

Pleasure from leisure or still enjoying working? Getting to the core of pension decisions

“Numbers lack meaning out of context”

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Pension participants face complex decisions. Presenting participants with correct facts and figures is sometimes not enough for participants to choose the optimal alternative. If they succeed in determining the gist of the decision, people tend to make choices that are more in line with their values and preferences. This study identifies how participants make pension decisions and what considerations they have in doing so, in order to gain more insight into the gist of three common pension decisions: exchanging old-age pension and partner’s pension, allocating old-age pension over time and when to retire.

Principal Findings

- The three fundamental factors in these pension decisions are life expectancy, sufficient resources and wellbeing.
- For the exchange with partner’s pension the key considerations are the relative life expectancies of the partners and whether the survivor still has enough for the desired standard of living.
- For allocating pension over time, life expectancy, expected standard of living during retirement and desire for more pleasure from (expensive) activities in certain phases of retirement play a crucial role.
- When to retire depends on having enough money to retire and on the balance between pleasure gained from work and from leisure activities.



Figure: Considerations that guide participants to exchange the old-age pension and partner’s pension.

Key Takeaway for the Industry

- Especially now that pension options available to the public are growing, communication about pension decisions should focus on the fundamental factors and the values and preferences relevant for the participants concerned, so that participants can relate these to the exact facts and figures and make more meaningful decisions based on the right trade-offs.



Want to know more? Read the paper **‘Naar de kern van pensioenkeuzes’**