Title: Health effects of higher State Pension Age in the United Kingdom

This paper uses data from Understanding Society (waves 1-6) to test for the existence of short-term health effects caused by the increase of State Pension Age (SPA) for women in the United Kingdom (UK) from 2010 on.

Due the unprecedented ageing process affecting developed countries and the sustainability of their Social Security systems, several European countries have raised the State Pension Age in the last decade (i.e., the earliest age at which a state pension can be collected), with the aim of prolonging working lives. The UK undertook a major change just for women since April 2010, with SPA increasing gradually to 62 (by April 2014) and 65 (by November 2018). Exempli gratia, while a woman born in 1949 was above-SPA when turning 60 (in 2009), a woman born in 1952 was approximately two years below-SPA when at the same age (in 2012). We investigate whether this policy-driven change has had significant short-term consequences on the health status of affected women. Indeed, the literature investigating the retirement-health relationship has shown that changes in SPA constitute an exogenous source of variation affecting individuals’ job-market status (e.g., the likelihood of being retired), which can, in turn, have an effect on health (although the latter relationship is endogenous). Our analysis, to our knowledge the first focused on this recent reform, contributes to the existing literature on both pension-policy evaluation, and the health-economics of retirement.

Understanding Society allows for four measures of health: the Short Form Health Survey score (SF-12), both mental and physical; The General Health Questionnaire score (GHQ-12); and self-rated health.

We estimate a linear regression model which compares the health status of "treated" and "untreated" women before and after the SPA-increase, thus accounting for endogeneity of health and occupational status. Our "treatment" corresponds to “being under SPA at the time of interview”, which depends on both the dates of birth and of interview, and which we show is significantly affecting the probability of respondents reporting to be working. Our sample selection includes 60 to 64 years-old women interviewed from 2009 to 2015 (Understanding Society survey started in 2009), when we account for age and year effects through a full set of dummies, as well as for month of birth, to ensure that the treatment coefficient does not simply capture the effect of being younger, as well as for numerous socioeconomic variables.

Our results, which are robust to various specifications, highlight a statistically significant worse mental and physical health, as well as depression status, for treated women, thus underlining a potential worrisome consequence of the reform. We then show that the extent of the SPA postponement significantly affects the negative health effects. Finally, we evaluate the heterogeneous effects of a delay in SPA for women with different job categories, highlighting that routine workers are the ones exhibiting the heaviest adverse health consequences.