

Does Retirement Lead to Greater Life Satisfaction? Anticipation and Adaptation Effects on Subjective Well-being: A Panel Analysis for Germany

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Beyond entering a new phase in life when retired as being of general individual importance, a longer individual life as a consequence of ‘demographic change’ has meant increasing attention being focused on entering retirement and the subsequent phase of life in economic and social sciences as well as in broader public discussions. The average life expectancy has risen in Germany for example for men from 65 to 77 years since the 1960s and for women from 70 to around 82 years (Statistisches Bundesamt 2014; Bundesinstitut für Bevölkerungsforschung 2014). For the individual person as well as for society as a whole the question – among many others – as to the quality of life and life satisfaction in the longer period of life after retirement is one of special importance, a question we pursue in this study. And of particular importance, there is a close positive correlation between life satisfaction and a longer life: “Older people who enjoy life stay in better shape longer” is the summary of a recent British study (Steptoe et al. 2014).

Our study contributes to the life satisfaction and individual subjective well-being research by quantifying life satisfaction before and after entry into retirement asking: Does retirement lead to greater life satisfaction? In particular, the individual longitudinal data of the German Socio-Economic Panel (SOEP) and our corresponding microeconomic panel analysis with specific individual time lag indicators are used to analyze whether individual life satisfaction actually decreases before retirement as a result for instance of fatigue brought about by work, then almost as a release soars in retirement, but after a certain period of time drops back to the previous level of life satisfaction. We will investigate whether there is such a pattern - which is found in other situations of change - and how anticipation and adaptation are important for individual life satisfaction before and after entry into retirement in Germany.