

Figure 1 Annual Labor Hours over the Life Cycle

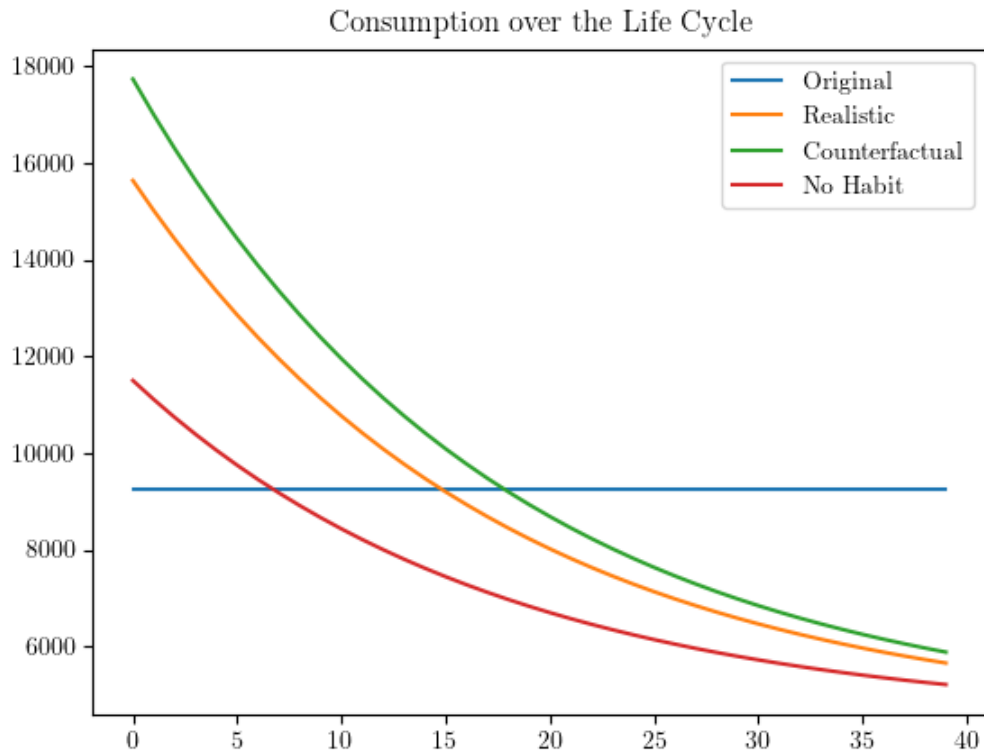


Figure 2 Annual Consumption over the Life Cycle

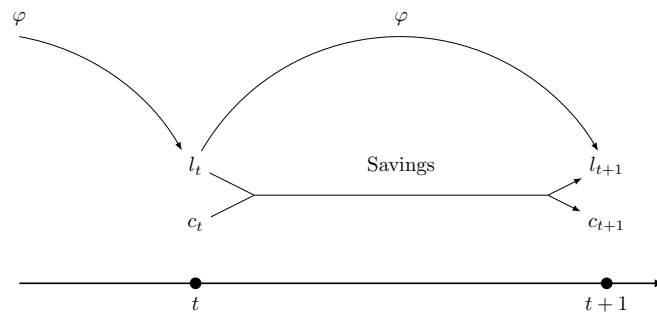


Figure 3 Stylized Model

A stylized model of the labor-leisure model with habits. Agents make a decision regarding how much work (and *ipso facto* how much leisure to take), but this decision is influenced by the previous periods decision through the habit effect as captured by φ .

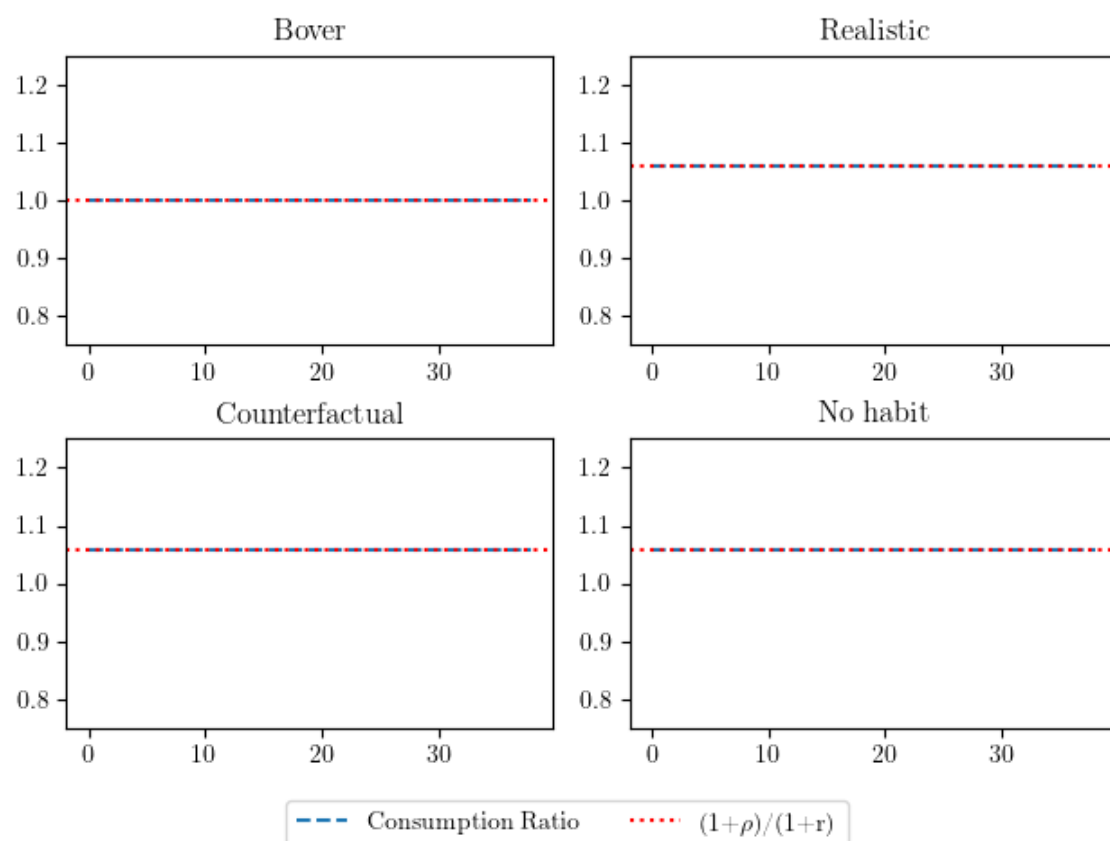


Figure 4 Consumption between time t and $t + 1$