



APPLYING BEHAVIOURAL ECONOMICS TO PENSIONS

BEHAVIOURAL INFLUENCER	IMPACT	ACTION
Messenger	<ul style="list-style-type: none"> ○ People like receiving information from experts ○ People are influenced by the expert's background and whether they can relate to them ○ People discount the messenger if they don't like them 	<ul style="list-style-type: none"> ○ Think about the experts you are using – ensure that their credentials are known and understood. ○ Does the expert come from a similar background (for example do they have the same regional accent)? ○ Is the expert popular, likeable?
Incentives	<ul style="list-style-type: none"> ○ Our responses to incentives are shaped by predictable mental shortcuts such as strongly avoiding losses ○ We dislike losses more than we like gains of the same amount ○ People place more weight on small probabilities like winning the lottery ○ We mentally allocate money into bundles and find it difficult to move them from one to another ○ Living for today, at the expense of tomorrow 	<ul style="list-style-type: none"> ○ Can we do more to communicate the loss of 'free money' from your employer pension? ○ How can you help people allocate something to a pension budget?
Norms	<ul style="list-style-type: none"> ○ We tend to do what others around us are doing ○ If the norm is desirable – tell them about it ○ Consider social networks ○ Reinforce the 'norm' regularly ○ Be careful with undesirable norms – if people see that more people are not doing something they might want to join them 	<ul style="list-style-type: none"> ○ Can you tell people some good norms? ○ How can you help them relate to the norm (by age, salary level, personal circumstance)? For example 50% of people your age have updated their nomination form in the last five years
Defaults	<ul style="list-style-type: none"> ○ People go with the flow of pre-set options ○ People are lazy 	<ul style="list-style-type: none"> ○ Show them what they are missing out on and how they don't need to be a pensions expert to improve their prospects



BEHAVIOURAL INFLUENCER	IMPACT	ACTION
<i>Salience</i>	<ul style="list-style-type: none"> ○ People are drawn to what is novel, new, simple and relevant ○ If it's simple we understand it and can relate to it ○ We create anchors, based on our experience, which we use as a reference point. Price for example is an anchor for purchasing something 	<ul style="list-style-type: none"> ○ Using a new 'look and feel' to a pension and making things simple will create new interest and engagement ○ Can you create and promote some 'anchor' points – for example some rule of thumb insights. For example, contributing at a level equal to half your age
<i>Priming</i>	<ul style="list-style-type: none"> ○ Certain sights, words or sensations affect people's behaviour 	<ul style="list-style-type: none"> ○ Think about the language you use, is it negative or is it positive? Hopeful or despairing. ○ What type of imagery are we using in our communications?
<i>Affect</i>	<ul style="list-style-type: none"> ○ Emotion shapes our actions ○ Our moods affect our decisions ○ We make decisions based on how it looks 	<ul style="list-style-type: none"> ○ How can we make pensions more fun? ○ How can we make sure our customer experience is a good one? ○ Do our communications look good? ○ Would creating a negative emotion change behaviour?
<i>Commitment</i>	<ul style="list-style-type: none"> ○ We seek to be consistent with our public promises, and reciprocate acts ○ Free gifts create a need to return the favour 	<ul style="list-style-type: none"> ○ Can we help groups of people with similar interests commit to save more? ○ What can be built into the design of the pension to create a commitment
<i>Ego</i>	<ul style="list-style-type: none"> ○ We act in ways that make us feel better about ourselves 	<ul style="list-style-type: none"> ○ How can we help people feel they are 'doing the right thing'?

MINDSPACE