

# INCOME ADEQUACY AND QUALITY OF LIFE IN OLDER AGE

**Dr. Christine McGarrigle, TILDA Research  
Director** , The Irish Longitudinal Study  
Ageing (TILDA), TCD



Trinity  
College  
Dublin

The University of Dublin

# MOTIVATION (1)

Irish population aged 65+ projected to double between 2011 and 2046

This poses a number of challenges

Does the ageing population have enough health and monetary resources to enjoy life into old age?



**Trinity  
College  
Dublin**

The University of Dublin

# MOTIVATION (2)

Our analysis focuses on the relationship between income and quality of life in old age

We use data from the first three waves of The Irish Longitudinal Study on Ageing (TILDA)



**Trinity  
College  
Dublin**

The University of Dublin

# TILDA DATA (1)

8,504 participants aged 50+ recruited in 2009/2010

Data collected every 2 years

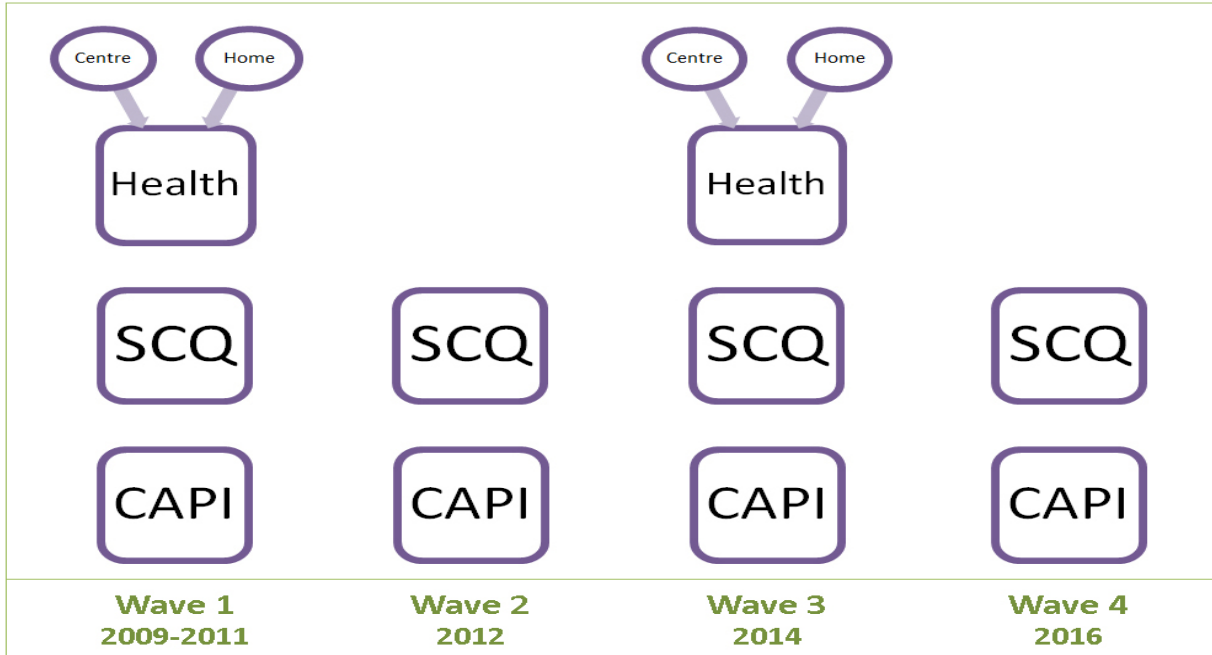
Interdisciplinary study: health, social, economics



**Trinity  
College  
Dublin**

The University of Dublin

# TILDA DATA (2)



CAPI: computer-assisted personal interview

SCQ: self-completion questionnaire

Health: TILDA health assessment



Trinity  
College  
Dublin

The University of Dublin

# QUALITY OF LIFE IN OLD AGE (CASP-12)

Scale	Description	Item
Control	The ability to actively participate in one's environment	My age prevents from doing the things I would like to I feel that what happens to me is out of my control
Autonomy	The right of the individual to be free from the unwanted interference of others	My health stops me from doing the things I want to do Shortage of money stops me from doing the things I want to do
Self-realisation	The fulfilment of one's potential	I feel satisfied with the way my life has turned out I feel that life is full of opportunities
Pleasure	The sense of happiness or enjoyment derived from engaging with life	I look forward to each day I feel that my life has meaning

