

Pension Reforms, Longer Working Horizons and Absence from Work

Giorgio Brunello, Maria de Paola and Lorenzo Rocco

We use matched employer – employee data for Italy to study the effect of an increase in the length of the working horizon – triggered by a pension reform – on sick leaves and, indirectly, on productivity. We find that one additional year of residual working horizon increased by 2.74 to 3.32 percent the number of days lost for sickness by female employees aged 45 to 59, and reduced by 3.63 to 4.85 percent the days lost by males. We explore different mechanisms, including the increased demand for leisure for females and the higher fear of job loss for males.