

Decision guidance and choice support – why, how, and how better not to do it

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You can withdraw one-off maximum 10% of your accrued pension assets.
Which amount would you like to withdrawn at once?

From retirement age:

1,583€
per month

One-off lump sum:

20,000€

Your choice: 5%

Do you want more information before you make a decision or directly confirm your choice?

- I want more information first
- I want to confirm my current choice on the slider

Continue

Choice guidance & support – why?

- Because the (NL pension) law will require it?
- Because otherwise people make strange choices?

How do people (my students) make choices?
(or – me trying to replicate some known biases)



“The middle option choice”



Which image do you personally like the most?



70%
60%
50%
40%
30%
20%
10%
0%



70%
60%
50%
40%
30%
20%
10%
0%



“Adding a decoy option”



Which wine would you prefer to buy for drinking with a fellow student after the exam week?

Wine A: French wine, taste is not too bad, 2 yrs aged, price = 10 €

Wine B: French wine, taste is delicious, 5 yrs aged, price = 20 €



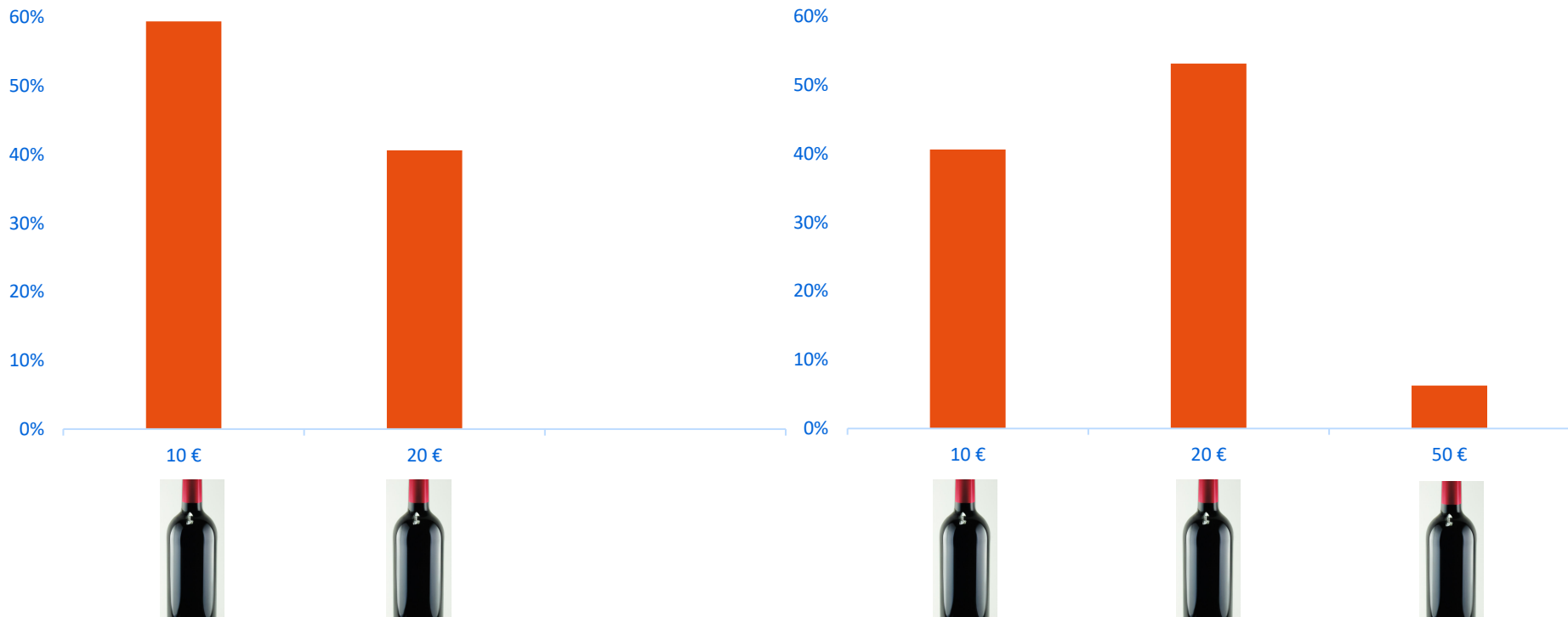
Which wine would you prefer to buy for drinking with a fellow student after the exam week?

