The Effect of Financial Resources on Fertility: Evidence from Administrative Data on Lottery Winners

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Abstract

This study examines how financial resources affect fertility decisions by analyzing administrative data on lottery winners in Taiwan. Implementing a triple-differences design, we find that winning 5 million NT$ increases fertility by 0.06 children, with an implied wealth elasticity of 0.15. The effect primarily operates through childless individuals having their first child, while winners with existing children show smaller fertility responses but increase investments in child quality, such as purchasing homes in neighborhoods with better educational resources and funding overseas education. Additionally, about 29% of the fertility effect stems from increased marriage rates, particularly among male winners.

1 Introduction

Global fertility rates have significantly declined over the past few decades (OECD, 2019b), raising concerns about aging populations and economic impacts (Bloom et al., 2010; Caldwell, Caldwell and McDonald, 2006; Sleebos, 2003). In response, many countries have implemented programs that provide financial incentives for having children, with public spending on these pro-natality incentives accounting for 1.1% of GDP on average in OECD countries (OECD, 2019a). The rationale behind these policies is grounded in economic theory and empirical evidence showing that children are normal goods—that is, higher income leads to increased fertility (Becker, 1960). Indeed, a substantial body of research using quasi-experimental has demonstrated positive causal effects of income on fertility (Daysal et al., 2021; Ager and Herz, 2020; Lovenheim and Mumford, 2013; Black et al., 2013; Lindo, 2010). However, the literature still lacks comprehensive analysis of the underlying mechanisms, such as whether effects operate through extensive versus intensive margins, or how wealth shocks affect related family outcomes like marriage decisions and educational investments in existing children. Moreover, while previous studies have utilized various sources of income variation, very few studies have exploited lottery winnings as a source of exogenous wealth shocks to examine fertility responses. Lottery wins offer unique advantages as they are random and represent large, unexpected wealth changes.

This paper examines the fertility impact of large and unexpected wealth shocks induced by lottery prize. We exploit the richness of long panels of administrative data on more than 0.4 million lottery winners in Taiwan. This unique dataset enables us to track the same individuals over time to investigate the effects of cash windfalls on fertility over a period of six years after lottery wins. Our empirical strategy is a triple-differences design that hinges on three variations: 1) observation times (pre- and post-winning); 2) the timing of the lottery win (current v.s. future winners); and 3) the amount of prizes (a continuous measure). Since future winners are individuals who will receive prizes in later years, their current fertility behavior should be unaffected by their future windfalls, making them serve as a control group to account for other factors that could affect fertility behavior. Additionally, we leverage the variation in prize amounts to estimate the per-dollar effect of the lottery winnings. Therefore, this design identifies the causal effects of lottery wins by comparing fertility trends between current and future winners who win different amounts of prizes.

We obtain three key findings. First, a 5 million NT$ ($\approx$ 165,000 US$) lottery windfall significantly increase fertility. On average, winners would have an additional 0.06 children within six years of winning, indicating a roughly 20% increase relative to the baseline mean. The implied wealth elasticity of fertility is around 0.15, which is close to the estimates from previous research utilizing other resource shocks (Daysal et al., 2021; Ager and Herz, 2020; Lovenheim and Mumford, 2013; Black et al., 2013; Lindo, 2010). We further find that while larger prizes lead to greater fertility responses, the marginal effect of each additional dollar diminishes for extremely large winnings. Additionally, the fertility effect is more pronounced for individuals with lower pre-existing wealth levels, suggesting that financial constraints might play a role in reproductive decisions as individuals tend to have children only when they have accumulated sufficient resources to meet the anticipated costs of raising children.

Second, we find that receiving cash windfalls increases fertility primarily by inducing childless individuals to have their first child (the extensive margin). By contrast, lottery wins have a smaller impact on subsequent births for those who already have children (the intensive margin). This aligns with Becker (1960)'s supposition that income elasticity for the quantity of children should be small when parents face a quality-quantity trade-off. Parents may choose to invest the lottery prizes in the human capital of their existing children rather than having additional offspring. To investigate this hypothesis, we focus on individuals who had children prior to winning the lottery and examine how they spend their winnings on investments in child quality. Our results reveal that lottery-winning parents are more likely to purchase homes in neighborhoods with a higher proportion of students attending prestigious universities. This suggests that these parents use their winnings to relocate to areas associated with better educational outcomes. Moreover, we observed that winning lottery prizes significantly increased the likelihood of sending children to study abroad, an option typically associated with higher costs and perceived as higher-quality education.

Lastly, given that fertility and marriage decisions are often interrelated (Baizán, Aassve and Billari, 2003; Aassve et al., 2006; Marchetta and Sahn, 2016), especially in East Asian societies where people typically marry before having children (Myong, Park and Yi, 2021), we also investigate how cash windfalls affect people's decision to get married. Our results suggest that a 5 million NT$ windfall increases marriage rates by 3.8 percentage points, with effects exclusively concentrated on single males. To quantify how much of the fertility response is explained by changes in marriage, we implemented a causal mediation analysis (Hsia et al., 2025; Breivik and Costa-Ramón, 2022), and find approximately 29% of the overall fertility effect can be attributed to increased marriage rates. These results shed light on a mechanism whereby windfalls influence fertility decisions in part by making people more likely to get married (Malthus, 1798; Becker, 1960; Ahn and Mira, 2002).

Our paper contributes to the existing literature in several ways. Firstly, we provide new evidence on the causal effect of family resources on fertility decisions by utilizing lottery-induced cash windfalls. Recent studies have employed plausibly-exogenous changes to family wealth or income to investigate this issue, such as job displacement (Lindo, 2010; Huttunen and Kellokumpu, 2016), housing price (Lovenheim and Mumford, 2013; Daysal et al., 2021), natural resource shocks (Black et al., 2013; Ager and Herz, 2020), and macroeconomic environment (Schaller, 2016; Autor, Dorn and Hanson, 2019). For instance, Lovenheim and Mumford (2013) and Daysal et al. (2021) found that a 12,000 US$ increase in home value leads to a 2.11% and 2.35% higher fertility rate in the US and Denmark, respectively. Consistently, Lindo (2010) observed that a negative income shock from a husband losing his job significantly reduces total fertility.

Our study advances this body of work in several ways. First, lottery winnings provide a cleaner identification of income/wealth effects, with less concern about the influence of other mechanisms. For instance, as Daysal et al. (2021) noted, housing wealth can affect fertility through two main mechanisms with opposite effects: an increase in housing prices may encourage households to have more children due to a positive wealth effect, but it may also increase the cost of raising children (i.e., price effect) since housing is a major input to childbearing expenses, potentially discouraging fertility (Dettling and Kearney, 2014).[1] Similarly, job displacement not only affects income but also increases future uncertainty and alters time availability (Huttunen and Kellokumpu, 2016).[2] Since lottery winnings do not directly affect the cost of childbearing or time availability, the estimated effects can be more confidently attributed to the pure income/wealth effect. Moreover, Taiwan's high lottery participation rate allows our estimated sample to be fairly representative. Our estimated sample closely resembles the population in various characteristics (e.g., age, place of residence, income, and wealth). Finally, our study leverages registry data, which enables us to track fertility decisions and related outcomes (e.g., marriage, home buying, and college attendance) for many years following the wealth shocks. This comprehensive dataset allows us to analyze these interrelated outcomes within a unified empirical framework.

This study also contributes to the emerging literature on how lottery-induced wealth shocks affect fertility (Bleakley and Ferrie, 2016; Bulman, Goodman and Isen, 2022; Cesarini et al., 2023). Two concurrent working papers using lottery data from the US (Bulman, Goodman and Isen, 2022) and Sweden (Cesarini et al., 2023) offer particularly relevant comparisons to this paper. Bulman, Goodman and Isen (2022) examine multiple outcomes, including home buying, marriage, and fertility. However, their study places greater emphasis

[1]For example, Liu, Liu and Wang (2023) examine the impact of home value on fertility in the context of China and identify a negative response. They argue that in developing countries, the relative importance of wealth and price effects may differ substantially from developed economies. The positive wealth effect is limited due to inadequate credit markets restricting home equity extraction. Meanwhile, the negative price effect may be more pronounced as homeowners are more likely to enlarge houses for newborns locally rather than moving, due to restricted labor mobility and relatively worse housing conditions. Consequently, they suggest that the fertility effect of a housing boom may be less positive or even negative in developing and emerging economies.

[2]Huttunen and Kellokumpu (2016) shows that when women lose their jobs, it has a stronger negative impact on fertility compared to when men lose their jobs, even though male job displacement leads to a greater reduction in family income. This suggests that the negative effect of job displacement on fertility may not be solely driven by income effects.

on home ownership and finds negligible impact on fertility. Similarly, Cesarini et al. (2023) examines how lottery winnings influence marital status and fertility but focuses more on marital outcomes. They find that a lottery win of approximately 100,000 US$ significantly increased cumulative fertility by 0.025 children within five years, aligning with our estimates.[3]

Our study advances this stream of literature in several important ways. First, we examine the effects of wealth on both fertility decisions and parental investments in children's human capital within a unified empirical framework. Our results suggest that the impact of lottery wealth on fertility is influenced by parents' considerations of the quantity-quality trade-off in children. Specifically, we observe that lottery winners with existing children tend to have fewer post-win children compared to childless winners, likely because they allocate windfall gains to child quality investments, such as purchasing homes in neighborhoods with better educational resources or funding overseas education. Relatedly, Bleakley and Ferrie (2016) examine how wealth impacts fertility and children's human capital using a land lottery that took place in Georgia in the early 19th century. They found that land lottery winners had slightly higher post-lottery fertility than losers. However, given the historical context, direct comparisons with research using modern data are challenging. For instance, they found no evidence of improved children's outcomes, possibly because winners invested in farmland, increasing children's opportunity cost of schooling through enhanced farm labor productivity.[4] Our study extends this work by examining how wealth shocks affect fertility decisions and child investments in a modern context. In our setting, confounding factors present in the 19th century, such as increased child labor value, are largely absent.

[3]Another relevant study is Cesarini et al. (2016), which uses the same Swedish lottery dataset as Cesarini et al. (2023). However, Cesarini et al. (2016) primarily focused on the effects of wealth shocks on child development, examining factors such as hospitalizations, drug prescriptions, and cognitive and non-cognitive skills. Their main text contained minimal discussion on fertility effect (with results presented in the Online Appendix).

