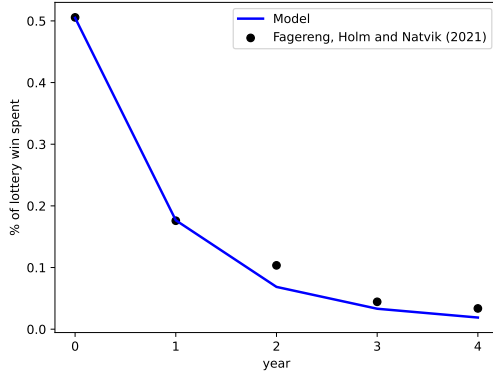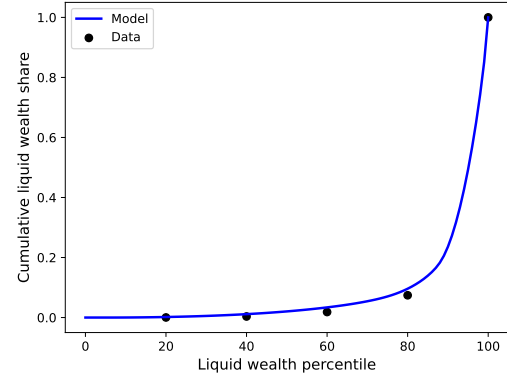**Figure 1** Model fit to spending behavior and wealth distribution

(a) Spending dynamics after lottery win

(b) Liquid wealth distribution

Note: This figure demonstrates the calibration of the splurge factor (Section **??**). Panel (a) shows the model's fit to the dynamic consumption response following lottery wins in Norway, as estimated by Fagereng, Holm, and Natvik (2021) using millions of population registry records. The splurge factor of $\varsigma = 0.249$ allows the model to match both the high initial MPC and the gradual spending over subsequent years. Panel (b) shows the model's fit to the U.S. liquid wealth distribution from the 2004 SCF, with 92.6% of liquid wealth held by the top income quintile. See Section **??** for the liquid wealth definition following Kaplan and Violante (2014).

References

Fagereng, Andreas, Martin B. Holm, and Gisle J. Natvik (2021): "MPC Heterogeneity and Household Balance Sheets," *American Economic Journal: Macroeconomics*, 13(4), 1–54.

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