

“Quantitative Macroeconomics & Social Insurance - TA 6”

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1 Estimating Wage Profiles over the Life-Cycle

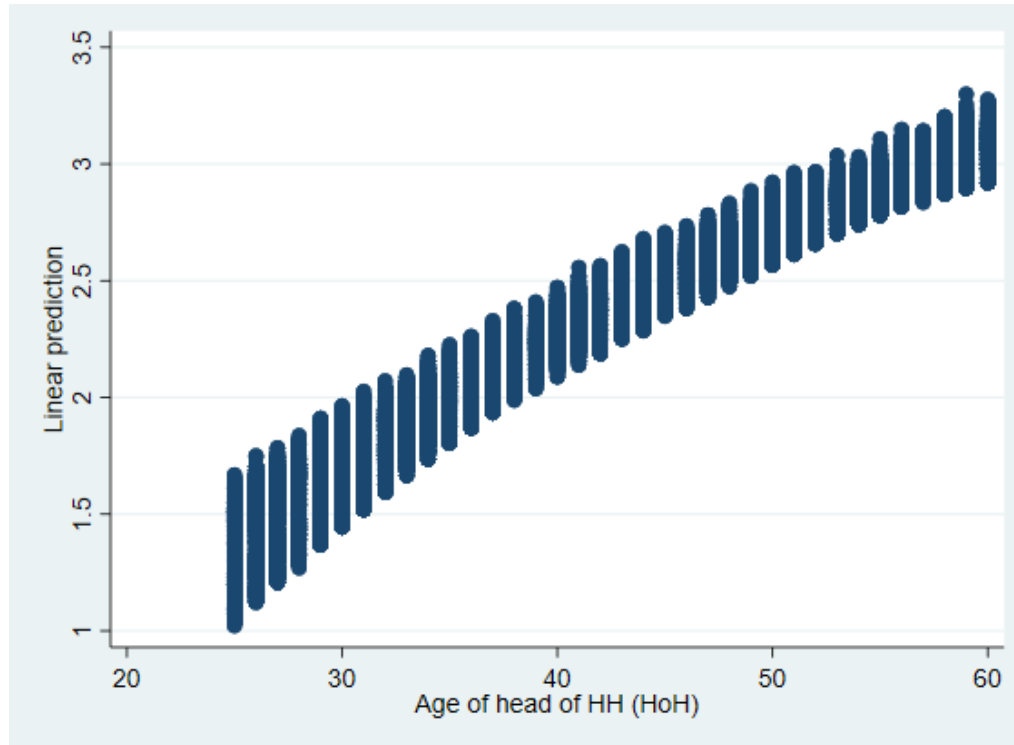


Figure 1: Hourly wage profiles over life-cycle

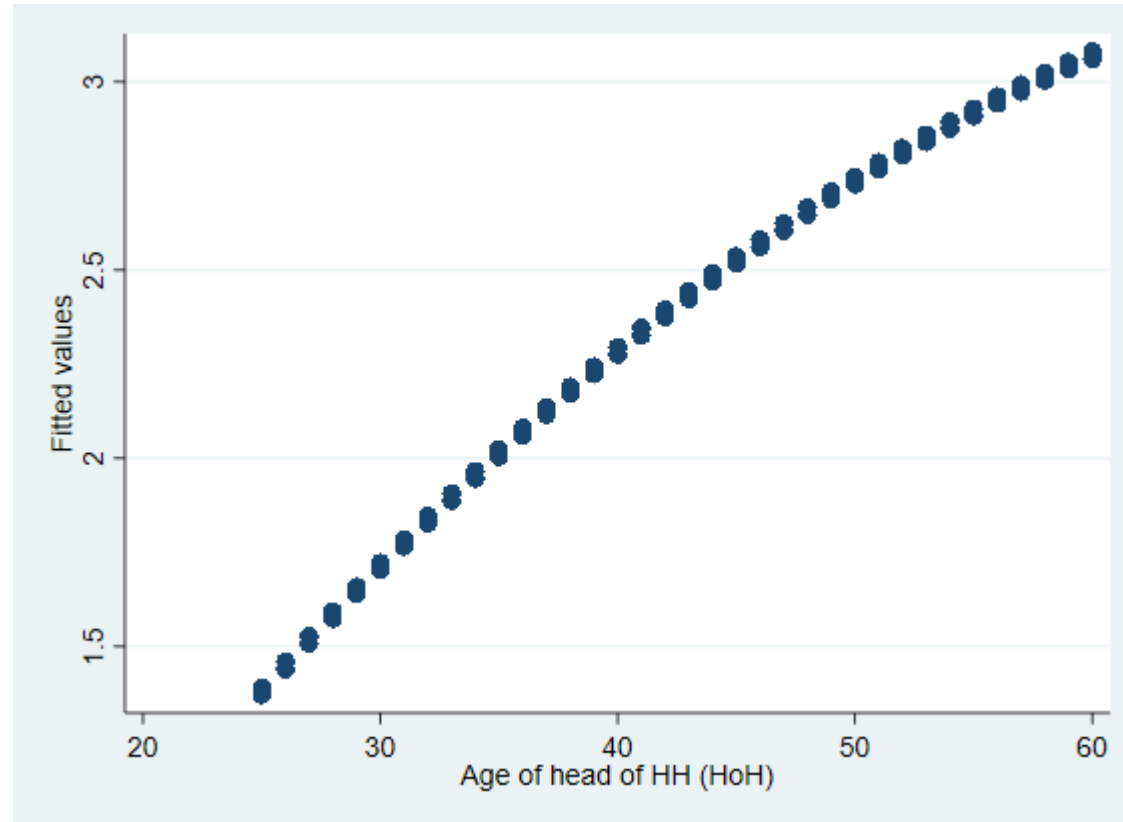


Figure 2: Smoothed wage profiles

$$w = \frac{\text{Post gov. labor income excluding social security}}{\text{Yearly household hours worked}}.$$

Table 1: Second stage estimation

\tilde{y}_{ijt}			
ρ	.967 (.007)	σ_ν^2	.063 (.016)
σ_z^2	.643 (2.55)	σ_ϵ^2	.151 (.013)

Notes: Data source PSID up to 1997. GMM estimates.