

Time to See a Doctor: Expenditure at Retirement in Japan^{*}

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Abstract

We test whether there exists a decline in consumption at retirement. We find that a decline in expenditure lasts for at least two years even at expected retirement. However, there is no dip in the consumption of higher-educated households. Further, lower-educated households decrease expenditure on drugs by 25%. An additional survey for healthcare use reveals that frequent visits to the doctor explain the decline in expenditure on over-the-counter drugs. It suggests that the reduced opportunity cost of time to see a doctor induces households to visit a doctor more often than before to obtain prescribed drugs at more affordable prices.

JEL Classification: D12; E21

Key words: buying habits; household consumption; leisure
life cycle/permanent income hypothesis; opportunity cost; retirement

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