Couples' Decisions and Retirement Age in Europe

A comparative study of three traditions of the Welfare State

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To my family, Luis Recuenco Giménez, Francisca Vegas

Serra, Enzo and Rafael Recuenco with all my love

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Abstract

This research analyses from a theoretical, empirical and comparative perspective couples' decision-making and retirement ages within seven European Union-15 countries belonging to three Welfare State traditions: Social Democratic (Sweden and Denmark), Christian Democratic (Germany and Belgium) and Southern Europe (Spain, Italy and Greece). The fundamental theories and empirical evidence of literature on individual and couples' retirement is explored in the second and third chapters. A theoretical and empirical analysis is conducted, from a macro institutional approach, on the influence of the four regimes (labour, Welfare State, retirement and gender) on retirement in the three traditions analysed in the fourth chapter. The outcomes indicate that there are three institutional contexts regarding couples' retirement in Europe where each countries' tradition shares some characteristics internally, while having, at the same time, differences amongst them. In the last chapter and from this typology, countries are grouped into the three traditions and an econometric micro analysis performed. The outcomes indicate that couples' retirement ages are conditioned by the spouses' variables albeit with different intensity, depending on the Welfare State tradition and the institutional context of the analysed countries.

Resumen

Esta investigación analiza desde una perspectiva teórica, empírica y comparada las decisiones y la edad de jubilación de las parejas en siete países de la Unión Europea-15, pertenecientes a tres tradiciones del Estado de Bienestar: Socialdemócrata (Suecia y Dinamarca) Cristianodemócrata (Alemania y Bélgica) y Sur de Europa (España, Italia, Gracia). En el segundo y tercer capítulo se explora los fundamentos teóricos y la evidencia empírica de la literatura sobre la jubilación individual y jubilación de las parejas. En el cuarto capítulo, a partir de un enfoque macro institucional, se lleva a cabo un análisis teórico y empírico, de la influencia de cuatro regímenes (laboral, Estado del Bienestar, jubilación, género) en la jubilación de las tres tradiciones analizadas. Los resultados indican que existen tres contextos institucionales de jubilación de las parejas en Europa, compartiendo cada tradición de países características similares en su interior y a la vez diferenciándose entre ellas. A partir de esta tipología, en el último capítulo, los países se agrupan en tres tradiciones y se lleva a cabo un análisis micro econométrico. Los resultados indican que la edad de jubilación de las parejas está condicionada por las variables de los cónyuges, aunque con diferente intensidad dependiendo de la tradición del Estado de Bienestar y por el contexto institucional de los países analizados.

CONTENTS

CHAPTER 1

INTRODUCTION

Perhaps one of the greatest changes to take place within the coming decades in the EU and the majority of the countries making up the OECD will be ageing population. The academic, political and media worlds repeatedly argue that there will be a great imbalance between the number of contributors and affiliated members within the pension systems of the EU, due to ageing population. This new scenario will endanger both economic growth as well as the sustainability of the Welfare States. Many studies conducted in the past about the viability of pension systems went seriously amiss (Piñera and Weinstein 1996; Barea et al 1996; Herce et al 1996) estimating a very short term deficit when in fact there was a surplus. The main reason for this, is that these kinds of studies tend to overestimate demographic factors while underestimating economic variables (Baker and Weisbrot 1999; Castles 2004; Recuenco and Callao 2011; Weller 2004)

In any case, there exists a definite interest in all the European countries to increase the average retirement age. To compensate for possible imbalances, several countries have implemented different changes and reforms in their pension systems in an effort to reduce early retirement. Parametric type reforms are being implemented, focussing on increasing the average retirement age: increasing years of contribution or delaying the legal retirement age. Germany, Spain and France have recently increased legal retirement ages.

EU-15 adopted, years ago, two important objectives with respect to older people's participation within the labour force. Firstly, at the Stockholm European Council held in March 2001, it was agreed that at least half of the EU population within the 55-64 age group should still be employed in 2010. Secondly, the 2002 Barcelona European Council concluded that efforts should be focussed on offering more job opportunities to older workers so that they could remain longer within the labour market. It was proposed that the effective average retirement age should be increased by five years in 2010 (European Commission 2003).

In the European Council meeting held in Brussels in October 2003, the Heads of State and Governments insisted on "achieving (at the latest in 2010) an increase of five years of the average effective age at which people stop working". Although early retirement has not stopped growing in the last three decades, this tendency was reversed at the end

of the nineties in the majority of EU countries and the USA. This decrease in the number of people receiving early retirement could be due to economic circumstances, such as continual economic growth or to demographic changes.

On the other hand, the cohorts of women that were incorporated into the labour market during the fifties and sixties are staying longer in the labour market. Women's contribution to the family income has continued to grow in the EU-15. More and more couples with long work histories, in which both are entitled to pensions, are reaching retirement age.

Since women's retirement has become associated with men's retirement it has also become necessary to research the factors that explain couples' retirement in the European Union. This is the first research study to analyse couples' retirement in seven of the EU-15 countries from an eminently comparative perspective.

1.1 What does this research contribute to literature about retirement?

This is the first eminently comparative study that studies couples' retirement age in Europe according to the traditions of the Welfare State: Christian Democratic tradition (Belgium and Germany), Social Democratic tradition (Sweden and Denmark) and Southern European tradition (Spain, Greece and Italy)

There are many micro and macro studies about retirement, but very few attempt to link these dimensions. This research links the macro institutional context of four regimes (retirement, employment, Welfare State and gender) with individual decisions of couples within the three traditions of the Welfare State in Europe.

This is the first research study that comparatively explores the effect of couples' retirement patterns (joint versus separate retirement) on retirement age in more than two countries.

1.2 Why research retirement?

Retirement is a social phenomenon that has and will have even more scientific and policy relevance as the cohorts from the baby boom reach retirement age in the following decades.

Up until the nineties economic and social policies in the majority of developed countries and in the EU-15 particularly, facilitated the early retirement of older workers. In this way high unemployment rates were offset and youth employment facilitated. Demographic changes such as the growing number of people over 50, currently or in the near future, as well as the decrease in the last decades of older workers participating in the labour market has modified the agenda and direction of these earlier policies. These are the main motives for the considerable interest shown by the academic and political worlds as well as international organisations on the subject of retirement.

Scientific production related to the subject of retirement has increased spectacularly since the mid-nineties. Being able to explore and learn more about the decision-making process and the causes leading to retirement will probably facilitate the implementation of policies that permit older people to participate to a greater extent in the work force. In this way it may be possible to improve the viability of pension systems. It must also be pointed out that retirement decisions do not only affect the pension systems, through reduced contributions or the number of future pensions payable but also to a great extent the economy in general since revenue from taxation will diminish.

1.3 Why research couples' retirement?

In the last decades in the USA as well in Europe a great number of women of all ages are participating in the work force and at present a growing number of women over 60 are reaching retirement age, with long labour history and entitled to pensions.

The reforms in the existing pension systems coincide with a new scenario. The typical European family approaching retirement consists of two sources of income, but with different intensities according to the tradition of the Welfare State, as will be seen in the fourth chapter. From a public policy perspective, given that all the European countries want to increase the average retirement age and that couples are interested in retiring jointly, it becomes necessary to analyse comparatively how retirement patterns (joint versus separate) have an effect on the age of retirement. This phenomenon will be analysed in-depth in the last chapter.

There is a lot of evidence about men's transition towards retirement. But we are not aware of how family circumstances or the couples' variables end up affecting the

decision-making involved in couples' retirement. Studies conducted show that men and women confront retirement differently. Women suffer greater labour disruption and there is still a lot of inequality in the household environment. A discontinued labour cycle combined with wage discrimination based on gender creates financial disadvantages when women approach retirement age that may cause them either to remain longer in the labour market or greater dependence on the husband's income.

Moreover, empirical evidence shows that couples who get along well are interested in retiring together (in a co-ordinated manner and within an interval of one or two years). This phenomenon has important policy implications on any reform to be implemented about retirement in the future. If couples' retirement co-ordination were made easier this could increase the retirement age of both spouses in the different states and subsequently improve pension system viability, as will be demonstrated at the end of this study.

1.4 Why research couples' retirement with an in-depth study of women's retirement?

The increase of women's participation in the work force is transforming patterns, behaviour and decisions leading to retirement. Women, who are approaching retirement and those from the baby boom, form and will form part of a considerable segment of the total future retirement population. The retirement models usually employed to study men's behaviour seem inadequate to study the retirement patterns of women. This is because an individualistic perspective of decision-making does not bear in mind that women are to a lesser extent prone to economic incentives than men and subject to a greater extent in the couples' variables and those of the household.

Although 55-64 year old men's participation in the work force had been reduced in the last three decades within the EU-15, this tendency was reversed from the mid-nineties onwards, increasing from 69.3% to 73.3% from 1997 to 2008. While women of 55-64 years old in the EU-15 increased their participation from 47.7% to 58.5%.

In this context it is important to analyse women's behaviour within the couples' decision-making. Since couples want to retire together and the men are older than the

women, the increase in women's participation could increase the retirement age of the men. Another reason for researching couples' retirement while studying women in-depth is that if they are forced to retire as a consequence of voluntary retirement (incentives) or involuntarily (husband's health problems) not only are their incomes reduced as well as their financial independence but also the possibility of receiving an acceptable pension. And as a penalty for retiring early, they will see their pensions depleted and unable to live in a dignified manner when the husband passes away. This is relevant since poverty amongst older people is centred in the widow's segment of the population.

On the other hand, traditional family roles may come to affect women's retirement within the context of couples' retirement. Old and new demands about caring for relatives may also affect women's retirement. Elderly people's greater longevity and consequently a longer dependency period, as well as having to financially help their children who reach emancipation later, depending on the family model in Europe, may affect women's retirement.

1.5 Why research couples' retirement from a comparative perspective?

The majority of studies that analyse couples' retirement concentrate only on one country. These studies do not allow us to analyse comparatively to what extent a given variable has an effect on couples' retirement in one country while having no effect in others. If there are great differences between couples' retirement behaviour perhaps this highlights the divergence of the nature of social and economic processes, the influence of policies and regimes, retirement, the Welfare State, the labour market or gender.

When we analyse the aggregate data about average retirement age or the employment rate of workers over 55 years old in the EU-15 we find great heterogeneity. This reality highlights that retirement is treated in different ways in different countries and that a series of factors have significant importance. By using a comparative perspective of retirement we gain more knowledge of this phenomenon, which will perhaps allow us to recognise those successful policies implemented by certain countries and that will possibly increase the participation of older people in the work force.

Another reason why it is necessary to conduct comparative studies on retirement, as will be analysed in the following chapter, is that the literature on economic incentives that lies behind the majority of pension system reforms does not take into consideration the institutional context of different countries. Similar reforms end up being implemented when the institutional context is very different as we shall see in Chapters Four and Five. The consequence being that the same reform may cause different results, depending on the Welfare State tradition.

1.6 Why research couples' retirement using the theory of the traditions of the Welfare State?

Analysing couples' retirement is very complex, even more so in different countries, where knowing how to interpret the variations of variables amongst countries has to be done logically. Comparative studies allow us to advance in the theoretical knowledge of social or economic processes. Therefore, it is necessary to have powerful theories available when addressing the heterogeneity of couples' retirement within the countries analysed in this study and above all to be able to interpret their explanatory factors and differences.

The grouping of countries, in categories or ideal types, based on the theory of Welfare State Regimes is one of the tools most used in comparative studies to analyse the differences and similarities between countries and draw conclusions from the data gathered. This theory, as we shall see in the final chapters, permits grouping countries at macro level (according to work regime, gender, retirement and Welfare State) and allows an analysis of the different effects of individual variables as well as those of couples, men and women, at retirement age.

1.7 Aims of the research

To analyse the empiric evidence and theories about individual and couples' retirement.

To present the first theoretical and comparative model about couples' retirement decisions in Europe.

To analyse from a macro perspective if similarities or differences exist between countries with respect to each of the four regimes (Welfare State, gender, labour market and retirement) and in relation to each of the three Welfare traditions (Social Democratic, Christian Democratic, Southern Europe) of this current study.

To explore from a macro standpoint the existing relationship between the aforementioned four regimes and retirement in the seven EU countries analysed in this research: Belgium and Germany (Christian Democratic tradition) Sweden and Denmark (Social Democratic tradition) Italy, Greece and Spain (Southern Europe tradition).

To justify the grouping of countries by Welfare State tradition, set out in the last chapter (micro), from the results of a compiled index that considers the different macro variables of the four regimes (Welfare State, gender, labour market and retirement) called the European Couples' Retirement Index.

To analyse from a micro standpoint the different effect of individual variables as well as those of the couple or household on men's and women's retirement ages within the three traditions of the Welfare State.

To demonstrate from a micro perspective whether the individual variables with respect to those of the couple and household have a greater or lesser effect on men's or women's retirement ages according to Welfare State Tradition.

To analyse the effect of joint retirement on men's and women's retirement ages according to Welfare State tradition.

To link the macro analysis of retirement within the three traditions of the Welfare State with the individual micro decisions of couples' retirement.

1.8 Hypothesis

This research contemplates different questions in general and specific hypothesis.

1) One must ask oneself which theory best allows the analysis of the phenomenon of retirement at present. Taking into account the demographic changes caused by the greater participation of women in the labour market and the fact that ever more couples,

entitled to a pension, are approaching retirement age. This phenomenon will become greater in accordance to the extent in which the cohorts of the baby boom begin to retire.

2) The second question refers to whether it is possible to construct a macro theoretical and comparative model of couples' retirement decisions in Europe from the theories of regimes (retirement, labour, gender and Welfare State).

3) It is also relevant to ask oneself if the aforementioned model will allow the interpretation of the micro statistical outcomes set out in the last chapter in a logical manner and consistent with the theory of the Welfare State.

4) I also ask myself if I will find similarities or differences between countries with regard to each one of the four regimes (Welfare State, gender, labour market and retirement) and with respect to each one of the three Welfare State traditions (Social Democratic, Christian Democratic and Southern Europe) of the current study.

5) The last macro and theoretical question is whether it is possible to group countries by Welfare State traditions from the outcomes of a created index, based on different variables, that contemplates the four regimes.

6) Lastly within the general questions of this research I ask myself whether it is possible to link the macro analysis (questions 2); 3); 4); 5) with the micro analysis of the last chapter.

The following hypotheses will be verified in the last chapter where a micro statistical analysis has been conducted.

7) Women's retirement age will be much more influenced by the couples' and household variables than men's retirement age in the three traditions.

8) When couples co-ordinate their retirement and abandon the labour market together their retirement age will augment in the three traditions with respect to those who retire separately.

9) When one of the spouses retires for health reasons this will have an effect on delaying the retirement age of the other in Southern Europe traditions but will have no effect on the Social Democratic and Christian Democratic traditions.

10) When the difference in income (pension receivable) is greater between spouses (bigger in the case of the husband) and at the same time the total income of the household (interacting variables) is greater, then the retirement age of both men and women will increase in the three traditions of the Welfare State, in relation to higher wife's income and total household incomes of less than 1000 Euros.

1.9 Research structure

This research study is structured and divided into a theoretical part (Chapters 2 and 3), a macro comparative theoretical-empirical part (Chapter 4) and comparative micro (Chapter 5). I present a discussion about individual theory or financial incentives in Chapter 2. It is the one most used in retirement studies and the most influential in the reforms that are being implemented in pension systems. Theory evidence is explained and also the criticism it has received.

I analyse the theory and evidence of the literature about couples' retirement in Chapter 3. A form of research that has spiralled during recent years though with little impact in literature and on the reforms being implemented in pension systems. In Chapter 4, I present the countries on which the comparative study is based and justification for the grouping of countries, according to regimes (gender, retirement, work(labour market) and Welfare State) in the traditions of the Welfare State. To obtain this objective a theoretical analysis will be conducted and accompanied and supported by a series of aggregate data which allows us to understand to what extent countries belong to the regimes of the Welfare State, gender, labour market and retirement.

In this way it is possible to delve further into the institutional mechanisms that end up having an influence on couples' retirement in the seven countries analysed in this research study. In Chapter 5, I conduct a statistical analysis of couples' retirement according to the traditions of the Welfare State, employing individual data. The main outcomes of this research study are presented in the last chapter. I demonstrate the

theoretical contributions of this research study to retirement literature and more specifically to couples' retirement and the policy implications that derive from it.

Lastly, I present a proposal about future lines of research in the field of couples' retirement. I point out the need to introduce a parametric reform in pension systems that makes couples' joint retirement easier and would permit an increase in pension system income and which would consequently improve their viability.

CHAPTER 2

THEORIES ABOUT INDIVIDUAL RETIREMENT

2.1 Introduction

So as to implement policies that increase older people's participation in the labour market it is necessary to know in-depth why people retire early. I present, in this chapter, the academic, historic and demographic context in which the theories and perspectives about individual retirement (especially the related economic incentives) arise. I analyse the theoretical foundations and the explanatory capacity of literature on individual retirement, its limitations and the policy implications deriving from it.

Before entering into a detailed study about the literature on individual retirement, I would like to point out that the theories that have attempted to explain the phenomenon of early retirement are based on the push and pull theory. That is why the key question in the debate about early retirement had always been based on the push and pull factors (Kohlí and Rein 1991).

The pull factors operate on an individual level and are typical of micro-econometric studies based on neo-classical theory. The basic idea is that individuals voluntarily decide to leave the labour market, since the alternative income coming from social security systems is regarded as equally, or more beneficial, than staying in the labour market.

This implies that income levels are crucial and decisive factors to the extent that individuals are attracted to leaving (pulled out of) the labour market because of generous benefits programmes (Stattin 2005). The pull perspective, the most widely used, assumes that early retirement is the result of overly generous social policies, that have created attractive prospects for job abandonment, such as, the reduction of the minimum retiring age necessary for receiving a pension. In the individual pull studies, institutional factors, are only considered in terms of incentives or disincentives in the individual decision process at the time of retirement (Kohli and Rein 1991). The pull forces are those that allow the worker to believe that retirement is desirable, because of its positive characteristics, such as the chance to share more time with family or in leisure time activities (Barnes-Farrell 2003).

The alternative push theory is based on the idea that individuals are involuntarily forced out of the labour market. One understands from this theory that the increase in early retirement is due to changes occurring within the labour market, high unemployment rates, especially beginning from the early seventies, technological changes, an increase in competition or organisational business changes. These characteristics have an influence on work conditions. Within this process there may be imbalances between the characteristics of available employment and those of the work force. Particularly vulnerable groups, such as older people, ill people and those with lower education, qualifications or aptitude are "pushed" or obliged to abandon their employment (Statin 2005).

The greater part of evidence shows that both the voluntary, pull factors, as well as the involuntary, push factors, are significant when explaining early retirement (Barnes 2003; Kohli and Rein 1991; Satattin 2005; Dorn and Souza-Poza 2005) however, the majority of policies and reforms in social security systems implemented in Europe, to increase older people's participation in the labour market are based on the pull theory.

2.2 Individual retirement

Before the theory of couple's retirement emerged, the majority of research on retirement had been guided on the assumption that it would suffice to study the characteristics of individuals and their personal circumstances, to explain their retirement planning and timing, their retirement incomes or their adaptation and transition to retirement (Szinovacz, Ekerdt and Vicnick 1992). There is a wide consensus about the factors that affect individual retirement within a particular period of time. Wealth including pensions, individuals' savings and health are the main factors (O´Rand and Henretta 1999)

The concept of individual retirement comes essentially from American literature and has been developed in-depth over the last thirty years. It takes into consideration the pull and push factors that have an influence on early retirement, yet research has given greater importance to the pull factors.

2.2.1 Individual retirement and economic incentives

Literature on economic incentives is very widespread and influential today. Not only because of the large number of studies conducted (Kohli and Rein 1991; O´Rand, Henretta and Krecker 1992; Dorn and Sousa-Poza 2005) but also because the social security policies and reforms that are being implemented internationally end up being based on this theory.

The literature on the economic incentives of retirement comes from the U.S.A. and its economics and is influenced by the fact, that only a minority of women were working at the time and from a series of studies, conducted from the seventies onwards. These studies attempted to answer questions regarding population ageing, productivity, the increase in people retiring early and the standard of life that North American society will confront in the coming decades. All this within a scenario of diminished participation of older people in the work force.

2.2.2 Theoretical foundations on economic incentives

Given that the literature on economic incentives comes from the economy, the influence of neoclassical theory is very significant. When reviewing literature on retirement one may conclude that the majority of models are developed on the basis of the neoclassical theory of consumption–leisure trade-off (Schils 2005). It assumes that individuals choose options that maximise their personal welfare on the basis of the different alternatives (Leonesio 1996). The differential factor in economic perspectives, with regard to other disciplines, is the emphasis by which the options are almost always limited by the availability of important resources such as time or money. Individuals choose the amount of work that they will offer to render in the market in exchange for a combination of income and leisure that maximises their own welfare.

The act of retiring is noticeably assessed within the context of a plan to distribute time between working and leisure for the rest of one's life (Leonesio 1996). The majority of studies on retirement initially concentrate their efforts, on determining to what extent the retirement patterns of American workers, can be explained within a certain period based on work-leisure models. Up until then retirement had been considered

involuntary. It was understood that workers retired because of poor health or when the businessmen decided to dispense with their services (Leonesio 1996).

An important change in perspective occurred when individual decisions on retirement were considered to be mainly voluntary. The increase in the number of retired people, as well as an improvement in these older workers' health, made this change in study orientation and modelling of retirement, with regard to incentives, a possibility (Leonesio 1996; Schils 2005).

2.2.3 Economic incentive evidence

An example of the aforementioned premises in retirement research is to be found in one of the first studies conducted in the U.S.A. It was assumed that retirement was really a voluntary and individual decision and not as was thought beforehand coming from the economy as being involuntary, largely influenced by health matters (Boskin 1977). Research was centred on the analysis of the fall in older people's participation in the work force from 1968 to 1972, showing that increased retirement income and cover had an important effect on retirement decision-making.

Although the "65 years of age" variable, that is to say, legal retirement age, had a more significant effect on retirement than incentives or other previously analysed variables. Another study conducted the same year by another economist demonstrated that the health variable was the most important factor to explain older workers' retirement in the U.S.A. (Quinn 1977). The relevance and innovation of his study was that the influence of variables on economic incentives varied substantially depending on the health status of the older workers.

Retirement research employing the work-leisure model was also conducted outside of the United States in the seventies and eighties (Zabalza, Pissarides and Barton 1980) giving similar results, particularly in Great Britain.

As retirement research has advanced, its models have been transformed, becoming much more dynamic and structured. The first models were rather static, not allowing them to verify to what extent a series of explanatory variables could vary throughout time. However, subsequently, the majority of research studies on retirement incentives

have adopted a dynamic perspective (Leonesio 1996; Schills 2005) using longitudinal data.

Economic studies based on individual retirement have kept growing both in the U.S.A. as well as Europe. Research studies stemming from the theory of economic incentives of retirement have normally been conducted in a single country. Although recently we can also find comparative research studies which analyse retirement incentives with micro and aggregate data. International institutions such as the OECD or research organisations like the National Bureau of Economic Research (NBER) have supported comparative research based on the theory of economic incentives (Blöndal and Scarpetta 1998, Duval 2003, Gruber and Wise 2004, Johnson 2000)

Gruber and Wise co-ordinated research that analysed retirement decisions, separately, in 12 OECD countries, that is to say, without grouping the countries, and demonstrated that there is a strong relation between social security incentive levels and retirement (Gruber and Wise 2004). In Gruber and Wise's research, institutional factors are only considered in terms of incentives and disincentives within the individual retirement decision-making process.

The only eminently comparative study, from an economy point of view, about retirement decisions in Europe employing micro data and based on the theory of incentives, but situated within the widest institutional context of Welfare State regimes is that of a Dutch researcher (Schils 2005). Her research is focussed from a perspective that attempts to demonstrate institutional similarities and differences between early retirement in Europe.

The most exciting thing about the empirical results gathered by the authoress is that they not only confirm the existence of economic incentives in retirement, but also situates them within an institutional context, where countries can be grouped given the existence of similarities and differences with respect to regimes. Being able to group countries according to a typology of early retirement regimes, allows us to conduct an in-depth comparative probabilistic analysis, while interpreting the heterogeneity of the effects of its independent variables on the basis of their theoretical framework, developed previously. This study will be analysed in detail in the final chapters.

2.2.4 Economic incentive limitations

An important part of retirement research has confirmed the relevance of economic incentives in retirement decision-making (Leonesio 1996). Although the economist Hurd, on the subject of the theory of economic incentives, points out that "our models have been incapable of explaining the great drop in work force participation during the last twenty-five years" (Hurd 1990).

There is ample proof that the economic incentives of the social security systems affecting retirement are consistent with the work-leisure theory, but other non-economic factors such as age or health status reduce the influence of these incentives (Leonesio 1996). That is why only when freedom of choice exists about cost–benefit or work-leisure, can retirement decisions be taken into consideration (Szinovacz 2003).

The fact that there is a high percentage of early retirees who perceive their retirement as involuntarily makes it difficult to provide explanations based on models that are based solely on economic incentives, where it is assumed that decisions are voluntary. In seven EU-15 countries between 28 and 54% of the people declared that they accepted early retirement involuntarily. Research on retirement should take into account that abandonment of the labour market, is not always the result of a decision between attractive voluntary alternatives, but it is in grand part the consequence of a forced decision influenced by employers (Dorn and Souza-Poza 2005; Kohli and Rein 1991).

The process leading to retirement would seem to be the result of interaction between social security systems, labour market function, the state and the individual (Jespen 2001) as we shall confirm in the final chapters. However, the micro-economic models about retirement based on economic incentives do not consider this institutional heterogeneity. Instead, institutional factors are only considered in terms of incentives or disincentives within the individual decision-making process (Kohli and Rein 1991).

During many years, in the majority of EU-15 countries, there was consensus amongst the state, trade unions and employers that it was necessary to offer early retirement to older workers; employing early retirement as a way to manage economic crises and high unemployment rates. Trade unions were in agreement as it meant it was possible to make room for young unemployed people, in exchange for the departure of more

protected older workers, with long work histories. Employers were also in agreement as in this way they were able to restructure the work force and introduce greater flexibility. The governments also accepted the situation as it reduced high unemployment rates and at the same time made it possible to provide income for early retirees (Jespen 2001).

There is greater scientific consensus about the causes that explain individual retirement within a certain period of time than the dramatic increase in retirement in the last three decades (O´Rand and Henretta 1999). Economic variables, by themselves, cannot wholly explain the decline in work force participation in recent decades (Mastrogiacomo, Alessie and Lindeboom 2004). This becomes obvious when researching retirement from the theory of economic incentives with aggregate data over very long periods of time (Duval 2003; Blöndal and Scarpetta 1998, Johnson 2000).

Although it has been recognised for some time that men's labour behaviour is influenced by factors such as marital status, family size and household members' saved income, the majority of economic models have treated spouses' labour decisions as external and independent occurrences. Married men's and women's retirement models should ideally take into consideration the complexity of economic constraints borne throughout life cycles, that influence the decision-making period of couples' retirement (Leonesio 1996).

The theory and individualistic perspective in retirement studies has become even more limited due to a series of recent social and demographic changes. Given that more women have joined the labour market, while their contribution to family income has kept on growing in the EU-15 and more and more couples with long labour histories are reaching retirement age, it is indispensable to study couples' retirement. In the past when a minority of women participated in the labour market and the male breadwinner model was predominant, the majority of women co-ordinated their retirement on the basis of the husband's or spouse's pension. Nowadays, couples' retirement is more and more complicated since women are more financially independent than before with respect to their husbands.

Therefore, the decision on when couples retire depends on two different career paths, two incomes and the health status of two people. If one of the partners retires

voluntarily or involuntarily (early business retirement or worsening of health) the economic situation and relational or home roles will vary completely. Other demographic phenomena that may have an effect on couples' retirement is the increase in the number of dependent people and the tardy emancipation of young people from the home.

There exists a great diversity of family models and family aid policies in Europe, as will be seen in the penultimate chapter. For example, having to care for an elderly dependent person in the home could hasten a woman's retirement. While tardy emancipation of young people from the home could delay men or women's retirement caused by the need for greater financial resources. All these social and demographic changes that are occurring in homes throughout Europe reinforce the idea that retirement should be researched from a perspective that considers couples' retirement decisions, not solely as individual ones as happens to a great extent in existing literature. This latest economic research is very influential and lies behind current reforms in pension systems. However, it is difficult to find any reference to the long tradition of other social scientists' research on the labour market and retirement in the literature of economics. (Henkes and Van Solinge 2002)

2.2.5 Conclusions and policy implications

The majority of reforms being implemented in pension systems in Europe are greatly influenced by the theory of and research on economic incentives. From this theoretical framework it is assumed that the more generous social security systems are the fewer older workers will tend to work. From there on, the policy implications of this theory are very clear. To increase older workers' participation in the labour force it is necessary to make social security systems less generous.

Policies restricting institutionalised departure from the labour market; such as increasing the minimum requirements for disability pensions or tightening up on the possibility of early retirement for the long term unemployed, as happens in Germany. Or by postponing legal retirement ages, by increasing the pension plan contribution period for both minimum and maximum pensions, or by increasing the age at which one may be entitled to early retirement (Blöndal and Scarpetta 1999).

To make all these reforms successful other contexts must be taken into account such as labour markets, business organisation, individuals or the couples' environment. Retirement postponement can only be efficiently implemented if the labour markets can absorb more older workers, if employers wish to hire or retain workers and if the latter are willing or with sufficiently good health to stay in the labour market (Szinovacz 2003).

Research funded by the OECD indicates that adjusting social security system incentives, in order to be able to confront ageing population, is the necessary policy and main instrument available to those who decide public policy to increase older people's participation in the labour market (Duval 2003). The conclusion of this research points out that although policies focussed on reducing economic incentives would stimulate labour market participation, they will not suffice to ensure the viability of the majority of pension systems within the OECD. It would also be necessary to reduce pension income, increase early retirement as well as legal retirement ages or put up taxes.

Without entering into details about the economic or social consequences of some of the aforementioned reforms, undesirable effects could be encountered. Disabled workers or those with health limitations, that prevent them from carrying on working, should be exempt from certain prolongations of the legal retirement age (Primus 2002; Recuenco 2011a). In the same line of thinking, it must be taken into account that certain workers, blue collar or unskilled ones, begin to work much earlier than professional or highly skilled workers and have worse health status, since there are significant inequalities in life expectancy on approaching retirement age (White 2002; Employment Europe 2003; Recuenco 2011a).

