



Network for Studies on Pensions, Aging and Retirement

Activating Pension Plan Participants: Investment and Insurance Frames
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Summary

- Paper examines the effect of framing in pension communication on engaging participants into pension planning.
- Findings
 1. Lab study (61 students):
 2. Survey among 97 university employees
 - Loss frame (see figure 1) powerful nudge
 - Loss frame also result in more negative emotions and evaluations compared to the gain frame.
 3. Development of an 'Investment frame' (gain) and an 'Insurance' frame (loss), see figure 2.
 4. Field experiment among participants of DC scheme in which those two frames are tested.
 - Insurance framing twice as effective in engaging participants to click on a movie link (explaining pension scheme changes)
 - No difference in evaluation

Study 1

Figure 1: Study 1 Gain and Loss Frames

Gain

You gain from informing yourself today.

(Every month, your pension fund receives and manages your contributions for your pension income during retirement.

Because of our aging population, changing pension system and economy, this amount of money may not be sufficient for you to keep a decent lifestyle during retirement.)

By **informing yourself** about your pension now, you can **learn** whether you have a savings gap.

If you **decide to inform** yourself, you **will find out whether you have saved enough** for retirement.

Discovering a potential savings gap **gives you the opportunity** to close it by starting to save more right now.

Take advantage of this opportunity.

Take the first step.

Check your expected retirement income on mijnpensioenoverzicht.nl.

Loss

You lose from not informing yourself today.

(Every month, your pension fund receives and manages your contributions for your pension income during retirement.

Because of our aging population, changing pension system and economy, this amount of money may not be sufficient for you to keep a decent lifestyle during retirement.)

By **not informing** yourself about your pension now, you will **not learn** whether you have a savings gap.

If you **decide not to inform** yourself, you **will not find out whether you have saved enough** for retirement.

Not discovering a potential savings gap means that you **miss the opportunity** to close it by starting to save more right now.

Do not fail to take advantage of this opportunity.

Take the first step.

Check your expected retirement income on mijnpensioenoverzicht.nl.

Note: This figure shows the text frames used in study 1. The text between parentheses is the text that all groups received.

Study 1a continued

- Loss and gain frame randomized
 - Question: how many students in the gain frame?
- By means of 7-point Likert questions (Cox and Cox, 2001) participants had to evaluate the text in Figure 1 on the following dimensions:
 1. Credibility (results not reported)
 2. Emphasis of the text (i.e. costs of not informing yourself vs. benefits of informing yourself): loss framing
 3. Overall evaluation of the text
- Comment: Please include the exact formulation of the 'Likert' questions in an appendix (plus the frequency distribution)

Study 1b

- Response rate (how many employees approached)?
- Again loss frame and frame similar to Figure 1)
- In comparison with first study you add a control group.

Why?

- In second study the Block and Keller questions are used to evaluate the tekst instead those of Cox (2001). Why?
- Block and Keller questions: text evaluation on informativeness, ease of comprehension, credibility and negative affect
- The second study also includes a Likert question on information search intention

Study 1b (continued)

- The authors claim
 1. Loss frame was more effective in increasing intentions than the gain or 'control' frame.
 2. Evaluation of the loss frame lowest among the three groups on all dimensions
- However, most differences are not significant! Except the text was evaluated differently on the the dimension of credibility

'Field' experiment

- Field experiment with DC pension plan participants of a large Dutch pension provider.
- Two framed newsletters (investment frame, insurance frame, see figure 2).
- One of the two letters sent by email to 7,315 active pension plan participants
- Randomization at the employer level

Field experiment

- Paper not informative about the sample frame
- Presumably 2-stage sampling procedure applied?
- Stage 1
 1. Has the pension provider drawn a random sample of employers. How many employers in the ('gross') sample?
 2. Are employers asked for collaboration with the study?
 3. If yes, is the response rate at the employer level high?
 4. If yes, perform a non-response analysis at the employer level
- Stage 2
 - Did they send a letter to all employees or a random subsample?
- It is crucial to provide more information on the sample frame
- I don't understand the following sentence on page 9: "That is, the frames have been randomly sent out at the employer level, but not within employers. "

Field experiment (continued)

- Table 1, panel A: compute standard errors which are clustered at employer level. In addition, I would run a logistic regression explaining $\Pr(\text{insurance frame})$. This regression should not have any explanatory power (again compute clustered s.e.).
- It might be worthwhile to run this regression at the employer level as the dependent variable is employer specific (not employee specific).

Table 2: $\Pr(\text{movie})$ and $\Pr(\text{website})$

- Login to website might require digid plus password which you don't know aout of your head. Is this stated beforehand (before you click?)
- Again, compute standard errors clustered at employer level. This is 'important because the rhs variable of interest (insurance framing) is employer specific. I fear that the conventional standard errors are biased downwards.

Field experiment (no control group)

Figure 2: Study 2 Investment, Insurance and Control Frames

Investment	Insurance	Control
Investing in your future pension is becoming even more important	Ensuring your future pension is becoming even more important	Your future pension is becoming even more important
Invest today in your tomorrow's standard of living	Ensure your tomorrow's standard of living today	What's going on?
Invest time today to obtain more insight into your pension	Make sure today to obtain more insight into your pension	What is my current situation?
If an investment into your future pension is important to you...	If certainty about your future pension is important to you...	What can I expect?

Note: This figure shows the headings of the text that participants received in laboratory study 2.