# HOUSEHOLD INCOME

*“Could you say about how much income in total these people [people aged 16 years or over in receipt of income of any kind] received during the last 12 months? I am thinking of the total income of the household after tax. An approximate figure is all we need”.*

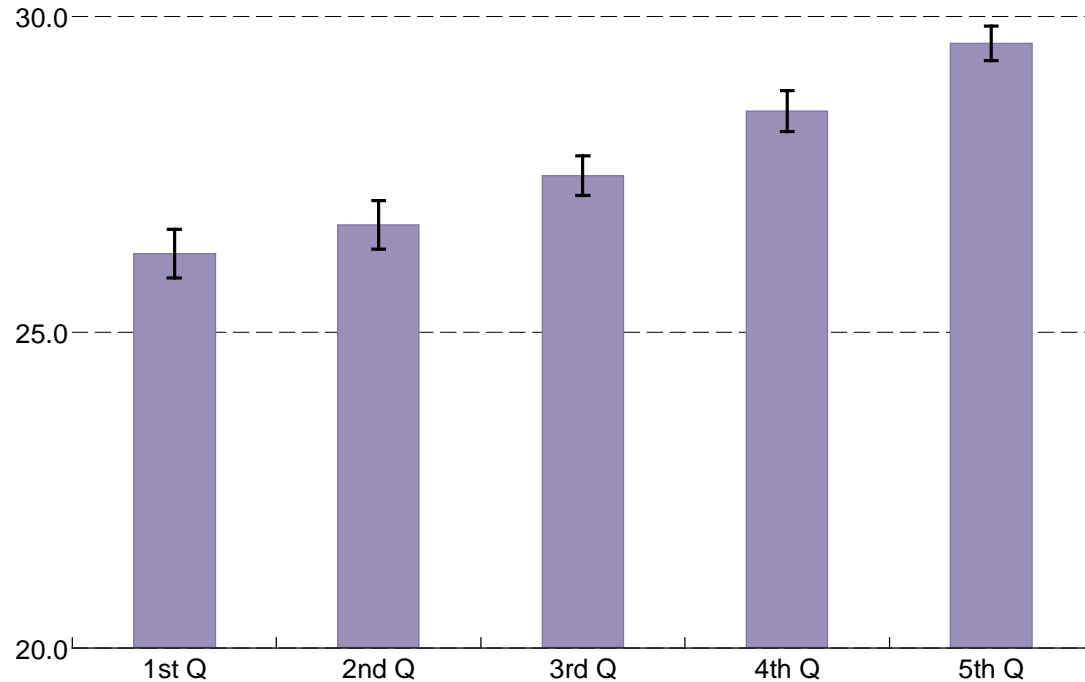
Then equalize by dividing figure by square root of household size



