

Ausbildung, Erwerbsphase, Renteneintritt – demografischer Wandel und optimale Zeitallokation im Lebenszyklus

Education, Working Period, Retirement – Demographic Change and Optimal Time Allocation Within the Life-cycle

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Endogenous retirement decision, demographic change, human capital formation.

Summary

We study how the education and retirement decision of a representative individual is affected by the demographic trend. Individuals optimally choose the date at which they leave school to work and at which they retire. Applying an OLG-model with a pay-as-you-go social security system we show how individuals optimally respond to a) a change in the current wage for a unit of human capital, b) a change in the perfectly foreseen future wage for a unit of human capital, c) a decrease in the anticipated future pension benefit, and d) an increase in the future social contribution rate. From the government's point of view it would be desirable to control for an instrument which increases both the accumulation of human capital before starting to work and the retirement age. Our findings suggest that policy-makers should respond to the demographic trend by reducing pension benefits. Compared to the most relevant alternative, i.e. an increase in the contribution rate, individuals would choose a longer working life, working becomes more attractive. This in turn creates an incentive to invest more in education and to accumulate more human capital.