[4]Bleakley and Ferrie (2016) discussed this possibility in their analysis of Case 2 in Figure II (see page 1474). They suggest that if families used lottery winnings to buy more land, it could alter the optimal amount of schooling for their children. The opportunity cost of a child's time might increase if their labor became more productive on the family farm in a way that was imperfectly substitutable for hired labor. Conversely, a larger farm might also be a more complex enterprise, potentially increasing the returns to having an educated child. These competing effects could potentially explain the lack of observed impact on children's human capital in their historical context.

Second, we provide a systematic comparison of lottery effects on fertility across different contexts, focusing on the research using contemporary individual-level data (Bulman, Goodman and Isen, 2022; Cesarini et al., 2023). Building on the analysis from Daysal et al. (2021), we highlight two factors that might contribute to the varying impacts of cash windfalls on fertility: 1) the net price of having children and credit constraints; 2) the marriage and fertility relationship. For example, in Taiwan and Sweden, we observe substantial increases in fertility following cash windfalls, with approximately 20% to 40% of the fertility effect attributed to changes in marital status. Conversely, while lottery wins in the US did increase marriage probabilities, they did not significantly impact overall fertility, indicating an absence of the marriage mediation effect.

The remainder of this paper is organized as follows. In Section 2, we discuss our data and the sample selection process. Section 3 presents our empirical strategy. Section 4 presents the main results and carries out robustness checks. Section 5 shows the heterogeneous effect of lottery wins. Section 6 illustrates the effect of cash windfalls on other related outcomes. Section 7 compares our results with the findings from previous studies, whilst section 8 provides concluding remarks and some future research recommendations.

2 Data and Sample

2.1 Data

We base our analysis on several administrative records: 1) Income registry file 2) Wealth registry file 3) Household registry file, and 4) College enrollment file, provided by Taiwan's Fiscal Information Agency (FIA). All files contain individual identifiers (i.e., scrambled personal ID), which allows us to merge them at the individual level.

Our lottery data is derived from the income registry file, which records all payments made to individuals on an annual basis. This file encompasses both third-party reported income sources and self-reported information. Third-party reported sources include wage income, interest income, pension income, and crucially for our study, lottery income. Self-reported information covers rental income, business income, and agricultural income.

Our data includes all lottery prizes above 2,000 NT$ (approximately 66 US$). For prizes above this amount, the awarding institutions are required to withhold a 20% tax and report the winnings to the FIA. During our study period, the Taiwanese government operated three main types of lotteries: the Public Welfare Lottery, the Taiwan Receipt Lottery, and the Taiwan Sports Lottery. We excluded Sports Lottery winners from our analysis because winning in sports betting may depend on the player's experience and judgment, rather than being purely based on chance.

The Public Welfare Lottery is highly popular in Taiwan, with approximately 68% of adults having purchased a ticket at least once (Hsiao, 2013). Similarly, the Taiwan Receipt Lottery is also highly prevalent, as consumers automatically participate through everyday purchases when they receive invoices containing lottery numbers. While businesses with monthly revenue below 200,000 NT$ are exempt from issuing receipts, approximately 70% of businesses participate in the receipt system.[5] Government data indicates that about 70% of winning receipts are redeemed (FIA, 2023), suggesting that most people retain their receipts and regularly check for winning numbers. Online Appendix A provides more details about the Public Welfare Lottery and Taiwan Receipt Lottery.

For each lottery winner, the income registry file provides the following information: the individual ID, the redemption amount, and the ID of the bank where the prize was redeemed. We utilize the bank ID to identify and exclude Sports Lottery winners, as each lottery game uses specific banks for prize redemption. When winners redeem their prizes, our data shows the total redemption amount. If someone redeems multiple prizes at the same time, we can only see their combined value, not the amount of each individual prize. Using this redemption information, we construct annual lottery income for each individual. Similar

[5] See https://www.fia.gov.tw/singlehtml/43?cntId=c881194d85ce4fc99561c898796f7ef6. Essential service providers, including utility and telecommunications companies, consistently issue receipts due to their higher revenue levels, ensuring widespread receipt collection in daily transactions.

to other studies that obtain lottery winning records from tax return data (Golosov et al., 2024; Bulman et al., 2021; Bulman, Goodman and Isen, 2022), we don't have information on individual lottery ticket purchases or expenditures.

Our primary outcome of interest is fertility, measured as the number of children an individual has in a given year. We construct this measure from the household registry file using birth year and parents' IDs. The household registry file also provides data on other demographic information, including gender, year of marriage, and spouse's ID, which we use to construct marital status outcomes. We also measure college enrollment as an outcome using the college enrollment file, which combines third-party reported records from all domestic colleges and self-reported enrollment from tax returns (which includes overseas colleges). While third-party data are comprehensive, self-reported data only cover tax filers. Around 1.5% of college-aged individuals in our sample study abroad, consistent with government statistics.[6]

To measure individuals' financial resources, following Lien et al. (2021) and Chu, Kan and Lin (2019), we utilize the income and wealth registry files to construct individual-level wealth data. The wealth registry file also allows us to define home ownership and connect it with neighborhood quality at the village level.[7] We measure neighborhood education quality by the likelihood of college-age population attending top-ranking colleges (top 1, top 5, and top 10).[8] This serves as a reasonable proxy for educational opportunities, as previous studies document significant regional variations in college attendance that persist even after controlling for parental education and family income (Luoh, 2002, 2018; Chen and Liu, 2008). Detailed construction procedures for all outcome variables and wealth data are provided in Online Appendix B.

[6]According to statistics from the Ministry of Education (MOE), Taiwan, around 57 thousand students are currently studying abroad, accounting for roughly 1.5% of the population of college students.

[7]Taiwan has around 7,800 villages, with an average population of 3,000 per village. The village level roughly corresponds to the census tract level in the US.

[8]Taiwan has around 140 colleges. For top 1, top 5, and top 10 colleges, their enrollment accounts for roughly 1%, 3%, and 5% of the college-age population, respectively.

2.2 Sample

We impose several restrictions to construct the estimation sample. First, individuals must be aged 20–44—the primary childbearing years—at the time of winning. Second, we exclude individuals who died during the study period, thus creating a balanced panel. Third, to maintain comparability with two concurrent lottery studies (Bulman, Goodman and Isen (2022) and Cesarini et al. (2023)),[9] we exclude winners who won an extremely large prize above 50 million NT$ ($\approx$ 1,670,000 US$). In robustness checks, we use alternative cut-offs from 10 million to 150 million NT$ for the maximum prize amount.

Fourth, we limit the sample to those who first won lottery prizes of at least 5,000 NT$ in the study period. Winners who only won a prize less than 5,000 NT$ are excluded. This restriction makes our sample representative of the broader population, based on observable characteristics, and allows controling for previous lottery winning times (of prizes below 5,000 NT$). Finally, we track these individuals over 10 years, from 3 years before to 6 years after winning. The sample period is from 2004 to 2018. The final sample contains over 406,922 lottery winners across a wide range of windfall amounts. Table C1 in the Online Appendix C displays the distribution of lottery prizes. The amount of lottery wins is on a post-tax basis and adjusted to 2016 NT$ using the Consumer Price Index (CPI).

Table 1 compares individual characteristics across samples defined by different minimum prize thresholds (2,000, 5,000, and 50,000 NT$) and contrasts these with the general Taiwanese population aged 20–44 during the sample period.[10] These characteristics are measured in the year before the lottery win, and all monetary values are adjusted to 2016 NT$ using the CPI. Our main analysis focuses on winners whose first win exceeds 5,000 NT$. With this threshold, we find that the gender distribution in our sample closely mirrors that

[9] Bulman, Goodman and Isen (2022) exclude prizes above 500,000 US$. Cesarini et al. (2023), while they do not exclude large prizes, the maximum prize in their analysis is 50,000 SEK per month for 50 years—leading to a roughly 1,800,000 US$ total prizes given a 2% discount rate.

[10] We utilize all individuals aged 20–44 from 2007–2012 to construct population data. The sample size is around 11 million observations. For each individual, we randomly assign one year between 2007–2012 as a placebo "winning year." We then use their individual characteristics from the year prior to this randomly assigned placebo winning year in our analysis.

of the general population. Specifically, this restriction results in a sample comprising 52% female participants, very close to the 50% observed in the broader population. In robustness checks, we test different minimum prize thresholds: 2,000 NT$ (the smallest observable prize) and 50,000 NT$. Our main results remain similar across these different thresholds.

Overall, lottery winners in this main sample are broadly similar to the general Taiwanese population aged 20–44, with some slight differences. Most income and wealth-related variables are comparable between winners and the general population. Winners are slightly older on average (31.9 vs. 31.4 years), with correspondingly higher rates of marriage (46% vs. 41%) and more children (0.88 vs. 0.82).

3 Identification Strategy

This section introduces our identification strategies that establish causal inferences about how the receipt of lottery prizes affects people's fertility behaviors. Before formally introducing our regression model, we first explain the basic intuition behind our research design.

Intuition of Research Design. The intuition behind our identification strategy can be understood through three steps. To begin with, one natural starting point is a first-differences design that utilizes changes in fertility behavior before and after lottery wins. This approach relies on the assumption of no other time-varying factors affecting fertility decisions except lottery wins. Figure 1a illustrates this idea by plotting the evolution of total children ever born for winners of prizes exceeding 1 million NT$ (solid line, circle symbol) over time from lottery wins. We observe a modest acceleration in fertility trend after winning compared to the pre-winning period, with the winners having 0.317 more children on average six years after winning compared to the base year.

However, the first-differences estimate may be confounded by time-varying factors beyond lottery winnings that affect fertility decisions. To address these concerns, inspired by Golosov et al. (2024), we then incorporate a control group consisting of future lottery winners—individuals who won substantial prizes in later years. Figure 1b adds future winners who won over 1 million NT$ (dashed line, square symbol). We define their "placebo" winning year as six years before their actual winning year. Three key insights emerge from this comparison. First, pre-winning fertility trends of current and future winners are virtually identical, suggesting that future winners' fertility trends could serve as a plausible counterfactual for current winners in the absence of lottery wins. Despite not receiving any lottery prizes during this period, future winners also experienced an average increase of 0.254 children in their cumulative fertility from the base year to six years after their placebo winning year. Second, following the receipt of lottery prizes by current winners, fertility trends begin to diverge between current and future winners. Third, the effect persists for at least 6 years after winning. In our sample, lottery winners who won over 1 million NT$, on average, received 4.7 million NT$. Hence, when considering the fertility rates of future winners over the same period, a simple difference-in-differences (DID) estimator—calculated as the difference in fertility changes between current and future winners (0.317 v.s. 0.254)—indicates that winning the lottery of roughly 5 million NT$ increases fertility by 0.063 children.