**Trinity  
College  
Dublin**

The University of Dublin

# DISTRIBUTION OF CASP-12 SCORE BY HH INCOME QUINTILE



Note. Error bars correspond to 95% confidence intervals

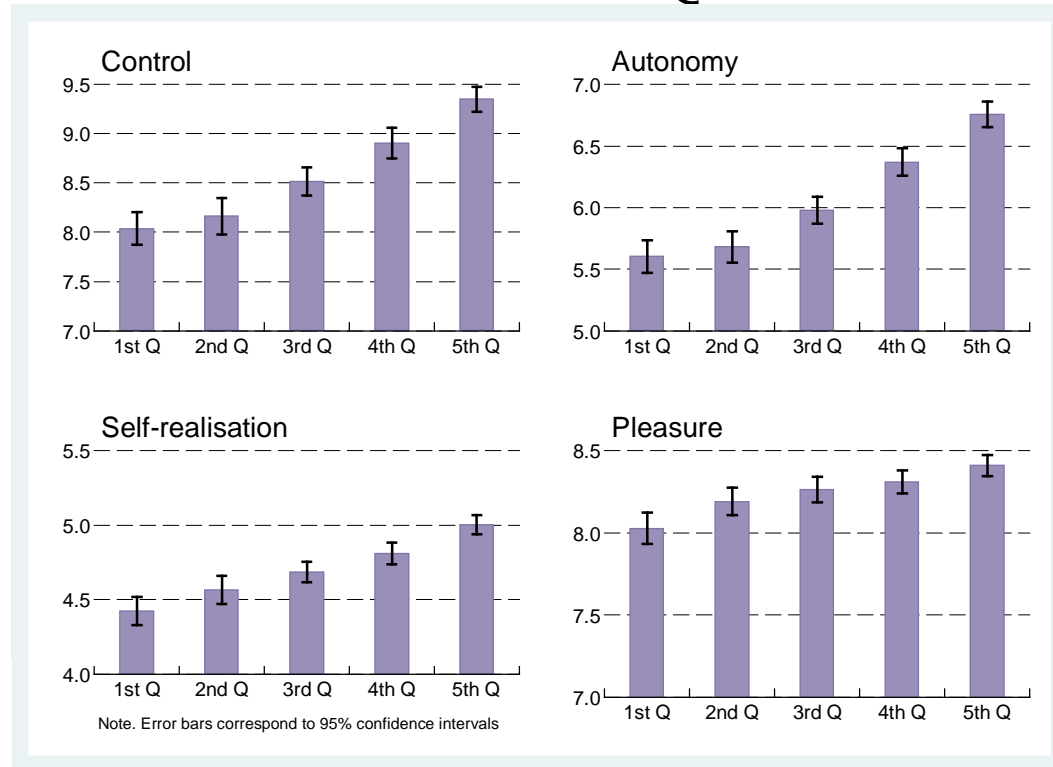


**Trinity  
College  
Dublin**

The University of Dublin

