

Pension claiming and time preference

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In this paper we study the so-called early claiming puzzle, i.e. the finding that too many start claiming pensions as soon as possible even though they would benefit financially by delaying. We use a dynamic micro-simulation model (MOSART) to calculate the inter-temporal trade-off each individual faces, and then use their actual choices to illicit their personal discount rate. Thereafter we discuss to what extent this can be used to measure time preferences, after accounting for expected longevity, health and liquidity constraints.