Abstract: The Covid-19 shock caused a dramatic spike in the number of retirees - a phenomenon dubbed the ``Great Retirement'' - and a prolonged contraction in the labor force. This paper investigates the impact of the Great Retirement on the post-pandemic surge of inflation, via the labor market. First, retirement is generally countercyclical, and the peculiarity of the pandemic shock was just in its size: the ``Great Layoff'' in March and April 2020 triggered the Great Retirement. Hence, a transitory labor demand shock generated persistent negative effects on labor supply. Second, counties more exposed to the Great Layoff exhibit a relatively higher increase in wages. Finally, an estimated model with endogenous labor market participation quantitatively assesses the overall contribution of the Great Retirement to inflation from 2020:Q1 up to 2023:Q2 to be roughly one fourth of the overall price increase.