

IER 25th Anniversary Seminar:
Aspects of the British Economy and Society
in the 21st Century

**Living longer? Working longer?
Reflections on morbidity in the light of
a rising pension age**

Bernard H Casey
Department of Finance
Cass Business School, London

Living longer? Working longer?

There are known unknowns.

That is to say

We know there are some things

We do not know.

But there are also unknown unknowns,

The ones we don't know

We don't know

from The Collected Poems of Donald Rumsfeld

Living longer? Working longer?

Outline

- Pension age
- Longevity trends
- Morbidity trends
- Occupational morbidity
- Health in later working life
- Conclusions

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Pension age (1)

- Contributory pension since 1925
 - pension age at 65
- Pension Commission (Turner)
 - save more
 - work longer
- 2006 White Paper
 - pension age to 68 by 2044

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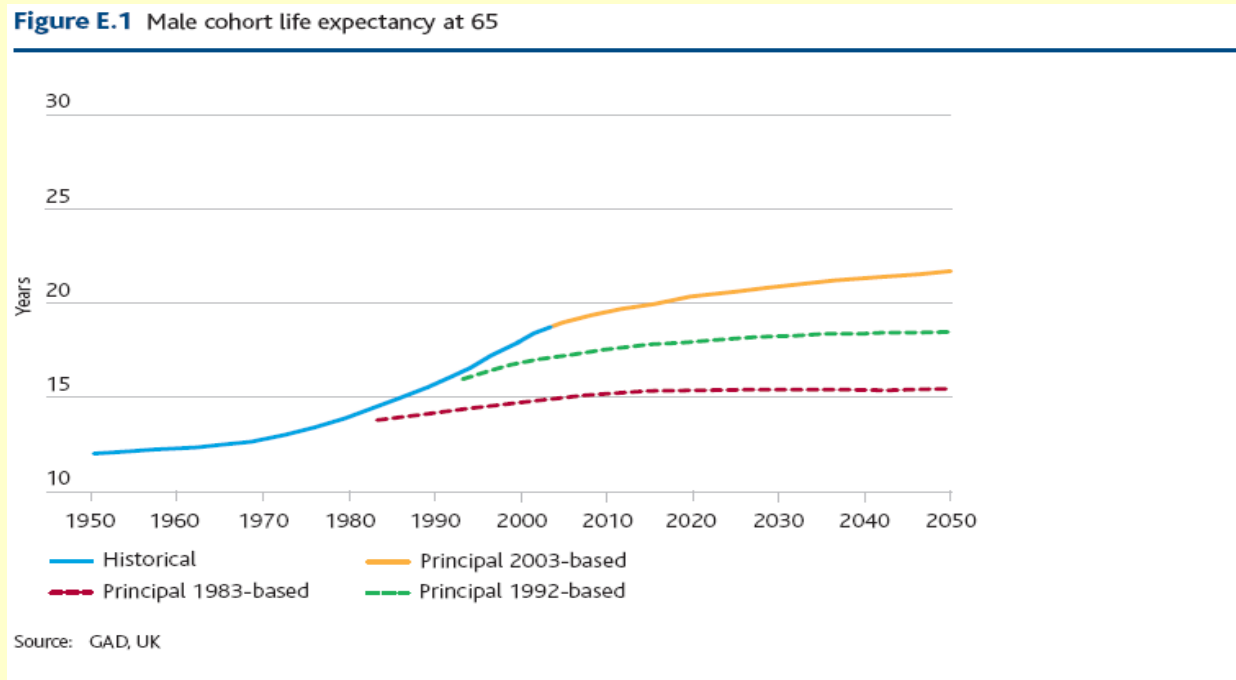
Pension age (2)

- Life expectancy at 65 (men)
 - 1925 c10-11 years
 - 1950 c12 years
 - 2003 c19 years
 - 2044 c22 years
- Proportion of “extra years not working”
 - 1925-2003, 100%
 - 2004-2044, 2%

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Longevity trends (1)

- Consistent underestimation



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Longevity trends (2)

- Longevity and pension finance
 - most important threat to scheme sustainability
- Limits to longevity?
 - the shape of the curve
 - no limits to life, slow down or reversal
- Health factors
 - obesity and cirrhosis

