Who Has Bequest Motives?

While bequest plays an important role in wealth accumulation, the existing literature still failed to conclude whether people leave bequest intentionally or accidentally. This is largely because it is very difficult to distinguish bequest motives from precautionary saving. Because of the longevity risk and the high loading costs of annuity, people need to save more than they consume so they will not overlive their wealth. The 2013 introduction of the Central Provident Fund Lifelong Income for the Elderly (CPF LIFE) plan by the Singapore government provides us with a unique setting for studying the different aspects of household saving decisions. The CPF LIFE consists of two plans, the Standard Plan (SP) and the Basic Plan (BP). The SP offers a higher monthly payout but a lower bequest than the BP. To understand people's bequest motives, we construct a structural model and estimate key parameters from our household survey data. Our preliminary analysis suggests that people indeed leave bequest intentionally and people with children are more likely to leave bequests than others. Our preliminary analysis suggests that about one-third of people choose the BP, which suggests people do have bequest motives. We also find people with children are much more likely to choose the BP.

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Chaired by: Dr Feng Qiushi, Assistant Professor, Dept of Sociology, NUS
All are Welcome! Refreshments will be served. Registration is required.
Date: 15 September 2017, Friday | Time: 12.00nn - 1.30pm
Register at https://tinyurl.com/y92venuz by 14 September 2017