

Do incentives for old-age provision (“Riester-Foerderung“) increase the propensity to save of low-income households?

(Erhöht die Riester-Förderung die Sparneigung von Geringverdienern?)

Giacomo Corneo ϕ

Freie Universität Berlin, Fachbereich Wirtschaftswissenschaft
Institut für öffentliche Finanzen und Sozialpolitik
Boltzmannstr. 20, 14195 Berlin

Matthias Keese

Ruhr Graduate School in Economics, c/o RWI Essen
Hohenzollernstrasse 1-3, 45128 Essen

Carsten Schröder

Christian-Albrechts-Universität zu Kiel, Institut für Volkswirtschaftslehre
Lehrstuhl für Finanzwissenschaft, Sozialpolitik und Gesundheitsökonomik
Olshausenstr. 40, 24098 Kiel

19.12.2007

Abstract. In 2001 the German government started to promote the development of private pensions by means of special saving subsidies and tax incentives (Riester-scheme). That policy especially targets households with relatively low incomes. Using data from the German Socio-economic Panel, we scrutinize the impact of the Riester-scheme on private saving. Our estimation results suggest that the Riester-scheme neither increases the fraction of households with positive savings, nor increases the households' saving rate. Thus, rather than creating saving, this policy seems to make people substitute previous contracts by subsidized saving contracts.

JEL-Klassifikation: D12, D14, H24, H31, I38