

PRESS RELEASE

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How Delayed Retirement Reshapes Career Opportunities

- German reform raising the retirement age for women analyzed
- EPOS Economic Research Center at Bonn and Mannheim publishes results

Bonn, Mannheim, 25.06. 2026 – **Faced with the challenges of population aging, many countries are currently debating whether retirement ages should rise further. To assess what this means for career advancement within firms, new economic research analyzes the effects of the German pension reform of 1999, which raised women’s pension claiming age by at least three years. The findings suggest that delayed retirement can reshape hiring and promotion opportunities within firms. While some coworkers face greater competition for advancement, others may also benefit from the continued presence of experienced senior employees whose skills complement their own. The EPOS Economic Research Center at the Universities of Bonn and Mannheim publishes the findings in the discussion paper “Crowded Career Ladders? Intra-Firm Spillovers of Raised Retirement Age”.**

“In this study, I open what is often seen as a ‘black box’: what happens inside firms when older workers retire later, and career ladders become more crowded,” says Sona Badalyan, EPOS Economic Research Center. “According to my results, raising the pension claiming age changes how opportunities are allocated within firms. As older workers delay retirement, hiring and promotion opportunities become scarcer for some workers, while others may benefit from knowledge and productivity spillovers from experienced colleagues.”

Crowded career ladders

Keeping older workers employed longer can delay hiring and promotion opportunities for coworkers who compete for similar positions within firms. “The strongest barriers to career advancement are observed among workers who are closest to older employees on internal career ladders, such as middle-aged workers,” says Sona Badalyan. “The findings suggest that employers need to pay greater attention to career development and advancement opportunities when retirement ages increase.”

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Benefits for coworkers in different teams

At the same time, delayed retirement can also generate benefits for firms and coworkers. Experienced employees possess valuable firm-specific knowledge and expertise. This helps firms avoid the costs associated with replacing skilled workers and may improve the performance of colleagues who work in complementary roles. The findings suggest that raising the retirement age creates both costs and benefits within firms, depending on how workers interact with one another and how valuable older workers' skills are to firms.

“Policymakers should consider the broader labor-market consequences of retirement reforms, not only their effects on pension finances,” says Sona Badalyan. “Without accounting for the effects on internal career ladders, the costs and benefits of raising the retirement age cannot be fully assessed.”

About the study

The German pension reform of 1999 increased women's pension claiming age by at least three years by aligning it with that of men. This represented one of the largest increases in pensionable retirement age between neighboring birth cohorts in Germany, creating a unique setting to study how delayed retirement affects workplaces. The strongest barriers to career advancement are observed among female coworkers, partly due to industrial and occupational segregation in Germany. However, the underlying mechanisms, such as competition for positions and career ladders, are not specific to women. Similar effects would therefore be expected whenever delayed retirement increases competition for advancement opportunities, regardless of gender.

The presented discussion paper is a publication without peer review of the Collaborative Research Center Transregio 224 EPoS. Access the full discussion paper here: <https://www.crctr224.de/research/discussion-papers/archive/dp759>

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The Collaborative Research Center (CRC) Transregio 224 EPoS

Established in 2018, [the Collaborative Research Center Transregio 224 EPoS](#), a cooperation of the universities Bonn and Mannheim, is a long-term research institution funded by the German Research Foundation (Deutsche Forschungsgemeinschaft, DFG). EPoS addresses three key societal challenges: how to promote equality of opportunity; how to regulate markets in light of the internationalization and digitalization of economic activity; and how to safeguard the stability of the financial system.

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