Abstract:
This paper investigates how the timing of information affects consumption and savings decisions. In both developed and developing contexts, we find that that more time to anticipate receiving a windfall payment leads to more patient decisions. Using Nielsen Consumer Panel data, we find higher marginal propensities to spend for households scheduled to receive the 2008 Economic Stimulus Payments sooner. Using data from randomized experiments in Kenya and Malawi, we find higher savings and assets among households scheduled to wait longer before receiving lump-sum unconditional cash transfers. Finally, we discuss existing evidence on how consumption responds to gains, losses, and news in light of our model.