

Where do immigrants retire to?

Immigrants' retirement decisions can greatly affect health care and social protection costs

Keywords: immigration, retirement, country of residence

ELEVATOR PITCH

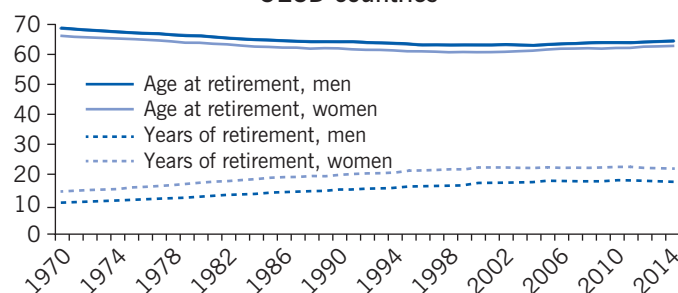
As migration rates increase across the world, the choice of whether to retire in the host or home country is becoming a key decision for up to 15% of the world's population, and this proportion is growing rapidly. Large waves of immigrants who re-settled in the second half of the 20th century are now beginning to retire. Although immigrants' location choice at retirement is an area that has barely been studied, this decision has crucial implications for health care and social protection expenditures, both in host and origin countries.

KEY FINDINGS

Pros

- ⊕ Immigrants returning to their origin countries at retirement can save costs for health care systems in the host country.
- ⊕ Decreasing travel costs help immigrants keep in physical contact with families and friends still living in their country of origin.
- ⊕ A third of retiring immigrants are choosing to split each year across their host and origin countries, traveling back and forth between them.
- ⊕ Improved coordination between countries on pension benefits would free up residential choices for immigrants at retirement.

Lower retirement age and increased years in retirement in OECD countries



Source: OECD. International Migration Database. Online at: <https://stats.oecd.org/Index.aspx?DataSetCode=MIG> [Accessed March 17, 2016].

I Z A
World of Labor

Cons

- ⊖ The return of emigrants to their origin countries is likely to increase health and social care spending in those countries, where GDP per capita is on average lower than in their host country.
- ⊖ Income and wealth inequalities may increase in origin countries due to returning immigrants, potentially generating frustration and social unrest.
- ⊖ Health care is more likely to be accessed in host countries for acute health conditions, raising health care costs in those countries.
- ⊖ A lack of information about immigrants' residential choices at retirement can impede government social expenditure planning for the retirement of immigrants.

AUTHOR'S MAIN MESSAGE

The choice of country of residence at retirement has significant consequences for immigrants and for their host or home countries. It can imply moving away from children and friends, and impacts social and health care expenditures in the host and origin countries. Less costly and easier air transport may lead to more immigrants choosing to travel back and forth between their host and origin countries each year. Policymakers need to establish a better assessment and understanding of immigrants' intentions at retirement, so that future social and health care costs can be anticipated and planned for at an earlier stage and better coordinated between host and origin countries.