
Subject Index

- Accumulation. *See* Assets, accumulation for retirement; Estate tax; Excise tax; 401(k) plans; Income tax; Individual retirement accounts (IRAs); Pension accumulation; Tax Reform Act (1986)
- Activities of daily living (ADLs): as measure of function, 433; relation of elderly problems to, 434–35
- Advisory Council on Social Security (1994–96): Technical Panel on Assumptions and Methods, 420–21
- Age schedules: payroll tax and benefits (1994), 402–4; with productivity growth, 405
- AHEAD panel study. *See* Asset and Health Dynamics among the Oldest Old (AHEAD)
- Anchoring: biases induced by, 14–15, 356–57, 387; model for, 363–65
- Asset allocation: 401(k) plans, 168f, 171–72; taxation differences influence holdings inside and outside pension plans, 205–9
- Asset and Health Dynamics among the Oldest Old (AHEAD), 15, 354, 358; anchoring experiment in, 365–68; nonresponse follow-up using unfolding brackets, 365–68, 372–79
- Assets, accumulation for retirement: comparison among saver groups, 40–44; comparison within saver groups, 36–40; estate and excise tax on pension, 174–75; excess accumulation and distribution, 176–81; with or without 401(k) eligibility, 4–5, 44–50, 97t, 100–103t; inheritance from pension plan or conventional saving, 196–201; investment in bonds using pension plan or conventional saving, 187–91; investment in bonds with one-time contribution and withdrawal, 194–95; investment in stocks using pension plan or conventional saving, 191–94; investment in stocks with one-time contribution and withdrawal, 195–96; projected 401(k), 144–55, 170–72; in retirement plans of persons in different age cohorts, 50–55; taxation of assets inside and outside of pension plan, 205–9
- Baltimore Longitudinal Study of Aging, 458
- Behavior: effect of health events on, 302–3; influence of channel factors on, 110–11
- Behavioral economics: behavioral principles, 109–10; insights related to IRA-401(k), 108–11; perspective of, 107
- Beneficiaries: characteristics of Medicare, 251–52; liability related to pension accumulation, 180
- Benefits (social security): age schedules of received, 401–4; with productivity growth, 405–8
- Body-mass index (BMI): correlation between family income and, 445–47; correlation with health outcomes, 435–36; data for, 17–19, 433; percentiles by age of male and female, 440–41

- CCDF. *See* Complementary cumulative distribution function (CCDF)
- CES. *See* Consumer Expenditure Survey (CES)
- Clinical Classifications for Health Policy Research (CCHPR), 230
- Complementary cumulative distribution function (CCDF), 360, 373, 374t, 375–76, 382, 384
- Consumer Expenditure Survey (CES), 26, 29–30, 366, 368–72
- Consumer Price Index (CPI) for Urban Consumers, 399
- Consumption: complementary cumulative distribution function of, 373–76; data in CES, 368–72; measurement in AHEAD, 368–79, 389–90; measurement in CES, 389. *See also* Spending for medical care
- Contributions to pension plans: employer-provided defined benefit and defined contribution, 1–2, 24; limits on IRAs, 32–33; before tax, 180; tax-deductible, 23–24
- Current Population Survey (CPS), 155–57; Employee Benefits Supplement, 126–44, 155–57, 160–61t, 167, 170
- Data sources: analysis of age-related body-mass index and health status, 431–32, 438; analysis of differences in pension wealth, 464; analysis of economic consequences of health problems, 301–2, 305, 347; analysis of intrafamily spending correlations on catastrophic insurance, 278–80, 296; for analysis of IRA saving, 26, 28–30, 35; consumption and savings balances of the elderly, 365–68; for consumption by the elderly, 368–72; to estimate growth of 401(k) plans, 126–44; Medicare claims files, 249–51; for Medicare spending on severely ill elderly, 271; OASDI payments, 402n6; surveys related to spending on medical care, 216–18. *See also* Survey data
- Deficit Reduction Acts (1984, 1993), 178, 179–80
- Distribution. *See* Assets, accumulation for retirement; Complementary cumulative distribution function (CCDF); Estate tax; Excise tax; 401(k) plans; Income tax; Individual retirement accounts (IRAs); Pension distributions; Spending for medical care
- Economic Recovery Tax Act (ERTA, 1981), 32–33
- Economic surveys: errors or biases in responses, 354–59; using unfolding bracket elicitation format, 359–65