Wine A: French wine, taste is not too bad, 2 yrs aged, price = 10 €

Wine B: French wine, taste is delicious, 5 yrs aged, price = 20 €

Wine C: French wine, taste is amazing, 20 yrs aged, price = 50 €





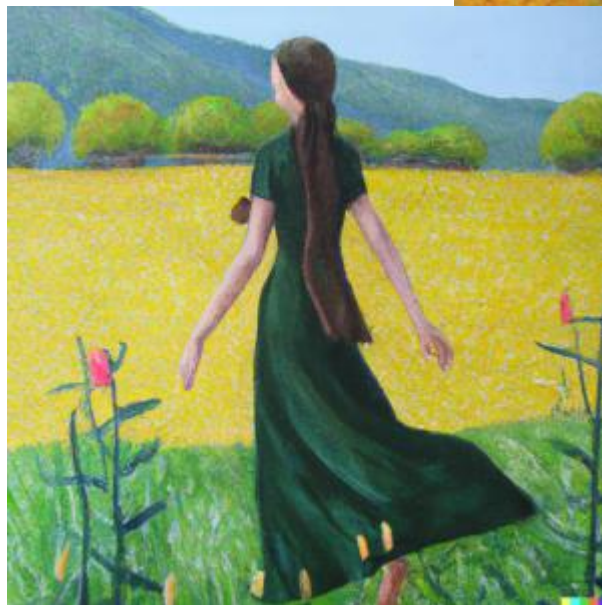
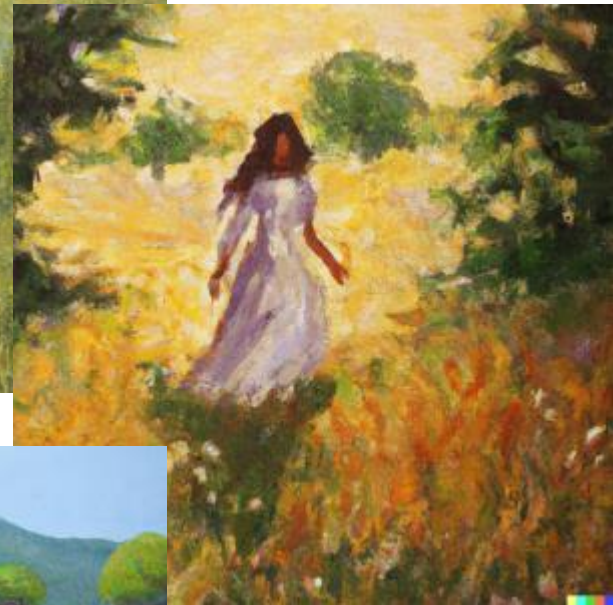
“What I still can remember”



Next you will see 5 different paintings. After you have seen all of them, you will be asked which one you like the most.

So take your time to look at each of them before you flip the page to see the next painting.

(students could not go back to see the previous image)