Peter Diamond, probably the greatest expert on pension systems internationally, asserts that it should be recognised that many cries for increasing the so-called "retirement age" are merely cries to reduce benefits. Without improving either the efficiency of the system or providing a more attractive way to reduce benefits (Diamond 2005).

The previous reforms within the pension systems, being founded on the theory of economic incentives and based on the free choice of individuals do not take into consideration that retirement occurs, in a significant number of couples, in a co-

ordinated and synchronised way. Retirement decisions are much more complex for married couples than for those who are not. Married men and women tend to spend their free time with their partners and consequently desire to retire together (Johnson 2004) as I will demonstrate in the following chapter.

If it has been verified to what extent and with what intensity incentives affect individuals, normally men, the studies conducted on an economy basis do not confirm that couples, when retiring together, are influenced by their respective incentives (Hurd 1988; Gustman and Steinmeier (2000). Therefore, the reforms being proposed and implemented, based on the theory of economic incentives and assuming that a retirement decision is individual decry certain limitations, since they do not take into account the current demographic context. The greater participation of women in the labour market and empirical evidence show that two people take part in the retirement decision as is shown in the following chapter.

During the last decades the majority of retirement studies are focussed on individuals, concentrating on factors that explain men's retirement. Years ago, when a minority of women participated in the labour market and the male breadwinner model was predominant, the majority of women co-ordinated their retirement on the basis of the husband's or spouse's pension. Nowadays, couples' retirement is more and more complicated since women have longer career histories and consequently many of them are entitled to a pension. And with respect to the past, women are more financially independent than before with respect to their husbands or partners.

For these reasons, retirement should be studied not as an individual phenomenon but researched as a couples' joint decision. There are, moreover, other motives for studying couples' retirement. There are studies that attempt to research couples' co-ordinated decisions on retiring. This means a shift of focus within retirement literature where previously the individualistic perspective was predominant.

What these studies repeatedly demonstrate is that couples have a real interest in retiring together and lastly that a significant number of said couples do end up retiring together. This tendency towards joint retirement has been explained as an interest in shared leisure time mainly from an economic point of view, due to economic restraint, the

homogeneity of education between couples and traditional gender relationships that limit women's participation in the labour market after men's retirement.

The existence of couples' co-ordinated retirement and the fact that retirement is becoming ever more so a phenomenon that requires two people participating in the decision has important policy implications. The reforms being implemented in the different pension systems within the EU-15 are based on an individualistic perspective, which assumes that what is really important to increase older peoples' participation in the labour market is to reduce the incentives so that workers carry on working longer.

These policies do not take into account that: couples are interested in retiring together, there is co-ordination amongst couples when making decisions on retirement and the retirement of one of the partners has an impact on their husband or wife and women's retirement will not be so affected by incentives as much as men's. Lastly, given that couples want to retire together and that the husbands are older than their wives, the increase of women's participation in the labour market could lead to later retirement for both. This is a subject I will analyse in-depth in the last chapter.

CHAPTER 3

THEORIES ABOUT COUPLES' RETIREMENT

3.1 Introduction

The European policy agenda repeatedly insists on the relevance of increasing older peoples' labour market participation, average retirement age and consequently reducing the number of early retirees. So as to design and implement policies that increase older peoples' participation in the labour market, it is necessary to know in-depth the reasons why people retire early and to what extent both partners participate in the decision-making, that is to say the couple. The typical European family approaching retirement consists of two sources of income, but with different intensities according to the tradition of the Welfare State (Pozzoli and Ranzani 2009). This social phenomenon will become greater in accordance to the extent in which the cohorts of the baby boom begin to retire.

Theories and research that suit this new social reality are necessary. In this chapter, I present the academic, historic and demographic contexts in which the theories and research on couples' retirement emerge. I show the theoretical foundations and the explanatory capacity of couples' retirement, its limitations, the policy implications and the policies to be implemented.

Studies employing individual perspective to analyse retirement were initiated in a demographic context in which women took little part in the labour market and consequently very few of them retired. Almost all the studies on retirement decision-making were based on the analysis of the individual, personal and labour characteristics of men.

Currently, there are various reasons for analysing retirement as a decision-making process in which both men and women take part.

1) Women with longer work trajectories, higher social security contributions, greater economic independence with respect to their partners in the past and greater likelihood of receiving a pension.

2) An increase in women's participation in the labour market in general and the average retirement age in particular imply that we are facing retirement that is becoming a "couples' phenomenon" (Szinovacz 2006; Smith and Moen 1998). In this respect the

baby-boomers are different in regard to the previous cohorts (Schellenberg, Turcotte and Ram 2006)

3) Currently, many couples must take two decisions about retirement instead of only one and take stock between the preferences and constraints that must be faced since both make significant contributions to the household income (Shellenberg, Turcotte and Ram 2006).

4) There is ample proof that couples are interested in retiring together as we shall see in this and the last chapter.

Although there is a general tendency within the majority of European Union-15 countries to increase younger and older women's participation in the labour market, retirement studies, as has been seen previously, have been directed at individuals, mainly men, without taking women into consideration or couples' retirement decision-making.

In the next section I demonstrate that studies that have tried to research women's retirement from a similar perspective to that of men, the individual one, have had little explanatory capacity. This reason, as well as the demographic change mentioned previously, shows that there is not much point in researching women's retirement from an individual perspective and in its place it would be preferable to use a perspective that studies couples' retirement.

Decision-making leading to retirement can best be analysed relationally. For example: To what extent do changes in men's health or labour status affect women's retirement or vice versa? In Southern Europe, can young people's delayed emancipation or the increase of dependent elderly people in the household have an influence on couples' retirement? Or, how does this affect the labour market permanence of both or only one of the partners?

3.2 Demographic, academic and historical contexts in which it emerges

Demographic context and socio-economic changes end up influencing the theories that allow us to understand and analyse our social reality, in this case retirement decision-making (Lundberg 1999). In the same way that the majority of research studies about

retirement conducted in the 70's, 80's and the beginning of the 90's were based on the individual theory of men's retirement, given that their participation in the labour market was very high. Recently, because of the greater participation of women in the labour market the number of research studies analysing couples' retirement has increased. Current studies on retirement, employing a relational perspective of couples, continue to carry less weight than traditional ones on individual retirement. The latter have advanced dramatically both statistically as well as in terms of modelling but have progressed very little theoretically.

To understand why, in recent years, the number of studies analysing couples' retirement, based on the assumption that two people take part in the retirement process has increased, it is important to understand the historical evolution of studies on women's retirement.

Historically, women were mainly invisible workers and therefore invisible retirees since they remained little time in the labour market. Women were included as part of men's retirement in research studies on retirement (McDonald 2006). At the beginning of the 60's, as a consequence of a greater number of women taking part in the labour market an interest grew in researching the characteristics of retired women, lasting until the end of the 80's.

The main perspective in researching women's retirement was then based upon analysing the influence of family and spouses, comparing retired women's patterns with those of housewives. Given that the majority of women devoted their time to the home and family and the view taken was that retired women presented an anomaly (McDonald 2006).

In this historical context, research studies conducted by economists showed that older women worked less when their spouses were retired and when family income was greater (Pozzeben and Mitchell 1989). In the eighties, several research studies conducted in the U.S.A. indicated that wives had less likelihood in continuing working if their husbands were retired and vice versa (Weaver 1994).

Midway through the nineties, and possibly due to the dramatic increase of women participating in the labour market, with longer labour trajectories and their inevitable

future retirement, research was able to be conducted based on the individual retirement model of men but applied, in this case, to women (McDonald 2006). Researchers studied separate samples of men and women, analysing variables such as their employment history, occupation, economic sector, seniority and salary.

Researchers put so much emphasis on trying to study women's retirement based on the male model (individual retirement) that they achieved very little explanatory capacity. This individual perspective, based on women's economic or labour characteristics ignored the family context and contributed very little towards the understanding of women's retirement behaviour.

They did not consider gender differences in the workplace and the fact that the majority of men and women lived in or had shared a domestic environment. Later on, due to women's greater participation in the labour market and that more couples with two incomes began to retire, research included couples' variables. These models showed that retirement decision-making is, in part, contingent to marital context as well as the couples' labour and health status, their economic situation and the quality of the couples' relationship (Szinovacz 2002).

A new perspective was necessary to analyse women's retirement, enabling the analysis of interdependence between men and women and their families over time (McDonald 2006). This meant not analysing, as in the past, women individually and then incorporating couples' explanatory variables but to research retirement as a couples' joint decision.

The first studies to analyse joint or couples' retirement were conducted in the eighties. One of the most cited and classical studies in retirement literature is Henretta and O´Rand's, entitled *Joint Retirement in the Dual Worker Family* (Henretta and O´Rand 1983). But it wasn't until the end of the nineties that the number of research studies analysing couples' retirement grew dramatically, taking into consideration both men and women.

3.3 Theoretical foundations about couples' retirement

Sociologists and economists, when researching couples' retirement, base their studies on different theoretical foundations. Generally speaking, sociologists pay more attention to family factors and gender inequality within the domestic environment while economists focus their interest on economic aspects. Even so, sociologists recognise the importance of studying the economic aspects of couples' retirement and some economists are beginning to consider the relevance of family or household variables.

Although both groups of social scientists, when researching retirement, start out from theoretical perspectives, assumptions and different explanatory variables (Johnson and Favreault 2001) they coincide, more and more, that retirement decision-making should be studied as a couples' joint decision as well as a domestic environment decision (Pienta and Hayward 2002). Both groups share the relevance of the co-ordinated retirement phenomenon since the majority of couples wish to retire together (Hurd 1990; Blau 1998).

To comprehend the theoretical bases of couples' retirement it is necessary to understand its foundations. To a great extent, these are derived from literature about families, both in sociology as well as in economics. From a sociological viewpoint, different theories about family behaviour have been used as a theoretical framework for couples' retirement research: functional, exchange and affinity.

Functional theory, the oldest of all, emphasises the functionality of the concept of role differentiation. It assigns mutual exclusivity and complementarity of domestic and labour roles of the spouses. This perspective assumes asymmetry in the relationship of conjugal roles, in such a way that spouses delay or adjust their behaviour. The wife's labour behavioural pattern takes second place to the husband's and adjusts to it. As will be seen later on, similar theories coming from economics refer to spouses' "substitute" responses, implying similar assumptions (Henretta and O´Rand 1983).

There are other theories that allow a greater symmetry in role relationships than the functional theory: the theories of exchange and resources. These theories sustain that the power within a relationship depends on the one hand, on the resources of the spouse and

on the other hand, the authority within the relationship. Exchange theory sustains that roles provide necessary resources and according to resource theory this would depend on the position occupied by the spouses within a social structure as well as gender ideology.

Being employed could serve as a position of power, both in the roles that provide resources as well as authority within a relationship. Retirement could, consequently, affect the relative power of the spouses, as resources and dependence of one of the spouses on the other are modified and in the case of the husband's retirement undermine his authority. Changes in relative resources in retirement are possibly more significant if the other spouse continues working, while authority changes will prevail if the husband retires before his wife does (Szinovacz and Davey 2005).

The exchange theory in conjugal relationships is prominent in contemporary family research. This theory is much more flexible than the functional one in its assumptions related to status distribution and conjugal role negotiation (Henretta and O´Rand 1983). Exchange theory sustains that power distribution within relationships is linked to three different aspects: the skill of each spouse in contributing positively to resources, the necessity of he or she contributing to the other on the basis of obtaining recourses outside of the family environment relationship and lastly, his or her authority.

Employment is the determining power factor in the three previously mentioned aspects. Firstly, it provides access to resources (money, status) that can be shared with the spouse. Secondly, it offers opportunities to cover necessities outside of the relationship (in terms of money, social contracts) reducing the dependence of the spouses within the marital relationship to satisfy said necessities. Thirdly, the husband's employment constitutes an important basis for his authority within the marital relationship (Szinovacz and Harpster 1993).

When couples retire they lose significant resources, such as sources of income to satisfy their necessities (retirement is accompanied by a reduction in income) and in this way become more dependent on the marital relationship to satisfy their basic necessities. Retirement could also undermine the husband's authority within the relationship. That is to say, be associated with a loss of power or a relative dependence on their marital

relationship. The fact that if the wife continues working while the husband is retired could undermine the latter's authority and cause a power change within the marital relationship (Szinovacz and Harpster 1993).

While exchange theories permit the analysis of social power relationships, resource theory belongs specifically to marital power relationships. Resource theory sustains that the relative power of the spouses within the marital relationship is contingent to their relative resources. The most significant resources of marital power are economical ones, as well as employment status, income and contribution towards livelihood.

The first studies that tested the resource theory in moderately egalitarian societies, such as France and the U.S.A., confirmed a positive relationship between spouses' resources and marital power (Szinovacz and Harpster 1993). However, research conducted in patriarchal societies such as Yugoslavia or Greece did not confirm this previously mentioned evidence. It was argued from such different results that the relationship between resources and marital power depended on the gender ideology of the society, called the normative resource theory (Rodman 1972). Subsequent studies indicated that both the spouses' resources as well as gender role attitudes influence marital power relationships across and within societies (Blumberg and Coleman 1989).

Spouses' gender role attitudes exercise some influence on marital power relationships. However, it is unclear how resources and gender role attitudes interact in the effects on marital power (Szinovacz and Harpster 1993). The normative resource theory would indicate a mediating effect of gender role attitudes. The association between resources and power would be more pronounced between couples where egalitarian gender roles exist rather than traditional ones.

However, other studies indicate that there is an additive effect. In this case, resources and gender role attitudes independently influence marital power relationships, in such a way that the husband will have quite a lot of power if his resources are significant and if the couple has to endure traditional gender role attitudes. If the normative resource theory holds true then retirement should be accompanied by a decline in marital power, especially in couples maintaining equal roles (Szinovacz and Harpster 1993).

North American literature on women's retirement behaviour was, at first, framed within the functionalist conception of gender role complementarity. Considering the wife's economic dependence on the husband to be acceptable. Later, feminist theory, by assuming that the socially accepted gender roles benefitted either the patriarchy or capitalism or both, helped to widen perspectives in analysing retirement (Arber and Ginn 1996). Feminist theory sustains that the cultural norm where the husband retires later than or at the same time as his wife is based on family ideology, on the relative economic power of the spouses: the fact that a woman continues working after her husband's retirement questions the man's power as the main breadwinner (Arber and Ginn 1996).

There is another theory that has contributed towards widening understanding about gender relationships, the affinity theory. The central idea of this theory is that insofar as the spouses' roles are similar, their behaviour will tend to be very similar. In this theory, roles are treated as a unit without taking into consideration those factors affecting who has the power in the retirement negotiation process. The emphasis of this theory lies in the analysis of family behaviour proceeding from the similarities or differences in husband's or wife's roles (Henretta and O´Rand 1983).

The theory of life events is a very interesting contribution towards retirement analysis. This theory, starting from its main assumptions, sustains that life events are related to temporal analysis and an accumulation of life events. The accumulation of events as well as inappropriate events will predictably have negative effects in the future, as could be the case of retirement or couples' retirement.

Events occurring in the bosom of the family, such as the death of a relation or the worsening of the health status of a relation or spouse could be a cause for early retirement or delay the retirement of one of the spouses. This will be seen in the next section on the empiric evidence of couples' retirement. An involuntary transition towards retirement, due to the worsening of health status, that would be accompanied by a significant decline in income could make it impossible to financially help out separated offspring or a widowed mother (Szinovacz, Ekerdt and Vinick 1992).

The life cycle theory has also made significant contributions. Researchers employing this perspective offer an insight to retirement as a process that occurs across time and not as a sole event (Moen 2003). The theory of people's life cycles assumes that people's past experiences and events affect attitudes, options, behaviour and transitions later on in life. Many studies have used this theoretical framework when explaining one of the most important transitions in people's lives; retirement.

This theory assumes that interdependence is part of people's lives. Retirement of one of the spouses could arise within the context that the other spouse is still employed or planning their retirement. Individuals retire, but retirement affects the rest of the family members and the latter affect the former as well (Smith and Moen 2004). As I will demonstrate in the section about empirical evidence on couples' retirement, there are research studies that have used the theoretical framework of life cycles and found that people's past experiences subsequently affect retirement and interdependence in couples' retirement.

According to Szinovacz (2006), to understand the relevance of links between family and retirement it is necessary to maintain a perspective of people's life cycles. This authoress highlights four key concepts about the interrelation between family and retirement: 1) interdependence of life spheres 2) linked lives 3) contextual embeddedness of life transitions 4) timing and sequencing of life transitions.

Although individuals assume different roles and take part in different spheres (family, work, leisure) it is the entire role set that structures and defines individuals' lives and influences their behaviours. Interdependence between work and family spheres carries over into retirement. Family considerations influence retirement decisions, and retirement transition processes affect family members' behaviours and well-being. (Szinovacz 2006)

With regard to linked lives, attitudes and behaviours are often influenced by others, especially by members of the family. Linked lives of family members also extends to retirement transition processes and experiences. Spouses can influence the timing of retirement and one family member's retirement affects the lives and well-being of other family members. Retirement benefit regulations can restrain family members' retirement

plans and, in doing so, have consequences for family members' post-retirement well-being (Szinovacz 2006).

Life transitions are contextually embedded, since the planning of and adjustment to retirement or retirement itself depends on the specific contexts under which the transition takes place. Retirement is often influenced by past labour history and job characteristics. Timing sequences of life transitions are segmented and determined by life spheres. It is not only important when specific life transitions occur but also how they develop and are sequenced in relation to other life experiences and transitions (Szinovacz 2006).

Labour trajectories with many interruptions or accompanied by long periods of unemployment in the past as well as the worsening health status of one of the spouses could have negative effects on the couple. This would lead to the early retirement of one of the partners and obliging the other to retire so as to take care of the other partner, as well as negatively influencing the couples' well-being due to a decline in total household income.

Different theories about family behaviour have been used in sociology as well as economics as theoretical frameworks to research couples' retirement. During the period in which men were seen as the family breadwinner and women as full-time housewives one of the most influential theories about families emerged: the economics theory of the family. It was developed between the seventies and eighties by North American economists, within an environment of increased women's participation in the labour market and feminist movement demands to achieve gender equality. The main concern of the advocates for the theory of the family was that changes in women's income level threatened the interdependence between sexes produced by changes in the family and at work, which could destabilize the family as institution (Blossfeld and Drobnic 2001).

The economics theory of the family is an approach that since its inception, has paid attention to the fact that the individual decision regarding the allocation of time and effort in remunerated work in the labour market and the non-remunerated work in the home, is not usually an isolated act. But can rather be best understood within the context of family (Blossfeld and Drobnic 2001).

The economics theory of family argues that normally wives depend on their husbands as breadwinners and husbands normally depend on their wives to take care of the home and rear children. This is because education and training have been invested in different ways at the beginning of the spouses' life cycle. Division of labour in the home is produced socially through inputs of time and resources towards certain kinds of investments made by one of the partners.

According to Becker (1981), the creator of contemporary family economics (Pollak 2003) the different roles carried out by each of the spouses end up complementing each other. In marriage, independent of whether it is more or less traditional, spouses tend to specialise, since that is the most efficient and productive strategy for the family as a unit (Becker 1981). That insight of the couple, acting as a sole unit, with a single functional utility in decision-making, has recently been incorporated into couples' retirement research studies from the field of economics.

There are several ways to research and model couples' retirement from economics. Depending on the theoretical framework used, couples' retirement will be researched as if it were a single agent, called utility function of the household, functional utility model or joint utility function. If it is assumed that the most important thing is intrahousehold bargaining power, collective, co-operative or non-co-operative models will be used.

Joint utility models or "unitary" models assume that the family acts to maximize a single functional utility including the preferences of all its members, being conditioned by shared budgetary (economic) limitations. In this model, resources shared by spouses imply that the opportunities generated from joint income should affect the retirement of both (Lundberg 1999). The joint (or co-ordinated) retirement model also allows us to take into consideration the husband and wife's consumer interdependence across household goods and the spouses' complementarity with regards to time and leisure.

Other economics models that attempt to analyse retirement are collective models, amongst which are co-operative and non-cooperative models. The household bargaining power models go beyond rational family behaviour when modifying some restrictive assumptions of the unitary models, such as grouping individual economic resources and the irrelevance of extramarital conditions for marital outcomes.

Many variations of these models sustain that whoever controls the resources within or without the marriage, can influence the distribution of the resources within the household. For couples approaching retirement, bargaining power will be influenced by the individual control of salary (Friedberg and Webb 2006) at retirement, as well as control of the pension (Lundberg 1999).

Wives who have achieved longer labour trajectories and consequently are entitled to a pension, in principle should have a better bargaining position within the household than those women who have remained solely in the home. In any case, the fact that women participate in the labour market is in itself the result of the bargaining power process.

When the husband is the one receiving the greater amount of income, it is possible that the spouses are not in agreement as when to retire. Retirement increases the husband's leisure time but not that of the wife. Perhaps it is for that reason that the wife is more interested in working for a longer period of time and in this way will accumulate greater rights over her retirement, since women's retirement is normally longer than that of men (Lundberg 1999).

From the economics point of view, different theories are used to explain couples' retirement behaviour: theories about added work and assortative mating, both being complementary. The theory on added work describes behaviour in which labour supply is increased when the spouse's income declines or disappears. The theory on assortative mating describes behaviour in which the spouses share the same preferences, or to say it another way, where the labour supply of both spouses is positively correlated. If men marry women with similar leisure preferences retirement will be joint if each of the spouses maximises his/her utility (Zweimüller, Winter-Ebmer and Falkinger 1996)

From an economics point of view, one of the most relevant theories on the phenomenon of joint retirement sustains that couples wish to retire together to share leisure. Economists usually model retirement assuming that couples' retirement decisions depend on leisure optimisation, as against greater income if they remain longer in the labour market.

After analysing and presenting the theories that have influenced couples' retirement studies and before analysing the empiric evidence on couples' retirement (on the explanatory variables of couples' retirement) it is relevant to review how these theories present conjectures or hypotheses with respect to the transition process that would lead to couples' retirement.

Simplifying matters a little, the possible transitions towards couples' retirement are very similar to how the process is usually modelled. Analysing the four possible transitions: 1) both working 2) joint retirement 3) woman retired and man working 4) man retired and woman working. These studies invariably use individual micro panel data and the sample usually covers people between 50 and 65 years of age. Starting with the different patterns it is possible to analyse the interrelation between husband's and wife's labour participation.

3.4 Joint retirement

Also known as synchronised or co-ordinated retirement. Both spouses retire at the same time, usually studied when the maximum time difference between their retirements is between one and two years.

This couples' retirement pattern is an alternative to separate retirement. From functional theory one could argue that there would be an asymmetry of the constraints (explanatory variables) in couples' retirement patterns. Asymmetry is understood as the labour or individual characteristics of one of the spouses conditioning the couples' retirement while the others' characteristics would have no influence on it. With the emphasis on the labour participation of the wife as a response to the husband's, functional theory is consistent with the view that it is the husband's characteristics that will really end up influencing the couples' retirement decision-making.

Controlled by the (personal and labour) characteristics of the husband, the wife's characteristics will have no influence on the couples' retirement decision-making (Henretta and O´Rand 1983). From functional theory it would be assumed that as the wife is integrated secondarily in the labour market and always dependent on the husband's labour status, she will end up retiring together with her husband and in this

way comply with the function of satisfying and adapting to her husband's retirement. In short, joint retirement satisfies the expectations of the man as traditional and main breadwinner (Szinovacz 2006).

From the exchange or affinity theory, where greater symmetry is accepted in couples' retirement decision-making than in functional theory, joint retirement is also possible. The difference would lie in the causal mechanism giving rise to joint retirement. From the exchange and affinity theories the personal and labour characteristics of both spouses could influence couples' joint retirement.

In the case of exchange theory this symmetry would be related to the wife's power within the marriage, as a consequence of her participation in the labour market. A woman with a long labour trajectory, without interruptions, could retire together with her husband since she will have contributed for the minimum necessary years so as to be entitled to a pension. While a woman who had not contributed sufficiently would be obliged to work longer to reach the minimum number of years necessary to receive a pension.

From the theory of affinity (or relations) joint retirement could be related to the existence of similar roles and characteristics on reaching retirement, such as age and education (Szinovacz 2006), presenting similar health statuses (Henretta & O´Rand 1983) or by having shared a family business (Zweimüller, Winter-Ebmer and Falkinger 1996) or economic restraints (Gustman and Steiner 2002). As the spouses' roles and characteristics are similar their behaviour will end up being similar, retiring together.

From a feminist theory point of view, it would be assumed that joint retirement would be based on family ideology, that is to say, the relative economic power of the spouses: the fact that a woman continues to work after her husband has retired questions the category of the latter as the main breadwinner (Arber & Ginn 1996). A non-standard retirement, such as, for example, a wife continuing to work while her husband is retired could provoke a role change in regard to domestic chores.

Retired husbands whose wives continue working could feel obliged to do tasks that, in general, are done by women. That is probably why husbands do not readily accept the change in patriarchy gender roles and this provokes opposition. Starting from this

inequality within the bosom of the couple it would be understood from feminist theory that retirement would, therefore, be joint retirement. Joint retirement is accompanied by a decline in both spouses' resources and consequently in both the continuity of marital power structures as well as the husband's authority (Szinovacz and Davey 2005).

From economics, the theory of assortative mating would assume that joint retirement would be normal especially in those couples that have similar leisure preferences, if each spouse maximises their utility. Couples would also retire jointly if they shared assets such as housing or life insurance (Zweimüller, Winter-Ebmer and Falkinger 1996)

3.5 Retired woman and man working

A wife retiring before her husband reinforces the greater authority and power of the husband. If a husband already dominated marital decision-making before retirement, it is foreseeable that this will increase even more after the wife's retirement (Szinovacz and Davey 2005). If wives retire first, their husbands, who are still working, will benefit from their wives carrying out domestic tasks, thereby reproducing traditional work segregation (Moen 2003). Both functional theory and, to a lesser degree, feminist theory would have explanatory capacity when analysing couples' retirement.

If I commented previously that from the theory of affinity joint retirement would come about as a consequence of similar roles and characteristics (labour, family, age, health, sharing a family business) when there are significant differences in these characteristics, wives could retire before their husbands. For example, a wife with a vastly different labour trajectory than her husband, being shorter and with many interruptions, could retire earlier, because she has not contributed sufficiently to receive a pension and has little possibility of fulfilling minimum requirements.

3.6 Retired man and woman working

A woman retiring after her husband has retired could occur within the different analysed theories and in some cases even conflicting ones. From functionalist or feminist theories, a wife retiring after her husband could be especially problematical. Not only does it contradict the husband's social ideology as the family breadwinner but also

means a change in who handles the resources (Szinovacz and Davey 2005). In any case, assuming the theoretical basis of functional or feminist theories, involuntary cases of the husband's early retirement could occur as a consequence of health problems, that forced the wife to stay longer in the labour market as a consequence of diminished household resources.

From the theories of affinity, resources or exchange there may be a greater symmetry of characteristics that could influence couples' retirement with regard to the previous theories. It could be possible that the husband were retired while his wife was still working. In egalitarian focussed couples (where both spouses take decisions) a decline in the husband's authority, as a consequence of his retirement or changes in the relative recourses associated with retirement of either spouse would have little effect. Power is more likely to be determined by gender ideology, as a consequence of the relative power of the spouses, in resources as well as in authority (Szinovacz and Davey 2005).

3.7 Couples' retirement evidence

Retirement decisions are much more complex for couples than for single people or those who live alone. Since couples tend to be interested in sharing their leisure time, they try to retire together. But differences at the retirement decision-making time or in the past, with regard to personal, family and labour trajectories can modify the decision to retire together.

Sociologists, and female sociologists in particular, when researching couples' retirement pay special attention to the subordinate position of women with respect to men. The kind of jobs in which women are employed, in less skilled positions, with diminished remuneration and very often as part-time workers, affects the transition towards retirement. Due to family obligations, women usually have shorter and more discontinuous labour cycles than men, and perceive the last phase of their labour trajectory differently from their spouses (Bernard, Itzin, Phillipson and Skucha 1996).

When the husband wants to retire his wife has probably not accumulated sufficient rights to be entitled to a reasonably acceptable pension. That is because husbands are normally older than their spouses. If women are forced to retire because of their

husband's early retirement, their future pensions will be reduced as a consequence of a reduction in years of contributions made and penalties for retiring early (Arber and Ginn 1996).

In the majority of patriarchal societies men usually marry younger women, a tradition related to the reproduction of power within the household. European men are usually more than two years older than their spouses so if both spouses retire at the same age, husbands will retire before their wives, apparently going against gender roles. As a consequence of these age differences if each spouse retires at the age at which they are entitled to receive a pension the wife will retire two or three years before her husband (Arber and Ginn 1996). Assuming that couples are interested in retiring together if the man is much older than his wife then both will either delay their retirement or the wife will retire early (Szinovacz 2002).

As has been previously discussed, the possible transitions towards couples' retirement are joint retirement (both spouses synchronize their retirement), separate retirement (one of the spouses remains in the labour market) or both work.

3.8 Joint retirement evidence

Literature on retirement shows that retirement decisions are taken within a family context and that a significant number of couples are either interested in retiring together (although they don't for diverse reasons) or retire together.

All studies show that those couples who maintain satisfactory relations are interested in retiring together (Clarck et al. 1980; Blau 1998; Drobnic 2002, Henretta, O´Rand and Chan 1993, O´Rand and Farkas 2002). But these expectations do not end up materialising. About half of the couples in Canada want to retire together although only a third manage to do so (MacDonald 2006), 45% in the U.S.A. (Gustman and Steinmeier 2004) and in this current study, 37% in the Christian Democratic tradition, 46% in the Social Democratic tradition and 36% in the Southern European tradition.

Other studies give evidence about joint retirement in different countries: Italy (Spataro 2003), Holland (Mastrogiacomo, Alessie and Lindeboom 2004), Austria (Zweimüller, Winter-Ebmer and Falkinger 1996), the United States (Clarck et al. 1980; Henretta &

O´Rand 1983; O´Rand, Henretta and Krecker 1992; Henretta, O´Rand and Chan 1993; O´Rand and Farkas 2002; Blau 1998; An, Christensen and Gupta 1999; Gustman and Steinmer 2004), Denmark (An, Christensen and Gupta 2004), Great Britain (Arber and Ginn 1996) and Germany (Blau and Riphahn 1998).

From a bibliographical review of thirteen articles, mostly from economics, it was concluded that women are less inclined to continue working when their husbands have retired and men are less interested in working if their wives have retired (Weaver 1994).

