Do literacy and numeracy pay off, and if so, for whom?

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Is there a reward for basic skills in the German labor market and if so, are there differences for example between males and females or by age groups? To answer these questions, we examine the relationship between adults' literacy, numeracy and earnings. We use data from the ALWA study, which is a test augmented survey linked to administrative data, making accurate information on both skills and earnings available. Preliminary results indicate that earnings are positively related to both types of skills, though this relationship is more pronounced for numeracy than for literacy. We find heterogeneous results when differentiating by sub-groups, for instance by sex or migration background.