Choice guidance – how not to do it

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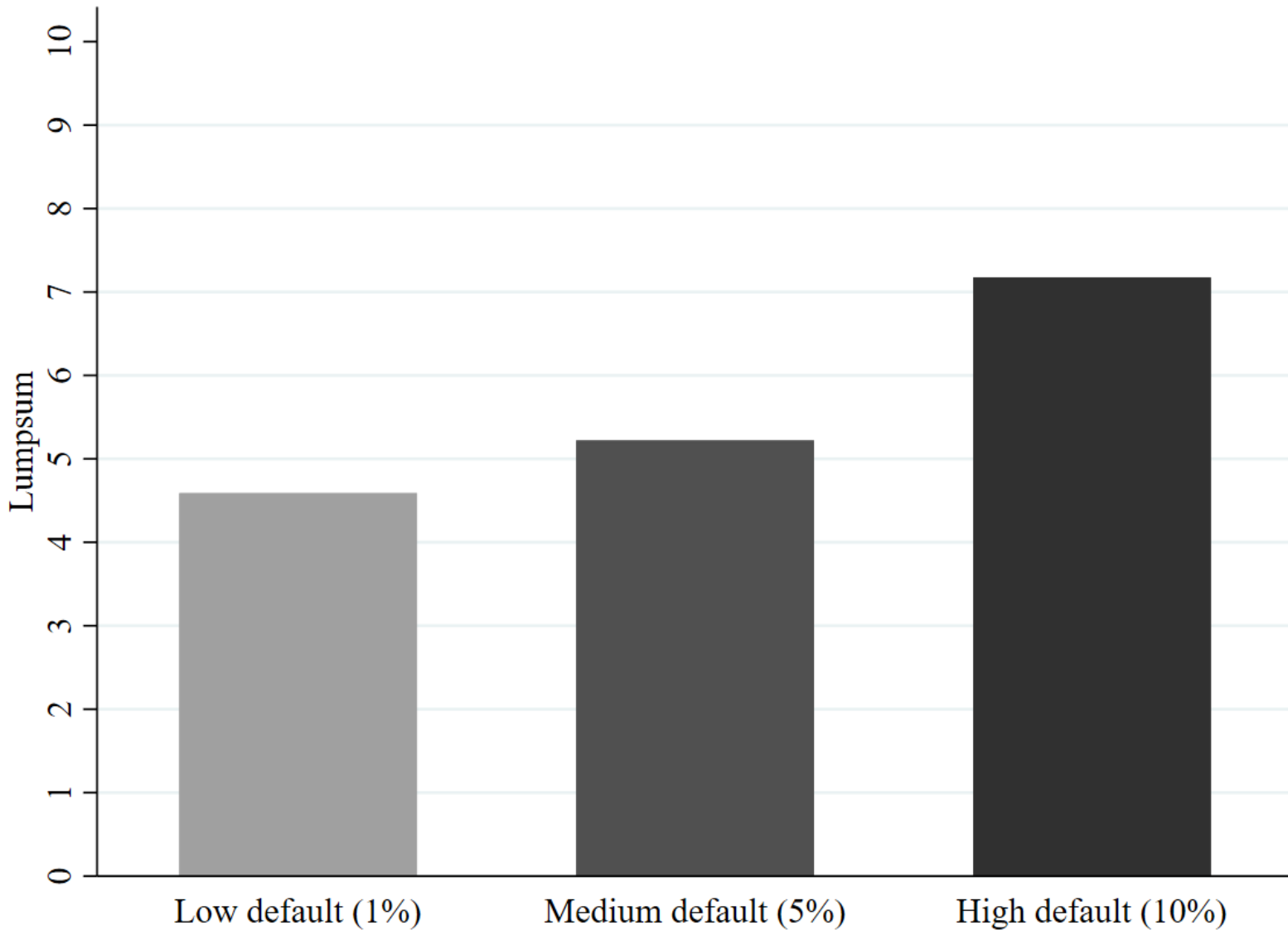
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Continue

Choice guidance is not the same as nudging!



