

The main goal of this thesis is to analyze life-cycle consumption using Czech microeconomic data from the 2000-2008 Household Budget Survey (HBS). Inspired by Gourinchas and Parker (2002), who analyzed life-cycle consumption on American data, we construct the Czech average household life-cycle consumption and income profiles. It is found that the Czech average consumption profile is increasing over the whole life-cycle and there is no hump-shape in the profile, contrary to the American results. Consumption tracks income early in life and a breakpoint in household behavior is identified at age 45. Czech evidence on household consumption is interpreted in the context of the Certainty-Equivalent Life-Cycle Hypothesis Model and in the context of the Gourinchas & Parker (2002) Model of life-cycle consumption under income uncertainty, which brings a significant value-added for interpretation of the Czech profiles. The household behavior is interpreted by varying strengths of the precautionary (assuring against income uncertainty) and retirement motives for savings over the life. It is found that the Czech household life-cycle behavior can be interpreted in the similar way as the behavior of the US households.