

Brief

Prepared by the General Secretariat of the Council, under the direction of the President of the COR

Summary: In addition to the December 2019 session, dedicated to the sharing of income between consumption and savings, we present a study that makes explicit the variations in income during the transition to retirement. Then we continue to explore the behaviors of retirees, examining their time use, socially useful activities and well-being. Could reforms leading to later retirement gradually have an impact on these behaviors?

The standard of living increases during retirement for the bottom 40% of the population

- **How does the standard of living vary upon retirement?** With net median replacement rates of around 75%, the standard of living (disposable income per consumption unit) is expected to fall on retirement. This is generally the case for people in employment before their pension is paid. However, the opposite is true for unemployed people: their standard of living often increases. Thus, the standard of living drops on average for the wealthiest 60%, but it increases for the poorest 40%. Of all new retirees in 2013, it only fell on average by 8% (*document no 1 bis*).

I. Retirement and time use

- **How do retirees spend the time freed up by the end of their working life?** The time freed up by the over-65s (about 4 hours per day on average compared to the 25-64 age group) is divided between physiological needs (+ 1 hour) and leisure activities (+ 2 hours 40 minutes). The time spent on household chores, including DIY and gardening, increases, but to a lesser extent, as retirees generally no longer have to take care of their children, unlike working people (*document no 2*). Only 2% of the days of retirees are said to be "active", focused on work, associations or helping friends and family (*document no 3*).
- **How does leisure evolve in retirement?** Leisure time at home increases significantly (+ 2 hours), accounting for almost all leisure time, i.e. more than 5 hours per day, and this increases with age, especially with regard to passive activities. Television, watched by 90% of retirees for a daily average of 3h30, remains the main leisure activity (*document no 2*). The average amount of time spent socialising and having leisure outside remain very similar between people of working-age people and seniors (1.5 hours on average).
- **What are the differences according to gender and standard of living?** Men spend on average 1.5 hours more than women for hobbies and DIY-gardening. They also devote more time to household chores than during their working life, but inequalities persist since women always spend twice as much time there (or 3h50 per day). The most affluent seniors have more "active" days (more activities outside, associations ...) than the least affluent, but these gaps tend to decrease after the age of 75 (*documents no 2 and 4*).

II. Transition to retirement and socially useful activities

- **Does retirement encourage civic and community involvement?** Membership in an association and volunteering do not seem to be more common among retirees than among younger people, but retirees most involved in volunteering devote more time to it. The transition to retirement favours involvement in associations, especially among graduates and those who have worked late (*document no 5*). Seniors (60 years and over) are also over-represented among local elected officials, particularly among mayors and departmental councilors (*document no 6*).
- **How to quantify the social usefulness of retirees?** Among the domestic or leisure activities of retirees, some are considered socially useful, because they benefit people outside the household: volunteering, childcare for grandchildren, working for children, etc. In 2010, a retiree spent an average of 110 hours per year to these activities, and the value of services produced by retirees for others represented 0.7 to 1.2% of GDP (*document no 7*). However, this assessment remains incomplete, as it does not take into account the possible care for an elderly person with whom one is living (only care for an outsider is included).
- **How to assess the role of pensioners as family caregivers?** Among the 3.9 million family caregivers caring for a frail or dependent senior living at home, almost half are retirees. Around 1.5 million family carers live with the elderly person cared for: these are mainly spouses (over one million) or children (over 300,000, a quarter of whom are over 60 years old). It can be inferred that around one million retirees daily help an elderly person with whom they live on a daily basis. Two out of three helping spouses report a negative impact on their health or morale (*document no 8*).

III. Transition to retirement, lifestyles and well-being

- **Does retirement make people happy?** Life satisfaction seems to increase with the prospect of retirement in the years before retirement and then stabilize (*document no 9*). This effect is very strong for people unemployed before retirement. Retirement does little or nothing to erase social differences in the assessment of one's well-being: those who are most satisfied before retirement (higher income groups and the most highly educated) are also satisfied after retirement.. In contrast, the perceived state of health improves after retirement for all categories, but more markedly for blue-collar workers, employees and the self-employed.
- **What are the effects of the transition to retirement on married life?** Individual leisure time increases sharply for women and men when they retire, but shared leisure time only increases within the couple if the woman is retired (*document no 10*). Regarding the stability of unions at retirement, while the number of divorces among seniors has increased significantly, the transition to retirement does not seem to increase the risk of divorce.
- **What do retirees feel about the future?** In general, retirees say they are less optimistic about the future than the rest of the population. This is primarily an age effect, with optimism decreasing with the years (*document no 11*). Retirees also stand out with a significant pessimism about their future financial situation, even though their income is supposed to be more stable than that of working people.