

# Financing Consumption by Age in France: Mutations in Savings over the Last Forty Years

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## Context and methodology

- Partnership with France Strategy
- Project with Hippolyte d'Albis and Julien Navaux
- The NTAs have been constructed for the years 1979 to 2019 using surveys based on family Budget, wealth or life history of INSEE, and data from DREES.
- A database containing profiles by age and by cohort of 60 variables for all years from 1979 to 2019.
- Private consumption (education, health, others)
- Public consumption and public transfers (in cash)
- Taxes
- Family transfers
- Individual resources (from labour and assets)
- Private savings as the residual of the equation

## Context and methodology (2)

- NTA methodology (Mason et al., 2009 ; Lee et al., 2011; United Nations, 2013)

- Decomposition by introducing the age dimension :

$$C(a) - YL(a) = T_+(a) - T_-(a) + YA(a) - S(a)$$

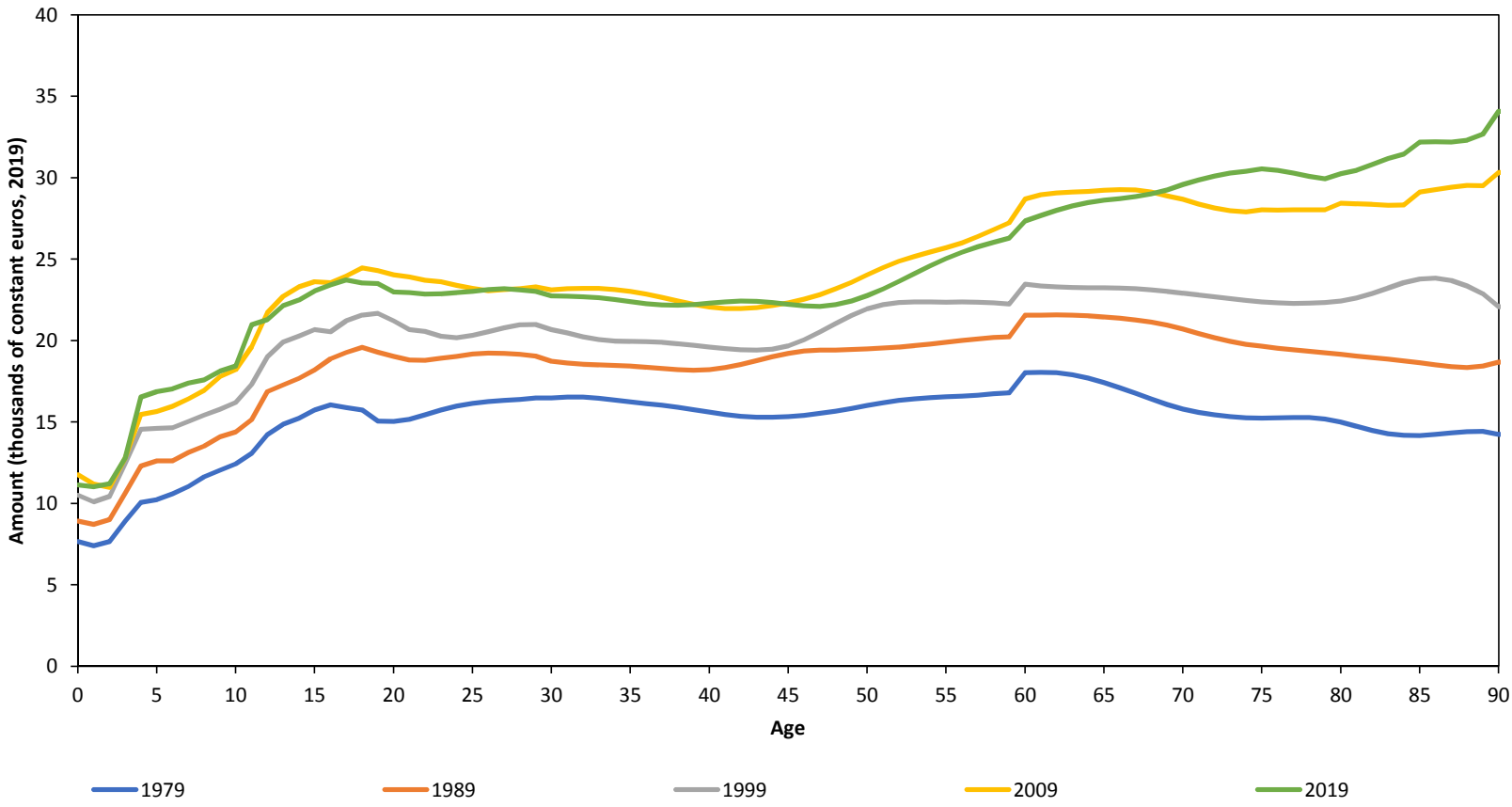
- Three steps : Individual profiles, aggregates, adjustment.

- Alternative decomposition by distinguishing public and private transfers (d'Albis et al., 2015, 2017, 2019) :

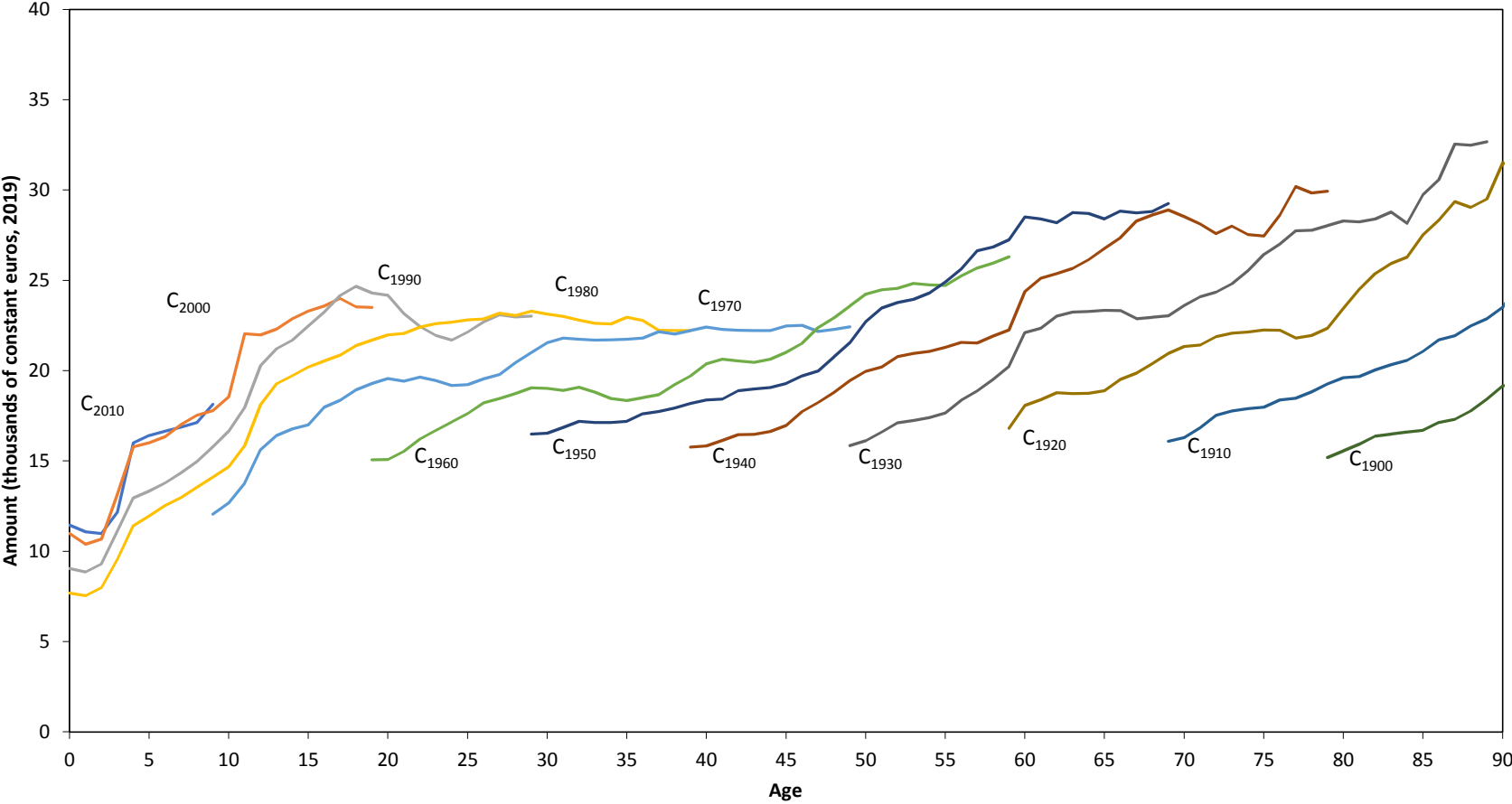
$$C(a) = [YL(a) + YAF(a) - SF(a)] + [TG_+(a) - TG_-(a) + YAG(a) - SG(a)] + [TF_+(a) - TF_-(a)]$$

Public and private consumption is thus financed by three main components: individual resources, government financing, net family transfers.

# Consumption spending over age – per capita profiles



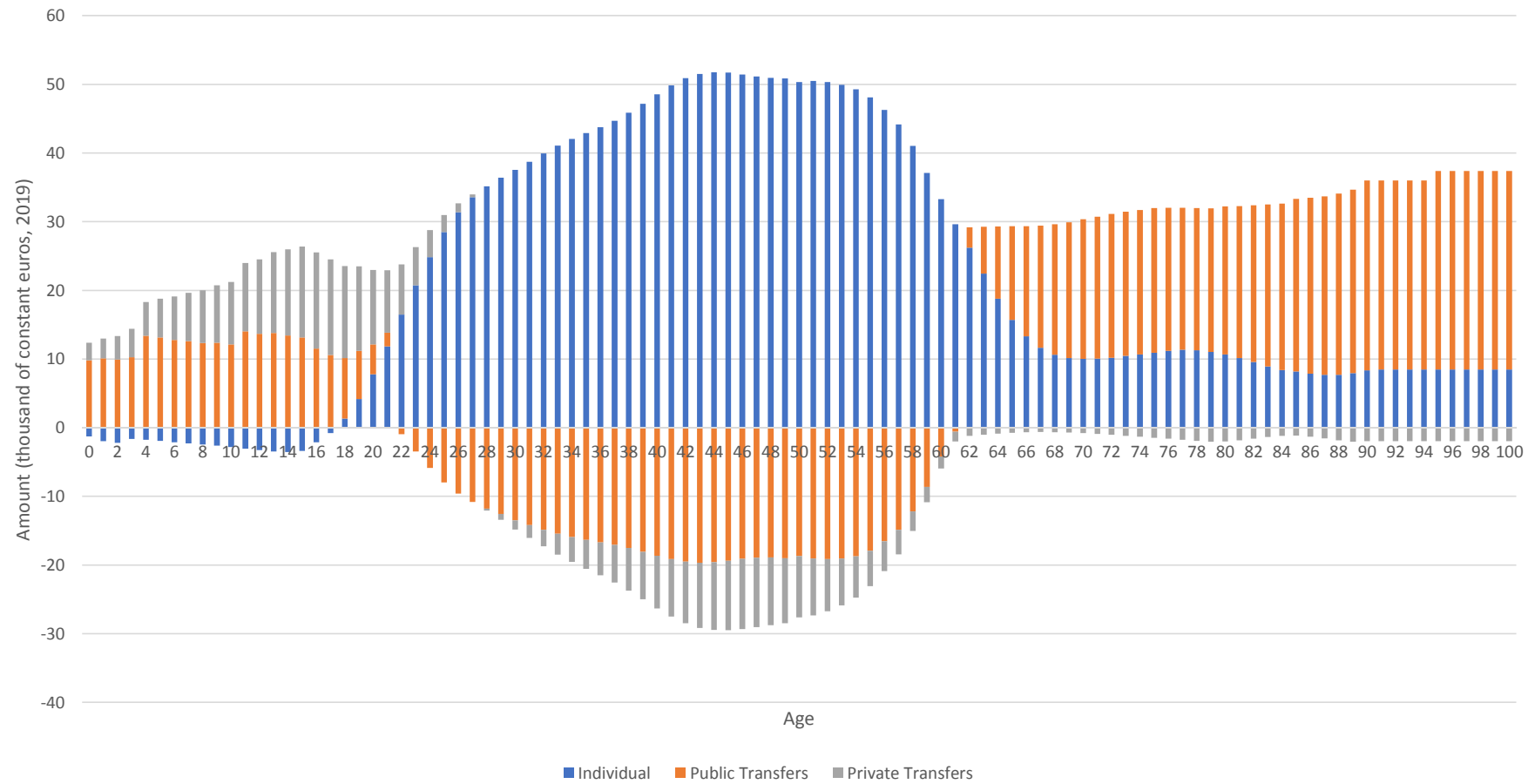
# Consumption spending over age by birth cohorts – per capita profiles



