

How will disabled workers respond to a higher retirement age?

“People over 60 with an occupational disability hardly use their remaining work capacity”

Tunga Kantarcı, Jim Been en Arthur van Soest – TiU, LEI, TiU

A higher retirement age has a positive effect on the labor participation of older people, but probably also leads to more disability and unemployment benefit claims. This study shows that older employees who are partially disabled for work are more likely to face a full benefit situation due to the increase in the retirement age. Financial incentives to continue working have less effect for them compared to younger partially disabled employees. Older people with disabilities are also less likely to return to work than young people. A higher degree of incapacity for work leads to more loss of income for them.

Principal Findings

- The rising retirement age can have serious financial consequences for older employees with an occupational disability; they are less able to use their remaining work capacity than young people.
- This is partly because they respond less strongly to financial incentives to work longer.
- In addition, there is limited demand for older employees, and it is therefore more difficult for them to find a job.
- Raising the state pension age for this group leads to an increase in the number of disability benefits and unemployment benefits, resulting in higher government expenditure.

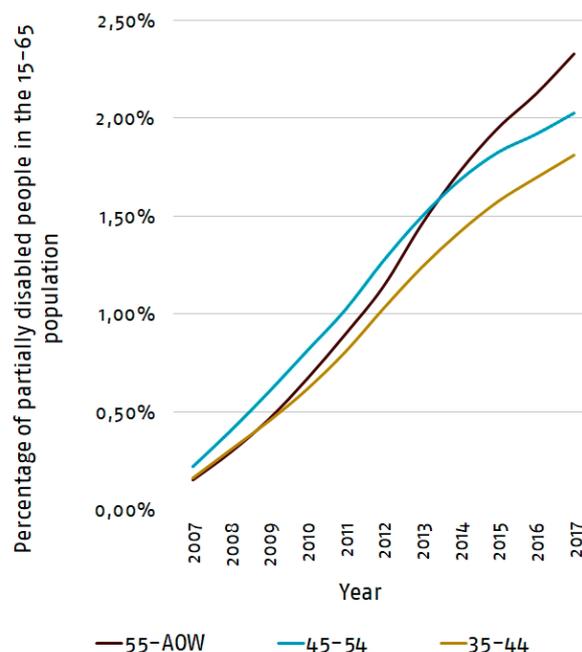


Figure: The older the partially disabled people are, the less they respond to the financial incentives to work.

Key Takeaways for the Industry

- Policy should be aimed at making work more attractive and social security programs (financially) less attractive.
- More flexible pension schemes with options for part-time retirement can play an important role in this.
- On the demand side, consider measures that make it more attractive for employers to employ older workers with disabilities.



Want to know more? Read the paper

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