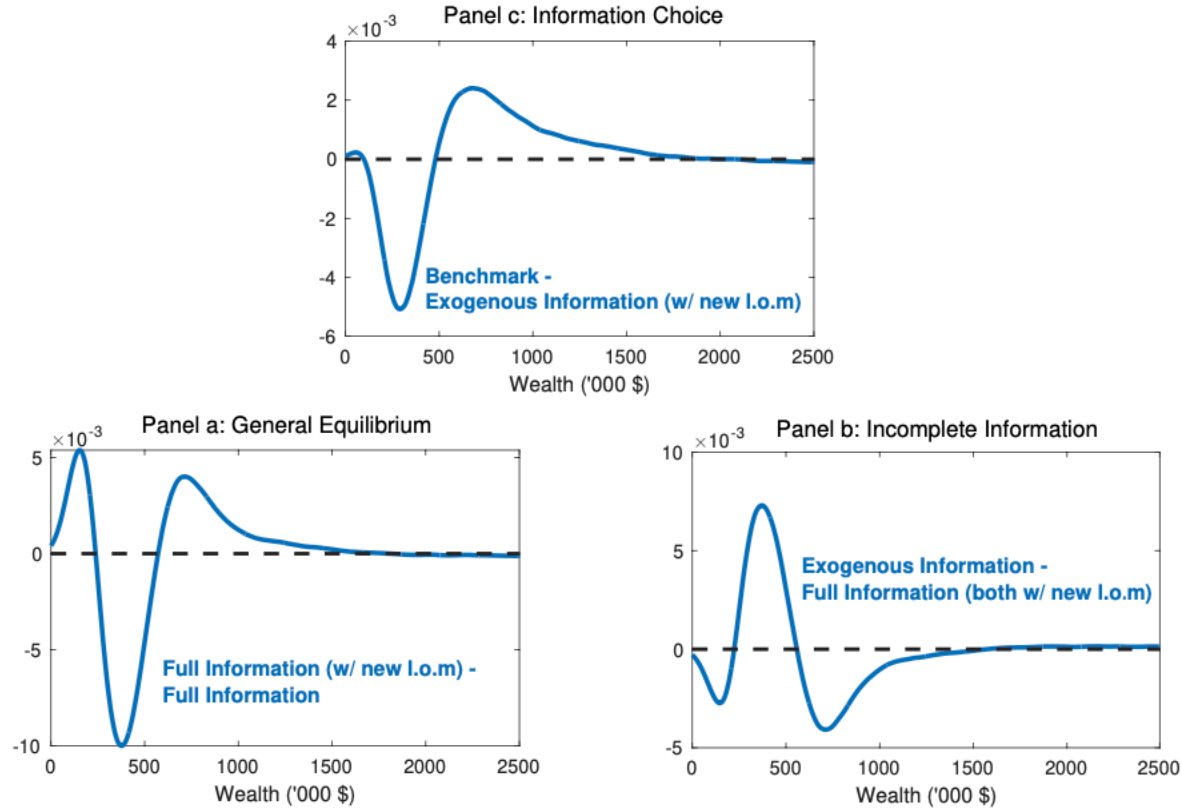


Figure 8: Decomposition of Changes to the Wealth Distribution



*Note:* The figure decomposes the changes in the average wealth distribution relative to the full-information version of the benchmark economy. Panel a shows the changes in the average probability density function of the wealth distribution between the benchmark economy and an exogenous incomplete-information economy, where the probability of information acquisition is fixed at the average value in the benchmark economy. We equip the later economy with a law-of-motion for the capital stock equal to that in our benchmark economy. Panel b depicts the changes between the full-information economy and the full-information economy in which the law of motion for the capital stock equals that in our benchmark economy. Finally, Panel c shows the differences between the economy with exogenous incomplete-information and the full-information economy, where the law-of-motion in both cases equals that from our baseline economy. The horizontal axis in all panels is household wealth (capital levels) in '000s \$. We use 2020 values of US household income to convert values in the model to \$ amounts. Probability density functions are estimated from a simulated panel of household wealth-levels, using a kernel density estimator with the Epanechnikov kernel.