Abstract

We document systematic and significant time variation in the profiles of lifecycle consumption expenditures in the US. Consumption profiles have consistently become flatter through time. Pooling data across different periods to identify lifecycle proles masks relevant time variation and may artificially generate hump-shaped consumption age profiles. Although housing influence consumption, the main driver behind this variation are changes in lifecycle income, which display a similar flattening. Employing a lifecycle model we show changes in income are sufficient to match the movements in consumption, while credit and housing may be behind the variation in the lifecycle patterns of asset holdings.