

DRV-Booklet

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Micro-Data Research in the Field of Old-Age Provision in the 21st Century

Authors: Professor Dr. Uwe Fachinger, Associate Professor Dr. Ralf K. Himmelreicher, Uwe G. Rehfeld

Locations: Vechta, Berlin

The article outlines the principle results of the workshop on “Old Age Provision in the 21st Century and Micro-Data Research – Between Individual Pension Provision and Legal Framework” („Alterssicherung im 21. Jahrhundert und deren Erforschung mit Mikrodaten – Zwischen individuellem Vorsorgeverhalten und gesetzlichen Rahmenbedingungen“). This mosaic, consisting of old-age provision and old-age income and its adjustment, under consideration of the different types of assets and their liquidation, shall be pieced together.

The following must be taken into account: entitlements to old-age income that determine the material situation of individuals and households in the retirement phase, are, with the exception of heritages, donations, and – seldom – lottery winnings, normally acquired during a long period by the accrual process during the working phase. In the payment phase, especially in case of high life expectancy, the different types of income represent, depending on their adjustment, the available income of the households for a long period.

There are information deficits and data gaps regarding the accrual process especially in the field of supplementary pension provision, the reason being, among others, the increasing number of selfemployed and of persons with unstable employment biographies – often in connection with low wages. As far as old-age income is concerned, there are data gaps regarding foreign elderly persons who are committed to an institution. As to the adjustment of the different types of income, the information available is difficult to examine. On the one hand, the statutory pension scheme publicizes the development of the pension value, on the other hand, many schemes in the field of privately funded old-age provision are geared to the success of the investment companies less handling expenses and administrative costs. As to the longterm development of those costs, reliable statements cannot be made.

The establishment of data research and service centers in Germany has significantly improved the informational infrastructure for empirical research with microdata in the field of old-age provision in the 21st century. Based on that, there are various fields in which necessary and useful advancements can be suggested.

The Further Development of the Data-Infrastructure for Scientific Research

Author: Dr. Gabriele Rolf-Engel

Location: Offenbach

The article highlights the development of the data-infrastructure for scientific research in Germany in the last ten years and provides indications for further need for action. The data-infrastructure for scientific research has improved significantly during the last ten years. This does not only apply to social science and economics in general, but to the information field "old-age" in particular. However, there is still room for improvement, especially regarding the evaluation of the effects of reform measures in the field of old-age provision for individuals and households.

Data Regarding Privately-Funded Old-Age Provision – the „Riesterrente“

Authors: Ulrike Gerber, Dr. Markus Zwick

Location: Wiesbaden

According to the Retirement Savings Act of 2001 ("Altersvermögensgesetzes"), the state promotes a specific type of privately funded old-age provision, the so-called "Riesterrente", with special tax supplements ("Altersvorsorgezulage") and with a tax deduction for special expenses ("Sonderausgabenabzug"). The data regarding both kinds of tax relief for Riester-contributions are collected by two different institutions: One being the fiscal authorities that retain information about the tax deduction for special expenses, because the Riester-savers have to report paid contributions in connection with their income tax return in order to profit from the tax relief. Next, the „Zentrale Zulagenstelle für Altersvermögen - ZfA“ (central allowance authority for state subsidized pensions, organizationally attached to the Federal German Pension Office, "Deutsche Rentenversicherung Bund") that is responsible for the grant of tax supplements. The total volume of tax relief for Riester-contributions is composed of these two types of tax relief. Both datasets are on hand at the Federal Statistical Office ("Statistisches Bundesamt"), so that the total volume of tax relief can be represented.

The authors present analyses on the basis of those data concerning the year 2005. Single data concerning the years 2003 and 2005 can be recalled at the data research centers of the Federal Statistical Office and the Statistical Offices of the Laender for the purpose of scientific research (controlled remote data processing).

