

1023-60-1396

**Erhan Bayraktar\*** (erhan@umich.edu), Dept.of Mathematics, 530 Church Street, Ann Arbor, MI 48109. *Correspondence between Lifetime Minimum Wealth and Utility of Consumption.*

We establish when the two problems of minimizing a function of lifetime minimum wealth and of maximizing utility of lifetime consumption result in the same optimal investment strategy on a given open interval  $O$  in wealth space. To answer this question, we equate the two investment strategies and show that if the individual consumes at the same rate in both problems – the consumption rate is a control in the problem of maximizing utility – then the investment strategies are equal only when the consumption function is linear in wealth on  $O$ . It, then, follows that the corresponding investment strategy is also linear in wealth and the implied utility function exhibits hyperbolic absolute risk aversion. (Received September 25, 2006)