberdeen), Juliane Zenker (University of Goettingen)<br><br><b>Discussant:</b> Sarah Walker, School of Economics, UNSW Sydney  |
| 12:50 – 14:30 | Lunch<br><br><b>Lunch lecture - Fertility: International Perspective and Impacts on Population Ageing/Economic Growth</b><br><br><b>Peter McDonald</b> , CEPAR Chief Investigator, Professor of Demography, University of Melbourne   |
| 14:30 – 15:30 | <b>SESSION 5</b>  |
| 14:30 – 15:30 | <b>A Dynamic Behavioral Model of Korean Saving, Work, and Retirement Decisions</b><br>David Knapp (RAND Corporation), Krishna Kumar (RAND Corporation), Jinkook Lee (University of Southern California), <b>Italo Lopez Garcia</b> (RAND Corporation), Jongwook Won (Korean Institute of Health and Social Affairs [KIHASA])<br><br><b>Discussant:</b> Timothy Neal, CEPAR, UNSW Sydney |
| 15:30 – 16:30 | <b><i>Journal of the Economics of Ageing</i> special issue on Resources in Retirement</b><br>Alfonso Sousa-Poza, Professor of Economics, University of Hohenheim (per videoconference)  |
| 16:30 – 17:00 | <b>Open discussion and closing remarks</b><br>Chair: John Piggott   |

PROGRAM – DAY 1: JUNE 24

09:00 – 09:15 WELCOME ADDRESS

Opening remarks: John Piggott, Scientia Professor of Economics, Director, CEPAR, UNSW Sydney

09:15 – 10:30

Keynote lecture: A Proposal to Streamline the Age Pension

Michael Keane, CEPAR Chief Investigator, ARC Laureate Fellow, Professor of Economics, UNSW Sydney



**Michael Keane** is an Australian Laureate Fellow, Professor of Economics in the UNSW Business School and a Chief Investigator in the ARC Centre of Excellence in Population Ageing Research (CEPAR). Several independent sources have placed Michael Keane among the top economists internationally in terms of citations and the impact of his work. Recently he was ranked as top economist in the 1990 PhD cohort by Research Papers in Economics (RePEc). He is considered to be a world leader in choice modelling and his expertise is sought both nationally and internationally. In 2009 he prepared a report on tax transfers and labour supply for the Australian Treasury's Commission on Australia's Future Tax System. He has been a visiting scholar at the International Monetary Fund at various times throughout his career. He was elected a Fellow of the Econometric Society in 2005 and in 2018 was elected to the Econometric Society Council. He won the Kenneth Arrow Award in 2008, was named an Australian Federation Fellow in 2005 and was awarded an Australian Laureate Fellowship in 2011. He is an Associate Editor of the *Journal of Econometrics* and *Quantitative Marketing and Economics*.

10:30 – 11:00

Morning Tea

11:00 – 13:00

SESSION 1

11:00 – 12:00

Tenure Choice, Portfolio Structure and Long-Term Care - Optimal Risk Management in Retirement

Hans Fehr (University of Wuerzburg, Netspar and CESifo), Maurice Hofmann (University of Wuerzburg)

**Discussant:** George Kudrna, CEPAR, UNSW Sydney

**Abstract:** Our study highlights the interplay between tenure decisions, stock market investment and the public social security system. Housing equity not only serves a dual purpose as a consumption good and as an asset, but also provides insurance to buffer various risks in retirement. Our stylized life cycle model captures these links in order to analyze the fairly low homeownership rate in Germany. Our simulation results indicate that the public pension as well as the public long-term care system may both significantly reduce homeownership rates by 15-20 percentage points.



