

Scientific abstract

This thesis investigates economic implications of providing financial incentives to work for disability insurance recipients. While disability insurance programs have become one of the largest public transfer programs in developed countries, they have long been criticized for their inherent work disincentives. In light of the increasing expenditures on disability benefits during the last decades, many countries are debating policy changes designed to improve incentives to work for beneficiaries. An important question is how such reforms should be designed and how they affect beneficiaries' welfare and program costs. Using high quality registry data and state of the art econometric methods, this thesis investigates the responsiveness of beneficiaries to financial incentives and assesses the associated policy implications. Findings include significant responses to incentives and highlight the importance of understanding the tax and benefit schedule in order to make reforms more effective. Taken together, this thesis provides valuable information for policymakers in the current debate.