

## **The role of cognitive decline on early retirement and disability**

### **Abstract**

While there many reasons to believe that age-related cognitive decline in mid-life may be a driver of retirement decisions, little attention has been paid to the effects of cognitive capacities on labor market participation. A recent paper by Rohwedder and Willis (2010) showed a causal relationship between early retirement and subsequent cognitive decline; whether there exists a causal relationship in the other direction remains an open question. This paper examines the role of age-related cognitive decline in mid-life on the decision to withdraw early from the labor force. First, I characterize the trajectories of cognitive decline by individual-level and group-level characteristics including occupation and socio-demographics. Second, I employ an instrumental variable approach using a genetic risk score for cognitive decline to identify the causal impact of mid-life cognitive decline on early retirement decisions.