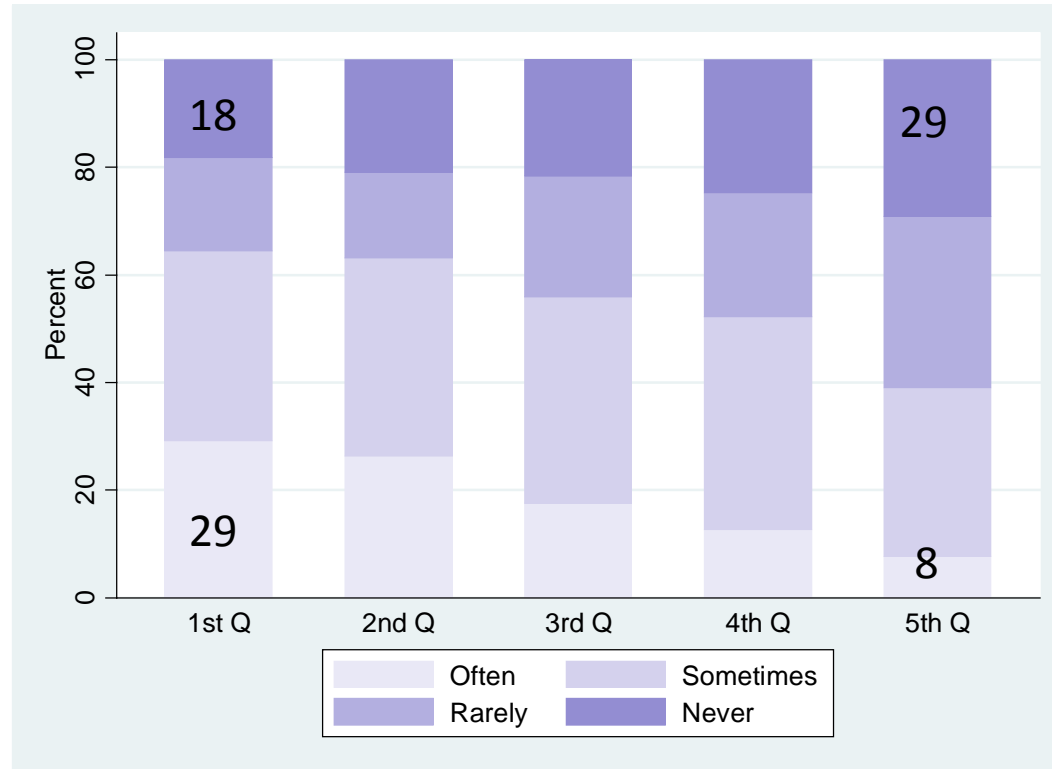


# DISTRIBUTION OF CASP-12 SUB-SCALE SCORE BY HH INCOME QUINTILE



Trinity  
College  
Dublin

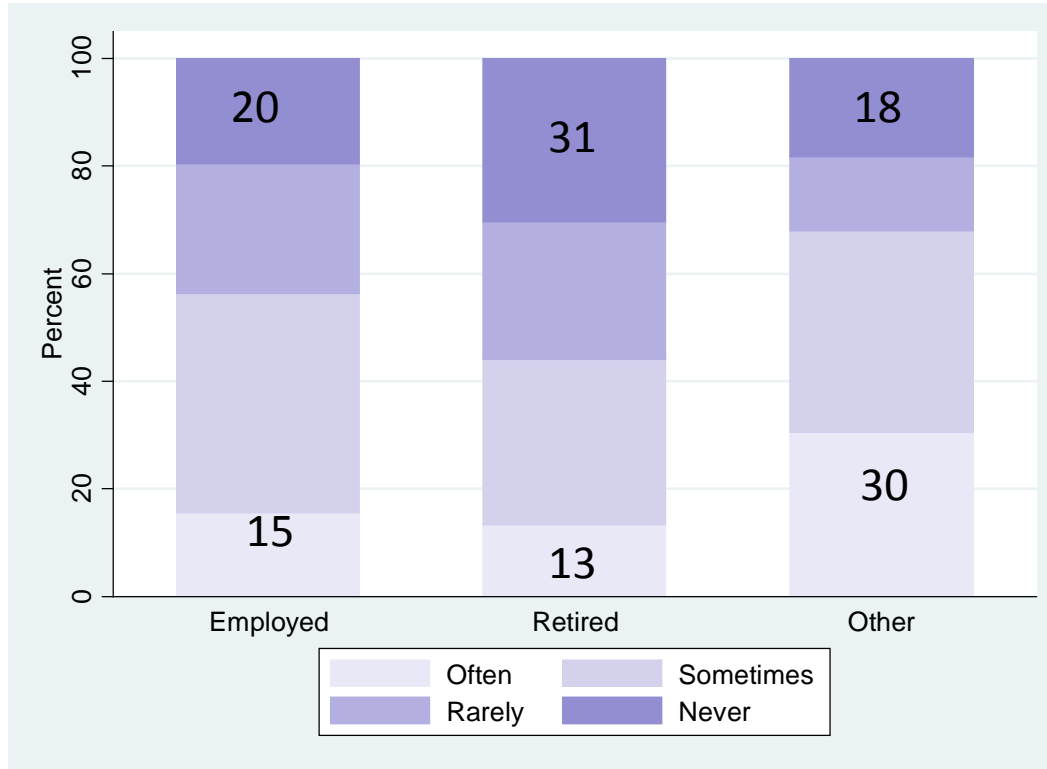
# FREQUENCY OF "SHORTAGE OF MONEY PREVENTS ME FROM DOING THE THINGS I WANT TO DO" BY HH INCOME QUINTILE



