

Go ahead, spend your stimulus money. That's what it's for

The program will reach 3.1 million households in Massachusetts, with \$7.37 billion total

By [Andy Rosen](#) Globe Staff, Updated March 17, 2021, 6:55 p.m.



Blank checks on an idle press at the Philadelphia Regional Financial Center, which disburses payments on behalf of federal agencies. MATT ROURKE

So, you just got \$1,400. What are you going to do with it?

The federal stimulus checks, which will add up to billions of dollars for Massachusetts residents, began hitting bank accounts this week. The program marks the third time in a year that the US government has sent direct cash infusions to consumers.

The new money comes as the economy has begun to recover — and after months of increasing personal savings among many [in the middle class and above](#). So, while the checks will be crucial relief to those struggling to meet immediate obligations, there will be others who have the luxury of deciding what to do with the cash.

If you really want to stimulate the economy — and you already have healthy savings — experts say it's better to spend some money soon, rather than socking it away.

That could mean anything from buying groceries to booking a much-needed vacation, or giving to a charity serving populations who are in urgent need. Shopping local can help, as can accelerating a big purchase you've been putting off.

"It's important to remember that we live in a consumer-driven economy, so the health of the American economy is on the backs of all of us. And that's a fact," said Nancy Waldron, chairwoman of Lasell University's management, marketing, entrepreneurship, and international business program. "The more we spend, the healthier the economy is going to be."

The stimulus program is structured in a way that reaches well beyond the neediest segments of the population. Married couples who make up to \$160,000 get at least a partial payment, and though that income doesn't go as far in high-cost Boston as it might in other parts of the country, the effects will reach solidly into the middle class.

According to the Democratic caucus in the US Senate, [the program will reach](#) 3.1 million households in Massachusetts, sending \$7.37 billion to residents of the state. The Biden administration says 78 percent of Massachusetts adults and 73 percent of all children in the state will qualify for a payment.

That money will provide a significant boost to the economy if it translates into consumer spending. But experts interviewed by the Globe said there are some purchases that will carry extra weight.

Shopping with independent retailers can help boost businesses that don't have the resiliency of larger, national chains. Buying durable goods, especially infrequent, big-ticket purchases such as appliances, can fuel the creation of jobs all the way from the store to the factory and its suppliers.

And going to a restaurant, a show, or a movie theater as soon as you feel it is safe will direct resources to some of the businesses that have suffered the most.

"What we'll naturally spend on will be the things that we haven't been purchasing in the past year, which are these sectors of the economy that have done the worst," said Jonathan A. Parker, a professor at MIT's Golub Center for Finance and Policy. "I think our natural proclivities — which will be to go out to eat again, to do all those things we've been missing doing — will be exactly the sort of spending that will generate economic rebound."

Parker, who has done extensive research on fiscal stabilization efforts, wonders whether the latest round of stimulus will actually promote spending among those not driven by immediate need. Wealthier people, in general, have a lot of money sitting around right now.

According to the [US Bureau of Economic Analysis](#), personal saving as a percentage of disposable income rose from 7.6 percent in January of 2020 to 20.5 percent in January of 2021. People would have probably begun spending some of that money, anyway, as the threat of COVID-19 diminishes.

One way to put stimulus money to good use, Parker said, is to give to charities serving people who are continuing to struggle financially. He pointed out that payments to less wealthy families could have been larger if the assistance had been more closely targeted.

“The fact that we’ve spent this much and have not been able to reach those who are most in need is really a problem, and so it’s really nice if charities and organizations like food banks can catch the people who have lost,” he said. “The economic fallout from this pandemic has been so unequal that there are really some people who have been hammered really hard and for whom the government aid hasn’t been sufficient.”

Waldron, of Lasell, urged people to think about what they value most, which causes they are most concerned about, and what kind of economy they want to see emerge from the pandemic.

“No matter how you spend that money, it’s going back into the economy. And every time you have a transaction, whether it’s a donation or an outright purchase, it triggers other actions,” Waldron said. “A simple consumer transaction has a lot of links in the chain that help a lot of people.”

But if you need to hang on to the cash, there’s no shame in doing that, said Jill Fopiano, chief executive of O’Brien Wealth Partners in Boston. Even people who are comfortable should look at the money as an opportunity to build back reserves they may have drawn down over the past year.

She predicted that with the end of the pandemic potentially in sight, people will be more willing to use the money, rather than [saving](#) it, as many have in the past two rounds.

“It’s OK to enjoy it and have some fun,” Fopiano said, “but don’t forget to plan ahead.”

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