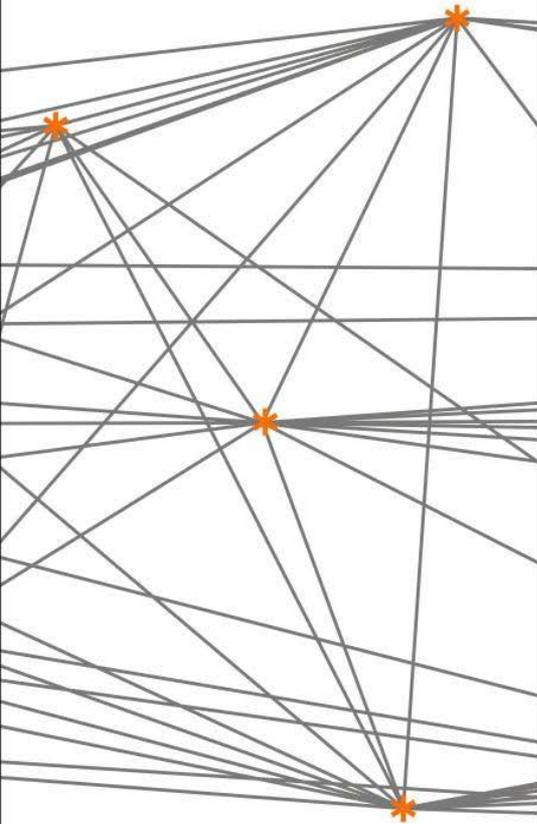




Poverty and transitions in key areas of quality of life

Michał Myck (CenEA)

joint work with Maja Adena (WZB & CenEA)



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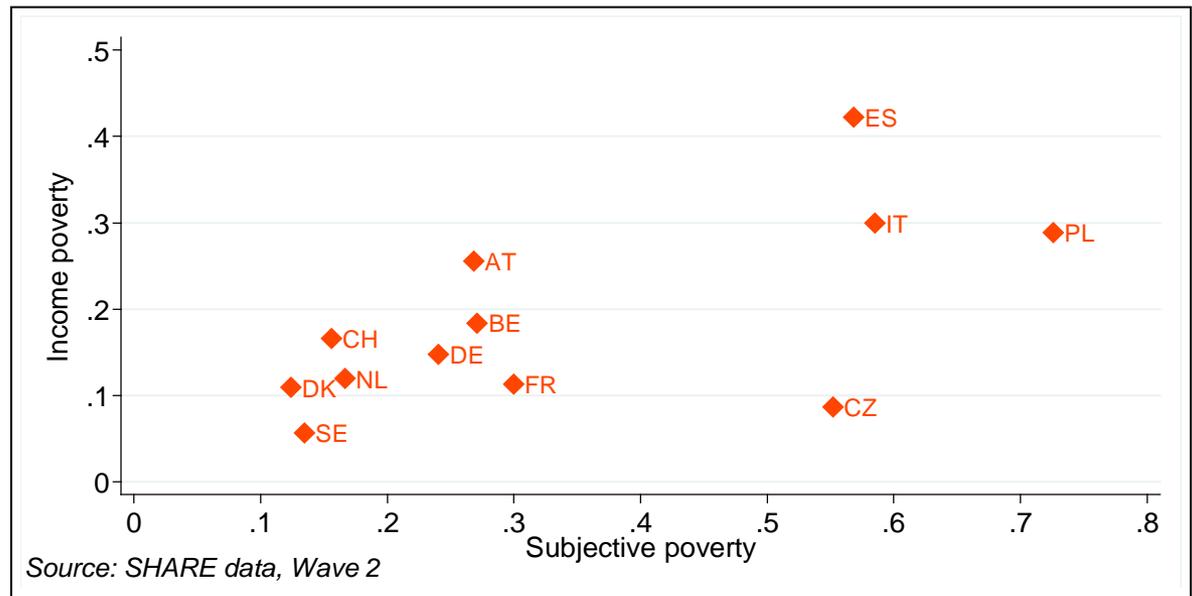
- ▶ Most important areas of policy influencing quality of life of older people:
 - ▶ labour market policy, health care, long-term care, transport, social and cultural infrastructure;
 - ▶ material conditions and the relationship with the other policy areas.

