

Retirement funds affected by depression and mental illness

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(PhysOrg.com) -- Depression and mental illness have a significant financial impact on people who retire early due to these conditions, a study led by the University of Sydney has revealed.

Professor of Health Economics, Deborah Schofield, from the NHMRC Clinical Trials Centre and Sydney School of Public Health, led a team of researchers from the University of Sydney and University of Canberra which investigated the cost of lost savings and wealth to Australians who retire early because of depression or other mental illness.

The results of the study 'Quantifying the effect of early retirement on the wealth of individuals with depression or other mental illness' published in the February issue of the [British Journal of Psychiatry](#), shows people who retire early due to mental illness or depression can find themselves with up to 93 percent less accumulated wealth than people who continue to work.

Using an innovative economic model called "Health&WealthMOD", the team surveyed more than 8000 participants aged between 45 and 64. They accessed each participant's employment, income, and accumulated wealth in savings, property and other financial investments. Ninety-nine of the participants were found to be not working due to either depression or mental illness.

Professor Schofield said: "Our study shows that people who retire early as a result of mental ill health not only have a loss of immediate income

from employment, but also have a very low value of savings.

We found that people who are not working because of depression or other mental illness have 78 percent and 93 percent less wealth accumulated respectively, compared with people of the same age, gender and education who are working and who have no mental health or other chronic health problems.

"We also found that people who are out of work because of [depression](#) or other mental illness are more likely to have the wealth they do have in cash, rather than in other higher-growth assets such as property or financial investments.

"This lower accumulated wealth is likely to result in lower living standards for these people, and the state may be required to provide financial support - a hefty financial burden. We believe that some of this financial burden could be avoided by investing more money in interventions to prevent the occurrence of [mental illness](#) in the first place."

More information: bjp.rcpsych.org/

Provided by University of Sydney

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