Analyzing expenditures of Dutch elderly
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Summary

Aim: gain a better understanding of whether the retirement savings of elderly are adequate.
How: look at spending patterns over the life cycle (as a complement to research on income and wealth.)
Focus: health and expenditures
Why: Understand how reforms leading to increased health expenditures could affect pension adequacy
First: compliments

- Very interesting paper!
- Deals with unclearities around downward sloping path of expenditures after mid-age
- And deals with unclearities surrounding health state dependence in utility.
- Rich data → consumption categories and health status and panel data!
- Detailed analysis
Relation to literature I

**Figure:** Figure 3 of van Ooijen et al. (2016)

- Plot of age coefficients of equation:
  \[ c_{ht} = \alpha_0 + \alpha_1 \text{Age}_{ht} + \alpha_2 \text{Cohort}_{ht} + \alpha_3 \text{Period}_t + \alpha_4 \text{Couple}_{ht} + \alpha_5 \text{Children}_{ht} + \epsilon_{ht} \]

- Hence corrected for family formation?

- Result agrees with results Fernandez-Villaverde and Krueger (2007)
Alessie and de Ree (2009) show that the hump in non-durable consumption in NL can mostly be attributed to family formation.

After correcting for family formation increasing pattern.

Disagrees with results Fernandez-Villaverde and Krueger (2007), possibly due to institutional differences: generous pension system NL.

Why do you think your results are different?
"Average per-capita expenditures rise slightly, from EUR 1250 at age 25 to approximately EUR 1750 at age 50 and gradually decline afterwards to approximately EUR 1400 at age 85."

i.e. after 50: 0.63% drop in consumption per year

This is lower than numbers documented by Banks et al. (2015) for the UK (3% per year) and the US (1% per year)?

Wouldn’t you expect a number closer to the UK?
AIDS requires coefficients to add up to 0, but they do not seem to?
- Is/Should the consumption category other be included in regressions? (not in results tables now)

Your model is equal to AIDS model under the assumption that relative prices have been constant over time.
- Relative prices do change in 2015: price of medical care no longer 0.
- Do the baseline results still hold up then?
Results

- I could be helped by a bit more context to the results, as some results are puzzling to me, for example:
  - Table 4: How come the effect of health for a single person is so different from effect of two sick people in a couple? Both don’t have intra-household informal care.
  - Appendix A, 75+ couples: when one household member gets sick, there seems to be substitution between cleaning and maintenance and medical expenditures, but when only one gets sick there is a reduction in the expenditure share for cleaning and maintenance, but not an increase in medical expenditures.
  - Appendix A, 75+: for singles we see an increase in housing expenditure share due to health shock, while for couples we see a decrease.
Conclusion

In short:

- Very valuable paper, because of interesting question and unique data.
- Here and there it needs some more context in relation to other literature and results.