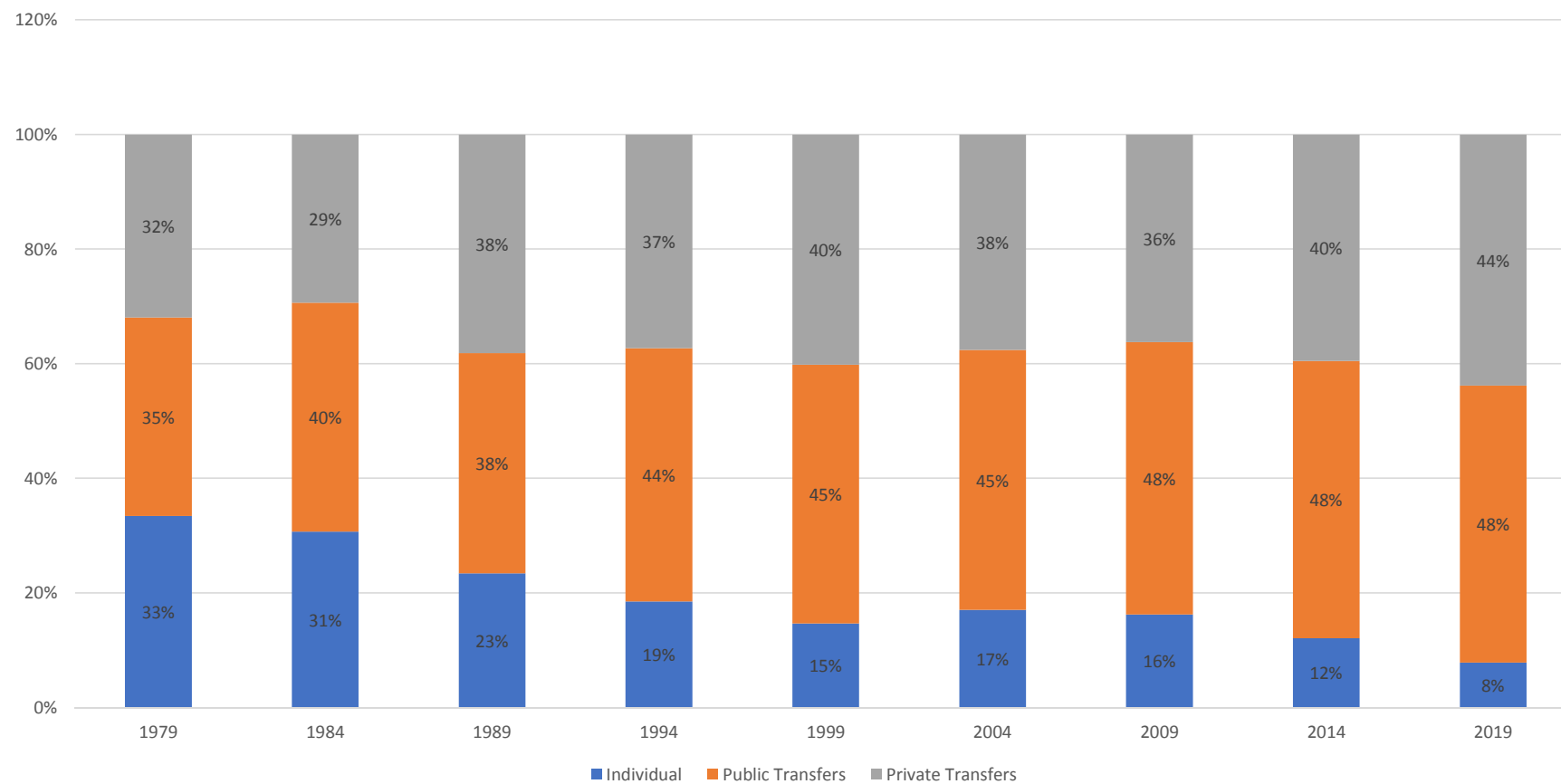
# Financing consumption

- Net public transfers
- Net private transfers
- Individual revenues and savings

# Consumption financing over age

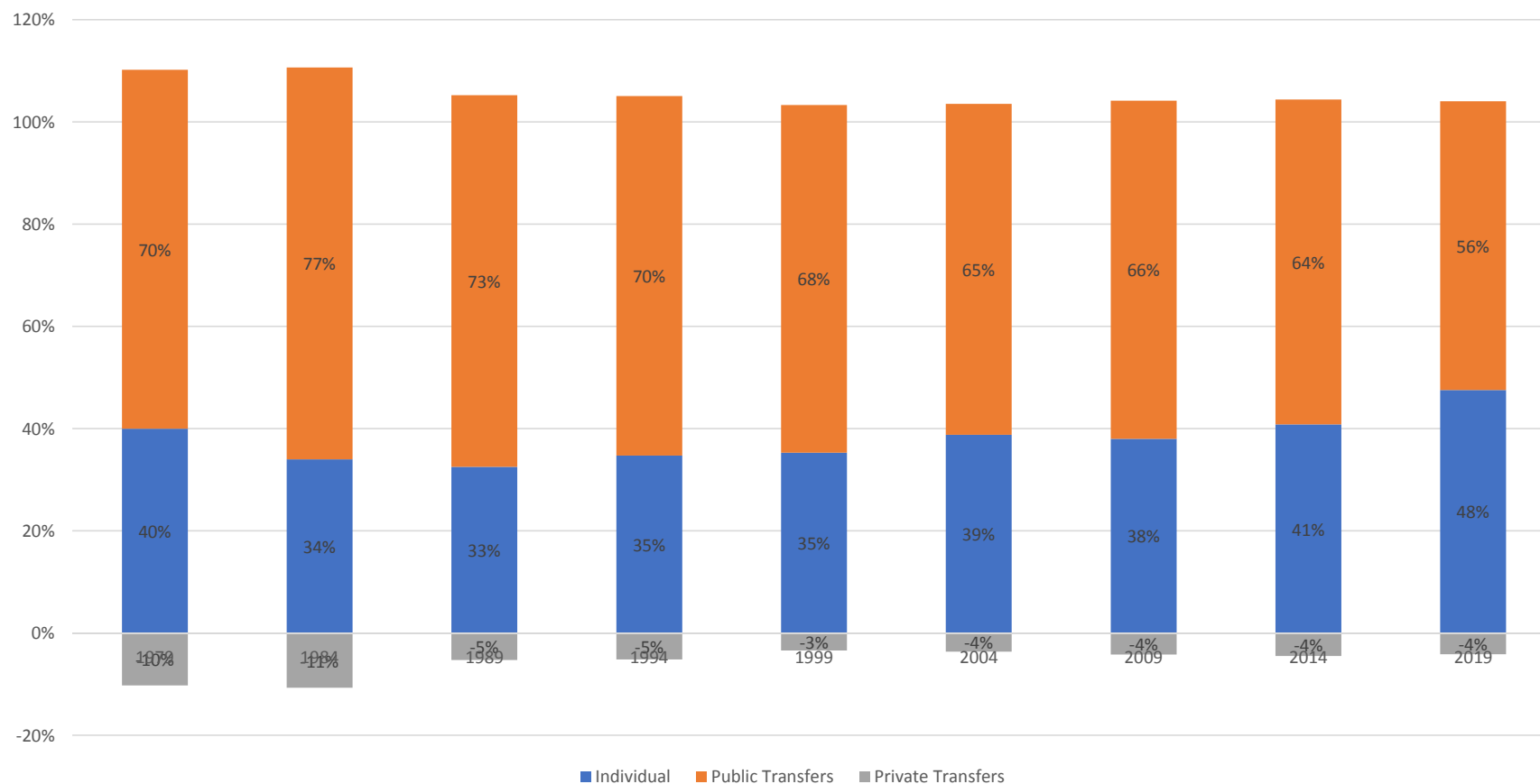


# Variation in consumption financing for people aged 0-24 (% of consumption)

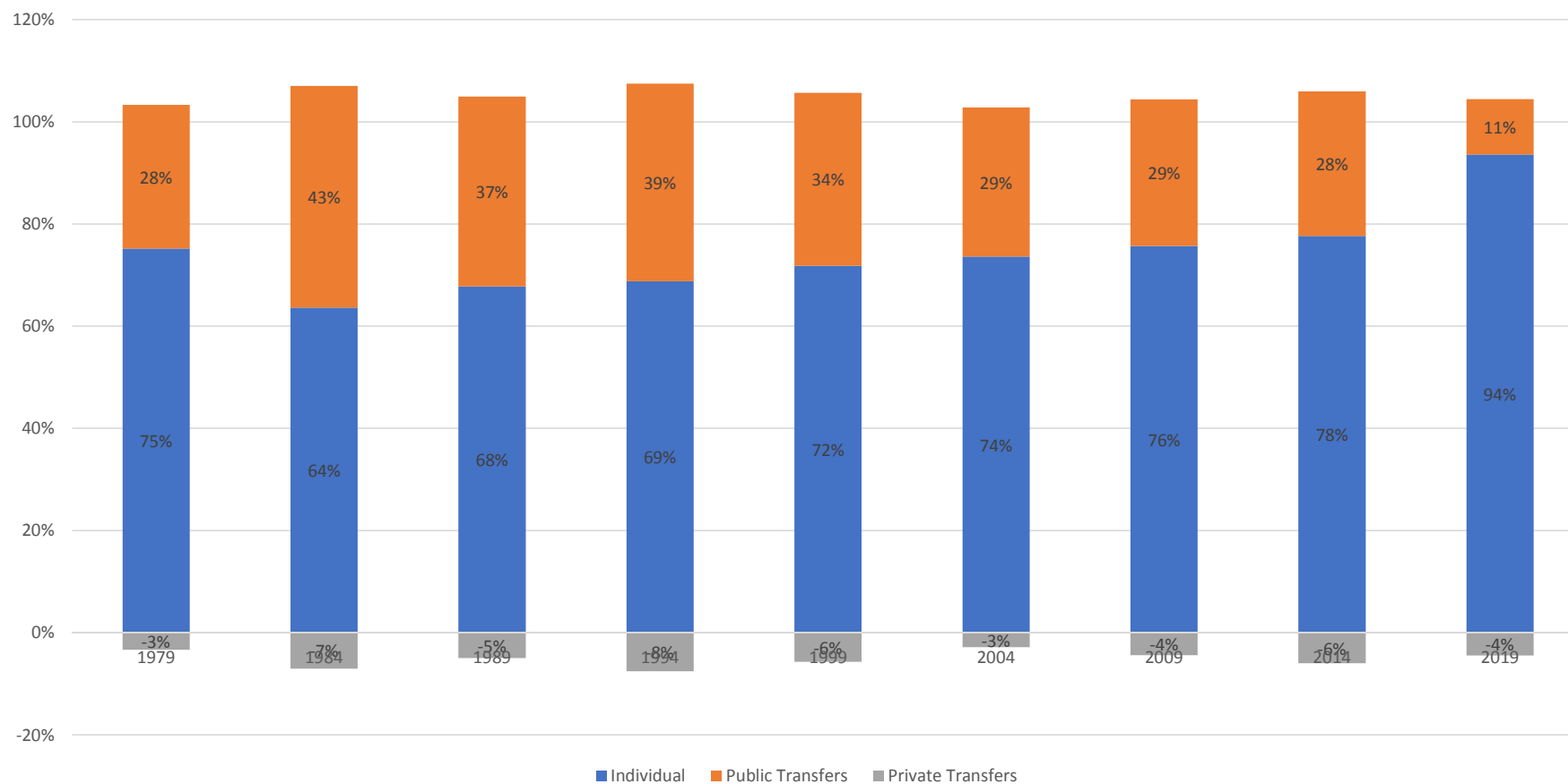




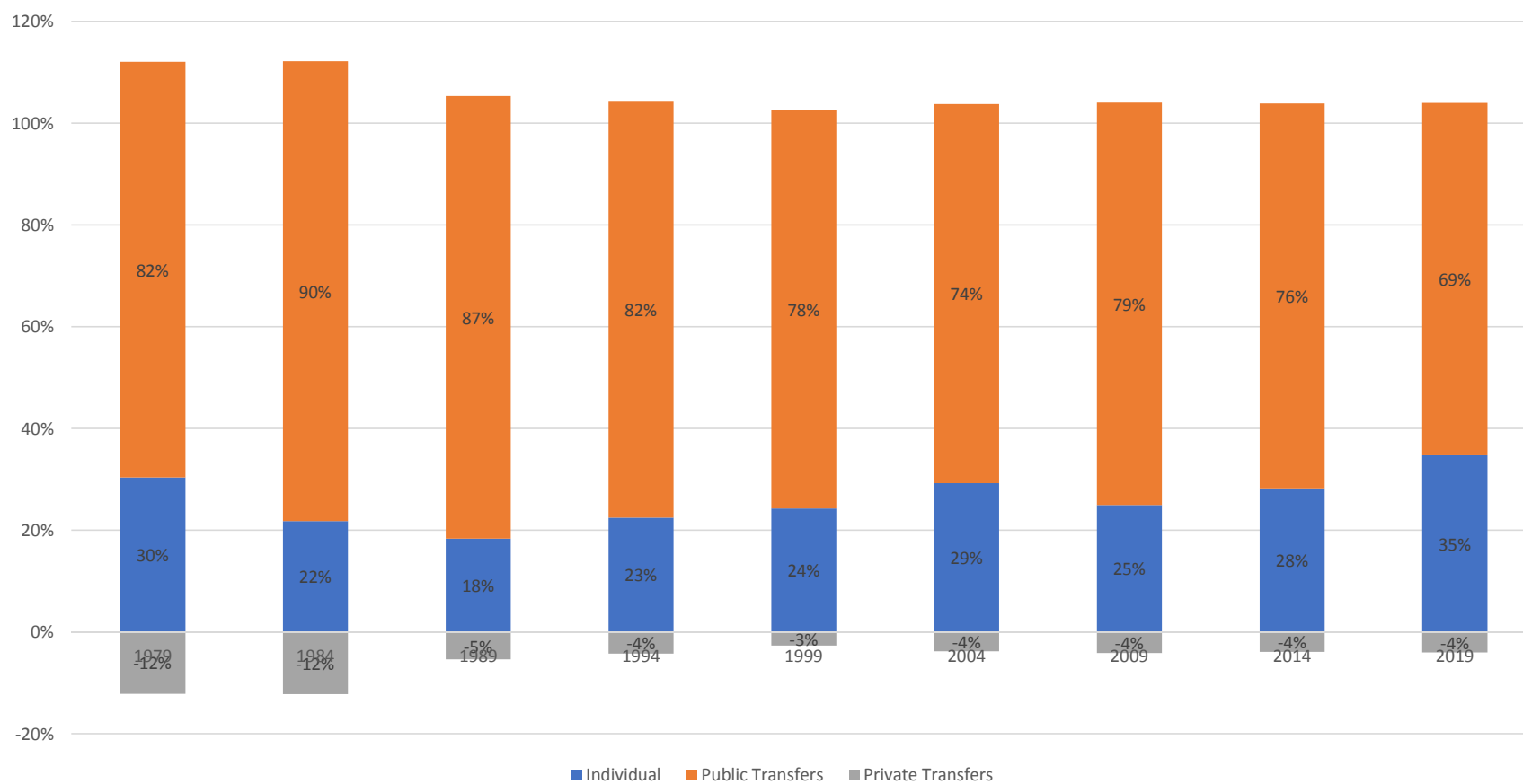
# Variation in consumption financing for people aged 60 and over (% of consumption)



# Variation in consumption financing for people aged 60-64 (% of consumption)



# Variation in consumption financing for people aged 65 and over (% of consumption)



## International comparisons

⇒ European countries : AGENTA (2010)

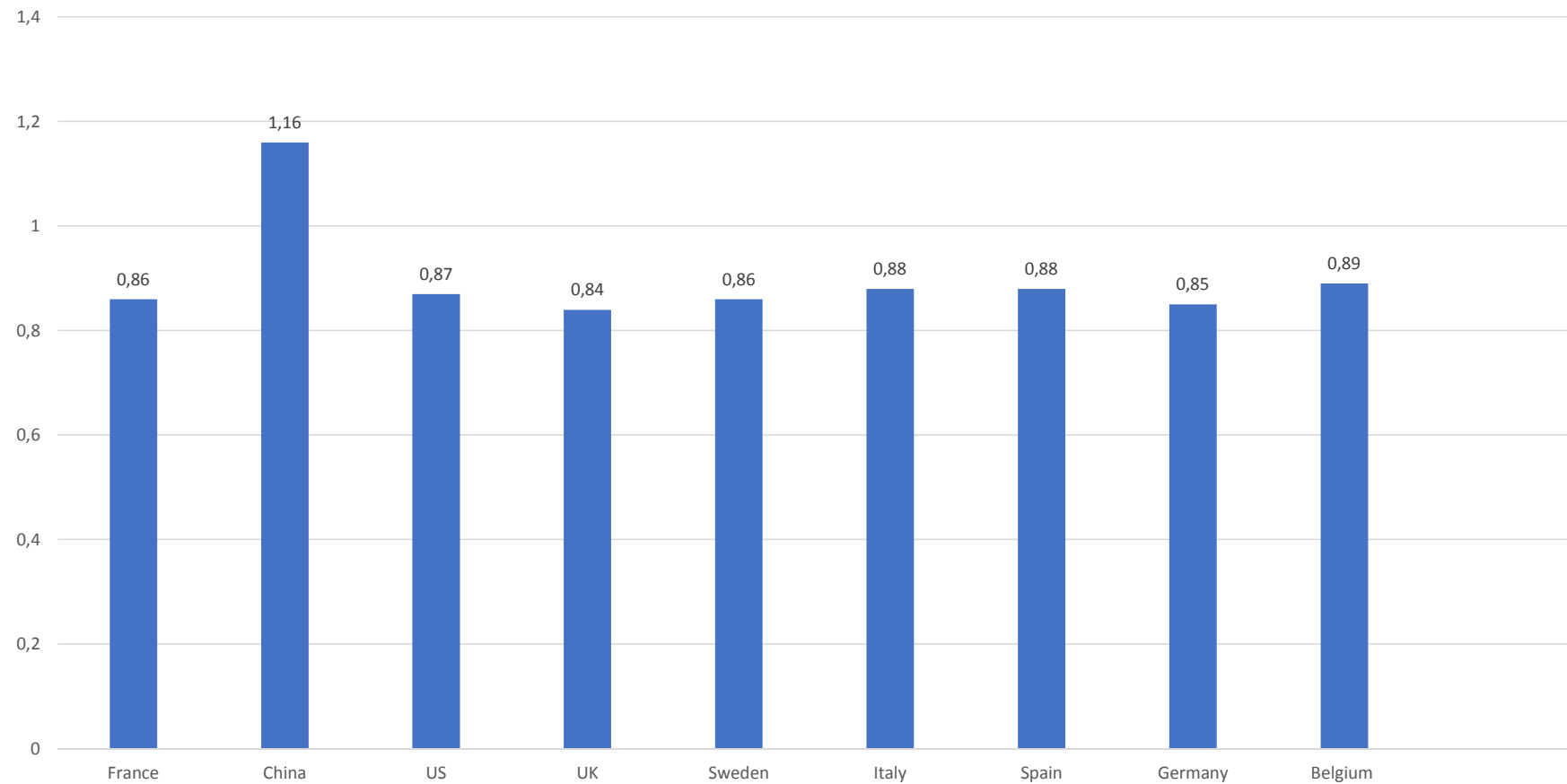
⇒ Household surveys : EU-SILC (*European Union Statistics on Income and Living Conditions*)