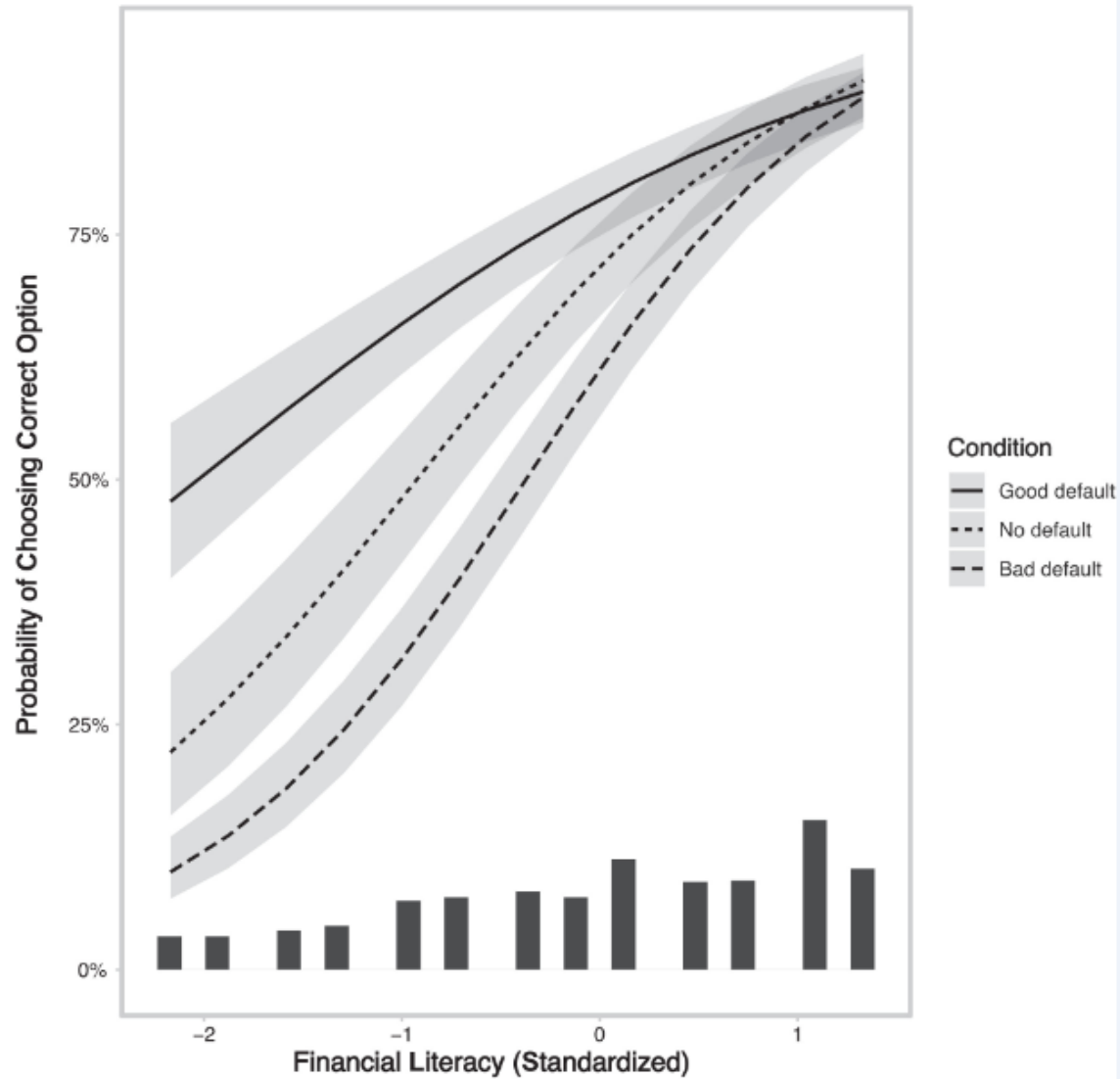
Choice guidance – how to do it then?

1. Nudging the right target groups
(in the right way)

- is not choice guidance, but might give similar results

2. “Visualize” numbers, creating “experiences”

B: Low-Financial-Literacy Participants Are Helped More by Defaults



Mrkva, K., Posner, N.A., Reeck, C. & Johnson, E.J. (2021). Do Nudges Reduce Disparities? Choice Architecture Compensates for Low Consumer Knowledge. *Journal of Marketing*



OVERVIEW



HOUSE



FOOD &
DRINK



TRANSPORT



HOLIDAYS &
LEISURE



CLOTHING &
PERSONAL



HELPING
OTHERS

MINIMUM

SINGLE: £10,200
COUPLE: £15,700

SUMMIT

A week and a long weekend in the UK every year.

