

What Determines End-of-Life Assets? A Retrospective View

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Key Findings and Policy Implications

The study explores the determinants of asset balances at death by following respondents in the Health and Retirement Study (HRS) “backward” from the last wave prior to their death to the first wave in which they were observed. Because many individuals reach the end of life with very limited assets, the study focuses on the pathways that lead to lower asset balances at death. The study uses 10 waves of HRS data from 1994 to 2012. Among the key findings:

- There is little difference between median assets in the first year observed, and median assets in the last year observed. For the younger (HRS) cohort, 70 percent of the people that had less than \$50,000 in total assets when last surveyed before death also had fewer than \$50,000 in assets when first surveyed. For the older (AHEAD) cohort, 52 percent of the people that had less than \$50,000 in assets when last surveyed before death also had fewer than \$50,000 in assets when first surveyed. Low levels of both housing and financial assets are also persistent.
- Most of those who had substantial assets at the end of life also had substantial asset balances when first observed. The persistence of wealth is confirmed in a series of figures showing median total assets in each survey wave between the wave first observed and the last wave observed before death.
- While the typical asset trajectory is relatively flat over time, many people do exhibit asset declines in connection with important medical events or disruptions in family composition. In addition, changes in assets between first and last-year observed is strongly, and negatively, related to the respondent’s education level. Those with more education exhibit slower asset declines.

The policy relevance of the research is in better understanding the pathways that lead people to have little or no savings at the end of their lives. For most, the issue is not outliving savings, but rather having never saved very much to begin with. For some, medical events or family changes drain assets.

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