Abstract

"Women's labour market attachment and retirement behaviour: evidence from the 2011 pension reform."

The recent 2011 Italian pension reform (the so-called *Fornero Reform* from the name of the minister who issued it) has increased the statutory retirement age for both males and females. However, women experienced a more significant shock than men because the jump in retirement requirements shifted from age 60 to almost age 67, keeping the years of contributions constant at 20. In this analysis, we focus on the women's response to such reform and investigate whether they responded by retiring as soon as they could with the alternative seniority pension scheme or by working longer. Our identification strategy is based on a Differences-in-Differences estimation strategy, in which we compare women born in 1952 and 1953 (who have been treated by the Reform) with women born in 1951 who were not affected and constituted our control group. Our preliminary analysis shows that women born in 1952 (the first cohort affected by the reform) were more likely to anticipate their exit from their labour market, while women born in 1953 stayed longer in their careers. Future analyses will focus on whether women's response has been in line with financial incentives or whether their choice has left "money on the table". Indeed, a recent stream of literature (Behaghel and Blau (2021), Siebold, (2021) and Lalive et al. (2020)) has highlighted that individuals' preferences are reference-dependent in terms of pension choice, and this contributes to explaining why individuals do not act based on the discounted expected lifetime wealth maximisation. Our analysis can also shed light on why women tend to retire with a lower pension, which contributes to the gender pension gap. In fact, the alternative seniority pension scheme implies a 2% reduction until age 60 and a 1% reduction of the pension until age 62. If women opt for this alternative despite the financial disincentive, the Reform further contributes to harming women's wealth.