REFERENCE LIST
March 2014

The Financial Crisis and Saving in Personal Retirement Accounts

November 2013 – The National Bureau of Economic Research

Personal retirement accounts (PRAs), especially 401(k) plans, have become an increasingly important mode of retirement saving. This paper provides new evidence on the effect of the recent financial crisis, and the associated decline in employment, on PARA saving. It particularly examine how those effects vary across demographic groups. Explores how crisis-related changes in these outcomes and then by considering how PARA ownership and balances depend on employment and earnings as well as other covariates. To assess the effect of the crisis it estimates the relationship between age and the labor market and PARA outcomes in years prior to the crisis (2004-2006) and then estimate how these relationships change during the crisis period (2008-2010).

(www.nber.org/aging/rrc/papers/onb13-02)

Accounting and Actuarial Smoothing of Retirement Payouts in Participating Life Annuities

February 2014 – The Pension Research Council

Life insurers use accounting and actuarial techniques to smooth reporting of firm assets and liabilities, seeking to transfer surpluses in good years to cover benefit payouts in bad years. Yet these techniques have been criticized as they make it difficult to assess insurers' true financial status. This paper develops stylized and realistically-calibrated models of participating lifetime annuities, an insurance product that pays retirees guaranteed lifelong benefits along with variable non-guaranteed surplus. The goal is to illustrate how accounting and actuaries techniques for this product shape policyholder well-being as well as insurer profitability and stability. It shows that smoothing adds value to both the annuitant and the insurer, so curtailing smoothing could undermine the market for long-term retirement payout products.

(www.pensionresearchcouncil.org/publications/document.php?file=1168)

Lower-Income Individuals Without Pensions: Who Misses Out and Why?

March 2014 – Center for Retirement Research at Boston College

In 2010, only 19 percent of individuals ages 50-58 whose household incomes were less than 300 percent of the poverty line participated in a pension of any kind at their current jobs, compared to 56 percent of those above 300 percent of poverty. This paper investigates this pension gap. In particular, decomposes the pension participation rate into its four elements in order to compare coverage between higher- and lower- income individuals:

1. The fraction of people who are currently working
2. The fraction of workers who are in firms that offer pension benefits to at least some workers
3. The fraction of workers who are eligible for pension benefits, conditional on being in a firm where it is offered
4. And the fraction of workers who enroll in a pension plan when they're are eligible.

It concludes that the substantial pension gap between higher- and lower- income individuals is driven primarily by the lower-income group's lower employment rate and the smaller probability of working for an employer that offers pensions; when lower-income workers do have a pension plan at work, their eligibility and take-up rates are nearly equivalent to higher-income workers.

(http://crr.bc.edu/working-papers/lower-income-individuals-without-pensions-who-misses-out-and-why)

Do Longevity Expectations Influence Retirement Plans?

March 2014 – Center for Retirement Research at Boston College

The brief's key findings are:

- Workers who think they have excellent chances of living to ages 75 and 85 plan to work longer than those who think their chances are poor.
- These perceptions of life expectancy also influence workers' actual retirement behavior, thought to a lesser degree.
- These results are consistent with the notion that while workers who expect to live longer plan to retire later, actual behavior is influenced by unexpected shocks.

(http://crr.bc.edu/briefs/do-longevity-expectations-influence-retirement-plans)

Will the Rebound in Equities and Housing Save Retirement?

December 2013 – Center for Retirement Research at Boston College

The brief's key findings are:

- The 2010 National Retirement Risk Index showed that 53 percent of households will not be able to maintain their standard of living in retirement.
- But equity and house prices have both increased since then.
- Interestingly, updating the asset values only reduces the index to 50 percent because:
  1.- the rise in house prices has been relatively modest in real terms; and
  2.- the more robust growth in stocks mainly benefits the top third of households.