**About the author:** Hans Fehr is a CEPAR Associate Investigator located at the University of Wuerzburg in Germany where he works as Professor of Economics. He joined the Centre in January 2018 after visiting the UNSW during his sabbatical. Hans received his diploma in Economics in 1989, his PhD in 1992 from the University of Regensburg, and his post-doctoral degree (*Habilitation*) from the University of Tuebingen in 1998. In 1993-94 he worked as post-doc at Boston University and from 1994 to 1998 he was an assistant professor at the University of Tuebingen. His main research interests are in the field of quantitative public economics. In the past he has analyzed the economic consequences of population aging and various tax policy and social security reforms by means of computable general equilibrium models with overlapping generations. His research is published in various journals including the *European Economic Review*, *Journal of Economic Dynamics & Control*, *Review of Economic Dynamics*, and the *Scandinavian Journal of Economics*. Hans is also a Research Fellow at the Network for Studies on Pensions, Aging and Retirement (Netspar) in Tilburg and the Center of Economic Studies (CESifo) in Munich.

12:00 – 13:00

### Retirement Savings and Real Estate Purchases

Monika Bütler, Katharina E. Hofer, **Sabrina Stadelmann** (all University of St. Gallen)

**Discussant:** Geni Dechter, School of Economics, UNSW Sydney

**Abstract:** Home-ownership does not only constitute an important asset, but also provides an in-kind income stream. If individuals use pension savings to purchase real estate they face a trade-off between alleviating borrowing constraints when young and lower liquid retirement means when old. We study the decision to withdraw retirement assets for home purchase analysing a recent reform that made advanced withdrawals more difficult, as it increased the amount of non-pension equity a borrower had to provide for a home purchase. Using individual-level data from a large Swiss occupational pension provider, we find fewer advanced withdrawals after the reform, mainly driven by individuals with lower income and of older age. Conditional on making a withdrawal, the average share of pension assets withdrawn decreased. Household-level data suggests that new home owners purchase smaller property in response to the regulation.



**About the author:** Sabrina Stadelmann has been a Ph.D. student at the University of St.Gallen since September 2015. In the summer of 2017 she completed the course phase with a defense of her research proposal entitled "Essays in Decision Making". In the first part of the dissertation project, she examines the effect of physical activity on cognitive abilities in old age using individual data from the Survey of Health, Aging and Retirement in Europe. The second part deals with the interplay between home ownership and old-age provision. Together with Prof. Dr. med. Monika Buetler she examines the promotion of home ownership in Switzerland. In the third project, she analyzes the influence of asylum-seekers on housing transactions and prices in Zurich, Switzerland.

13:00 – 14:00

Lunch

14:00 – 16:00

### SESSION 2

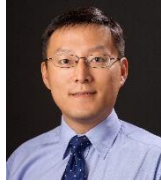
14:00 – 15:00

### Leaving Money on the Table? Suboptimal Enrollment in the New Social Pension Program in China

**Xi Chen** (Yale University), Lipeng Hu (Peking University), Jody L. Sindelar (Yale University)

**Discussant:** Katja Hanewald, CEPAR, UNSW Sydney

**Abstract:** China's recently implemented New Rural Pension Scheme (NRPS), the largest social pension program in the world, was designed to provide financial protection for its rural population and reduce economic inequities. Yet the impact of this program is mitigated if those eligible fail to enroll. This paper examines the extent to which pension-eligible individuals, and their families, make optimal pension decisions. Families are involved in the NRPS decisions because, in most cases, adult children need to enroll as a prerequisite of their parents' receipt of benefits. We examine the decisions of both those eligible for pension benefits (i.e. over 60 years old) and their adult children. We use the rural sample of the 2012 China Family Panel Study to study determinants of the decision to enroll in NRPS, premiums paid, and time taken to enroll. We find evidence of low and suboptimal pension enrollment by eligible individuals and their families. Suboptimal enrollment takes various forms including failure to switch from the dominated default pension program to NRPS and evidence that families do not make mutually beneficial intra-family decisions. For the older cohort, few individual and family characteristics are significant in enrollment decisions, but village characteristics play an important role. For the younger cohort, more individual-level characteristics are significant, including own and children's education. Village characteristics are important but not as much as for the older cohort. Our finding of suboptimal enrolment is important as it highlights the need for policies to improve enrollment. This paper provides needed information on the extent of the factors relating to suboptimal enrollment.



