“Passive Saving Behavior: Individual-Specific, Decision-Specific or Random?” by Andersen, Christensen, Kreiner & Leth-Petersen

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Summary

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- This paper estimates the within-individual component of variation in passive saving behavior
- Leverage amazing data across three contexts:
  - Changes to tax deductibility of some types of pensions (three different years $\implies$ temporal variation)
  - Mortgage refinancing and changes in interest rates
  - Legal avoidance by temporal income shifting
- Estimate small but nonzero positive correlations in passivity across contexts for the same individuals.

Main Comment 1: Inframarginality Versus Passivity

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- Following a policy reform, a person might
  - Not change behavior b/c they are at a corner solution
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- Following a policy reform, a person might
  - Not change behavior b/c they are at a corner solution
  - Change behavior for some unrelated reason
- Ground the conceptual approach in simple decision theory
  - Start from a dataset of choices and infer passivity
  - Clarify why inference is feasible in particular contexts
  - Think about what the “costs” of being active might be
  - Costs and benefits of passivity vary across decisions...what is the “within-individual” component?

Main Comment 2: More Variance Decomposition!

- Conceptualizing this as a variance decomposition exercise is a nice idea, can you carry it further?
- Interpret the intertemporal correlations you already found:
  - Larger correlation for capital pension reforms in different years than across contexts
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- What can you observe about the costs and benefits of being passive in a given situation? (e.g. “dollars at stake”)
  - Decompose these factors into within versus between individual components
  - How much variation in passivity can you account for with these factors, both within vs between-individuals