Preliminary Considerations Regarding the Statistical Conjunction of Cross-Sectional-Survey-Data and Process-Produced Longitudinal Data

...Sample Survey of Income and Expenditure ("Einkommens- und Verbrauchsstichprobe - EVS") and Insurance Account Sample ("Versicherungskontenstichprobe - VSKT")

Authors: Associate Professor Dr. Ralf K. Himmelreicher, Assistant Professor Dr. Carsten Schröder

Locations: Berlin, Kiel

The authors combine survey-data acquired by the Federal Statistical Office (“Statistisches Bundesamt”) – sample survey of income and expenditure (“Einkommens- und Verbrauchsstichproben - EVS”) – with processproduced longitudinal data acquired by the statutory pension scheme – insurance account sample (“Versicherungskontenstichprobe - VSKT”) – in the context of a research project. The project aims at an exploration of questions in the fields of old-age provision and acquisition of personal assets during a lifetime by means of an adequate dataset. The construction of a synthetic panel by a combination of different scientific use files of the sample survey of income and expenditure, and of the insurance account sample is a complex task. This is mainly due to the different data collection designs of both datasets, to the underlying population, and to the differences regarding the information content of the respective variables.

Longitudinal Data Acquired by the Statutory Pension Scheme and its Relevance for Career Research

Author: Dr. Michael Stegmann

Location: Würzburg

Questions regarding the relation between employment and the transition in and out of specific living conditions take center stage in career related approaches to research. Furthermore, employment biographies and their determinants are in the spotlight of scientific research. The questions concern the occupation and the professional career of different groups of persons, distinguished according to sex, age, nationality, or degree of disability etc. The commencement and termination of employment, the transition from the educational system into the employment market, and the transition into retirement are at the center of attention. The same applies to questions regarding the risk of unemployment and the appearance of unemployment in different phases of the employment biography. In this context, the consequences for old-age provision must be taken into account.

Until recently, empiric instruments for scientific research in these fields were limited to survey data gained in retrospective surveys, panel data, especially data of the socioeconomic panel, and processproduced data stored by the Federal Employment Office (“Bundesagentur für Arbeit”).

The article describes the statistical data acquired by the statutory pension scheme, focusing on the longitudinal data which provides information about the insurance records, and dwells on the data provided by the data research center of the statutory pension scheme (“Forschungsdatenzentrum der Rentenversicherung - FDZ-RV”) for scientific research.

Finally, the author summarizes the results and outlines further need for development against the framework of the data landscape of the statutory pension scheme and other data sources.

Studies on Old-Age Provision in Germany (“Altersvorsorge in Deutschland – AVID”)

Author: Dina Frommert

Location: Berlin

The studies on old-age provision in Germany („Altersvorsorge in Deutschland – AVID“) complement the routine statistic of the statutory pension scheme with information that is essential for political consulting in the field of social policy. They provide a comprehensive picture of

the old-age provision of certain birth cohorts and, thereby, allow an estimation of the effects of current reforms at an early stage. In particular, they include information regarding gaps in the insurance career, data regarding spouses, and data regarding entitlements acquired in all systems of old-age provision. The AVID-studies stand out due to an innovative methodical approach and combine data gained in surveys and data contained in the insurance record with an individual updating.

The article describes the design of the studies. After a short discussion of exemplary results and a summarized conclusion, the author gives an outlook on potential future developments.

The Study on Savings Habits and Old-Age Provision in Germany

... („Sparverhalten und Altersvorsorge in Deutschland – SAVE“)

Authors: Professor Axel Börsch-Supan, Ph. D., Dr. Michela Coppola

Location: Mannheim

The panel study on savings behavior and old-age provision in Germany („Sparverhalten und Altersvorsorge in Deutschland – SAVE“) carried out by the Mannheim Research Institute for the Economics of Aging („Mannheimer Forschungsinstitut Ökonomie und demographischer Wandel – MEA“) collects detailed, quantitative information in order to analyse the savings and old-age provision behavior of German households. The SAVE-data includes traditional economic variables (such as income, saving deposits, and assets), as well as sociopsychological and health aspects that are relevant for long-term planning.

The panel started in 2001 with methodical experiments and is carried out annually since 2005. In 2009, it was supplemented by modules pertaining to the financial crisis and regarding general financial knowledge. The SAVE-study stands out due to data volume, panel structure, and the speediness, in which the data can be provided to scientists.