**About the author:** Xi Chen, Ph.D., is an assistant professor of Global Health Policy and Economics at Yale University, a faculty fellow at Yale Institution for Social and Policy Studies, Yale Climate Change and Health Initiative, Yale Macmillan Center, Yale Institute for Network Science, and Yale-China Association. His research focuses on public policies related to childhood development, population aging, climate change and health, and quality of life.

Professor Chen is a Research Fellow at the IZA Institute of Labor Economics, Fellow and Research Cluster Lead in Environment and Human Capital at the Global Labor Organization, Consultant at the United Nations, Adjunct Professor and Senior Research Fellow at Peking University, Alumni Affiliate of Cornell Institute on Health Economics, Health Behaviors and Disparities, and Research Fellow at China Center for Economics of Human Development. He is a PEPPER Scholar and co-leads academic events at Yale Program on Aging and Yale Claude D. Pepper Older Americans Independence Center. He is the President of China Health Policy and Management Society.

Professor Chen's work has been recognized through numerous awards, such as the Outstanding Dissertation Award of the Agricultural and Applied Economics Association, the George Warren Award, the Macmillan Award, the James Tobin Award, the Kempf Award, and NIH's PEPPER Scholar Award. His multiple research projects funded by NIH, USDA, and other public and private funding sources has resulted in 50+ peer-reviewed publications, such as PNAS, LANCET, JEEM, AJAE. These studies have been widely covered in 400+ popular media worldwide, such as BBC, CNN, WSJ, NYT, The Guardian, Financial Times, The Economist, Washington Post, The Times of London, NPR, Time Magazine, Fortune, Slate, Forbes, Bloomberg, CNBC, Al Jazeera, World Economic Forum, Science Magazine, ABC, EuroNews, Foreign Policy, National Geography, Foreign Affairs, Xinhua News Agency, and People's Daily. He is a commentator at China Central Television.

Professor Chen obtained a Ph.D. in Applied Economics from Cornell University.

15:00 – 16:00

### **Social Security Expansion and Neighborhood Cohesion: Evidence from Community-Living Older Adults in China**

Elizabeth Bradley (Yale University), Xi Chen (Yale University), **Gaojie Tang** (Shanghai University of Finance and Economics)

**Discussant:** Gigi Foster, School of Economics, UNSW Sydney

**Abstract:** The rapid aging of the world population raises the importance of improving health and well-being in older ages. To alleviate poverty in older ages and improve elderly's health, 106 countries have rolled-out social pension programs. Evaluating the impacts of pension on elders' income, health, and well-being has attracted increasing interest from researchers. However, few of them have explored its effect on neighbourhood cohesion, including social networks and social support, which has long been argued to play an important causal role in those indicators they were concerned.

Although government investments in services and income support have been found to confer multiple benefits, there is a widespread crowd-out hypothesis suggesting that grants and services provided by the government may crowd out informal arrangements, counteracting social networks and informal caring relations. Studies based on household survey data and experiments mostly focus on the crowd-out effect on private transfers, and predict various degrees of crowding out effects of public transfers. Despite that the crowd-out opinion is the dominant and persistent perspective in the literature, some research findings refute the claims of crowding out and find that more generous welfare payments benefit social cohesion and intra-family transfers by increasing the total insurance available to people. In this paper, we empirically examine the impact of social security expansion on neighborhood cohesion using China's New Rural Pension Scheme (NRPS), one of the largest existing pension program in the world. Since its launch in 2009, more than 400 million Chinese have enrolled in NRPS. We use two waves of China Health and Retirement Longitudinal Study (CHARLS) to examine the effect of pension receipt on two dimensions of neighborhood cohesion, i.e., social network and social support provided to the community by older adults. Specifically, we examine the pension's