⇒ European account system ESA

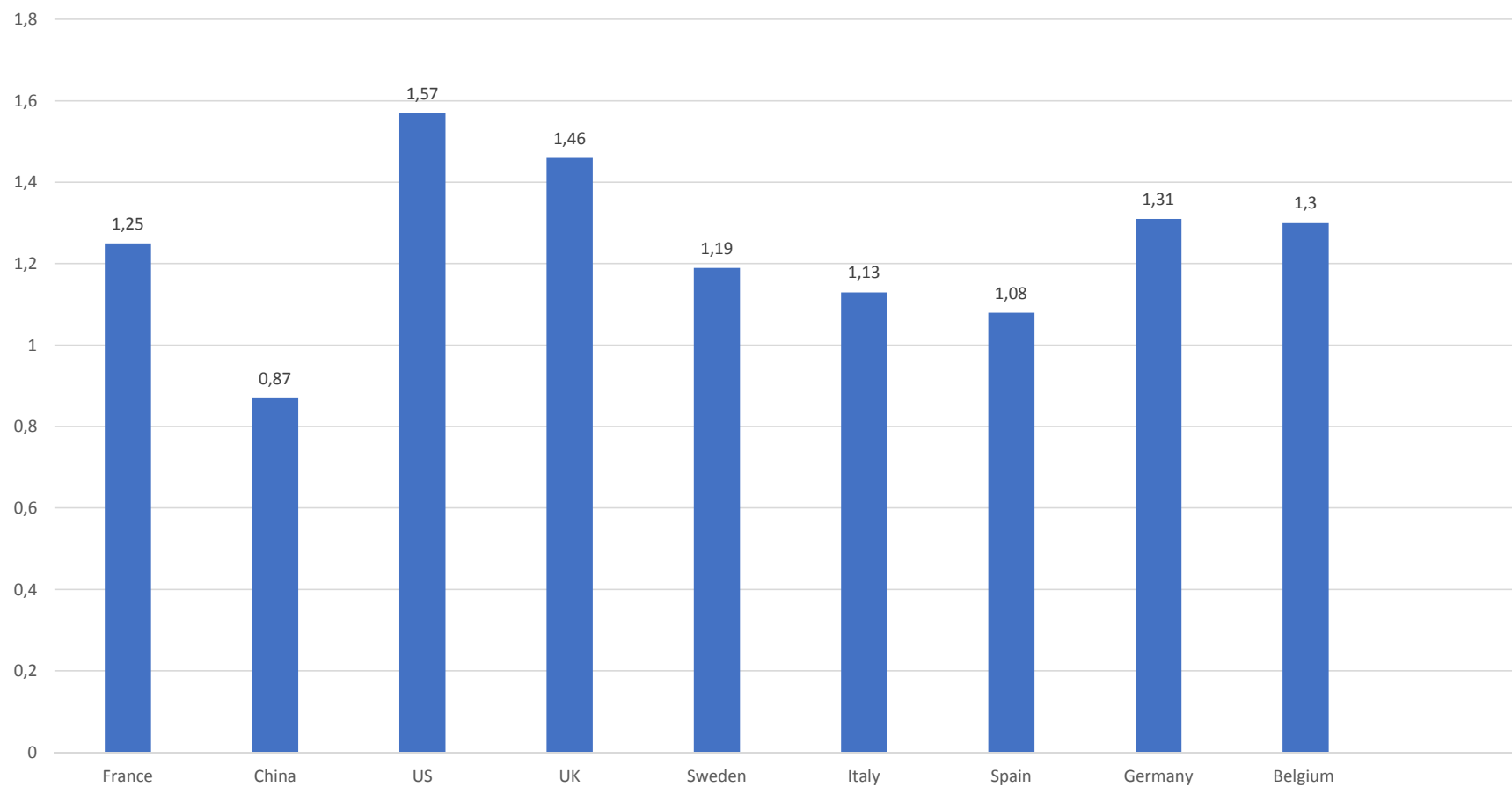
⇒ China and US : NTA for 2009 and 2011

⇒ French data for 2010

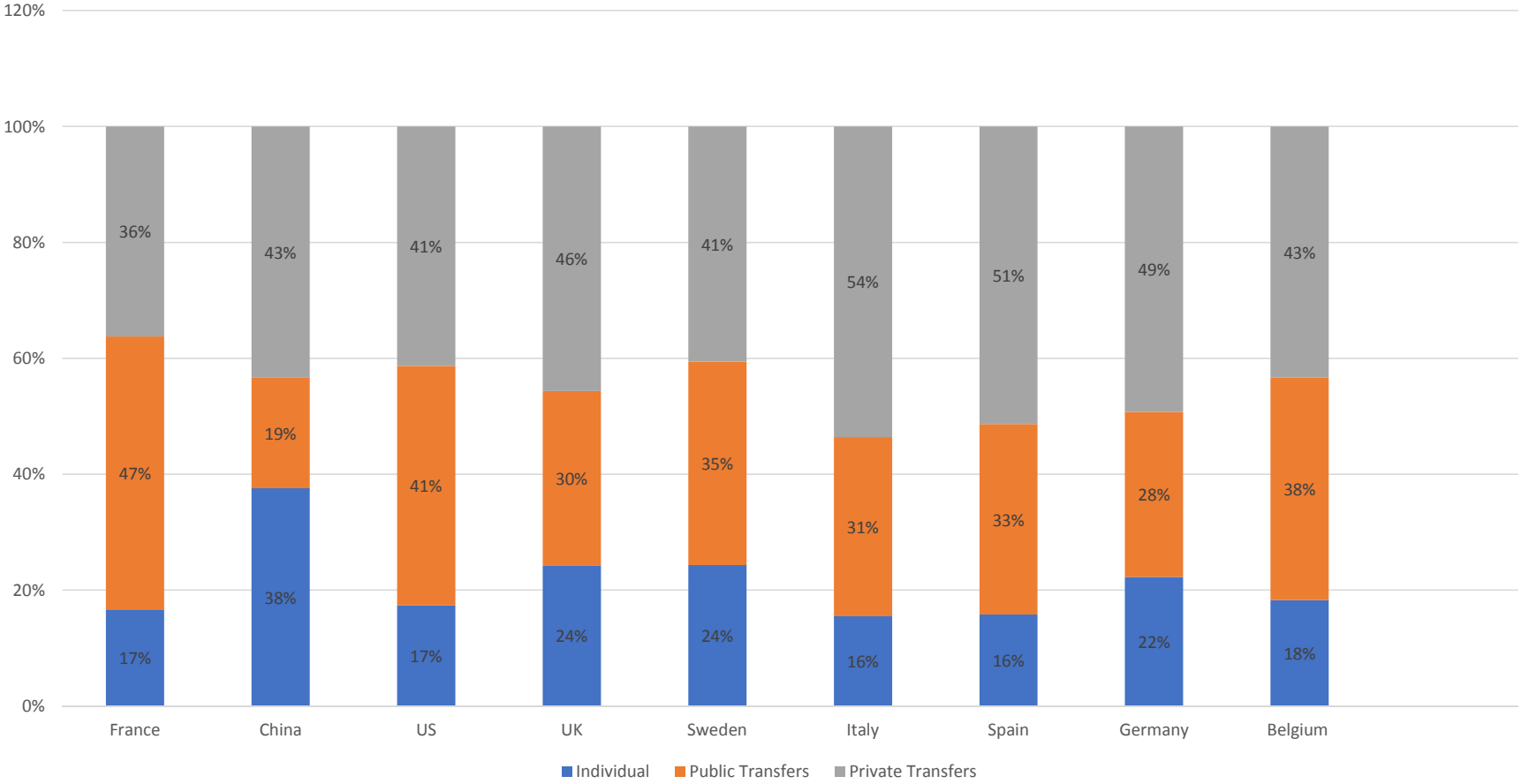
# Consumption for people aged 0-24 / consumption for people aged 25-44



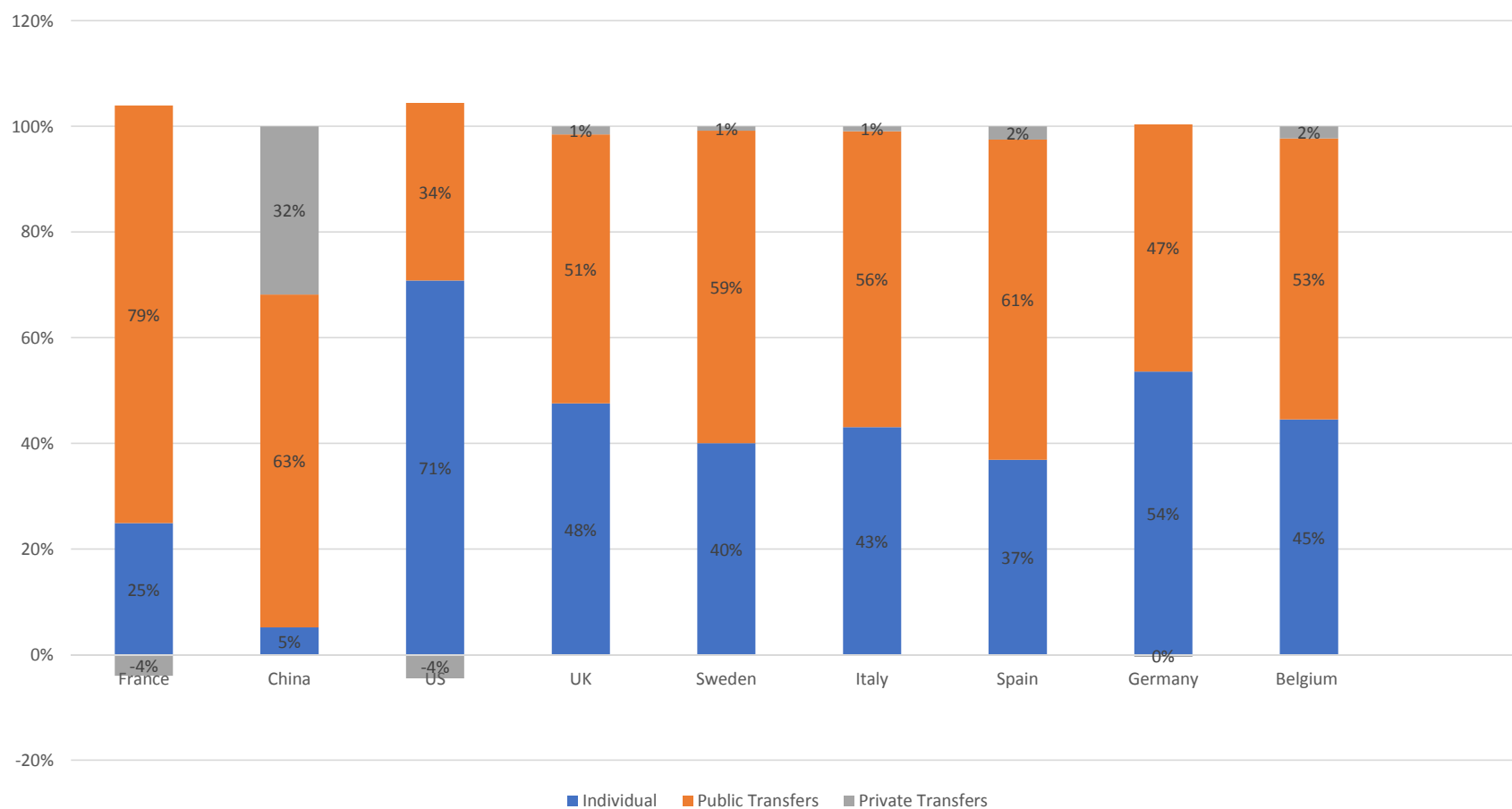
# Consumption for people aged 65 and over / consumption for people aged 25-44



