

high) food consumption amount of another respondent with similarly high earnings but with observed food consumption. The imputed values are flagged (i.e., an indicator variable is constructed indicating the level of imputation) and flags and imputed variables will be included in the public release of the data. More refined imputation methods will be applied to later data releases.

7.9 Computing a Comparable Health Index

Hendrik Jürges

Subjective data, such as self-assessed health can be subject to cross-country bias for several reasons. However, there is a fairly straightforward possibility to compute a single measure of health, that is comparable across countries. The main requisite are objective data on the respondents health: self reported diagnosed chronic conditions, mental illnesses, symptoms (especially pain), or functional limitations. If available, one also uses medical records, and measurements and tests like blood samples, grip strength, balance, gait speed, etc. The absence of any conditions, symptoms, or limitations, implies perfect health, i.e. an index value of 1. The presence of a condition reduces the health index by some given amount or %age, the so-called disability weight. The disability weight of each condition or symptom is assumed to be the same for each respondent.

Disability weights are often derived by expert judgements or surveys specialised to elicit health preferences, using time trade-off or standard gambles. In SHARE, we are able to compute disability weights from within our sample (Cutler and Richardson 1997) by estimating ordered probability (e.g. probit) models of self-reported health (which ranges e.g. from „excellent“ to „poor“) on a large number of variables representing chronic conditions, symptoms, ADL problems, depression, physical functioning, height, weight, and cognitive functioning. We can also include our measures of grip strength and walking speed, and basic demographic variables like age and sex. The health index is then computed as the linear prediction from this regression (the latent variable), normalised to 0 for the worst observed health state (often referred to as „near death“) and 1 for the best observed health state (referred to as „perfect health“). This procedure implies disability weights for each condition or impairment that are equal to the respective (also normalised) regression parameters. Since the variable on which we base this measurement is self-reported health itself (and thus potentially subject to cross-cultural bias), we account for country specific reporting styles by modelling the latent variable thresholds as a function of country of residence (i.e. we basically have fixed country effects at each threshold). Thus thresholds are allowed to vary across countries, while disability weights are constrained to be the same in each country.

7.10 Income Imputation

Omar Paccagnella and Guglielmo Weber

The Definition of Income: Total income is the sum of some incomes at the individual level and some at the household level. The basic definition used in the SHARE project reflects money income before taxes on a yearly base (2003) and includes only regular payments. Lump-sum payments and financial support provided by parents, relatives or other people are not included.

The available data at the individual level include: income from employment; income from self-employment or work for a family business; income from (public or private) pensions or invalidity or unemployment benefits; income from alimony or other private regu-