

EARLY RETIREMENT IN THE SAUDI PRIVATE SECTOR: A PILOT STUDY OF INCENTIVES IN THE PENSION AND SOCIAL INSURANCE SYSTEM

Abstract

Early retirement in the Saudi labor market is strikingly high, even with a normal retirement age of 60. The current system incentivizes, rather than discourages, early retirement. Although GOSI offers a generous retirement package to private sector workers, saving instruments in Saudi Arabia remain scarce, subjecting early retirees and their households to a potential depreciation in living standards after retirement.

In coordination with GOSI, this pilot will utilize the organization's initial interaction with retirees filing for benefits to elicit (1) motivations for early retirement, (2) economic activity plans for post-retirement, and (3) financial planning and willingness to invest in a voluntary savings program. Finally, this project aims to pilot an information treatment informing workers above 40 years old of the importance of post-retirement financial planning, as well as of the effect of inflation on retirement pensions.

Expected Impact

Contribute towards reducing dependence on social services and increasing financial security for private sector workers, with the potential to help in retaining experienced workers and improving firm productivity.

PRINCIPAL INVESTIGATORS

- Georgetown University
Nada Eissa

POLICY PARTNERS

- GOSI



HARVARD Kennedy School
Evidence for Policy Design



Ministry of Labor
and Social Development
Kingdom of Saudi Arabia



صندوق تنمية الموارد البشرية
HUMAN RESOURCES DEVELOPMENT FUND