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# Too Old to Work, Too Young to Retire?\*

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## Abstract

We study whether employment prospects of old and young workers differ after a plant closure. Using Austrian administrative data and a combination of exact matching and fixed effects, we show that old and young workers face similarly large displacement costs in terms of employment in the long-run, but old workers lose considerably more initially and gain later. Effects on wages of displaced workers are not age-dependent. We interpret these findings in the light of a standard job search model augmented to allow for an absorbing state capturing the option of early retirement.

JEL-Code: J14, J65.

Keywords: Aging, Employability, Plant Closures, Matching

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