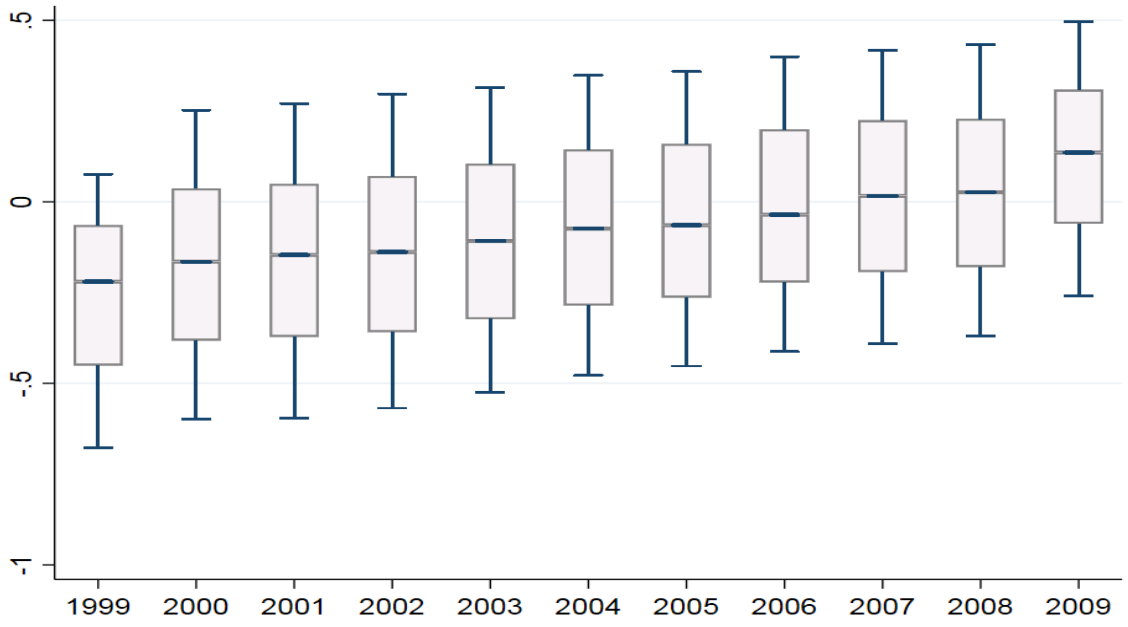
On-Line Appendix
"Income Volatility and Portfolio Choices"

This on-line appendix collects additional statistics in our paper "Income Volatility and Portfolio Choices."