MODERATE

SINGLE: £20,200
COUPLE: £29,100

DEPARTURES ✈️ ➔

2 weeks in Europe and a long weekend in the UK every year.

COMFORTABLE

SINGLE: £33,000
COUPLE: £47,500

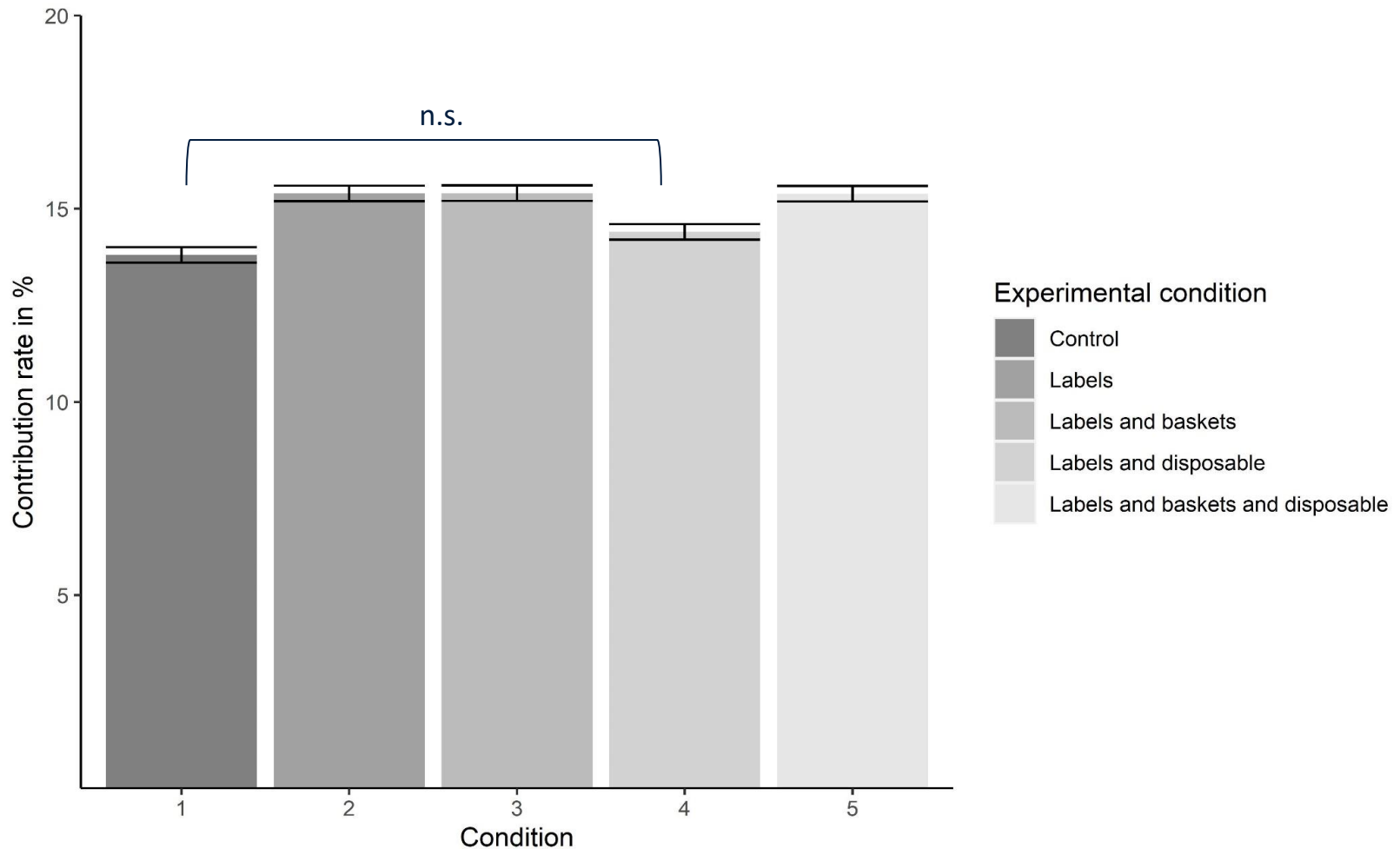
3 weeks in Europe every year.

