ON THE INTERACTION OF MEMORY AND PROCRASTINATION: IMPLICATIONS FOR REMINDERS, DEADLINES, AND EMPIRICAL ESTIMATION

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Abstract
The interaction between present-bias and limited memory can explain why individuals do not act at deadlines and why providing reminders can have large effects. Individuals in my model must choose when and whether to complete a task, but may forget or procrastinate. A calibration exercise shows that assuming perfect memory leads to biased estimates of present-bias because the rate of task completion at the deadline is much lower with imperfect memory. Naive procrastination explains why individuals do not set up reminders despite large gains to doing so. The model offers guidance for empirical studies of reminders, making a distinction between anticipated and unanticipated reminders: anticipated reminders can induce additional procrastination, lowering both welfare and the probability the task is completed. I then use this framework to show how to optimally set deadlines and time the delivery of reminders to present-biased individuals. (JEL: D01,D03,D91)

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