

Retirement risk in the light of the forecasted changes of the demand for consumption goods and services of seniors in Poland

Increases in the life expectancy, as well as low fertility rates, will cause seniors to comprise successively greater percentage of Polish population. According to EUROPOP2013 projection, number of seniors in Poland will increase to 11 million in 2060 (almost double the number from 2013), and 4 million of them will be over 80 years old. As an effect of population ageing the demand of future seniors for e.g. healthcare and long-term care services will change. At the same time there will be a limited access to State benefits due to cuts in public pension and long-term care expenditure, and to family support due to increasing working time and changes in family ties.

Main objective of the project is to investigate changes in demand of future seniors for consumption goods and services and to quantify retirement risk, defined as shortfall of financial means to cover demand, taking into account gratuitous benefits in-kind (healthcare and attendance services offered by the State or family members). Realisation of the main objective will be supported by secondary objectives:

- to determine demand for benefits, both financial and in-kind, of current seniors in different aging stages (stage I: 65-74 years old, stage II: 75-84 years old, stage III: 85 years old and above) based on qualitative and quantitative research set out in the project and gerontological studies of Polish seniors
- to investigate household budgets of the current seniors (taking into account different characteristics of seniors and households) and to determine the extent to which their needs are covered by public and private means under current regulations (in public and private sectors),
- to determine the change in demand for consumption goods and services of the future seniors (in the perspective of year 2060), grouped by aging stage and other characteristics (sex, number of persons living in the household and residence area type),
- to value the basket of consumption goods and services of the future seniors, based on above characteristics,
- to ascertain the possibility of access to gratuitous services (medical and care) offered by the State and family in the future,
- to calculate the replacement rate of work salary by public pension and as a consequence to determine retirement risk as defined in the project,
- to indicate directions of development of financial and insurance products, which can be utilised to downsize the retirement risk.

Proposed project is a first attempt to define quantitatively (value and structure) demand of future seniors in Poland for consumption goods and services, in light of changes in the ageing process (feminisation, singularisation, longevity). This will allow to fill a research gap between expected consequences of ageing in each of three ageing stages and specification of seniors demand for goods and services. Characteristics such as comprehensive investigation of demand for consumption goods and services (rather than selected services), inclusion of possibility to cover some needs by access to gratuitous services (offered by State or family) or individualisation of retirement risk set apart the proposed project from the previous ones, for example on the subject of pension gap or pension readiness indicators (OECD 2014). These studies related to standards which the pension has to meet (World Bank 1994): supporting living standard after retirement (level of first pension at 60% of final salary) and providing minimal consumption standard during professional inactivity (level of first pension at 40% of final salary). However, the retirement period can be divided into three stages characterised by different demand for goods and services. We believe that analysis should be focused on particular persons (individualisation of risk).

In effect of this project a research gap in the assessment of seniors needs will be filled by quantification of seniors demand for goods and services in Poland in different aging stages in the light of changes in the aging characteristics. Based on the results of the project proposals for changes of the current social security standards presented in the literature will be formulated. In our opinion, realisation of the project can lead to further development of economy, silver economy, finance and social gerontology. Project results will also form a knowledge base concerning individual demand for consumer goods and services of seniors in different aging stages, and possibility to cover future seniors' demand by various forms of financial and in-kind benefits (gratuitous and purchased).