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 - ▶ what do we mean by „material conditions“?
 - ▶ how should we define the relevant measure from the point of view of the older population?
- ▶ Policy discussion often focused on „old age poverty“ defined with respect to relative income measures:
 - ▶ a number of intuitive and theoretical reasons why current income would not represent a broad concept of „material conditions“;
 - ▶ problems with within-country relative measures.

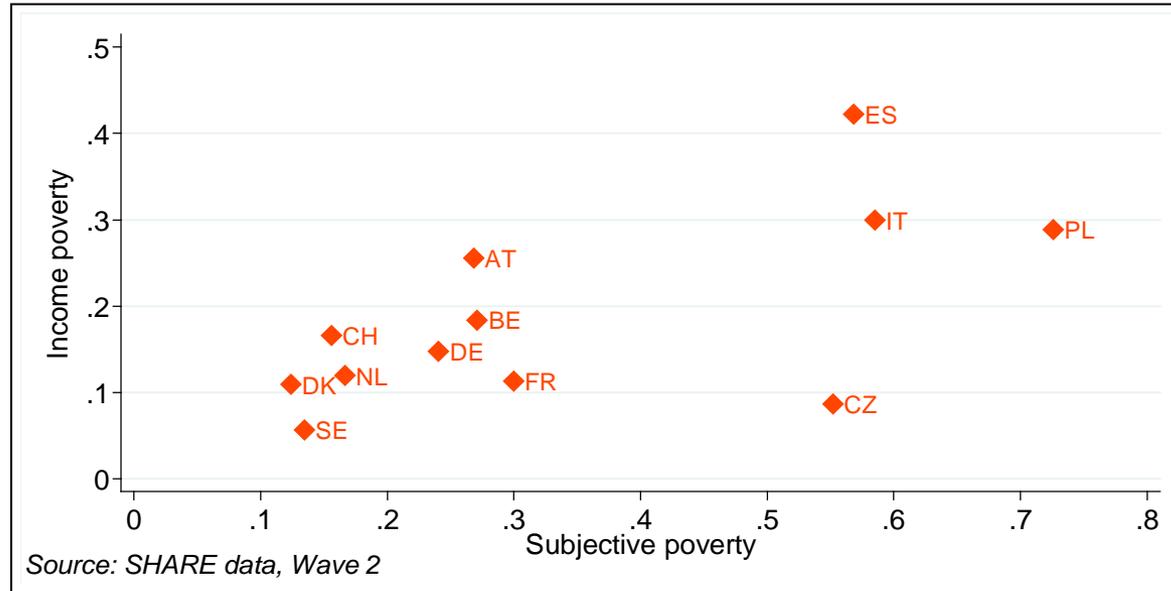
Poverty and quality of life

Income poverty and difficulties in making ends meet:



Poverty and quality of life

Income poverty and difficulties in making ends meet:



- ▶ Important policy relevant questions:
 - ▶ to what extent material conditions matter for quality of life?
 - ▶ what measures of poverty reflect their relevance?
 - ▶ what measures should be monitored and targeted by policy?

