A Data

A.1 Individual-level variables

The individual-level variables used in this paper are obtained from the Survey of Income and Program Participation (SIPP) dataset of the United States Census Bureau. The analysis in Section 2.2 uses the panel of 2014. A detailed description of the variables employed from the 2014 panel is now given, together with the sample transformations used.

First of all, it should be noted that only person-level variables are used. I exclude individuals that are self-employed (using the variable SELFEMPL), and remove individuals younger than 18 and older than 67 (using TAGE) at the start of the panel. Furthermore, I remove the subset of individuals that are not in the labor force, for example because of a disability or health condition, study, care-taking, pregnancy or retirement (indicated by the variable EN_NOWORK$_i$).

Variables used in the analysis are: person-level net worth (TNETWORTH), sum of earnings of all jobs (sum of TJB$_i$_MSUM for $i = 1, ..., 7$), and a code for the monthly employment status (RMESR). It is also possible for jobs to be linked in the panel, such that the employment status of an individual at one specific job can be assessed, but in this paper the focus is on transitions between un- and employment, not in between jobs.

Apart from these variables, various controls are used to ensure that the measured effect is due to the mechanism of interest: heterogeneity of earnings risk, rather than other variables that can explain heterogeneity in saving decisions. The following variables are used: TAGE (age of the individual), ESEX (indicating gender), EEDUC (highest level of school completed or highest degree received by end of reference year), ERACE (what race does the respondent consider him/herself to be), or the more detailed variable TRACE (these demographic variables can be extended with the variable EORIGIN indicating whether the respondent is Spanish, Latino or Hispanic), TEHC_ST (state of resident), TEHC_METRO (living in a metropolitan area or not).

Some other variables that may be important for the perception of the risk an individual faces that is unrelated to earnings risk is whether the individual has a health insurance or not (RHLTHMTH), whether the parent takes care of children under 18 or not (ERP), and coverage of housing (ETENURE, i.e., is the house rented, owned or occupied without paying rent).

Table A1: Selected summary statistics of the Survey of Income and Program Participation dataset for 2014-2018 waves after sample selection. Selected standard errors given in parentheses.