From economics, evidence shows that joint retirement is related to the couples' desire to share leisure time. Economists usually model retirement assuming that individuals make a rational calculation between retiring now and spending more leisure time with their partner, as against staying longer in the labour market and receiving greater income in the future. The economist, Hurd, demonstrated that individuals perceive their own leisure time as well as their partner's as complementary (Hurd 1988) in the same line as other later research (Johnson and Favreault 2001).

Gustman and Steinmeier pointed out that retirement co-ordination is due to preferences and not to eminently economic variables (Gustman and Steinmeier 2000). Although the wife's retirement decision is not overly related to her husband's retirement, the latter's retirement decision is. These authors suggest that this outcome could stem from strategic behaviour on behalf of the husband, who would be reluctant to assume alone the responsibilities of the home (Gustman and Steinmeier 2000).

With regard to the economic incentives laid out in Hurd's research (1988), the models suggest that only a part of joint retirement can be explained as stemming from economic incentives. Gustman and Steinmeier (2000) make similar conclusions in the same direction: economic incentives cannot be related to the joint retirement pattern.

On the other hand, apart from leisure, other variables such as family or spouse's health influence couples' retirement. With respect to family variables, from a life cycle perspective, when a woman continues working directly after having a child her retirement is advanced, especially in the case of her husband's retirement (Henretta, O´Rand and Chan 1993). One of the most cited research studies appearing in literature on retirement demonstrates the existence of symmetries between spouses when

explaining retirement: the lower a man's salary is, the greater the probabilities are that the wife will continue working and the lower the woman's salary is, the longer the man will remain in the labour market (Henretta and O´Rand 1983).

Health status is one of the variables that most affects individual's advanced retirement. In literature on couples' retirement the worsening of one of the spouses' health can entail symmetrical or asymmetrical retirement decisions with respect to the other spouse. If one of the spouses is forced to retire early due to health problems the other will remain longer in the labour market to compensate for the reduction in income, because doing the contrary would reduce total household income.

Or if the spouse receives a disability benefit this could enable the other spouse to stay at home to take care of him/her (Deschryvere 2005). A study on couples' retirement, conducted in the U.S.A., shows asymmetric behaviour related to worsening health status. Men stay longer in the labour market when their wives' health status worsens, while women tend to retire when their husband's health deteriorates (An, Christensen and Gupta 2004).

Lastly, there is an important debate among economists to try to verify whether joint retirement is conditioned by the added work of one of the spouses or as a consequence of leisure complementarity between spouses. The added worker effect assumes that income obtained by his/her partner will end up affecting the utility expectations of this individual. For example, one of the spouses would be interested in continuing working instead of retiring when the couples' income is diminished, as a consequence of unexpected early retirement due worsening of health. Or an individual could decide to retire early when their partner's income increases (Schills 2005). With respect to leisure complementarity, time shared jointly is preferable to individually spent time, favouring joint retirement (An, Christensen and Gupta 2004; Blau 1998).

Although the complexity of couples' retirement decisions increases inasmuch as the interest for retiring together is correlated (even introducing economic control variables) with assortative mating. Couples tend to pair up when they share similar attitudes or preferences (Schils 2005). Although the debate is still on between researchers who base their assumptions on added work of one of the spouses against those who fall in with

assortative mating, studies show that couples opt for joint retirement, provided there are no adverse situations. Such as a significant age difference between spouses, health problems, economic circumstances or family obligations (Szinovacz 2002).

3.9 Conclusions and policy implications

Studying individual retirement is very complex, but trying to analyse couples' retirement is even more so. If it is difficult to explain any individual social phenomenon using only one theory it is more difficult to explain couples' retirement using several theories. In any case, it would seem that the debate about trying to explain which are the reasons explaining joint retirement will carry on into the future. But bearing in mind that the reforms being implemented are trying to increase retirement ages and that couples are interested in retiring together it may be more relevant to analyse how joint retirement has an influence on retirement ages. This topic will be studied in-depth in the last chapter.

There are many studies from sociology and economics that analyse couples' retirement but few research studies have analysed this phenomenon from a comparative perspective. This is another of the aims of the last chapter. One of the advantages of comparative studies is that it allows us to envision those successful public policies that some countries implement with respect to others. It also eases the understanding of the influence of particular policies on couples' retirement ages.

To increase older people's labour participation it is necessary to recognise that couples are greatly interested in retiring together and from there on implement those policies that make couples' synchronised retirement a possibility. Currently, women's retirement and the intention or co-ordination of couples' retirement is very frequent, but business and governmental practices or policies have not adapted to the realities of a changing labour market.

The fact that policies remain practically unchanged since and anchored in the second half of the XX century instead of in the new social reality of the XXI century is producing structural delays that are affecting the social organisation of people's life cycles (Moen 2003).

Finally, after verifying the importance of considering retirement from a couples' environment perspective, it can be asserted that any reform to the pension systems that affects one of the spouses will condition the other spouse's behaviour.

CHAPTER 4

MACRO EUROPEAN CONTEXT OF COUPLES' RETIREMENT: DIVERSITY OR UNITY OF THE WELFARE STATE TRADITIONS?

4.1 Introduction

In the previous chapter we verified that in all countries where couples' retirement has been studied there is sufficient evidence to be able to confirm a real interest in couples retiring together, although this occurs to a lesser degree than couples would like. Before analysing, in the last chapter, couples' retirement decision-making and retirement ages from a micro perspective it would be advisable to analyse institutional contexts that condition retirement ages from a macro approach.

Research studies on retirement tend to analyse this process from a micro individual decision perspective or analysing countries' macroeconomic situations, putting emphasis on economic variables such as the business environment of countries and different labour market institution exits (early retirement, disability or long term unemployment). Few studies connect both of them (Kohli and Rein 1991). This chapter tries to link both the micro and macro analyses of retirement.

One of the most important premises of this study is that couples' retirement decisions in the micro (individual) environment is a complex process that occurs in different ways depending on the institutional context of the analysed countries. As we shall see below, four institutions condition couples' retirement: The Welfare State Regime, the Gender Regime, the Labour Market Regime and the Retirement Regime. It is important to differentiate the concept of regime with respect to tradition. In this chapter I define countries' institutional diversity based on the concept of the Welfare State Tradition which includes different regimes (gender, labour, retirement and welfare state) and ends up conditioning retirement at micro and macro levels.

This chapter is sequentially structured around the objectives pursued:

1) Present the first theoretical comparative model on couples' retirement decisions in Europe.

2) Analyse if there are similarities or differences between countries with respect to each of the four regimes (Welfare State, gender, labour market and retirement) that condition retirement in each of the three Welfare traditions (Social Democratic, Christian Democratic, Southern European) of this current study.

To explore the existing relationships between the 4 regimes and retirement in the seven EU countries analysed in this study: Belgium and Germany (Christian Democratic tradition), Sweden and Denmark (Social Democratic tradition) Italy, Greece and Spain (Southern European tradition).

3) To justify the grouping of countries by Welfare State traditions of the last micro chapter based on the results of a created index that considers the four regimes.

4.2 Couples' retirement model in Europe

Analysing couples' retirement in one country is very complex, but it is even more so when studying it in different countries, knowing how to comparatively interpret the causes that produce variations. To be able to research these kinds of processes it is necessary to make use of instruments that allow us to compare institutions. Comparative studies normally use typologies to understand institutional variations. Typologies are instruments that permit the conceptualisation of general frameworks of institutional characteristics of several societies, in comparative studies. They also offer a theoretical approach to facilitate the interpretation of a great deal of information and similar or different results found in comparative studies of different countries across time (Drobnic and Blossfeld 2001; Ebbinghaus 2006).

In this chapter we will use typologies pursuing two objectives: 1) Theorise by building the first model on couples' retirement decisions, taking into consideration the seven countries analysed in this research study 2) Analyse the institutional context that influences couples' retirement ages in Europe. Bearing in mind certain variables that end up conditioning retirement ages and trying to explain the reasons for these similarities or differences between countries. Using these typologies inductively and deductively to research in-depth a process as complex as couples' retirement decisions.

Different studies have shown that older peoples' participation in the labour market is associated with differences and similarities within the institutional context of Welfare States such as labour markets, gender relationships and legislative structures (Kim 2011). According to Figure 1 of the following model, the Welfare State Regime

interacts in the configuration of a certain Labour Market Regime through a whole series of policies.

For example, a state may implement active employment policies, maximising its labour force as in Social Democratic tradition countries. If this commitment does not exist or there is an inability to absorb significant surplus labour it could make this population dependent on passive policies (such as unemployment) as in Southern European or Christian Democratic tradition countries.

These latter countries, as we shall see below, have the most generous early retirement plans. The Welfare State can also create quality public employment (health, education, dependency aid, nursery schools) facilitating women's integration in the labour market, conditioning Gender Regimes. Welfare States clearly influence Gender Regimes since by way of certain fiscal, family aid and social policies it is possible to contribute towards reproducing gender inequalities (Christian Democratic and Southern European traditions) or rather by reversing this tendency (Social Democratic tradition).

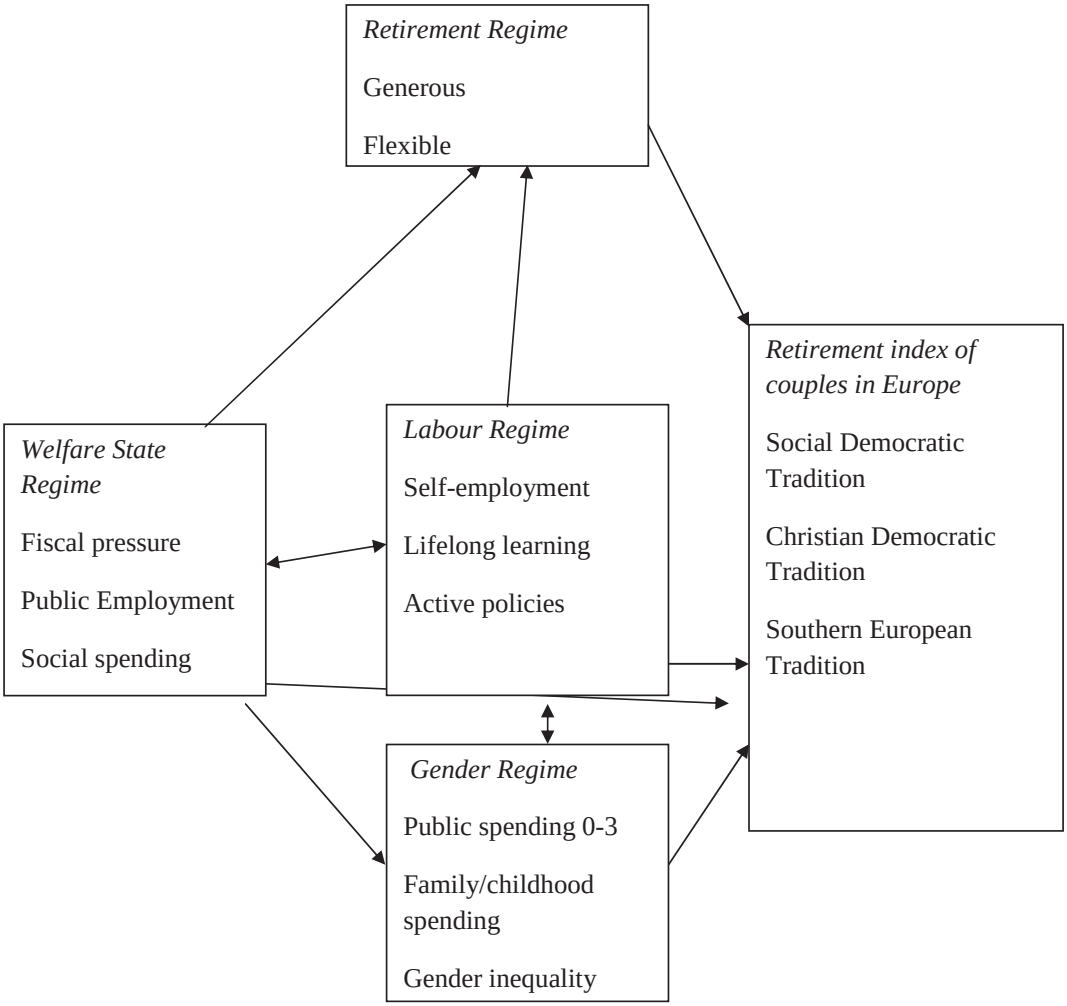
The interaction between Gender Regimes and Labour Market Regimes will condition to a great extent that a significant number of women have higher or lower salaries and greater or lesser subordinated labour contracts with respect to their husbands. Gender relationships within the household also condition couples' retirement decision-making, as we shall see later on. A woman who is less integrated in the labour market and receiving a low salary will have less bargaining power in retirement decision-making than another woman who is much more integrated and receiving a higher salary.

4.3 Welfare State Regime

According to the **Figure 1** model, couples' retirement decision-making will be affected by different regimes, especially the Welfare State Regime. The institutional architecture of this regime will condition the rest of the regimes. The historical legacy, values, social norms and the correlation of forces within a country, together with the historic development of Welfare States, will make the configuration of Gender Regimes, Labour Market Regimes and Retirement Regimes possible in each of the 7 countries analysed in this research study.

In this study, when referring to the Welfare State regime, unlike the Welfare State tradition (that includes the four regimes) I use the most cited, influential and applied theory to analyse and understand the diversity of observable institutions in different countries: Esping-Anderson's typology of the Welfare State (1990).

Figure 1



This author bases his work "The Three Worlds of Welfare Capitalism" on the basis that the main characteristic of social welfare lies in the "decommodification" of labour. That is to say, to what extent individuals are emancipated from market dependency so as to be able to satisfy their ordinary and extraordinary needs. From this concept,

decommodification levels are operationalised by grouping eighteen countries in three indexes. The outcome of all this is that three clearly differentiated typologies of the Welfare State are obtained.

Within the Liberal Regime, it is necessary to demonstrate proof of need to obtain certain rights, as social rights are less developed outside the labour market. In these countries life conditions are closely related to the stratification generated by market forces (Voguel 2000). Countries forming part: United States, Canada and United Kingdom. The Conservative (or corporate) Regime is based on corporatism and Catholic social policy. Social rights are obtained based on work performance, within a public-private framework. The male head of household model is reinforced as a result of the self-same tax system and social rights. Countries forming part: Austria, Italy, France and Germany.

The Social Democratic Regime is based on the universality of social rights and depends on citizenship. High levels of social transfers as well as a more extensive Welfare State public service network, with high taxes and historically economic efficiency and greater social welfare with respect to the countries cited beforehand (Recuenco 2010a). Here it is the individual for whom all policies are intended and directed at, instead of families as occurs in the Conservative Regime. The following countries form part of this tradition: Denmark, Norway and Sweden.

From this typology the author poses two hypotheses: 1) Countries with a great historical legacy of Catholic or conservative reformism will very possibly develop social policies with an acceptable degree of decommodification. In any case, this occurs within a context of social control, conditioned by great integration in the labour market or with significant family obligations, where women play a predominant role. We find, after 1950, the greatest decommodification in conservative countries like Austria, Belgium and Holland, very possibly due to the significant power of Social Democratic labour movements. 2) Countries with historical liberal legacies can bifurcate depending on the political power structure, that is to say, from greatly decommodified to slightly decommodified (Esping-Andersen 1990).

This study, being conditioned by the SHARE data used, will not include liberal countries at present. But incorporates another regime habitually used in comparative studies. Other authors (Navarro 2006; Blossfeld 2001; Voguel 2001) have incorporated a fourth regime in the Welfare State Regime named Southern Europe, Ex-Dictatorial (Navarro 2006) or Rudimentary.

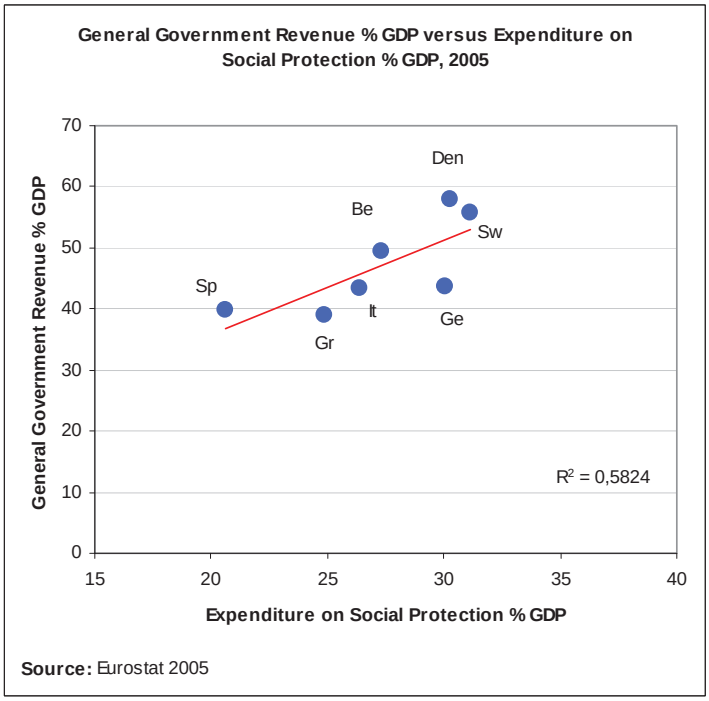
The following countries will form part of this typology: Spain, Italy and Greece. These are countries with much weaker labour and trade union movements than those of Christian Democratic countries and especially so with regard to Social Democratic Regimes. They also present much less developed Welfare States than Christian Democratic or Social Democratic countries, high informal economy together with very low salaries and pensions. Families cover many of the needs satisfied by the state in Social Democratic Regimes. Fiscal pressure in the countries belonging to the Southern European Regime is very low, below average in the EU-15 and consequently social spending is much reduced to finance the Welfare State.

Figure 2 shows that there is a positive statistical correlation between fiscal pressure with respect to GDP and social spending regarding GDP. To a great extent countries are positioned according to these variables, forming Welfare State families. In Spain, Greece and Italy (Southern Europe) fiscal pressure is lowest and so is social spending, while in Christian Democratic tradition countries (Belgium and Germany) fiscal pressure together with social spending is higher than in the aforementioned countries. Northern European or Social Democratic tradition countries stand out with respect to other countries because of their greater fiscal pressure and social spending.

Later on we will demonstrate that part of social spending is invested in family support policies and nursery schools, facilitating the work-life balance of Northern European women. That is the main reason why Northern European women have very high rates of participation in the labour market, both in the age group of 15 to 64 years old as well as in the older people's group of 55 to 64 years old.

Different authors have theorised about the links between Welfare States and retirement and as how social policies have historically been used to manage surplus labour forces and reduce social conflicts arising from industrialisation (Esping-Andersen 1999).

Figure 2



Source: Eurostat 2005

Social Democratic Regime countries such as Sweden and Denmark have managed to maximise their labour force efficiently through active policies such as outplacement, retraining and family support policies instead of depending on income maintenance programmes (passive policies).

The outcome of all this is very reduced early retirement rates in comparative terms. This is surprising when bearing in mind the generosity of pensions in these countries, which somehow would question many of the assumptions about economic incentives analysed in Chapter 2 (Esping-Andersen 1999; Kohli and Rein 1991). As we pointed out in Chapter 2, the literature on economic incentives is the most predominant within the academic world and international institutions, influencing the majority of reforms that are being implemented in European pension systems and in many OECD countries.

Continental countries have managed high surplus labour forces differently. On the one hand in a context in which trade unions have been more or less strong, although to a lesser extent than in Social Democratic countries (where trade union density is one of the highest in OECD countries) and where both active labour market policies as well as

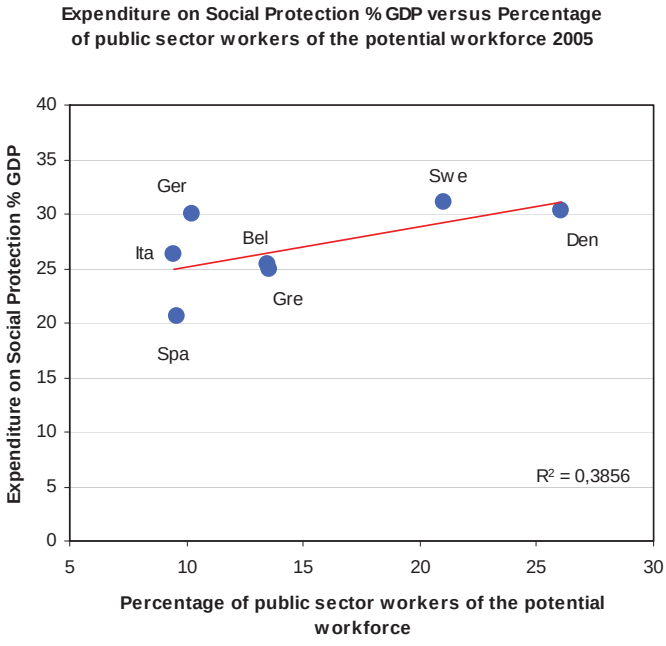
family support have been very poorly developed, as we shall see below, early retirement policy has become the primary means, if not the only one, to encourage labour restructuring (Esping-Andersen 1999).

In the Southern European regime we find a similar environment to that of the Continental one but including certain differences: even weaker trade unions, lower pensions, lower women's participation in the labour market than in Christian Democratic countries, very significant informal economy together with virtually non-existent active and family support policies.

Comparative research studies about employment growth in the services sector have shown the central position of Welfare States and how fiscal pressure encourages job creation in social services (Esping-Andersen 1990). Modern Welfare States are not only mechanisms for social provision but in many cases have become real mechanisms in creating jobs (Esping-Andersen 1990; Pierson 2006). They maintain labour demand by employing citizens in health, education and social protection. They encourage women's work-life balance (especially within the Social Democratic Tradition) by means of family support policies although to different degrees depending on the Welfare State, as we shall see in the section on Gender Regimes. The expansion of the Welfare State has clearly been a decisive factor in the increase in women's participation in the labour market (Pierson 2006).

Figure 3 shows that there is a positive statistical correlation between social spending with respect to GDP and the number of workers employed in public sectors (with respect to potential workforce). Again countries are positioned according to these two variables and form Welfare State families. In Southern Europe, except for Greece with an oversized army employing 156,000 people out of a population of 11 million, the number of workers employed in the public sector is much reduced. While in Christian Democratic tradition countries (Belgium and Germany) this increases slightly with respect to the aforementioned countries and in Social Democratic tradition countries (Sweden and Denmark) this increases dramatically.

Figure 3



Source: Eurostat 2005. Navarro and Tur 2009
Note: Data for Belgium 2000.

The fact that these last countries mentioned have a great number of public employees does not only encourage women's participation in the labour market but also makes possible the creation of quality jobs. If salaries are higher then social security contributions will be greater, increasing income to the pension systems and improving long term viability.

4.4 Gender Regime

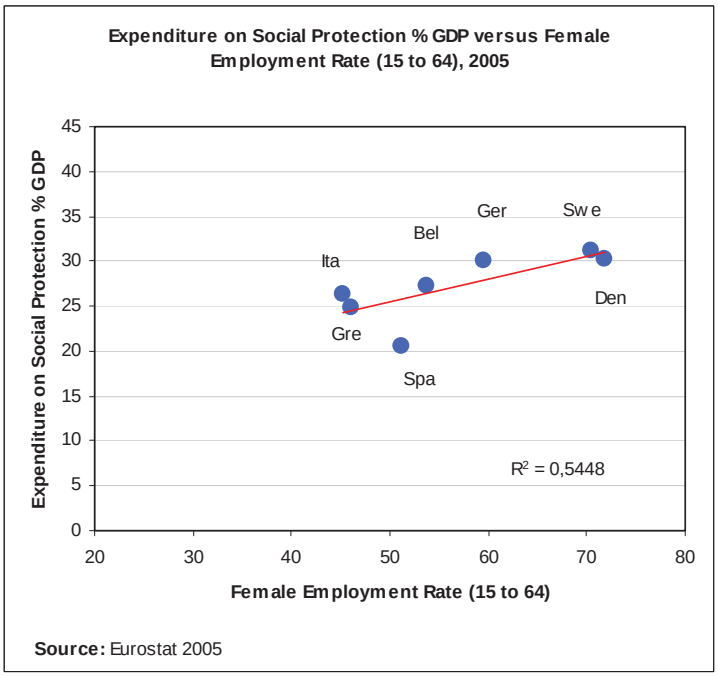
As we shall see later on, couples' retirement decision-making is influenced by the kind of gender relationships within the household. Men and women respond differently to labour contexts, which at the same time are linked to the different transitions to retirement, according to the Welfare State tradition. Given that women have greater probabilities of combining work and informal activities (housework and caring for children and elderly dependents) the increase in women's participation in the labour

market makes the transition towards retirement more difficult to explain theoretically and empirically (Kim 2011).

Gender and family relationships are significant dimensions of the Welfare State. These relationships are conditioned by the kind of Welfare State. Among the most important contributions of feminist authors to the theory of the Welfare State, is the recognition that these regimes can be defined not only in terms of relations between the state and the market, but also by the dominant model of household gender relationships (Ginn, Steet and Arber 2001).

Figure 4 shows that there is a positive statistical correlation between social spending with respect to GDP and women participating in the labour market, of between 15 and 65 years old. Countries are positioned more clearly than in previous correlations and once again form Welfare State families. In Spain, Greece and Italy (Southern Europe) women's participation in the labour market is very small, in the Christian Democratic tradition countries (Belgium and Germany) this increases slightly, while in the Social Democratic tradition (Sweden and Denmark) it is very high.

Figure 4

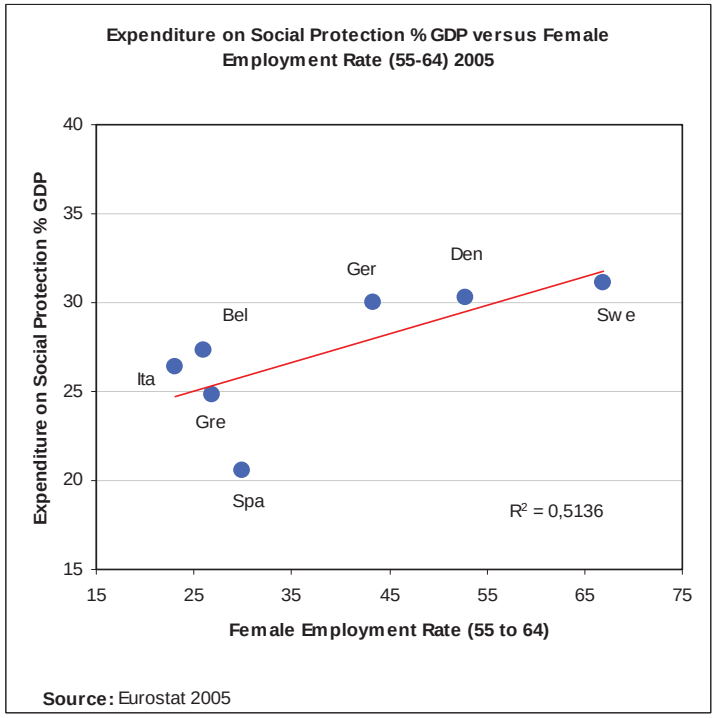


Source: Eurostat 2005

Welfare States vary (and evolve) to the extent that they favour women's autonomy, based on their greater or lesser economic dependence on men. For example, a woman within the Southern European tradition (Spain, Italy and Greece) with a very brief labour trajectory, with many interruptions and a much lower salary than her husband's will probably have less power in retirement decision-making, at the time when her husband wants to retire than a woman from the Social Democratic tradition (Sweden and Denmark). Since the latter have longer labour trajectories, with fewer interruptions and a salary not much lower than her husband's.

That is why it is relevant to analyse comparatively the context, of greater or lesser gender equality, in which the couples' retirement decision-making will take place. Feminist theorists have criticised Esping-Anderson's work "The Three Worlds of Welfare Capitalism" since this author had not incorporated in his study a very significant element of welfare structure; gender. Later on, this dimension has been very present in his work.

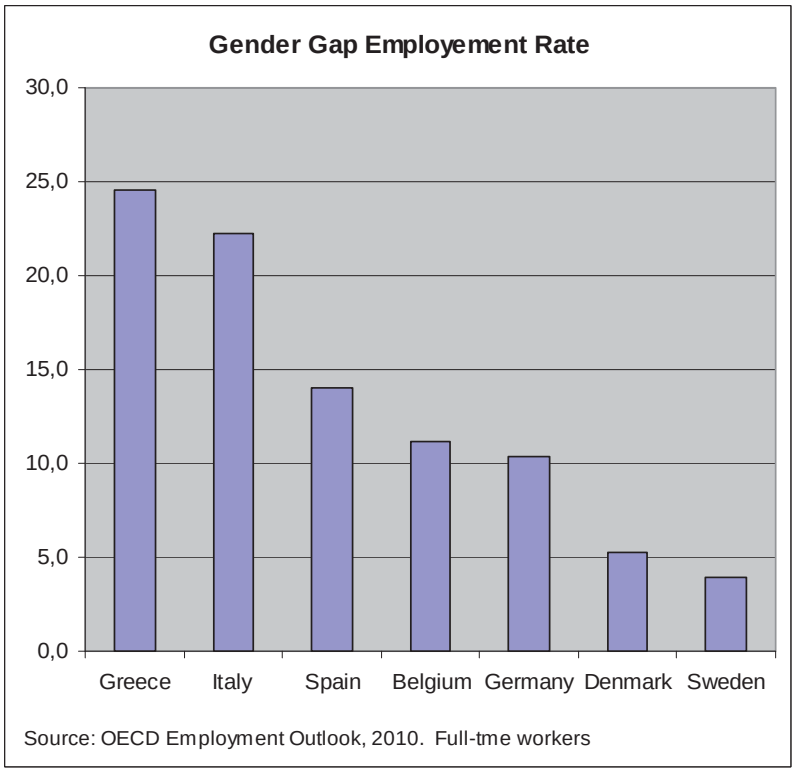
Figure 5



Source: Eurostat 2005

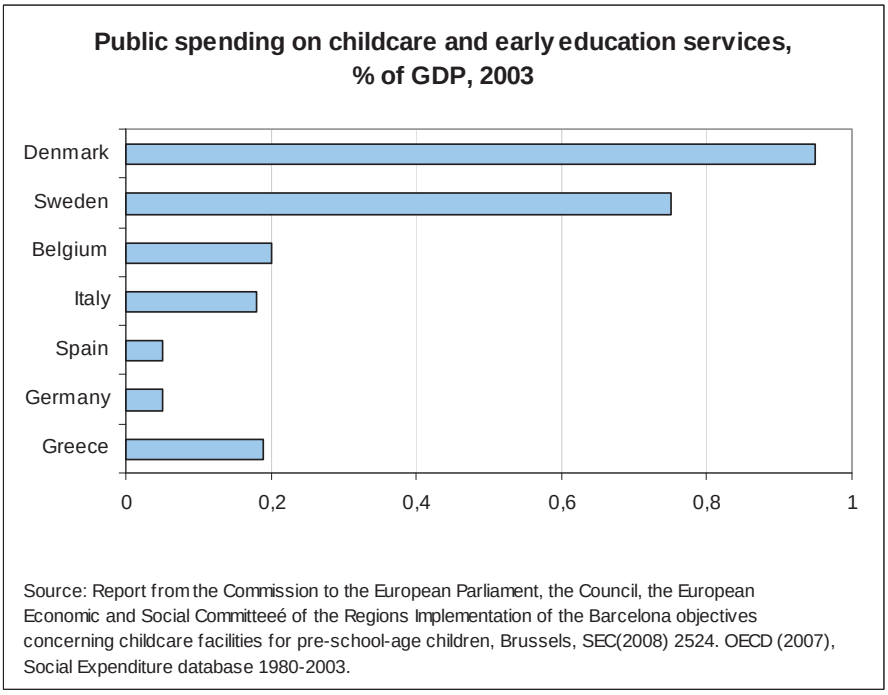
According to feminist theorists, theory on the Welfare State should incorporate non-remunerated work carried out by housewives, the same as remunerated work, since both dimensions generate welfare (Lewis 1992). What is very important for these authoresses is to be able to design typologies that permit the comparison of the role played by policies (fiscal and family support) in the configuration of gender equality or the reproduction of inequalities (Shaver and Bradshow 1995). I assume in this research study, the theoretical principle of the feminist authors that point out that policies applied in Welfare States end up reproducing gender inequalities or can come to reverse this tendency. Governments can allow gender inequalities to be established in the labour market, in families or can implement policies that guarantee rights (Korpi 2000).

