

2009 KPMG/ATA Research and academic perspectives

Taxes and Savings

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Agenda

- My criteria for a project
- Steps toward a proposal
- Possible design
- Summary and lessons

My criteria for a project

- Interesting question
 - Function of taste and training
 - Amenable to my skill set?
- Status of the literature
 - Would the answer be a contribution?
 - What can we learn from past designs?
- Potential design
 - Susceptible to event analysis? – my favorite!
 - Are data available?

Steps toward a proposal

- Background summary
 - Status of the literature
 - Incremental contribution – the “3 paragraphs”
 - Talk to colleagues
- Pilot the study
 - Verify data exist and can be analyzed
 - Produce crude tables
 - Talk to colleagues/brown bag

Possible savings design

- Summary of literature? A huge caveat
 - Inadequate background – life cycle/economic determinants
 - Help from colleagues!
- What is the elasticity of savings?
 - Δ in 401K corporate match?
 - Powerful direct subsidy compared to tax benefits
 - Variation across time/firm/employee
 - Event that should impact individual behavior?
 - Key concerns
 - Theory?
 - Contemporaneous events?
 - Data availability?

Summary and lessons

- Understand yourself
 - Taste function
 - Skill set
- Systematic approach
- Value of proposals