



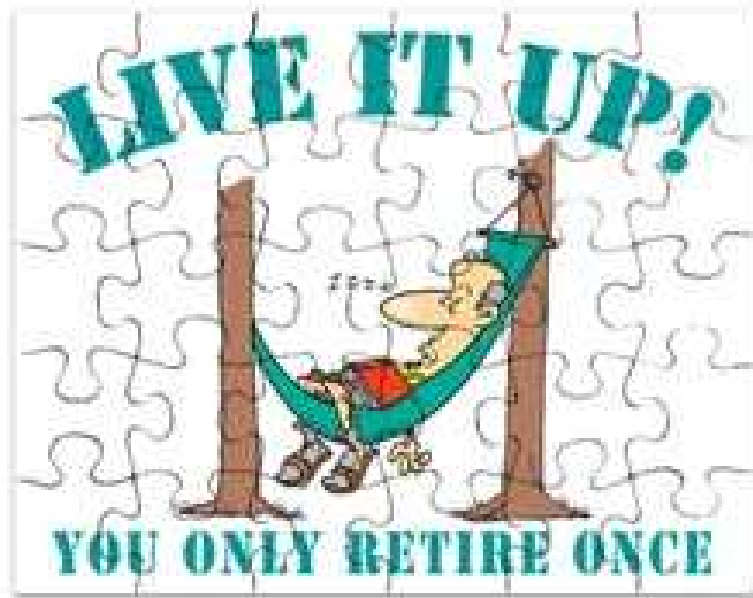
**The Retirement-Savings Puzzle Revisited:
The Role of Housing as a Bequeathable Asset**

Eduard Suari-Andreu, Rob J.M. Alessie, Viola Angelini

Discussed by Thomas Post

Maastricht University
School of Business and Economics – Department of Finance

The paper at a glance



Retirement savings puzzle

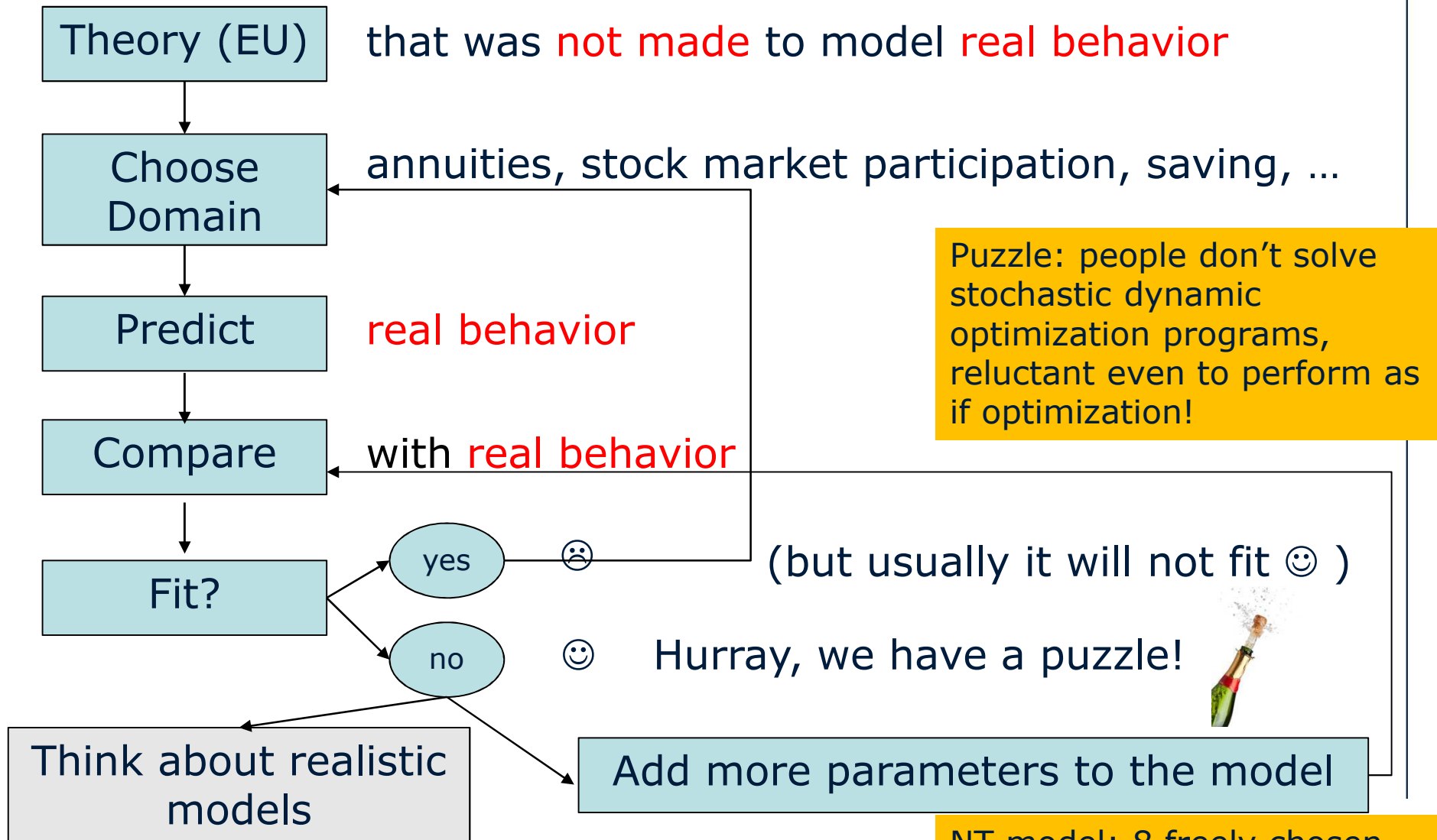
Contrary to simple life cycle models

People do not run down savings (a lot) in old age

The paper at a glance

- Survey paper
 - (how) does adding housing to the analysis do the trick?
 - Review of the model of Nakajima and Telyukova (2011)
 - Suggestions for extensions
 - Dutch (DHS) cross-sectional evidence consistent with NT
- Overall evaluation: Nice!

Comments: Philosophical Footnote - The Research Process in Economics



(we leave this to marketing, psychology...)

NT model: 8 freely chosen to match the data

Comments

- Abstract could be sharper / urging to continue to read
- Currently
 - Saving puzzle
 - Review on puzzle + role of housing
 - Link the two
 - In depth review of model of NT
 - Review on bequest motives
 - Descriptive evidence for NL
- Suggestion
 - Add some details on the evidence, what do you find?

Comments

- Some references to add?

- Section 2: 4th stream of literature (there is no puzzle)

Scholz, J. K., A. Seshadri, and S. Khitatrakun. 2006. Are Americans Saving “Optimally” for Retirement? *Journal of Political Economy*, 114: 607–643

- Dutch evidence on consuming home equity

Dillingh, R., Prast, H., Rossi, M., and Urzi Brancati, C. (2013), The psychology and economics of reverse mortgage attitudes: evidence from the Netherlands, working paper

Comments

- Contradiction p. 5?
 - “... find that on average older adults who move do not downsize their housing equity.

They conclude that older adults are in general not willing to use home equity for consumption, and suggest that the demand for reverse mortgages is rather thin.”