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## **The impact of time preference on bequest behavior: Evidence from Japanese survey data**

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### **Abstract**

The plan of whether people leave an inheritance to their children is one of the important decision-making on how to spend money after retirement. In this paper, we examine the effect of time preference on bequest behavior by using data obtained from a questionnaire survey entitled “Preference Parameters Study”. Despite of the benefits from possible help or care by their children in the future, if individuals’ time discount rates are high (i.e., their discounts placed on returns available in the future are high), they may seek their own current consumption without leaving an inheritance to their children. We use two types of time discount rates with different conditions for estimation. The estimation result is that the higher the respondents’ time discount rates, the greater the probabilities of choosing not to leave an inheritance to their children. This result also indicates that the respondents with a high time discount rate usually leave their property for themselves. In addition, we also find out that besides time preference, a number of socio-demographic characteristics play an important role in bequest behavior.

Keywords: Time preference; Time discount rate; Bequest behavior; Socio-demographic characteristics; Japan

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