This is a reasonable way to do it using that recode. But essentially you are just creating "year of birth" variables - it is unclear why this is being used to generate a "pseudo-panel". That said, if you just want to include effects for year of birth, the variable you created will work pretty well. The only issue is that some surveys (I don't know about yours) conduct interviews that cover more than one calendar year (say, Nov-Feb). Then you would be a little bit off on birth year for some households, but maybe not in a way that is problematic (it would depend a lot on how you are structuring your regressions).

All that said, your code should get you something very close to "year of birth".