

# HOW DO JOB SEARCH REQUIREMENTS AFFECT RESERVATION WAGES OF OLDER UNEMPLOYED WORKERS?

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## Abstract

In this study we ask how reservation wage of German older unemployed changes if they are no longer subject to the standard job search requirements. Using discontinuity in the job search requirements for people older than 58 years, we are able to identify how job search requirements affect reservation wages. In Germany unemployed older than 58 had an option to receive unemployment benefits without obligations to search for job. We use a cross-sectional survey of able-to-work means-tested welfare recipients for the year 2005. Consistent with theoretical predictions our findings indicate a moderate increase in reservation wage for participants.

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