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Abstract

State lotteries typically p… period. Because lottery associations advertise the jackpot to be the nominal sum of these payments, lottery associations can increase the size of the advertised jackpot simply by increasing the annuity length. Because ticket sales increase with the size of the advertised jackpot, longer annuity lengths should lead to higher ticket sales. The results suggest that lotto players are not fooled by this sleight of hand so that lottery associations cannot increase revenues by artificially inflating the advertised jackpot in this manner.

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