consists of mortgages on the main residence or on other real estate property, and unsecured
debt of overdrafts, credit card debt, and other unsecured loans.\textsuperscript{5} The distribution of wealth
is highly right-skewed and contains zero and (in the case of net wealth) negative values. We therefore smooth all continuous wealth, debt, and income variables using an inverse hyperbolic sine (IHS) transformation.\textsuperscript{6}

Regarding the present value of inheritances, we follow Fessler et al. (2012) and Leitner (2015) in conservatively assuming real value retention; our consumer price index (CPI) data come from the AMECO database (European Commission, 2016). We use dummy variables to distinguish between large and small inheritances, using the median level of wealth of the respective country as the cut-off between the two. The reference category is households which received no inheritance. The ownership of business assets (in the form of publicly traded or non-traded business assets, with or without self-employment), owner-occupied housing, collateralized debt (i.e. mortgages), and unsecured liabilities (credit card debt, overdrafts, and other unsecured debt) are included in our analysis as dummy variables.

At the person level, we make use of age, education, the number of children present, relationship status, employment status, the hours worked per week, and the work/age ratio of the respondent. We group age into three categories, namely 25-34, 35-44, and 45-60 years. The HFCS provides four education categories, primary, lower secondary, upper secondary and tertiary education, and we have dummy variables for each. The number of children is categorized into zero, one, two, and three or more. Relationship status includes never married, married (or living in a civil union), divorced, and widowed. Employment status comprises seven mutually exclusive categories: 1. employees with and 2. employees without a permanent contract; 3. self-employed without employees; 4. employers, i.e. self-employed with employees; 5. unemployed; 6. out of labour force; and 7. retired. In our estimates, we use a person’s work/age ratio to capture the share of one’s potential working life actually spent working, which can thus be interpreted as historical labour market attachment. It is calculated as the ratio of years during which a person worked (for all or most of the year, as an employee or self-employed) since age 16, over the years in which this person could have potentially worked, i.e. age minus 15. The work/age ratio is thus bounded between 0 and 100\%. The number of hours usually worked per week on average over a year indicates current labour market attachment.\textsuperscript{7}

Finally, the data on earnings give the sum of annual income in the previous twelve months from gross employee, self-employment, and unemployment benefit income, including gross income from public, occupational, and private pension plans. This variable is also IHS transformed and used as an instrument in the selection model.

Table 1 gives an overview of the distribution of the control variables for male and female single households, and for all other households (whose reference person is also 25 to 60 years

\textsuperscript{5}For a detailed discussion of asset valuation in the HFCS, see the European Central Bank (2013a) report and for an in-depth analysis of issues in cross-country comparability, see Tiefensee and Grabka (2014).
\textsuperscript{6}The transformation applied is $W = \text{asinh}(w) = \ln(w) + \sqrt{w^2 + 1}$.
\textsuperscript{7}Weekly hours worked are not available for France.