

THE ROLE OF TIME PREFERENCE ON WEALTH

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ABSTRACT

Using data from the National Longitudinal Study of Youth 1979, this analysis affirmed the influence of time preference on wealth. Time preference was measured using the respondent's behaviors as proxies for time preference. These behaviors included smoking, negative behaviors related to drinking, time spent exercising, the frequency reading a nutrition label, body mass index, drug use, and the highest grade completed by the respondent. The composite score was created from standardized proxy variables and then summed to create an additive score; higher scores indicated a higher rate of time preference. Ordinary least squares regression found a significant and negative relation between time preference and wealth.