Figure 6



There are two alternatives in this last case: give support to a family model with two contributors by encouraging women's participation in the labour market or by giving support to traditional family models, assuming a certain inequality within the bosom of the family and labour market. We can therefore discern three gender regimes or typologies: family support in general, supporting the two contributors and market oriented policies (Korpi 2000).

Figure 7



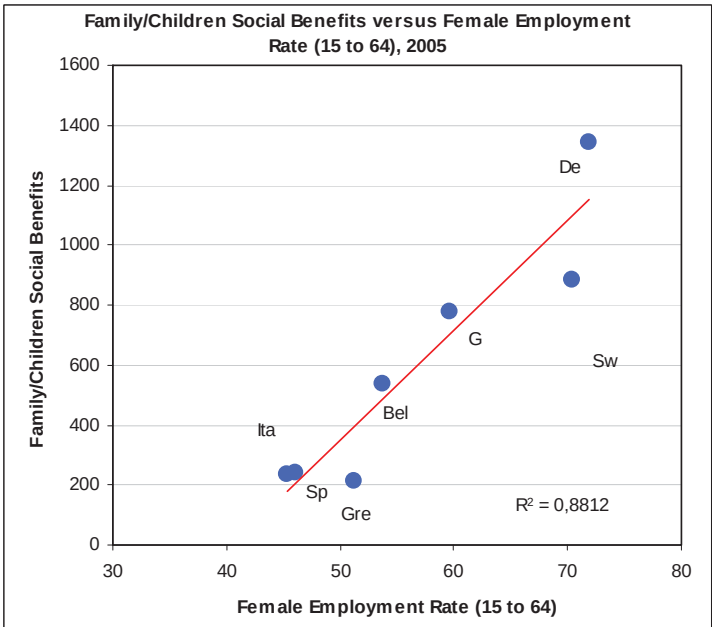
Source: Report from the Commission to the European Parliament, the Council, the European Economic and Social Committeeé of the Regions Implementation of the Barcelona objectives concerning childcare facilities for pre-school-age children, Brussels, SEC(2008) 2524. OECD (2007), Social Expenditure database 1980-2003.

Korpi's gender typology groups countries depending on the score obtained from four policies on the degree of support received by the two contributors. Childcare from 0 to 2 years old, maternity leave, paternity leave and aid for dependent persons. The three typologies of the Welfare State are clearly reflected. Sweden and Denmark are the countries that score highest, followed by several conservative countries such as France, Belgium, Germany, Italy, Holland and Austria and finally liberal countries such as the U.S.A. and the United Kingdom.

Lewis presents a similar typology, trying to demonstrate how in the 20th century, Welfare States have treated women differently as wives, mothers and labour market participants (Lewis 1992). His typology is based on differentiating the strong, modified or weak position of the man as family breadwinner. Ireland and Great Britain would form part of the strong position; France would be positioned in the modified position while in Sweden the man and would occupy the weak position as family breadwinner.

Different researchers argue that not only has public employment increased women's participation in the labour market but has also become an important source for creating quality job positions (O´Connor 1996). Employment in the Social Democratic tradition of the Welfare States has improved the strategic position of women in society (Gornick and Jacobs 1998). Women's high participation in the labour market is one of the criteria for assessing Welfare States. It allows, although does not guarantee, personal economic independence (O´Connor 1996). Individual autonomy is achieved depending on the quality of employment and the kind of services facilitating organisation and time management.

Figure 8

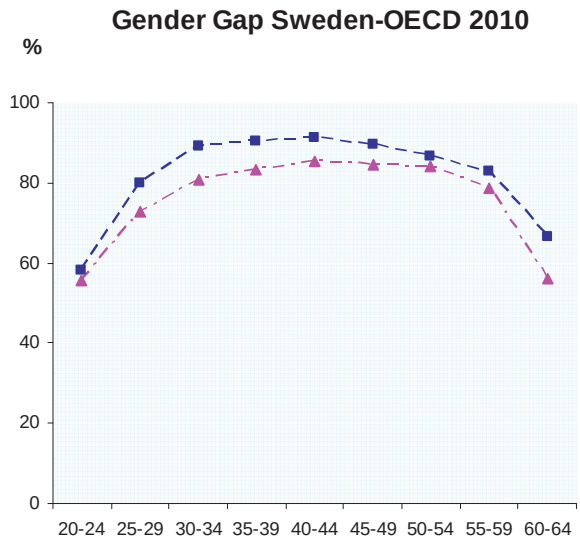


Source: Eurostat 2005. Family/Children Function 2005 Unit: Euro per inhabitant (at constant 2000 prices) Classification of benefits. 1) Cash benefits: Income maintenance benefit in the event of childbirth Birth grant, Parental leave Benefit, Family or child allow ance, Other cash benefits. 2) Benefits in kind: Child day care, Accommodation, Home help, Other benefits in kind

Below, I analyse how the different Welfare State regimes analysed in this research study have treated families, conditioning gender regimes, during the second half of the 20th century from Vicenç Navarro's typology (2006). This author uses the term Welfare State tradition instead of Welfare State Regime.

The Social Democratic tradition in Nordic countries has historically been the one that has supported family to the greatest extent. After the Second World War, the Social Democratic party, alone or through coalitions, has governed the longest time within the Social Democratic tradition, than in the rest of traditions; an average of forty-six years. Under an ethical principle of gender equality it has widely developed family support policies facilitating women's integration in the labour market, re-defining family responsibilities and modifying values, allowing a reduction in the cultural, social, economic and political discrimination of women (Navarro 2006).

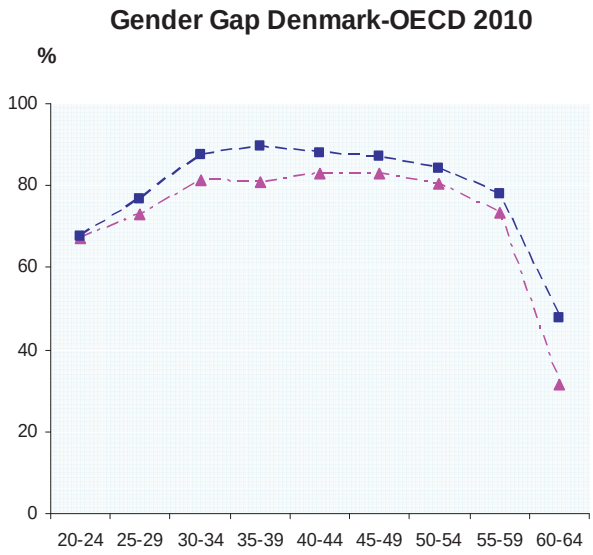
Figure 9



From this principle of gender equality and its consequence, political commitment, social democratic public policy of family support are the most developed and generous within the OECD. The most important being nursery schools for children of 0-3 years old, home support services for elderly dependents and assisted living facilities for seniors.

The Social Democratic tradition dramatically increases job opportunities (whether they are part or full time) and reduce women's economic dependence on their husbands. All citizens are entitled to social services upon payment and according to level of income.

Figure 10

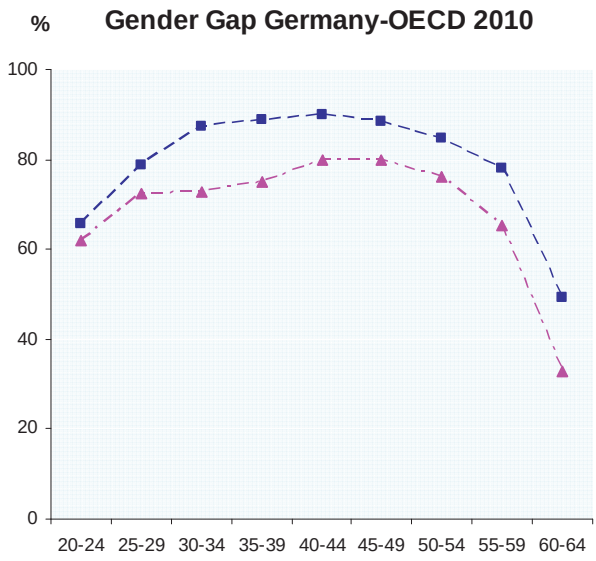


These policies facilitate the integration of women into the labour market, allowing them to satisfactorily combine labour and professional life (Navarro 2006). Therefore, the Social Democratic tradition countries have the highest employment levels in the EU-15, both in the 15-64 age groups as well as in the 55-64 older workers' population.

Unlike the Christian Democratic tradition countries, women are integrated into the labour market through an individual and progressive fiscal system that penalises the male breadwinner model. The Christian Democratic tradition is made up of Central European countries. Although there have been changes recently, it should be pointed out that the traditional view of family is that where the man works and the woman takes care of children, young people, elderly and dependents. The man's work provides security for the family and through his contributions finances his pension and his wife's

widow's pension when he dies. Due to these characteristics, the labour market is greatly focussed on men working, with insufficient family support policies so that the wives can combine their labour and family lives (Navarro 2006).

Figure 11



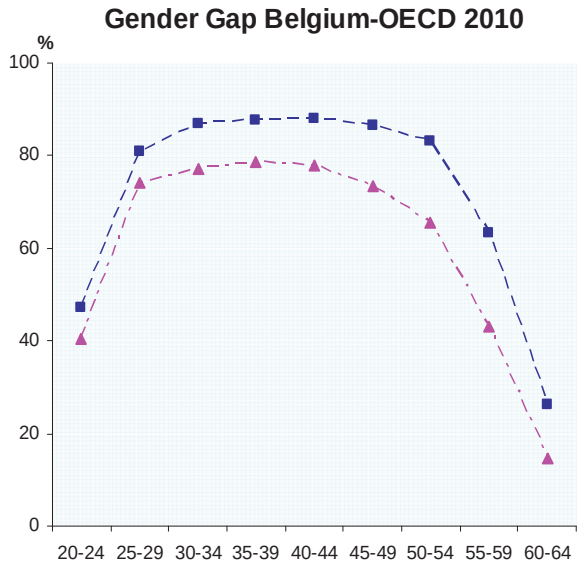
In Germany, for instance, the school day ends at midday, so that only part-time or morning employment is attractive to women, reproducing gender inequalities. At the same time couples working full time are penalised through income tax, which favours women working only part-time or not working at all (Blossfeld and Drobnic 2001). The consequence of all this is lower women's labour participation in Christian Democratic traditions with respect to their counterparts in the Social Democratic tradition, in the 15-64 and 55-64 year old age groups.

The Southern European tradition countries share the view of traditional family similar to that of the Christian Democratic Tradition countries, but with even more underdeveloped Welfare States and family support policies, similar to liberal tradition

countries where the market ends up providing family support services (Blossfeld and Drobnic 2001).

Moreover, the Southern European model stands out as a cohesive family model, in the sense that young people stay much longer at home (up until 30 years old in Spain), have very high unemployment rates and at the same time women's participation in the labour market is very low.

Figure 12



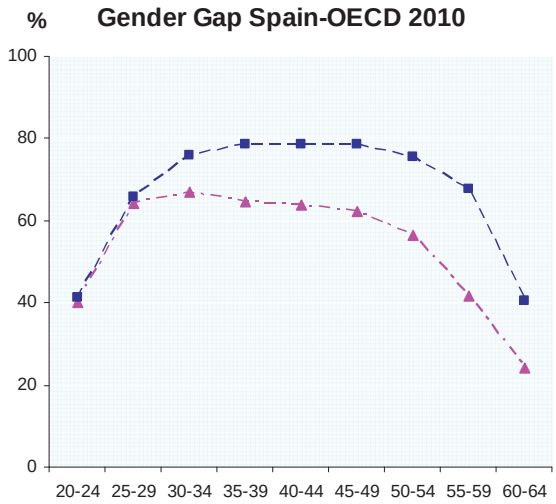
The consequence of all this is family overload, this being where the woman ends up taking care of relations and not participating in the labour market. Due to this traditional family model, it can be assumed, that women's employment decisions will depend greatly on the husband's position. Women's participation in the labour market, from 15 to 64 years old, is the lowest in the three traditions analysed in this research study and except in the case of Belgium, also in the older women's 55-64 years old age group.

Expanding 0-3 year olds' nursery school coverage is one of the best investments that a state can effectuate to make its pension systems more viable (modifying gender regimes) as a consequence of its economic returns. This family support policy has

direct impact on both two quotients (generosity=pension mean/GDP worker; dependence=number of pensioners/contributors) that influence long term pension system viability.

In the short term, quality job positions are created in the public sector and many women with children, or who wish to have them, are not obliged to interrupt their labour trajectory for long periods of time. In the mid-term, an increase in investment in public nursery schools is associated with an increase in fertility, given that women can combine much better their labour life with their family one. In the long term, by improving the education of children at this very important stage of cognitive development, we are also increasing their skills and future human capital.

Figure 13

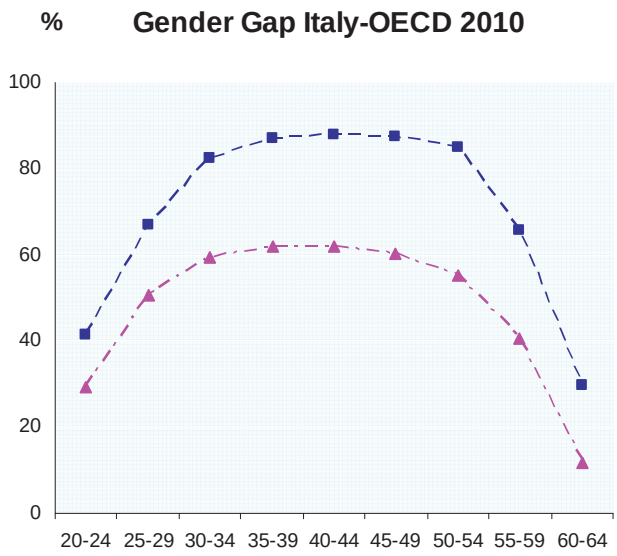


Thereby potentiating future productivity that will mean higher salaries in the future and consequently higher social security contributions, all this will have positive repercussions on the viability of pension systems (Recuenco and Callao 2011).

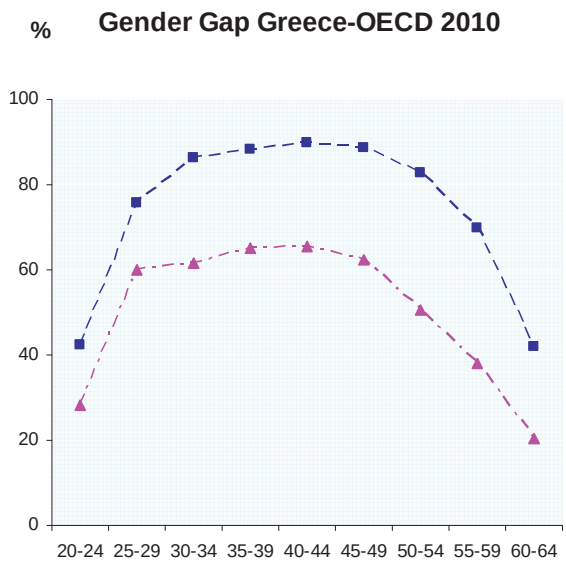
As is shown in **Figures 7** and **8**, investment in public nursery schools, 0 to 3 years old, as well as in policies to help families/children is much lower in Southern European countries and Christian Democratic regime countries than in Social Democratic ones.

Lower investment in these policies conditions gender regime, since it complicates women's combining work and family in Southern European and Christian Democratic traditions and limiting women's participation in the labour market. This difficulty encountered by women in the Southern European and Christian Democratic traditions bears even greater consequences on the viability of pension systems. Women within the Social Democratic tradition, being able to combine much better work and family, present much higher rates of fertility (1.93) than their counterparts in the Christian Democratic tradition (1.63) or the Southern European tradition (1.4) (OECD 2011).

Figure 14



Figue 15

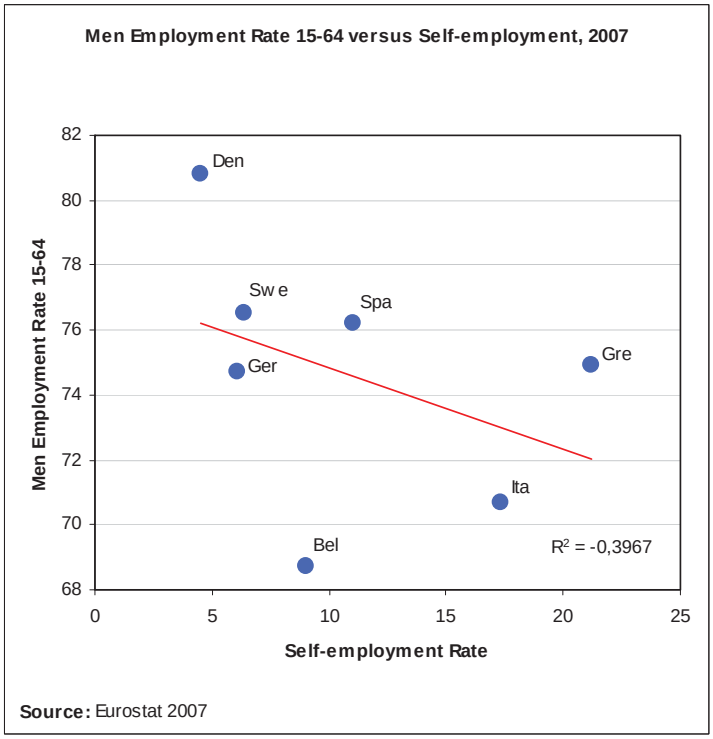


4.5 Labour Market Regime

In contrast to the neo-classical authors who maintain that labour markets are independent from political change, researchers who analyse Welfare States from a comparative perspective, point out that labour markets are configured directly and systematically by the kind of Welfare State regime (Kolberg and Esping-Andersen 1992).

Kolberg and Esping-Andersen (1992) developed a typology of three labour market regimes that coincide to a great extent with the Welfare State and Gender regimes analysed above and the Retirement regime that we will analyse below. They identify a Nordic model, with very low rates of early retirement, high levels of sick leave and high levels of employment in the public sector. The Continental model stands out for its high early retirement, moderate levels of sick leave and low rates of employment in the public sector. The Anglo-Saxon model presents low levels of early retirement and sick leave and high employment in the private social services sector.

Figure 16



Source: Eurostat 2007

The most recent studies try to analyse labour markets from the concepts of flexibility and security, currently called models of flexicurity or flexisecurity. The concept of flexibility would be related to a company's capacity to manage production changes. Security is related to being permanently employed. In industrial society, work security meant always being employed in the same job position while in the information society this would be related to defending a career.

That is to say, the emphasis is on active policies (continuous training and retraining) as against passive ones (unemployment benefit). The problem with this kind of labour model is that for it to be efficient, it is necessary to have great co-ordination between the implicated actors (trade unions, employers and government) and a considerable investment in active policies and maximisation of the labour market. The actors must be very dynamic, exploring new market niches so as to be able to re-incorporate workers who have lost their jobs, once they have been retrained. At the moment only the Social

Democratic countries have available the three aforementioned characteristics and the necessary institutional architecture.

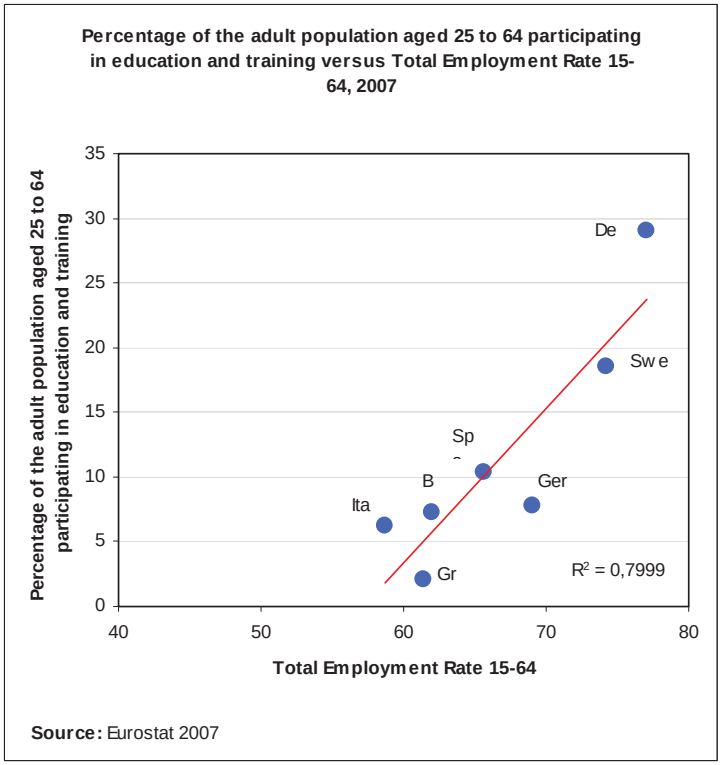
The Social Democratic tradition countries (Flexicurity) are those which are nearest to the ideal flexicurity model: high flexibility and security. The Christian Democratic Regime or Continental countries (Inflexicurity) would stand out for their moderate generosity and flexibility. The Liberal tradition countries (Flexi-insecurity) would stand out for their high flexibility without security. The Southern European countries (Inflex-insecurity) would stand out for their low flexibility and security (Ramos 2009; Recuenco 2010 a).

The historical context of the three Welfare State regimes is very different with respect to unemployment, conditioning early retirement. High unemployment rates force older workers, who would like to continue working, to end up retiring early or are involuntarily retired by companies or in the public sector. That is to say, a high level of unemployment in the working population (15-64 years old) makes it difficult for older workers (55-64 years old) to continue working, since companies prefer to give early retirement to older workers so as to hire younger ones with less protection and lower salaries.

In a context of high unemployment, trade unions, governments and employers have agreed on worker's early retirement. On the one hand, trade unions are in agreement because more young people would enter the labour market, while older workers would retire early, receiving acceptable retirement pensions. Governments on the other hand would embellish unemployment figures. And employers would have a younger work force, with low salaries and less protection.

Social Democratic tradition countries, with the highest total rate of participation in the labour market, have used early retirement to a lesser extent. While the Christian Democratic tradition countries have had higher unemployment levels, strong trade unions (although with lesser trade union density than those of the Social Democratic tradition) have favoured workers' early retirement. These Central European countries, as we shall see in the following section, have the most generous social security systems with regard to early retirement.

Figure 17

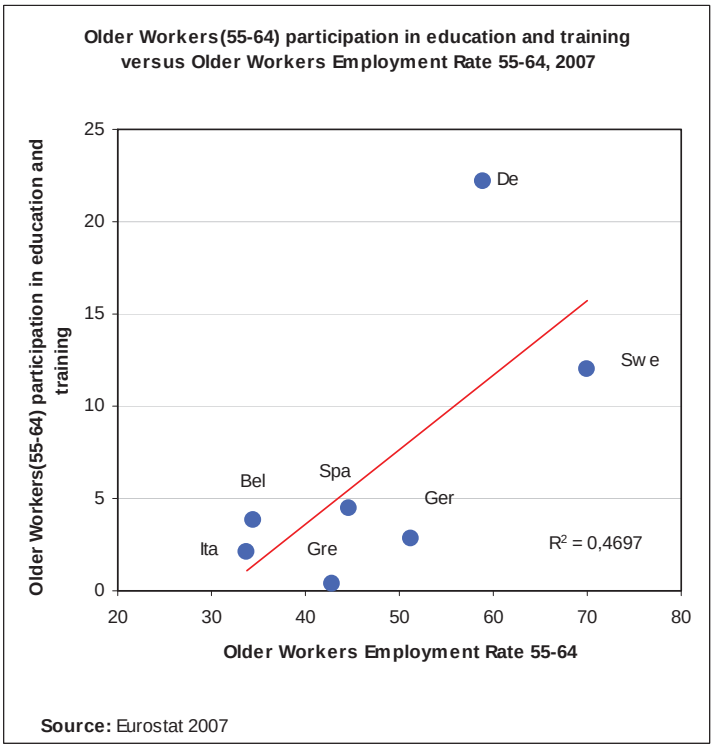


Within Southern European countries there has also been an early retirement environment due to high unemployment levels, but as their trade unions are weaker than the other two Welfare State traditions they have favoured business sectors where workers are much more protected (large companies, public entities, banking).

It is well known that education systems play a significant part in the organisation of labour markets as well as labour rigidity or mobility in developed societies (Blossfeld, Buchholz and Hofäcker 2006). In Germany, training programmes in companies are much standardised and a certificate is awarded at the end of training, a requisite for procuring certain jobs. This system produces significant differentiation in peoples' life cycles among skilled and unskilled workers. It is for this reason that it is very difficult

to retrain these workers through training programmes and once they have left the labour market it is doubtful if they will re-integrate in it.

Figure 18



This is another reason why early retirement programmes are used as a response to the rigidities of occupational structures. In Italy and Spain training programmes for older people are very scarce, limited to a very brief interval at the initiation of the labour life cycle. While in Social Democratic tradition countries with flexicurity labour models (Recuenco 2010 a) permanence in the labour market is pursued to later ages through active labour market policies and lifelong learning. In this way older people can adapt to new demands. Moreover, there is a much extended practice that allows workers to partially retire, making retirement much more gradual and more satisfactory for these individuals.

4.6 Retirement Regime

In literature on pension systems we find several typologies that allow the grouping of countries and in this way are able to compare institutional contexts, but very few on retirement. Typologies about pension systems would be made from the structure of the different pillars, while typologies about retirement would take into account incentives, generosity and opportunities generated so that workers could retire on approaching retirement (early and legal). A research study conducted on retirement in Europe constructs from flexibility and generosity variables a retirement typology (Schils 2005) where countries are positioned very similarly to the typology set out in Esping-Anderson's "Three Worlds of the Welfare Capitalism " (1990).

Generosity refers to replacement rates, that is to say, the income received by individuals once they have retired with respect to income before retirement. While flexibility refers to the availability of institutional exit paths from the labour market. Highest levels of flexibility will be found in those countries whose labour market exit paths only require a minimum retirement age or minimum contribution period. As against those countries that allow early retirement but require both a minimum age as well as a minimum contribution period.

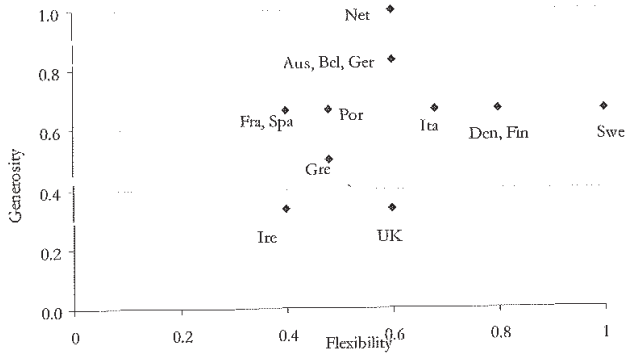
The second and third pension pillars are also included in flexibility; occupational pensions and private pensions. The authoress assumes that the more developed these kinds of pension system pillars are, the greater number of available labour market exit paths there will be (Schils 2005). With respect to generosity levels, liability is considered to be implicit in the first pillar (general public) of public pensions. This liability compares two incomes; retiring now or a year later receiving a pension. The difference between the two incomes is the earnings during one year plus a subsidy or the implicit debt of pension systems, since it is calculated on individual earnings. Generosity of the first and second pillar is also considered. Finally it includes the generosity of institutionalised exits from the labour market such as disability (Schils 2005).

From an index that considers generosity and flexibility this authoress groups countries in the following way:

Not generous, moderately flexible:	Ireland, United Kingdom
Moderately generous and flexible:	France, Greece, Portugal, Spain
Moderately generous, very flexible:	Finland, Denmark, Italy, Sweden
Very generous, moderately flexible:	Austria, Belgium, Germany, Holland

Figure 19

Figure 4.7: Country scores on flexibility and generosity dimension of early retirement index, total score



Source: own calculations

Source: Schils 2005. Note: A scale of 0-1 was normalised to compare values (see final section, Index of Couples' Retirement)

This typology confirms that the three Welfare State traditions are positioned similarly to the regimes previously analysed (gender, labour, Welfare State). Italy is positioned mid-way between the Social Democratic tradition countries and the Southern European ones, although as we shall see below in the index of couples' retirement in Europe, it will be located within the Southern European tradition.