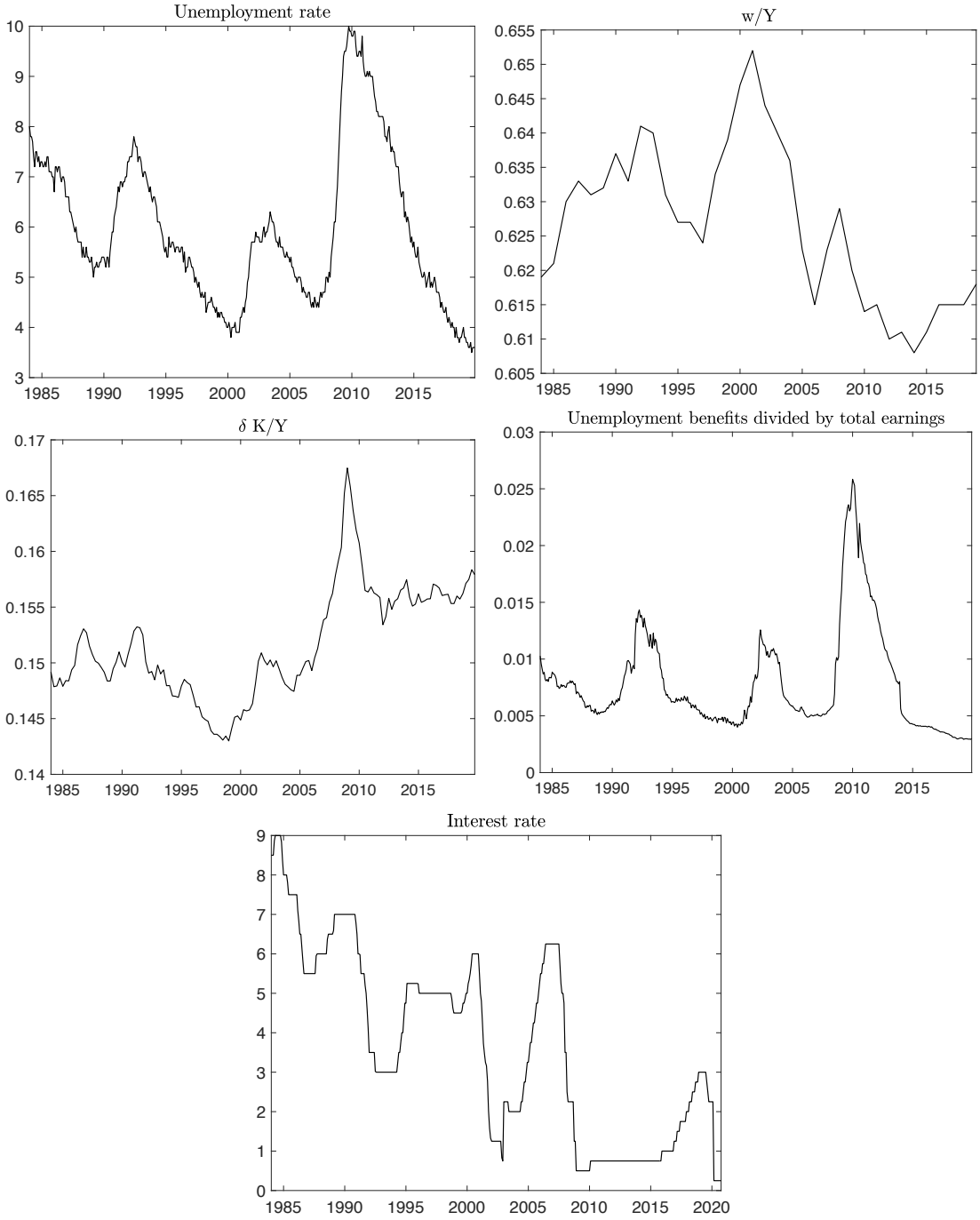
	Sample ave.	Ave. for males	Ave. for females
Age	42	41.44	42.59
Female	38%	–	–
High school	30.94%	29.03%	34.01%
College	23.70%	18.24%	32.36%
University BSc or up	15.61%	12.10%	21.25%
Identifies as black	10.97%	0.08%	15.83%
Not white, not black	6.16%	5.46%	7.29%
Big city	61.34%	51.26%	77.50%
Health insurance	63.46%	51.65%	82.41%
Renter	25.88%	21.66%	32.64%
House owner	51.76%	43.14%	65.61%
Kids	16.42%	2.71%	38.41%
Average monthly earnings	3525.6 (3879.1)	3546.8 (3860.7)	3491.2 (3908.7)
Net worth	155940 (981400)	164190 (1226400)	142880 (325530)
Unemployment (>6 months/year)	5.95%	5.76%	6.25%
Total	25124	15479	9645

A.2 Aggregate variables

Table A2: Data for the United States, all data except income tax revenues are retrieved from FRED, Federal Reserve Bank of St. Louis, January 10, 2021 and can be accessed using the codes given in parentheses via `https://fred.stlouisfed.org/`.

Data for estimation parameters α, δ, ν		
Variable	Data proxy/description	Source
Y	Gross national income (A023RC1Q027SBEA)	U.S. Bureau of Economic Analysis
w/Y	The sum of: Shares of gross domestic income: Compensation of employees, paid (A4002E1A156NBEA) Shares of gross domestic income: Business current transfer payments (net) (B029RE1A156NBEA) Shares of gross domestic income: Net operating surplus: Private enterprises: Proprietors' income with inventory valuation and capital consumption adjustments (A041RE1A156NBEA)	U.S. Bureau of Economic Analysis
δK	Consumption of Fixed Capital (COFC)	U.S. Bureau of Economic Analysis
r	Interest Rates, Discount Rate for the United States (percent per annum) (INTDSRUSM193N)	International Monetary Fund
u	Unemployment Rate (UNRATE)	U.S. Bureau of Labor Statistics
τ	Personal current transfer receipts: Government social benefits to persons: Unemployment insurance (W825RC1) Divided by: Compensation of Employees, Received: Wage and Salary Disbursements (A576RC1)	U.S. Bureau of Economic Analysis

Figure A1: Aggregate data used for estimation of the first-step parameters



Data sources are described in more detail in Appendix A.2.