The Survey of Health, Ageing, and Retirement in Europe (SHARE)

...a Multi-Disciplinary Survey regarding Challenges and Chances of the Demographic Change in Europe

Author: Professor Axel Börsch-Supan, Ph. D./Location: Mannheim

The Survey of Health, Ageing, and Retirement in Europe (SHARE) comprises individual aging processes in Europe by means of detailed longitudinal data regarding the financial and socioeconomic situation, the marital status, and the state of health. The data is internationally harmonized and can be used in various areas. The basic data collection carried out between September 2004 and July 2005 was, two years later, followed by a tracking survey. The third wave of data acquisition started in November 2008 and surveyed retrospective life histories until the end of 2009. The fourth wave will be designed as a classical tracking survey and start in late autumn of 2010. The current sample involves more than 35000 persons, aged 50 or older, in 15 European countries, from Scandinavia (Denmark and Sweden) to the Mediterranean Sea (Spain, Italy, Greece), in Western Europe (Belgium, Netherlands, France, Germany, Austria, Switzerland, and Ireland) and Eastern Europe (Poland and Czech Republic), as well as Israel. In 2010, it will be extended to Estonia, Luxembourg, Portugal, Slovenia, and Hungary.

Old-Age and Old-Age Income in Official Statistics

Author: Dr. Markus Zwick

Location: Wiesbaden

The age structure of the population is of significant importance for a multitude of administrative decisions. For example, the planning of places at day care centers for children and at senior citizen homes requires assured data regarding the current and the future age structure. The official statistics in Germany provide this information and the demographic forecasts are updated regularly. The official income tax statistics deliver deeper insight into the income structure of all age groups.

The article outlines the methods of demographic forecast and its updating, the current age structure, and the age structure predicted for 2060. Chapter 3 addresses old-age income. On the basis of the income tax statistics, the author analyzes the taxable income of persons aged 65 and older. He shows that the income structure varies significantly as compared to younger taxpayers. In this context, income from renting and leasing is of major relevance. For younger taxpayers, these income sources are mostly negative. The author finishes with a short outlook.

Income and Earnings in the Retirement Phase

...Need for Information and Data Acquired in General Household Surveys, Especially in the Sample Survey of Income and Expenditure ("Einkommens- und Verbrauchsstichproben - EVS")

Author: Dr. Irene Becker

Location: Riedstadt

In consideration of a fair distribution of expenditures, questions regarding the material level of protection in the retirement phase cannot be answered solely with respect to the currently older generation. On the contrary, it is necessary to look at the population as a whole. The sample survey of income and expenditure ("Einkommens- und Verbrauchsstichproben - EVS") is, despite some problems regarding representativeness, an appropriate basis. It allows for the implementation of an integrated resource concept that comprises income and assets. On this basis, analyses of the current income level in times of old-age and an estimation of the future economic situation in the retirement phase, under consideration of the latest pension reforms, are possible regarding the average amounts for single cohorts and for certain income groups.

Information about Old-Age Income in the Data Acquired by the Statutory Pension Scheme

Authors: Uwe G. Rehfeld, Associate Professor Dr. Ralf K. Himmelreicher

Location: Berlin

The article refers to the relevant data sources of the statutory pension scheme including information about old-age income. As far as old-age income is concerned, the data acquired by the statutory pension scheme represents only the income paid in the form a pension. This information is very valid and allows analyses of the whole employment biography and, to some extent, of the process of old-age provision.

Since its implementation, the Data Research Center of the German Statutory Pension Scheme ("Forschungsdatenzentrum der Rentenversicherung - FDZ-RV") provides those data as Scientific Use Files (SUFs) and Public Use Files (PUFs) for the purpose of noncommercial scientific research. The data is provided upon application and on the basis of consent. This has led to a significant improvement of the informational infrastructure for empirical research with microdata in the field of old-age provision in the 21st century.

Efforts are being made to close informational gaps in the field of other types of old-age income (such as income derived from occupational or privately-funded old-age provision) and regarding the household income by means of data integration. The aim is to piece the puzzle, "old-age income in the household context (after taxes and deductions) after consideration of different types of assets and their liquidation", together.

Old-Age Provision in the 21st Century and Research with Micro-Data

...The Contribution of the Studies on Old-Age Provision in Germany ("Alterssicherung in Deutschland – ASID")

Author: Dr. Klaus Kortmann

Location: Munich

Since 1986, TNS Infratest Sozialforschung conducted six studies on old-age provision in Germany ("Alterssicherung in Deutschland – ASID") on behalf of the Federal Government. Therefore, consistent information regarding the income situation of the population aged 55 and older (individuals and spouses) is available for a period of more than twenty years. The studies stand out due to comprehensive representative samples based on data acquired by the registration offices (between 37,000 and 45,000 target individuals), accomplished by sequential combination of methods (written questionnaires, telephonic interviews, and face-to-face interviews), an intensive data validation, and a careful editing of the results.

