Savings and Financial Security among Retirees in Spain: Empirical Evidence within the Framework of the Spanish Welfare State

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Abstract

Along with a rapid decrease of the working population in Spain, ageing represents a severe problem that constitutes several challenges for the economy. From a worker-level perspective, stemming from the demand side, the composition of consumption varies between older and younger workers according to their individual characteristics. The same occurs with their asset accumulation for retirement. Therefore, the ongoing demographic change in Spain results in a growing concentration of income within the older age groups of the population. A significant output between consumption and saving decisions yields to income inequalities among different groups of the population.

The purpose of this article is to assess income inequality among the population aged 65+ in Spain and its redistributive effect across the economy, coming from pensions and other sources of income. To perform this research, we consider Spain as a Small Open Economy (SOE) within a Computable General Equilibrium (CGE) model. This research represents a valuable contribution to the literature among the analysis of retireesâ€™ economic differences. Therefore, it is pertinent to examine the economic well-being of retirees, paying particular attention to differences in health, wealth, and other individual socio-demographic characteristics.