While this simple DID estimate provides a transparent illustration of our identification strategy, it has two limitations. First, the binary treatment definition masks rich variation in prize amounts. Second, comparing our estimates with existing literature is challenging since prior studies typically report per-dollar effects of wealth shocks (Lovenheim and Mumford, 2013; Daysal et al., 2021; Bulman, Goodman and Isen, 2022; Cesarini et al., 2023). To address these limitations, our main specification further exploits the variations in prize amounts, which is essentially a triple-differences (DDD) design that leverages three sources of variation: 1) observation times (pre- and post-winning); 2) the timing of the lottery win (current v.s. future winners); and 3) the amount of prizes (a continuous measure).[11] This design can also be viewed as a DID estimate that varies across the distribution of winnings, as we compare the difference in outcomes before and after the lottery win between current winners and

[11] While the typical DDD design usually relies on dichotomous variation, DDD design can incorporate continuous variables as one of the variations. This approach is also evident in studies by Hoynes, Schanzenbach and Almond (2016) and Reddig (2024), where one of the variations is continuous.

future winners while allowing this effect to vary with the size of the prize won.

Empirical Specification. To formalize this triple-differences design, we implement an event-study specification that traces the dynamic effects of lottery wins on fertility outcomes. Specifically, we estimate the following regression model:

$$\begin{aligned} B_{it} = {} & \alpha_0 Prize_i + \alpha_1 Current_{i,\ell} + \alpha_2 Prize_i \times Current_{i,\ell} + \sum_{s \neq -1} \kappa_s \cdot \mathbf{I}[t = \ell + s] \\ & + \sum_{s \neq -1} \lambda_s \cdot Prize_i \times \mathbf{I}[t = \ell + s] + \sum_{s \neq -1} \beta_s \cdot Current_{i,\ell} \times \mathbf{I}[t = \ell + s] \\ & + \sum_{s \neq -1} \gamma_s \cdot Current_{i,\ell} \times Prize_i \times \mathbf{I}[t = \ell + s] + a_{it} + \theta_t + \boldsymbol{X_i}\psi + \varepsilon_{it} \end{aligned} \tag{1}$$

The outcome of interest (B_{it}) is the cumulative number of children that an individual i ever has at year t. $Prize_i$ denotes the amount of individual i's first lottery win, measured in units of 5 million NT$ ($\approx$ 165,000 US$). $Current_{i,\ell}$ is a dummy variable equal to 1 if individual i is a current winner who first won lottery prizes during 2007–2012 (year ℓ), and equal to 0 for future winner who first won lottery prizes during 2013–2018 (year $\ell + 6$). For future winners, ℓ is a "placebo" winning year determined by subtracting 6 from their actual winning year. Event time dummies $\mathbf{I}[t = \ell + s]$ indicate whether the observation year t is s years before or after the (placebo) lottery winning year ℓ, where $s = -3, -2, 0, 1, 2, 3, 4, 5, 6$. Our sample comprises a balanced panel of individuals observed annually from three years pre-winning ($s = -3$) to six years post-winning ($s = 6$). We normalize the event time dummy coefficients at the baseline year ($s = -1$) to zero.

We fully interact $Current_{i,\ell}$ with prize amount $Prize_i$ and event time dummies $\mathbf{I}[t = \ell + s]$. Our specification includes two key sets of interaction terms that control for potential confounding trends. First, the interaction terms $Prize_i \times \mathbf{I}[t = \ell + s]$ account for differential fertility trends between winners of larger versus smaller prizes. These controls are crucial because our data, similar to studies using tax return data (Golosov et al., 2024; Bulman et al., 2021), lacks information on lottery ticket purchases and expenditures that could help us control for potential non-randomness in winning amounts. For example, urban residents might have better access to lottery retailers and purchase more tickets than rural residents, potentially leading to systematic differences in winning amounts. Table C2 in Online Appendix C examines whether lottery prize amounts are correlated with winners' pre-lottery characteristics. Among current winners, we find no significant correlation between prize amounts and most pre-lottery characteristics. For those that yield significant relationship, we identify similar patterns among future winners, which justify the needs of introduce future winners as a comparison group to account for potential differences in fertility trends between winners of larger versus smaller prizes.

Second, the interaction terms $Current_{i,\ell} \times \mathbf{I}[t = \ell + s]$ control for differential fertility trends between current and future winners. Table C3 in the Online Appendix C compares the characteristics between these two groups. We find great similarity between the two, despite the current winners are slightly older than the future winners—a pattern also documented in Golosov et al. (2024). In Section 4.2, we reweight future winners to match the age distribution of current winners, and our main results remain unchanged.

The key identification variables in regression (1) are the third-level interactions: event time dummies $\mathbf{I}[t = \ell + s]$ interacted with current winner dummy $Current_{i,\ell}$ and prize amount $Prize_i$. Its coefficients γ_s measure the effect of a 5 million NT$ windfall on the outcome of interest. Since age is a crucial factor influencing fertility behavior, we include age fixed effects (a_{it}) in all specifications. These effects control for underlying life-cycle fertility trends in a non-parametric way. We also include year fixed effects (θ_t) to account for macroeconomic impacts and general fertility patterns in Taiwan. Our models incorporate several pre-determined covariates ($\boldsymbol{X}_i$) measured in the year before lottery winning, including the frequency of lottery prize redemption up to three years before an individual's first significant win.[12] While we cannot directly observe ticket purchases, this redemption frequency serves

[12]Specifically, we control for the frequencies of lottery prize redemption in one, two, and three years prior to the lottery win, where each frequency variable is calculated on an annual basis (i.e., the number of prizes redeemed per year). This approach allows us to capture varying patterns of lottery participation over time. Note that we define the "lottery winning year" as the year when an individual first won a prize of at least

as a proxy for lottery participation intensity. Given these controls and specifications, our identifying assumption is that among current and future winners who receive similar prize amounts, the timing of their winnings should be determined by random chance rather than by systematic differences in their lottery-related behaviors. In other words, conditional on the included controls, these winners should exhibit similar lottery participation intensity (e.g., purchasing frequency) over time, with the only difference being that some are fortunate to win large prizes earlier while others win later. Finally, the error term in our model is represented by ε_{it}. As we follow individuals over time, we cluster standard errors at the individual level in all regressions to account for potential serial correlation.

4 The Effect of Cash Windfalls on Fertility

4.1 Main Results

Figure 2 shows the estimated γ_s of our DDD regression (Equation (1)), i.e., the effect of a 5 million NT$ windfall on cumulative fertility. First, we find that the estimated coefficients in the pre-winning period ($s = -3, -2$) are very small and not statistically significant, thereby suggesting that pre-trends run parallel. Consistent with the graphical evidence in Figure 1, the estimated γ_s indicates that the receipt of a large cash windfall can stimulate fertility immediately, and the effects persist for at least 6 years.

Since our primary focus is on the total number of children, we use the estimate from the sixth year after the lottery win ($s = 6$) to capture the effect of lottery winnings on fertility. Table 2 presents the DDD estimates, begin with a basic model without any controls (Column (1)). We then progressively introduce fixed effects for the winner's age, year-fixed effects, individual characteristics prior to the win, number of children prior to the win, and past lottery redemption history (Columns (2) to (6)). The stability of the estimates across various specifications is reassuring and provides robustness to our results.

5,000 NT$. Winners may have had smaller wins (below 5,000 NT$) before this.

Our preferred specification is Column (6) in Table 2, which includes all covariates. It indicates that winning a prize of 5 million NT$ leads to a significant increase in the number of births by 0.063. That is, for every 100 winners of 5 million NT$, 6 more children were born by the sixth year following the win compared to what would have occurred without the major prize. This represents a 20% increase over the baseline change in the number of children born between $s = -1$ and $s = 6$ for the comparison group (i.e., future winners).

To evaluate the sensitivity of fertility behaviors to wealth changes, Online Appendix D provides detailed calculations of the elasticity of fertility with respect to wealth. The results reveal a wealth elasticity of fertility of approximately 0.15, which falls within the range of previous studies using housing price shocks.[13] This positive income/wealth effect is consistent with the central proposition of neoclassical economic theory of fertility, which posits that children are normal goods, as proposed by Gary Becker (Becker, 1960, 1965).

4.2 Falsification Tests and Robustness Checks

In this section, we first implement a series of falsification tests for our preferred specification (i.e., Column (6) in Table 2). Specifically, we randomly permute lottery prizes among winners 1,000 times to create "pseudo" prizes, then re-estimating the treatment effect. Figure E1a in the Online Appendix E shows our real estimates (bold line with circles) substantially exceed the pseudo estimates (thin gray lines) in the post-winning period. Figure E1b focuses on γ_6, which examines he effect by the end of the sixth year after lottery win. The result suggests that the real estimate is exceptionally larger than any fake one. Specifically, the permutation p-value is 0.003. In sum, the placebo test confirms that significant estimates in our main results are unlikely to be chance findings.

We further conducted several robustness checks (reported in the Online Appendix E), including adjusting the range of lottery win amounts, reweighting the sample to match general

[13]For example, Lovenheim and Mumford (2013) find a wealth elasticity of fertility of 0.13 in the US. Atalay, Li and Whelan (2017) find a wealth elasticity of fertility of 0.24 in Australia. Ang et al. (2024) identify a wealth elasticity of 0.18 in China.

population characteristics, controlling for male and female age fixed effects, incorporating individual fixed effects, and using a sample of one-time winners only. All these checks are consistent with our main findings. Moreover, to address concerns raised by recent studies (De Chaisemartin and d'Haultfoeuille, 2020; Callaway and Sant'Anna, 2021; Goodman-Bacon, 2021; Baker, Larcker and Wang, 2022; Sun and Abraham, 2021) about potential bias in conventional difference-in-differences estimates due to heterogeneous treatment effects across cohorts, we estimated the lottery effect separately for each winning year cohort (2007–2012) and then averaged these estimates, weighted by cohort size. This approach avoids comparing observations from different treatment timings and mitigates potential bias from a staggered difference-in-differences design. Additionally, in the Online Appendix F, we follow the research design in Golosov et al. (2024) that combines a staggered difference-in-differences design and instrumental variables approach to estimate the effect of lottery wealth on fertility. The results from these checks align closely with our main findings, further confirming the robustness of our estimates.

5 Heterogeneous Effects

5.1 By Age Groups

Our main results could reflect either shifts in fertility timing or changes in total lifetime fertility. To explore this distinction, we examine heterogeneous responses by age groups in Figure 3. Young winners are defined as those aged 20–29 when they won the lottery prize (see Figure 3a). Middle-aged winners are those aged 30–44 at the time of winning (see Figure 3b).