An analysis of the income development of elderly persons between 1986 and 2007 (ASID 2010 will extend the timeperiod) reveals that the statutory pension scheme has strengthened its position as the dominant system of old-age provision: The share of men aged 65 and older in the Old Laender receiving a pension from the statutory pension scheme amounts, almost unchanged, to about 90 percent. The share of women receiving a pension increased from 59 percent to 84 percent. On the other hand, the share of women with occupational pension plans is only 7 percent (4 percent in 1986). The share of widowers receiving a survivors' pension rose up to 29 percent in 2007. Since 2003, ASID discloses an increasing share of employed senior citizens both men and women aged 55 to 64.

Old-Age Provision and Old-Age Income in the German Old-Age Survey

Authors: Dr. Julia Simonson, Dr. Andreas Motel-Klingebiel, Katarzyna Kowalska

Location: Berlin

The German old-age survey („Deutscher Alterssurvey – DEAS“) addresses to questions regarding old age and aging and makes an interdisciplinary contribution to the socioscientific and behavioral-scientific aging research and to social accounting. In the German old-age survey, old-age provision, its effects and potentials for further development, are seen in context with the personal living conditions in the phase of life before and after retirement. There-

by, the German old-age survey allows an examination of questions in the field of old-age provision from an economic, a sociopolitical, and a gerontological perspective. The German old-age survey is a cross-sectional and longitudinal survey with, presently, three data collection waves (1996, 2002, and 2008). It is based on a disproportional layered sample of persons living in private households aged 40 or older. Since the beginning of the second project phase in 2000, the survey has been conducted by the German Centre of Gerontology ("Deutsches Zentrum für Altersfragen – DZA") and promoted by the Federal Ministry of Family Affairs, Senior Citizens, Women and Youth ("Bundesministerium für Familie, Senioren, Frauen und Jugend – BMFSFJ").

The German Centre of Gerontology retains empiric information concerning the living conditions of aging and elderly persons and significant data about retirement, old-age income and assets, old-age provision, savings, private transfer of money and assets, and about the respective attitudes, preferences, expectations, and needs. The integrated cross-section and panel design provides possibilities to describe the living conditions cross-sectionally and to analyze social changes and individual developments over six and, accordingly, twelve years of life. The data acquired by the German Centre of Gerontology is an important supplementation to the process-produced data acquired by the statutory pension scheme and to other surveys that reflect the specific living conditions in times of old age in a much more restricted scope as compared to the data stored by the German Centre of Gerontology. The potential of a conjunction of the data acquired by the German Centre of Gerontology with other survey- and process-data is currently fathomed in the course of the project "lifespan and old-age provision in flux" („Lebensläufe und Alterssicherung im Wandel – LAW") by means of statistical matching. A data connection will enable a combination of the advantages of the data stored by the German Centre of Gerontology with the advantages of other data sources.

The Adjustment of Old-Age Income – Some General Remarks

Author: Professor Dr. Winfried Schmähl

Location: Niebüll

The author addresses himself to a question that has not been in the focus of scientific research so far: the development of old-age income in times of retirement that derives from sources other than the statutory pension scheme. Against the background of distributional objectives, the author discusses requirements for indicators regarding the adjustment of old-age income. An inadequate adjustment of old-age income can lead to the fact that the available income of elderly persons lags behind the development of inflation or general income even though the income requirements may increase especially in times of advanced age.

The Adjustment of Pensions – Research Questions and Perspectives for Analyses

Authors: Professor Dr. Harald Künemund, Professor Dr. Uwe Fachinger, Katharina Kröger, Professor Dr. Winfried Schmähl

Locations: Vechta, Niebüll

The authors comment on the adjustment of old-age income in view of the increasing importance of occupational and privately-funded old-age provision: Do the supplemental tiers, i. e. occupational and privately-funded old-age provision – particularly the state-subsidized forms

–, show dynamic elements that can enable the maintenance of the living standard after retirement?

The article outlines the respective procedures. However, with regard to adjustments in systems other than the statutory pension scheme, the civil service pension scheme, and the agricultural pension scheme, the level of information is, up to now, modest. Subsequent to that, the authors discuss the possibilities of empirical analyses in this problem area. All in all, the recording and analysis of the development of income in the phase after retirement pose new challenges to scientific research in the field of old-age provision in the 21st century.