

ABSTRACT:

PENSION REFORMS AND HUMAN CAPITAL INVESTMENT

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In this paper we investigate the effect of the pension system on human capital accumulation. First, we discuss the implications of a change in the pension system on human capital accumulation in a model of life-long learning which is based on (Ben-Porath, 1967). Second, we exploit a sizable increase in the early retirement age from 60 to 63 to identify the effect on investment into human capital through on-the-job training and to test the predictions of the model. Based on data from the German Micro Census we find that the increase in the retirement age has a sizable effect on human capital accumulation: on-the-job training increases by about 3 percentage points which corresponds to an increase of 20%.

(with Peter Haan, Elisabeth Kurz and Felix Weinhardt)