

An International Comparative Study of Health Investment Behaviors After Retirement

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Abstract

We do the large-scale international comparison of the change in health investment behaviors after retirement among 15 developed countries (the U.S., 11 European countries, three East Asian countries) using harmonized datasets and empirical approach. We find that the elderly change their time allocation to leisure activities after retirement, such as physical activities and social attendance which require high opportunity costs before retirement. The results are consistent with the prediction of Grossman (1972). These results suggest that the elderly increase their health investment because of relaxing time constraints after retirement. We also find that the differences of the unobserved heterogeneous factors such as individual preference, work environments are important for explaining the change in health investment behaviors after retirement. We show that the change in health investment behaviors after retirement can be the important channel to explain the effect of retirement on health.

JEL Classification Numbers: I00, I100, I120, I190, J260.

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