

EXTENDED ABSTRACT

TITLE: The economic position of retired immigrants as an emerging field of study: research questions, theories, and methodological challenges

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Introduction

As a consequence of the ongoing migration inflows and aging of many Western societies, the number of retired immigrants has increased substantially over the past years (see Figure 1). Projections suggest that this population of retired immigrants will continue to grow (Ciobanu et al., 2017; Mizoguchi et al., 2019; Rallu, 2016; White, 2006). A significant portion of retired immigrants face substantial financial challenges during their retirement years, resulting in economic disparities when compared to their native-born counterparts (Borjas, 2009). Research findings reveal an income gap between immigrants and their native counterparts across various Western countries, with an average gap of approximately 28 percent in European countries, 30 percent in the United States, and 43 percent in Canada (see Figure 2, Borjas, 2009; Heisig et al., 2018; Nakhaie et al., 2020). However, research on this economic gap is still in the margins of both migration and retirement scholars. Hence, many research questions are still unanswered and deserve more scientific attention than has been given so far.

This agenda-setting review paper aspires to fulfill three objectives. First, It offers an extensive overview of the state-of-the-art literature concerning the disadvantaged economic status of retired immigrants. It focuses not only on the gap between immigrants and their native counterparts but also on the variations within the immigrant population. Significant heterogeneity within the immigrant population means that certain immigrant groups encounter more challenges in their retirement preparations than others. Our second aim of this paper is to identify several knowledge gaps in our understanding of the economic circumstances of retired immigrants and suggest multiple promising

research questions for future research. Third, to assist future scholars in studying these factors, we also highlight the major methodological considerations and challenges they may encounter when studying the economic situation of retired immigrants.

