

# Understanding Health, Economic and Social Status of the Elderly :Starting Japanese version of HRS/SHARE/ELSA

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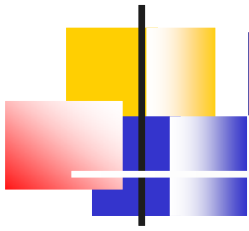
Haruko Noguchi (Toyo-eiwa Univ. RIETI FF.)



# Rapid Aging in Japan

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- Rapid speed of aging: one-fifth are 65+ now. (world highest) and expected to rise to 36% by 2050.
- How to make an effective social security policy?
- Traditional Analyses: (1) pension, medical care and LTC institutions are treated separately (2) macro-simulation study (cost-benefits)



# Large survey on the Elderly

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- “New” approach for aging: (1) integrated study for the well-being of the elderly. (2) micro-based to address the heterogeneity
- Japanese version of HRS (Health and Retirement Study), ELSA (English Longitudinal Survey on Aging) and SHARE (Survey on Health, Aging and Retirement in Europe)



# Available Datasets (1)

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- “National Survey of Family Income and Expenditure” (every 5 years, 60,000 HH, cross-sectional)
- Detailed economic status, household composition. No health related info.
- “Basic Survey on People’s life” (every 3 yrs for larger surveys; 220,000 HH for demographics and health, cross-sectional).
- Demographics, subjective health status, economic status.



## Available Datasets (2)

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- “National Long-run Panel Survey on the Life and Health of the Elderly” (every 3 yrs; 2,000-2,500 HH incl. Refresh samples. 60+ for the original sample and 70+ for the refresh sample.
- Based on the U of Michigan's American's Changing Lives. No LTC and consumption related questions.



## Available Datasets (3)

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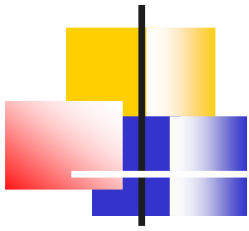
- “Nihon University Japanese Longitudinal Study of Aging.
- Collected since 1999 every two years. A random sample of population above 65.
- Sample size is about 5,000. Strong in health but not much on income and savings.



## Available Datasets (4)

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- Ministry of Health, Labor and Welfare started a new panel survey this November.
- Plans to survey about 40,000 individuals in their 50s. 45 questions planned.
- It will take at least 10 years before we start to learn about the lives of the older elderly people and it lacks the details to understand the behaviour of the elderly.

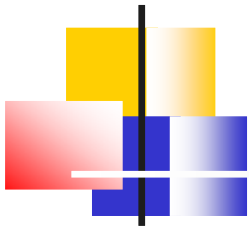


# Evaluation of SS Policy (1)

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- Those datasets aim to describe some aspects of the elderly. However,
- Not suitable for evaluating social security policy (lack some necessary information)
- Micro-level data are not publicly available in most cases.

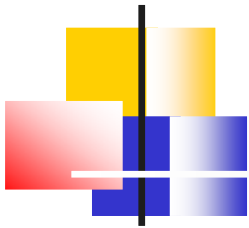




## Evaluation of SS Policy (2)

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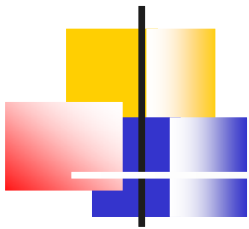
- Effect of economic and social status on the well-being of the elderly (role of public pension)
- “Socio-economic” factors to determine health status
- Division of informal (family) care and formal care (expansion of LTC)



## Evaluation of SS Policy (3)

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- Saving/consumption behavior of the elderly (bequests, implications for macro economy)
- How to stimulate elderly labor supply (determinants of retirement age)
- Tax and pension incentives for elderly labor supply



## Evaluation of SS Policy (4)

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- We need an “integrated” data on (1) health status (objective health measure), (2) economic status (income, assets, consumption), (3) employment status, (4) family relationships (availability of informal care) and (5) social status.
- Japanese version of HRS/ELSA/SHARE !



# Investigators

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- Naohito Abe (Hitotsubashi U)
- Hideki Hashimoto (U of Tokyo, MD) PI
- Hidehiko Ichimura (U of Tokyo, RIETI FF.) PI
- Daiji Kawaguchi (Hitotsubashi Univ.)
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- Yasuyuki Sawada (U of Tokyo)
- Satoshi Shimizutani (Hitotsubashi U. RIETI FF.) PI



# Ongoing Pilot Study (1)

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- RIETI provides the funding to conduct a sequence of pilot studies until the end of this fiscal year. We will start the actual survey as we secure a longer term funding.
- We are applying to a large amount of “Science Research Funding” beginning from the next year as well as NSF/NIA funding.



