

Risk Preference Questions on the Health and Retirement Study

1 Original Question Wording

HRS 1992 and HRS 1994

1. Now I have another kind of question. Suppose that you are the only income earner in the family, and you have a good job guaranteed to give you your current (family) income every year for life. You are given the opportunity to take a new and equally good job, with a 50-50 chance it will double your (family) income and a 50-50 chance that it will cut your (family) income by a third. Would you take the new job?

Respondent who answers “Yes” to question 1 is asked:

2a. Suppose the chances were 50-50 that it would double your (family) income, and 50-50 that it would cut it in half. Would you still take the new job?

Respondent who answers “No” to question 1 is asked:

2b. Suppose the chances were 50-50 that it would double your (family) income and 50-50 that it would cut it by 20 percent. Would you then take the new job?

HRS 1994

Respondent who answers “Yes” to question 2a is asked:

3a. Suppose the chances were 50-50 that it would double your family income and 50-50 that it would cut it by 75 percent, would you still take the new job?

Respondent who answers “No” to question 2b is asked:

3b. Suppose the chances were 50-50 that it would double your (family) income and 50-50 that it would cut it by 10 percent. Would you then take the new job?

2 Status-Quo-Bias-Free Wording

HRS 1998, 2000, and 2002

1. Now I have another kind of question. Suppose that you are the only income earner in the family. Your doctor recommends that you move because of allergies, and you have to choose between two possible jobs.

The first would guarantee your current total family income for life. The second is possibly better paying, but the income is also less certain. There is a 50-50 chance the second job would double your total lifetime income and a 50-50 chance that it would cut it by a third. Which job would you take – the first job or the second job?

Respondent who answers “Second Job” to question 1 is asked:

2a. Suppose the chances were 50-50 that the second job would double your lifetime income, and 50-50 that it would cut it in half. Would you take the first job or the second job?

Respondent who answers “First Job” to question 1 is asked:

2b. Suppose the chances were 50-50 that the second job would double your lifetime income and 50-50 that it would cut it by twenty percent. Would you take the first job or the second job?

Respondent who answers “Second Job” to question 2a is asked:

3a. Suppose the chances were 50-50 that the second job would double your lifetime income and 50-50 that it would cut it by seventy-five percent. Would you take the first job or the second job?

Respondent who answers “First Job” to question 2b is asked:

3b. Suppose the chances were 50-50 that the second job would double your lifetime income and 50-50 that it would cut it by 10 percent. Would you take the first job or the second job?