- Elderly: frailty of, 306; health of, 234–35; as high-cost users of medical care spending, 227–32, 245; long-term medical care for, 221–22; medical care spending for, 219–27; with poor self-reported health status, 434–35; spending for health care at end of life, 247–48
- End of life (EOL): Medicare spending for men and women at, 255–63; policies reducing spending at, 248; spending for medical care at, 247–48
- Errors: in response to survey questions, 354–59
- Estate tax: applied to excess pension accumulation, 180–81; differences in rates (1982, 1984, 1988, 1996), 174–75; on excess accumulation and distribution, 196–201, 205; federal marginal rates, 178–80; under Small Business Job Protection Act, 174
- Excise tax: on excess pension distribution and accumulation, 6–8, 176–77, 184–210; suspension for excess pension distribution and accumulation, 6, 173
- Expectations for health and health care, 460–61
- Fertility: forecasts of, 395; total fertility rate (TFR), 395, 414
- Forecasts: of fertility and mortality, 395; of payroll tax with trust fund constraints, 415–16; of productivity growth, 399–401; scenario-based, 16, 393–94; of social security system, 394–95
- 401(k) plans: asset accumulation, 4–5; as channel factors, 111–14; commitment technologies provided by, 113–14; comparison of assets within saver groups, 36–40; eligibility criteria, 44–50; eligibility rates and participation, 131–44; empirical strategies related to behavior, 117–19; growth, 4, 37, 125–32, 170–71; home equity as factor in eligibility for, 61–67; increase social learning and competition, 115; intent of, 2; limits reduced (1986), 24; saving behavior related to eligibility, 44–50, 61–67; SIPP data related to, 126–44; substitution between other pension plans

- and, 49–50; tax-deductible contributions to, 24; tax rates on plans supplemental to, 174. *See also* Asset allocation; Assets, accumulation for retirement
- Health and Retirement Survey (HRS), 125–26, 157–58, 347, 354; comparison of 401(k) data with SIPP and Current Population Survey data, 131–44; data for analysis of differences in pension wealth, 19, 464; data for analysis of impact of changes in health status, 13–14; description of data in, 464–68; health and economic outcomes (1996 wave), 301–2; use of brackets in, 14, 388
- Health capital, 302–3
- Health care. *See* Medical care
- Health Care Financing Administration (HCFA), 250
- Health events: definition of major, 305; effect on health insurance coverage, 326–43; impact on labor supply and health insurance coverage, 12–14, 331–43; propensity for, 344–45t. *See also* Health problems; Health status
- Health insurance: availability for new health events, 315; coinsurance payments with deductible, 285, 298–99; cost of intrafamily spending correlation under catastrophic plan, 290–94; coverage for females in couple households, 311, 313t, 315; coverage for HRS respondents, 302; coverage for males in couple households, 311–12, 315; coverage for single females, 311, 314t, 315; effect of health events on, 326–43; effect of intrafamily correlation on high-deductible, 275–76; evaluation based on a family, 276–78; intrafamily spending correlations in medical care, 282–87, 294–97
- Health Interview Survey, 228
- Health problems: classes of, 304; diversity of, 303–4
- Health status: of the elderly, 234–35; inequality over life cycle, 17–19, 437; of infants, 235–38. *See also* Self-reported health status (SRHS)
- Home equity: as factor in 401(k) eligibility or ineligibility, 61–67; reduction with increase in financial assets, 67–71; as substitute for retirement saving plan, 55–61; summary of cohort trends in, 98–99t
- HRS. *See* Health and Retirement Survey (HRS)
- IADLs. *See* Instrumental activities of daily living (IADLs)
- Illnesses: chronic, 305–6; mental, 306
- Income, family: correlation between body-mass index and, 445–47; correlation between self-reported health status and, 443–45, 450; mean and variance by age for birth cohorts, 441
- Income tax: applied to assets inside and outside of pension plans, 205–6; applied to retirement plan distributions, 180–81; liability of pension accumulation beneficiary, 180–81; marginal rates of federal and state, 177–78