Figure O1: Distributions for $\Delta SD_{i,\tau^*}$ by Year

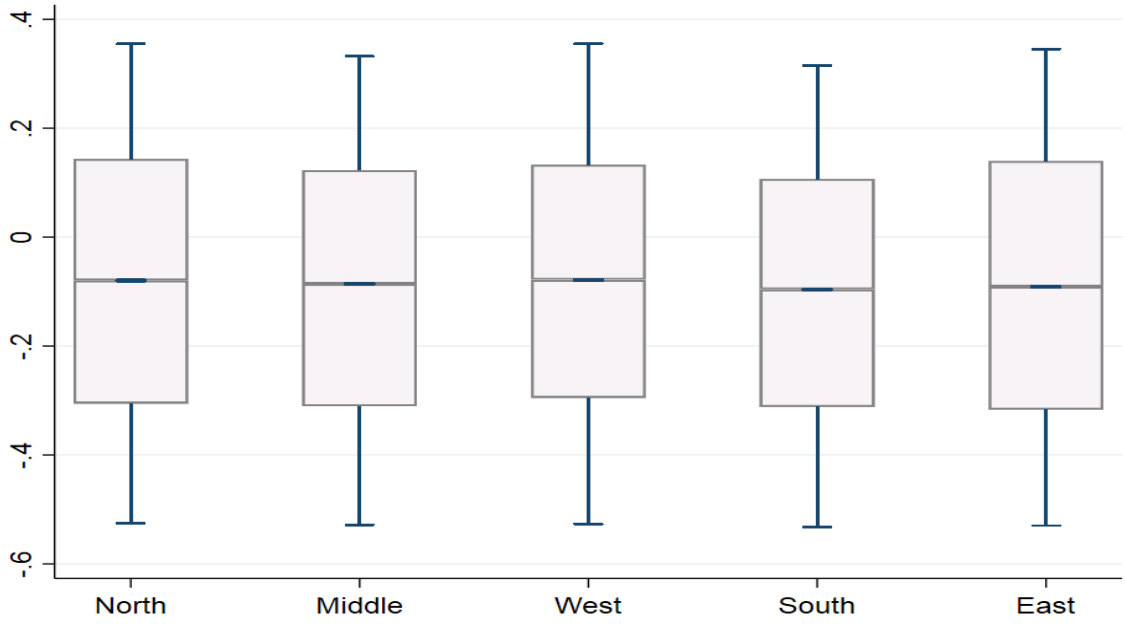


Note: Each plot represents $10^{th} - 90^{th}$, $25^{th} - 75^{th}$ percentiles and the median of the distribution.

Figure O2: Distributions for $\Delta SD_{i,\tau^*}$ by Sectors

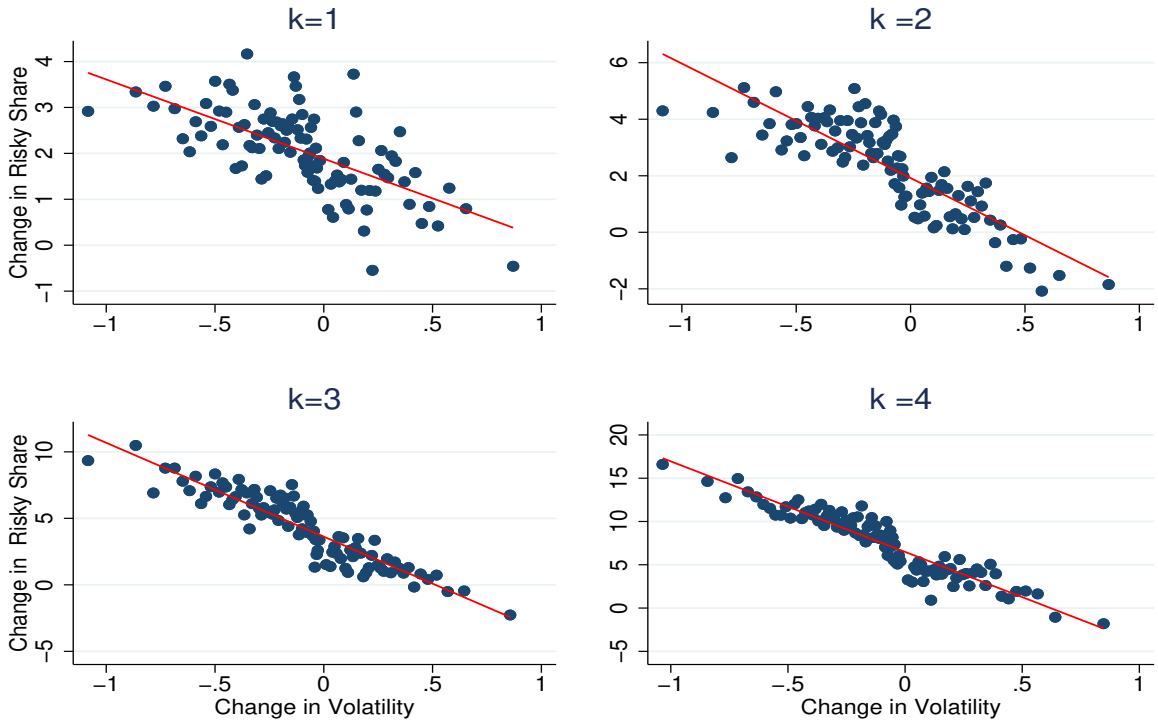
Note: Each plot represents $10^{th} - 90^{th}$, $25^{th} - 75^{th}$ percentiles and the median of the distribution.

