Tim Liu

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EDUCATION

PhD, Finance — Expected Graduation 2021
University of North Carolina at Chapel Hill - Kenan-Flagler Business School

BS, Statistics, Summa Cum Laude — Graduated 2014
University of Pennsylvania - Wharton School

BA, Economics, Summa Cum Laude — Graduated 2014
University of Pennsylvania - School of Arts and Sciences

NATIONALITY United States

WORKING PAPERS

How Does Leasing Affect Leverage, 2020
Job Market Paper
Abstract: Leasing's impact on leverage remains an open debate in the literature. Some argue that leasing and secured debt are substitutes, while others argue leasing can preserve secured debt capacity and facilitate greater borrowing. I exploit a Moody's accounting policy change that unexpectedly made leasing less costly from a credit ratings perspective and resulted in an economically meaningful increase in leasing. Alongside this uptick in leasing, I find that secured debt decreased on average. I also find that leasing has a non-negative impact on secured debt capacity. While leasing preserves secured debt capacity across the sample of firms, only high investment opportunity firms use their secured debt capacity to increase secured borrowing. Firms with low investment opportunities, lacking reason to increase aggregate financing, substitute out secured debt when leases increase.
Presented at: UNC Chapel Hill

The Distribution of Non-Wage Benefits: Maternity Benefits and Gender Diversity, 2019 (with Christos Makridis, Paige Ouimet, and Elena Simintzi)
R&R at RFS
Abstract: Why do firms offer non-wage compensation instead of the equivalent amount in financial compensation? We argue that firms use non-wage benefits, specifically maternity leave, to efficiently target workers with desirable characteristics. Using Glassdoor data, we show that firms offer higher quality maternity benefits in industries and locations where female talent is relatively scarce – a relationship robust to an instrumental variable analysis. Second, using plausibly exogenous variation in the timing of government policy, we show that these benefits can increase firm value. Third, we document novel stylized facts about non-wage benefits and how they are correlated with firm characteristics.
Presented at: AFA 2019, Calvacades 2018, SOLE 2018, IZA 2018, and UNC Chapel Hill

Do Credit Ratings Matter? Evidence from S&P's 2013 Methodology Revision, 2019 (with Anil Shivdasani)
Abstract: Exploiting exogenous variation introduced by a significant change in S&Ps methodology, we show that credit ratings have a first-order causal impact on capital structure and investment decisions. Quantifying debt capacity within a firms credit rating (*Ratings Capacity*) using precise metrics, we show that capital structure is highly sensitive to changes in *Ratings Capacity.* Credit ratings explain more variation in capital structure changes than other firm-specific determinants. Firms with low adjustment costs and attractive investment opportunities are more responsive to *Ratings Capacity.* Increased *Ratings Capacity* causes significant expansions in investment and reductions in share repurchases, suggesting wide impacts on financial policy.
Presented at: Ohio State University and UNC Chapel Hill

WORKS IN PROGRESS

Did Dodd-Frank Make Rating Agencies More Conservative, 2020 (with Petrus Ferreira, Wayne Landsman, and Donny Zhao)

TEACHING

Introduction to Corporate Finance — 2019
UNC Chapel Hill
Instructor Evaluation 4.6/5

PROFESSIONAL EXPERIENCE

Research Assistant — 2016 - Present
UNC Chapel Hill - Finance Department

Investment Banking Analyst — 2014 - 2016
Citigroup, New York City

REFERENCES

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