REFERENCE LIST

February 2013

Ambiguity Attitudes and Economic Behavior: Evidence from a U.S. Household Survey

February 2013- The Pension Research Council , The Wharton School University of Pennsylvania

This paper measures the ambiguity attitudes of a representative sample of U.S. households using a custom-designed module in the American Life Panel, and tests the relation between ambiguity attitudes and economic behavior. The results show that ambiguity attitudes vary across people: about half are ambiguity averse, around 10% are ambiguity neutral, and close to 40% are ambiguity seeking. It tests whether individuals ambiguity attitudes can explain their decisions regarding equity market participation, asset allocation, retirement planning efforts, and insurance ownership. Results are largely consistent with theoretical predictions: higher ambiguity aversion is associated with less equity market participation, a lower fraction of financial wealth allocated to stocks, and people engage in more retirement planning. High ambiguity-likelihood insensitivity is associated with a higher probability of owning insurance.

(http://www.pensionresearchcouncil.org/publications/document.php?file=1037)

Americans Rip Up Retirement Plans

January 31, 2013- The Wall Street Journal

Nearly two-thirds of Americans between the ages of 45 and 60 say they plan to delay retirement, according to a report to be released by the Conference Board. That was a steep jump from just two years earlier, when the group found that 42% of respondents expected to put off retirement.
The increase was driven by the financial losses, layoffs and income stagnation sustained during the last few years of recession and recovery, said Gad Levanon, director of macroeconomic research at the organization and a co-author of the report, which is based on a 2012 survey of 15,000 individuals.

(http://online.wsj.com/article/SB10001424127887323926104578276241741448064.html?mod=WSJ_hps_sections_careerjournal)

Financial Literacy and Retirement Planning in Australia

February 2013- The Pension Research Council , The Wharton School University of Pennsylvania

The paper implements a customized survey to a representative sample of 1,024 Australians to examine the relationship between financial literacy and retirement planning. Overall it finds aggregate levels of financial literacy similar to comparable countries with the young, least educated, unemployed and those not in the labor force most at risk. However, unlike the international norm, it finds that financial skills increase with age. The

role played by the Australia's mandatory private retirement arrangements, system of defaults, and interactions with the means-tested safety net pension at older ages remain open questions.

(http://www.pensionresearchcouncil.org/publications/document.php?file=1039)

Why Minorities Need Social Security More

February 7, 2013- Financial Security Project at Boston College

The U.S. population is in the midst of a transition from predominantly white to one in which "minorities" will one day be the majority.
A Social Security Fact Sheet recently published by the Center on Budget and Policy Priorities in Washington throws a fresh perspective on the program, which provides the financial bedrock for most retirees. It shows that the program is even more important to African-Americans and Latinos than it is for white Americans.

(http://fsp.bc.edu/why-minorities-need-social-security-more/)

Exchanging Delayed Social Security Benefits for Lump Sums: Could This Incentivize Longer Work Careers?

February 2013- The Pension Research Council , The Wharton School University of Pennsylvania

Social Security benefits are currently provided as a lifelong benefit stream, though some workers would be willing to trade a portion of their annuity streams in exchange for a lump sum amount. This paper explores whether allowing people to receive a lump sum as a payment for delayed retirement rather than as an addition to their lifetime Social Security benefits might induce them to work longer. It models the factors that influence how people trade off a Social Security stream for a lump sum, and also examines the consequences of such tradeoffs for work, retirement, and life cycle wellbeing. The base case indicates that workers given the chance to receive their delayed retirement credit as a lump sum payment would boost their average retirement age by 1.5-2 years. This will interest policymakers seeking to reform the Social Security system without raising costs or cutting benefits, while enhancing the incentives to delay retirement.

(http://www.pensionresearchcouncil.org/publications/document.php?file=1036)

Frustrations of Managing College Loans

February 4, 2013- Financial Security Project at Boston College

During FAFSA season, remember this: getting the college loans is easier than managing them post-graduation. Multiple telephone calls to Sallie Mae and the U.S. Department of Education (DOE) – and a reporter's tenacity – were required to get to the bottom of what seemed a simple question: is my niece, a recent college graduate and special education teacher, eligible to have some of her loans forgiven?

