Act Pension Participants

"Sociale norms can boost pension engagement but it's tricky"

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Motivating pension plan participants to delve into their pensions and take action in a timely manner is a challenge for many pension funds and financial service providers. Referencing social norms can be a very effective way of stimulating the desired behavior. This can be done quite subtly and with very little investment: a particular word or image in a letter or chart can do wonders for improving the effectiveness of pension communications. It is, however, a delicate business. If the wrong expression is chosen, it can quickly backfire.

Example of a social norm (circled in red) presented in a mailing from ABP pension fund. In combination with some other interventions, this produced a 30% increase in log-ins to the personalized page 'MijnABP' compared to the control group (from 1.71% log in without interventions, to 2.23% log in with interventions).

Principal Findings

- People like to model themselves after others when it comes to their personal behavior. Social norms can therefore be an effective aid, which has low investment costs.
- Studies by Dutch pension asset managers from APG and PGGM and researchers at Maastricht University show that applying this principle can be tricky.
- Use social norms to clearly point to a desired behavior and set an achievable goal.
- Use a believable reference group (peers) with whom people can identify.
- Be careful about using social norms to motivate people already exhibiting the desired behavior; this can produce the opposite effect.

Key Takeaways for the Industry

- Social norm interventions can be very valuable in pension communications and are most effective when the tips outlined above are applied.
- Subtle differences can potentially have very negative effects. It is advisable to first test the social norms on a small group.
- Use actual existing social norms, do not embellish reality.

Want to know more? Download the paper
'Using social norms to activate pension plan participants: insights from practice'