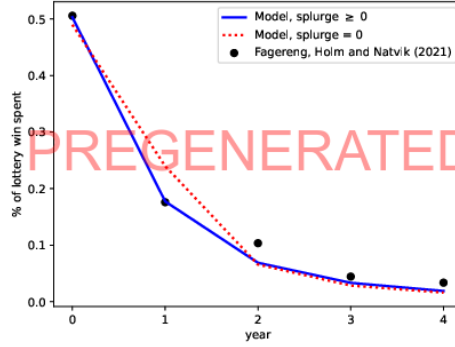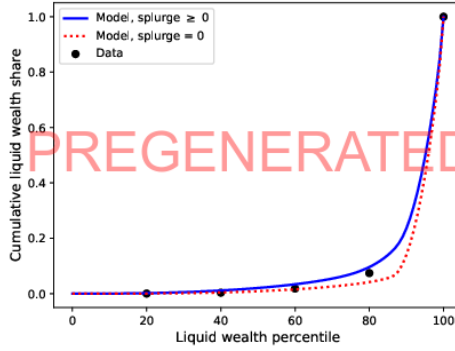FIGURE 1. PRECOMPUTEDModel performance with and without splurge factor

(a) Spending dynamics comparison

(b) Wealth distribution comparison

Note: This figure compares model performance with and without the splurge factor (Appendix **??**). Subfigure (a) shows the fit to dynamic consumption response from **?**; the model without splurge achieves high initial MPC through wider discount factor distribution ($\beta = 0.921, \nabla = 0.116$) versus the baseline model ($\beta = 0.968, \nabla = 0.0578$). However, it exhibits higher spending propensity in year 2 due to faster spending by borrowing-constrained agents. Subfigure (b) shows the liquid wealth distribution fit; the no-splurge model generates more unequal wealth distribution relative to baseline and empirical data from the 2004 SCF. While both models perform reasonably well, the splurge factor provides superior empirical fit.