



ESRI Research Bulletin

*Did the Economic Crisis have Impacts on the
Health and Well-being of Ireland's Older People?*

Alan Barrett and Vincent O'Sullivan (TCD)

The *Research Bulletin* provides short summaries of work published by ESRI staff and overviews of thematic areas covered by ESRI programmes of research. Bulletin articles are designed to be easily accessible to a wide readership. A reference or references to the full publication is included at the end of each Bulletin article.

An archive of bulletin articles will be found at www.esri.ie/bulletin

Did the Economic Crisis have Impacts on the Health and Well-being of Ireland's Older People?¹

* Alan Barrett and Vincent O'Sullivan (TCD)

INTRODUCTION

In a recent QEC Research Note, Gerlach (2013) showed that Ireland's economic crisis had different impacts on younger and older households in Ireland. In particular, she showed that the incomes and expenditures of households headed by people under the age of 45 had fallen between 2004/5 and 2009/10. In contrast, the incomes and expenditures of households headed by those aged over 45 years increased over the same period.

We also look at the impact of the recession, focusing on people over the age of 50, exploring what happened to their wealth and income. We also explore whether or not the recession was associated with changes in the health and well-being of the group in question. While people often seem to assume that recessions are bad for peoples' health and well-being, international research on this point suggests that the links are weak.

THE DATA

In order to analyse these questions we used data from three points in time. The pre-crisis data is from the Irish component of the pan-European *Survey of Health, Ageing and Retirement in Europe* (SHARE). In 2006/7 around 1,100 people aged 50 and over were interviewed and they provided information on a range of issues including income, wealth, well-being and health. The survey was designed to be nationally representative.

Between 2009 and 2011, another survey of people aged 50 and over was conducted in Ireland. This survey was the first wave of the Irish Longitudinal

¹ Barrett, Alan and Vincent O'Sullivan (2014), "The Wealth, Health and Well-being of Ireland's Older People Before and During the Economic Crisis", *Applied Economics Letters* 21(10) pp 675-678.
Published online: <http://www.tandfonline.com/doi/full/10.1080/13504851.2014.884687>

* alan.barrett@esri.ie; viosulli@tcd.ie

Study on Ageing (TILDA). In this survey, over 8,500 people participated and, as with SHARE, the survey was designed to be nationally representative. Once again, information was collected on the issues listed above. Between 2012 and 2013, the second wave of TILDA was collected, thereby providing a third data set. One advantage of having this third set of observations is that it allows for a longer time period over which recession-related health impacts might emerge.

RESULTS

The key results can be summarised as follows.

Between 2006/7 and 2012/13, average net assets of Ireland's over 50s fell by 45 per cent – from €565,000 to €306,000. Much of this decline is explained by the fall in the value of owner-occupied housing – from an average of €476,000 in 2006/7 to €224,000 in 2012/13.

Median incomes did not change for the over 50s across the period 2006/7 to 2012/13.

Quality of life was measured in both SHARE and TILDA using a series of questions known as CASP12. The series tries to capture how people feel about four domains of life: control, autonomy, self-realisation and pleasure. Responses to the questions are scored and then aggregated to give a measure of wellbeing, with the measure ranging from 0 to 36 and higher values implying higher levels of well-being. According to this measure, the average level of well-being among the over 50s *increased* between 2006/7 and 2009/11, although the increase was small (from 26.4 to 27.6). The average level was observed to fall again in 2012/13 but, at 26.8, was still higher than the 2006/7 level.

In SHARE and the two waves of TILDA, people were asked to rate their health and were given five options – excellent, very good, good, fair and poor. In 2006/7, 21 per cent of respondents reported that their health was fair or poor. The percentage in 2009/11 was exactly the same; in the 2012/13 survey, the figure had fallen to 18 per cent. While there was a fall in the proportion reporting that that health was excellent (from 21 per cent in 2006/7 down to 15 per cent in 2012/13), this was more than compensated by an increase in people reporting that their health was either very good or good (58 per cent in 2006/7; 67 per cent in 2012/13).

In addition to health and well-being, both SHARE and TILDA also asked respondents about their expectations for the future. In this context, we uncover some interesting changes between 2006/7 and the later periods. People were asked about the probability that they would still be working after the ages 62/63.

In 2006/6, 34 per cent of respondents said that the chances were in the range of 75-100 per cent. By 2009/11, this had risen to 39 per cent so it appears that more of the over 50s expected to be working longer after the economic collapse. This finding mirrors the findings of Barrett and Mosca (2013) who also showed that the recession led to a reduction in the proportion of people who expected to retire at age 65.

People were also asked about the probability that their standard of living would improve. On this question we find a large decrease in the proportion with positive expectations. In 2006/7, 27 per cent said that the chances of their standard of living would be better in five years was in the range of 75-100 per cent; this figure had fallen to just 7 per cent in 2012/13.

CONCLUSION

Although the recession led to large falls in wealth for those aged over 50 in Ireland, the data does not show any significant deterioration in either the health or well-being on average among this group. This could be related to the fact that median income did not appear to fall. The finding is consistent with other international studies which suggest that any negative impacts of recessions on health and well-being may be overstated in popular discussion.

REFERENCE

- Barrett, Alan and Irene Mosca (2013), "Increasing the State Pension Age, the Recession and Expected Retirement Ages", *Economic and Social Review* 44(4) pp 447-472.
- Gerlach, Petra (2013), "Younger and Older Households in the Crisis", Research Note in *Quarterly Economic Commentary*, Spring issue, <http://www.esri.ie/UserFiles/publications/RN20130104.pdf>