Figure O3: Distributions for $\Delta SD_{i,\tau^*}$ by Regions



Note: Each plot represents the $10^{th} - 90^{th}$, $25^{th} - 75^{th}$ percentiles and the median of the distribution.

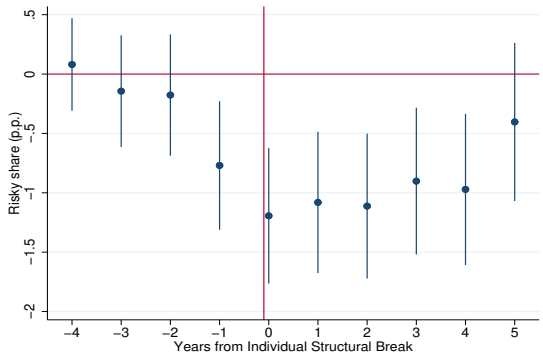
Figure O4: Change in Risky Shares vs. Change in Volatility at τ^*



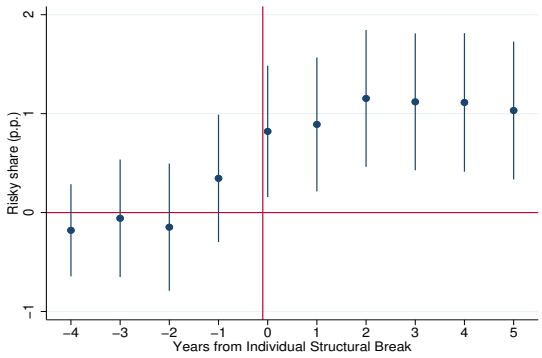
Note: These figures plot the change in income volatility (ΔSD_{τ^*}) and the average change in the risky share ($\Delta RS_{i,\tau^*}$) for various values of k. For example, for $k = 3$, $\Delta RS_{i,\tau^*} = \frac{1}{3}(RS_{i,\tau^*+1} + RS_{i,\tau^*+2} + RS_{i,\tau^*+3}) - \frac{1}{3}(RS_{i,\tau^*-1} + RS_{i,\tau^*-2} + RS_{i,\tau^*-3})$.

Figure O5: Dynamics of Risky Shares around τ^*

(a) Large Volatility Increase



(b) Large Volatility Decrease



Note: This figure reports the estimated coefficients from the regression (for the left panel):

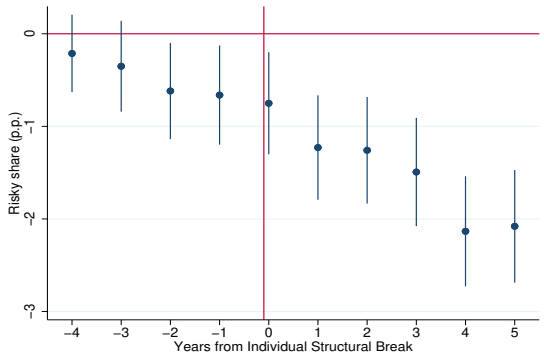
$$RS_{i,t} = \sum_{k=-5,5} \beta_k I_{t=\tau^*+k} D^I_{\tau^*} + \gamma I_{t=\tau^*+k} + \beta_I D^I_{\tau^*} + \delta X_{i,\tau^*} + D_t + \epsilon_{it},$$

where β_{-5} is normalized to 0 (not shown in the figure), and the dummy variable $D^I_{\tau^*}$ is 1 if a worker experienced a volatility increase larger than the 85^{th} percentile of the distribution ($\Delta SD_{i,\tau^*} > 0.28$). We use the same control variables as in the benchmark described in the text. The standard errors are clustered at the individual level. Similarly, the right panel with the dummy variable ($D^D_{\tau^*} = 1$), which takes a value of 1 if a worker experienced a volatility decrease larger (in absolute value) than the 15^{th} percentile of the distribution ($\Delta SD_{i,\tau^*} < -0.47$).

