

# The effect of changes in early retirement and the statutory retirement age on disability applications and retirement income

“Pension reforms increase labor participation but also increases disability applications”

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## What is the focus of the paper?

This paper examines how the abolition of early retirement and the increase in the statutory retirement age have affected the number of disability (WIA) applications and the income of employees who became disabled. The study uses data from UWV and CBS and analyzes the effects based on gender, income, employment sector, and health status.

## What are the key findings?

The abolition of early retirement and the increase in the statutory retirement age have doubled disability applications among people over 60. Employees with lower incomes are at higher risk of applying for disability benefits. In physically demanding sectors such as agriculture, construction, industry, transport, and trade, this risk has increased mainly due to the disappearance of early retirement. In the public sector (government, education, and healthcare), the higher statutory retirement age has specifically led to a greater likelihood of disability applications. Having chronic diseases influence the risk of disability with the abolition of early retirement but not with the increase of the statutory retirement age. Pension reforms have had no noticeable effect on prevalence of chronic diseases, the degree and type of disability, or the likelihood of approval of the disability application. Employees who become disabled experience a ten percent income decline, both before and after retirement, regardless of their early retirement eligibility.

## What are the implications?

- Policy measures should consider vulnerable groups to prevent them from leaving the labor market due to disability.
- This can be achieved through targeted early retirement schemes for vulnerable groups in physically demanding professions.
- The government can encourage employers to promote sustainable employability through preventive measures and workplace accommodations and job modifications.

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Want to know more? Read the paper:

**Prolongation of working life and its effect on work disability and retirement income: evidence from register data in the Netherlands**