- Individual retirement accounts (IRAs): analysis of participation using SCF data, 71–80, 91–93; as channel factors, 111, 114; commitment technologies provided by, 113; comparison of assets among saver groups, 40–44; comparison of assets within saver groups, 36–40; data sources related to, 26, 28–30, 35; empirical strategies based on behavior, 117–19; limits on contributions to, 32–33; saving behavior related to, 27–29, 32–36; saving intent of, 2; substitution between other financial assets and, 29–32; tax-deductible contributions to, 23–24
- Infants: health of, 235–38; spending for medical care for, 219–27
- Instrumental activities of daily living (IADLs), 433
- Labor supply: effect of health events and problems on, 302–4, 331–43
- Long-term care: services for elderly, 221–22
- Medicaid: coverage of males and females in couple households, 315
- Medical care: age-based spending, 9, 219–27, 240t; characteristics of spending for, 217–18; correlation of spending within families, 11–12; elderly as high-cost users, 9–10, 227–32; end-of-life spending for, 10–11; future costs of, 243, 245; increase in spending (1963–87), 219, 221–27; increase in spending for middle-aged, 219, 221, 226, 242–43; infants as high-cost users, 9–10, 232–34; insurance claims and treatment episodes, 279–82; rationing rules related to reduction in futile care, 248; spending by age group, 219–27, 240t; spending for infants,

- Medical care (*cont.*)
 219–27; value of spending for, 234–38, 244
- Medical savings accounts: effect of intrafamily correlations on, 275–76, 287–90
- Medicare: claims files as data source, 271; coverage of males and females in couple households, 315; high-cost elderly patients as recipients of, 248; high-cost users and their reimbursements, 266, 269–71; Prospective Payment System, 271; recipients enrolled in HMOs, 271
- Medicare spending, 9, 215; characteristics of beneficiaries who die, 251–52; before death, 252–55; end-of-life spending for recipients of, 10–11, 250; for men at end of life, 255, 257t, 261t, 262t, 263t; for patients in last year of life with cancer, cardiovascular disease, or “frailty” diseases, 264–71; for women at end of life, 255, 256t, 258t, 259t, 260t
- Middle-aged: medical care spending for, 226, 242–43
- Mortality: correlation between self-reported health status and, 433–35; effects of high and low body-mass index on, 435; forecasts of, 395; of infants by birth weight, 235–38
- Mortgage debt: effect of TRA86 on, 94–95; as substitute for retirement saving plans, 55–61
- National Health Interview Survey (NHIS), 433, 438, 458–59
- National Medical Expenditure Survey (NMES), 217
- Neonatal intensive care units (NICUs), 234
- Panel Study of Income Dynamics (PSID), 56, 354
- Payroll tax (social security): age schedules of payments, 401–4; forecasts under SSA reserve fund constraints, 415–16; with productivity growth, 405–8; SSA forecast of amounts paid, 413–14
- Pension accumulation: definition of allowable and excessive, 176–77; elimination of tax on excessive, 6, 173; estate tax treatment, 179–80, 183, 196–201, 210; factors creating differences in, 468–72; individual differences in, 472–75; taxation as part of estate (1982, 1984, 1988, 1996), 174–75; taxation at death, 180; taxation of excessive, 6–8, 176–77, 184–210; under Tax Equity and Fiscal Responsibility Act (1982), 179–80
- Pension distributions: elimination of tax on excessive, 6; incentives to take or defer, 202–5, 210; taxation of, 176, 180; taxation of excessive, 6–8, 176–81, 186–210
- Pension plans: advantage of tax-sheltered, 187–94; asset allocation within or outside of, 205–10; contributions to employer-provided, 1–2, 24; incentives to take distributions, 202–5; taxation of wealth accumulations in, 6–8, 176–77, 181–210; taxation of withdrawals from, 176–81; as tax shelters or tax traps, 187–201, 209
- Pension plans, defined benefit: contributions to employer-provided, 1–2
- Pension plans, defined contribution, 172; contributions to employer-provided, 1–2; wealth accumulating in, 181–87
- Pension wealth. *See* Pension accumulation
- Productivity growth: effect on age schedule of payroll taxes and benefits, 405–8; forecasts of ARMA-CM model, 399–401; forecasts of SSA, 399–401
- RAND Health Insurance Experiment, 9, 215, 245, 280
- Registered Retirement Saving Plans (RRSPs), Canada, 55–56