Trinity  
College  
Dublin

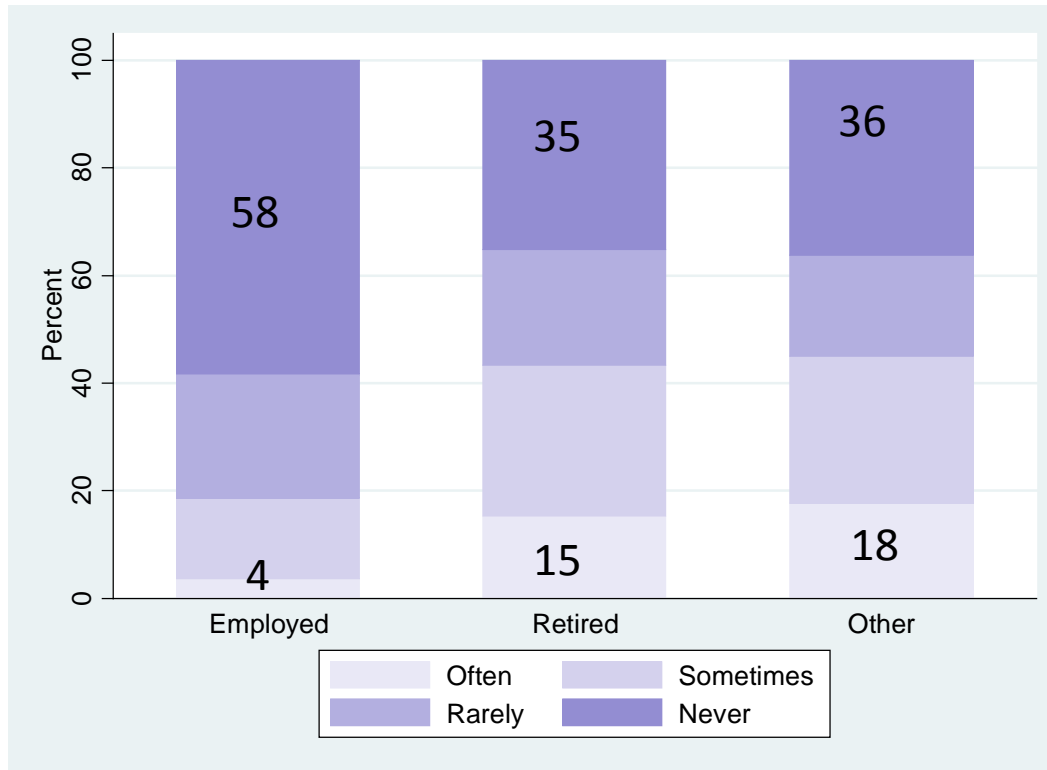
The University of Dublin

# FREQUENCY OF "SHORTAGE OF MONEY PREVENTS ME FROM DOING THE THINGS I WANT TO DO" BY LABOUR MARKET STATUS



Trinity  
College  
Dublin

# FREQUENCY OF "MY HEALTH STOPS ME FROM DOING THE THINGS I WANT TO DO" BY LABOUR MARKET STATUS



Trinity  
College  
Dublin

The University of Dublin

# LONGITUDINAL ANALYSIS

Analysis focuses on individuals who are in employment at first and retire across waves (N= 325)

We calculate Retirement Income Replacement Rate (RR)  
= (Pension Income / Labour Income) \* 100

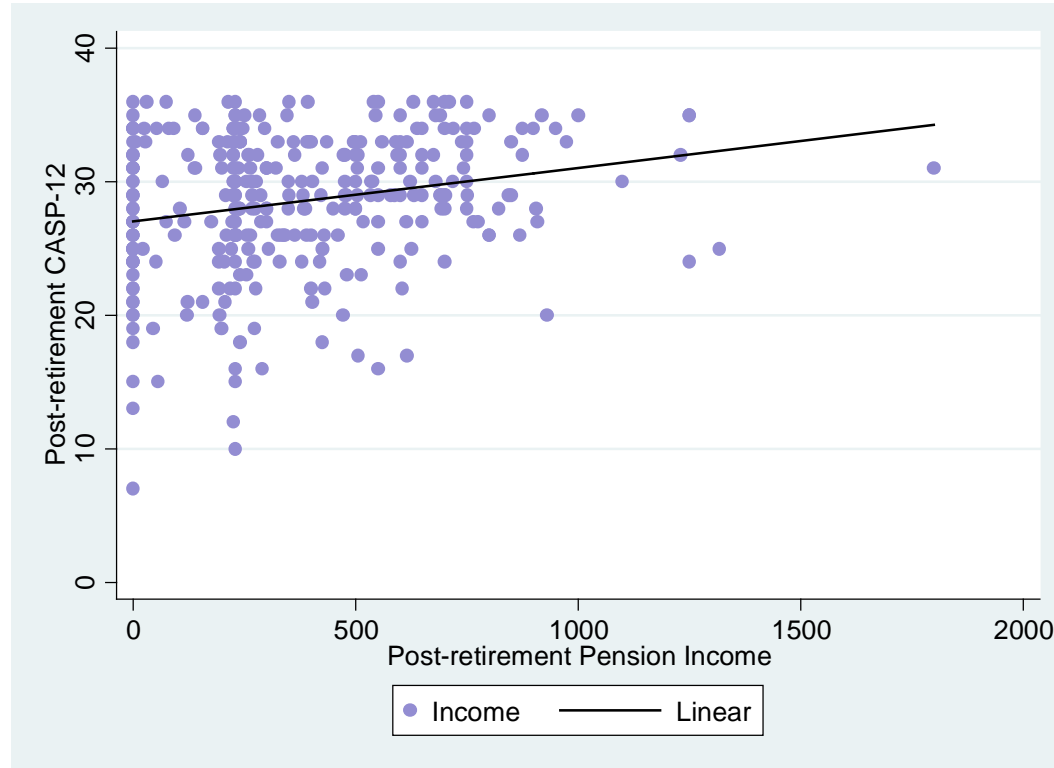
Where Pension Income = State + Occupational + Private  
Pension Income (median = 51.2%)