effects on the elders' recreational activities, altruistic activities, and the frequencies of these activities. Employing an instrumental variable approach, our empirical strategy overcomes the endogeneity of pension receipt via exploiting geographic variation in pension program roll-out. Consistent with income effect, results show a slight increase in recreational activities, especially for elders in poorer families. Meanwhile, we find that pension crowds out altruistic activities, and there is a sizable disparity in crowd-out effect by community characteristics and household economic status. Specifically, elders living in homogeneous communities or poorer/richer families are significantly more amenable to social security expansion than their counterparts who live in heterogeneous communities or middle-income households. Our findings suggest that altruistic behavior of elders is primarily driven by "altruistic incentive" in homogeneous communities, thus government pension high works as a substitute for the informal caring will crowd out the altruism in the community. In heterogeneous communities, altruistic behavior works as a risk-sharing method and is mainly driven by "warm glow", which is less likely to be crowded out by government intervention.



**About the author:** Gaojie Tang is a Ph.D.candidate in the School of Economics at the Shanghai University of Finance and Economics. During her doctoral studies, she visited Yale University as a postgraduate fellow for a year. Her primary research interests are in labor economics and health economics, with a focus on evaluating the impacts of public policies and government programs.

16:00 – 16:30

Afternoon tea

16:30 – 18:30

SESSION 3

16:30 – 17:30

**Taking Control: Active Investment Choice in Singapore's National Defined Contribution Scheme**

**Joelle H. Fong** (National University of Singapore)

**Discussant:** Hazel Bateman, CEPAR, UNSW Sydney

**Abstract:** This paper examines what factors drive active investment choice among more than 7,000 older plan participants in the Singaporean Central Provident Fund (CPF), and assesses the extent to which financial knowledge, experience, and attitudes help predict such choice. We find that only 16% of plan participants aged 50 and above in our sample in 2016 invest a portion of their pension savings outside of the default government-run CPF fund. Plan participants who are male, younger, not married, currently working for pay, have higher risk tolerance, and higher net worth are more likely to choose to actively manage their pension savings. Education is a strong independent determinant of active investment choice, but its effect diminishes with age. Longer-term financial planning horizon and experience in managing household finances, as well as in stocks investment, are also significantly associated with higher self-invested balances. Financial literacy score is, however, not significantly associated with non-default decision-making in our sample. Our findings have important implications for policy makers seeking to encourage greater individual responsibility in pension savings and investments within defined-contribution retirement systems.



**About the author:** Joelle Fong is Assistant Professor at the Lee Kuan Yew (LKY) School of Public Policy, National University of Singapore. She holds a PhD in Applied Economics from the Wharton School of the University of Pennsylvania. Joelle's broad research agenda focuses on the economic and health aspects of population ageing, and their implications for policy. Her research interests include pension economics and finance, public and private insurance markets, longevity risk management, retirement security, and long-term care financing. Joelle is currently Program Chair of the Master in Public Administration programme at the LKY School. She also serves on the Board of the Singapore College of Insurance, and is the Vice-President of the Asia-Pacific Risk and Insurance Association. She worked in the Singapore Civil Service before joining academia.



17:30 – 18:30

**The Influence of the Old-Age Retirement on Health: Causal Evidence from the Finnish Register Data**

**Tero Kuusi** (The Research Institute of the Finnish Economy), Pekka Martikainen (University of Helsinki), Tarmo Valkonen (The Research Institute of the Finnish Economy)

**Discussant:** Michele De Nadai, School of Economics, UNSW Sydney

**Abstract:** We quantify the impact of old-age retirement on health using longitudinal Finnish register data for the period 2000–2012, which allows for a strict isolation of the effects of transition from work to retirement for both mental and physical health indicators. We use the lowest statutory eligibility age for full old-age pensions, 63 years, as an instrument in FE-IV estimation to ensure causal inference. We find that (1) retirement moderately decreases the use of antidepressants, especially for women; (2) the beneficial effects of retirement on the cardiovascular and musculoskeletal conditions are smaller and more diffused; (3) there is no robust evidence that retirement effects vary systematically among socioeconomic groups, although more robust declines in musculoskeletal diseases were observed among manual-labour men; and (4) the beneficial effects in antidepressant use can be extended to apply to most Finns retiring at ages 62–64 based on our test of external validity.