Figures 3a and 3b present the estimated effect of winning a 5 million NT$ prize on fertility for young and middle-aged lottery winners. Both age groups exhibit significant increases in fertility, with young winners having 0.1 more children and middle-aged winners having 0.05 more children by the sixth year after winning the lottery. The larger effect for young winners aligns with expectations given declining fertility rates with age. Middle-aged winners average 36 years old prior to winning and reach 43 by the end of the sample period, when fertility rates are typically low. Despite this biological constraint, their fertility continues to increase through the sixth year, suggesting the lottery windfall raises their lifetime fertility.

In Figure C1 of Online Appendix C, we replicate the core analysis focusing on four lottery-winning cohorts who won their first prize between 2007 and 2010. This sample selection enables us to follow winners for up to eight years after winning. The effect of lottery wins on fertility remains positive and statistically significant ($p < 0.05$) throughout the extended period. This persistence suggests lottery wins might lead to permanent increases in total fertility rather than merely shifting the timing of childbearing.

5.2 By Prize Amounts

To calculate a per-dollar effect, our main analysis uses a continuous measure of lottery winnings with a linear functional form. We also exclude prizes exceeding 50 million NT$ to facilitate comparisons with other lottery win studies. In this section, we relax both restrictions by categorizing prizes into bins and including extremely large wins. This analysis serves two purposes: First, it enables us to explore the threshold level of resources needed to impact fertility decisions. Second, it allows us to examine effects across different prize ranges without imposing functional form assumptions. We modify our original equation by replacing the continuous measure of lottery wins ($Prize$) with a series of binary indicators $\mathbf{I}[Size = k]$ representing different prize ranges: 1) 10 to 50 thousand NT$; 2) 50 to 500 thousand NT$; 3) 500 thousand to 5 million NT$; 4) 5 to 50 million NT$; and 5) 50 million NT$ or more. We use winners of 5 to 10 thousand NT$ as the reference group.

Table 3 presents the estimated coefficients of $Current_{i,\ell} \times \mathbf{I}[Size = k] \times \mathbf{I}[t = \ell + 6]$. We focus on the estimates from the sixth year after the lottery win ($s = 6$) to summarize the effects of lottery winnings on fertility. Our analysis reveals a heterogeneous fertility response to windfall gains, which varies according to the magnitude of the lottery prize.

For smaller wins between 10,000 and 5 million NT$, the effect on fertility is modest, with estimated increases of about 0.008 to 0.036 in the cumulative number of births. However, the statistical significance of these results can change depending on which control variables we include in the regressions. For larger wins between 5 and 50 million NT$, we observe a more substantial and significant effect, with an increase of about 0.1 in the cumulative number of births. Jackpot wins over 50 million NT$ show the largest impact, increasing the cumulative number of births by approximately 0.275. These results suggest that there might be a threshold amount of money needed to significantly influence fertility outcomes, with the impact becoming more pronounced for wins above 5 million NT$.

Although bigger lottery wins generally lead to larger increases in fertility, the impact of each additional dollar on fertility may decrease for larger prize amounts. This could be due to biological limits on the number of children a family can have, as well as the diminishing marginal utility of each additional child. To examine this issue, Figure C2a of Online Appendix C plots the estimated coefficients by prize amount. We observe the effect increase as the price goes up, but the extra increase in fertility becomes smaller for extremely large prize amounts.

Table 3 presents wealth elasticity estimates for different prize ranges. These estimates show a consistent pattern: as prize amounts increase, the wealth elasticity of fertility decreases. This means that while larger wins do lead to more children, the proportional increase in fertility becomes smaller relative to the increase in wealth. However, it's important to note that for prize groups below 5 million NT$, the estimated effects are not statistically significant in some specifications, warranting caution in interpretation.

An interesting comparison emerges when we look at the group with prize amounts between 5 to 50 million NT$. In this group, the average winning amount is approximately 8 million NT$, comparable to the effect we estimated for a 5 million NT$ win in our main analysis. We find that the elasticity values estimated by these two different specifications are similar, both around 0.15.

Our findings show that the marginal effect of lottery wealth on fertility decreases as the prize amount increases. To better understand how our estimates change with different prize ranges, Figure C3 in the Online Appendix illustrates our estimates for prize ranges from 10 million to 150 million NT$. We find that including extremely high prizes does reduce the estimated effects on fertility, but the effects remain positive and statistically significant. This analysis demonstrates the importance of considering the range of wealth shocks used in each study when comparing results across different research. Studies that include extremely large windfalls might report smaller per-dollar effects compared to those that focus on more moderate wealth increases. To ensure comparability between studies, it is crucial to consider similar ranges of wealth shocks.

5.3 By Financial Resources

This section examines whether the effects of cash windfalls on fertility vary by financial status. Table 4 presents heterogeneous effects relative to individual financial resources. Columns (1) and (2) suggest that individuals with no deposits are primarily responsible for the positive fertility effect of cash windfalls. For winners without deposits, receiving a 5 million NT$ lottery prize significantly increases the cumulative number of children by 0.085 in the sixth year after winning (Column (1)). In contrast, Column (2) indicates that fertility responses are small and not statistically significant for those with cash on hand. The difference between these two groups is statistically significant.

Similar results are observed when we define financial resources by liquid assets (deposits plus stocks). While those with no liquid assets experienced a 0.1 increase in the number of children (Column (3)), those with some liquid assets showed no significant effect (Column (4)). Columns (5) and (6) yield consistent results when using real estate values (estimated market price of owned real estate minus house loan debt). Overall, the evidence demonstrates larger fertility responses for those with fewer financial resources. These findings suggest that credit constraints may play a role in fertility decisions, as individuals with limited financial resources respond more strongly to cash windfalls, potentially indicating that they were previously unable to achieve their desired fertility due to financial limitations.

These findings support the hypothesis that credit constraints impact fertility decisions. The more pronounced effect of cash windfalls on fertility for individuals with no deposits or liquid assets suggests that these individuals likely face credit constraints that have been hindering their desired fertility plans.[14] Conversely, those who already possess deposits or liquid assets show smaller or insignificant fertility responses to cash windfalls, implying that they may have already overcome credit constraints.

5.4 By Parenthood Status

To examine whether cash windfalls influence fertility through either the extensive margin (having children or not) or the intensive margin (having additional children), we investigate heterogeneous effects of lottery wins by pre-treatment parenthood status. Columns (1) and (2) of Table 5 compare estimated effects for individuals with and without children in the year preceding their lottery win ($s = -1$). The results reveal that the main effect is primarily driven by the extensive margin. Specifically, childless individuals receiving a 5 million NT$ windfall have 0.102 more children by the sixth year after winning. By contrast, for individuals who already have children, the windfall only increases their number of children by 0.032. The difference in effects between these two groups is statistically significant.

Columns (3) and (4) explore fertility responses by pre-treatment marital status. Consistent with the parenthood results, the fertility increase primarily comes from single individuals (Column (3)), with married couples showing only half the effect size (Column (4)). The final two columns combine parenthood and marital status to examine how lottery wins affect couples with and without pre-win children. Childless couples show strong fertility responses: a 5 million NT$ windfall increases their number of children by 0.178 by the sixth year after

[14] Credit constraints occur when individuals or households cannot freely make choices between current and future consumption, often due to a lack of readily available cash or easily liquidated assets. In the context of fertility, such constraints may prevent families from realizing their desired number of children due to insufficient financial resources.

winning. In contrast, couples with existing children show no significant response.

Our results demonstrate that cash windfalls raise fertility primarily along the extensive margin, with larger effects for childless individuals compared to those who already have children. This pattern aligns with findings from other studies (Daysal et al., 2021; Bulman, Goodman and Isen, 2022; Cesarini et al., 2023).[15] These results align with Becker's conjecture that income elasticity of child quantity should be small when parents face quantity-quality trade-offs (Becker, 1960, 1965; Becker and Lewis, 1973). To further test this hypothesis, we next examine whether parents invest their lottery winnings in child quality.

6 The Effect of Cash Windfalls on Other Related Outcomes

6.1 Investment in Children's Quality

Our findings suggest that lottery windfalls have a smaller impact on fertility among parents who already had children before winning. According to Becker's theory of fertility, parents often face a trade-off between the quantity and quality of children when making family planning decisions (Becker, 1960, 1965; Becker and Lewis, 1973). With additional financial resources, parents may prioritize enhancing their existing children's quality rather than increasing family size. This motivates us to further investigate whether these parents invest their cash windfalls in their existing children's quality.

To test this hypothesis, we examine whether lottery winners improve their children's educational environment by purchasing homes in neighborhoods with a higher proportion of students attending top universities. We estimate the following regression model:

[15] Daysal et al. (2021) found the effect of house price increases on fertility is largest for first-time mothers in Denmark (see Table 5 of their paper). Cesarini et al. (2023) found only those without children before winning were affected, while those with children showed no significant effect in Sweden (see Online Appendix Table A.9 of their paper). Bulman, Goodman and Isen (2022), using US lottery data, found winning had a greater impact on the fertility of those without children prior to winning (see Table 8 of their paper).

$$
\begin{aligned}
H_{it} = & \alpha_0 Prize_i + \alpha_1 Current_{i,\ell} + \alpha_2 Prize_i \times Current_{i,\ell} + \sum_{s \neq -1} \kappa_s \cdot \mathbf{I}[t = \ell + s] \\
& + \sum_{s \neq -1} \lambda_s \cdot Prize_i \times \mathbf{I}[t = \ell + s] + \sum_{s \neq -1} \beta_s \cdot Current_{i,\ell} \times \mathbf{I}[t = \ell + s] \\
& + \gamma \cdot Current_{i,\ell} \times Prize_i \times Post_{t,\ell} + a_{it} + \theta_t + \boldsymbol{X_i} \psi + \varepsilon_{it} \qquad (2)
\end{aligned}
$$

Most notations in Equation (2) remain the same as in Equation (1), but there are key differences. First, the outcome of interest, H_{it}, indicates whether parents own a house in a neighborhood where students are more likely to enter top universities. To define a "better" neighborhood, we calculate the proportion of students from each village who enroll in top universities and use the median of these proportions across all villages as a threshold. A village is classified as a "better" neighborhood if its proportion exceeds the median. We define top universities considering the top 1, top 5, and top 10 universities.[16] This definition helps identify areas that offer potentially better educational opportunities.

Second, we modify our regression model from a dynamic DDD approach to a pre/post DDD model, focusing on the average effect of the post-win period. Specifically, we replace the event-time dummies, $\mathbf{I}[t = \ell + s]$, with a binary indicator, $Post_{i,\ell}$, in the three-way interaction term, which captures the causal effect of lottery winnings on the outcome of interest. Here, $Post_{i,\ell}$ denotes whether the observed periods are after lottery wins. We make this change because purchasing a house is typically a one-time event, unlike childbearing which can occur multiple times over time. Finally, we limit the estimation sample to lottery winners who had children prior to their winnings and did not already own a house in a village with a higher probability of students entering top universities.

