

VALENTINA MICHELANGELI

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EDUCATION

Ph.D., Economics, Boston University, Boston MA, May 2009 (expected)
Dissertation Title: *Economics of the Life-Cycle: Reverse Mortgage, Mortgage and Marriage*.
Dissertation Committee: Laurence J. Kotlikoff, Kenneth L. Judd and Marc Rysman
M.Sc., Economics (*with distinction*), University of Warwick, UK, 2004
B.A., Economics and Management (*with distinction*), University of Bologna, ITA, 2003

ACES Training Program (Advanced Computation in Engineering and Science),
Boston University, Boston MA, May 2009 (expected)
Institute on Computational Economics, University of Chicago, Chicago IL, Summer 2007
Visiting Student, Hoover Institution, Stanford University, February 2008
Visiting Student, London School of Economics, London, UK, Fall 2002
Professional Certificate in Business Administration, I.G.E.A, San Marino, June 2001

FIELDS OF INTEREST

Public Economics, Macroeconomics, Applied Econometrics, Computational Economics

TEACHING EXPERIENCE

Instructor, Introductory Macroeconomics, Boston University, Summer 2007
Teaching Fellow, Introductory Macroeconomics, Department of Economics, Boston University,
Fall 2005, Spring & Fall 2006, Spring 2007, Fall 2008
Tutor, Introductory Macroeconomics, Boston University, 2006-2007

FELLOWSHIPS, GRANTS AND AWARDS

Travel Grant, ICE University of Chicago, USA, August 2008
Institute for Economic Development Travel Grant, Boston University, June 2008
Summer Research Award, Boston University, May 2008
Travel Grant, Hoover Institution, Stanford University, February 2008
Research Assistant Fellowship, Boston University, Fall 2007, Spring 2008
Institute for Economic Development Travel Grant, Boston University, July 2007
Institute for Economic Development Travel Grant, Boston University, July 2006
Ambassadorial Scholarship Academic Year 2004-2005, Rotary Foundation, USA, 2003
Ente Luigi Einaudi Scholarship Academic Year 2003-2004, July 2003
Scholarship for graduate studies, University of Bologna, ITA, July 2003 (declined)
Rotary Youth Leadership Award, Rotary District 2070, ITA, April 2003
Scholarship for a period of research abroad, University of Bologna, ITA, 2002

WORKING PAPERS

“Does it Pay to Get a Reverse Mortgage?” Job Market Paper
“Marrying for Money” February 2007

WORK IN PROGRESS

“Does it Pay to Pay Off Your Mortgage?”

ADDITIONAL RESEARCH EXPERIENCE

Research Assistant for Professor Laurence J. Kotlikoff, Boston University, 2007 - 2008

CONFERENCES AND PRESENTATIONS

Invited Talks January-February 2009: Wharton IRM, Congressional Budget Office, Federal Reserve Board, HEC Montreal, Universite de Montreal Department of Economics, Tilburg University, Universitat Autònoma de Barcelona, University of Alberta, Carleton University, Utah State University, NHH, European Business School, NYU Furman Center, Luiss Guido Carli
Boston University – Boston College Green Line Macro Meeting (GLMM), Boston, September 2008
Empirical Micro Lunch, Boston University, September 2008
Institute on Computational Economics, University of Chicago IL, August 2008
14th International Conference on Computing in Economics and Finance, University of Sorbonne, Paris, France, June 2008
Macroeconomics Dissertation Workshop, Boston University, April 2008
Macroeconomics Dissertation Workshop, Boston University, March 2007

LANGUAGES

Italian (native), English (fluent), French, Spanish and Russian (basic)

COMPUTER SKILLS

AMPL, MATLAB, STATA, Scientific Workplace, Microsoft Office, EViews

CITIZENSHIP/VISA: ITALY/F1

REFERENCES

Professor Laurence J. Kotlikoff

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Boston University
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Professor Kenneth L. Judd

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Professor Marc Rysman

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Boston University
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February 2009

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Does it Pay to Get a Reverse Mortgage? (Job Market Paper)

Many of America's elderly are considering reverse mortgages as a way to relieve their financial pressures. These financial instruments let homeowners a) remain in their homes for as long as possible and b) borrow against their home equity at terms that include large up-front costs and high interest rates. Repayment of this borrowing is triggered by moving, repaid out of house sale proceeds, and capped by the value of those proceeds. Reverse mortgagees who borrow sums that are large relative to their house values and remain in their homes for extended periods of time win this gamble. They enjoy the use of their homes and the borrowed money and simply hand over the keys when they exit their homes, be it vertically or horizontally, for the last time. Reverse mortgagees who borrow large sums and whose home exits occur early lose this gamble. Thus, reverse mortgages constitute the purchase of a no-exit annuity - an annuity that pays off in the form of the housing services of your current home provided you don't permanently exit your home. Since not exiting is partly conditioned on not dying, the no-exit annuity encompasses some longevity insurance. But it also introduces extra risk associated with exiting the home prior to death. This paper uses single households from the Health and Retirement Study (HRS) data to study the economic gains or losses associated with taking out reverse mortgages. These data are examined within a dynamic structural life-cycle model featuring consumption, housing, and mobility decisions. These decisions are made in light of life span and mobility uncertainty. To address the estimation difficulties, we use a set of tools from Applied Mathematics. We find that retirees are risk averse and the home equity is the most important component of precautionary savings. Moreover, reverse mortgages are a very bad option for house-rich, but cash-poor households. For such households, taking out the standard reverse mortgage and borrowing the maximum permitted amount reduces expected utility, on average, to the same degree as a 120 percent loss in financial assets.

Marrying for Money

Ostensibly, people marry for love. In fact money may be the driving factor. Marriage engenders economizing of resources, pooling risks and sharing wealth. How important are these factors? We provide an economic view of marriage and we determine what it is worth. Specifically, this paper is concerned with marriage as an implicit insurance contract against the risk of earning loss, of disability and of running out of consumption resources because of greater than average longevity. Our main finding is that, even though economies of shared living are the dominant factor in the financial gain from marriage, the risk-sharing opportunities provided by the family can play an important role.

Does it Pay to Pay Off Your Mortgage?

Despite the fact that some elderly Americans have enough financial assets to pay off their mortgage, they choose to continue their scheduled mortgage payments until loan termination. While mortgage interest accumulates over time, it is a tax-deductible expense. We investigate whether groups of elderly Americans benefit from retaining a mortgage, distinguishing between the rich and the poor. This paper uses household data from the Health and Retirement Study (HRS) to examine the welfare gain from paying off the mortgage and the welfare loss experienced if the mortgage interest deduction were reduced. These data are examined within a dynamic life-cycle model that incorporates progressive taxation, pension and social security benefits. Consumption decisions are made in light of life span, out-of-pocket medical expenses and interest rate uncertainty.