# Consumption financing for people aged 0-24

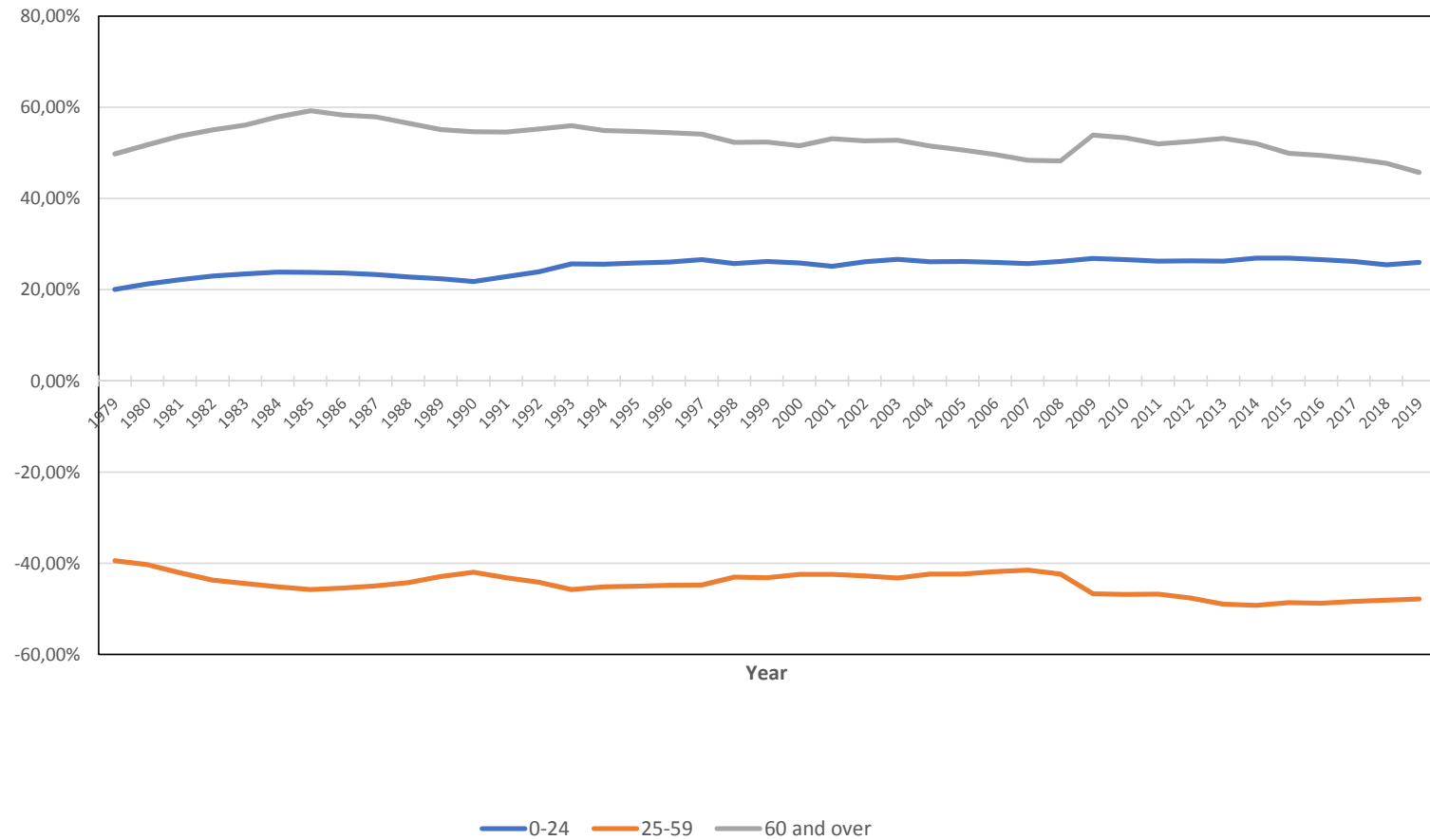


# Consumption financing for people aged 65 and over

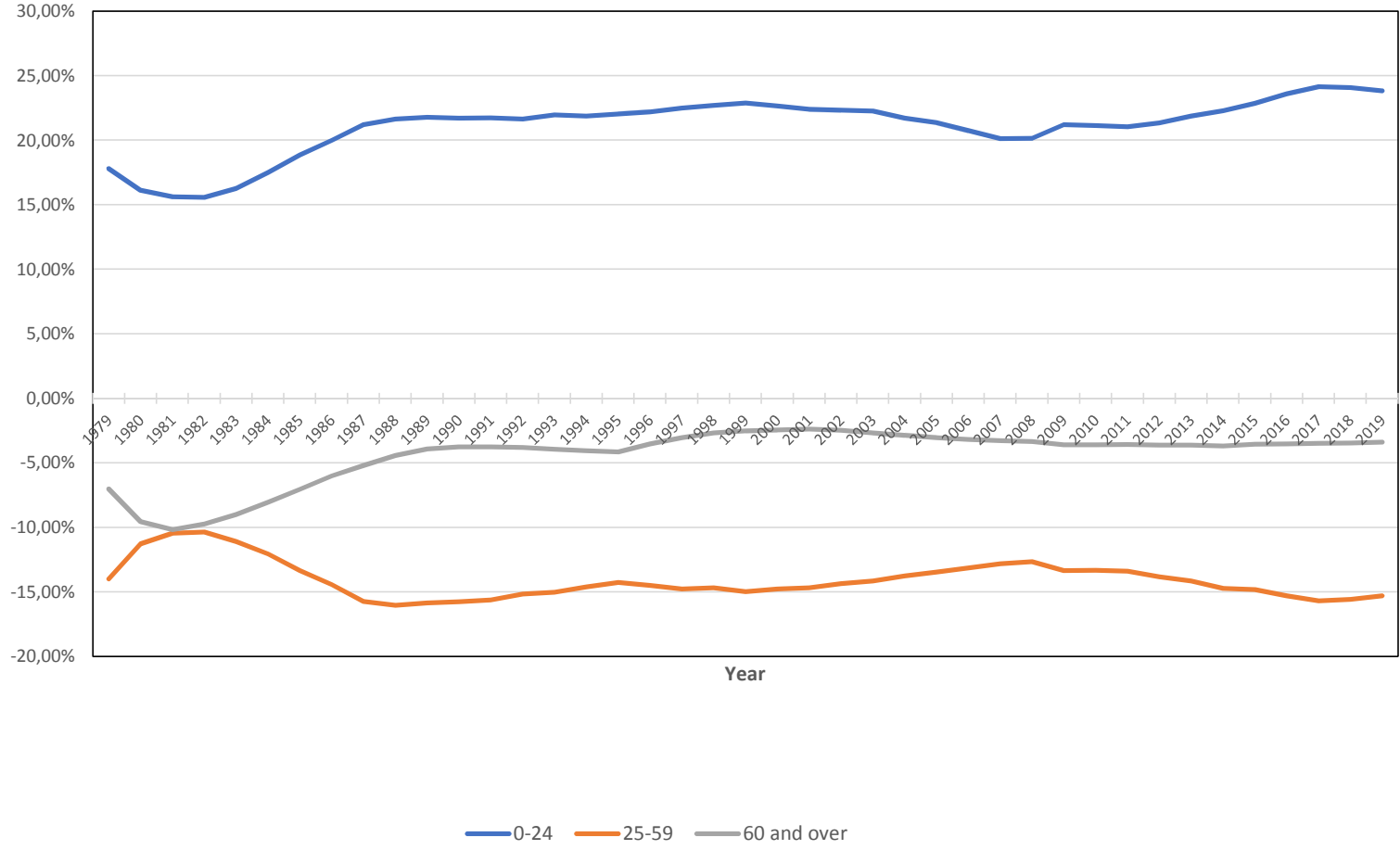




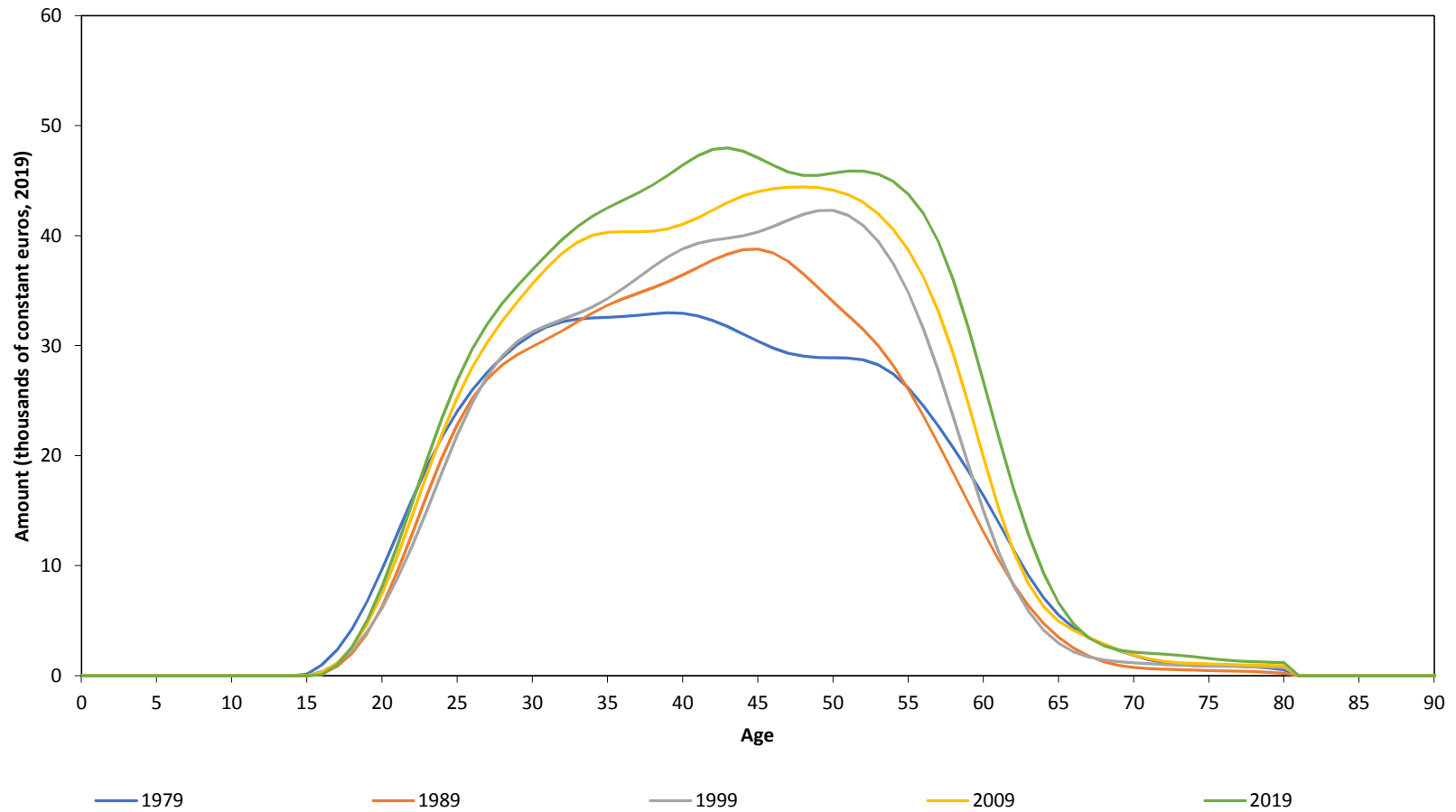
# Public net transfers variations (% of GDP per capita)