[16] The top university in Taiwan is National Taiwan University. The next tier (top 2–5, in no particular order) includes National Chengchi University, National Tsing Hua University, National Chiao Tung University, and National Cheng Kung University. The top 6–10 universities (also in no particular order) are National Taiwan Normal University, National Central University, National Sun Yat-sen University, National Yang-Ming University, and National Taiwan University of Science and Technology.

Table 6 presents the results, suggesting that winning prizes of 5 million NT$ significantly increases the likelihood of purchasing houses in villages with better educational opportunities by approximately 5.7–5.9 percentage points (a 44–46% increase from baseline of 0.124–0.128). This effect is consistent and statistically significant at the 5% level across all specifications, regardless of how we define good neighborhoods based on different top university thresholds.

Another way parents may invest in their children's quality is by financially supporting their higher education. In Taiwan, top-ranking domestic universities do not charge higher tuition fees, but gaining admission often requires considerable investment in educational resources such as private tutoring and extracurricular activities or relocation to neighborhoods with better educational opportunities. Beyond domestic education, studying abroad is often perceived as offering higher quality but requires substantially greater financial resources due to higher tuition and living costs. To explore these aspects of parental investment, we examine the impact of lottery winnings on children's college attendance.

Building on Bulman et al. (2021), who argue that windfall gains can only influence college attendance if received before children complete high school, we construct treatment and control groups based on the timing of lottery wins relative to children's college decisions. The treatment group includes current winners (those who won during 2007–2012) who received their first lottery prize before their children turned 19, ensuring they had the opportunity to allocate these funds toward their children's higher education. The control group consists of future winners (those who won during 2013–2018) whose first lottery prize was awarded after their children turned 19, meaning their winnings came too late to affect initial college attendance. This selection process results in a final sample of 80,655 children nested within 58,432 lottery winners. Specifically, we estimate the following regression to compare college attendance rates between children of current and future winners who won larger or smaller prizes.

$$E_{ij} = \delta_1 Treated_j + \delta_2 Prize_j + \rho \cdot Treated_j \times Prize_j + \gamma_c + \theta_t + \boldsymbol{X_j}\psi + \boldsymbol{Z_i}\nu + \varepsilon_{ijt} \quad (3)$$

where E_{ij} represents the outcome of interest for child i whose parent is winner j—a series of dummy variables indicating whether child i has ever attended college, attended a top-ranked domestic university or studied abroad, measured at age 19. $Treated_j$ is a dummy variable equal to 1 if parent j are current winners who won the lottery before their child turned 19, and 0 if they are future winners who won after their child turned 19. The variable $Prize_j$ is a continuous measure of the amount won by parent j. The coefficient δ_1 on $Treated_j$ captures systematic differences in college outcomes between children whose parents won before versus after their college decision period. The coefficient δ_2 on $Prize_j$ controls for potential heterogeneity arising from parents winning different prize amounts. Most importantly, the coefficient of interest ρ on the interaction between $Treated_j$ and $Prize_j$ measures whether larger lottery wins before college age increase the likelihood of attending either top-ranked domestic universities or foreign institutions, which would indicate that parents use windfall income to invest in their children's education quality.

To isolate the impact of lottery prizes, the model includes fixed effects γ_c for the child's birth year, to absorb cohort differences. Calendar year fixed effects θ_t for when the child turns 19 are also included to account for contemporaneous factors affecting overall college attendance. We further control for winner (parent) characteristics X_j and child characteristics Z_i[17] to address outcome heterogeneity arising from these observable factors.

Table 7 presents the estimated effects of lottery wins on college attendance for the children of winners. Columns (1) and (2) show positive effects on overall college attendance and domestic college attendance, though neither is statistically significant. We further investigate the effect on attendance at top-ranked universities in Taiwan. Specifically, we analyze the impact on attendance at the top 1, top 5, and top 10 universities (Columns (3) to (5)). The estimated coefficients are positive across all specifications though none of these effects are statistically significant at conventional levels.

In Taiwan, as in other countries, some students choose to study overseas, particularly

[17]Winner characteristics are the same as the covariates included in Column (6) of Table 2. Child characteristics include a child's gender, birthplace, birth order, and birth month.

in the US, where tuition and living costs are substantially higher than domestic options. For instance, while annual tuition at Taiwanese universities ranges from 58 to 110 thousand NT$, the cost at US universities is 1 million NT$ per year for public universities (out-of-state tuition) and 1.3 million NT$ for private universities. Receiving a cash windfall could enable parents to afford to send their children abroad to study. To examine this possibility, we analyze the impact of lottery wins on the likelihood of children studying abroad (Column (6)). We find that a 5 million NT$ windfall significantly increases the probability of studying abroad by 1.3 percentage points, representing a 93% increase relative to the baseline probability. In summary, while lottery prizes do not affect overall college attendance, the winnings do significantly increase the likelihood of children studying overseas, suggesting that windfalls help families afford the higher costs of international education, which is often perceived as offering higher-quality educational opportunities.

6.2 Marriage Decisions

Our findings demonstrate that cash windfalls increase fertility, primarily along the extensive margin. Given that fertility and marriage decisions are often jointly determined, particularly in East Asian societies where marriage traditionally precedes childbearing (Myong, Park and Yi, 2021), we examine whether lottery wins influence marriage decisions, as marriage could be a potential mechanism through which windfalls affect fertility. To examine the impact of lottery wins on marriage, we restrict our sample to individuals who were single prior to winning the lottery. We modify Equation (1), replacing the outcome variable with a dummy variable equal to one if the individual gets married in a given year.[18]

Columns (1)–(3) of Table 8 present the DDD estimates of the impact on the probability of getting married by the end of the sixth year following windfall receipt. The results reveal that substantial lottery wins significantly and persistently increase the probability of marriage among initially single individuals. Specifically, a 5 million NT$ windfall increases

[18]We define "getting married" as having a married spouse in the given year. The results remain robust when we define the variable as "ever married"—first marriage in an individual's lifetime.

the likelihood that a single individual gets married within six years by 3.8 percentage points (Column (1)). To contextualize this magnitude, among future lottery winners in our control group, the share who married between one year before winning ($s = -1$) and six years after ($s = 6$) increased by 29.4 percentage points. Thus, our estimate represents a 13% increase relative to this baseline marriage trend. Notably, we find substantial gender heterogeneity in these marriage effects. The overall impact is driven almost entirely by male winners (Column (2)): a 5 million NT$ win increases the probability of marriage for single men by 5 percentage points, a 19% increase relative to the baseline trend. In contrast, for single women (Column (3)), a windfall of the same magnitude has a small and statistically insignificant effect on marriage probability.

We also examine the impact of lottery wins on divorce decisions to facilitate comparisons with other lottery studies in the literature (Section 7.1). For this analysis, we restrict the sample to individuals who were married prior to winning the lottery and replace the outcome variable with a dummy for getting divorced. Columns (4)–(6) of Table 8 show that lottery wins have small and statistically insignificant impacts on divorce decisions for both men and women.

To investigate how much of the effect on fertility can be attributed to changes in marriage behavior, Online Appendix G conducts a causal mediation analysis. We find that marriage accounts for 29% of the total impact on fertility for single winners. Further decomposing the results by gender, we find the mediation effect of marriage is substantially larger for male winners than for female winners. Specifically, marriage mediates 42% of the overall lottery impact on fertility for males and has a negligible mediation effect for females.

7 Discussion

7.1 Comparison to Lottery-based Studies

This section compares our estimates with the results from two contemporaneous lottery-based studies in the US (Bulman, Goodman and Isen, 2022) and Sweden (Cesarini et al., 2023), focusing on the fertility effect up to five years after the lottery wins. For cross-country comparability, we apply a two-step conversion process: we first convert each study's original estimates to 2015 real values in the local currency using the CPI, then rescale to represent the effect per $100,000 US$ using 2015 purchasing power parity exchange rates (1.0 for the US, 8.854 for Sweden, and 15.73 for Taiwan). This approach accounts for both temporal price changes within countries and cost-of-living differences across countries (Daysal et al., 2021). We also consider baseline fertility rates when comparing the magnitude of effects across studies.

Based on these adjustments, our results show that lottery prizes of 100,000 US$ increase the number of children by 0.020 within five years of winning, representing a 7.3% increase from the baseline. This finding aligns closely with Cesarini et al. (2023), who report that a 100,000 US$ lottery win significantly increases cumulative fertility by 0.025 children within five years (a 12.3% increase from baseline) in Sweden. In contrast, Bulman, Goodman and Isen (2022) finds a much smaller and not statistically significant effect in the US, with a corresponding estimate of only 0.001 (a 0.3% increase from baseline). To understand these cross-country differences, we consider two potential explanations.

First, we follow the conceptual framework of Daysal et al. (2021) who suggests that the effect of a housing wealth shock across countries is driven by differences in the marginal propensity to consume (MPC).[19] Several factors determine variations in MPC: household preferences, the extent to which credit constraints bind, the liquidity of housing, and the transitory versus permanent nature of the shock. When considering the impact of lottery winnings on fertility, some of these mechanisms become less relevant, simplifying the analysis compared to housing price shocks. For instance, unlike housing wealth, which may encounter obstacles in being liquidated, lottery winnings are inherently cash windfalls that can be readily accessed and utilized. We therefore focus on whether the net cost of children and credit constraints can account for cross-country differences in fertility responses.

[19] Note that the framework discussed by Daysal et al. (2021) is based on Berger et al. (2018).

Net cost of children and credit constraints. To understand whether credit constraints shape fertility responses to lottery wins across countries, we first examine differences in the net cost of raising children, as these costs influence the extent to which credit constraints bind. Among the three countries, Sweden's social welfare system provides the most generous support, offering substantial child allowances (about 144 US$ per month until age 16, with additional allowances for multiple children that can reach about 1,140 US$ for five children), extensive paid parental leave (480 days with 390 days at 80% salary), and heavily subsidized children's healthcare (free outpatient care until 18 and dental care until 23). Taiwan offers moderate support through child allowances (about 160 US$ per month for children under 5), paid parental leave (180 days at 60% salary), and relatively low medical costs under its National Health Insurance system. The US provides the least government support, with limited tax credits, no federal paid parental leave, and considerable out-of-pocket medical expenses for most families (see Table C4 in the Online Appendix).