Our maddening quest for an answer is one small example, but it raises serious concern about whether freshly minted graduates can navigate the student loan maze and figure out their best strategies for paying back their loans. Yet their success will be critical to ensuring they don't pay more than they should and that they are able to take advantage of the federal government's repayment and forgiveness programs.

(http://fsp.bc.edu/frustrations-of-managing-college-loans/)

The autopilot solution: How notional savings accounts could put state pensions on a sustainable trajectory

February 2nd 2013- The Economist

The economic and financial storms of recent years have already battered public finances in the developed world. Now an even bigger threat looms. As populations grow older more pensioners will rely upon fewer workers for their income: in the European Union (EU) the old-age dependency ratio (those aged 65 and more as a share of 20- to 64-year-olds) is projected to go from 28% to 58% in the next 50 years. It is a similar story in many developing countries. China's working-age population is starting to shrink, for example. Without reform, these dire demographic trends will test many state-pension schemes to destruction.

(http://www.economist.com/news/finance-and-economics/21571116-how-notional-savings-accounts-could-put-state-pensions-sustainable)

Boomers Delay Retirement, Earn More

January 24, 2013- Financial Security Project at Boston College

Reflecting the sea change in lifestyles for the over-65 set, the share of their total income that America's elderly earn from working has almost doubled over the past two decades.
Some things haven't changed. The share of the elderly's income that comes from Social Security, employer pensions and – for the poor – government aid such as welfare has hardly budged over the past two decades.
But the earnings the elderly derive from employment soared from 18 percent of their total income in 1990 to 31 percent currently. The primary reason is that more Americans are working longer and delaying retirement, a multifaceted response to better health, more education and – at least for some – growing financial insecurity.

(http://fsp.bc.edu/boomers-delay-retirement-earn-more/)

Global Health Statistical Indicators

February 2013- Commentary, Buffin Partners Inc.

This edition, with the title *Global Health Statistical Indicators*, discusses the various statistical indicators published by the World Health Organization within each of ten broad categories for each of its 194 member states.
These statistical indicators are useful in monitoring global health conditions, as well as assisting in developing public health policy.

(http://www.buffinpartners.com/Commentary_2013_02.pdf)

Consumption Changes on Retirement for South African Households

July 2012- South African Actuarial Journal

This paper presents the results of an investigation into whether age or work status are statistically significant determinants of the change in the consumption rate at and in retirement. This research used data from the Income and Expenditure Survey 2005–2006 for households comprising one or two adults. It was found that gifting and non-healthcare consumption, which includes gifting, are not influenced by age or work status. Certain households were found to have higher healthcare consumption after retirement than before retirement. This result challenges the belief that retired households have lower consumption than working households, all other things equal, and may therefore necessitate an upward adjustment to retirement adequacy goals

(http://www.actuarialsociety.org.za/Portals/1/Documents/7bf45752-8e69-4c47-b183-7f10bf34f243.pdf)

Retirement Adequacy Goals For South African Households

June 2012- South African Actuarial Journal

Despite the importance of retirement adequacy goals to public policy, retirement fund design and personal financial planning, there has been little formal research on the estimation of retirement adequacy goals for South African households. This research derived estimated retirement adequacy goals for employed one- and two-adult households. A consumption-smoothing model with a minimum-income underpin was developed to estimate wealth–earnings ratio goals using data from the Income and Expenditure Survey 2005–2006. Household wealth–earnings ratio goals were estimated to be between 10,5 and 18,2 times annual salary depending on retirement age, household composition, income, location, age, education, household income distribution, homeownership and salary support. Considering current retirement savings rates, retirement before age 67 is unlikely to be affordable for most households.

(http://www.actuarialsociety.org.za/Portals/1/Documents/38168019-8b00-47e7-b2f9-23b7263e3704.pdf)