

## Household Dynamic Choice (Part II)

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European University Institute, 2020-2021

**Objective.** The goal of this course is to introduce students to life-cycle macroeconomics models with heterogeneous agents. A special emphasis will be given to risk and insurance choices of individuals in retirement. For this purpose, students are trained in solution methods and estimation methods to solve these models.

### Content

1. Solving the household problem
2. Finding the steady state equilibrium
3. Accuracy
4. Estimation using the simulated method of moments
5. Students workshops
  - De Nardi, French, and Jones. Why do the elderly save? the role of medical expenses. *Journal of Political Economy*, 118(1):39–75, 2010,
  - Lockwood. Bequest motives and the annuity puzzle. *Review of Economic Dynamics*, 15 226-243, 2012,
  - Lockwood. Incidental Bequests and the Choice to Self-Insure Late-Life Risks. *American Economic Review*, 108(9): 2513–2550, 2018,
  - Koijen, Van Nieuwerburgh, Yogo . Health and Mortality Delta: Assessing the Welfare Cost of Household Insurance Choice. *The Journal of Finance*, 71(2): 957-1010, 2016,
  - Ameriks, Briggs, Caplin, Shapiro, Tonetti . The Long-Term-Care Insurance Puzzle: Modeling and Measurement. *Working Paper*
  - Ozkan. Preventive vs. Curative Medicine: A Macroeconomic Analysis of Health Care over the Life Cycle. *Working Paper*
  - Braun, Kopecky, and Koreshkova . Old, frail, and uninsured: Accounting for features of the U.S. long-term care insurance market. *Econometrica*, 87: 981-1019, 2019,

- Nakajima and Telyukova: Reverse Mortgage Loans: A Quantitative Analysis. *The Journal of Finance*, 72(2): 911-950., 2017,
- Mommaerts. Long-Term Care Insurance and the Family. *Working Paper*
- Blundell, Borella, Commault, and De Nardi. Why does consumption fluctuate in old age and how should the government insure it? *Working Paper*
- Imrohoroglu and Zhao. The chinese saving rate: Long-term care risks, family insurance, and demographics. *Journal of Monetary Economics*, 96, 33-52

**Evaluation.** 2/3 computer assignments + 1/3 presentation