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Morbidity trends

- Are extra years “good” or healthy years?
 - concern of health economists re demand for care
- “Extension” or “compression” of morbidity
 - substitution of morbidity for mortality?
 - inadequacy of measures of morbidity
- Implications of brakes on longevity for morbidity

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Occupational morbidity (1)

- Discussion of morbidity relates mainly to very old
 - situation of older worker
- Discussion of older worker disadvantages
 - qualifications deficits
 - adaptability deficits
 - amortisation time
 - pay relative to productivity
- Concept of “workability”

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Occupational morbidity (2)

- As explanation for early retirement
 - employment rate men 60-64, 54%
- Limits of plausibility
 - obsolescent skills (but effective school leaving age moving up)
 - not worth retraining (but skills half-life shortening and turnover low)
 - pay exceeding productivity (empirically difficult to prove)

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Health in later working life (1)

- Obesity, cohort effects
 - currently children and prime aged
- Cirrhosis, cohort effects
 - currently young people
- Implications of above for diabetes, cancer, circulatory problems and even muscular- skeletal problems
 - morbidity before retirement age

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Health in later working life (2)

- Work and stress
 - (consistent) indicators of EFILWC

Figure 7 Working at a very high speed

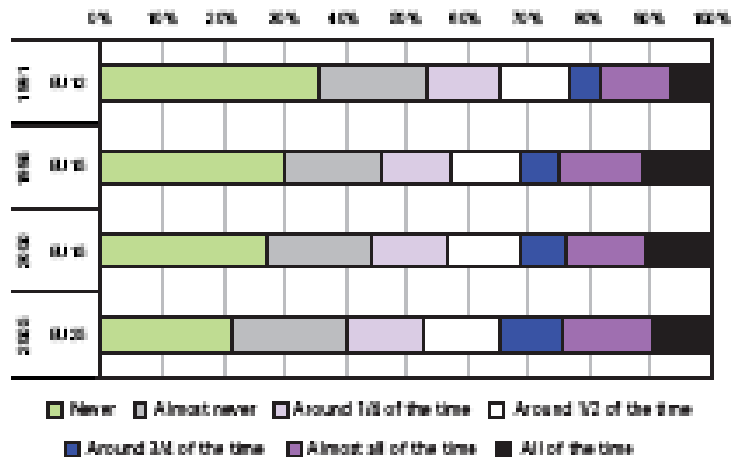
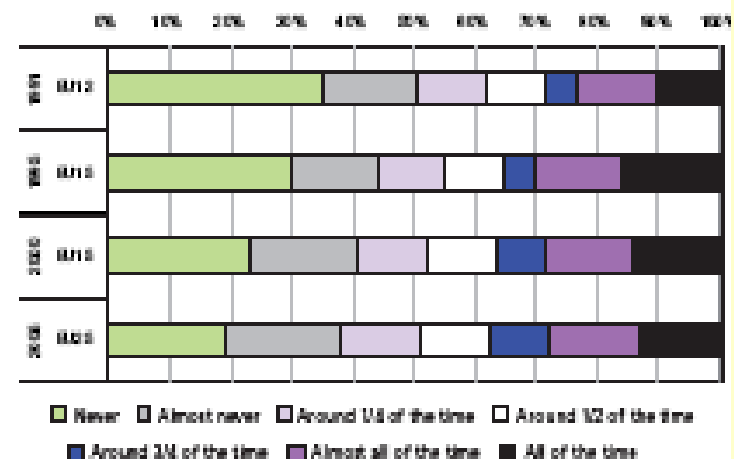


Figure 8 Working to tight deadlines



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Health in later working life (2)

- Stress and early retirement
 - incapacity benefits for and “mental and behavioural disorders”
 - 1995, c22% of stock; 2005, c40% of stock
 - not just a UK phenomenon
- Impact of stress on physical health
 - circulatory system, diabetes

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Health in later working life (3)

- Sources of stress
 - economic insecurity
 - increased competition
- Comparisons of USA and UK

Self-reported health status of medium income 55-64 year-olds (%s)		
	England	USA
hypertension	34.6	43.6
diabetes	6.7	11.8
heart condition	8.7	12.0
cancer	5.2	9.6

Source: Banks, Marmot, Oldfield and Smith, in JAMA, vol 295, no 17

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Conclusions

- Is the future already here?
 - the USA England comparison
- Will we really be up to working longer?
 - the question Turner never really answered
- Was Donald Rumsfeld right?
 - future work for IER