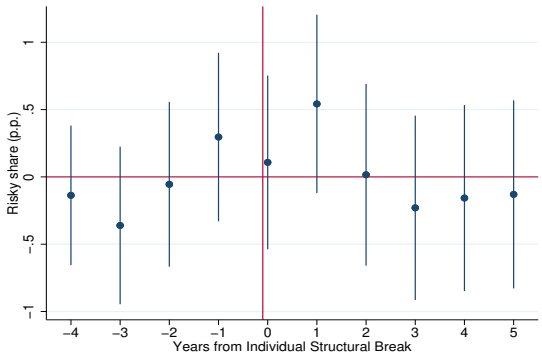
$$RS_{i,t} = \sum_{k=-5,5} \beta_k I_{t=\tau^*+k} D^D_{\tau^*} + \gamma I_{t=\tau^*+k} + \beta_I D^D_{\tau^*} + \delta X_{i,\tau^*} + D_t + \epsilon_{it}.$$

Figure O6: Dynamics of Risky Shares around $\widehat{\tau}$

(a) Large Volatility Increase



(b) Large Volatility Decrease



Note: The coefficients for the left panel are from the regression:

$$RS_{i,t} = \sum_{k=-5,5} \beta_k I_{t=\widehat{\tau}+k} D^I_{\widehat{\tau}} + \gamma I_{t=\widehat{\tau}+k} + \beta_I D^I_{\widehat{\tau}} + \delta X_{it} + D_t + \epsilon_{it},$$

where β_{-5} is normalized to 0 (not shown in the figure). The regression is similar to the one used in Figure O5. The dummy $D^I_{\widehat{\tau}}$ takes a value of 1 for the group of workers who experienced a volatility increase (in terms of instrumented values) larger than the 85^{th} percentile of the distribution. Similarly, the right panel uses the dummy variable for a worker experienced a volatility decrease (in terms of instrumented values) larger (in absolute value) than the 85^{th} percentile.

The following three tables (Tables O1-O3) report the summary statistics for the sample that does not require participation in investment in risky assets (as opposed to at least 16 years of positive risk shares in the benchmark case).

Table O1: Summary Statistics

	Obs.	Mean	S.D.	Percentiles						
				5^{th}	10^{th}	25^{th}	50^{th}	75^{th}	90^{th}	95^{th}
Female	5,399,332	0.273	0.446	0	0	0	0	1	1	1
Age	5,399,332	43.353	8.339	30	32	37	43	50	55	57
College Dummy	5,399,332	0.196	0.397	0	0	0	0	0	1	1
Real Earnings (log)	5,399,332	12.720	0.527	11.813	12.119	12.481	12.744	13.019	13.312	13.500
Household Disposable Income (log)	5,399,332	13.010	0.489	12.230	12.370	12.702	13.036	13.292	13.553	13.750
Household Gross Wealth (log)	5,399,332	13.238	1.200	11.181	11.974	12.714	13.299	13.891	14.529	14.993
Household Financial Assets (log)	5,399,332	11.635	1.740	8.672	9.404	10.521	11.689	12.780	13.786	14.406
Risky Share	5,399,332	20.755	29.038	0.000	0.000	0.000	3.316	35.235	72.191	86.084
Participation	5,399,332	0.564	0.496	0.000	0.000	0.000	1.000	1.000	1.000	1.000
Financial Assets / Disposable Income	5,399,332	1.044	319.486	0.017	0.034	0.093	0.269	0.727	1.738	2.903
Deposits/ Financial assets	5,399,332	0.737	0.317	0.084	0.191	0.518	0.892	1.000	1.000	1.000
Private Equity/ Assets	5,399,332	0.082	0.226	0.000	0.000	0.000	0.000	0.000	0.365	0.741
Securities / Assets	5,399,332	0.040	0.131	0.000	0.000	0.000	0.000	0.000	0.105	0.284
Mutual Funds / Assets	5,399,332	0.093	0.183	0.000	0.000	0.000	0.000	0.097	0.336	0.523
Life Insurance / Assets	5,399,332	0.048	0.143	0.000	0.000	0.000	0.000	0.000	0.152	0.345
Years of Job tenure	5,399,332	7.898	6.897	0.833	1.167	2.500	5.750	11.333	18.000	22.167
Residual Earnings Growth	5,399,332	0.003	0.291	-0.462	-0.229	-0.068	-0.001	0.073	0.244	0.472
Change Employer	5,399,332	0.111	0.315	0	0	0	0	0	1	1
Change Occupation	2,872,259	0.079	0.270	0	0	0	0	0	0	1
Change Industry	5,387,837	0.127	0.334	0	0	0	0	0	1	1
Change Community	5,399,129	0.124	0.330	0	0	0	0	0	1	1
Homeowner	5,399,332	0.899	0.301	0	0	1	1	1	1	1
Number of "Large" Volatility Increase	5,399,332	0.123	0.384	0	0	0	0	0	1	1
Number of "Large" Volatility Decrease	5,399,332	0.123	0.387	0	0	0	0	0	1	1

