

in brief...

Immigrants in Europe: will they return home when they retire?

Many immigrants will 'va-et-vient'
after retirement, sharing their time
between home and host countries

Nearly a third of immigrants in Western Europe intend to spend part of the year in their host country and the rest back home when they retire. That at least is the implication of analysis of a representative sample of more than 6,000 immigrants currently living in France, a significant proportion of whom plan to pursue a previously undocumented strategy called 'va-et-vient' when they reach retirement age.

The study by Augustin de Coulon and François-Charles Wolff finds that only a small proportion of immigrants intend to return home when they retire (7%), while the majority (more than 60%) intends to stay in the host country.

Until now, immigrants' likely location decisions at retirement have barely been studied. But they have important policy implications in such areas as healthcare spending and aggregate consumption for both the home and host countries. And the questions they raise are imminent in many Western European economies, which recruited immigrants heavily in the 1960s and 1970s: individuals from these first immigration waves are now approaching retirement age.

It might be thought that most of these immigrants will return to their home country to enjoy a milder climate together with the higher purchasing power of their pensions and private savings. But what really influences their location decisions? It turns out that since labour market conditions do not matter so much at retirement, location decisions are based less on comparison of wages or employment opportunities across the host and home country and more on the location of other family members.

This research explores the causal link between the location of children and the location of retired parents, focusing in particular on whether children drive their parents' location decision or whether parents make the decision first and then encourage their kids to locate in the chosen country. For parents who intend to stay in the host country or return home, it is the current location of their children

that influences the decision. For those planning to 'va-et-vient', the current location of their children is not of primary importance – but simply having children makes them more likely to 'va-et-vient'.

Country of origin also has a big influence on immigrants' location decisions. For example, the probability of returning home is significantly higher for immigrants from Southern Europe (8.6%) and Central and Southern Africa (16.8%).

The probability of pursuing the 'va-et-vient' strategy is higher for immigrants from Southern Europe, Northern Africa and the Middle East. But it is less important for women and highly educated people. It also becomes less important the older immigrants are and the longer they have lived in the host country.

As might be expected, household income has a positive effect on the 'va-et-vient' decision. A simple explanation is that increased housing and travel costs are associated with 'va-et-vient' so that poorer households are less likely to share their time between two different countries.

Although these results are for immigrants in France, some evidence points to similar patterns in other countries, including Germany, Switzerland and the United States. In an extension of this work, the researchers plan to look at how intended location decisions are linked with the remittances sent to the home countries.

This article summarises 'Immigrants at Retirement: Stay/return or "Va-et-vient"?' by Augustin de Coulon and François-Charles Wolff, CEP Discussion Paper No. 691 (<http://cep.lse.ac.uk/pubs/download/dp0691.pdf>).

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