**About the author:** Tero Kuusi works as a chief research scientist in the Research Institute of the Finnish Economy. His research interests are in different fields of public finance and macroeconomics. He has participated in several international research projects such as to the recent European Horizon 2020 project Firstrun ([www.firstrun.eu](http://www.firstrun.eu)) with the focus on the governance of public policy in the EU's fiscal framework. He received his PhD (economics) with honors from the Aalto University School of Economics in 2013.

19:00

**Workshop Dinner**, sponsored by Elsevier  
*The Lounge*

*Level 11, Library Building F21 (entry from rear of building), UNSW Sydney*

**PROGRAM – DAY 2: JUNE 25**

|               |   |
|---------------|---|
| 08:30 – 09:00 | Arrival   |
| 09:00 – 09:05 | <b>Opening remarks</b>  |
| 09:05 – 10:20 | <p><b>Keynote lecture: Understanding Long-Term Care</b></p> <p><b>Kathleen McGarry</b>, Professor of Economics, UCLA; Research Associate, NBER</p> <p><b>Abstract:</b> The aging of the population in developed countries world-wide poses challenges in many dimensions. Perhaps chief among them is the challenge of caring for the elderly population. Increased longevity, declining birth rates, and declining mortality from causes such as heart disease, are all contributing to the growing need for long-term custodial care. Such care is expensive whether measured in terms of the direct cost of formal care, or the indirect cost of informal care from family. This talk outlines some of the issues involved in the provision of long-term care, examining such aspects as insurance coverage of formal care and the burden borne by family members.</p> <div data-bbox="375 672 534 862" data-label="Image"> </div> <p><b>Kathleen McGarry</b> is a Professor in the Department of Economics at UCLA and a Research Associate at the NBER. From 2007-2009 she was the Joel Z. and Susan Hyatt, 1972 Professor of Economics at Dartmouth College. McGarry previously served as a Senior Economist at the Whitehouse Council of Economic Advisers and has had fellowships from the Brookdale Foundation and the NBER.</p> <p>McGarry’s research focuses on the economics of aging, particularly on the roles of public and private transfers in affecting the well-being of the elderly, and on insurance markets catering to the elderly. Within the context of transfers, McGarry has examined issues such as the effect of Social Security on living arrangements, participation in SSI, and the transfer of cash and time assistance between parents and children. Her work on health insurance and long-term care has examined the burden of out-of-pocket expenditures faced by the elderly, particularly near the end of life and the effect of caregiving on labor force participation. She is a co-investigator for the Health and Retirement Study.</p> |
| 10:20 – 10:50 | Morning Tea   |
| 10:50 – 12:50 | <b>SESSION 4</b>  |
| 10:50 – 11:50 | <p><b>Health Inequality among Chinese Older Adults: The Role of Childhood Circumstances</b></p> <p><b>Binjian Yan</b> (Nanjing Agricultural University and Yale University), Xi Chen (Yale University); Thomas M. Gill (Yale University)</p> <p><b>Discussant:</b> Arpita Chatterjee, School of Economics, UNSW Sydney</p> <p><b>Abstract:</b> This paper examines the extent to which childhood circumstances contribute to health inequality in old age and how the contributions may vary across key dimensions of health. We link the China Health and Retirement Longitudinal Study (CHARLS) in 2013 and 2015 with its Life History Survey in 2014 to quantify health inequality due to childhood circumstances for which they have little control. We evaluate comprehensive dimensions of health ranging from cognitive health, mental health, physical health, self-rated health to mortality. Our analytic sample includes about 8,000 Chinese persons age above 60. Using the Shapley value decomposition approach, we first show that childhood circumstances may explain 2-22 percent of health inequality in old age across multiple health outcomes. Second, while both health circumstances and non-health circumstances contribute significantly to health inequality, the latter tends to be more sizable. Our findings support the value of a life course approach in identifying the key determinants of health in old age.</p> <div data-bbox="367 1825 523 2027" data-label="Image"> </div> <p><b>About the author:</b> Binjian Yan is an associate professor in College of Economics and Management, Nanjing Agricultural University. Prof. Yan experienced one year (2009-2010) oversea study in University of Illinois at Urbana and Champaign during his PhD program, and did collaborative research in Yale University during 2016-2017 as an associate visiting professor. Prof. Yan’s research field is public economics, health economics and industrial economics, especially in studying the role of government in social welfare</p>              |

