



Department SEMINARS

"Systematic Income Risk and Households' Portfolios"

FABIO BRAGGION

Tilburg University

THURSDAY, 25 MAY 2023
12:00 PM

Seminar Room Bruguier Pacini, DEM



A B S T R A C T

We develop a methodology to estimate households' exposure to systematic income risk and its causal effect on portfolio decisions.

The identification strategy relies on house-hold fixed effects and a novel instrument based on major corporate events. We apply it to a Dutch administrative panel dataset that covers the Dutch population between 2005 and 2020.

Our dataset includes employer-employee matches, detailed decomposition of income and wealth, and income expectations. We document substantial cross-sectional variation in systematic income risk.

We find that households more exposed to business cycle fluctuations perceive their income as cyclical and hold safer portfolios.

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