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Host: Stefan Klöner

Spillover Effects of Old-Age Pension across Generations:
Family Labor Supply and Child Outcomes

Abstract:

We study the impact of grandparental retirement decisions on family members' labor supply and child outcomes by exploiting a Dutch pension reform and a fuzzy Regression Discontinuity design. We find that a one-hour increase in grandmothers' hours worked causes their adult daughters with young children to work 40 minutes less. Daughters without children, with older children and sons/daughters-in-law are not affected. Examining the reform impacts on grandchildren's test scores, we find positive effects on children aged 4-7, who experienced a substitution from grandparental to maternal care. We also show negative effects for children aged 8-12, for whom grandparental childcare was substituted for by formal or no care.