Retirement living standards developed by the centre for research in social policy of Loughborough University (https://www.retirementlivingstandards.org.uk/developing_rls_research_report.pdf).

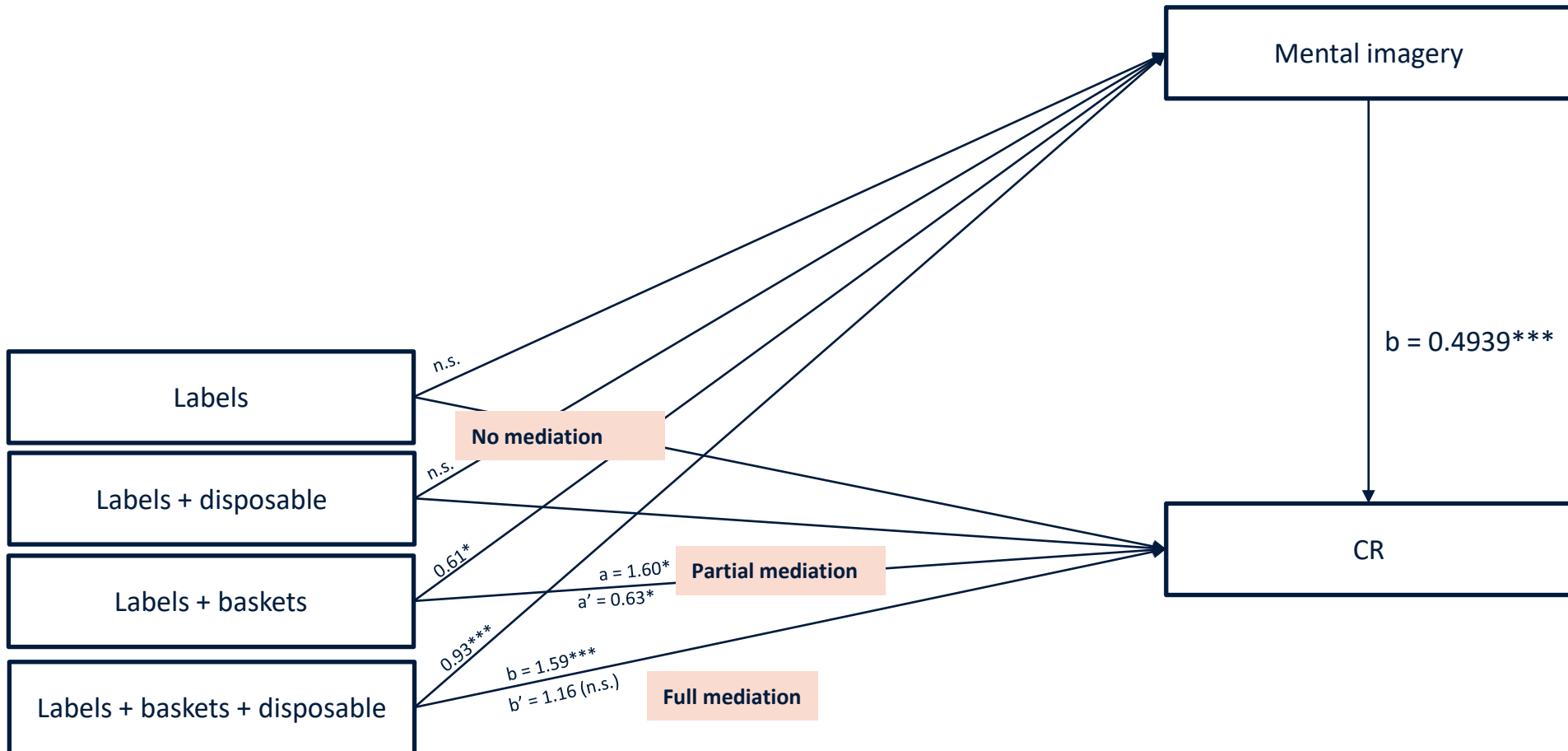
	MINIMUM	MODERATE	COMFORTABLE
SINGLE	£10,900 a year	£20,800 a year	£33,600 a year
WHAT STANDARD OF LIVING COULD YOU HAVE?	Covers all your needs, with some left over for fun	More financial security and flexibility	More financial freedom and some luxuries
 HOUSE	DIY maintenance and decorating one room a year.	Some help with maintenance and decorating each year.	Replace kitchen and bathroom every 10/15 years.
 FOOD & DRINK	A £41 weekly food shop.	A £47 weekly food shop.	A £59 weekly food shop.
 TRANSPORT	No car.	3-year old car replaced every 10 years.	2-year old car replaced every five years.
 HOLIDAYS & LEISURE	A week and a long weekend in the UK every year.	2 weeks in Europe and a long weekend in the UK every year.	3 weeks in Europe every year.
 CLOTHING & PERSONAL	£410 for clothing and footwear each year.	£730 for clothing and footwear each year.	£1,200 for clothing and footwear each year.
 HELPING OTHERS	£10 for each birthday present.	£30 for each birthday present.	£50 for each birthday present.