Trinity  
College  
Dublin

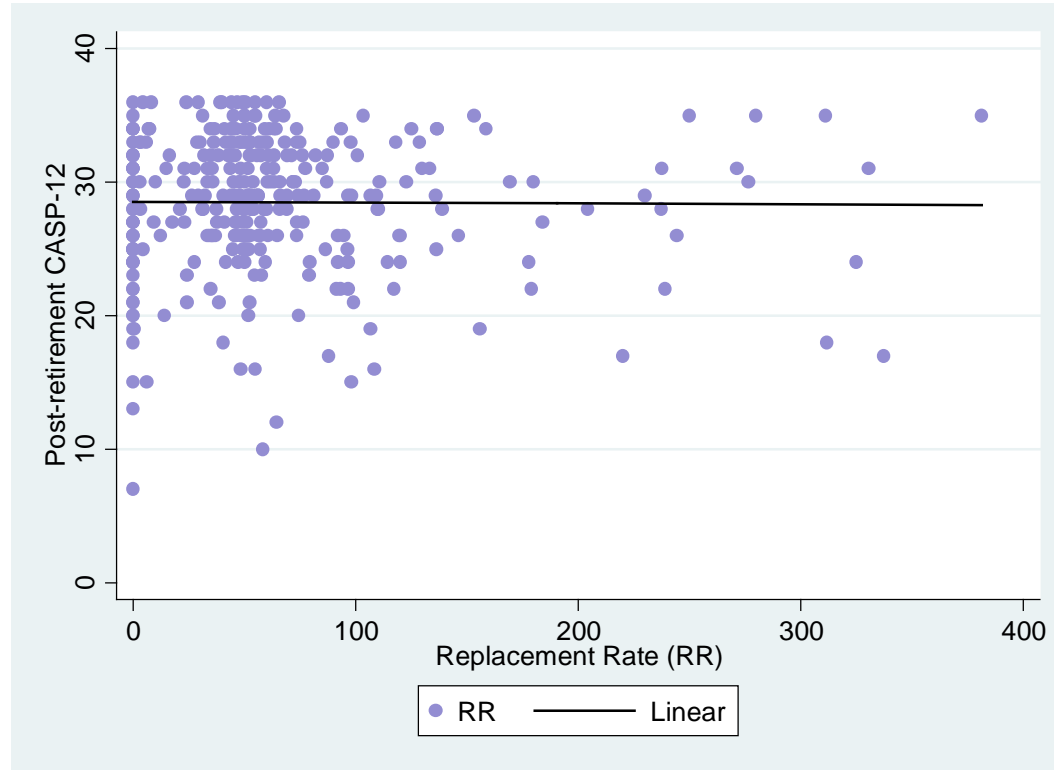
The University of Dublin

# POST-RETIREMENT CASP-12 SCORE BY POST-RETIREMENT PENSION INCOME



**Trinity  
College  
Dublin**

# POST-RETIREMENT CASP-12 SCORE BY REPLACEMENT RATE



Trinity  
College  
Dublin

# WHY NO RELATIONSHIP BETWEEN POST-RETIREMENT CASP-12 & REPLACEMENT RATE? (1)

Replacement rate masks a “lot of things”

For example:

- On average individuals with higher socio-economic status have higher pre-retirement incomes and higher post-retirement incomes but lower replacement rates



**Trinity  
College  
Dublin**

The University of Dublin



# WHY NO RELATIONSHIP BETWEEN POST-RETIREMENT CASP-12 & REPLACEMENT RATE? (1)

- Early retirees not in receipt of occupational/private pension yet & on generous salaries before retirement might also have low replacement rates
- Individuals in well-paid jobs who reduce hours of work before retirement might have “low” labour income, high pension income and high replacement rates



**Trinity  
College  
Dublin**

The University of Dublin

# CONCLUSIONS (1)

- Income is positively associated with quality of life in older age
- Around 31% of Irish retirees report that shortage of money NEVER prevents them from doing the things they'd like to do
- This compares to 13% reporting that shortage of money OFTEN prevents them from doing the things they'd like to do
- Differences in the proportions affected exist across income quintiles



**Trinity  
College  
Dublin**

The University of Dublin

## CONCLUSIONS (2)

- It is actual income, pre- & post-retirement that seems to affect quality of life, rather than retirement income replacement rates
- We are following individuals only 2 years post-retirement. Picture can differ in the longer-term



**Trinity  
College  
Dublin**

The University of Dublin