

Table 1 Sufficient Conditions for Nondegenerate[‡] Solution

Consumption Model(s)	Conditions	Comments
$\bar{c}(m)$: PF Unconstrained $\underline{c}(m) = \underline{\kappa}m$ Section 2.5.3: Section 2.5.3: Eq (23): Eq (24):	RIC, FHW [°]	RIC $\Rightarrow v(m) < \infty$; FHW $\Rightarrow 0 < v(m) $ PF model with no human wealth ($h = 0$) RIC prevents $\bar{c}(m) = \underline{c}(m) = 0$ FHW prevents $\bar{c}(m) = \infty$ PF-FVAC + FHW \Rightarrow RIC GIC + FHW \Rightarrow PF-FVAC
$\dot{c}(m)$: PF Constrained Section 2.5.6: Appendix A: Appendix A:	GIC , RIC GIC, RIC GIC, RIC	FHW holds ($\Phi < \mathbf{P} < R \Rightarrow \Phi < R$) $\dot{c}(m) = \bar{c}(m)$ for $m > m_{\#} < 1$ (RIC would yield $m_{\#} = 0$ so $\dot{c}(m) = 0$) $\lim_{m \rightarrow \infty} \dot{c}(m) = \bar{c}(m)$, $\lim_{m \rightarrow \infty} \dot{\kappa}(m) = \underline{\kappa}$ kinks where horizon to $b = 0$ changes* $\lim_{m \rightarrow \infty} \dot{\kappa}(m) = 0$ kinks where horizon to $b = 0$ changes*
$c(m)$: Friedman/Muth Section 2.10: Section 2.12: Figure 3: Section 2.12.2: Section 2.12.1: Section 3.3: Section 3.3.2: Section 3.3.1:	Section 3.1, Section 3.2 FVAC, WRIC	$\underline{c}(m) < c(m) < \bar{c}(m)$ $\underline{v}(m) < v(m) < \bar{v}(m)$ Sufficient for Contraction WRIC is weaker than RIC FVAC is stronger than PF-FVAC FHW + RIC $\Rightarrow \lim_{m \rightarrow \infty} \kappa(m) = \underline{\kappa}$ RIC \Rightarrow FHW, $\lim_{m \rightarrow \infty} \kappa(m) = 0$ “Buffer Stock Saving” Conditions GIC $\Rightarrow \exists 0 < \check{m} < \infty$ GIC-Nrm $\Rightarrow \exists 0 < \hat{m} < \infty$

[‡]For feasible m satisfying $0 < m < \infty$, a nondegenerate limiting consumption function defines a unique optimal value of c satisfying $0 < c(m) < \infty$; a nondegenerate limiting value function defines a corresponding unique value of $-\infty < v(m) < 0$.

[°]RIC, FHW are necessary as well as sufficient for the perfect foresight case. *That is, the first kink point in $c(m)$ is $m_{\#}$ s.t. for $m < m_{\#}$ the constraint will bind now, while for $m > m_{\#}$ the constraint will bind one period in the future. The second kink point corresponds to the m where the constraint will bind two periods in the future, etc.

**In the Friedman/Muth model, the RIC + FHW are sufficient, but *not* necessary for nondegeneracy