

Appendix A

The parameters of the income functions verify the following conditions. Recall that z and b represent age. In the data, the labor income of the low income earners is lower than the labor income of the high income earners. Therefore:

$$N^l(b; t) < N^h(b; t)$$

and

Therefore the two components of human wealth become:

$$H(t) = \int_t^{+\infty} e^{-\int_t^v [r(v) + \frac{1}{h}] dv} \frac{a_h}{1+h} \frac{1}{1+h} r^h(z) N^h(z) dz$$

$$H(t) = \int_t^{+\infty} e^{-\int_t^v [r(v) + \frac{1}{h}] dv}$$

