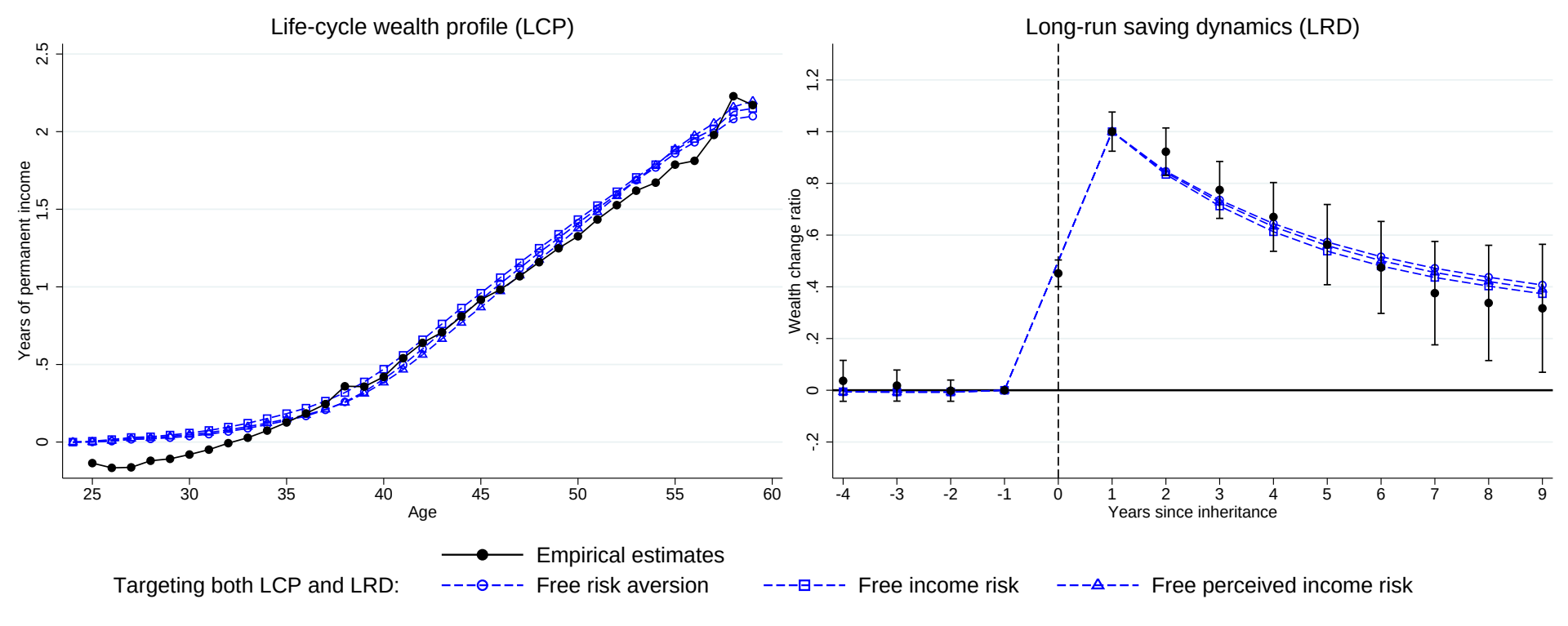
Life-cycle wealth profile (LCP)
Years of permanent income
0
.5
1
1.5
2
2.5
25
30
35
40
45
50
55
60
Age
Long-run saving dynamics (LRD)
Wealth change ratio
-.2
0
.2
.4
.6
.8
1
1.2
-4
-3
-2
-1
0
1
2
3
4
5
6
7
8
9
Years since inheritance
Empirical estimates
Targeting both LCP and LRD:
Free risk aversion
Free income risk
Free perceived income risk