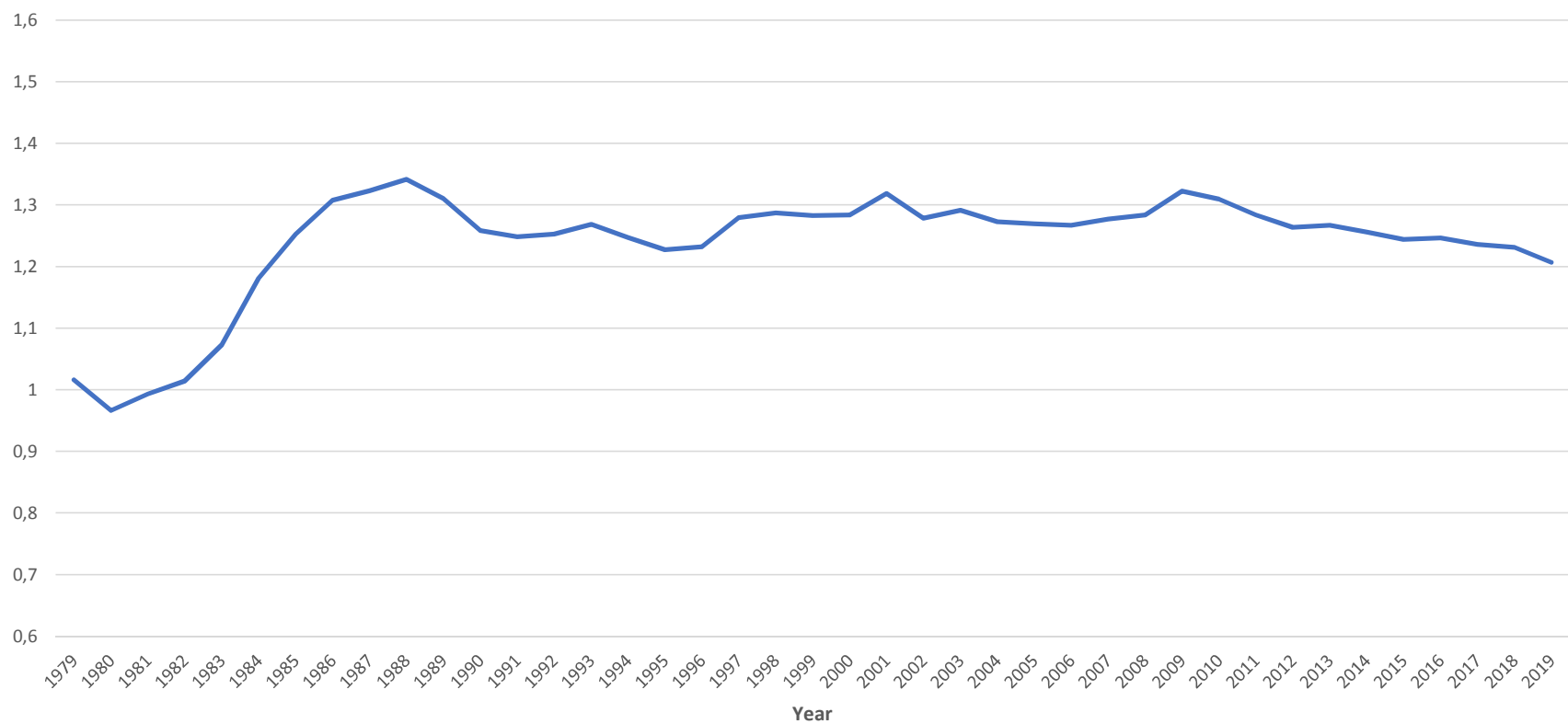
# Private net transfers variations (% of GDP per capita)



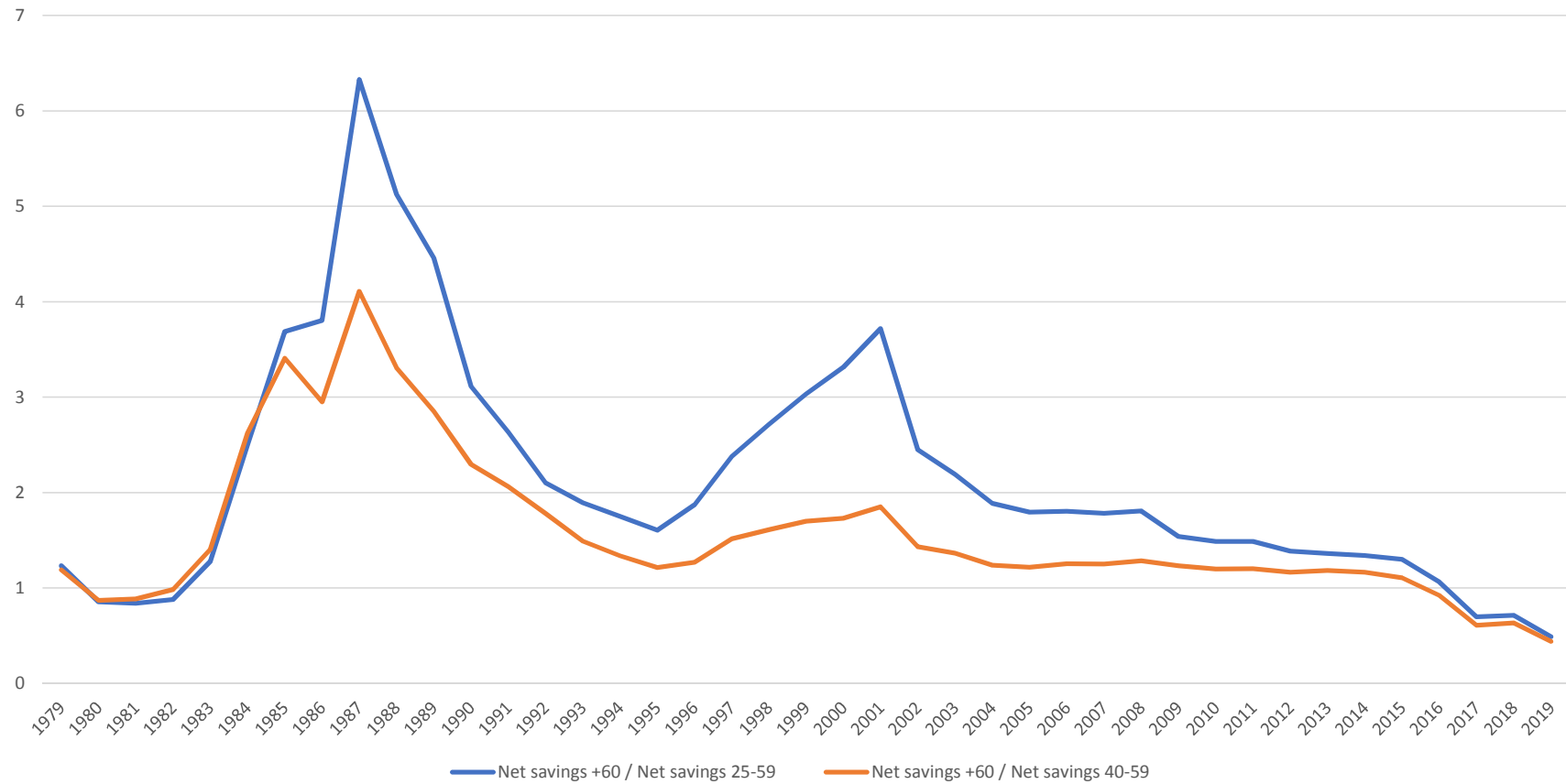
# Variation of labour income by age: per capita profiles



# Ratio of total income for people aged 60 and over to 25-59 year olds



# Ratio of net savings for people aged 60 and over / net savings for 25-59 and 40-59



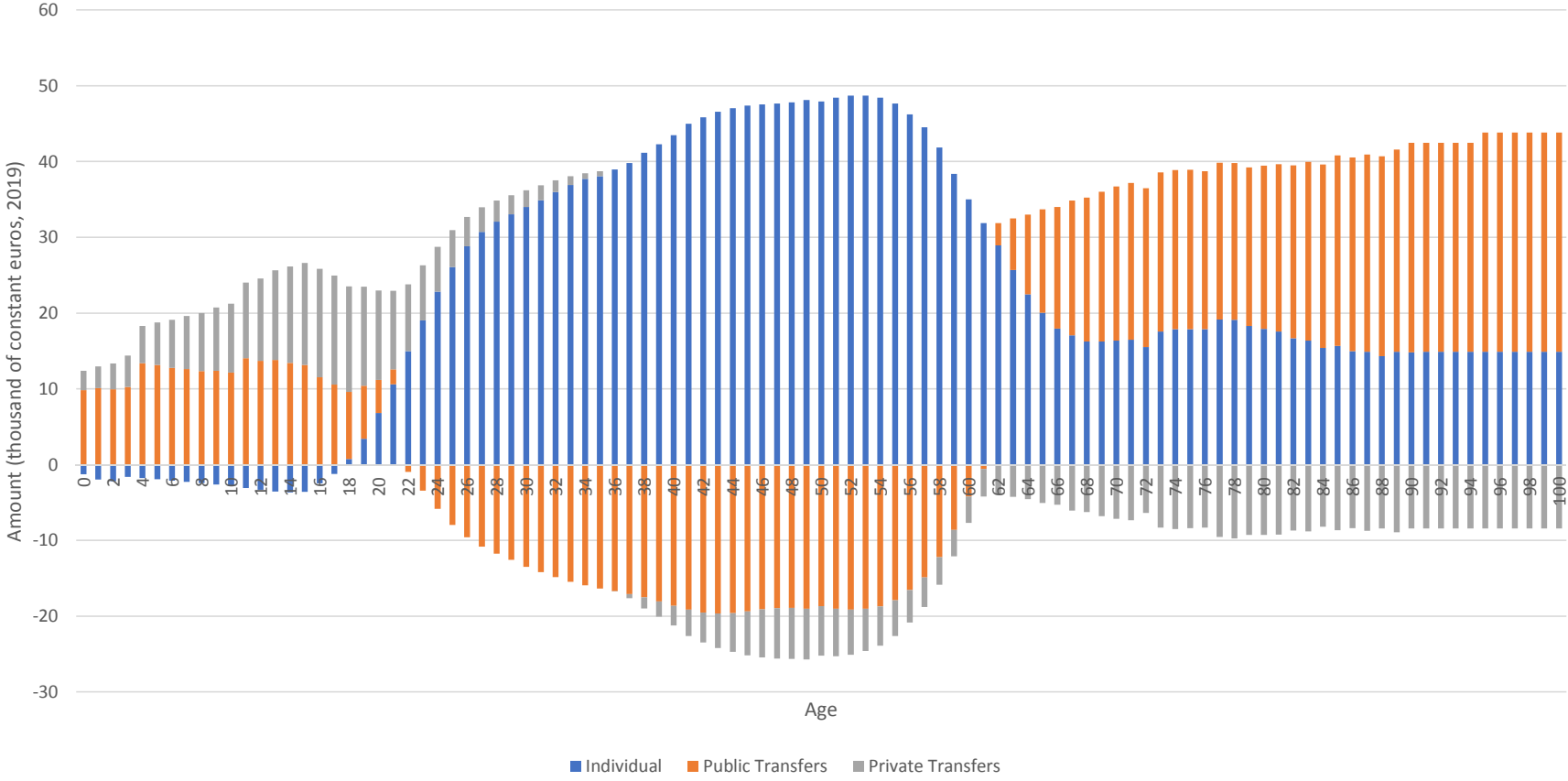
## Alternative methodology – Taking into account living donations and inheritances