Table O2: Summary Statistics for $\Delta SD_{i,t}$

	Obs.	Mean	S.D.	Percentiles						
				5^{th}	10^{th}	25^{th}	50^{th}	75^{th}	90^{th}	95^{th}
All	3,432,940	-0.052	0.242	-0.474	-0.363	-0.184	-0.032	0.076	0.235	0.340
High school	2,760,289	-0.045	0.242	-0.468	-0.355	-0.173	-0.028	0.081	0.242	0.347
College	672,651	-0.080	0.243	-0.499	-0.393	-0.222	-0.055	0.054	0.207	0.308
Young	1,227,852	-0.083	0.260	-0.527	-0.418	-0.241	-0.061	0.074	0.231	0.332
Middle age	654,309	-0.052	0.237	-0.464	-0.357	-0.185	-0.033	0.079	0.232	0.332
Old	1,486,979	-0.028	0.223	-0.416	-0.303	-0.131	-0.020	0.072	0.234	0.344
Wealth Q1	779,249	-0.058	0.267	-0.528	-0.407	-0.211	-0.032	0.099	0.261	0.363
Wealth Q2	966,514	-0.051	0.243	-0.479	-0.366	-0.182	-0.029	0.081	0.235	0.337
Wealth Q3	942,046	-0.051	0.232	-0.454	-0.348	-0.177	-0.033	0.065	0.222	0.329
Wealth Q4	745,131	-0.048	0.225	-0.434	-0.333	-0.169	-0.035	0.059	0.220	0.331

Table O3: Summary Statistics for $\Delta SD_{i,\tau^*}$

	Obs.	Mean	S.D.	Percentiles						
				5^{th}	10^{th}	25^{th}	50^{th}	75^{th}	90^{th}	95^{th}
All	342,875	-0.097	0.364	-0.692	-0.557	-0.336	-0.093	0.157	0.366	0.491
High school	269,282	-0.086	0.363	-0.684	-0.548	-0.322	-0.081	0.164	0.375	0.500
College	73,593	-0.142	0.362	-0.719	-0.590	-0.383	-0.156	0.118	0.331	0.450
Young	103,011	-0.152	0.388	-0.762	-0.631	-0.419	-0.181	0.157	0.358	0.471
Middle age	67,596	-0.098	0.354	-0.678	-0.551	-0.335	-0.104	0.160	0.355	0.474
Old	160,323	-0.050	0.333	-0.604	-0.465	-0.243	-0.056	0.144	0.371	0.509
Wealth Q1	64,708	-0.162	0.389	-0.782	-0.645	-0.423	-0.177	0.123	0.354	0.475
Wealth Q2	104,687	-0.118	0.358	-0.703	-0.571	-0.353	-0.114	0.129	0.342	0.466
Wealth Q3	96,604	-0.064	0.347	-0.633	-0.504	-0.289	-0.066	0.171	0.373	0.502
Wealth Q4	76,876	-0.023	0.337	-0.578	-0.450	-0.236	-0.044	0.198	0.402	0.529