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**The South African pension program and the health of the elderly  
and their families: Regression Discontinuity Evidence  
from October Household Surveys\***

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**Abstract**

What is the causal impact of income on health? Although researchers agree that higher income and good health are strongly correlated, there is little consensus on the causal relationships, since health can influence an individual's ability to produce income, and third factors may drive both income and health. The question of the causal effect of income on health is further bedeviled by a lack of experimental or quasi-experimental evidence. We address this question using evidence from a natural experiment from South Africa's social pension program. Specifically, discontinuities in the age of eligibility allow us to identify the impact of pervasive, large and non-contributory cash transfers on health. Using several October Household Surveys and non-parametric regression discontinuity methods, we estimate the impact of income on adult and infant mortality, self-reported health status, self-reported disability, and health investment variables. We find that pension income improves self-reported health status, but we do not detect pension-induced changes in other observed health outcomes or health investments.

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