⇒ French survey *Patrimoine* about wealth

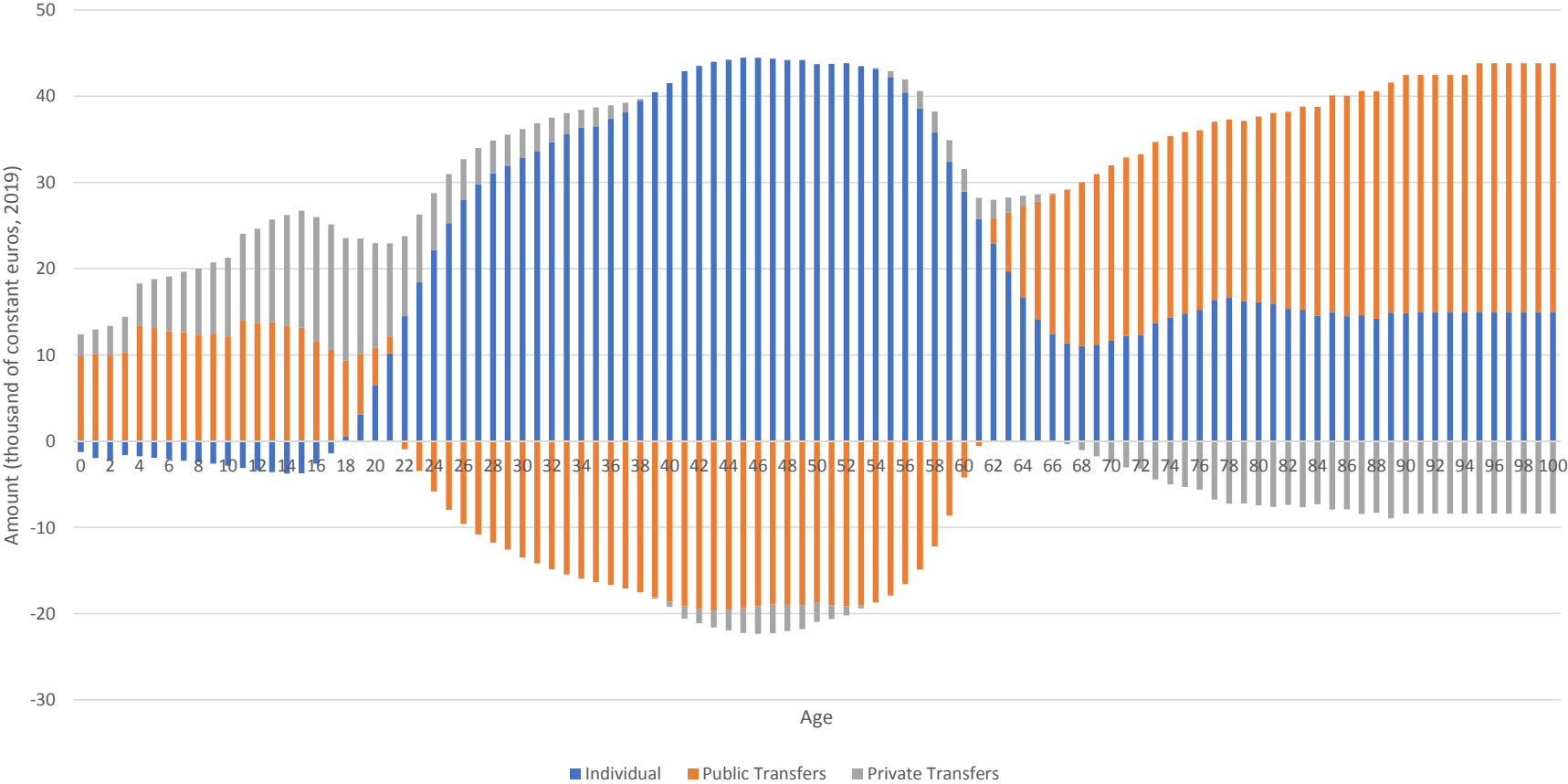
⇒ Construction of new aggregates for the profiles