These differences in net costs of raising children across countries (due to varying levels of government support) could influence how credit constraints shape fertility responses to cash windfalls. In countries with limited government support like the US, the high net cost of having children makes individuals more likely to face binding credit constraints in their fertility decisions. When individuals face credit constraints, receiving lottery winnings can relax the constraints and enable them to better smooth consumption throughout times of raising children. Therefore, we would expect the US to show the largest fertility response. However, Bulman, Goodman and Isen (2022) report the opposite: for the US, the estimated effect is the smallest and not statistically significant. By contrast, in Sweden and Taiwan—where child-rearing costs are relatively lower—the evidence points to significant positive fertility effects of lottery wins. Taken together, these findings suggest that the net cost of children and associated credit constraints are unlikely to be the primary drivers of the cross-country differences in fertility responses to lottery winnings.[20]

[20] This conclusion echoes the findings of Daysal et al. (2021), who observe similar fertility responses to housing wealth shocks between the US and Denmark despite substantial differences in child costs between these

Second, all three studies examine how lottery winnings affect both marriage and fertility, creating an opportunity to assess whether differences in the marriage–fertility link can explain the cross-country variation in fertility responses. The strength of this marriage–fertility relationship varies considerably across contexts. Thus, investigating the extent to which lottery-induced changes in marital status translate into fertility responses could help explain cross-country differences in lottery effects.

Marriage and fertility relationship. In Taiwan and Sweden, a substantial share of the fertility increase—roughly 20–40%—can be attributed to changes in marital status, primarily among male winners. In Taiwan, lottery wins raised men's likelihood of marrying but did not affect divorce rates. In Sweden, lottery prizes not only increased men's marriage probability but also reduced their likelihood of divorce, pointing to effects through both marriage formation and marital stability. By contrast, in the US, lottery winnings also raised marriage probabilities, but this did not translate into higher fertility, suggesting a weaker marriage–fertility link. This difference helps explain why fertility effects appear in Taiwan and Sweden but not in the US.[21]

7.2 Policy Implications

Our results, consistent with previous literature, demonstrate that wealth positively affects fertility. A lottery win of 5 million NT$ increases the number of children by 0.06, with an estimated wealth elasticity of fertility of 0.15. This finding yields several policy implications. First, the positive income/wealth effect suggests that unconditional cash transfers can generate moderate increases in fertility rates. The 5 million NT$ lottery win in our study

two countries, leading them to conclude that net cost of raising children and associated credit constraints cannot explain the similarity in fertility effects.

[21] In the context of housing wealth shocks, the results are more consistent across the US and other countries. Lovenheim and Mumford (2013) show that a $100,000 increase in housing wealth raises the probability of birth by about 16–18% among US homeowners, and Daysal et al. (2021) document similarly positive fertility effects of housing wealth in Denmark. By contrast, in the case of lottery wealth shocks, the US evidence diverges from the findings in Taiwan and Sweden. One possible explanation is that lower-income individuals are disproportionately likely to play the lottery in the US. A fuller account of why lottery wealth generates weaker fertility responses in the US lies beyond the scope of this paper and is left for future research.

approximately equals an annual post-tax annuity payment of 145,130 NT$ (assuming an 80-year life expectancy and a 2.5% interest rate). This permanent change in annual income is comparable to various policy proposals in the literature. For instance, in the context of Universal Basic Income (UBI), our lottery shock equals a monthly UBI of approximately 12,094 NT$ (400 US$), which falls within the range of popular UBI proposals in other countries that typically suggest between 300 US$ and 1,000 US$ tax-free per month (Stanford, 2024; Hoynes and Rothstein, 2019).[22] The positive wealth effect we observe suggests that unconditional cash transfers or UBI could generate moderate increases in fertility rates. However, the effect might be smaller than the lottery effect due to differences between lump-sum windfalls and regular payments.

Second, previous studies show that conditional child-related subsidies, such as baby bonuses and child allowances, can influence fertility decisions (Gonz'alez, 2013; Riphahn and Wiynck, 2017; Malak, Rahman and Yip, 2019; Stichnoth, 2020; Kim, 2022).[23] Theoretically, these subsidies affect fertility through two channels: 1) the income/wealth effect, whereby increased family financial resources make children more affordable, and 2) the substitution effect, whereby subsidies reduce the relative cost of having children versus other goods, thus encouraging fertility.

Our subgroup analysis based on lottery prize amounts suggests that only winnings exceeding 5 million NT$ lead to a statistically significant increase in childbirth. This threshold is substantially higher than typical conditional child-related subsidies. For instance, Taiwan's child-rearing allowance provides 5,000 NT$ per month for children under five, totaling 300,000 NT$ per child over the full 5-year period. This finding implies that the fertility effect of such subsidies is unlikely to be driven primarily by an increase in family financial

[22]Multiple cities and states in the US have implemented guaranteed income pilot programs, typically targeting low-income groups. For example, Stockton, California, provided 125 residents with an unconditional cash transfer of 500 US$ per month for two years (Treisman, 2021). As of now, over 70 similar basic income pilots are in progress across the US, with amounts typically ranging from 300 to 1,000 US$ per month (Insider, 2024).

[23]For example, Gonz'alez (2013) examines Spain's universal child benefit program introduced in 2007, which provided an one-time payment of 2,500 EUR (approximately 3,900 US$) to mothers for each newborn child. She finds that the policy increased fertility by about 6 percent.

resources (i.e., an income/wealth effect).

8 Conclusion

This study employs longitudinal administrative data on lottery winners in Taiwan to investigate the effect of cash windfalls on fertility behaviors. We find that a lottery win of 5 million NT$ can significantly increase the number of children ever born by 0.06, which is equivalent to a 20% increase from the baseline. The implied wealth elasticity of fertility is 0.15, which is consistent with the central proposition in Gary Becker's neoclassical theory of fertility, in that children are normal goods, and so demand for the quantity of children should increase in line with individual financial resources (Becker, 1960, 1965).

Additionally, less wealthy individuals exhibit greater fertility responses, suggesting that people have children after accumulating sufficient wealth. Cash windfalls primarily raise fertility by inducing first births among previously childless individuals (i.e., extensive margin) rather than making parents have more children (i.e., intensive margin). Lastly, our analysis reveals that lottery wins boost marriage, and approximately 29% of the total fertility effect stems from increased marriage rates following lottery wins.

Importantly, our findings suggest that while cash windfalls have a smaller impact on higher-parity fertility, they can enhance child quality for existing children through increased investments in education. Specifically, lottery winners are more likely to purchase homes in neighborhoods with higher educational opportunities and to send their children overseas for education. However, other quality measures like educational expenditures or overall child-related spending are unavailable in our administrative data. Future research could explore these dimensions to better understand how cash windfalls influence parental decisions regarding the trade-off between child quantity and quality.

Data Availability

Code replicating the tables and figures in this article can be found in Tsai, Yung-Yu; Hsing-Wen Han; Kuang-Ta Lo; Tzu-Ting Yang, 2025, "Replication Data for: The Effect of Financial Resources on Fertility: Evidence from Administrative Data on Lottery Winners" in the HarvardDataverse, https://doi.org/10.7910/DVN/SE6KFO.

Tables

Table 1: Descriptive Statistics for Lottery Winners and Population

	Lottery Winner			Population
Minimum Prize	5K	2K	50K	
Individual characteristics				
Age	31.90	31.30	32.80	31.36
	(6.74)	(6.83)	(6.68)	(7.90)
Living in urban area	0.69	0.69	0.70	0.69
	(0.46)	(0.46)	(0.46)	(0.46)
Female	0.52	0.59	0.44	0.50
	(0.50)	(0.49)	(0.50)	(0.50)
Married	0.46	0.45	0.47	0.41
	(0.50)	(0.50)	(0.50)	(0.49)
Winner's Employment	0.75	0.74	0.74	0.69
	(0.43)	(0.44)	(0.44)	(0.46)
Winner's Earnings (NT$1,000)	290	283	290	286
	(394)	(404)	(412)	(546)
Winner's Income (NT$1,000)	308	302	312	308
	(445)	(451)	(484)	(657)
Winner's Assets (NT$1,000)	2,041	1,941	2,360	2,320
	(8,702)	(10,424)	(9,740)	(13,292)
Winner's Liquid Assets (NT$1,000)	612	612	658	709
	(4,791)	(7,775)	(3,870)	(7,939)
Winner's Savings (NT$1,000)	248	270	233	292
	(1,155)	(1,196)	(1,139)	(1,391)
Household Earnings (NT$1,000)	490	495	474	458
	(656)	(708)	(659)	(870)
Household Income (NT$1,000)	524	530	510	497
	(732)	(790)	(748)	(1,344)
Household Assets (NT$1,000)	3,847	3,895	4,027	4,166
	(13,986)	(15,670)	(13,395)	(41,405)
Household Liquid Assets (NT$1,000)	1,065	1,098	1,104	1,209
	(6,840)	(9,663)	(6,358)	(38,198)
Household Savings (NT$1,000)	421	462	389	478
	(1,689)	(1,844)	(1,553)	(2,440)
Fertility variables				
Cumulative Number of Children	0.88	0.85	0.92	0.82
	(1.10)	(1.09)	(1.11)	(1.11)
Gave Birth in $s-1$	0.04	0.04	0.04	0.03
	(0.21)	(0.20)	(0.20)	(0.18)
Gave Birth in $s-2$	0.05	0.04	0.04	0.03
	(0.21)	(0.20)	(0.20)	(0.18)
Gave Birth in $s-3$	0.05	0.05	0.05	0.04
	(0.21)	(0.21)	(0.21)	(0.19)
# of Observations	406,922	1,268,579	65,453	11,205,868

Note: We utilize the all individuals aged 20–44 from 2007–2012 to construct population data. For each individual, we randomly assign one year between 2007–2012 as a placebo "winning year." We then use their individual characteristics from the year prior to this randomly assigned placebo winning year in our analysis. Urban areas refer to the 6 largest cities in Taiwan with special municipality status: Taipei City, New Taipei City, Taoyuan City, Taichung City, Tainan City, and Kaohsiung City. These cities have the largest populations in Taiwan. Employment is defined as having positive annual labor earnings. Annual earnings are defined as the sum of annual wage income, business income, and professional income. Annual income is defined as the sum of annual labor earnings plus other annual income sources like interest, rents, farming, pensions, etc, excluding lottery winnings. Assets are defined as the sum of real estate value, financial assets, and stocks, minus mortgage debt. Liquid assets are defined as the sum of financial assets and stocks. All monetary values like earnings, income, assets, and liquid assets are measured in thousand New Taiwan Dollars (NT$) and adjusted to 2016 NT$ levels (1 NT$ $\approx$ 0.033 US$ in 2016). More details on the construction of asset data can be found in Appendix B4. Standard deviations are in parentheses.