Although retirement programmes are currently being reformed, in the past they were improved and widely extended. This explains why early retirement in the Christian Democratic tradition countries has allowed possibly millions of able-bodied people to abandon the labour market (Esping-Andersen 1990). Early retirement became the response to an increase in unemployment, as well as a rationalisation and re-structuring mechanism for companies (Esping-Andersen 1990).

Figure 20

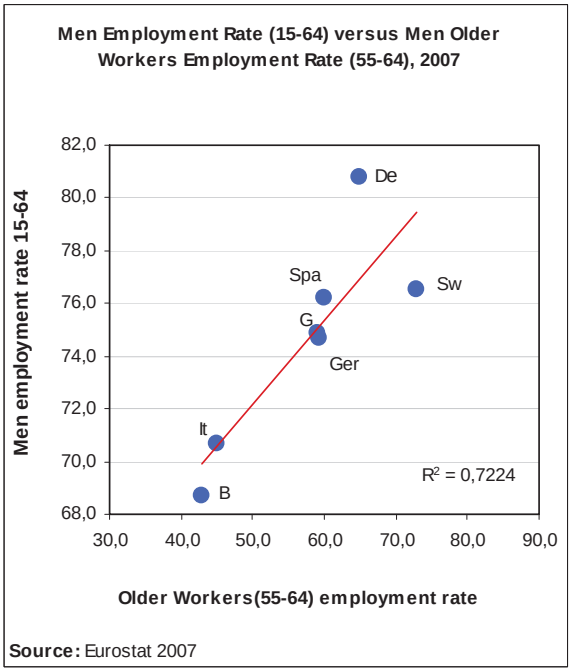


Figure 21

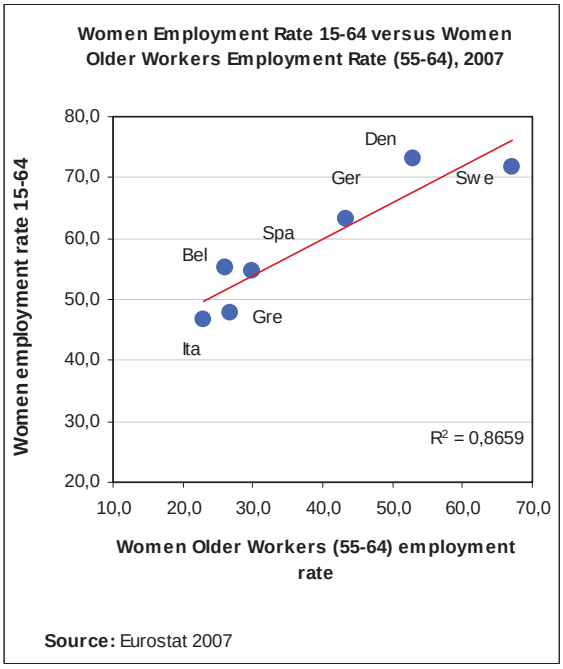
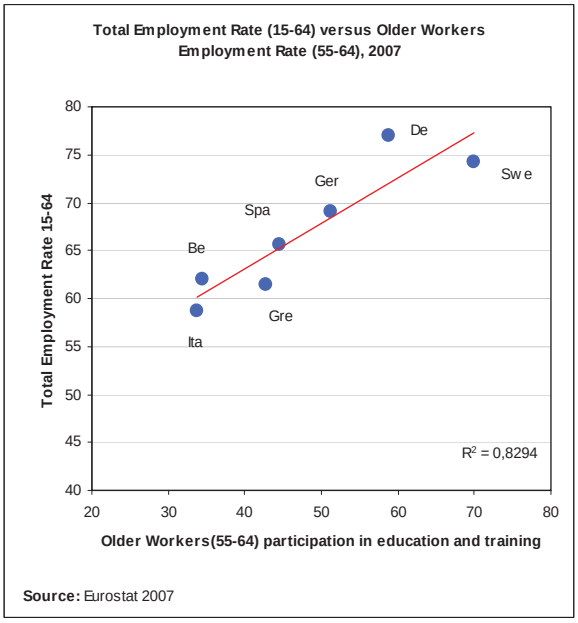


Figure 22



4.7 Index and Couples' Retirement Traditions in Europe

In the four regimes analysed previously, we have confirmed that the seven countries in this research study are positioned, share and differentiate with respect to a series of distinctive macro characteristics of different variables. Below we have created an index that summarises the outcomes of the variables of the four previous regimes. This tries to give a response to the second question in this research study: Is it possible to construct a macro theoretical and comparative model of couples' retirement decisions in Europe from the theories of the regimes?

On the other hand, I would like to point out that I have created the first typology on couples' retirement in Europe from the index results. The index is no more than an abstraction of reality that allows us to visualise families of countries, traditions and regimes of couples' retirement in Europe. Consequently it facilitates the understanding and analysis of the complexities of the process of couples' retirement in Europe.

In this way I will be able to respond to the second question of this research study: Does the previous model or typology allow the logical and consistent interpretation of the statistical outcomes in the last chapter according to the theory of the Welfare State?

This is a question of verifying whether there is a similar institutional context between countries of the same tradition and any difference between traditions. If the outcome of the index demonstrates the existence of different traditions or Couples' Retirement Regimes in Europe, it will, on the one hand, allow the grouping of countries in the following micro analysis and on the other hand make available a theoretical framework that permits the interpretation of the outcomes.

The final score of the index is based on the calculation of each of the variables of the different regimes, as I shall show below. I must emphasise that the retirement regime score has been created by giving a greater reference value to the Social Democratic tradition since they are countries with less early retirement.

Welfare State Regime

% Social Spending GDP

Score=1.5 Over the EU-15 mean (27.6)

Score=1 Near the EU-15 mean

Score=0.5 Lower than the EU-15 mean

% Fiscal pressure GDP

Score=1.5 Over the EU-15 mean (44.8)

Score=1 Near the EU-15 mean

Score=0.5 Lower than the EU-15 mean

Public Employment

Score=1.5 Over the EU-16 mean (13.9)

Score=1 Near the EU-15 mean

Score=0.5 Lower than the EU-15 mean

Gender Regime

% Social Spending 0-3 years old

Score=1.5 Over the EU-15 mean (0.37)

Score=1 Near the EU-15 mean

Score=0.5 Lower than the EU-15 mean

Childhood/Family Spending

Score=1.5 Over the EU-15 mean (496 Euros)

Score=1 Near the EU-15 mean

Score=0.5 Lower than the EU-15 mean

Gender Inequality

Score=1.5 Lower than the EU-15 mean (11.2)

Score=1 Near the EU-15 mean

Score=0.5 Over the EU-15 mean

	Social Democratic			Christian Democratic			Southern European				Couples' Retirement Index		
Regimes	Sweden	Denmark	Mean	Germany	Belgium	Mean	Spain	Italy	Greece	Mean	**Social Democratic**	**Christian Democratic**	**Southern European**
Welfare State													
% Social spending GDP	31.1	30.2	30.6	30	27.3	28.6	20.5	26	24.8	23.8	**1.5**	**1.5**	**0.5**
% Fiscal Pressure GDP	55.8	57.8	56.8	43.6	49.3	46.4	39.7	43.4	39	40.7	**1.5**	**1.5**	**0.5**
% Public employment	21	26	23.5	10	13	11.5	9	9	13	10.3	**1.5**	**1**	**0.5**
Gender													
% Public Spending 0-3 years	0.7	0.9	0.8	0.05	0.2	0.1	0.05	0.18	0.19	0.14	**1.5**	**0.5**	**0.5**
Childhood/family spending	884	1342	1113	779	536	657	210	237	243	230	**1.5**	**1.5**	**0.5**
Gender inequality	3.9	5.2	4.5	10.3	11.2	10.7	14	22.3	24.6	20.3	**1.5**	**1**	**0.5**
Labour													
Lifelong learning	18.6	29	23.8	7.8	7.2	7.5	10.4	6.2	2.1	6.2	**1.5**	**0.5**	**0.5**
Self-employment	6.4	4.5	5.4	6.1	9	7.5	11	17	21	16.3	**1.5**	**0.5**	**0.5**
Retirement													
Occupied population 55-64	70	58.9	64.4	51.3	31.4	41.3	44.6	33.8	42.8	40.4	**1.5**	**0.5**	**0.5**
Men 55-64	72.9	64.9	68.9	59.4	42.9	51.5	60	45.1	59.1	54.7	**1.5**	**0.5**	**1**
Women 55-64	67	52	59.5	43	26	34.5	30	23	26	26.5	**1.5**	**0.5**	**0.5**
Retirement Flexibility	2.5	2	2.2	1.5	1.5	1.5	1	1.7	1.2	1.3	**1.5**	**1**	**0.5**
Retirement Generosity	2	2	2	2.5	2.5	2.5	2	2	1.5	1.8	**1.5**	**1**	**1.5**
Total Index											**19.5**	**11.5**	**8**

Labour Regime

Self-employment

Score=1.5 Lower than the EU-15 mean (9.7)

Score=1 Near the EU-15 mean

Score=0.5 Over the EU-15 mean

Lifelong learning

Score=1.5 Over the EU-15 mean (10.7)

Score=1 Near the EU-15 mean

Score=0.5 Lower than the EU-15 mean

Retirement Regime

Occupied population 55-64

Score=1.5 Over the EU-15 mean (46.5)

Score=1 Near the EU-15 mean

Score=0.5 Lower than the EU-15 mean

Occupation rate men aged 55-64

Score=1.5 Over the EU-15 mean (55.2)

Score=1 Near the EU-15 mean

Score=0.5 Lower than EU-15 mean

Occupation rate women aged 55-64

Score=1.5 Over the EU-15 mean (38)

Score=1 Near the EU-15 mean

Score=0.5 Lower than EU-15 mean

Flexibility

Score=1.5 >= 2 T Shils' Index

Score=1 >= 1.5 T Shils' Index

Score=0.5 < 1.5 T Shils' Index

Generosity

Score=1.5 <= 2 T Shils' Index

Score=1 >= 2 T Shils' Index

4.8 Conclusions and policy implications

After analysing the different macro variables in this chapter, we have confirmed that the seven countries making up this research study either share characteristics or differ amongst them with respect to each of the regimes (Welfare State, gender, labour and retirement). With respect to the Welfare State regime, Sweden and Denmark show the highest fiscal pressure and social spending. Belgium and Germany are positioned below them in both variables while Italy, Spain and Greece are situated well below the first mentioned countries.

Reduced fiscal pressure together with low social spending limits the expansion of education of 0-3 year olds and family support and is detrimental to creating jobs in the public sector. Conditioning the participation of women in the labour market and having implications on gender relationships and fertility as well. Depending on how countries

manage and maximise their labour markets, through active or family support policies, by means of more or less efficient flexisecurity models or the Welfare State playing a relevant role in the creation of employment, will end up conditioning older peoples' retirement (for men as well as women). There is a very significant positive statistical correlation between the occupation rates of 15-64 year olds with respect to older peoples', 55-64 year old age groups, both for men as well as women, as well as in the entire occupied population.

As we said in the theoretical and empirical section, those countries that have not maximised their labour markets (as in the Christian Democratic or Southern European traditions) have ended up managing this problem by retiring early a significant number of workers. The greater or lesser generosity and flexibility of the retirement regime is at the same time a consequence of the degree of maximisation of labour markets and an exit path for workers.

The fact that Social Democratic tradition countries present a much lower total number of early retirees with respect to Christian Democratic or Southern European tradition countries is related to the high participation of adult women. This is a result of the significant investments made in family support policies and these countries' commitment to maximise their labour market. This result contrasts with the Christian Democratic or Southern European tradition countries that have invested insufficiently in nursery schools and family support policies, both in the past as well as in the present.

The theoretical model presented at the beginning of the chapter together with the variables of each one of the regimes has made the creation of an index possible. The index outcomes indicate that there are three Welfare State traditions or Couples' Retirement Regimes in Europe. Each tradition or couples' retirement Regime share similar institutional characteristics internally and at the same time clearly differ between families.

This is the first typology on couples' retirement traditions within retirement literature that makes it possible to, on the one hand, justify the grouping of countries in three traditions and on the other hand, make available a theoretical framework which allows a logical interpretation of the micro analysis results, in the following chapter.

CHAPTER 5

COUPLES' DECISIONS AND RETIREMENT AGES IN EUROPE

A COMPARATIVE MICRO STUDY OF THE THREE TRADITIONS OF THE WELFARE STATE

5.1 Introduction and literature review

As the population is ageing in OECD countries, it is increasingly necessary to research the decisions and factors that influence retirement. Retirement decisions do not only affect pension systems because they reduce the contributions, but also the economy in general, given that state income via taxes is reduced. The system of European pensions is currently being reformed under the assumption of greater future expenditure as a consequence of Europe's ageing population.

Many studies undertaken in the past concerning the viability of pension systems have been seriously flawed (Piñera and Weinstein 1996; Barea et al 1996; Herce et al 1996) because they estimated deficits in the very short term, when a surplus existed. One of the problems of these types of estimations in the long-term is that they usually overestimate demographic factors and underestimate economic variables (Baker and Weisbrot 1999; Castles 2004; Recuenco and Callao 2011; Weller 2004). In any case there is significant interest across all European countries in increasing the average age of retirement. These countries are implementing parametric reforms oriented towards increasing the average age of retirement, increasing the years of contribution or even postponing the age of legal retirement. Germany, Spain, Holland and France have each of late, increased the age of legal retirement. Recently, the new government in France has reduced it again.

These reforms have coincided with a new scenario. The typical European family that is drawing close to retirement is composed of two sources of income, but with different intensities, according to the welfare state tradition (Pozzoli and Ranzani 2009). Since the middle of the 1990's, the employment rate of older women (aged 54-65) has increased in every country of the EU-15. The increase in the participation of women in the labour market in OECD and EU-15 countries in recent decades is modifying family structures. The traditional pattern of the man supporting the family, with the woman as housewife, has given way to other forms of relationship that are generating new roles and interactions at the heart of the family (Lewis 1992).

There is considerable evidence relating to men's transition towards retirement. But what we do not know is how family circumstances affect couples' labour market exit. We

know that men and women face retirement in different ways. Women have more frequent work interruptions and there continues to be inequality in the household environment. This discontinuous work-life cycle, combined with salary discrimination for gender reasons has financial disadvantages associated with it as retirement approaches (Szinovacz and Deviney 2000) that can cause, or result in, a longer stay in the labor market or greater dependence on the income of the husband.

Researchers have recently started to study the household environment where couples' retirement decisions are taken. They are trying to explain how couples coordinate their retirement and at what point other family variables have an impact on this process. Many questions remain regarding the retirement decisions of couples, but especially about how these decisions can be affected by different welfare state traditions. To date, no research has fully explored the retirement decisions of couples broadly according to the welfare state tradition, which is the general objective of this current research.

5.2 Macro studies

In the literature on retirement decisions we find three models. The first is based on a macroeconomic analysis of retirement using aggregate data. These studies show that retirement is determined by economic variables, such as the idiosyncratic business practices of the countries studied and different institutional labor market exits such as early retirement, disability or long-term unemployment. Among these macro studies, the theory of economic incentives stands out. Academics that support this perspective argue that the more generous the pension systems, the greater the incentives they generate for workers to retire early. It is for this reason that the current reforms of the pension systems seek to toughen up on institutionalized exits from the labour market (such as disability, long-term unemployment and early retirement) or rather modify specific parameters such as increasing the years of contribution or increasing workers legal retirement age.

This macro perspective of economic incentives has received a number of criticisms. It does not take into account the fact that many workers are forced to retire early for involuntary reasons such as the worsening of their health or due to company early retirement plans. Furthermore there are countries in the north of Europe such as

Sweden, where generous pension systems are available and in parallel, have very high rates of participation in the labor market among men, and the highest internationally among women (Kohli and Rein 1991). One of the most important comparative studies undertaken on retirement, analyzing all the OECD countries employing the theory of economic incentives, concludes that labor markets and institutional factors also explain the great variation in the labor participation of older people among those countries (Blöndal and Scarpetta 1997)

5.3 Micro studies on economic incentives

The second model that analyzes retirement is an application of the macro theory of the previous economic incentives, but at the micro-econometric level. This focus is predominant in the retirement literature and is behind the reforms that are being implemented in the OECD. The micro-economic analysis of economic incentives investigates individual retirement decisions; assuming that they are voluntary, and it normally studies men in a particular country, employing individual longitudinal data. The theory that guides this perspective is 'rational choice'.

There are normally three incentives that are included in this model: 1) The age at which early retirement is a right 2) The incentives that exist to delay retirement age -that is, the difference between retiring in the present compared to retiring in the future (which is calculated via a type of implicit tax, the greater this variable, the more incentives workers have to retire early) 3) Institutionalized exits that allow workers to retire early, for example, the long- term unemployed or the disabled (Gruber and Wise 2007). The typical model of retirement examines the individual behaviour of a person who faces different options of utility or cost-benefit. Each worker chooses, starting from a rational and voluntary calculation in the present, the best date to retire by comparing the expected value of future income, the accumulation of assets, the value of leisure and the rate of temporal preference (Lundberg 1999).

As previously mentioned, the theory of economic incentives has received criticism. The predominant criticism is that retired people are not necessarily alone. The majority have a partner whose future consumption, leisure and income will be affected by the couples' decision (Lundberg 1999). A second criticism is that when researchers from the theory

of economic incentives research the retirement decisions of couples, they show that their behaviour is mostly due to the couples' preferences rather than to economic incentives (Gustman and Steinmeier 2004). The third criticism is that although it is true that there is ample evidence that economic incentives affect individual retirement, often it is not conditioned by economic factors such as age and health. Individuals with a poor state of health, or those who are employed in professions which require greater physical strength, are less likely to respond to economic incentives (Henkens and Van Solinge 2002). The fourth is exemplified by Hurd, an economist, whose point of departure is the theory of economic incentives. He argues that: "our models have been incapable of explaining the large fall in labor participation over the last twenty-five years" (Hurd 1990).

Within the literature concerning the economic incentives of retirement, we find very few fully comparative research studies and this limits our knowledge about the relevance of these determinants against other couples' variables that depend on the welfare state tradition. There are studies that include more than one country or restrict the number of countries (Deschryvere 2005), or even group many countries together without analyzing differences in the institutional context or the tradition of the welfare state (Jiménez-Martín and Labeaga 2009; Pozzoli and Ranzani 2009). Perhaps the most interesting micro-econometric study about economic incentives that has allowed us to advance in the theoretical sphere of retirement in Europe is a fully comparative analysis that employs a broad typology of the welfare state regimes by Esping-Andersen (1990).

This study shows that incentives are important but that there are also a series of individual variables such as education, or household variables that have a different effect on men and women, depending on the welfare state regime (Schils 2005). This research suggests that couples coordinate their retirement decisions and points out that the next step would be to analyze this phenomenon in depth according to Welfare State regimes (although this went beyond the initial scope of his research).

5.4 Micro studies on couples' retirement

In the mid-1990's, to a large extent due to the increase in the participation of women in the labor market, researchers started to apply the previous model of analysis to women.

They studied men and women separately, but they did not manage to advance theoretically or empirically. By focusing on economic variables they confirmed that they have a greater influence on men than women, given that the couples' household variables affect women's behavior more (McDonald 2006; Arber and Ginn 1996). It is in this context that the third model, the investigation of the variables that affect patterns of couples' retirement by employing individual data, appears strongly. This means exploring the variables (both personal characteristics and that of the couple) that influence joint retirement (in an interval of time of between one to two years) versus separated retirement (the man remains in the labor market and the woman retires before, or vice versa).

Economists analyze these couples' retirement patterns (joint versus separate) as a dependent variable. They incorporate incentives and seek to explain whether these patterns of retirement are determined by the effect of additional work of one member of the married couple, or because of the complementarities of the leisure of the couple. All studies show that when couples maintain satisfactory relationships they are interested in retiring jointly. However, these expectations do not materialize in the end. Around half of the couples in Canada hope to retire together although finally only a third actually achieve it (MacDonald 2006); this figure is 45% in the US (Gustman and Steinmeier 2004), while in the present study it is: 37% in the Christian democratic tradition, 46% in the Social democratic tradition and 36% in Southern Europe.

There is a fierce debate between economists who seek to verify if joint retirement is determined by the additional work of one of the couple or if it is a consequence of the complementarity of leisure interests of the married couples. The effect of the additional worker would assume that the income obtained by a partner would ultimately affect the expectations of utility of this individual. For example, one member of the couple could be interested in continuing to work, instead of retiring, when the income of their partner is reduced, as a consequence of an unexpected retirement determined by a worsening of their health. Or rather an individual could decide to retire early when the partner increases his/her income (Schills 2005). Regarding the complementarity of leisure, time together is preferred to individual consumption, which favors couples retiring together (An, Christensen and Gupta 2004; Blau 1998).

The complexity of retirement decisions of couples increases because interest in joint retirement is correlated (even when economic control variables are introduced) with assortative mating. Individuals have a tendency to form a couple when they share similar attitudes or preferences (Schils 2005). Although the debate is open (between researchers that give primacy to the additional work of one of the partners, and those that insist on assortative mating), studies have shown that couples opt for joint retirement if there are no adverse situations, such as a significant difference in age between the couple, health problems, economic circumstances or family obligations (Szinovacz 2002).

Sociologists that investigate couples' retirement, pay particular attention to the situation of the subordination of women. The type of work where women are often employed - in less qualified occupations, with low remuneration and often in part-time work - can affect transitions towards retirement. Due to family obligations, women usually have more discontinuous and shorter labor cycles than men making their last phase of labor trajectory very different than that of their partners (Bernard; Itzin, Phillipson and Skucha in Arber and Gynn 1996). At the point that the husband wishes to retire, it is probable that their wives have not accumulated sufficient rights to receive a pension of an 'acceptable' quantity'. Additionally, in most couples, men are older than women. If women are forced to retire due to the early retirement of their partner, they will reduce their future pension as a consequence of the reduction in years of contribution, or because of penalizations for early retirement (Arber and Ginn 1996).

In the majority of patriarchal societies, men habitually marry with younger women, a tradition that is related to the reproduction of power in marriage. Given that husbands in Europe are usually more than two years older than their wives, if both retire at the same age, then husbands will retire before their wives, going against gender roles. As a consequence of these age differences if each partner retires at the age that pertains to their right to receive a pension, the woman will retire two or three years before the husband (Arber and Ginn 1996). Assuming that couples are interested in retiring together, if the man is much older than the woman, then either both or one of them will delay their retirement age, or the wife will retire early (Szinovacz 2002). There is also a tendency towards joint retirement when the difference in age between the couple is very small (Blau 1998).

Regarding the family variables, from a life-cycle perspective, when the woman continues working just after having had a child, she retires early, especially when the man also retires (Henretta, O´Rand and Chan 1993). One of the most cited pieces of research about couples' retirement shows the existence of symmetries between couples at the moment of retirement: the lower the salary of the man, the greater the probabilities that the woman continues working, and the less the salary of the woman, the longer the man remains in the labor market (Henretta and O´Rand 1983).

Health is one of the variables that has the biggest effect on an individual's early retirement. In the couples' retirement literature, a worsening in health of one member of the couple can trigger decisions of symmetric or asymmetric retirement for the other spouse. If one spouse were forced into early retirement for health reasons, the other would spend more time in the labor market to compensate for the fall in income, because if she/he did not, there would be a reduction in the total household income. Or on the other hand, if the spouse receives disability benefit, it might be better for the other to stay at home to care for them (Deschryvere 2005). One US study about the retirement of couples shows asymmetric behaviour related to worsening states of health. Men stay longer in the labor market if the state of health of the woman worsens, while women have a tendency to retire when the state of health of their husband worsens (An, Christensen and Gupta 2004).

However, neither the literature related to economic incentives nor the sociological literature on the retirement of couples have comparatively analyzed the retirement age of couples according to the institutional context or tradition of the Welfare State. The few studies about retirement guided by a comparative perspective either use aggregate data, compare very few countries (two or three), or they do not have a fully comparative theoretical framework that allows us to understand the different effect of the explanatory variables according to the institutional context.

This research distinguishes itself from the previous studies in the following way:

1) It makes it possible to analyze the different effect of both the individual and couples' variables on the retirement age of men and women in different institutional contexts across a considerable number of countries: those with a Christian-democratic tradition

(Belgium and Germany), a Social-democratic tradition (Sweden and Denmark) and a Southern Europe tradition (Spain, Greece, Italy). This focus is necessary for the reasons given in the previous chapter (related to the couples retirement regime). These countries can be differentiated on the basis of a series of institutional factors, such as labor, gender, retirement and the Welfare State.

2) It allows us to understand the greater or lesser effect of the individual or couples' variables regarding retirement age according to the welfare state traditions. It is significant that, according to the literature, the expectations, decisions and transitions towards the retirement of men and women are very different, and so very probably there is a variation between welfare state traditions. This is in part due to factors such as the lesser or greater subordination (both laboral and of the family) of women, the consequence of a historic and cultural legacy, or because of the generosity of the Welfare State (as exemplified in the policies of help to the family). Various authors (McDonald 2006; Ginn 2003; Szinovacz 2002; Esser 2005 Kim 2009; Hank 2004) have pointed to the need for comparative studies on retirement that pay special attention to gender relations.

3) It allows us to analyze the effect of joint retirement on the age of retirement of men and women according to the welfare state tradition. There are many studies from an economic and sociological perspective that analyze patterns of joint retirement versus separate as a dependent variable but very few as an independent variable. This is the first study that comparatively explores the effect of patterns of retirement on the retirement age in more than two countries (Szinovacz 2002). From a public policy perspective, given that there exists an interest in all European countries to increase the average age of retirement, and that couples are interested in retiring together, it seems essential to comparatively analyze how these patterns (joint versus separate) effect retirement age.

4) After widely exploring the literature on retirement, no study has been found that assumes that the age of retirement of couples is related to the interaction of the

difference in the income variable of the married couple, with the total household income. Academics that study the retirement of couples normally include in their models the income of each of the married couple and seek to explain if these variables generate symmetric or asymmetric decisions. But because our interest is in studying decisions related to the retirement of couples, it is probable that further analysis is needed because behavior within the home is more complex. Difference in income between the couple, for example, could have a different effect depending on the total income in the household on retirement age.

5.5 Hypothesis

Because the research is comparative, it is guided by a global question and four hypotheses; one general and three specific. The global question is if it is useful to group the countries by their welfare state traditions in order to deepen our understanding about the decisions related to the retirement age of couples in Europe. Or in other words: to what extent is there variation in the retirement decisions of couples across different countries? And, do welfare state traditions allow us to understand these forms in a logical way?

5.5.1 General hypothesis

1) The retirement age of women will be much more determined by the variables of their partner and of the household than men's retirement age will be, across the three traditions. The variables of couple and household will have a lesser effect on the retirement age of the men in the Christian democratic tradition and the Southern European tradition than on the Social democratic tradition. Due to the fact that the position of women in the household and in the labor market is one of greater subordination in the Christian democratic and Southern European tradition than in the Social democratic tradition, the variables of couple and home will have a greater effect on the retirement age of women in the Christian democratic and Southern Europe tradition than in the Social democratic (due to the mechanisms mentioned above).

5.5.2 Specific hypothesis

2) When couples coordinate their retirement and leave the labor market together, in contrast to those who retire separately, their retirement age will increase across the three traditions. The effect will be greater in women than in men given that the latter are usually an average of two years older. But given that men are usually older than women, when we include the interaction variable 'joint retirement' with differences of age between married couples, the previously positive sign will become negative.

3) When one of the spouses retires because of ill-health, it will delay the retirement age of the other in the Southern European tradition, but will not have any effect in the Social democratic and Christian democratic countries. The main reason is that in the Christian democratic countries, and especially in the Social democratic countries, the Welfare State provides citizens with both universal health care and support services for those who are dependent. However, if it is true to say that healthcare is universal in the Southern European countries, the services to help dependent people are very poorly developed and the pensions are lower, in part as a consequence of lower salaries, in contrast to the other two traditions. In a context such as that of Southern Europe, the most probable outcome if one spouse retires early because of ill health, is that the other is 'forced' to stay in the labor market. This would normally occur so as to compensate for loss of income, because if they did not, it would negatively affect the total income of the household, making it difficult to pay for the care of a spouse with deteriorating health.

The literature has provided results that are inconclusive, because sometimes they show the symmetric behavior of married couples, and other times asymmetric, regarding the health variable. In the US, some studies show that women remain longer in the labor market when the state of health of their spouse worsens while others point out that men remain longer when the health of the woman deteriorates (Blau 1998; An, Christensen and Gupta 2004). In Europe, a study that analyzes twelve countries - without differentiating the institutional context of the welfare state traditions - highlights the fact that the health of the man is a much bigger determinant on the retirement of the woman than vice versa (Jiménez-Martín and Labeaga1999). Given the previous evidence, it is adventurous to pose the hypothesis about which member of the couple will delay their retirement age when the health of the other deteriorates. But it is reasonable to pose the following hypothesis: that one of the spouses will remain longer in the labor market in

Southern Europe when the health of the other deteriorates, in contrast to the Social democratic and Christian democratic tradition (where this variable will not be significant for either member of the couple).

4) The greater the difference in income (for pensions) between couples (greater in the case of men) and greater in parallel are the total income of the home (interacting variables) will increase the retirement age as much for men as for women in the three welfare state traditions, in respect of the higher income of the spouse and total income of the household less than 1000 Euros. A contrary effect will occur when it reduces the difference in income between couples and when it reduces the total income of the household, it reduces the retirement age. This hypothesis has two objectives: 1) To incorporate a new variable that will allow us to understand how the power of negotiation in the home (differences in income between spouses) interacts with the total income of the household, affecting the retirement age of couples across different welfare state traditions, independently of the fact that their behavior is cooperative or not (Jia 2005). 2) To include the interaction variable in this study, given that a specific difference in income could have a varying effect on the total income of the household, that would affect the decision of couples to either advance or delay their retirement age.
Let's imagine how two couples with an identical difference in income could affect the total income of the household and the retirement age: 1) the man receives a pension of 900 Euros while the woman receives 400 Euros. The difference in income is 500 Euros and the income of the home is 1,300. In 2) the man receives 1,500 Euros and the woman 1,000 Euros, the difference in income is like the previous case (500 Euros) but the total income is 2,500.