⇒ Both living donations and inheritances increasing throughout the period

# Consumption financing over age – including living donations

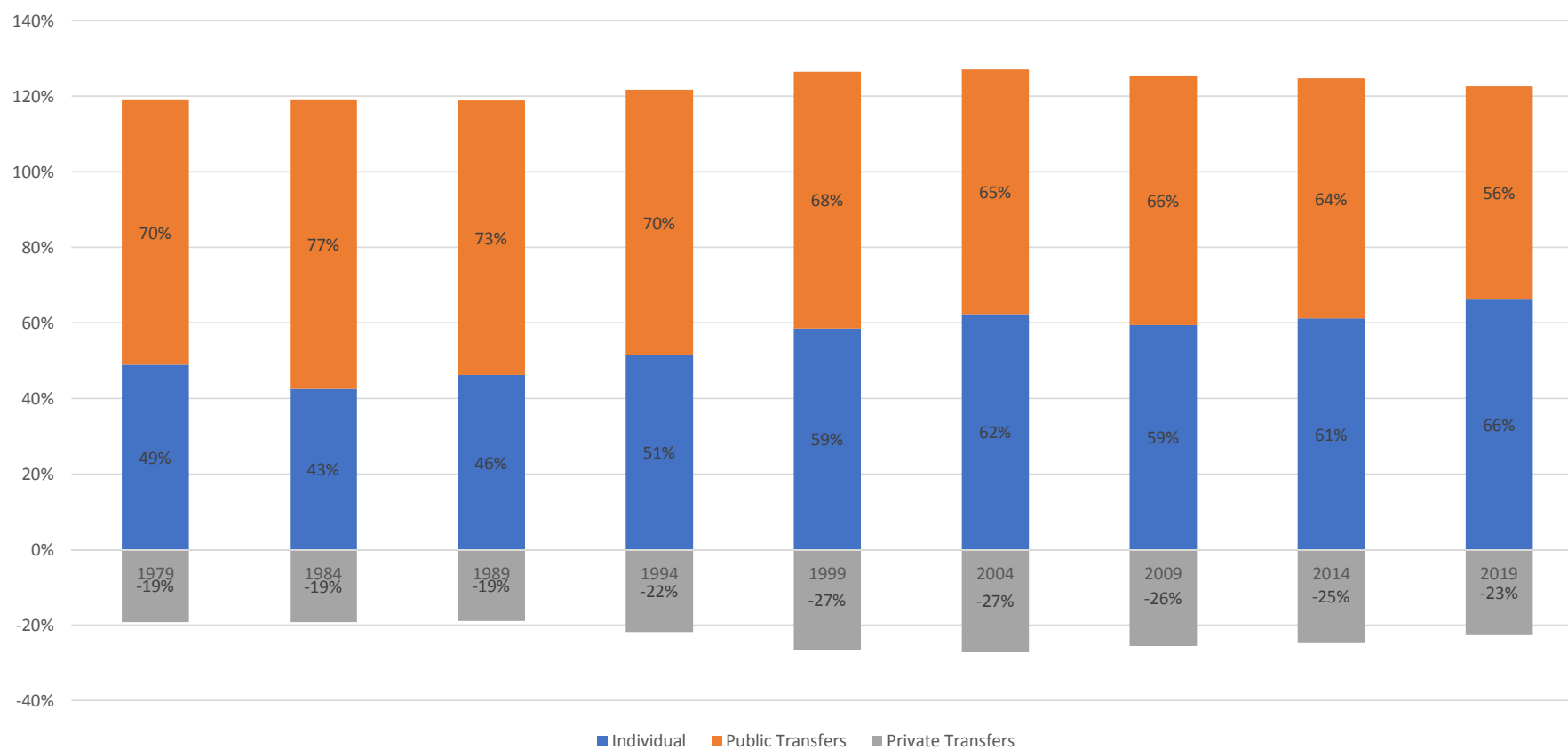


# Consumption financing over age – including living donations and inheritances

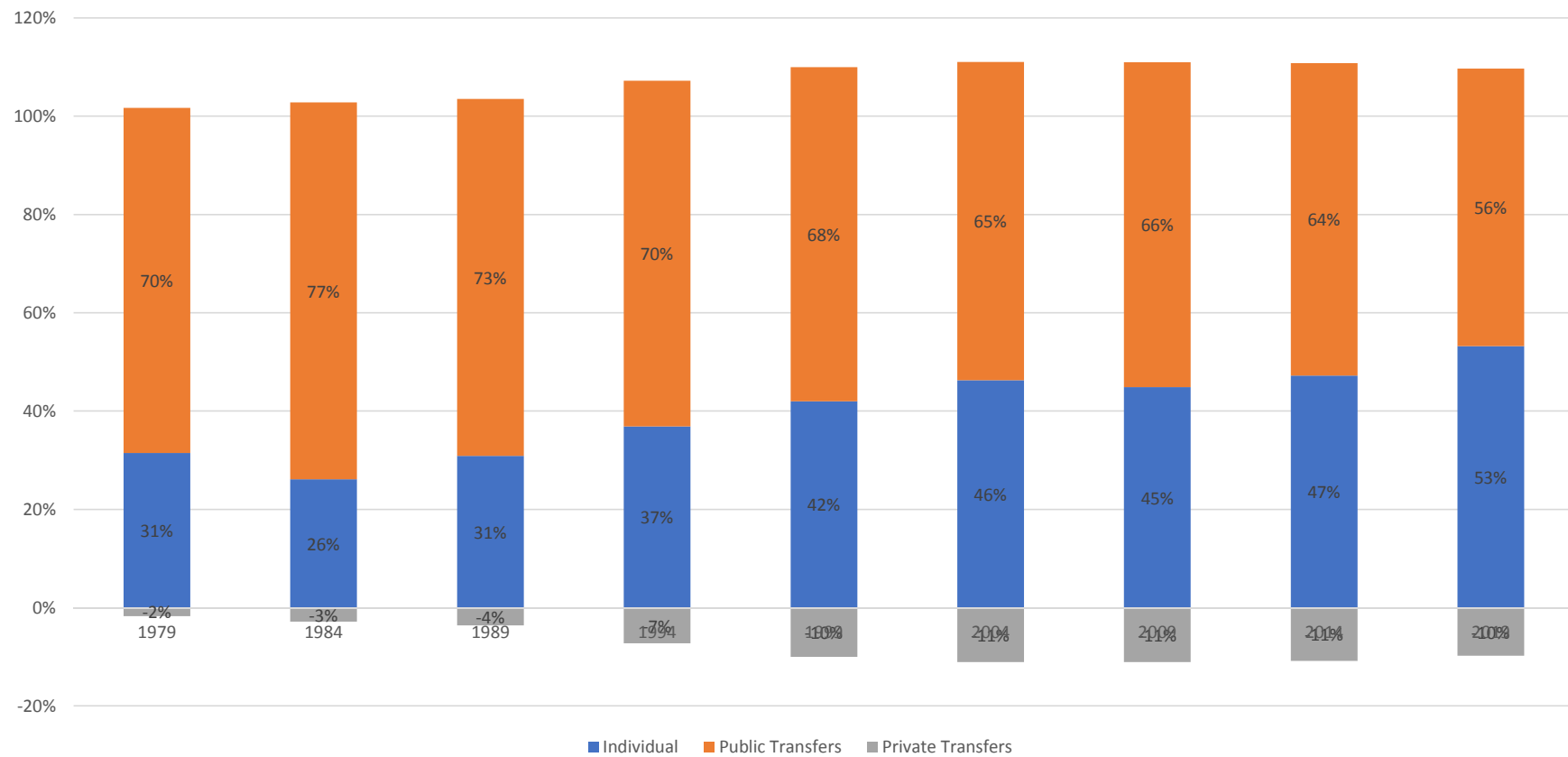




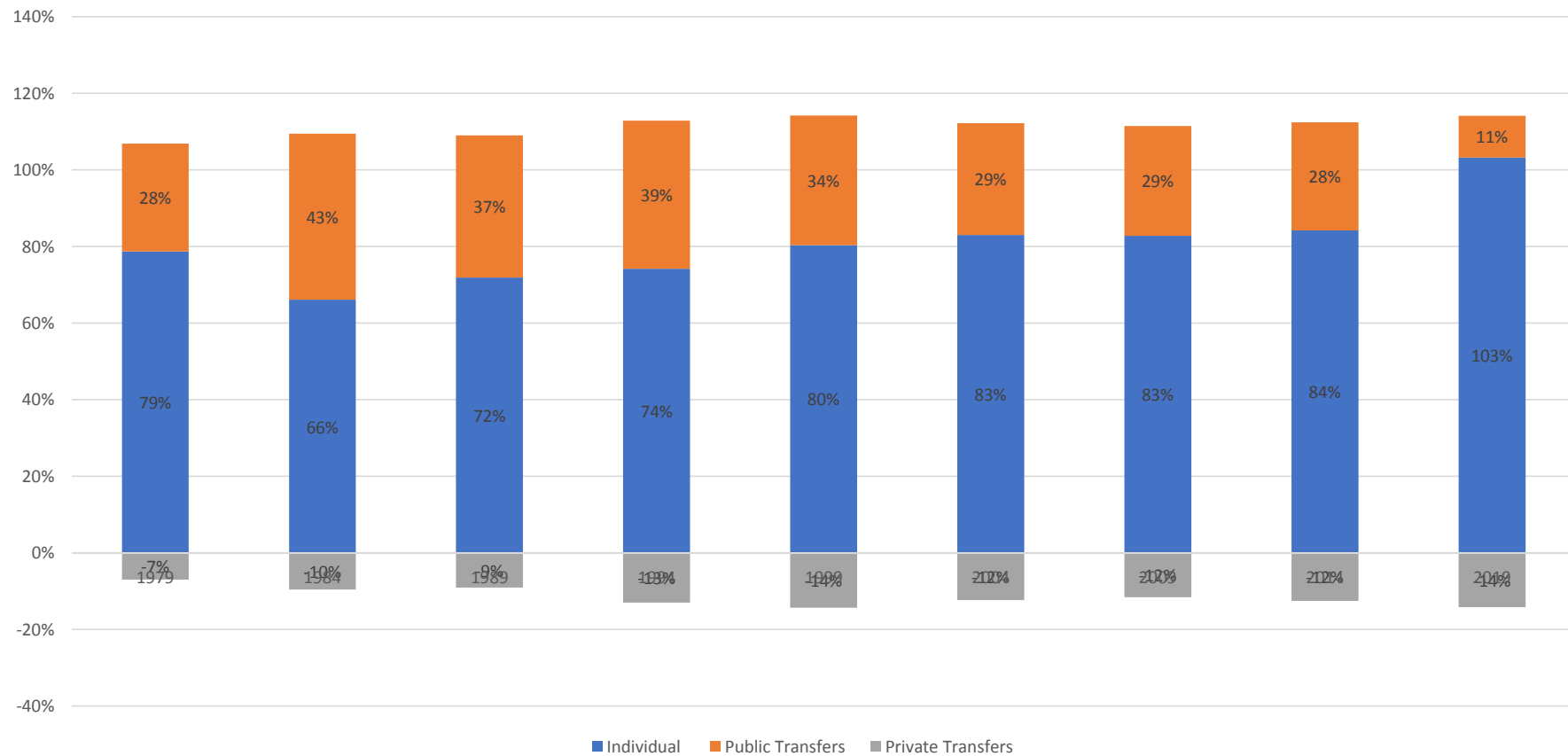
# Variation in consumption financing for people aged 60 and over (% of consumption) – Including living donations



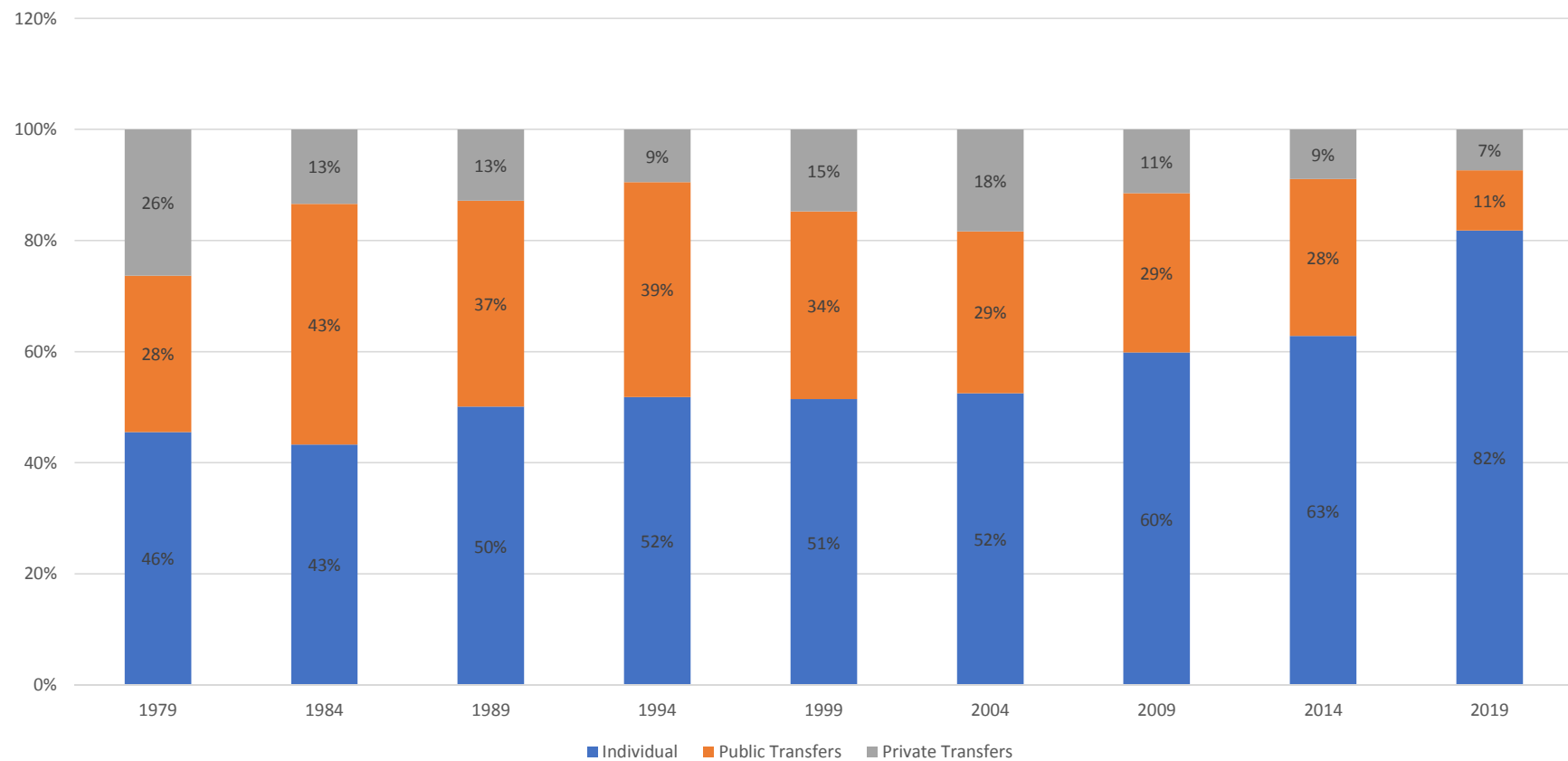
