

Framing and Pension Annuities

Bockweg, Ponds, Steenbeek, and Voncken

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Robust (US) finding



People don't like annuities
but prefer lump sums

However, nudging and framing can help ...

If the Dutch pension system would offer more choice

- Would the Dutch also prefer lump sums?
- How could plan participants be nudged toward annuities?
 - Which default/frame combination works best?
- How different are plan participants in their choices and susceptibility to nudging?

Comments

- Well motivated research question
- Well executed experiment
- Interesting findings
- Potential to improve
 - Presentation of findings/results section

Comments - Results

- Section 5.1 lump sum preference
 - Long, too many bivariate descriptive and insignificant analyses
 - Confusing figures
 - Why not run one regression model?
- Over time I became confused from the many treatments and combinations and experimental stages
 - Add a matrix showing all stages and treatments
 - This matrix should also contain the N's in each cell
 - (also confusing why N does not add up to 3,100 and varies between the regressions)

Comments - Results

- Section on lump sum preferences may be shortened anyway
 - Results are in a hypothetical scenario and absolute effects should be interpreted carefully
 - I see this section more as building the benchmark for the framing effects
- Instead, focus more on the heterogeneity section
 - Many new and interesting findings here
 - That potentially generalize beyond the Dutch context

Comments - other

- Argument
 - Dutch are used to annuitization (compared to the Americans)
 - Performing a study in the Netherlands will shed light on whether that fact leads to a stronger preference for annuities
 - Plausible, but no causal evidence
- P. 6 funds show expected pensions
 - Still true?
- Why were the 2 choices not shown on the same screen?
 - Difficult for participants to understand interaction of the choices