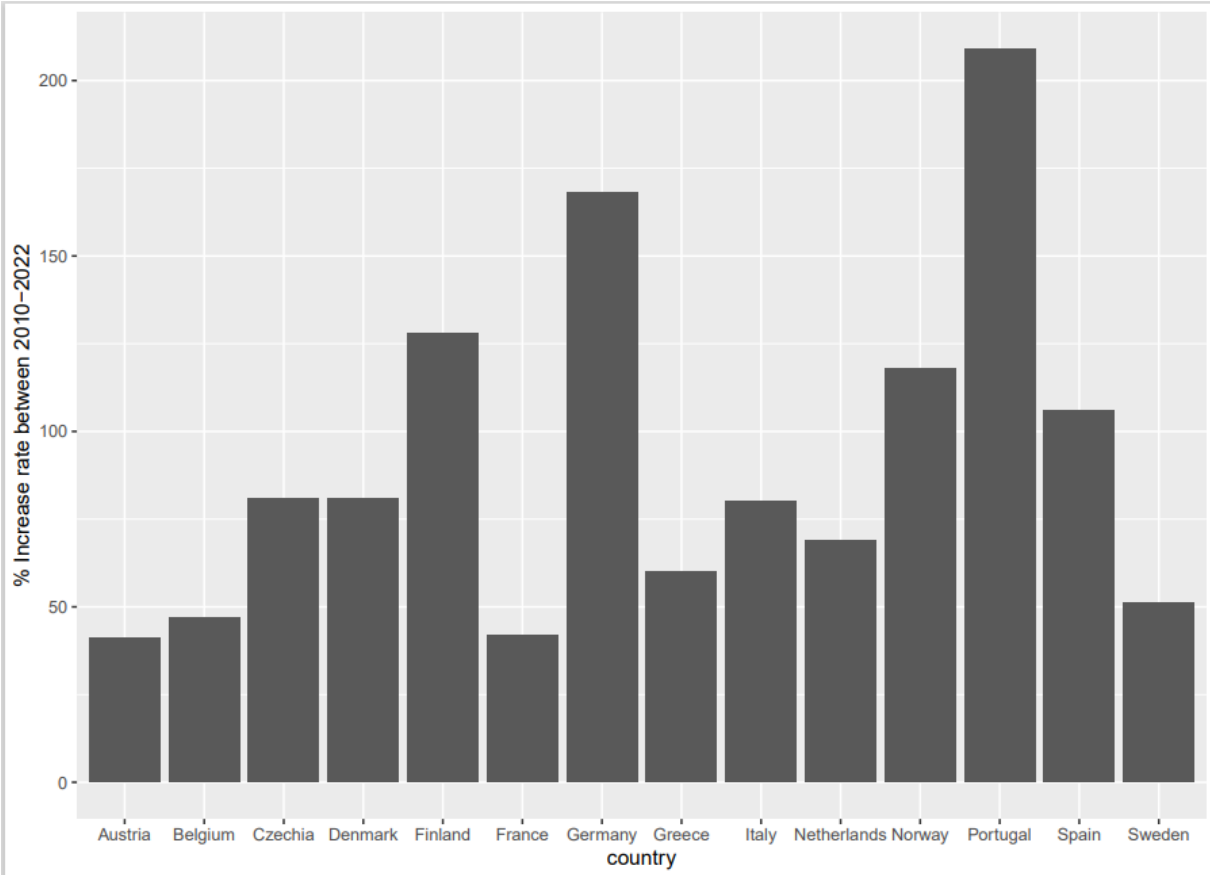


Figure 1. Percentage increase in retired immigrants aged 65 and older in Western societies 2010-2022. Source: Eurostat (2023).

Income gap between immigrants and natives in Western countries

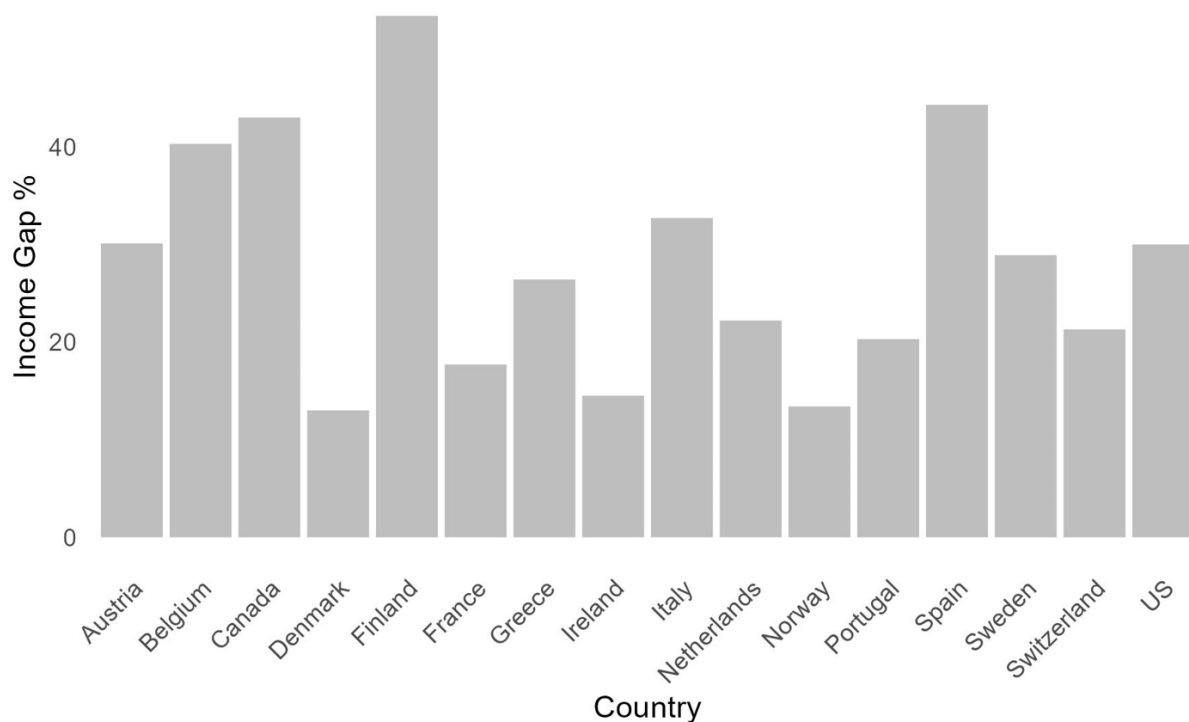


Figure 2. Retirement income gaps between immigrants and natives (Source: US: Borjas, 2009; EU: Heisig et al., 2018; Canada: Nakhaie et al., 2020)

Theoretical background

In order to understand the economic position of retired immigrants we carefully studied the literature on this topic from the perspective of migration, retirement, gerontology but also social policy. The economic challenges experienced by retired immigrants are a multifaceted issue influenced by four interconnected factors.