# Variation in consumption financing for people aged 60 and over (% of consumption) – Including living donations and inheritances



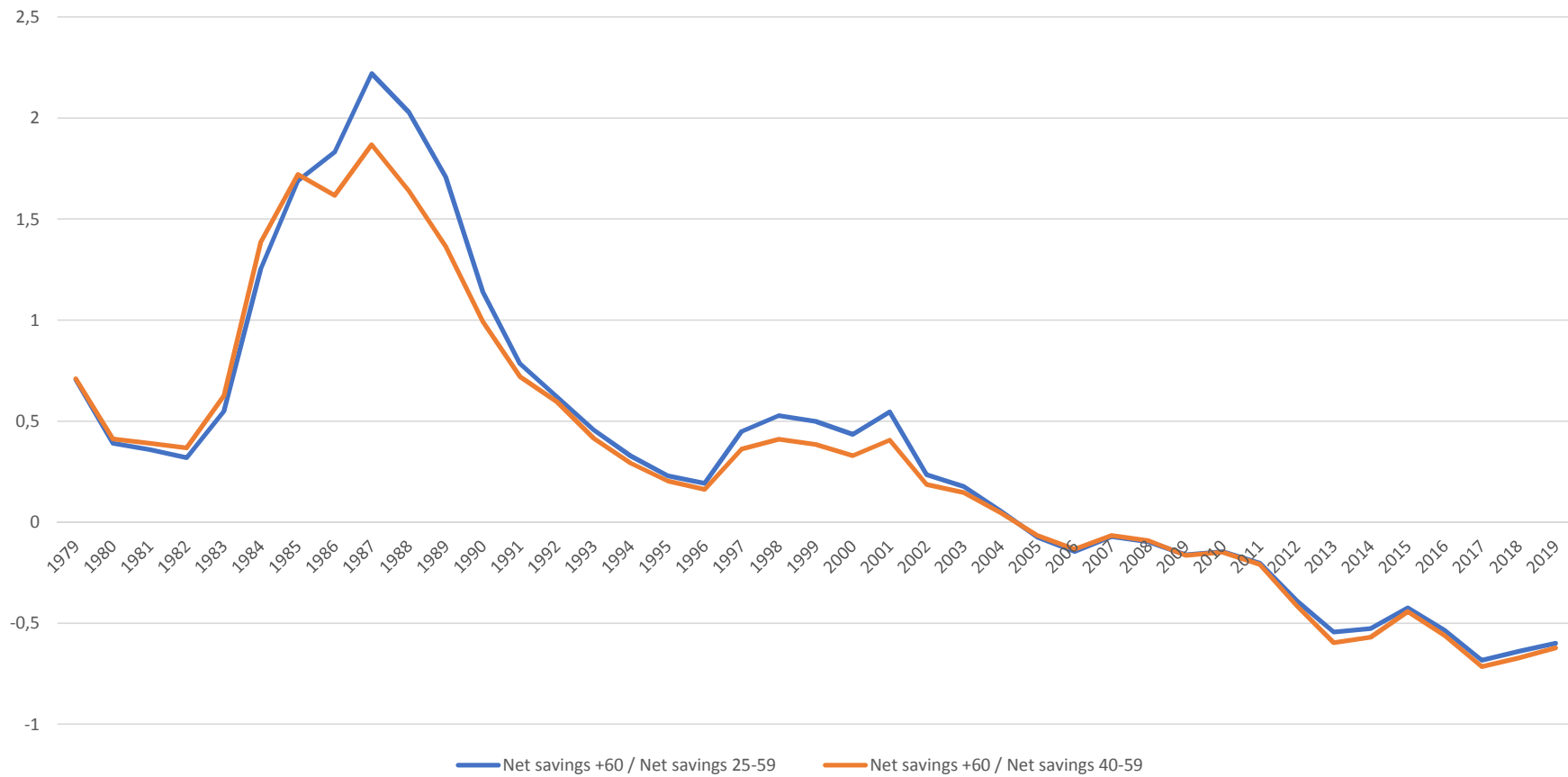
# Variation in consumption financing for people aged 60-64 (% of consumption)– Including living donations



# Variation in consumption financing for people aged 60-64 (% of consumption)– Including living donations and inheritances



# Ratio of net savings for people aged 60 and over / net savings for 25-59 and 40-59 – Including living donations



# Ratio of net savings for people aged 60 and over / net savings for 25-59 and 40-59 – Including living donations and inheritances

