



 **May 2nd**  **2 pm - 3pm**
 **Building D - 1_A Sala Conferenze**

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IMPROVING RETIREMENT SECURITY OF COUPLES THROUGH CONTINUED LIFECYCLE EMPLOYMENT: EVIDENCE FROM MATERNITY LEAVE POLICIES

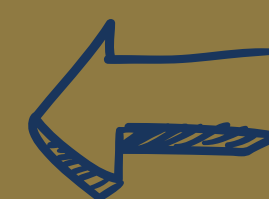
The Speaker



DR. DAVE KNAPP
(USC)



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Abstract

We investigate differences in retirement security between single and dual income European couples with children. The choice for a household member, typically the wife, to leave paid work in order to care for children and support unpaid household production may reduce lifetime household income. Lower lifetime income from work places a household at greater risk for retirement insecurity through less opportunity to save for retirement and lower pension income. The choice to remain out of the labor force after childbirth is endogenous, with high income households or households where one spouse is paid a low salary more likely to have one member specialize in home production. Using detailed policy on the introduction and expansion of paid maternity leave in 11 countries and harmonized panel data from the international network of health and retirement studies, we exploit the introduction and expansion of paid maternity leave to identify lifetime labor force attachment independent of household income. We estimate the impact of lifecycle employment on household income near and after retirement using maternity leave policies as instruments for lifecycle employment after the birth of a first child. Standard tests confirm the endogeneity of the wife's employment on household income and strongly reject the hypothesis of weak instruments. Preliminary results find that a household with a wife in the labor force 20 years after first childbirth has 31% greater household income after age 70.