Table 2: Effect of a Five Million NT$ Lottery Prize on Fertility

Dependent Variable:	Number of Cumulative Children					
	(1)	(2)	(3)	(4)	(5)	(6)
$Current_{i,\ell} \times Prize_i \times \mathbf{I}[t = \ell + 6]$	0.061***	0.061***	0.062***	0.061***	0.063***	0.063***
	(0.016)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)
Baseline trend	0.321					
Observations	4,069,220					
Basic controls	√	√	√	√	√	√
Age fixed effect		√	√	√	√	√
Year fixed effect			√	√	√	√
Individual characteristics				√	√	√
Pre-treatment fertility					√	√
Pre-treatment lottery redemption						√

Note: This table reports estimated coefficients of $Current_{i,\ell} \times Prize_i \times \mathbf{I}[t = \ell + 6]$ in Equation (1). The outcome of interest is the cumulative number of children that winner i has by the end of the sixth year after a lottery win. The baseline trend is the change in the cumulative number of children for the future winner between one year before and six years after the placebo lottery-winning year. Column (1) includes the amount of lottery prize, a full set of event time dummies, the interaction terms between the lottery prize and event time dummies, and the full interactions between *Current* (a dummy indicating a current winner) and the above variables. Column (2) further includes the age fixed effect. Column (3) further includes the calendar year fixed effects. Column (4) includes pre-determined covariates: a set of dummies indicating cities/counties of residence, a dummy indicating the winner was married, a dummy indicating the winner or her spouse was employed, average household earnings per capita (evenly divided between spouses if married), average household income per capita (evenly divided between spouses if married), average household wealth per capita (evenly divided between spouses if married). Note that these covariates are measured in the year right before the lottery-winning year. Column (5) controls for the outcomes variable (the cumulative number of children) in the year right before the lottery-winning year. Column (6) controls for past lottery redemption history (the number of times lottery prize redemption in the one, two, and three years before the winning year). Standard errors are clustered at the winner level and reported in parentheses. *** significant at the 1 percent level, ** significant at the 5 percent level, and * significant at the 10 percent level.

Table 3: Effect of Lottery Prize on Fertility—by Prize Group

Dependent Variable:	Number of Cumulative Children						
	(1)	(2)	(3)	(4)	(5)	(6)	Elasticity
$Current_{i,\ell} \times \mathbf{I}[Size_i = 10K - 50K]$	0.003	0.008*	0.007	0.003	0.008*	0.008*	4.715
$\times \mathbf{I}[t = \ell + 6]$	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	
$Current_{i,\ell} \times \mathbf{I}[Size_i = 50K - 500K]$	0.009	0.016**	0.017***	0.011	0.019***	0.019***	1.965
$\times \mathbf{I}[t = \ell + 6]$	(0.007)	(0.006)	(0.006)	(0.007)	(0.007)	(0.007)	
$Current_{i,\ell} \times \mathbf{I}[Size_i = 500K - 5M]$	0.025	0.030	0.031*	0.026	0.036*	0.036*	0.260
$\times \mathbf{I}[t = \ell + 6]$	(0.019)	(0.018)	(0.018)	(0.019)	(0.019)	(0.019)	
$Current_{i,\ell} \times \mathbf{I}[Size_i = 5M - 50M]$	0.089***	0.096***	0.097***	0.090***	0.101***	0.101***	0.155
$\times \mathbf{I}[t = \ell + 6]$	(0.032)	(0.030)	(0.030)	(0.031)	(0.031)	(0.031)	
$Current_{i,\ell} \times \mathbf{I}[Size_i \geq 50M]$	0.271**	0.281***	0.283***	0.280***	0.275***	0.275***	0.015
$\times \mathbf{I}[t = \ell + 6]$	(0.111)	(0.105)	(0.104)	(0.106)	(0.106)	(0.106)	
Observations	4,069,220						
Basic controls	✓	✓	✓	✓	✓	✓	
Age fixed effect		✓	✓	✓	✓	✓	
Year fixed effect			✓	✓	✓	✓	
Individual characteristics				✓	✓	✓	
Pre-treatment fertility					✓	✓	
Pre-treatment lottery redemption						✓	

Note: This table reports estimated coefficients of $Current_{i,\ell} \times Prize_i \times \mathbf{I}[t = \ell + 6]$ in Equation (1), but replacing the continuous measure of lottery wins ($Prize$) with a series of binary indicators $\mathbf{I}[Size = k]$ representing different prize ranges: 1) 10 to 50 thousand NT$; 2) 50 to 500 thousand NT$; 3) 500 thousand to 5 million NT$; 4) 5 to 50 million NT$ and 5) 50 million NT$ or more. We use winners of 5 to 10 thousand NT$ as the reference group. The outcome of interest is the cumulative number of children that winner i has by the end of the sixth year after a lottery win. Elasticity is calculated based on the estimates from Column (6) and is defined as the ratio of two quantities. The numerator is the effect of a 5 million $NT lottery prize on fertility in the sixth year after the lottery-winning year, expressed as a percentage of the baseline trend (the change in the cumulative number of children for future winners between one year before and six years after the placebo lottery-winning year) for the given prize group. The denominator is 5 million NT dollars divided by the baseline trend in wealth (the change in net wealth for future winners between one year before and six years after the placebo lottery-winning year) for the given prize group. Standard errors are clustered at the winner level and reported in parentheses. *** significant at the 1 percent level, ** significant at the 5 percent level, and * significant at the 10 percent level.

Table 4: Subgroup Analysis—By Financial Resources

Dependent Variable:	Cumulative Number of Children					
	(1)	(2)	(3)	(4)	(5)	(6)
	Deposit		Liquid Asset		Real Estate	
	$= 0$	> 0	$= 0$	> 0	$= 0$	> 0
$Current_{i,\ell} \times Prize_i \times \mathbf{I}[t = \ell + 6]$	0.085***	0.019	0.103***	0.028	0.092***	0.022
	(0.019)	(0.024)	(0.024)	(0.020)	(0.021)	(0.021)
$Difference$	0.066**		0.075**		0.070**	
	(0.031)		(0.031)		(0.030)	
Baseline Trend	0.313	0.345	0.313	0.332	0.333	0.288
Observations	3,047,900	1,021,320	2,259,580	1,809,640	2,887,980	1,181,240

Note: This table reports estimated coefficients of $Current_{i,\ell} \times Prize_i \times \mathbf{I}[t = \ell + 6]$ in Equation (1). The difference is estimated using Equation (1), with the group variable interacting with the treatment variable and all covariates and fixed effects. All regressions include the same set of covariates shown in Column (6) of Table 2. Columns (1) and (2) divide the sample into two groups based on whether the winner had any deposits one year previous to the (placebo) winning year. Column (1) reports the estimate based on winners with no deposits. Column (2) reports the estimate based on winners having a positive deposit. Columns (3) and (4) divide the sample into two groups based on whether the winner had liquid assets one year previous to the (placebo) winning year. Liquid assets is defined as the sum of market values of stock and capital savings. Column (3) reports the estimate for winners with no liquid assets. Column (4) reports the estimate for winners having liquid assets. Columns (5) and (6) divide the sample into two groups based on whether the winner has real estate one year previous to the (placebo) winning year. Real estate is defined as lands and houses. Column (5) reports the estimate for winners with no real estate. Column (6) reports the estimate for winners having real estate. Standard errors are clustered at the winner level and reported in parentheses.
*** significant at the 1 percent level, ** significant at the 5 percent level, and * significant at the 10 percent level.

Table 5: Subgroup Analysis—By Parenthood Status and Household Status

Dependent Variable:	Cumulative Number of Children					
	(1)	(2)	(3)	(4)	(5)	(6)
	Parenthood Status		Household Status			
	w/o Child	w/ Child	Single	Couple	Couple w/o Child	Couple w/ Child
$Current_{i,\ell} \times Prize_i \times \mathbf{I}[t = \ell + 6]$	0.102***	0.032**	0.083***	0.046**	0.178**	0.023
	(0.025)	(0.014)	(0.023)	(0.019)	(0.078)	(0.015)
$Difference$	0.070**		0.037		0.155*	
	(0.029)		(0.030)		(0.079)	
Baseline Trend	0.313	0.345	0.313	0.332	0.333	0.288
Observations	2,194,390	1,874,830	2,188,060	1,881,160	298,740	1,582,420

Note: This table reports estimated coefficients of $Current_{i,\ell} \times Prize_i \times \mathbf{I}[t = \ell + 6]$ in Equation (1). The difference is estimated using Equation (1), with the group variable interacting with the treatment variable and all covariates and fixed effects. All regressions include the same set of covariates shown in Column (6) of Table 2. Columns (1) and (2) separate the sample into two groups based on the cumulative number of children before the winning year. Column (1) includes winners with no child before winning the lottery. Column (2) includes winners with at least one child before winning the lottery. Columns (3) to (6) separate households into four groups based on family types. Column (3) includes winners who were unmarried before winning the lottery. Column (4) includes winners who were married before winning the lottery Column (5) includes married winners without children before winning the lottery. Column (6) includes married winners with children before winning the lottery. Standard errors are clustered at the winner level and reported in parentheses.
*** significant at the 1 percent level, ** significant at the 5 percent level, and * significant at the 10 percent level.

Table 6: Effect of a Five Million NT$ Lottery Prize on House Ownership in Good Neighborhood

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent Variable:	Own a House in the Neighborhood:					
	Pr(Top1) >Median		Pr(Top5) >Median		Pr(Top10) >Median	
$Current_j \times Prize_j \times Post_t$	0.057**	0.057**	0.059**	0.059**	0.059**	0.059**
	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)
Baseline Trend	0.124	0.124	0.128	0.128	0.128	0.128
Observations	1,430,600	1,430,600	1,435,480	1,435,480	1,432,330	1,432,330
Basic controls	√	√	√	√	√	√
Age fixed effect	√	√	√	√	√	√
Year fixed effect	√	√	√	√	√	√
Individual characteristics		√		√		√
Pre-treatment fertility		√		√		√
Pre-treatment lottery redemption		√		√		√

Note: This table reports estimated coefficients of $Current_j \times Prize_j$, which stands for the effect of a 5 Million NT$ lottery win on house ownership in good neighborhoods. The outcomes of interest are dummies indicating ownership in Top 1, Top 5, or Top 10 neighborhoods (Columns (1) to (6)). The baseline trend is the mean change of the outcome variables for future winners (those who won a lottery prize at a later period) in the post-treatment period compared to one year prior to pseudo winning year. Columns (1), (3), and (5) include only basic DID variables (the amount of lottery prize, a full set of event time dummies, the interaction terms between the lottery prize and event time dummies, and the full interactions between *Current* (a dummy indicating a current winner) and the above variables.), age fixed effect, and calendar year fixed effect. Columns (2), (4), and (6) further include includes pre-determined covariates: a set of dummies indicating cities/counties of residence, a dummy indicating the winner was married, a dummy indicating the winner or her spouse was employed, average household earnings per capita (evenly divided between spouses if married), average household income per capita (evenly divided between spouses if married), average household wealth per capita (evenly divided between spouses if married), the cumulative number of children in the year right before the lottery-winning year, and controls for past lottery redemption history (the number of times lottery prize redemption in the one, two, and three years before the winning year). Standard errors are clustered at the winner level and reported in parentheses.
*** significant at the 1 percent level, ** significant at the 5 percent level, and * significant at the 10 percent level.

