**London Conversation - July 2018**

Looked at Highlights\_July25.pdf, which can be found here:

https://github.com/pedm/RetirementConsumptionPSID/blob/master/Results/Highlights/Highlights\_July25.pdf

* We noticed that imputed housing expenditure is the largest component of expenditure (page 2.) So when we’re looking at expenditure based on duration of retirement (page 4) it would be good to see nondurable expenditure net of health, education, and housing.
* Martin asked if we can drop households that experience a bad health shock. He wonders whether these households account for the large increase in health expenditure post retirement (see page 5). Perhaps if we were only looking at healthy households, we would see consumption increase for the rich (since the households with bad health shocks are forced to substitute away from nondurables towards health expenditure.)  
  + In our current definition of retirement, we drop people who stop working because of bad health. But what about bad health shocks after retirement? Open question: can we get any info on health shocks in the PSID?
  + Just looked into health variables in the PSID: <https://psidonline.isr.umich.edu/data/sl/Health-PSID.pdf>  
    Seems that yes we can control for this. Perhaps we drop households that report a decrease in general health status on a five point scale? Or drop if we see a deterioration in “How much does each condition limit normal daily activities?” Can also see “Patient in hospital last year? Number of nights?” and “Ever been resident in nursing home?”
* Redo the graphs on page 5 but looking at medians (using a quantile regression perhaps)
* Next steps: would like to find more evidence on discrete changes in expenditure. Perhaps we look at expenditure changes whenever there’s a big change in household work hours? That might allow us to increase the sample size (since currently we drop those who move from full time -> part time -> zero time) and also better account for joint labor supply decisions (ie if one partner retires while the other still works, there are different predictions for expenditure compared to if they both retire)
* On a related note: would it make sense to put family work hours into AIDS? Dunno.
* In the fixed effect regressions, should we look at within- household variation in work hours? (Not sure what this means)
* For the regressions on pages 12 to 19, where we look at the separate expenditure categories: we should add an interaction between retirement and tertile (we’re already doing this in the plots, but not the regressions)
* I think Martin suggested he would be interested in seeing the same results but by wealth tertiles