

## PUBLICATION FACTS

### JOURNAL

IZA JOURNAL OF LABOR POLICY

### PUBLICATION DATE

2015

### VOLUME/ISSUE

4

### AUTHORS

Butler, Monika

Deuchert, Eva

Lechner, Michael

Staubli, Stefan

Thiemann, Petra

# FINANCIAL WORK INCENTIVES FOR DISABILITY BENEFIT RECIPIENTS: LESSONS FROM A RANDOMISED FIELD EXPERIMENT

## ABSTRACT

Disability insurance (DI) beneficiaries lose part or all of their benefits if earnings exceed certain thresholds ("cash-cliffs"). This implicit taxation is considered the prime reason for the low number of beneficiaries who expand work and reduce benefit receipt. We analyse a conditional cash programme that incentivises work related reductions of disability benefits in Switzerland. Four thousand DI beneficiaries received an offer to claim up to CHF 72,000 (USD 77,000) if they expand work and reduce benefits. Initial reactions to the programme announcement, measured by call-back rates, are modest. By the end of the field phase, the take-up rate is only 0.5%.

Web Of Science  
Times Cited

**16**

Journal Citation  
Indicator

**0.27**