



## Seminario di Ricerca

# Who Saves More, the Naive or the Sophisticated Agent?

**Abstract:** We consider a class of additively time-separable life-cycle consumption-savings models with iso-elastic per period power utility featuring resistance to inter-temporal substitution of  $\theta$  with linear consumption policy functions. The utility maximization problem is dynamically inconsistent for almost all specifications of effective discount factors. Pollak (1968) shows that the savings behavior of a sophisticated and a naive agent is identical with logarithmic utility ( $\theta=1$ ). We extend this result by showing that the sophisticated agent saves in any period a greater fraction of her wealth than the naive agent if and only if  $\theta \geq 1$ , irrespective of the discount function.

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**Giovedì 25 maggio 2023, ore 12.00-13.30**  
**Sala Riunioni Dies,**  
**via Tomadini 30/a, Udine**

La comunità universitaria è invitata a partecipare