5.6 Data and Methodology

This research employs the database of the Survey of Health, Ageing and Retirement in Europe (SHARE). It has some similarities with the Health and Retirement Study (HRS) database, employed by the majority of researchers, that has analyzed retirement in the US over the last two decades. SHARE is a multi-disciplinary and cross-national database, with 11 participant countries in the first wave, and with a total of three waves. The information collected relates to the individual and the household, and there are more than 33,000 individuals and 18,000 households. The variables available in this

database are demographic, health, labor market, pensions, social support, financial transfers, housing, consumption and home income. In this study, I have drawn on the first two waves, 2004 and 2006/7 from the following countries: Belgium and Germany (Christian democratic tradition), Sweden and Denmark (Social democratic tradition) Italy, Greece and Spain (Southern European tradition).

This research is inspired both by theory (Szinovacz 1992) and methodology (Szinovacz 2002) and in the pioneering studies about family and retirement by Maximiliane E. Szinovacz. My dependent variable is the retirement age of each of the members of a couple. The retirement age is created by deducting the year of birth from the date in which individuals retired. Retirement is defined in line with the OECD (1995) that is when: (1) people declare themselves retired and (2) they are out of the labor market. This latter point indicates that: (2a) they can state that they have worked at some point in their life and (2b) they can state the date of their last job. Like other researchers, I assume that retirement is an 'end state' in the sense that there is no reincorporation into the labor market once people have retired (Jiménez and Labeaga 1999).

For all countries, my sample is based on couples that are married and civil partnerships that share the same home. Married couples that do not live in the same household and those who have been widowed or divorced between the two waves have been eliminated from the study. This sample includes those individuals who satisfy two conditions: (1) Women who are >=47 years old and men who are >= 50 years old, with both being <75 years old at the moment of the first interview and (2) That they retired when they were >= 45 years old.

The retired people in the two waves employed (2004 and 2006/7) were pooled. The couples that satisfy the previous conditions in the first wave are combined with those that also fulfill the conditions in the second. The restriction to 45 years old is important for statistical and theoretical reasons given that it does not make much sense to include individuals that retire at a very young age. Given that many of those interviewed have not achieved legal retirement age, the data are exposed to a double censure. On the one hand a censure to the left, given that it excludes couples that left the labor market before 45 years of age. And on the other, there is a censure to the right, given that one cannot include those couples where one member keeps working. This creates a biased sample

that favors those who have retired early. But if those individuals that satisfy the previously enumerated conditions are included, it makes it much more possible to control the sample bias of an older population (Szinovacz 2002).

Furthermore, a binary variable related to retirement age (>=60 years old in contrast to <60 years old) is included in the analysis in order to be able to adjust the biased sample. Given that age and retirement age are highly correlated, the incorporation of age as a control eliminates the majority of the retirement age variation in the analysis. But on the other hand, it offers greater control and adjustment of the biased sample (Szinovacz 2002). The final sample therefore, includes: 506 couples in the Christian democratic tradition (1,012 individuals), 320 couples in the Social democratic tradition (640 individuals), and 304 couples in the Southern European tradition (608 individuals).

Consistent use has been made in this research, as in other studies (Blossfeld 2001), of the term ‘couple’ given that, in some of the countries analyzed, the process of family formation and the structure of the household has changed so much that it is difficult to distinguish between those who are married and those in civil partnerships. In some cases the interpretation of the data employs the word ‘wife’ or ‘husband’ not so much to differentiate couples that are married in contrast with those who are not but rather as a simple way of differentiating the gender of the members of the couple. I also employ the term ‘spouse’ to refer to one or both members of the couple, independently of whether they are married or are couples in civil partnerships.

In order to minimize the possible effect of the economic incentives variable of the legal retirement age it is worth emphasizing that in all countries except Belgium (63 women) the age of legal retirement was 65 years old, for both men and women, at the time the interviewees responded to the survey (Pérez, Braña and Bustillo 2007). All the multivariate analyses undertaken in this research are ordinary least square regressions, with the retirement age of men and women as dependent variable.

5.7 Comparative Strategy

The analysis of retired couples in one country is very complex but it is more so in many different countries, because it is difficult to know how to interpret variations in the same

variables among countries in a logical way. In order to investigate these types of processes it is recommendable to employ tools that allow us to compare institutions. Comparative studies habitually employ typologies in order to interpret institutional variations. Typologies are tools that permit us to conceptualize the general frameworks of the institutional characteristics of various societies. They also provide us with a theoretical orientation in order to facilitate the interpretation of large amounts of information from different countries over time (Blossfeld and Drobnic 2001; Ebbinghaus 2006).

One of the most significant and cited contributions in the social sciences in recent decades has been to distinguish three welfare state regimes in developed countries (Esping-Andersen 1990). By using typologies, it is possible to analyze, and show the effectiveness of, determined institutional contexts and successful public policies (Leschke 2005). I employ the concept of tradition instead of regime in this research for two reasons. In the Esping-Andersen typology, he distinguished three welfare state regimes. Later, other authors added a fourth regime to their analysis, commonly known as 'Southern Europe' (Ferrera 1998; Blossfeld et al 2006; Navarro and Leiyu Shi 2001) that I also include in my research. Given that I am analyzing the retirement of couples, I employ the concept of 'tradition', as it allows me to broaden my theoretical framework to include both the gender regime (Korpi 2000) and the retirement regime (Schils 2005). The seven countries analyzed in this research have been grouped into three traditions formulated from an index created in the previous chapter and based on: the gender regime, the retirement regime, the welfare state regime and the labor regime. Also, the seven countries of the three Welfare State traditions are grouped, forming what I refer to below as 'Europe 7'.

These groupings allow us to undertake a comparative analysis with three objectives in mind:

1) To analyze the different effect of both variables - those of individual and couple- on the retirement age of men and women guided by the theoretical framework of the four previous regimes for each tradition. Four models are constructed for each welfare state tradition. (i) men and individual variables, (ii) men and individual and couples variables

(iii) women and individual variables and finally (iv) women and individual and couples variables

2) To check whether the variables of the couple and the household have a greater influence on the retirement age of men or women according to the welfare state tradition.

3) To understand the global effect of different variables on men and women in the seven countries analyzed. The coefficients of the various variables are interpreted in the following section; first 'Europe 7' is analyzed and later the variable '*tradition'* of the welfare state is included. By this method, we first have an approximation about the global effect of all the variables, and then by introducing the variable '*tradition',* we can obtain a first impression of up to what point there are differences according to welfare state traditions.

When the variable *'tradition'* is included, and there are no changes in a determined variable, it is probable that the coefficients are similar in the three welfare state traditions. When a variable considerably modifies its coefficient - or it stops being significant or it becomes significant - the most probable reason is that there is a large variation between traditions. In order to analyze the global effect of the different variables and how they are conditioned by the variable '*tradition'*, eight models are constructed: 'man with individual variables'; 'man with individual variables that incorporates the tradition of the welfare state'; 'man with individual and couple variables'; 'man with individual and couple variables with a variable of the tradition of the welfare state'; 'woman with individual variables'; 'woman with individual variables that incorporates the tradition of the welfare state'; 'woman with individual and couple variables'; 'woman with individual and couple variables with a variable of the tradition of the welfare state'.

5.8 Independent variables

The variables related to individual characteristics are the same for men and women. The 'women' models that incorporate the individual and couples variables also have two

further variables included: '*stopped working due to maternity'* and '*received help because of maternity'*.

The individual variable '*aged sixty'* is a binary (>=60 years old in contrast to <60 years old) is incorporated into the analysis to be able to adjust the biased sample, as has been explained in the section on methodology. The variable '*education'* from the SHARE data has been recodified, standardizing it for different countries. It is formed from three categories, following the classification of the ISCED (International Standard Classification of Education) of UNESCO-1997. First (none, pre-primary, primary) is the reference value while Secondary (lower and upper secondary) and Post-tertiary (post-secondary and tertiary education) are the other categories.

'Seniority in previous job' is an ordinal variable, with greater seniority in a post of work reflected by the highest value. The variable *'employee or self-employed'*, is a recodified variable with 'employed' being the reference value in contrast to the categories, public civil servant and self-employed. The variable '*retired due to health reasons'* is a dichotomous variable that collects information related to those interviewees that responded to this category among a number of causes , which motivated their retirement.

Regarding the characteristics of the couple and of the household, the first two variables are dichotomous, *'stopped working due to maternity'* and '*received help due to maternity'*. The variable *'difference in age'* is created by deducting the age of the man from that of the woman. The variable '*joint retirement'* is a dichotomous variable created from the patterns of retirement of the couples. The category joint retirement includes those couples that coordinate their retirement within a maximum period of two years, while in the category 'separate retirement' one of the two spouses has retired after two years.

*'Difference in age*joint retirement'* is an interaction variable of the two previous variables. This allows us to understand up to what point the couples who retire together are conditioned by the difference in age and how this interaction has an effect on the retirement age.

The variable '*couple retired for health reasons'* is the same as the individual variable '*retired for health reasons'*, but it is incorporated into the models that include the variables of the couples and of the household in order to be able to analyze its' effect on the retirement age of the other spouse. The variable '*size of the household'* is a dichotomous variable that collects information about the home when the couples live together without dependents or share the accommodation with one or more family members, being a proxy of 'dependent people that live in and share the same home'.

The variable '*differences in income'* is a proxy of bargaining power in the household. Given that SHARE data don't include information about the salaries of the interviewees (a figure that is habitually used to analyze economic incentives) before retirement, this study includes the income received by the individuals from their respective pensions. For this variable, the reference value is represented by 'a woman who receives an income by pension that is greater than the man', and 1-750 Euros and >750 Euros being the other categories, when the income of the man is superior to the woman respectively. Retired people's pensions are normally a reflection of their work trajectory, the size of their contributions (depending on their salary level), the accumulation of rights, the penalizations for early retirement and the rates of replacement for the respective countries. This variable offers us information about whether there is a greater or lesser subordination of women from a life-cycle perspective.

The variable '*total income'* is the sum of the pension income of both individuals in the household. It is included in the models as we are investigating the retirement of couples and it is probable that they have been able to coordinate, or decide on the date of their retirement depending on the quantity of their income. A total income of less than 1,000 Euros is the reference value, compared to the other categories 1,000-2,000 Euros and >2,000 Euros. '*Difference in income * total income'* is an interaction variable of the previous variables. This is included in this research because a specific difference in income could have a different effect, by advancing or delaying retirement, depending on the total income in the household of the couples. In this variable, the reference value is when a woman receives an income by pension that is greater to the man, and the total household income is less than 1,000 Euros against the categories: Difference in income (1-750) * Total income (1,000-2,000); Difference in income (1-750) * Total income

(>2000); Difference in income (>750) * Total income (1,000-2,000); Difference in income (>750) * Total income (>2,000).

Finally, the variable '*tradition'* is created (being the reference value for Christian democratic countries, and Social democratic and the Southern European the other categories). This variable is included in the models of men and women of 'Europe 7'.

5.9 Results

5.9.1 Individual characteristic differences according to Welfare State Traditions

The educational categories of the variable '*education'* do not have any significant effect at the global level on the retirement age in 'Europe 7'. This is true for all except the individual model of women with tertiary education, which increases the retirement age by almost a year; although even this stops being significant when we include the variable '*tradition'*. However, when we analyze the various categories of the variable *'education'* in the three welfare state traditions, we can confirm that they are as significant for men as for women. Men in the Christian democratic tradition with secondary and tertiary studies increase in both cases their retirement age by two years, with respect to the reference value of the primary studies category.

Women in the Christian democratic tradition follow a similar pattern to men, although to a slightly greater degree: they increase their retirement age by almost three years with secondary studies and two and a half years with tertiary studies. Men in the Social democratic tradition with secondary studies reduce their retirement age by almost a year, while women with tertiary studies increase it by more than a year. This latter effect could be due to the point we made in the previous chapter, that in the Social democratic countries, the labor participation of women has been stimulated through either active occupation policies or family support policies (Recuenco 2010; Recuenco and Callao 2011). As women in the Social democratic countries can reconcile work and family obligations when the age of legal retirement draws closer, they have less disadvantages than their Christian democratic and Southern European counterparts to fulfill the necessary requirements to obtain a pension (Schils 2005; Dahl 2003).

In Southern Europe, in the model that exclusively includes individual variables, men reduce their retirement age by a year when they have secondary education, although this coefficient stops being significant when couples and household variables are included. Women in Southern Europe with tertiary studies reduce their retirement age by more than two years, compared to those who only have primary studies. It is probable that the institutional context of the labor market is conditioning these retirement decisions for Southern European women (tertiary studies compared to primary advance retirement) compared to their Christian democratic and Social democratic counterparts (tertiary studies compared to primary delay the retirement age).

In Southern European countries, male and female workers receive much lower salaries than their Social democratic and Christian democratic counterparts. Women in Southern European countries with lower levels of studies will normally be employed in lower-skilled or unskilled occupations, with lower levels of contributions, and they accumulate less rights (and receive lower levels of pension) and consequently, are forced to retire later, when they get closer to the legal retirement age. On the other hand those women in Southern European countries with higher levels of education will have more highly-qualified jobs - and will be more protected from any penalizations for early retirement - and can, therefore, advance their retirement.

The variable '*seniority in the last job'* has no effect at global level on the retirement age of men in 'Europe 7'. However, it is significant in the four 'women models' of 'Europe 7' and it increases its' effect when we include the variable '*tradition'* by delaying the retirement age by more than six months. In the different 'men models' of welfare state traditions the variable '*seniority in the last job'* is not significant. However, the effect of this variable on the increase of the retirement age of women is significant in the three traditions, and is slightly higher among Southern European women. Similar evidence can be found in a European study that also employs the SHARE data, even when the ten European countries are not grouped according to the welfare state traditions (Fischer and Sousa 2006). The greater effect of the variable '*seniority in last job'* on Southern European women (compared to their Christian democratic or Social democratic counterparts) could be related to institutional context factors. Given that women in this tradition have more precarious jobs, with lower salaries and consequently expectations of lower pensions, it will take them more time to accumulate rights at the time of

approaching retirement age. It is probable that when they have the opportunity to extend their employment in a company they will delay their retirement age, given that on the one hand, they will be more protected, and on the other, they will accumulate more rights and be able to receive a higher pension (Bernard et al 1996).

In 'Europe 7' the civil servant category of the variable 'e*mployee or self-employed'* has a significantly negative effect on the retirement age of both men and women, in comparison with the reference category employees. This relation stops being significant in men and women when we include the variable '*tradition'*. Regarding the welfare state traditions has no significant effect on men and women that have worked as a public servant in the Christian democratic and Southern European tradition. In the Social democratic tradition, men that have worked as public servants retire earlier by a year and a half, while women advance their retirement by almost two and a half years in the model that includes individual variables, and is a non-significant value in the model that incorporates the variables of the couple and the household.

The earlier retirement of public servants in the Social democratic tradition, compared to the Christian democratic and Southern European traditions, could be explained by the institutional context. As has been mentioned in the previous chapter, countries with a Social democratic tradition have a more generous Welfare State, where universal social rights are linked to citizenship, and where there is more social expenditure. Public employment (2000-2008 average) over the total of the potentially active population is 23.7% in the Social democratic tradition, against 9.8% and 10.6% in that of the Christian democratic and Southern European traditions respectively (Navarro and Tur 2009). In a context where a substantial number of individuals work in the public sector and where this collective also has more generous pension plans, it is clear that they will have greater incentives to advance their retirement age (Schils 2005).

In 'Europe 7' being self-employed has a positive effect on delaying retirement age by two years and more than a year for men and women, respectively, in relation to the reference value employed. Men in the Christian democratic tradition increased their retirement age by more than three and a half years, while women increased it by two years in the self-employed category. This variable does not have any significant effect on men and women in the Social democratic tradition while in Southern Europe, men

increase their retirement age by one and a half years and women by more than a year. This tendency towards an increase in the retirement age of couples when they are self-employed is similar to that found in other research undertaken in Europe (Jiménez-Martin and Labeaga 1999; Deschryvere 2005).

There are two possible explanations for the delay in retirement age for both male and female self-employed in the Christian democratic and Southern European tradition. These types of workers have a greater aggregate weighting in the Christian democratic and Southern European tradition. On the one hand, they are less protected compared to other workers and are normally excluded from early retirement plans. (which makes it difficult for them to exit the labour market and forces them to delay their retirement). (Schils 2005)). On the other hand, a proportion of these workers are highly qualified, work in liberal professions (with a more satisfying working environment) and have a higher life expectancy, all of which favors a delay in their retirement (Deschryvere 2005).

In 'Europe 7' the variable '*retired for health reasons'* has a highly significant effect in advancing the retirement age for both men and women, by more than two years and almost two years respectively - and the influence of this variable is stronger when we include the variable '*tradition'*. Except for women in the Southern European tradition, retiring for health reasons reduces the retirement age by between more than one year and more than three years in the three traditions, and is as evident for men as for women. However, there are notable differences over the intensity of the influence of health on retirement age according to the welfare state tradition and the gender of the individuals. In men from the Social democratic and Southern European tradition, this effect is more intense than in Christian democratic countries. In the latter tradition, in part as a consequence of the lower maximization of the labor force compared to the Social democratic tradition, the social security systems are very generous (replacement rates) and flexible (institutionalized exit routes from the labor market such as long-term unemployed, disability and early retirements) providing a labor environment that has historically boosted early retirement.

Perhaps this Christian democratic institutional context explains why workers, when they get closer to the age when they can retire early, have many opportunities and incentives

to leave the labor market, and so health influences them to a lesser extent. Different institutional contexts can be identified in other countries: the Social democratic tradition has boosted the maximization of the labor market so that people work until they are older, while in Southern Europe the salaries are comparatively low (and consequently the pensions), which forces workers to stay in the labor market in order to receive an acceptable pension, and therefore health issues affect them to a greater extent.

The non-significant effect of health on the retirement age of women in Southern Europe could be explained as a result of their work-life cycle and the subordination to their partner. On the one hand, women in this latter tradition, compared to that of the Social democratic and Christian democratic tradition, have been less integrated into the labor market, their work-life cycle is shorter, and they have more work interruptions and are more subordinate to their partners. It is therefore probable that they have fewer opportunities to achieve the required minimum to receive an acceptable pension. Consequently their retirement is more conditioned by the retirement of their husbands (Arber and Ginn 1996), and health influences them less when they make the transition to retirement.

As is shown below, the effect of joint retirement is more intense among Southern European women than in the other two traditions, and the interaction variable '*years of difference * joint retirement'* is not significant among women in the Southern European tradition but it is among women in the Christian democratic and Social democratic traditions. This means that the effect of joint retirement on the retirement age of Southern European women is not guided by the greater age difference between couples, as it is in their Christian democratic and Social democratic counterparts. The last three variables indicate a tendency towards greater female subordination in respect of their partner in the transition towards retirement in the Southern European tradition than in the Christian democratic and Social democratic traditions.

	Christian Democracy (506)				Social Democracy (320)				South Europe (304)			
Predictors	**Husband**	**P-value**	**Wife**	**P-value**	**Husband**	**P-value**	**Wife**	**P-value**	**Husband**	**P-value**	**Wife**	**P-value**
Education		<0.001		<0.001		0.161		0.005		0.005		<0.001
Primary	56.2		54.0		61.5		59.4		59.8		57.2	
Secondary	58.6		56.6		60.9		58.3		58.0		55.2	
Post-tertiary	58.9		57.0		62		60.6		57.7		52.2	
Employee or self employed		<0.001		0.058		0.184		0.646		<0.001		<0.001
Employee	57.9		56.2		61.3		59.3		58.2		55.5	
Civil servant	58.3		56.9		60.6		59.0		57.0		54.9	
Self employed	61.9		57.8		62.3		58.3		61.1		58.4	
Retired for health reasons		0.058		0.004		<0.001		<0.001		0.052		0.605
No	58.5		56.6		62.2		60.2		59.2		56.4	
Yes	57.5		54.8		59.3		57.1		57.2		55.8	
Stopped work for maternity				0.161				0.937				0.180
No	------		56.2		------		59.2		------		56.1	
Yes	------		56.9		------		59.3		------		57.0	
Help received for maternity				0.739				0.806				0.151
No	------		56.4		------		59.2		------		56.5	
Yes	------		56.6		------		59.4		------		54.4	
Joint Retirement		0.682		<0.001		0.9		<0.001		0.343		<0.001
No	58.4		55.4		61.4		57.6		59.2		55.2	
Yes	58.3		58.1		61.4		61.1		58.6		58.6	
Couple retired for health reasons		0.029		0.770		0.154		0.692		0.196		0.818
No	58.5		56.4		61.6		59.3		58.9		56.4	
Yes	57.3		56.6		60.9		59.1		60.3		56.2	
Couple income		0.062		0.023		0.966		0.793		<0.001		0.316
<1000	58.6		55.6		61.2		59.4		60.1		56.5	
1000-2000	57.8		56.8		61.5		58.9		58.4		56.6	
>2000	58.9		56.8		61.4		59.4		56.5		55.1	
Income difference		0.803		0.659		0.065		0.002		0.037		0.002
<=0	58.3		56.2		60.9		58.0		58.6		56.6	
1-750	58.6		56.5		62.1		60.1		59.7		57.1	
>750	58.3		56.7		61.2		59.8		57.7		54.0	
Household size		0.010		0.493		0.115		0.065		0.373		0.002
2	58.54		56.47		61.49		59.38		59.17		57.01	
>2	56.81		55.93		58.60		54.37		58.59		54.90	
Seniority	0.108	0.014	0.201	<0.001	0.045	0.418	0.255	<0.001	0.150	0.008	0.338	<0.001
Age difference	0.225	<0.001	0.239	<0.001	0.212	<0.001	0.248	<0.001	0.121	0.034	0.275	<0.001

5.9.2 Household and couples' characteristic differences according to Welfare State Traditions

The variables **'s***topped working for maternity'* and *'received help for maternity'* are only included in the women's model. '*Stopped working for maternity'* has a positive and significant effect, increasing retirement age by six months among women of 'Europe 7'. However, it stops being significant in the previous models when we include the variable 't*radition'*. Depending on the welfare state tradition, this variable has the significant effect of delaying by almost a year the retirement age in women of the Christian democratic tradition– for both the models that include individual characteristics and those of the couple - but it does not have a significant effect among their Social democratic and Southern European counterparts.

This effect on the women from the Christian democratic tradition shows the relevance of a life-cycle perspective as past events can influence behavior in the future: remaining longer in the labor market and increasing the retirement age. In the opposite direction, a study undertaken in the US has pointed out that when women remain in the labor market during the period that they are raising their children they bring forward their retirement age, especially after their husband retires (Henretta, O´Rand and Chan 1993).

The fact that women in the Christian democratic tradition delay their retirement age because they stopped working for maternity reasons could be explained by the need to compensate for that interruption by remaining more time in the labor force, and in that way, they are able to achieve the minimum requirements in order to receive an acceptable pension (Kim 2011). It is probable that this variable does not have any significant effect on women from the Social democratic tradition given that, as has been noted in the previous chapter, they have greater facilities to reconcile labor market and family responsibilities as a consequence of the generous family support policies.
Regarding the variable 'd*ifference in age'*, the greater the difference in age of men compared to women, the more men and women delay their retirement in 'Europe 7'; this effect is slightly greater among men, and the variable 't*radition'* has no effect when it is included in the models.

This variable continues being significant across the three welfare state traditions, as it increases the retirement age among men, (but significantly, only among women of the Christian democratic tradition). According to the theory of joint retirement, it is possible to explain the increase in the retirement age of men, but difficult to explain the differences among women in the different traditions.

This would indicate that if men are much older, then women would retire early, or husbands would be forced to retire later (Szinovacz 2002). The next two variables allow us to better understand this decision-making process and the effect on retirement age, given that the couples - besides retiring together - can also leave the labor market separately.

In 'Europe 7' when couples retire together, rather than separately, it increases the retirement age of men by almost a year and by more than two years in women, with this effect reducing slightly when we include the variable '*tradition. Joint retirement'* does not have a significant effect on either men in the Christian democratic or Social democratic tradition, but those in Southern Europe tradition increase their retirement age by a year and a half. There is a spectacular increase in the retirement age of women when they retire at the same time as their spouses; by almost two years in Christian democratic tradition, two years in Social democratic and more than two years in Southern Europe. A study that compares the retirement age of couples in Austria and the US shows that when couples retire together in the former, men delay their retirement by almost a year, but women reduce their retirement age by almost a year, although the coefficient is not significant. In the US, men increase their retirement age by more than a year, while women do so by a year when they retire together with their spouse (Szinovacz 2002).

The variables 'd*ifference in age'* and 'j*oint retirement'* both influence the retirement age of couples. But as has been noted above, joint retirement can be conditioned by couples age differences. This research includes a variable that considers the interaction of the two previous variables. In 'Europe 7' the interaction of 'd*ifference in age * Joint retirement* shows negative and significant coefficients over the retirement age as much in men as in women, and this effect is not modified when we include the variable 't*radition'* in the models.

This variable has a negative and significant coefficient, among men and women in the Christian democratic tradition, women in the Social democrat tradition and men in the Southern European tradition. These negative coefficients indicate that the relation between ‘d*ifference in age* ‘in couples and their retirement age is reduced when couples retire together (Blau 1998; Pozzoli and Ranzani 2009). The explanation for this reduction is that the increase in the age difference between those individuals that retire together reduces the age of retirement compared to those individuals that have the same characteristics but who retire separately. Subsequent univariate analysis shows how in practically all the models, the relationship between ‘difference in age’ and retirement age changes if the couples retire together, compared to those who retire separately. In some models, the relation disappears and in others it is converted into a negative value when one considers couples separately, depending on whether they retire together or separately.

If we compare the variables ‘j*oint retirement’* and ‘y*ears of difference * joint retirement’* we can confirm that the effect of joint retirement is greater among women of the Southern European tradition than in the other two traditions. However, the interaction variable ‘y*ears of difference * joint retirement’* is not significant among women from the Southern European tradition but it is in the Christian democratic and Social democratic tradition.

That means that the effect of joint retirement on Southern European women is not guided by the greater difference in the age of men, but it is in their Christian democratic and Social democratic counterparts. These results appear to indicate greater subordination of women, in respect of their partner, in the southern European tradition than in the Christian democratic and Social democratic traditions, in the transition towards retirement.

The variable ‘r*etired couple for health reasons’* does not have a significant effect on the retirement age of men and women in ‘Europe 7’. This is also true among men and women across the different traditions, with the exception of men in the Southern European tradition, as they delay their retirement by more than two years. (Again showing notable differences in the retirement decisions depending on the welfare state tradition). In a US study, we find the same evidence as in Southern European countries

(An, Christensen and Gupta 2004) with also an underdeveloped Welfare State (known as residual). The most plausible explanation as to why this phenomenon occurs could be related to the underdevelopment of the Southern European Welfare State, in comparison with Social democratic or Christian democratic countries.

Husbands could see themselves forced to retire later when their spouse retires unexpectedly for health reasons. In the first place, if the husband retires with his spouse, given that men are on average more than two years older, they would notably reduce their pension by being penalized for early retirement. In this case, both pensions would be reduced, notably reducing the total income of the household. In the second place, the husband could be forced to retire later in order to compensate for the reduction in the spouse's income, or they will have their total income reduced. Finally, the previous explanations could be conditioned depending on the tradition of the Welfare State.

The Southern Europe tradition is notable for having very reduced pensions and a less developed Welfare State in contrast to the Christian democratic tradition, but especially that of the Social democratic tradition (Recuenco 2010; Recuenco and Callao 2011; Kim). Even when health care is universal in the three traditions, the family support policies are insufficient in the Southern Europe tradition for dependent or elderly people with health-related problems. In sum, if the husband's income is reduced (and therefore the total income) it will be more difficult to cover the costs for caring for a spouse with deteriorated health.

The variable '*size of household'* is included in the models as a proxy of help given to dependent people living together with their partners. This is included to explore whether couples advance or delay their retirement age in order to care for elderly people or dependents. The variables of the SHARE data do not allow us to capture this effect. The problem with the variable '*size of household'* is that we do not know if they are dependent people or the couples' children, and therefore, when we refer to 'helping dependent people', we have to treat this concept with caution.

	Europe 7 (1130)							
Predictors	**Husband M1**	**Husband M2**	**Husband M3**	**Husband M4**	**Wife M1**	**Wife M2**	**Wife M3**	**Wife M4**
Constant	53.97***	53.36***	53.48***	53.33***	50.83***	50.27***	51.00***	50.73***
Regime								
Christian Democracy	------	REF	------	REF	------	REF	------	REF
Social Democracy	------	2.73***	------	2.53***	------	2.95***	------	2.78***
South Europe	------	-0.14	------	-0.69**	------	-0.19	------	0.02
Aged sixty	5.78***	5.37***	5.02***	4.87***	5.61***	5.13***	4.45***	4.22***
Education								
Primary	REF	REF	REF	REF	REF	REF	REF	REF
Secondary	-0.10	-0.02	-0.09	-0.001	0.08	0.22	0.04	0.36
Post-tertiary	0.45	0.25	0.21	0.24	0.77*	0.44	0.57	0.61
Seniority	0.003	0.012	-0.001	0.008	0.069***	0.079***	0.056***	0.066***
Employee or self-employed								
Employee	REF	REF	REF	REF	REF	REF	REF	REF
Civil servant	-0.97**	-0.51	-0.99**	-0.50	-1.42***	-0.55	-1.07**	-0.41
Self employed	2.30***	2.53***	2.09***	2.09***	0.38	0.94**	1.03***	1.31***
Retired for health reasons	-1.88***	-2.34***	-1.93***	-2.27***	-1.37***	-2.19***	-1.32***	-1.72***
Stopped work for maternity	------	------	------	------	0.63**	0.44	0.54*	0.35
Help received for maternity	------	------	------	------	0.29	0.01	0.06	-0.03
Age difference	------	------	0.24***	0.24***	------	------	0.16***	0.19***
Joint Retirement	------	------	0.82***	0.61**	------	------	2.17***	1.92***
Age difference*Joint Retirement	------	------	-0.29***	-0.27***	------	------	-0.20**	-0.24***
Couple retired for health reasons	------	------	0.36	-0.12	------	------	0.22	-0.001
Household size (>2)	------	------	-0.71**	-0.09	------	------	-0.84**	-0.48
Income difference								
<=0	------	------	REF	REF	------	------	REF	REF
1-750	------	------	1.79**	2.26***	------	------	0.47	0.56
>750	------	------	-0.86	-0.75	------	------	-0.87	-1.00*
Total income								
<1000	------	------	REF	REF	------	------	REF	REF
1000-2000	------	------	1.10**	0.25	------	------	-0.20	-0.63
>2000	------	------	0.42	-0.73	------	------	1.01*	-0.22
Income difference * Total income								
*Difference (<=0) * Total income*	------	------	REF	REF	------	------	REF	REF
*Income difference * Total (<1000)*	------	------	REF	REF	------	------	REF	REF
*Difference (1-750) * Total (1000-2000)*	------	------	-3.25***	-2.73***	------	------	0.20	0.55
*Difference (1-750) * Total (>2000)*	------	------	-0.22	-0.83	------	------	-0.45	-0.59
*Difference (>750) * Total (1000-2000)*	------	------	-0.54	0.001	------	------	2.02**	2.18***
*Difference (>750) * Total (>2000)*	------	------	2.27**	2.10**	------	------	2.06**	1.85**
Adjusted R-squared	0.186	0.255	0.253	0.300	0.222	0.279	0.314	0.348

*P<0.1, **P<0.05, ***P<0.01

M1: Model with personal predictors

M2: Model with personal predictors + tradition

M3: Model with personal predictors + couple predictors

M4: Model with personal + couple predictors + tradition

When couples share their home with one or more people in 'Europe 7', both men and women advance their retirement age, by almost a year, but when we include the variable '*tradition'* this effect stops being significant. The variable '*size of household'* is not included in the Social democratic tradition models given that only 10 couples share with one or more person in the household. This variable does not have a significant effect on men and women in the Christian democratic or Southern European Tradition. In the univariate analysis this variable is significant among women from the Southern European tradition who advance their retirement age by more than two years - the countries that have the least developed family support policies of the three traditions analyzed in this research. In the Southern European tradition, also known as the familiaristic regime, it is usually women who care for the dependent elderly in the household.

