

WWZ Research Seminar
Faculty of Business and Economics, University of Basel

Wednesday, April 6, 2022 (joint with the Economics Lunch), 13:10, S15, HG, WWZ and Zoom

Prof. Dr. Nicolas R. Ziebarth, Cornell University

"Fundamentally Reforming the Public DI System: Evidence from German Notch Cohorts" (joint with Johannes Geyer)

Abstract

March 2022

This paper comprehensively evaluates a fundamental reform of the public Disability Insurance (DI) system in Germany. Effective 2001, cohorts born after 1960 are no longer eligible for “occupational DI.” Occupational DI (ODI) implies benefit eligibility if employees are no longer able to work in their previous occupation. For the affected notch cohorts, the new general DI eligibility rules require that their reduced work capacity must prevent them from working in any job. Using administrative statutory pension insurance data, we first show that the reform significantly reduced the inflow of new DI beneficiaries by 20% for males and 10% for females. Next, we validate these findings using representative SOEP household panel data comprised of the entire underlying population and not just DI inflows. Moreover, at least at the population level, we do not find a significant overall increase in the likelihood to work full-time among notch cohorts. Next, using representative data on old age saving motives and health, we do not find much evidence that the notch cohorts purchased individual private ODI policies at significantly higher rates to compensate for the reduced generosity in the public DI system. In the final part, we analyze and categorize households without private ODI. We conclude that there is little potential for public policy to further increase private ODI coverage without regulatory reforms.

All seminars are open to the public and take place in hybrid format with lecturer present. For updates (place, abstracts etc.) kindly visit <https://wwz.unibas.ch/de/researchseminar/>

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