Kaplan 2012 Introduction Outline

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* Background context
  + State the question: Does the option to live with parents after entering the labor market act as an insurance against labor market risk?
  + Describe previous life cycle model research
* Empirical Section
  + Outline methods
    - Structural life cycle model in which parents can provide monetary support in the form of financial transfers and nonpecuniary support in the form of shared residence
    - Two types of jobs: low earnings and easy to find vs. high earnings but harder to find
    - Two types of idiosyncratic uncertainty: stochastic job offers and relative desire to live away from parents
    - Data source: NLSY97, 17-22 age males who do not go to college
  + Results
    - Timing of when youth move in/out with parents is related to labor market
    - The value of moving in with parents differs by parental income distribution
      * Low-income families can’t substitute financial transfers for co-residence when the option to move back home is removed
      * For high-income families financial transfers are a close substitute for co-residence
    - Option to live at home changes reservation wages
      * Individuals who can live at home have higher reservation wages, job acceptance rates are more sensitive to change sin the overall distribution of wage offers
      * Knowing that living at home is an option reduces precautionary incentives to accept jobs; people take longer to find jobs that are higher salaries or better fits
* Limitations (of others)
  + Other literature on co-residence looks at the cross section but not the time series