

Intergenerational Spillovers in Disability Insurance

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Using a 1993 Dutch policy reform and a regression discontinuity design, we find children of parents whose disability insurance (DI) eligibility was reduced are 11% less likely to participate in DI themselves, do not alter their use of other government programs, and earn 2% more as adults. The reduced transfers and increased taxes of children account for 40% of the fiscal savings relative to parents in present discounted value terms. Moreover, children of treated parents complete more schooling, have a lower probability of serious criminal arrests and incarceration, and take fewer mental health drugs as adults.