

Living Large or Long? Preference Estimates from Completed-Life Stories

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Abstract

The value people attach to longevity increases is an important input to policy decisions on health care, the environment, and safety regulations. This value is typically estimated based on compensating differentials for taking on very small risks of death. We instead estimate this value by letting people choose between vignettes in which life-time income and longevity is randomized. We present a battery of tests to gauge whether these hypothetical choices measure underlying preferences. The benefit of our method is that it yields estimates of the distribution of preferences for longevity in a representative population, allows for a characterization of heterogeneity in preferences by respondent characteristics, but does not require people to correctly evaluate very small probabilities.