and industrial development, and policy analyzing for enhancing inclusive development. Prof. Yan has both interests in academic and policy studies. Prof. Yan has already hosted one NSFC project, and dozens of projects funded by government and local association, and also participated in several key projects of NSFC, NSSF, and other related institutions. Prof. Yan published more than 30 research articles in Agricultural Economics, Land Use Policy, China Economic Quarterly, Statistic Research, China Rural Studies, and so on. More than 10 Policy reports get appraisal by policy makers both in central government and local governments. Prof. Yan were invited to publish papers in Newspaper and magazine, such as Farmer Daily, Xinhua Daily, and The General Public.

11:50 – 12:50

### **The Impact of Cash Transfers on Child Outcomes in Rural Thailand: Evidence from a Social Pension Reform**

Tabea Herrmann (University of Hannover), **Attakrit Leckcivilize** (University of Aberdeen), Juliane Zenker (University of Goettingen)

**Discussant:** Sarah Walker, School of Economics, UNSW Sydney

**Abstract:** Unlike standard literature on the social pension policy and children's outcomes, this paper provides evidence from Thailand that an introduction of small (equivalent to 2-3 days of minimum wage) but universally covered social pension can affect educational choice and work status of children living with eligible pensioners. Such a result seems to be driven by the characteristics of newly eligible pensioners who are not as poor as the pensioners under the targeted program before the reform. Our findings also show differential effects of the social pension by genders of the children and pensioners. In particular, teenage boys living with male pensioners are more likely to enroll in the secondary school compared to children in the control group living with almost eligible seniors, while the results for teenage girls are rather inconclusive.



**About the author:** Attakrit Leckcivilize joined the Health Economics Research Unit at the University of Aberdeen as a Research Fellow in October 2016. Prior to HERU, he was a Research Fellow at the Institute of Labour Economics, Leibniz University of Hannover. His research interests are labour economics, applied econometrics and health economics, with particular application to developing countries. At Thailand Development Research Institute he worked with researcher teams in several projects concerning the role of healthcare financing in poverty reduction in Thailand. Currently, he is working for the Health Behaviour and Workforce and Organisation of Care themes. Attakrit holds a Master of Science and a PhD in economics from the London School of Economics and Political Science.

12:50 – 14:30

Lunch

#### **Lunch speaker:**

**Peter McDonald**, CEPAR Chief Investigator, Professor of Demography, University of Melbourne

#### **Fertility: International Perspective and Impacts on Population Ageing/Economic Growth**



**Peter McDonald** is Professor of Demography within the Centre for Health Policy at the University of Melbourne and a Chief Investigator in the ARC Centre of Excellence in Population Ageing Research (CEPAR). He was President of the International Union for the Scientific Study of Population for the years, 2010-2013. In 2015, he received the Irene B. Taueber Award from the Population Association of America which recognises an unusually original or important contribution to the scientific study of population.

He is frequently consulted on the issue of population futures (causes, consequences and policies) by governments around the world, especially in Australia, Europe and East Asia. In 2008, he was appointed as a Member of the Order of Australia. He is an inaugural ANU Public Policy Fellow and in 2014 was a member of the Independent Review into Integrity in the Subclass 457 Programme. He has worked previously at the Australian National University, the Australian Institute of Family Studies, the World Fertility Survey and the University of Indonesia.