- Retirement age: effect of postponing normal, 404
- Retirement saving: advantage of tax-sheltered pension plan, 187–91; taxation of, 5–8
- Retirement saving plans: assets of different age cohorts, 50–55; comparison of trends in relation to housing assets, 57–61; contributions to personal, 1–2, 4, 24; Registered Retirement Saving Plans, Canada, 55–56; substitution between other financial assets and, 50–55; substitution of employer-provided pension assets for, 55–56; substitution of home equity for, 55–61. *See also* 401(k) plans; Individual retirement accounts (IRAs)
- Risk allocation: inside and outside pension plans, 206–7
- Root N consistent asymptotically normal (RCAN) estimates, 361–62
- Saver heterogeneity: capturing, 26–27; cohort method to control for, 50–61; impedes de-

- termination of saving effect, 93–94; methods to control, 2–3, 24, 27–29
- Saving behavior: with change in IRA status, 27–29; effect of home equity in comparison between groups, 67–71; with or without 401(k) eligibility, 44–50; home equity with or without 401(k) eligibility, 61–67; with increase in IRA limit, 32–34; non-IRA saving of IRA contributors, 34–36; among saver groups, 40–44; within saver groups, 36–40. *See also* Assets, accumulation for retirement; Retirement saving plans; Saver heterogeneity
- Savings balances: AHEAD data, 382–84; SCF data, 379
- SCF. *See* Survey of Consumer Finances (SCF)
- Self-reported health status (SRHS): correlation between mortality and, 433–35; data by race, age, and sex, 17–19, 447–48, 449t; data for, 433, 439–40, 442–45; information about individual welfare in, 436; multiple concepts of, 461; percentiles by age of male and female health status, 439–40
- SIPP. *See* Survey of Income and Program Participation (SIPP)
- Small Business Job Protection Act (1996), 6, 173, 174
- Social Security Administration (SSA): criticism of current formal projections of trust fund, 424–25; current projections of OASDI costs, 424–28; data on OASDI payments, 402n6; long-term actuarial balance of trust fund, 413
- Social security system: factors influencing finances of, 395–96; stochastic forecasts of, 394–95
- Social security trust fund: forecasts of summary actuarial balance, 416–18; forecasts with schedule changes, 408–12; held in government securities, 399; interest on, 396; probabilities of exhaustion, 414–15, 418–19; SSA measure of long-term status of, 15–16, 413; stochastic forecasts of, 394–95
- Spending for medical care: age-based, 9, 219–27, 240t; data from surveys of, 216–18; for the elderly, 10–11, 216, 219–27, 247–48, 271; end-of-life, 247–48; high level of elderly, 227–32, 245; high level for infants, 232–34, 245; for infants, 216, 219–27; intrafamily correlations in, 11–12, 275–76, 282–87, 297; Medicare end-of-life spending, 250–71. *See also* Medicare spending
- SRHS. *See* Self-reported health status (SRHS)
- SSA. *See* Social Security Administration (SSA)
- Success tax, 181–87
- Survey data: anchoring in AHEAD survey, 365–68; biases in economic survey data, 353–59; elicitation methods, 359–65; measuring consumption, 368–79; measuring savings, 379–86; on medical care spending, 216–18; self-reported health status, 17–19, 433–36, 439–40, 442–43, 447–49, 461–62; unfolding bracket elicitation method, 359–65
- Survey of Consumer Finances (SCF), 26, 35, 71–72, 366, 368
- Survey of Income and Program Participation (SIPP), 26, 28, 56, 126–44, 155–57, 158–59t, 167, 169
- Taxation: of assets inside and outside pension plans, 205–9; federal and state estate tax rates, 178–80; influence on asset allocation, 205–9; under Small Business Job Protection Act (1996), 6–7. *See also* Estate tax; Excise tax; Income tax; Payroll tax (social security)
- Tax Equity and Fiscal Responsibility Act (1982), 179–80
- Tax Reform Act (1986): effect on mortgage debt of different age cohorts, 94–95; excess distribution and excess accumulation tax, 6–8, 176–77, 184–210; limits on IRA tax deductibility, 23–24, 37; provisions related to nonmortgage debt, 60; reduction of 401(k) limits, 24
- Tax Relief Act (1997), 6
- TFR (total fertility rate). *See* Fertility
- TRA86. *See* Tax Reform Act (1986)
- Willingness to pay (WTP): how subjects answer survey questions, 355–56; for risk premium in health insurance coverage, 277–78; unfolding bracket questions on, 359–60, 363