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# Health Shocks and Risk Aversion

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## Highlights

- We find that a health shock increases individual risk aversion.
- This effects persists for at least four years after the health shock.
- Health shocks are identified by changes in grip strength.
- Income changes do not seem to be the driving mechanism.

## Abstract

We empirically assess whether a health shock influences individual risk aversion. We use grip strength data to obtain an objective health shock indicator. In order to account for the non-random nature of our data regression-adjusted matching is employed. Risk preferences are traditionally assumed to be constant. However, we find that a health

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