

Understanding the Impact of Retirement on Healthcare Expenditure in Turkey

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Abstract

This study aimed to evaluate the impact of retirement on health expenditures using a diverse set of health behavior variables that can help us understand the health system. There are several conflicting ways that retirement can affect health. Retirement increases the amount of free time an individual can invest in their health. Retirement can also reduce the amount of work-related stress and strain. Following these arguments, retirement positively impacts health. On the other hand, retirees no longer have an incentive to invest in their health to maintain their income. As a result, investments in health care may decrease at retirement. In addition, work-related physical activity and social contacts at work decrease as a result of the transition from work to retirement. Individuals who are very satisfied with their jobs may experience stress as a result of 'forced' to retire. Finally, health may deteriorate due to the negative income effects of retirement. Therefore, given the increasingly aging population in Turkey, it is important to investigate the consumption patterns of retirees within the context of life-cycle hypothesis. To uncover whether the health expenditures of retirees in Turkey drop (depending on the cases of early retirement due to health reasons, retiring immediately after deserving retirement or in the case of late retirement) taking into account household composition and the socio-economic characteristics, and to provide social policy inferences are fundamental purposes of this study. The data of the study was obtained from Household Budget Surveys (HBS) conducted by the Turkish Statistics Institute). Whether there exists a consumption puzzle at retirement in Turkey is analyzed with fuzzy regression discontinuity approach.

Keywords: health, healthcare, health expenditures, retirement, regression discontinuity