SHARE does not collect information on salaries before retirement, the variable normally employed in the literature to estimate the economic incentives of individuals when they approach retirement age. In its place, the pension income is included. In the models using the variable '*income differences'*, the reference value is women with greater income than the husband, in comparison with the categories males higher income between 1-750 Euros or >750 Euros. In 'Europe 7' when men have 1-750 Euros income available, compared to women that receive a higher income than men, they increase their retirement age by almost two years, increasing this value by more than two years when we include the variable '*tradition'*, although this category is not significant for women. When men's income is over 750 Euros, compared to the reference value, it does not represent a significant effect on the retirement age of men, while women reduce their retirement age by a year when the variable '*tradition'* is included. This means that women who receive an income greater than their husbands, in 'Europe 7', retire later than when husbands have an available income greater than 750 Euros compared to their wives.

There are great differences by traditions. Men in the Christian democratic tradition reduce their retirement age by a year and a half when their income is greater than 750 Euros compared to the reference. In the Social democratic tradition the coefficients are not significant, while men from the Southern European tradition increase their

retirement age by almost three years when their income is 1-750 Euros superior to their wives, in comparison with the 'income greater than spouse' reference value. Regarding women, we only found significant values among the Social democratic tradition that spectacularly increase their retirement age, by more than five and a half years, when their husband has an income of between 1-750 Euros greater, in comparison with the 'income greater than spouse' reference value.

The variable '*total income'* of the household is included in the models to allow an analysis of whether the sum of the income of the couple has an effect on retirement age as much for men as for women. In 'Europe 7' when income is between 1,000-2,000 Euros, men increase their retirement age by a year, compared to income of less than 1,000 Euros in the household, although it stops being significant when we include the variable '*tradition'*. Women also increase their retirement age by a year, but when incomes are higher than 2,000 Euros in comparison with the reference value, (but not being significant in this category when the variable '*tradition'* is included). By traditions, this variable is only significant among men in the Southern European tradition, as it reduces their retirement age by up to three years when the income of the household is greater than 2,000 Euros, in comparison to the reference value, total income of the household is less than 1,000 Euros.

*'Difference in income * total income'* is an interaction variable of the two previous variables. It is included in this research as a specific difference in income between married couples that could have a different effect depending on the total income in the household affecting couples advancing or delaying their retirement age. When the variable '*difference in income'* was previously analyzed in 'Europe 7', when men earn 1 to 750 Euros more than their spouse, compared to the superior income of the wife compared to the man, they increase their retirement age by almost two years and by more than two years when we include the variable '*tradition'*.

But when we analyze the interaction variable '*difference in income * total income'* with the same difference in incomes (1-750) but with total income of the home of 1,000 to 2,000 Euros, compared to the reference value 'difference in income greater than the woman * total incomes less than 1,000 Euros', it changes the retirement age. It advances the retirement age of men by more than three years and almost three years

when we include the variable *'tradition'*. Meanwhile, when the difference in income is greater than 750 Euros compared to the spouse and in parallel, the incomes of the household are greater than 2,000 Euros compared to the reference value 'difference in income greater than the woman * total income less than 1,000 Euros', men delay their retirement age by more than two years, having a very reduced effect when the variable '*tradition'* is included.

Previously, I showed that women in 'Europe 7', when the husband received an income greater than >750 Euros more than them, in comparison with the reference value the woman has an income greater than men, they advance their retirement age by a year in the model that includes the variable '*tradition'*. But with the same difference in income (>750 Euros) and total incomes of between 1,000 to 2,000 Euros or rather > 2,000 Euros, in comparison with the reference value 'difference in income greater of the woman * and total income less than 1,000 Euros', it changes the retirement age. Women delay their retirement age by two years, in both categories, compared to the reference value.

As has been previously pointed out, men in the Christian democratic tradition reduce their retirement age by a year and a half when their incomes are >750 Euros compared to their wives, in relation to the reference value 'greater income of the women'.

However, with the same difference in income (>750) but with total income of the household greater than 2,000 Euros, in comparison with the reference value 'income difference greater than the woman * total income less than 1,000 Euros', the retirement age changes. In fact it increases the retirement age of men by more than two and a half years in the Christian democratic tradition. Women in the Christian democratic tradition increase their retirement age by two years, when the income of their husbands is greater than 750 Euros and in parallel the total income of the home is more than 1,000-2,000 Euros, compared to the reference value 'difference in income greater of the woman * total income less than 1,000 Euros'.

Women in the Social democratic tradition increased their retirement age by more than five and a half years when the income of their husbands were between 1-750 Euros greater than them, in comparison with the reference value 'income superior of the

women'. With the same difference in income (1-750) but with total incomes of the home greater than 2,000 Euros, in comparison with the reference value 'difference in income greater of the woman * and total incomes less than 1,000 Euros', they spectacularly reduced their retirement age by more than five years.

Men in the Southern European tradition increased their retirement age by almost three years when their income was between 1-750 Euros greater than their wives, in comparison with the reference value 'greater income of the woman'. When we analyze the interaction variable, with the same difference in income (1-750) but with total income of the home 1,000-2,000 Euros in comparison with the reference value 'difference in income greater of the woman * total incomes less than 1,000 Euros', the retirement age changes. Men advance their retirement age by almost four and a half years.

	Christian Democracy (506)				Social Democracy (320)				South Europe (304)			
Predictors	**Husband M1**	**Husband M2**	**Wife M1**	**Wife M2**	**Husband M1**	**Husband M2**	**Wife M1**	**Wife M2**	**Husband M1**	**Husband M2**	**Wife M1**	**Wife M2**
Constant	52.31***	52.65***	48.60***	49.16***	53.98***	54.94***	52.47***	52.08***	53.97***	52.47***	50.69***	51.58***
Aged sixty	4.51***	4.15***	4.68***	3.98***	8.85***	8.27***	7.50***	6.45***	4.60***	4.42***	4.11***	3.71***
Education												
Primary	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Secondary	2.07***	2.08***	2.75***	2.65***	-0.77*	-0.85**	-0.45	-0.35	-1.10*	-0.57	-0.87	-0.55
Post-tertiary	2.09***	1.96***	2.68***	2.45***	0.04	-0.01*	0.95*	1.09**	-1.01	-0.41	-3.29***	-2.16*
Seniority	0.002	-0.004	0.063***	0.048***	-0.005	-0.009	0.055***	0.055***	0.025	0.025	0.102***	0.075***
Employee or self-employed												
Employee	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Civil servant	0.34	0.05	0.18	0.36	-1.37*	-1.41*	-2.41*	-1.71	-0.90	-0.57	0.04	-0.05
Self employed	3.64***	3.59***	1.29**	1.96***	0.70	0.66	-1.30	-0.09	2.52***	1.57**	1.15*	1.26*
Retired for health reasons	-1.41***	-1.32***	-2.30***	-2.13***	-2.47***	-2.41***	-2.61***	-2.07***	-2.86***	-3.13***	-1.01	-0.40
Stopped work for maternity	------	------	0.82*	0.80*	------	------	-0.63	-0.39	------	------	0.28	0.30
Help received for maternity	------	------	-0.06	0.24	------	------	0.77	0.23	------	------	-1.40	-1.44
Age difference	------	0.24***	------	0.26***	------	0.17***	------	0.06	------	0.23***	------	0.09
Joint Retirement	------	0.33	------	1.72***	------	0.24	------	1.93***	------	1.41*	------	2.12***
Age difference*Joint Retirement	------	-0.22**	------	-0.31**	------	-0.14	------	-0.21*	------	-0.51***	------	-0.01
Couple retired for health reasons	------	-0.59	------	-0.09	------	-0.35	------	0.40	------	2.13**	------	-0.62
Household size (>2)[1]	------	-0.19	------	0.08	------	------	------	------	------	0.61	------	-0.46
Income difference					------		------		------		------	
<=0	------	REF	------	REF	------	REF	------	REF	------	REF	------	REF
1-750	------	-0.34	------	-0.24	------	0.18	------	5.60**	------	2.85***	------	-0.01
>750	------	-1.53*	------	-1.05	------	-1.09	------	-1.84	------	0.48	------	-1.42
Total income												
<1000	------	REF	------	REF	------	REF	------	REF	------	REF	------	REF
1000-2000	------	-0.56	------	-0.05	------	-0.45	------	-1.39	------	1.10	------	-1.07
>2000	------	-0.30	------	0.63	------	-1.23	------	-0.40	------	-2.77*	------	-0.32
Income difference * Total income												
*Difference (<=0) * Total income*	------	REF	------	REF	------	REF	------	REF	------	REF	------	REF
*Income difference * Total (<1000)*	------	REF	------	REF	------	REF	------	REF	------	REF	------	REF
*Difference (1-750) * Total (1000-2000)*	------	0.39	------	0.53	------	NA	------	-2.51	------	-4.36***	------	1.38
*Difference (1-750) * Total (>2000)*	------	1.32	------	-0.86	------	0.80	------	-5.36**	------	-1.37	------	-0.55
*Difference (>750) * Total (1000-2000)*	------	1.46	------	2.03**	------	-0.33	------	3.19	------	-2.28	------	1.81
*Difference (>750) * Total (>2000)*	------	2.65**	------	1.96	------	1.79	------	2.98	------	2.17	------	-3.67
Adjusted R-squared	0.231	0.267	0.220	0.304	0.309	0.317	0.360	0.442	0.168	0.257	0.263	0.297

*P<0.1, **P<0.05, ***P<0.01

M1: Model with personal predictors. M2: Model with personal predictors + couple predictors + household predictors

1: Not included in Social Democracy models(10 families >2)

5.10 Conclusions

The general question of this research is whether it is useful to group countries by welfare state traditions in order to deepen our understanding of European couples' decisions and retirement age. The results not only show that it is very useful, but also that studies grouping a significant number of countries in Europe trying to analyze the retirement of couples without taking into account the different institutional contexts of welfare state traditions can obtain biased results.

A review of the results of 'Europe 7', where all the countries are grouped, offers us an idea of the relevance of the '*tradition'* variable. When different variables are analyzed, independently of whether they are men or women, they have a specific effect, but when the variable '*tradition'* is included, the majority of the coefficients either modify their force, stop being significant, or even become significant.

The typology employed in this comparative study allows us to decipher the variations of the variables both in and between the welfare state traditions in a logical way. One variable that has an intense effect on one of the traditions can stop having it in another, in a way that is consistent with the theory of institutional context. Many variations of this explanatory variable of the retirement age across the countries analyzed are associated with the similarities and differences of the institutional context of traditions such as the Welfare State, the type of labor market, gender relations and pension regimes.

Next I presented various examples of how the same variable can have a different effect according to the welfare state tradition, and provided evidence of the relevance of the institutional context and the helpfulness of employing this typology.

First, the specificity of the Welfare State can condition, in various ways, the effect of the same variable on the retirement age of couples. To have worked as a public servant in comparison with other types of employees does not have a significant effect on men and women in Christian democratic and Southern European Tradition. While in the Social democratic tradition, both men and women that have worked as civil servants advance their retirement by between one and a half years and two and a half years. Countries of the Social democratic tradition are those that have the most generous welfare state systems in the

OECD, where universal social rights are linked to citizenship, and invest most in social expenditure. Public employment (average 2000-2008) over the total of the potentially active population in the Social democratic tradition is 23.7%, against 9.8% and 10.6% in Christian democratic and Southern European traditions respectively (Navarro and Tur 2009). In a context where a significant proportion of the workers work in the public sector, and in parallel have very generous early retirement plans they will also have more incentives to advance their retirement age (Schils 2005).

Another example of how the specificity of the Welfare State can condition the effect of the same variable in a different way is related to the family support policies. The variable '*couple retired for health reasons'* does not have any significant effect on men or women in the Christian democratic and Social democratic tradition, while Southern European men delay their retirement age by more than two years. In a study undertaken in the US we find the same evidence as in the Southern European countries (An, Christensen and Gupta 2004). These authors pointed out that this effect could be due to the fact that the husband would be forced to work longer in order to pay the cost of care for his spouse. In the US study, when they undertook the analysis in a single country, the authors could suggest that the delay in the retirement age occurred for a specific reason. But in the case of this research, as I investigate various countries within a theoretical framework of welfare state traditions, a priori, there are more clues to decipher the reasons that make men delay their retirement age in one country and not in another. The most plausible explanation about why men delay their retirement age in Southern Europe is related to insufficient family support policies of the Welfare State as compared with the Christian democratic tradition, but especially in comparison with the Social democratic (Recuenco 2010; Recuenco and Callao 2011; Kim 2009).

Even when there is universal health care in the three traditions, in the Southern European tradition, the family support policies are insufficient to care for dependent people or with greater needs linked to health problems. If a woman retires early or leaves work unexpectedly for reasons of health, it will reduce her income and consequently, the total income of the household, forcing her spouse to retire later in order to be able to defray the costs that the care of a spouse with deteriorated health involves. It should be emphasized that the quantity of pensions in the Southern European tradition are lower than in the Christian democratic and Social democratic tradition.

Second, the specificity of the labor market of a particular welfare state tradition can also help us to understand specific decisions about retirement.

The Christian democratic and Southern European traditions have not been able to efficiently maximize their labor markets (especially regarding people from 55 to 64 years old) in recent decades, and the share of self-employed people is greater than in the Social democratic tradition, where it is greatly reduced. The Northern European countries have efficiently managed their labor markets via active labor policies and through family support policies that have permitted women to satisfactorily reconcile their work and family life. Results show that men in the Christian democratic tradition increase their retirement age by more than three and a half years, while women increase it by two years in the self-employed category, in comparison with all employees. On the other hand in Southern Europe, men increase their retirement age by a year and a half, while their wives do so by more than a year. This variable does not have any significant effect on men and women in the Social democratic tradition.

Third, the pension system regime of the welfare state traditions can facilitate or hinder the early retirement of workers, and condition other variables. The previous chapter showed that countries can be grouped by pension regimes starting from the degree of flexibility and generosity of their pension systems. The Christian democratic traditions have very generous and moderately flexible pension systems, the Social democratic systems are moderately generous and very flexible while the Southern European systems are moderately generous and moderately flexible (Schils 2005).

The effect of health on the early retirement of men in the Social democratic tradition (two years) and in Southern Europe (three years) has a stronger effect than in the Christian democratic countries (one year). In this latter tradition, in part as a consequence of a lesser maximization of the labor force in comparison with the Social democratic tradition, the pension systems are very generous (replacement rates) and moderately flexible offering a labor environment that has historically boosted early retirement. Perhaps this Christian democratic institutional context explains why workers, when they approach the age when they can retire early, have many opportunities and incentives to leave the labor market, with their health having a reduced influence than in the Social democratic and Southern European tradition.

The occupation rates of elderly people (55-64) in the Social Democratic tradition are the highest in the OECD. This institutional context has boosted the maximization of the labor market until recently and probably that is the reason health could be more relevant than in the Christian democratic tradition. While in Southern Europe, salaries (and consequently pensions) are very low and probably workers are forced to stay for longer periods in the labor market or, on the contrary, the penalizations for early retirement would reduce their future pensions.

Fourth, the gender regime of welfare state traditions can facilitate or limit the early retirement of workers conditioning other variables. Women in Social democratic and Christian democratic traditions advance their retirement age by two years because of health problems, while health does not have any significant effect on the retirement age of women in Southern Europe. This diverse behavior could be explained by the labor motivations of the couple. On the one hand, Southern European women are less integrated in the labor market, and their work-life cycle is shorter with more work interruptions and greater subordination to their partner than in the Christian democratic tradition, but especially when compared with the Social democratic. One possible consequence is that women in the Southern European tradition have a lower probability of achieving the requisite minimum contributions that give them the right to receive a pension, and consequently their retirement is more conditioned by the retirement of their husband when he leaves the labor market (Arber and Ginn 1996) and health has less influence when they undertake their transition to retirement.

The results of the following variables point in the same direction. Southern European women are more subordinate and have greater family responsibilities than their husbands at the time of retirement, compared to their Christian democratic and Social democratic counterparts. There is a spectacular increase in the retirement age of women when they retire together with their husbands: almost two years among the Christian democratic tradition, two years among the Social democratic tradition, and more than two years in the Southern European tradition. But joint retirement can be conditioned by the age differences within married couples. The interaction variable '*difference in age * joint retirement*' has negative and significant coefficients among women of the 'Europe 7', in the Christian democratic and Social democratic tradition (being non-significant in the Southern European tradition). That means, when the age of men increases in comparison with their spouses, women of 'Europe 7',

Christian democratic, and Social democratic tradition that retire jointly, reduce their retirement age compared to women with the same characteristics but that retire separately.

In sum, the effect of joint retirement of Southern European women is not guided by a greater difference in the age of men, as is the case with their Christian democratic and Social democratic counterparts. The most plausible explanation is that given that Southern European men have accumulated greater rights than their spouses to receive a pension when they leave the labor market independently of the age difference within the couple, women have a tendency to retire with his spouse. This illustrates a pattern of retirement of greater subordination of women regarding their spouse in the Southern European tradition than in the Christian democratic and Social democratic tradition.

The variable '*household size'* is included in the models as a proxy of 'help to dependent people in the home'. When couples share their home with one or more people in 'Europe 7' both men and women advance their retirement age by almost a year; although this variable stops being significant when the variable '*tradition'* is included. This variable is not included in the models of the Social democratic tradition given that only 10 couples (3.1%) cohabit with someone else in their home, against 48(9.5%) and 94(30%) in the Christian democratic and Southern European traditions respectively. The variable '*household size'* is not significant in the Christian democratic tradition or in the Southern European tradition. Furthermore, in the univariate analysis this variable is not significant among Christian democratic women, but it is among their Southern European counterparts, who advance their retirement age by more than two years. The Southern European countries have the least developed family support policies of the three traditions analyzed in this investigation.

When I started this research I posed one general hypothesis and three specific:

First, the general hypothesis suggested that the retirement age of women would be much more conditioned by the variables of their partner and of the household than the same variables with the retirement age of men in the three traditions. Regarding the differences by country, I pointed out in the hypothesis section that the variables of the couple and of the household will have a lesser effect on the retirement age of men in the Christian democratic and Southern European tradition than in the Social democratic tradition. This is due to the fact that women in the household and in the labor market are in a position of greater subordination in the

Christian democratic and Southern European tradition than in the Social democratic. I argued as well that the variables of the couple and of the household would have a greater effect on the retirement age of women in the Christian democrat and Southern European tradition than in the Social democrat tradition, for the same reasons given previously.

The results of the models show that the retirement age of women is much more conditioned by the variables of the couple and the household than these same variables on the retirement age of men, except for men and women in the Southern European Tradition. The results of men in the Southern European tradition are due in part to the individual variables that explain to a lesser extent their retirement age against their Christian democrat or Social democrat counterparts, and when the variables of the couple and the household are incorporated into the model its adjusted r-squared increases considerably.

Surprisingly, contrary to what was previously expected, and having mentioned the three variables that point to a tendency of greater subordination of wives to husbands in Southern Europe compared to their Christian democratic and Social democratic counterparts, the variables of the couple and the household have a lesser effect on the retirement age of women in Southern Europe against those of the Christian democratic and Social democratic tradition. Perhaps other variables exist that are not included in the analysis and are not available in the SHARE data that allow us to see the subordination of women compared to men in the labor market and in the household and their relation with the retirement age (Hank and Jürges 2011). The mechanisms that allow us to better understand the relation between the individual variables of the couple and the household on the retirement age of women and men vary a lot depending on the welfare state tradition. This point has been demonstrated in the results section and will now be verified by the specific hypothesis.

The unexpected results of Southern European men make possible a new question that was not raised at the start of this research. Perhaps in an institutional context such as Southern Europe, where the salaries of men and women are much lower in comparison to those of the Christian democratic and Social democratic tradition, it seems logical that the variables of the couple end up having a greater impact on the retirement age of men.

Second, another specific hypothesis held that when one member of the married couple advances their retirement for health reasons, the other will delay their retirement in the tradition of Southern Europe, but that this will not have any effect in Christian democratic and Social democratic traditions. As has been seen in the results section and in these conclusions, the data suggest that when the woman retires for health reasons in the Southern European tradition, the husband delays his retirement age by more than two years, while it does not have any significant effect in the Christian democratic and Social democratic traditions. This shows once again, the relevance of the institutional context and the need to undertake comparative studies.

Third, the specific hypothesis on income suggested that the greater the difference in income (pensions) between couples (higher in the case of men) and in parallel, higher was the total income of the household (variables that interact) it would increase the retirement age as much for men as for women in the three welfare state traditions. The literature on couples retirement indicates that when income is greater, the retirement age increases. But this literature differs from this research as these studies normally include variables of individual income, or they assign the value of the income of one member of the couple to the other. The data show the relevance of incorporating this variable, given that 'd*ifference in income * total income'* interacts in the three traditions of the welfare state. This is a further contribution of this research.

In a later analysis, I withdrew my variables on income from the models and in their place incorporated them as the literature on retirement includes habitually. Then in the models of the three traditions reduced the adjusted R-squared both men as women.

Fourth, the last specific hypothesis, and the most relevant in this research, suggested that when couples retire together they increase their retirement age. The independent variables that have a relation with the dependent variable 'joint retirement' versus 'separate retirement' have been investigated in depth. But the scarcity of research that analyzes the relation between the independent variable 'joint retirement' versus 'separate' on the dependent variable retirement age is noticeable. After broadly examining the literature on retirement, I have only found one study (Szinovacz 2002) that has incorporated joint retirement versus separate as an independent variable.

It is relevant to investigate patterns of retirement (joint versus separate) as an explanatory variable, for the reforms that are being implemented in Europe and to contribute to the literature on retirement: 1) if couples can coordinate their joint retirement in a flexible and voluntary way, it is probable that they will delay their retirement age and therefore improve the viability of the pension systems 2) if we compare the effect of patterns of retirement (joint versus separate) on the retirement age according to the welfare state traditions, we will expand our knowledge about those decisions, which will then afterwards facilitate the creation of policies that enable joint retirement.

This is the first study that analyzes in depth the effect of joint retirement on the retirement age of men and women in a significant number of countries starting from the theoretical framework of the welfare state traditions. I have raised two hypotheses related to the couples retirement patterns and their relation with retirement age according to the traditions of the Welfare State: 1) When couples coordinate their retirement and they retire together (in comparison with those who retire separately) they will increase their retirement age in the three traditions. The effect will be greater in women than in men given that the latter are usually, on average, two years older 2) When the interaction variable '*difference in age * joint retirement'* is included in the models it will change sign and become negative.

The data show that when couples retire together in 'Europe 7' the retirement age of men is increased by almost a year and by more than two years in women, although this effect is reduced a little when we include the variable '*tradition*'. Joint retirement has no significant effect on men in the Christian democratic tradition or the Social democratic tradition, but it has in Southern Europe where it increases their retirement age by a year and a half. There is a spectacular increase in the retirement age of women when they retire together: almost two years among the Christian democratic tradition, two years among the Social democratic tradition and more than two years among the Southern European tradition. The hypothesis is confirmed in both men and women in 'Europe 7', in the women of the three traditions and in the men of Southern Europe. The coefficients of Christian democratic and Social democratic men are not significant, although they do have a positive sign.

It has been noted above that joint retirement can be conditioned by the age difference between couples and that it affects the retirement age. This is the reason why this research includes a variable that considers the interaction of the two previous variables. The interaction variable

‘d*ifference in age * joint retirement’* influences retirement age, as has been suggested in the hypothesis. In ‘Europe 7’ the interaction of the variables ‘d*ifference in age * joint retirement’* presents a negative and significant coefficient for both men and women, and this effect is not modified when we include the variable ‘t*radition’* into the models.

This variable has a negative and significant coefficient in men and women of the Christian democratic tradition, women in the Social democratic tradition, and men in the Southern European tradition. The explanation for this negative coefficient is that the increase in the age difference in those individuals that retire together reduces their retirement age compared to those individuals with the same characteristics that retire separately. The previous results point in the same direction as a study undertaken in the US that suggested a tendency towards joint retirement when the age difference between the couple is not great (Blau 1998).

5.10.1 Policy implications

The retirement literature suggests that the majority of couples are interested in retiring together, although, ultimately, this occurs to a lesser extent than expected. In this research, joint retirement represents 37% of couples in those countries with a Christian democratic tradition, 47% with a Social democratic tradition and 39% with a Southern European tradition. The pension systems at the moment are not designed and nor do they contemplate the desire for couples to retire together. They even penalize or make it difficult to retire together, given that men are usually older than their wives.

In this study men in the Christian democratic tradition are two years older than their spouses, two and a half years older in the Social democratic tradition, and those in the Southern European tradition are almost four years older. Given that in the analyzed countries in this research the age of legal retirement (65 years old) is the same (except in Belgium) for men and women (when answering the survey respondents) if couples wish to retire together there are two alternatives: 1) If the man retires at 65 the woman must retire early and reduce their pension and consequently the total income of the household 2) If the woman retires at 65, the man must delay his retirement some years after the legal retirement age, and the total income of the household will increase.

It is also necessary to consider that couples can come to accept a reduction in the pension of the women if she retires early, if the husband is much older than she is (Szinovacz 2002). The retirement decision of couples is not only influenced by the pension system legislation, the welfare state traditions, the preferences of the couples, or by demographic variables such as the differences in age within the couples, but also by the cultural context, as has been pointed out in the theoretical section. The desire of couples to retire together, or that the woman (normally younger) leaves the labor market after the husband retires, is not a whim but rather a reflex of the cultural norms that continue to emphasize that the man is the principal income provider, independently of the greater participation of women in the labor market (Szinovacz 2002).

This is the first comparative research study on the retirement of couples that shows the effect of joint retirement on the delay in the retirement age across so many countries. This evidence is relevant as much for the literature on retirement as for the reforms that are being implemented in Europe in the pension systems that seek to increase the retirement age by means of parametric change: increasing the years of contribution or instead delaying the legal retirement age. The latter policy reform will increase poverty in the future. The explanation about the motivation for this increase is that given that there are inequalities in life expectancy, the least qualified workers are less likely to reach the legal age of retirement and receive penalizations for early retirement and, consequently, their pensions will be reduced (Recuenco and Callao 2011; Recuenco 2011a; Recuenco 2011b; Recuenco 2010b).

If policies were implemented that allowed voluntary incentives and a flexible way of joint retirement, it would favor the increase in the average age of retirement of couples. It would also increase the income of the pension systems, and improve its viability without the need to reduce future pensions. Pension systems can be made more viable by reducing their expenditure (current reforms), or increasing their income (flexible and voluntary joint retirement proposal), or by implementing a mix of these two methods. This is a very different focus to the reforms of public policies that are currently being implemented, as they focus on reducing future expenditure instead of increasing income (Recuenco and Callao 2011). The current orientation of the reforms of the pension systems is due, in great measure, to the influence of the literature on economic incentives.

The evidence presented above points to the utility for the literature and consequently for the present reforms to undertake future estimations on the impact of a legislative change that would permit voluntary and flexible joint retirement. The objective of this new project would be, on the one hand, to explore to what extent legislative change of this type would increase the average age of retirement of couples, and on the other hand, the economic effect on the viability of the pensions systems according to the welfare state traditions.

