



### **Research Working Papers**

# Public Pension Reforms and Retirement Decisions: Narrative Evidence and Aggregate Implications

by: Huixin Bi and Sarah Zubairy

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News about future pension retrenchments leads to a decline in the labor force participation rate for people close to retirement and an increase in old-age pension spending.

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We construct a database of public pension policy changes with motivation and im-plementation information for ten OECD countries. Structural pension reforms, moti-vated by long-run sustainability concerns, often come with prolonged phase-in periods. In response to pension retrenchments implemented immediately, people close to retire-ment stay in the work force longer. News about future pension retrenchments with implementation lags, however, is likely to lead this group to exit the labor market. This decline in the labor force participation rate is particularly strong for reforms with long lags, ones that introduce fundamental policy changes, and where citizens have lower trust in the government.

JEL Classification: E62, H30, H55

#### **Article Citations**

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#### **Related Research**

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### **Author**



## **Huixin Bi**Research and Policy Officer

Huixin Bi is a Research and Policy Officer in the Economic Research Department of the Federal Reserve Bank of Kansas City. Previously, Ms. Bi served as an economist at the Bank of Canada from 2010 to 2015. Her main areas of research are fiscal policy, sovereign debt and computational economics. She holds a B.S. in engineering from Nankai University in China, a M.S. in engineering at Rose-Hulman Institute of Technology, and a Ph.D. in economics from Indiana University.