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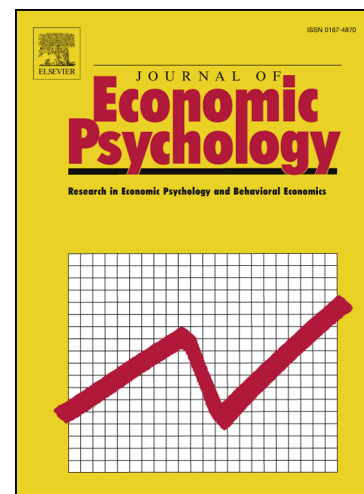
Measures of Individual Risk Attitudes and Portfolio Choice: Evidence from Pension Participants

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Measures of Individual Risk Attitudes and Portfolio Choice: Evidence from Pension Participants*

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Abstract

We use a large non-student sample to test how distinct measures of risk-attitudes relate to each other, to demographic characteristics and to real-life risk taking in the financial domain. These measures, namely the Bomb Risk Elicitation Task (BRET), self-reported willingness to take risks in general, the choice in a hypothetical lottery, the score in the Domain Specific Risk-Taking (DOSPERT) scale, appear to be positively correlated and exhibit a certain degree of consistency. Furthermore, a subset of these measures is driven by similar demographic characteristics as such that males are more risk seeking and risk-aversion increases with age. Using extensive data on the retirement portfolios of the participants during the years 2008-2014, we find that all of these measures are positively correlated with the riskiness of individual portfolios. The self-reported willingness to take risks in general appears to be the most relevant measure in predicting actual risk-taking behavior.

Keywords: Retirement, Equity Allocation, Stock Market Participation, Risk Aversion, Experiment

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