## Ongoing Pilot Study (2)

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- Ichimura, Shimizutani and Noguchi visited several investigators of HRS/SHARE/ELSA this August. We exchanged the ideas for Japanese version and they offered intellectual supports.
- The current version is largely based on "SHARE" with substantial changes suitable for Japan.



## Ongoing Pilot Study (3)

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- The pilot study is going on in the Ohta-ku for 700 HHs randomly chosen. As of 12<sup>th</sup>, Dec., 10 days into the study, the response rate is about 30%.
- The questionnaire consist of “mail survey” and “interview survey” which takes 1.5-2 hours.



# Questionnaire: Section A-B

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- Section A: life history of the sample and its spouse (birth, education, employment, marriage and children, pension status).
- Section B: Employment (employment status, firm size and industry, working hours/days. Reasons for retirement & job availability (for the retiree)).





# Questionnaire: Section C-E

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- Section C: subjective health status, functions for daily life, smoking & drinking.
- Section D: memory and cognitive ability (to detect dementia).
- Section E: Expenditures on medical and long-term care uses (outpatient & inpatient, surgeries, hospitalization, LTC insurance)



# Questionnaire: Section F-G

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- Section F: Incomes and Pension (labor and non-labor income (unfolding brackets), pension status and benefits, hypothetical questions (subjective discount rates)).
- Section G: grip strength (as a good predictor for future physical capability)



# Questionnaire: Section H-I

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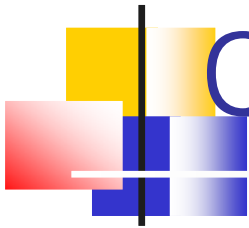
- Section H: transfers and assistance (monetary & non monetary transfers in and out of the family, children).
- Section I: Residential status (ownership, value of properties)



# Questionnaire: Section J-K

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- Section J: consumption, saving and assets (monthly expenditures (UB), amount of saving and financial assets, debts)
- Section K: social participation (volunteers, social contributions)



# Questionnaire: Mail survey

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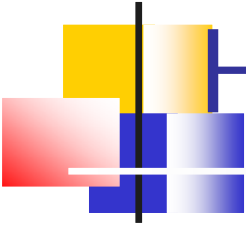
- Sociological and psychological measures (happiness, satisfaction, mental attitudes)
- Social contacts
- All family members and relations (availability of informal assistances)
- Health checks



# Response and Answer Rates

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- Overall response rates: about 30%
- Answer rates for annual income
  - by numerical value: 61.0%
  - by unfolding brackets: 19.5%
- Answer rates for savings
  - by numerical value: 53.7%
  - by unfolding brackets: 26.8%



# Health status & labor supply

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Employment  
Status

Subjective Health Status

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	Very good	Good	Fair	Bad	Total
Employed	88.89	45.45	44.44	0.00	52.50
Retired	0.00	54.55	27.78	0.00	27.50
Sick	0.00	0.00	5.56	50.00	5.00
Householder	11.11	0.00	22.22	50.00	15.00
Total	100.00	100.00	100.00	100.00	100.00

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# Cognitive ability & labor supply

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Employment Status Cognitive ability (Price of a used car is 0.6 million yen and equivalent to two thirds of a new car's. How much is the new car?)

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	Correct	Incorrect	Total
Employed	71.43	41.18	50.00
Retired	14.29	41.18	33.33
Sick	0.00	5.88	4.17
House maker	14.29	11.76	12.50
Total	100.00	100.00	100.00

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# Savings Motives (92.7%) (1)

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- precaution for sickness/disaster: 42.1%
- to finance education of children: 13.2%
- to finance marriage of children: 10.5%
- for building/renovating housing: 10.5%
- for the life after retirement: 28.9%



## Savings Motives (2) cont.

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- to purchase durables: 7.9%
- for travel/leisure 23.7%
- for bequests: 18.4%
- general precaution: 2.6%
- other: 2.6%



# Financial Assets and bequests

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- Deposits: 21.1 million yen (S.D. 2.98 million yen)
- Total financial assets: 20.1 million yen (S.D. 39.9 million yen)
- The share to receive bequests worth >15 million and that to leave bequests worth >15 million yen are about 90%.



