

# **Intergenerational Transfers, Endogenous Fertility, and PAYG Pensions**

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This study develops an overlapping-generations model with altruistic agents to theoretically examine the effects of a fertility-related pay-as-you-go (PAYG) pension system. By endogenizing fertility and economic growth and incorporating private intergenerational transfers, the analysis compares a conventional PAYG scheme with a fertility-linked alternative. The results show that under the fertility-related system, increasing the contribution rate reduces private transfers but leaves fertility and growth unchanged, while the system consistently achieves a higher equilibrium fertility rate than the conventional one. These findings reveal that linking pension benefits to the number of children can align public pensions with demographic behavior, creating a policy-robust institutional framework that allows governments to pursue fiscal consolidation and demographic stability simultaneously.