**Summary of inheritance/bequest papers**

1)

Authors: Mariacristina De Nardi. Fang Yang

Title: Bequests and heterogeneity in retirement wealth

Journal: European Economic Review

Year: 2014

Summary: studies the role of intergenerational links, in the form of intergenerational transmission of

ability and both accidental and voluntary bequests, in shaping wealth dispersion at retirement and its correlation with

lifetime income.

Our main finding is that the model with intergenerational links matches the data well. incomplete-market life-cycle model with intergenerational links of bequests and earnings ability

we assume that the productivity of worker i at age 55 is

transmitted to children j at age 20 as follows: z j 1 1⁄4 ρ h z i 8 þ ν j , ν j $ Nð0; σ 2 h Þ,. ( not very dynamic). They include intergenerational persistence in earnings.

2)

Author: Lutz Hendricks

Title: Bequests and Retirement Wealth in the United States

Journal:

Year: 2001

Summary : Finds that The top 2% of households receive nearly 70% of lifetime inheritances. (ii) For the vast majority of households inheritances are not a significant source of lifetime

resources. 70% of households receive no bequests. Only 5% of households inherit more than 5% of lifetime earnings. (iii) Households who inherited more than 5% of mean earnings in the past hold 2.5

times more wealth at retirement. However, only a small fraction of this gap is due to inheritances. (iv) Large wealth holdings are dispersed when their owners die. The children of the richest 2% of estates

receive only 40% of parental terminal wealth. For the children of the very rich with estates greater

than $20 million, the fraction inherited by children is only 15%. These findings tentatively suggest that

inheritances are not an important source of wealth concentration.

He multiplies household wealth with

the mortality probabilities of both spouses to obtain an estimated of the fraction of wealth that could

be bequeathed each year.

Alternatively, for households with surviving spouses he sets the fraction bequeathed to 20%. The

aggregate bequest flow then amounts to 2.1% of GNP. However, the results are sensitive to the assumed

fraction bequeathed when a surviving spouse is present. If this fraction is increased to 30%, then

aggregate bequests rise to 2.7% of GNP.

Finds and summarizes the distribution of lifetime inheritances over different income groups, and finds that a large majority of households receive very small or no inheritances. Fewer than 10% of the population receives an inheritance larger than two mean annual earnings (about $62,000 in 1988). Second, the distribution of inheritances is very skewed. The top 2% receive nearly 70% of all inheritances. He summarizes this in table 3 and 8 but it wasn't part of the paper.

3)

Author: Lutz Hendricks

Title: Wealth Distribution and Bequests

Journal: Just a slidshow

Year: 2014

Summary:

Bequests account for around 2% of GDP. 70% never inherit.

Top 2% account for 70% of inheritances. Tackles which bequest motives are important. Cites De Nardi that bequests greatly improve the model’s ability to account for top 1%

of wealth holdings. “There are no rich households without inheritances” haha.

4)

Author: Nishiyama

Title: Wealth Distribution and Bequests

Journal: Review of Economic Dynamics

Year: 2002

4-period lived agent model, with mortality risk. Since a parent household is altruistic toward its

child households, and the children know that their parents are altruistic, the decisions of a parent and children are dependent on each other. The parent cares about its children proportionally to the number n of its children. The degree of parental altruism η shows how much the parent cares about each of its adult child relative to how

much it cares about itself in the same period.

This paper decomposes φ into the degree of time preference β and the

degree of parental altruism η (per child) or ηn (in total) through the calibration using the aggregate statistics of national wealth and intergenerational transfers.

In the calibration of the model, the target variable for the size of inter-

generational transfers is the sum of bequests and inter vivos transfers, and the target value is set to 1.32 as a percentage of total private wealth.

Age 3 households with age 1 children give inter-vivos transfers, and age 4 households with age 2 children leave inheritances.

5)

Author: Felix Reichling, and Charles Whalen

Title: Review of Estimates of the Frisch Elasticity of Labor Supply

Journal: Working Paper

Year: 2012

Summary: I didn't see much relevance to our paper regarding the calculation/use of the distribution of inheritances