

Expected inheritance, labor supply and (dis)saving

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Discussion by
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 - ▶ Subjective expectations of receiving an inheritance $\xrightarrow{?}$ labour choices/saving attitude around retirement

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 - ▶ Subjective expectations of receiving an inheritance \rightarrow labour choices/saving attitude around retirement
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What I liked

- ▶ Decent collaboration between theoretical model and empirical model.
- ▶ It is challenging to subjective measure of receiving an inheritance.

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- ▶ Respondent is asked the **probability** of receiving an inheritance in the next 10 years, which is expressed as a 0 to 100 percentage.
 - ▶ Person A: 70% probability of getting 2,000,000 dollar inheritance,
 - ▶ Person B: 99% probability of getting 2,000 dollar inheritance, all else equal.
 - ▶ Model predicts person A saves more.

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 - ▶ If respondent i expects to receive an inheritance 15 years later, then $x_i = 0$.
 - ▶ He/she may exhibit higher level of consumption / plan early retirement at this moment.
- ▶ Possible argument: Select min age is 55. Undervalue expected future income after age 65 / beyond life expectancy.

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 - ▶ Those whose expectation is low (e.g. $< 10\%$) at $t - 1$ & high (e.g. $> 90\%$) at time t .

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 - ▶ Expected inheritance?

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 - ▶ Macro financial (stock) market performance & individual's (dis)saving behavior.
 - ▶ Study shows **unexpected inheritance** → stock market participation ↑.
 - ▶ Expected inheritance?
 - ▶ Descriptive statistics, those with higher expected inheritance do not strongly prefer stock holding.

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- ▶ The form of inheritance, financial wealth or real estate wealth, could also affect respondent's current financial wealth, real estate wealth, and others.
 - ▶ Careful argument why select the proxy for (dis)saving.

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- ▶ Add more control variables from HRS.