(http://crr.bc.edu/briefs/will-the-rebound-in-equities-and-housing-save-retirement)

The U.K.'s Ambitious New Retirement Savings Initiative

March 2014 – Center for Retirement Research at Boston College

The brief's key findings are:

- The United Kingdom is rolling out a low-cost retirement system for workers who lack pension coverage.
- The new system has three core elements:
  1.- Employers auto-enroll their workers are a 4-percent contribution rate, matched by the employer and government combined,
  2.- A new non-profit provides the infrastructure to keep costs low.
  3.- The plans' target date funds start young workers with low-risk investments and government infrastructure – but it lacks auto-enrollment.
- The U.S.'s new "myRA" program includes two similar design features – low-risk investments and government infrastructure – but it lacks auto-enrollment.

(http://crr.bc.edu/briefs/the-u-k-s-ambitious-new-retirement-savings-initiative)

Biodemography of Old-Age Mortality in Humans and Rodents

February 2014 – The Journals of Gerontology

The growing number of persons living beyond age 80 underscores the need for accurate measurement of mortality at advanced ages and understanding the old-age mortality with age (Gompertz law) is followed by a period of deceleration, with slower rates of mortality increases at older ages. This pattern of mortality deceleration is traditionally

described by the logistic (Kannisto) model, which is considered as an alternative to the Gompertz model. Mortality deceleration was observed for many invertebrate species, but the evidence for mammals is controversial. This paper compare the performance (goodness-of-fit) of two competing models – the Gompertz model and the logistic (Kannisto) model using data for three mammalian species: 22 birth cohorts of U.S. men and women, eight cohorts of laboratory mice, and 10 cohorts of laboratory rats. For all three mammalian species, the Gompertz model fits mortality data significantly better than the "mortality deceleration" Kannisto model. These results suggest that mortality deceleration at advanced ages is not a universal phenomenon, and survival of mammalian species follows the Gompertz law up to very old ages.

(http://biomedgerontology.oxfordjournals.org/content/early/2014/02/16/gerona.glu009)

How Do Public Pensions Affect Retirement Incomes and Expenditures? Evidence Over Five Decades From Canada

December 2013 – The National Bureau of Economic Research

This paper study the impact of Canada's public pension system on the income and expenditures of the elderly from 1960 to 2010. This analysis reveals three important findings. First, the expansion of Canada's public pension system over the last 50 years has coincided with a large improvement in elderly living standards, measured by income or consumption. Second, casually, it relates these changes using an instrumental variable strategy exploiting variation across ages and years in the Canadian system. Strong evidence shows that public pensions have lifted income. For expenditures, the evidence is more mixed but there is strong evidence of improvements in reducing expenditure poverty. Third, it performs counterfactual simulations by applying the public pension system of different decades to the data from 200s. It concludes that the 2010 system reduces relative income poverty by 88 percent relative to the system in 1960, for those aged 70 to 79. For relative expenditure poverty, the corresponding reduction is 65 percent.

(www.nber.org/aging/rrc/papers/onb13-q1)

Delay Retiring: A "Smart" Decision

March 2014 – Center for Retirement Research at Boston College

This papers describes the method of an Internet survey made to participants between ages 45 and 61 that shows why individuals with higher cognition foresee a higher probability of working longer before exploring the financial and health reasons that explain why so few people rush to retire when they reach age 62.

(http://squaredawayblog.bc.edu/?cat=12&s=delay+retiring)

Money Habits Set Millennials Apart

March 2014 – Center for Retirement Research at Boston College

This papers shows some of the money habits that may set "Millennials" apart from previous generations. Millennials, now in their 20s or early 30s, are ethnically more diverse and better educated than any previous generation. They also demonstrate different financial behaviors that may partly reflect new trends in society and in technology.

(http://squaredawayblog.bc.edu/squared-away/money-habits-set-millennials-apart)

The High Cost of Early Retirement

February 2014 – U.S. News & World Report

This papers describes five ways early retirement is more expensive than you think:

1. There's the salary you'll never get
2. The benefits you lose
3. You're responsible for your own health care
4. Your sacrifice Social Security benefits
5. You rob your future

It is possible to retire early if you're lucky enough to strike it rich, or if you plan ahead, watch your budget and want a more modest lifestyle. But the price tag for early retirement is high. For some people it's worth it, but it's not for everybody.

(http://money.usnews.com/money/blogs/on-retirement/2014/02/18/the-high-cost-of-early-retirement)