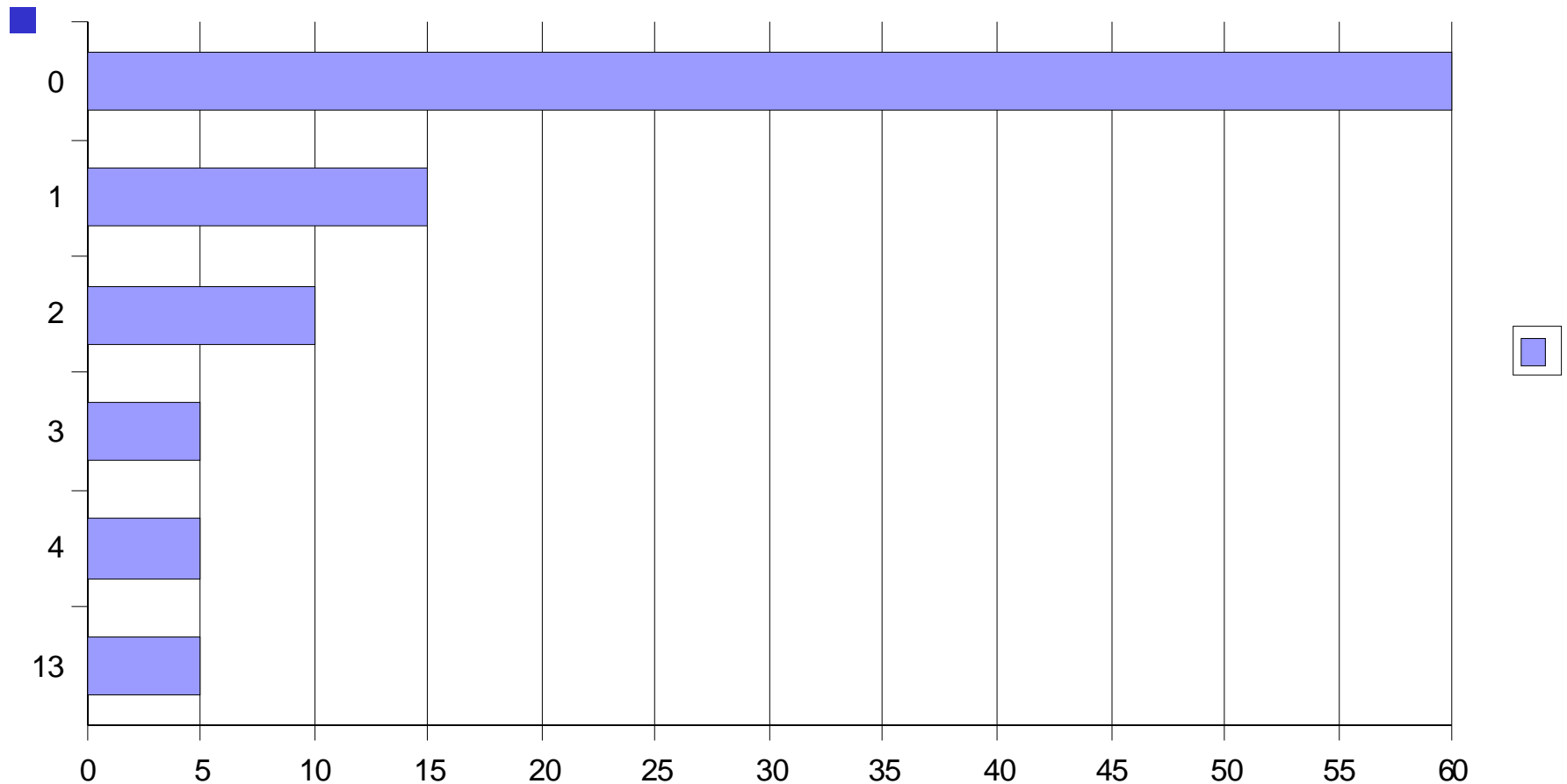
# Pension receipts and Health (1)

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- Pension recipients: 48.8%
- Don't receive pension yet: 43.9%
- Don't know: 2.4%
- Refusal: 4.9%

# Pension receipts and Health (2)

Within pensioner variation in ADL-index





# Other findings

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- Positive relationship bet. worse health status and death of spouse.
- Most of HH did not need to borrow while some did not borrow since rejection was expected, which suggests current and/or future liquidity constraint may cause saving.



# Conclusion

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- Several interesting findings with important policy implications using our comprehensive data set.
- Correlation but not causality.
- We need a large dataset to control other factors and panel structure to identify the causality.