Occupational pensions are wage premiums on top of the net wage. Efficiency wage theory predicts that participation in occupational pensions increases work effort and strengthens employee binding. Using the new German Linked Personnel Panel, I investigate whether occupational pensions affect the employees’ subjective turnover intention, binding, and engagement. The data allows controlling for establishment heterogeneity and modeling treatment assignment using information about pension plan offers. In contrast to previous findings, all positive effects can be explained by selection. From an employer’s perspective this result questions the effectiveness of occupational pensions as a personnel strategy.

Furthermore, I investigate which establishments offer and which employees participate in occupational pension plans. Among the establishment characteristics explaining offers worker co-determination seems to be particularly important. On the employee side, job tenure, wages, and education are positively correlated while temporary employment and migration status are negatively correlated with participation in occupational pension.