First, *retirement policies* hamper the eligibility to state-provided retirement incomes. In many countries, immigrants are required to reside a minimum of years of residency in the destination country to qualify for a full state-provided retirement income (see Lafleur & Vintila, 2020 for an overview). Because immigrants often arrive later in life or engage in back-and-forth migrations between their home country and the destination country prior to retirement, their pillar 1 income tends to be lower (Njenga, 2016).

Second, *the economic status of immigrants before they retire* plays a significant role in explaining their financial situation later in life, as they particularly impact the retirement incomes from occupational pensions and home ownership. The income derived from the occupational pension systems is to a large extent dependent on the years of paid employment and the earnings that were accumulated during one's working life. Immigrants face disadvantages on the second pillar for several reasons: Immigrants *a)* usually spend, given their late arrival, fewer years on the labor market in the

country of destination; *b*) have more disrupted careers with more unemployment; *c*) usually earn lower wages (Gorodzeisky & Semyonov, 2017); *d*) they are more likely to hold lower-status jobs that, in some countries, offer less favorable pension schemes (Njenga, 2016). Similarly, personal retirement savings and homeownership rely on employment and earnings prior to retirement: lower income translates to fewer opportunities for saving for retirement, building wealth, and owning a house.

Third, *sociocultural differences* manifest in differences in saving behaviors, familiarity with the financial system, and knowledge about and trust in the pension system, all of which can collectively result in a less favorable economic position at retirement. Immigrants might be less likely to save for their retirement or use the state-provided financial systems.

Fourth, Migration scholars emphasize the importance of *transnational relations*, particularly family connections in the country of origin, for understanding the lives of immigrants (Bocconi, 2012). These transnational ties might also impact the retired immigrants' economic situation as they change their future outlook (De Haas & Fokkema, 2011). For instance, many immigrants send remittances to their family in the country of origin to invest for a retirement there. This behavior harms the investment for a future in the country of destination.

Research agenda: promising research questions

In this paper we point out multiple avenues for future research on the economic position of retired immigrants. In order to get comprehensive picture of the drivers behind this phenomenon, more research is needed on the sociocultural factors and transnational relations. While, retirement policies and the immigrants' economic position before retirement are undoubtedly important factors much less is known about these other explanations. Theoretically, they are likely to play a pivotal role, but empirical research is required to provide a precise understanding of their impact. For instance, how well do immigrants understand and trust the pension system? And do immigrants still remit part of their – already lower – retirement income? In addition, future research could focus on other drives such as self-employment among immigrants.

Another agenda point for future research is the heterogeneity among immigrant groups: immigrants differ in their age of arrival, country of origin, motive for migration and legal status. Hence, some immigrant groups such as those arriving at an older age and from non-western countries, and immigrants without legal documentation are in a much more vulnerable position than other immigrant groups.

Additionally, future research could focus on the strategies immigrants employ to improve their vulnerable position. Do they for instance receive help from their family and friends in translating, or more direct financial assistance? Another strategy for immigrants would be to retire at an older age. However, whether immigrants employ these strategies is still open for future research.

Next to these directions we see cross-national research as a major step forward in increasing our understanding of the economic position of retired immigrants. Such studies would allow for a better understanding of the role of retirement policies on the economic position of retired immigrants.

Data and methods: challenges and directions

The literature encompasses a variety of methods such as register data, survey data but also qualitative methods. These methods have their positive and negative significance for this field. One important challenge that needs to be addressed in the future is the lack of survey data specifically designed for retired immigrants. So far research has used either migration- or retirement specific surveys. Hence, these surveys do not oversample retired immigrants nor do they include questions that are both migration and retirement-oriented simultaneously.

In addition, the data on retired immigrants are more likely to suffer from selective samples: it is extremely challenging to include all types of immigrants in a study, rather than those who are easiest to reach. Within the country of destination, issues of language and trust mean that the most well-off retired immigrants are most likely to participate in studies (Bilecen & Fokkema, 2022; Sin, 2004, but see Seibel & Haan, 2022). Also, undocumented immigrants often want to remain as invisible as possible, exacerbating this issue in countries with many undocumented immigrants such as the US.

Still, we call for newly collected survey data to advance our understanding of the economic position of retired immigrants.

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