**A Dynamic Behavioral Model of Korean Saving, Work, and Retirement Decisions**

David Knapp (RAND Corporation), Krishna Kumar (RAND Corporation), Jinkook Lee (University of Southern California), **Italo Lopez Garcia** (RAND Corporation), Jongwook Won (Korean Institute of Health and Social Affairs [KIHASA])

**Discussant:** Timothy Neal, CEPAR, UNSW Sydney

**Abstract:** The Republic of Korea has a dual challenge: it has a rapidly aging population that is more reliant on public pension support and a public pension system that has been characterized by insufficient benefit levels to avoid old-age poverty. As a result, there is an increasing debate on what type of reforms to the current defined-pension system could secure the long-term funding of the system while at the same time maintain the benefit levels for old and new beneficiaries. In this paper, we develop and estimate a dynamic behavioral model that captures Korean's behavioral responses in labor supply and savings to changes in the public pension system and we estimate it with a nationally-representative sample of individuals near retirement from the Korean Longitudinal Study of Aging (KLoSA). We use the model estimates to evaluate the effects on the welfare of individuals of counterfactual policy experiments such as increases in contribution rates or the extension of normal retirement age. Our model demonstrates that both policy changes differ in the type and size of unanticipated negative behavioral responses they induce. A 2 per cent immediate increase in the contribution rate would reduce household savings in 2 per cent among poor households, as well as it would reduce labor participation among wives by 3 per cent and among husbands by 0.35 per cent. When we simulate the same increase in the contribution rate in even increments over five years, households anticipate the policy change and increase their savings to compensate for the future fall in income and smooth consumption. In contrast, an increase of 2 years in the normal retirement age leads to a 3 per cent increase in household savings, and increase both male and female labor force participation (0.52 per cent and 2.9 per cent respectively). We further discuss the heterogeneity of these predictions.



**About the author:** Italo Lopez Garcia is an economist at the RAND Corporation. As a labor economist, his research focus is the study of human capital investments and labor supply decisions over the life cycle and implications for policy design. Lopez Garcia has research interests on the economics of aging. He is the principal investigator of a recently awarded NIA grant studying the heterogeneous effects of retirement on cognition in the United States using a life-cycle structural modeling approach. Also using these models, he has led a study that examines the incentives to labor supply and savings from the defined-benefit pension system among individuals near retirement in South Korea, and from the defined-contributory pension system in Chile. In other work, he has studied how work capacity declines with age and health among older workers and how this predicts retirement and disability, and he has studied how willingness to pay for long-term care insurance policies can explain low insurance take-ups in the United States. Lopez Garcia has also studied the role of public and private investments in children. Using randomized control trials, he conducted the impact evaluation of a large-scale group-based parenting intervention in Chile, and most recently, he co-lead a NICHD grant testing different models of delivery of an integrated nutrition education and child stimulation intervention in rural Kenya. In a recent paper, he has written about the importance of the timing of parental income across different stages of childhood for intergenerational mobility. Lopez Garcia holds a Ph.D. in economics from University College London and a M.Sc. in economics from the University Pompeu Fabra, Barcelona.

**15:30 – 16:30**

**Journal of the Economics of Ageing special issue on Resources in Retirement**

**Alfonso Sousa-Poza**, Professor of Economics, University of Hohenheim (per videoconference)



**Alfonso Sousa-Poza** holds a Professorship in Economics at the University of Hohenheim in Stuttgart (Germany), and is a Director of the Institute for Health Care & Public Management. He is also an Adjunct Professor of Economics at the Xi'an Jiaotong University's School of Economics and Finance. Alfonso Sousa-Poza is the coordinating editor of the Journal of the Economics of Ageing.

Alfonso Sousa-Poza studied computer science at the University of Cape Town, and economics at the University of St. Gallen in Switzerland, from which he obtained his PhD in 1999. From 1996 until 2007 he was employed at the Research Institute for Labour Economics and Labour Law at the University of St. Gallen.

His primarily empirical research interests are in the fields of health, labour and population economics.

**16:30 – 17:00**

**Open discussion and closing remarks**