Problem Set #5

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1. **Estimating distribution of bequest recipients**

   (a) Se figure 1 for a histogram plot of the values of ζ_s and figure 2 for ζ_s plotted in a histogram as a function of age.

   (b) See figure 3 for the histogram of $\zeta_{j,s}$ as a function of age and income quartile.

2. **Solve for the steady-state equilibrium**

   (a) The steady state can be summarized by the following variables:

```
'C_ss': 98.795370573548041,
'EulErr_ss': array([  1.11022302e-16,  -2.22044605e-16,   0.000000e+00,
          ..., 3.33066907e-16,  -3.33066907e-16,   5.55111512e-16]),
'K_ss': 499.19691929407128,
'RCerr_ss': 1.3855583347321954e-13,
'Y_ss': 123.75521653825174,
'b_ss': array([ 0.03557041,  0.0747969 ,  0.11871779, ...,  2.68224015,
        1.92057549,  1.13333687]),
'c_ss': array([ 1.34236699,  1.33949387,  1.3366269 , ...,  1.13820395,
        1.1357678 ,  1.13333687]),
'r_ss': 0.03676801501427561,
'ss_time': 0.02499037268586335,
'w_ss': 1.3774125128401291
```

   (b) See figure 4 for the plot of steady state consumption and savings distribution by age.

A Figures

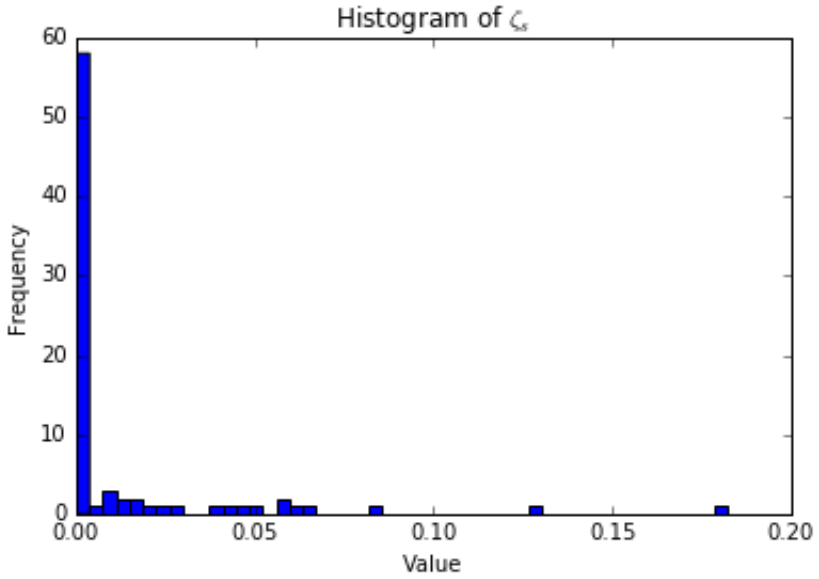

Figure 1: Histogram for the distribution of ζ_s.

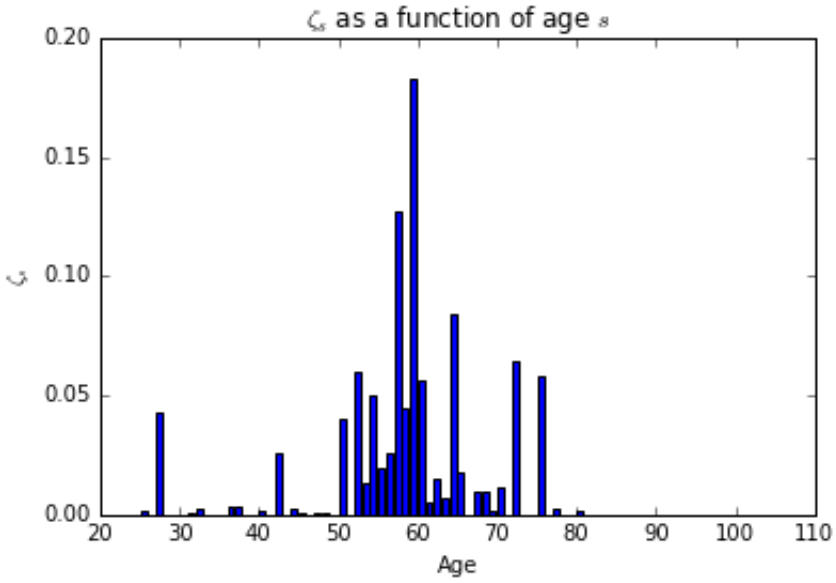

Figure 2: ζ_s plotted as a histogram.

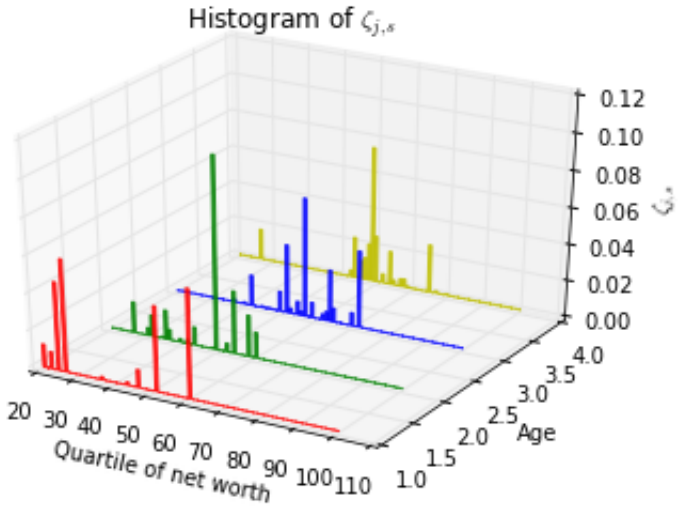

Figure 3: $\zeta_{j,s}$ plotted as a histogram.

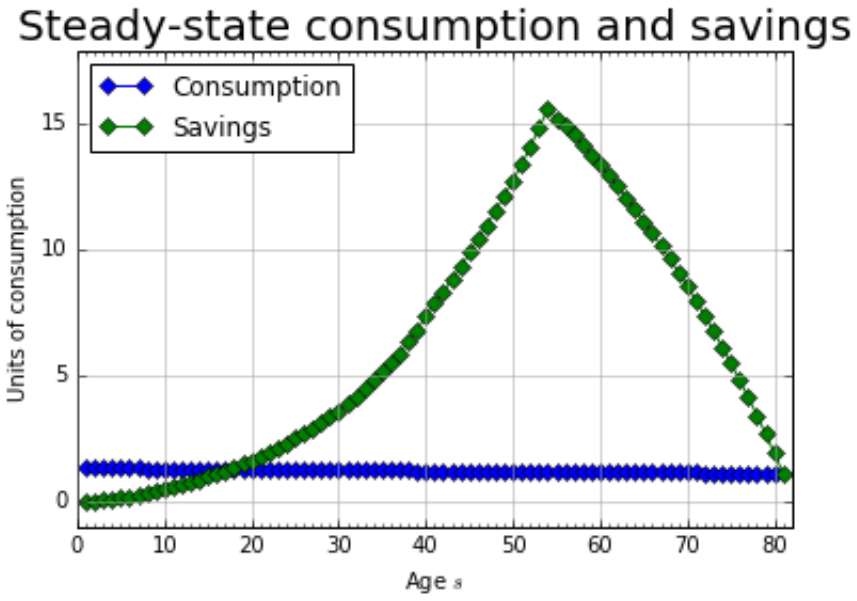

Figure 4: Distribution of steady state consumption and savings by age.