Table 7: Effect of a Five Million NT$ Lottery Prize on Children's College Attendance

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent Variable:	Ever Attend ...					
	Any College	Domestic College				Oversea College
		Any	Top1	Top5	Top10	
$Treated_j \times Prize_j$	0.007	0.005	0.005	0.006	0.008	0.013***
	(0.025)	(0.025)	(0.006)	(0.006)	(0.007)	(0.005)
Baseline mean	0.734	0.727	0.006	0.017	0.027	0.014
Observations	80,655	80,655	80,655	80,655	80,655	80,655

Note: This table reports estimated coefficients of $Treated_j \times Prize_j$ in Equation (3). The outcomes of interest are dummies indicating the child ever attended any college (Columns (1)), domestic college (Columns (2) to (5)), or overseas college (Columns (6)) as of age 19. The baseline mean is the mean of the outcome variables for the future winners (those who won a lottery prize at a later period when their children were already greater than age 19). All columns include basic DID (difference-in-differences) variables—lottery winnings amount, a dummy indicating if the parent is a current winner, and their interaction term—as well as fixed effects for child cohort and calendar year. The regressions also control for parental characteristics: city/county of residence (dummy variables), marital status, employment status (for winner or spouse), average per capita household earnings, income, and wealth (each divided equally between spouses if married), number of children before the lottery win, and prize amounts won in the previous three years. Additionally, we control for child characteristics including gender, birthplace, birth order, and birth month. Standard errors are clustered at the winner level and reported in parentheses.
*** significant at the 1 percent level, ** significant at the 5 percent level, and * significant at the 10 percent level.

Table 8: Effect of a Five Million NT$ Lottery Prize on Getting Married and Divorced

	Getting Married			Getting Divorced		
	All	Male	Female	All	Male	Female
	(1)	(2)	(3)	(4)	(5)	(6)
$Current_i \times Prize_i \times \mathbf{I}[t = \ell + 6]$	0.038**	0.050***	-0.010	-0.007	-0.006	-0.009
	(0.017)	(0.019)	(0.029)	(0.012)	(0.018)	(0.017)
Baseline Trend	0.294	0.265	0.327	0.092	0.094	0.091
Observations	2,188,060	1,206,920	981,140	1,881,160	757,770	1,123,390

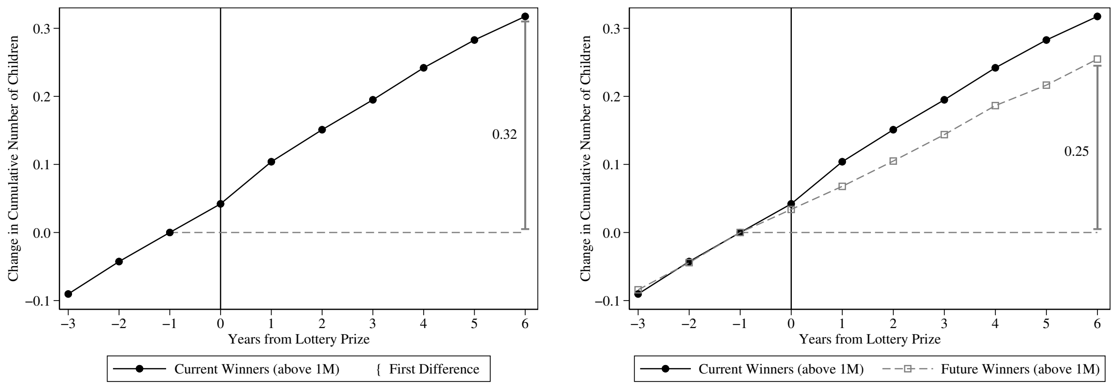
Note: This table reports estimated coefficients of $Current_{i,\ell} \times Prize_i \times \mathbf{I}[t = \ell + 6]$ in Equation (1), which stands for the effect of 5 Million NT$ lottery wins on marriage and divorce in the sixth year following the receipt of a cash windfall. For the marriage outcomes (Columns (1)–(3)), the sample includes individuals who were *unmarried* before winning the lottery; for the divorce outcomes (Columns (4)–(6)), the sample includes individuals who were *married* before winning the lottery. For marriage outcomes, the outcome of interest is getting married by the end of the sixth year after the lottery win. For divorce outcomes, the outcome of interest is getting divorced by the end of the sixth year after the lottery win. The baseline trend is the change in the proportion experiencing the outcome for future winners between one year before and six years after the placebo lottery-winning year. All specifications correspond to the fully controlled model and include the amount of winnings, a full set of event time dummies, the interaction terms between lottery prize and event time dummies, and the full interactions between *Current* (a dummy indicating current winner) and the above variables, age fixed effects, calendar year fixed effects, pre-determined covariates (a set of dummies indicating cities/counties of residence, a dummy indicating the winner was married, a dummy indicating the winner or her spouse was employed, average household earnings per capita (evenly divided between spouses if married), average household income per capita (evenly divided between spouses if married), average household wealth per capita (evenly divided between spouses if married) measured in the year right before the lottery-winning year), pre-treatment fertility (the cumulative number of children in the year right before the lottery-winning year), and past lottery redemption history (the number of times lottery prize redemption in the one, two, and three years before the winning year). Standard errors are clustered at the winner level and reported in parentheses. *** significant at the 1 percent level, ** significant at the 5 percent level, and * significant at the 10 percent level.

Figures

Figure 1: Trend in the Cumulative Number of Children: Current vs. Future Winners

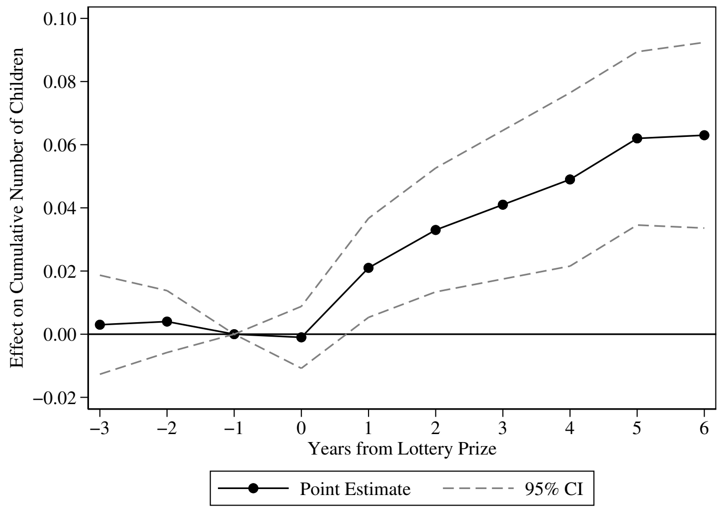
(a) First Difference: Current Winners

(b) Current vs. Future Winners



Notes: This figure compares the trend in the number of cumulative children from three years before to six years after the time of winning a lottery prize. The solid line with circular symbols stands for current winners who won above NT$ 1M, and the dashed line with square symbols stands for future winners who won the same amount in prize money. The vertical axis displays the outcomes (the number of cumulative children) relative to the baseline year (one year previous to the (placebo) lottery-winning year) for each group. The horizontal axis refers to the number of years from the (placebo) lottery-winning year.

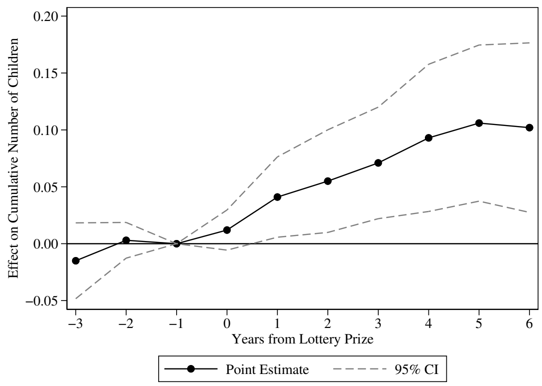
Figure 2: Effect of a Five Million NT$ Lottery Prize on Fertility



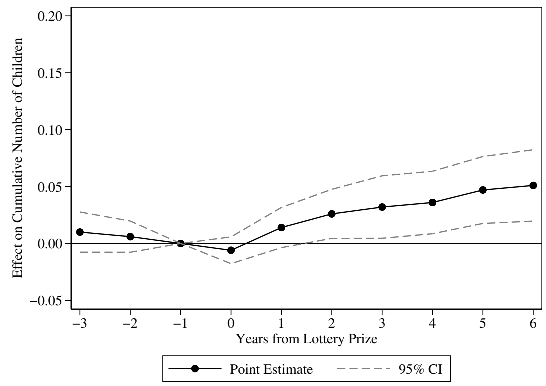
Notes: This figure displays the estimated coefficients of $Current_{i,\ell} \times Prize_i \times \mathbf{I}[t = \ell + s]$ from Equation (1). The outcome of interest is the cumulative number of children. The solid line denotes the point estimates. The dashed line denotes the 95% confidence interval. The horizontal axis refers to the number of years from the (placebo) lottery-winning year.

Figure 3: Effect of a Five Million NT$ Lottery Prize on Fertility: Young and Middle-aged Winners

(a) Young Winners



(b) Middle-aged Winners



Notes: These two figures display the estimated coefficients of $Current_{i,\ell} \times Prize_i \times \mathbf{I}[t = \ell + s]$ from Equation (1). The outcome of interest is the cumulative number of children. The solid line denotes the point estimates. The dashed line denotes the 95% confidence interval. The horizontal axis refers to the number of years from the (placebo) lottery-winning year. Figure 3a shows the results for young winners (i.e., aged 20–29). Figure 3b shows the results for middle-aged winners (i.e., aged 30–44).

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