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Mean contribution rates per condition



Mediation analysis



Part 1

Options for risk simulation

For the simulation, you have the possibility to invest 1000€ for an investment horizon of your choice. You may either run the simulation for a more risky portfolio with higher return potential or alternatively for a less risky portfolio with lower return potential. In addition, you may choose between a 1 or a 5 year investment horizon. Other options can be explored in later stages. Please choose an exemplary portfolio which you would like to get to know first.

Amount invested

1,000€

For how long would you like to invest?

5 years ▾

Please choose the index which your investment should be based on

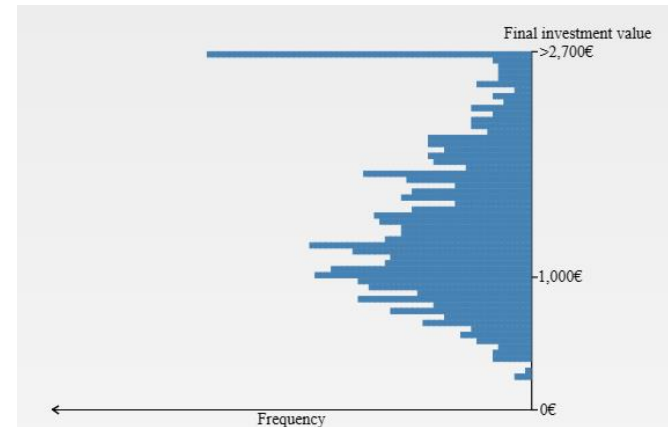
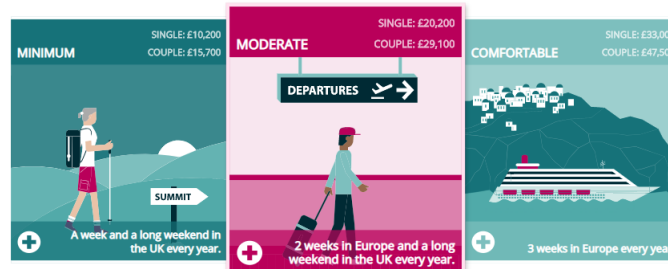
More risky investment with higher return potential ▾

◀ Back

Start simulation ▶▶▶



- Without help people (like my students) make strange choices
- Nudging helps but needs
 - Good knowledge about where to nudge toward
 - Who will respond to the nudge most
- Choice guidance and support is more difficult, but possible
 - Create experiences
 - Visualize



Contact Information



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