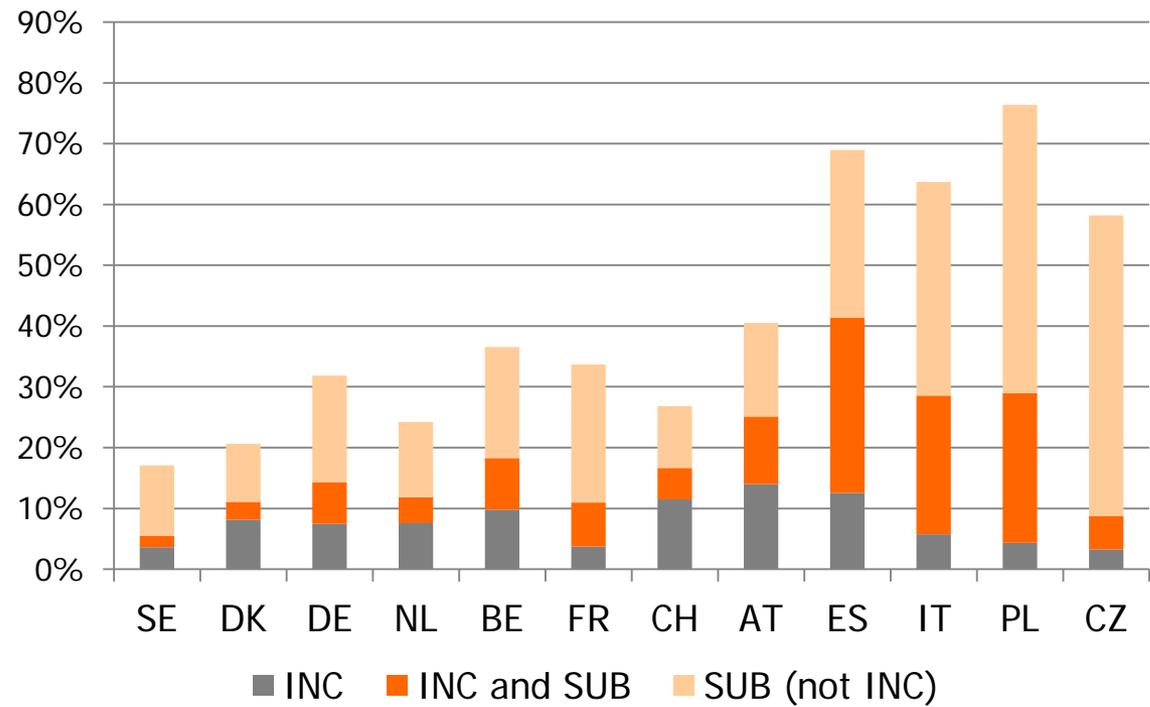
- ▶ Measures of „quality of life“:
 - ▶ two measures of physical health:
 - ▶ symptoms of poor health – 3+SMT;
 - ▶ difficulties in activities of daily living – 3+ADLs ;
 - ▶ symptoms of depression – 4+EURO-D;
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- ▶ Measures of poverty:
 - ▶ difficulties in making ends meet – **SUB**;
 - ▶ no food expenditure outside of household – **NFO**;
 - ▶ income based poverty (relative to 60% of median income) – **INC**;
 - ▶ financial distress (financial wealth < 3* monthly incomes) – **FD**;
 - ▶ relative wealth poverty (lowest tertial in distribution) – **WEALTH**.

Poverty and quality of life

Income poverty and self-assessment of material conditions: low overlap even in countries with similar rates



- ▶ **SUB** – difficulties in making ends meet
- ▶ **INC** – income based poverty

