

Data Alert for RAND HRS, Version P (August 2016)

In the process of creating the RAND HRS and RAND Income and Wealth Imputation files for Version P, we discovered a small bug in our imputations programs. Specifically, in the "tobit" imputations, we inadvertently use the square root of the estimated standard deviation instead of the standard deviation itself. This happens in many of our programs, including those used to produce Version P, and probably all previous versions of the RAND HRS and RAND Income and Wealth Imputation files. Unfortunately, we discovered this issue too late to correct it in Version P, so it will be corrected in the next version.

This affects imputations in the top bracket of each income and wealth component in all waves, and some imputations of medical expenditures and non-core household member income (which is used in constructing our poverty threshold measures) prior to HRS 2010 (Wave 10). We cannot oversee the precise consequences yet, but only a few percent of the observations in each wave and asset or income category include affected imputations. We believe that the effect is most likely to be a moderate downward bias in the imputations, so imputed top incomes and top wealth are moderately lower than they should be (on average). There are also a small number of other imputations that use similar procedures, and are similarly affected because of specific issues (e.g., if there are no donors within the reported bracket).

We advise users to exercise caution when interpreting results that are sensitive to a few large values (e.g. when studying inequality, or the top 1 percent). We expect that most ordinary analyses will not be appreciably affected, especially analyses that use robust methods (e.g., medians, quintiles, regressions on the log scale).