

## CHAPTER 1

### DATA AND RESEARCH DESIGN

To measure the welfare effects of individualizing life-cycles compared to default life-cycles we will construct the stock, housing and labor income series from the past data, define the expected rates of return, volatilities and correlations from conventions and simulate a 30-year investment timespan of every type of investor until the retirement. We will then calculate certainty equivalent consumption levels and compare them.

#### 1.1 Asset series

##### 1.1.1 Stocks

To measure the stock series we used BIST 30 index which measures the aggregate performance of 30 best companies in Turkey. The monthly data is taken from Borsa Istanbul.

##### 1.1.2 Housing

To measure the house prices we used Reidin data on Istanbul house prices.

##### 1.1.3 Labor income

We used TUIK's Household Budget Survey Data and regression results of Aktug, Kuzubas, Torul (2017).

#### 1.2 Parameters

We use the following conventions. Summarized in table 4.1