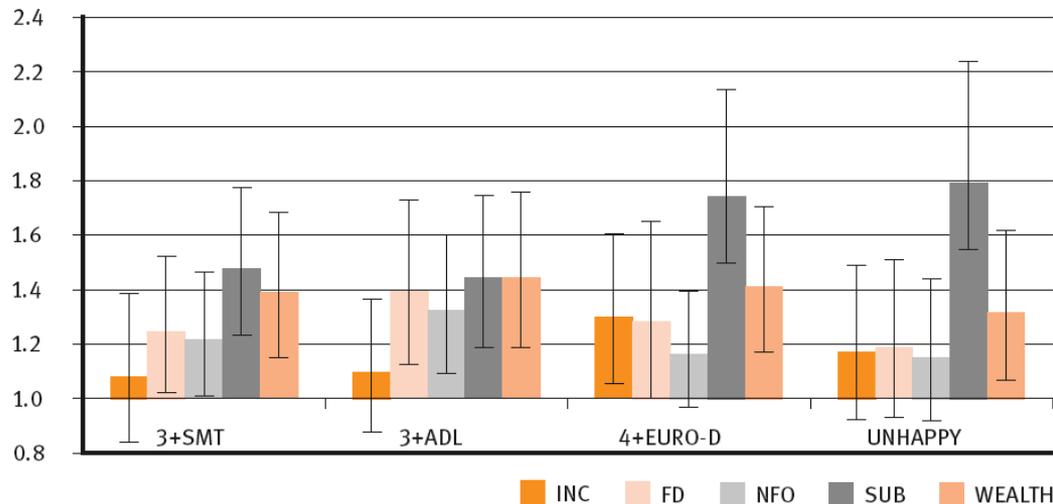
Source: SHARE data, Wave 2

- ▶ Analysis of the effect of poor material conditions on changes in different aspects of quality of life:
 - ▶ transitions in physical and mental health and in overall happiness with life;
 - ▶ changes from good to bad states between waves 2 and 4 conditional on being in good state in wave 2 (and vice versa).

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- ▶ Results presented as odds ratios:
 - ▶ logistic regression of probability of transition from good to bad state (*and vice versa*) conditional on different measures of poverty (and a number of controls).

Results: transitions from “good” to “bad” states: odds ratios by poverty status



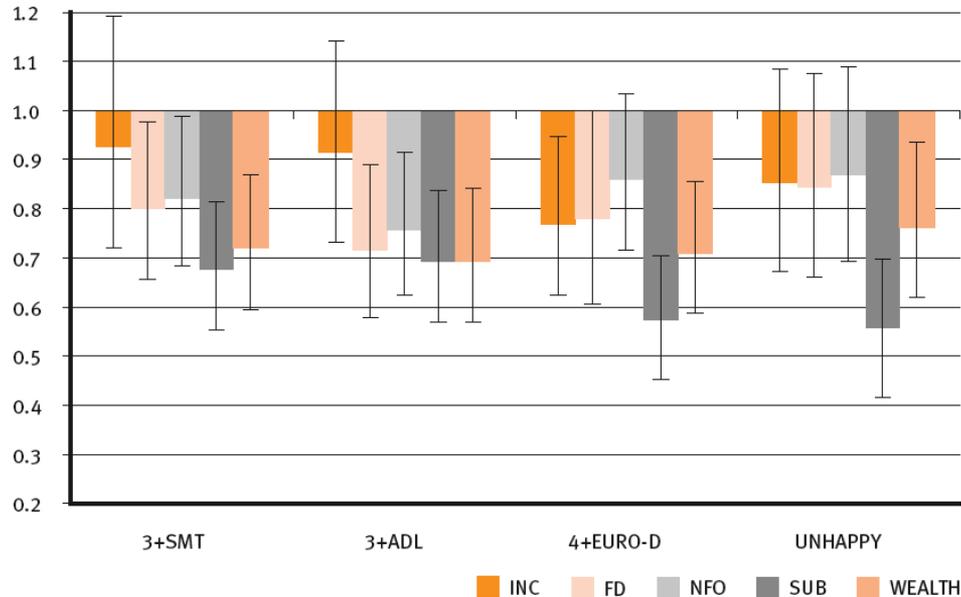
- ▶ **3+SMT** – symptoms of poor health
- ▶ **3+ADL** – limitations in ADL
- ▶ **4+EURO-D** – symptoms of depression
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- ▶ **FD** – financial distress
- ▶ **NFO** – no food outside of hh
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- ▶ **WEALTH** – relative wealth poverty

Source: Authors' calculations using SHARE data.

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- ▶ Potentially important policy implications:
 - ▶ material conditions clearly matter for broader outcomes;
 - ▶ identifying poor material conditions with reference to income poverty may be inadequate – income is likely to be a poor measure of well being in old age.

- ▶ Ageing at the time of crisis:
 - ▶ SHARE Wave 4 data reflect the negative effect of the crisis on short and long term material conditions of older people;
 - ▶ poor material conditions affect people's quality of life;
 - ▶ potential policy interventions:
 - ▶ monitoring and targeting of changes in material conditions;
 - ▶ direct policies in other areas (labour market, health, long-term care) targeted at individuals in difficult material conditions.

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- ▶ Importance of high variation in the data for understanding and precise estimation of causal relationships.