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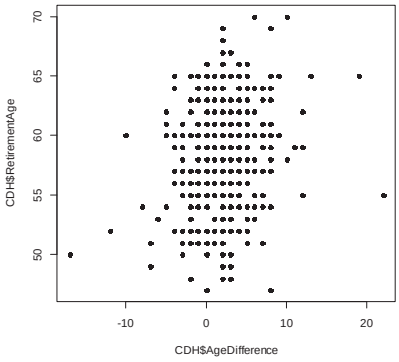
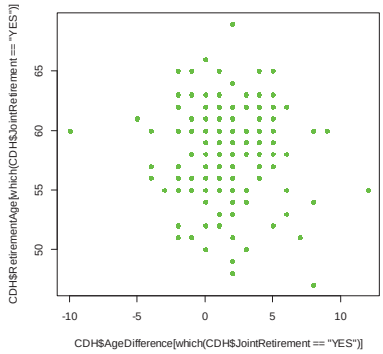
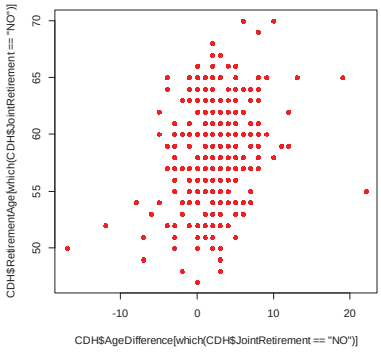
Apendicces

Interacction *Difference in age* joint retirement'* (example men Cristian Democracy)







CRISTIAN DEMOCRACY (MEN INDIVIDUAL)

Coefficients:

	Estimate	**Std. Error**	t value	Pr(>|t|)	
(Intercept)	52.316164	0.695780	75.191	< 2e-16	***
Age60YES	4.511816	0.533400	8.459	3.08e-16	***
EducationPost-tertiary	2.094416	0.568418	3.685	0.000254	***
EducationSecondary	2.075737	0.509108	4.077	5.31e-05	***
ep049_	0.002502	0.013125	0.191	0.848869	
ep051_civil servant	0.347405	0.498647	0.697	0.486322	
ep051_self-employed	3.647112	0.548961	6.644	8.10e-11	***
RetirementHealthReasonYES	-1.410535	0.462326	-3.051	0.002404	**

Signif. codes: 0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1

CRISTIAN DEMOCRACY (MEN COUPLES)

Coefficients:

	Estimate	**Std. Error**	t value	Pr(>|t|)	
(Intercept)	52.651038	0.750728	70.133	< 2e-16	***
Age60YES	4.155490	0.540713	7.685	8.66e-14	***
EducationPost-tertiary	1.958384	0.580241	3.375	0.000798	***
EducationSecondary	2.084321	0.509594	4.090	5.05e-05	***
ep049_	-0.004309	0.013075	-0.330	0.741860	
ep051_civil servant	0.051321	0.498847	0.103	0.918102	
ep051_self-employed	3.586936	0.555150	6.461	2.55e-10	***
RetirementHealthReasonYES	-1.328993	0.460873	-2.884	0.004107	**
AgeDifference	0.240251	0.052509	4.575	6.06e-06	***
JointRetirementYES	0.333885	0.386191	0.865	0.387712	

```
RetirementHealthReasonCoupleYES     -0.596416   0.515790  -1.156 0.248126
HHsizeREC3                          -0.189792   0.559107  -0.339 0.734415
INCOME>750                          -1.531924   0.825780  -1.855 0.064190 .
INCOME1-750                         -0.346163   0.794930  -0.435 0.663422
INCOMECONJUNTA>2000                 -0.298643   0.718130  -0.416 0.677696
INCOMECONJUNTA1000-2000             -0.564206   0.775155  -0.728 0.467052
AgeDifference:JointRetirementYES    -0.221989   0.111700  -1.987 0.047447 *
INCOME>750:INCOMECONJUNTA>2000       2.656999   1.168145   2.275 0.023373 *
INCOME1-750:INCOMECONJUNTA>2000      1.318665   1.145069   1.152 0.250056
INCOME>750:INCOMECONJUNTA1000-2000   1.463172   1.181711   1.238 0.216253
INCOME1-750:INCOMECONJUNTA1000-2000  0.396096   1.122677   0.353 0.724383
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1
```

CRISTIAN DEMOCRACY (WOMEN INDIVIDUAL)

```
Coefficients:
                          Estimate Std. Error t value Pr(>|t|)
(Intercept)               48.60047    0.78692  61.761  < 2e-16 ***
Age60YES                   4.68956    0.50147   9.352  < 2e-16 ***
EducationPost-tertiary     2.68498    0.72109   3.723 0.000219 ***
EducationSecondary         2.75551    0.61690   4.467 9.86e-06 ***
ep049_                     0.06322    0.01673   3.779 0.000177 ***
ep051_civil servant        0.18982    0.66576   0.285 0.775672
ep051_self-employed        1.29287    0.65442   1.976 0.048756 *
RetirementHealthReasonYES -2.30037    0.60079  -3.829 0.000145 ***
Help_MaternityYES         -0.06286    0.67588  -0.093 0.925938
Stop_MaternityYES          0.82488    0.43671   1.889 0.059496 .
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1
```

CRISTIAN DEMOCRACY (WOMEN COUPLES)

Coefficients:

	Estimate	Std. Error	t value	Pr(>|t|)	
(Intercept)	49.16089	0.91846	53.525	< 2e-16	***
Age60YES	3.98045	0.51016	7.802	3.81e-14	***
EducationPost-tertiary	2.45260	0.69047	3.552	0.000420	***
EducationSecondary	2.65173	0.58644	4.522	7.73e-06	***
ep049_	0.04852	0.01605	3.022	0.002643	**
ep051_civil servant	0.36016	0.63556	0.567	0.571194	
ep051_self-employed	1.96257	0.63037	3.113	0.001960	**
RetirementHealthReasonYES	-2.13629	0.58299	-3.664	0.000276	***
Help_MaternityYES	0.24810	0.64569	0.384	0.700969	
Stop_MaternityYES	0.80391	0.42158	1.907	0.057128	.
AgeDifference	0.25974	0.06123	4.242	2.66e-05	***
JointRetirementYES	1.72719	0.43943	3.931	9.72e-05	***
RetirementHealthReasonCoupleYES	-0.08980	0.52289	-0.172	0.863715	
HHsizeREC3	0.08387	0.65527	0.128	0.898204	
INCOME>750	-1.05320	0.73438	-1.434	0.152182	
INCOME1-750	-0.24304	0.81439	-0.298	0.765501	
INCOMECONJUNTA>2000	0.63577	0.79761	0.797	0.425791	
INCOMECONJUNTA1000-2000	-0.05080	0.68768	-0.074	0.941141	
AgeDifference:JointRetirementYES	-0.30860	0.12816	-2.408	0.016415	*
INCOME>750:INCOMECONJUNTA>2000	1.95881	1.36524	1.435	0.152002	
INCOME1-750:INCOMECONJUNTA>2000	-0.85865	1.16638	-0.736	0.461988	
INCOME>750:INCOMECONJUNTA1000-2000	2.03245	1.00869	2.015	0.044465	*
INCOME1-750:INCOMECONJUNTA1000-2000	0.53609	1.03783	0.517	0.605706	

Signif. codes: 0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1

Social Democracy (MEN INDIVIDUAL)

Coefficients:

	Estimate	Std. Error	t value	Pr(>|t|)

(Intercept)	53.983262	1.011304	53.380	< 2e-16 ***
Age60YES	8.851741	0.952755	9.291	< 2e-16 ***
EducationPost-tertiary	0.046186	0.451309	0.102	0.9186
EducationSecondary	-0.773617	0.412044	-1.878	0.0614 .
ep049_	-0.005382	0.013055	-0.412	0.6804
ep051_civil servant	-1.378268	0.756806	-1.821	0.0696 .
ep051_self-employed	0.704906	0.498021	1.415	0.1580
RetirementHealthReasonYES	-2.476152	0.401003	-6.175	2.1e-09 ***

Signif. codes: 0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1

Social Democracy (MEN COUPLES)

Coefficients

	Estimate	Std. Error	t value	Pr(>|t|)
(Intercept)	54.94302	1.25885	43.645	< 2e-16 ***
Age60YES	8.27284	1.00354	8.244	5.49e-15 ***
EducationPost-tertiary	-0.01584	0.47199	-0.034	0.97325
EducationSecondary	-0.85189	0.42351	-2.012	0.04518 *
ep049_	-0.00946	0.01338	-0.707	0.48013
ep051_civil servant	-1.41473	0.76082	-1.859	0.06395 .
ep051_self-employed	0.66999	0.51575	1.299	0.19494
RetirementHealthReasonYES	-2.41324	0.40489	-5.960	7.15e-09 ***
AgeDifference	0.17706	0.06461	2.740	0.00651 **
JointRetirementYES	0.24432	0.43984	0.555	0.57899
RetirementHealthReasonCoupleYES	-0.35032	0.40708	-0.861	0.39017
INCOME>750	-1.09359	3.19145	-0.343	0.73209
INCOME1-750	0.18498	1.01850	0.182	0.85601
INCOMECONJUNTA>2000	-1.23191	0.87168	-1.413	0.15863
INCOMECONJUNTA1000-2000	-0.45126	0.91097	-0.495	0.62072
AgeDifference:JointRetirementYES	-0.14178	0.10863	-1.305	0.19287
INCOME>750:INCOMECONJUNTA>2000	1.79276	3.24384	0.553	0.58091
INCOME1-750:INCOMECONJUNTA>2000	0.80024	1.14487	0.699	0.48512

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INCOME>750:INCOMECONJUNTA1000-2000  -0.33492    3.30663  -0.101  0.91939
INCOME1-750:INCOMECONJUNTA1000-2000       NA         NA      NA       NA
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1
```

Social Democracy (WOMEN INDIVIDUAL)

```
Coefficients:
                          Estimate Std. Error t value Pr(>|t|)
(Intercept)               52.47464    0.89737  58.476  < 2e-16 ***
Age60YES                   7.50458    0.78850   9.518  < 2e-16 ***
EducationPost-tertiary     0.96128    0.56616   1.698  0.09056 .
EducationSecondary        -0.45898    0.49111  -0.935  0.35075
ep049_                     0.05527    0.02049   2.697  0.00739 **
ep051_civil servant       -2.41312    1.45699  -1.656  0.09871 .
ep051_self-employed       -1.30842    0.85720  -1.526  0.12796
RetirementHealthReasonYES -2.61428    0.46768  -5.590 5.08e-08 ***
Help_MaternityYES          0.77358    0.66752   1.159  0.24742
Stop_MaternityYES         -0.63681    0.48893  -1.302  0.19375
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1
```

Social Democracy (WOMEN COUPLES)

```
Coefficients:
                                  Estimate Std. Error t value Pr(>|t|)
(Intercept)                       52.08913    1.76400  29.529  < 2e-16 ***
Age60YES                           6.45586    0.80043   8.066 1.94e-14 ***
EducationPost-tertiary             1.09911    0.54289   2.025 0.043830 *
EducationSecondary                -0.35098    0.46461  -0.755 0.450609
ep049_                             0.05579    0.01945   2.869 0.004421 **
ep051_civil servant               -1.71951    1.38014  -1.246 0.213808
```

```
ep051_self-employed                 -0.09722    0.82535  -0.118 0.906315
RetirementHealthReasonYES           -2.07804    0.45893  -4.528 8.70e-06 ***
Help_MaternityYES                    0.23994    0.63857   0.376 0.707374
Stop_MaternityYES                   -0.39596    0.46691  -0.848 0.397110
AgeDifference                        0.06949    0.07936   0.876 0.381927
JointRetirementYES                   1.93539    0.50538   3.830 0.000157 ***
RetirementHealthReasonCoupleYES      0.40365    0.45955   0.878 0.380476
INCOME>750                          -1.84033    1.93932  -0.949 0.343434
INCOME1-750                          5.60795    2.37934   2.357 0.019091 *
INCOMECONJUNTA>2000                 -0.40789    1.64037  -0.249 0.803800
INCOMECONJUNTA1000-2000             -1.39649    1.72152  -0.811 0.417921
AgeDifference:JointRetirementYES    -0.21578    0.13033  -1.656 0.098857 .
INCOME>750:INCOMECONJUNTA>2000       2.98961    2.03544   1.469 0.142977
INCOME1-750:INCOMECONJUNTA>2000     -5.36075    2.44154  -2.196 0.028910 *
INCOME>750:INCOMECONJUNTA1000-2000   3.19256    2.16963   1.471 0.142247
INCOME1-750:INCOMECONJUNTA1000-2000 -2.51072    2.67492  -0.939 0.348709
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1
```

South Europe (MEN INDIVIDUAL)

```
Coefficients:
                          Estimate Std. Error t value Pr(>|t|)
(Intercept)               53.97095    1.25526  42.996  < 2e-16 ***
Age60YES                   4.60993    1.10033   4.190  3.7e-05 ***
EducationPost-tertiary    -1.01926    1.06033  -0.961 0.337209
EducationSecondary        -1.10271    0.64937  -1.698 0.090546 .
ep049_                     0.02506    0.02137   1.172 0.241980
ep051_civil servant       -0.90930    0.93862  -0.969 0.333467
ep051_self-employed        2.52980    0.65424   3.867 0.000136 ***
RetirementHealthReasonYES -2.86582    0.93829  -3.054 0.002463 **
---
```

Signif. codes: 0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1

South Europe (MEN INDIVIDUAL)

Coefficients:

	Estimate	Std. Error	t value	Pr(>|t|)	
(Intercept)	52.47636	1.44296	36.367	< 2e-16	***
Age60YES	4.42098	1.17232	3.771	0.000198	***
EducationPost-tertiary	-0.41106	1.06664	-0.385	0.700249	
EducationSecondary	-0.57422	0.65829	-0.872	0.383794	
ep049_	0.02569	0.02062	1.246	0.213947	
ep051_civil servant	-0.57143	0.90929	-0.628	0.530231	
ep051_self-employed	1.56751	0.65311	2.400	0.017044	*
RetirementHealthReasonYES	-3.13852	0.90760	-3.458	0.000629	***
AgeDifference	0.23289	0.08378	2.780	0.005807	**
JointRetirementYES	1.41651	0.76049	1.863	0.063561	.
RetirementHealthReasonCoupleYES	2.13300	0.96945	2.200	0.028609	*
HHsizeREC3	0.61094	0.59929	1.019	0.308872	
INCOME>750	0.47902	1.47709	0.324	0.745955	
INCOME1-750	2.85064	0.79834	3.571	0.000419	***
INCOMECONJUNTA>2000	-2.77641	1.55891	-1.781	0.075997	.
INCOMECONJUNTA1000-2000	1.10665	1.08321	1.022	0.307833	
AgeDifference:JointRetirementYES	-0.51606	0.16213	-3.183	0.001621	**
INCOME>750:INCOMECONJUNTA>2000	2.17569	2.47192	0.880	0.379527	
INCOME1-750:INCOMECONJUNTA>2000	-1.37880	2.01371	-0.685	0.494094	
INCOME>750:INCOMECONJUNTA1000-2000	-2.28569	1.91434	-1.194	0.233497	
INCOME1-750:INCOMECONJUNTA1000-2000	-4.36627	1.37060	-3.186	0.001608	**

South Europe (WOMEN INDIVIDUAL)

Coefficients:

	Estimate	Std. Error	t value	Pr(>|t|)	
(Intercept)	50.69307	0.81469	62.224	< 2e-16	***
Age60YES	4.11294	0.70235	5.856	1.27e-08	***
EducationPost-tertiary	-3.29674	1.20651	-2.732	0.00667	**

EducationSecondary	-0.87562	0.71593	-1.223	0.22229
ep049_	0.10208	0.02214	4.611	6.00e-06 ***
ep051_civil servant	0.04386	0.97061	0.045	0.96399
ep051_self-employed	1.15644	0.65401	1.768	0.07806 .
RetirementHealthReasonYES	-1.01620	0.99419	-1.022	0.30756
Help_MaternityYES	-1.40153	1.28129	-1.094	0.27492
Stop_MaternityYES	0.28819	0.64238	0.449	0.65403

South Europe (WOMEN COUPLE)

Coefficients:

	Estimate	Std. Error	t value	Pr(>|t|)
(Intercept)	51.588607	1.200773	42.963	< 2e-16 ***
Age60YES	3.714400	0.757855	4.901	1.62e-06 ***
EducationPost-tertiary	-2.157568	1.234044	-1.748	0.08150 .
EducationSecondary	-0.550467	0.724164	-0.760	0.44781
ep049_	0.075457	0.022950	3.288	0.00114 **
ep051_civil servant	-0.051386	0.984691	-0.052	0.95842
ep051_self-employed	1.258769	0.651821	1.931	0.05447 .
RetirementHealthReasonYES	-0.404893	1.009574	-0.401	0.68869
Help_MaternityYES	-1.439030	1.276516	-1.127	0.26058
Stop_MaternityYES	0.299991	0.639068	0.469	0.63914
AgeDifference	0.094408	0.092135	1.025	0.30641
JointRetirementYES	2.126234	0.801121	2.654	0.00841 **
RetirementHealthReasonCoupleYES	-0.626475	0.941708	-0.665	0.50644
HHsizeREC3	-0.465454	0.624902	-0.745	0.45699
INCOME>750	-1.418777	1.152922	-1.231	0.21951
INCOME1-750	-0.006069	0.890012	-0.007	0.99456
INCOMECONJUNTA>2000	-0.321237	1.246387	-0.258	0.79680
INCOMECONJUNTA1000-2000	-1.067435	1.122218	-0.951	0.34233
AgeDifference:JointRetirementYES	-0.015235	0.166040	-0.092	0.92696
INCOME>750:INCOMECONJUNTA>2000	-3.669996	2.645524	-1.387	0.16647
INCOME1-750:INCOMECONJUNTA>2000	-0.550097	1.950882	-0.282	0.77817

```
INCOME>750:INCOMECONJUNTA1000-2000   1.806695   1.760898   1.026  0.30577
INCOME1-750:INCOMECONJUNTA1000-2000  1.388286   1.392078   0.997  0.31949
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1
```

ALL MEN (INDIVIDUAL UNSEPARATED BY REGIME)

```
Coefficients:
                           Estimate Std. Error t value Pr(>|t|)
(Intercept)               53.967219   0.545069  99.010  < 2e-16 ***
Age60YES                   5.779076   0.469499  12.309  < 2e-16 ***
EducationPost-tertiary     0.447815   0.351103   1.275   0.2024
EducationSecondary        -0.101992   0.291175  -0.350   0.7262
ep049_                     0.003713   0.009561   0.388   0.6978
ep051_civil servant       -0.973103   0.408975  -2.379   0.0175 *
ep051_self-employed        2.303242   0.344499   6.686 3.63e-11 ***
RetirementHealthReasonYES -1.878640   0.331021  -5.675 1.76e-08 ***
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1
```

ALL MEN (INDIVIDUAL SEPARETAD BY REGIME)

```
Coefficients:
                           Estimate Std. Error t value Pr(>|t|)
(Intercept)               53.355708   0.552867  96.507  < 2e-16 ***
RegimeSocial Democracy     2.728607   0.294559   9.263  < 2e-16 ***
RegimeSouth Europe        -0.141706   0.329129  -0.431    0.667
Age60YES                   5.372871   0.451143  11.909  < 2e-16 ***
EducationPost-tertiary     0.248553   0.361644   0.687    0.492
EducationSecondary        -0.024381   0.301382  -0.081    0.936
ep049_                     0.012751   0.009192   1.387    0.166
ep051_civil servant       -0.506501   0.394577  -1.284    0.200
```

```
ep051_self-employed        2.530545   0.335473   7.543 9.51e-14 ***
RetirementHealthReasonYES -2.339668   0.320900  -7.291 5.83e-13 ***
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1
```

ALL MEN (COUPLES UNSEPARATED BY REGIME)

```
Coefficients:
                                    Estimate Std. Error t value Pr(>|t|)
(Intercept)                        53.4826684  0.6055837  88.316  < 2e-16 ***
Age60YES                            5.0220315  0.4724559  10.630  < 2e-16 ***
EducationPost-tertiary              0.2143974  0.3510392   0.611 0.541491
EducationSecondary                 -0.0909301  0.2846707  -0.319 0.749467
ep049_                             -0.0005643  0.0092497  -0.061 0.951365
ep051_civil servant                -0.9875592  0.3961354  -2.493 0.012814 *
ep051_self-employed                 2.0927419  0.3458737   6.051 1.98e-09 ***
RetirementHealthReasonYES          -1.9301705  0.3219952  -5.994 2.77e-09 ***
AgeDifference                       0.2409647  0.0384976   6.259 5.53e-10 ***
JointRetirementYES                  0.8197383  0.2980623   2.750 0.006053 **
RetirementHealthReasonCoupleYES     0.3614762  0.3352796   1.078 0.281210
HHsizeREC3                         -0.7116214  0.3594632  -1.980 0.047989 *
INCOME>750                         -0.8594786  0.7259207  -1.184 0.236675
INCOME1-750                         1.7861326  0.5084401   3.513 0.000461 ***
INCOMECONJUNTA>2000                 0.4216353  0.4924073   0.856 0.392033
INCOMECONJUNTA1000-2000             1.1039490  0.4945168   2.232 0.025791 *
AgeDifference:JointRetirementYES   -0.2917021  0.0753971  -3.869 0.000116 ***
INCOME>750:INCOMECONJUNTA>2000      2.2729386  0.9015292   2.521 0.011836 *
INCOME1-750:INCOMECONJUNTA>2000    -0.2177160  0.7220100  -0.302 0.763059
INCOME>750:INCOMECONJUNTA1000-2000 -0.5368243  0.9137203  -0.588 0.556979
INCOME1-750:INCOMECONJUNTA1000-2000 -3.2478894  0.7224088  -4.496 7.66e-06 ***
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1
```

ALL MEN (COUPLES SEPARATED BY REGIME)

Coefficients:

	Estimate	Std. Error	t value	Pr(>|t|)	
(Intercept)	53.3338205	0.5979708	89.191	< 2e-16	***
RegimeSocial Democracy	2.5278785	0.3368860	7.504	1.28e-13	***
RegimeSouth Europe	-0.6919044	0.3412021	-2.028	0.042817	*
Age60YES	4.8678279	0.4583217	10.621	< 2e-16	***
EducationPost-tertiary	0.2399906	0.3611914	0.664	0.506547	
EducationSecondary	-0.0005796	0.2970467	-0.002	0.998443	
ep049_	0.0083075	0.0090111	0.922	0.356773	
ep051_civil servant	-0.4974812	0.3877430	-1.283	0.199757	
ep051_self-employed	2.0940600	0.3378949	6.197	8.11e-10	***
RetirementHealthReasonYES	-2.2675129	0.3146571	-7.206	1.07e-12	***
AgeDifference	0.2415040	0.0376506	6.414	2.10e-10	***
JointRetirementYES	0.6086014	0.2899903	2.099	0.036072	*
RetirementHealthReasonCoupleYES	-0.1233886	0.3292850	-0.375	0.707944	
HHsizeREC3	-0.0865807	0.3636195	-0.238	0.811842	
INCOME>750	-0.7471769	0.7027423	-1.063	0.287911	
INCOME1-750	2.2620208	0.5009198	4.516	6.99e-06	***
INCOMECONJUNTA>2000	-0.7333451	0.4964568	-1.477	0.139920	
INCOMECONJUNTA1000-2000	0.2468392	0.4928873	0.501	0.616611	
AgeDifference:JointRetirementYES	-0.2709137	0.0730138	-3.710	0.000217	***
INCOME>750:INCOMECONJUNTA>2000	2.1019835	0.8728095	2.408	0.016191	*
INCOME1-750:INCOMECONJUNTA>2000	-0.8257638	0.7060377	-1.170	0.242426	
INCOME>750:INCOMECONJUNTA1000-2000	0.0016656	0.8873998	0.002	0.998503	
INCOME1-750:INCOMECONJUNTA1000-2000	-2.7270918	0.7123685	-3.828	0.000136	***

Signif. codes: 0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1

ALL WOMEN(INDIVIDUAL UNSEPARETAD BY REGIME)

Coefficients:

	Estimate	Std. Error	t value	Pr(>|t|)	
(Intercept)	50.82704	0.47805	106.321	< 2e-16	***
Age60YES	5.60654	0.37252	15.050	< 2e-16	***
EducationPost-tertiary	0.76936	0.41531	1.852	0.06422	.
EducationSecondary	0.08486	0.31871	0.266	0.79008	
ep049_	0.06937	0.01162	5.968	3.22e-09	***
ep051_civil servant	-1.41653	0.50084	-2.828	0.00476	**
ep051_self-employed	0.37881	0.40668	0.931	0.35181	
RetirementHealthReasonYES	-1.36530	0.37361	-3.654	0.00027	***
Help_MaternityYES	0.28939	0.48542	0.596	0.55119	
Stop_MaternityYES	0.62527	0.30793	2.031	0.04254	*

Signif. codes: 0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1

ALL WOMEN (INDIVIDUAL SEPARATED BY REGIME)

Coefficients:

	Estimate	Std. Error	t value	Pr(>|t|)	
(Intercept)	50.267861	0.530047	94.837	< 2e-16	***
RegimeSocial Democracy	2.952108	0.343448	8.596	< 2e-16	***
RegimeSouth Europe	-0.189657	0.383081	-0.495	0.6206	
Age60YES	5.128702	0.364382	14.075	< 2e-16	***
EducationPost-tertiary	0.441575	0.434165	1.017	0.3093	
EducationSecondary	0.220095	0.345854	0.636	0.5247	
ep049_	0.079773	0.011258	7.086	2.45e-12	***
ep051_civil servant	-0.545204	0.493648	-1.104	0.2696	
ep051_self-employed	0.939431	0.401688	2.339	0.0195	*
RetirementHealthReasonYES	-2.187303	0.370964	-5.896	4.93e-09	***
Help_MaternityYES	0.005459	0.469155	0.012	0.9907	
Stop_MaternityYES	0.436332	0.297705	1.466	0.1430	

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Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1
```

ALL WOMEN (COUPLE SEPARATED BY REGIME)

```
Coefficients:
                                  Estimate Std. Error t value Pr(>|t|)
(Intercept)                       51.00347    0.63780  79.968  < 2e-16 ***
Age60YES                           4.45401    0.38152  11.674  < 2e-16 ***
EducationPost-tertiary             0.57205    0.39924   1.433 0.152189
EducationSecondary                 0.04036    0.30606   0.132 0.895112
ep049_                             0.05652    0.01106   5.110 3.81e-07 ***
ep051_civil servant               -1.07233    0.47450  -2.260 0.024020 *
ep051_self-employed                1.02698    0.38897   2.640 0.008402 **
RetirementHealthReasonYES         -1.31969    0.36581  -3.608 0.000323 ***
Help_MaternityYES                  0.06067    0.45839   0.132 0.894732
Stop_MaternityYES                  0.54392    0.29083   1.870 0.061718 .
AgeDifference                      0.16447    0.04331   3.797 0.000154 ***
JointRetirementYES                 2.17391    0.32395   6.711 3.10e-11 ***
RetirementHealthReasonCoupleYES    0.22109    0.35201   0.628 0.530089
HHsizeREC3                        -0.83716    0.40071  -2.089 0.036917 *
INCOME>750                        -0.86547    0.59310  -1.459 0.144790
INCOME1-750                        0.46511    0.56666   0.821 0.411940
INCOMECONJUNTA>2000                1.00689    0.54048   1.863 0.062738 .
INCOMECONJUNTA1000-2000           -0.19702    0.54147  -0.364 0.716033
AgeDifference:JointRetirementYES  -0.20138    0.08220  -2.450 0.014452 *
INCOME>750:INCOMECONJUNTA>2000     2.06394    0.84412   2.445 0.014638 *
INCOME1-750:INCOMECONJUNTA>2000   -0.44932    0.75761  -0.593 0.553254
INCOME>750:INCOMECONJUNTA1000-2000 2.02291    0.80715   2.506 0.012347 *
INCOME1-750:INCOMECONJUNTA1000-2000 0.20406   0.75622   0.270 0.787338
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1
```

ALL WOMEN (COUPLE SEPARATED BY REGIME)

Coefficients:

	Estimate	Std. Error	t value	Pr(>|t|)	
(Intercept)	50.7273875	0.6486048	78.210	< 2e-16	***
RegimeSocial Democracy	2.7822216	0.3729014	7.461	1.74e-13	***
RegimeSouth Europe	0.0238429	0.3900486	0.061	0.95127	
Age60YES	4.2189463	0.3731758	11.306	< 2e-16	***
EducationPost-tertiary	0.6136667	0.4186531	1.466	0.14299	
EducationSecondary	0.3640091	0.3326023	1.094	0.27401	
ep049_	0.0662036	0.0108692	6.091	1.55e-09	***
ep051_civil servant	-0.4116870	0.4732933	-0.870	0.38458	
ep051_self-employed	1.3075084	0.3864078	3.384	0.00074	***
RetirementHealthReasonYES	-1.7243133	0.3611184	-4.775	2.04e-06	***
Help_MaternityYES	-0.0280993	0.4474303	-0.063	0.94994	
Stop_MaternityYES	0.3454042	0.2848865	1.212	0.22561	
AgeDifference	0.1857614	0.0429365	4.326	1.65e-05	***
JointRetirementYES	1.9170331	0.3176961	6.034	2.18e-09	***
RetirementHealthReasonCoupleYES	-0.0007287	0.3447300	-0.002	0.99831	
HHsizeREC3	-0.4822395	0.4074492	-1.184	0.23684	
INCOME>750	-1.0036251	0.5789716	-1.733	0.08329	.
INCOME1-750	0.5588350	0.5540863	1.009	0.31340	
INCOMECONJUNTA>2000	-0.2176863	0.5503588	-0.396	0.69252	
INCOMECONJUNTA1000-2000	-0.6270698	0.5322248	-1.178	0.23897	
AgeDifference:JointRetirementYES	-0.2440079	0.0803255	-3.038	0.00244	**
INCOME>750:INCOMECONJUNTA>2000	1.8524929	0.8233781	2.250	0.02465	*
INCOME1-750:INCOMECONJUNTA>2000	-0.5880703	0.7411402	-0.793	0.42768	
INCOME>750:INCOMECONJUNTA1000-2000	2.1781234	0.7880907	2.764	0.00581	**
INCOME1-750:INCOMECONJUNTA1000-2000	0.5496676	0.7385877	0.744	0.45691	

Signif. codes: 0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1

	Cristian Democracy (506)		Social Democracy (320)		South Europe (304)	
Predictors	**Husband**	**Wife**	**Husband**	**Wife**	**Husband**	**Wife**
Couple income						
<1000	58.6	55.6	61.2	59.4	60.1	56.5
1000-2000	57.8	56.8	61.5	58.9	58.4	56.6
>2000	58.9	56.8	61.4	59.4	56.5	55.1
Income difference						
<=0	58.3	56.2	60.9	58.0	58.6	56.6
1-750	58.6	56.5	62.1	60.1	59.7	57.1
>750	58.3	56.7	61.2	59.8	57.7	54.0
Interaction Income Difference*Total Income						
Income Dif(<=0) Total Income (<1000)	58.56	55.85	60.53	59.4	58.62	56.76
Income Dif(<=0) Total Income (1000-2000)	57.96	56.25	61.7	56.83	60.04	56.48
Income Dif(<=0) Total Income (>2000)	57.42	56.56	60.42	58.41	55.00	56.45
Income Dif(1-750) Total Income (<1000)	59.48	56.29	74	65.25	61.96	57.36
Income Dif(1-750) Total Income (1000-2000)	57.88	56.76	62.58	61.31	58.07	57.46
Income Dif(1-750) Total Income (>2000)	59.53	56.18	61.93	59.69	56.06	54.08
Income Dif(>750) Total Income (<1000)	57.50	54.8	60	57.00	57.08	53.96
Income Dif(>750) Total Income (1000-2000)	57.75	57.66	60.26	60.12	57.8	54.61
Income Dif(>750) Total Income (>2000)	59.29	59.33	61.53	60.16	58.23	51.8
Age difference	0.225	0.239	0.212	0.248	0.121	0.275
Age difference (Joint retirement=NO)	0.298	0.275	0.254	0.315	0.242	0.225
Age difference (Joint retirement=YES)	0.007	0.023	0.137	-0.147	-0.197	0.209

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