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Maarten van Rooij

Federica Teppa

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Choice or No Choice: What Explains the Attractiveness of Default Options?

Maarten van Rooij (De Nederlandsche Bank and Netspar)
Federica Teppa (De Nederlandsche Bank and Netspar)*

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Abstract

The default option in individual decision making has proved to be a major attractor in a large number of situations. Yet, direct empirical evidence on the reasons for the importance of the default is still lacking. We have devised a new module for the Dutch DNB Household Survey and the US RAND American Life Panel to identify potential explanations for default choices and to provide empirical evidence on their relative importance for retirement savings, organ donation, voting, having a will, and no-consent decisions in marketing. The use of survey data allows us to study the behavior of the entire population and to control for a rich set of personal characteristics, as well as for labor market status, income, and wealth. Our findings confirm that the default option plays a pivotal role in individual decision making in the Netherlands as well as in the US. Moreover, choice behavior seems to be driven by different reasons across different situations in both countries, with a particularly strong role for procrastination and financial illiteracy. In addition, we find an important role for social norms and peer effects explaining the deviation from default options in the Dutch data.

Key words: Default Choices, Individual Decision Making, Procrastination, Inertia, Financial Literacy, Endorsement, Trust, Conformity, Status Quo Bias

JEL Classification: D12, D80, C90

* Maarten C.J. van Rooij, Economics & Research Division, De Nederlandsche Bank, P.O. Box 98, 1000 AB, Amsterdam (M.C.J.van.Rooij@dnb.nl), and Federica Teppa, Economics & Research Division, De Nederlandsche Bank, P.O. Box 98, 1000 AB, Amsterdam (F.Teppa@dnb.nl). We are grateful to Rob Alessie, Marcello Bofondi, Lans Bovenberg, Stefan Hochguertel, Lex Hoogduin, Clemens Kool, Peter Kooreman, David Laibson, Theo Nijman, Peter Schotman, Paul Sengmüller, Robert Slonim, Peter van Els, Raymond van Es, Nathanaël Vellekoop, Peter Vlaar and participants in the Netspar Conference on the Micro-economics of Ageing (Utrecht, November 2006), the French Economic Association Conference on Behavioral Economics and Experiments (Lyon, May 2007), the CEPR/Netspar European Challenges Conference (Zurich, October 2007), the Netspar Pension Day (Tilburg, October 2007), the 10th Annual DNB Research Conference on Behavioral Economics: Challenges to Policy Makers and Financial Institutions (Amsterdam, November 2007) and the Netspar Pension Workshop 'Aging Insured' (Utrecht, January 2008) for helpful suggestions and comments. A special thank goes to Arie Kapteyn and Arthur van Soest, for their comments and suggestions to improve upon the questionnaire and their help in using the RAND American Life Panel to collect US data. We thank Jeffrey Dominitz, Sandy Chien and Bas Weerman for their work in implementing the questionnaire in the US. We are also grateful to the staff of CentERdata, and in particular, Corrie Vis for their assistance in setting up the survey and the Dutch field work. The views expressed in this paper are those of the authors and do not necessarily reflect those of the institutions they belong to. Any remaining errors are our own responsibility.

1. Introduction

The role of default options in individual decision making is well documented in the empirical and experimental literature. The polarization at the default is a persistent finding not only in economics (e.g. pension savings, insurance), but also in other domains like organ donation, phone marketing, and Internet privacy policies. These findings contradict the predictions of neoclassical economics, as standard choice theory dictates that the framing of choice problems, in particular the selection of one of the alternatives as the default, should be irrelevant. As long as transaction or switching costs are small and preferences are well-defined, the consumer will pick the option that maximizes her utility, irrespective of the design of the choice problem.

The literature is less clear-cut on the reasons behind the attractiveness of default options. Why is it that individuals are so much attracted to the default? Is there one obvious reason or do different motivations play a role in different situations? Many potential explanations have been suggested including inertia, procrastination, the interpretation of defaults as endorsements, as well as choice overload and the complexity of choice problems. Despite the great deal of attention devoted to the topic, a comparative study on the role of the default in different settings seems to be missing. Nevertheless, these are important questions. As an example, from a public policy perspective, it is relevant to know whether nonparticipation in retirement plans or donor registration is a deliberate choice, and - if not - whether it is the consequence of a lack of knowledge rather than of procrastination.

To answer these questions, we have designed a specific module for both the DNB Household Survey in the Netherlands and the RAND American Life Panel in the US to elicit information on personal traits and choices made in several situations with a default option. The default is defined as the situation that occurs if an individual does not take any action. In our empirical analysis, we take into account that this situation can be either the outcome of an active decision process or a deferral choice, i.e. the result of not choosing or not taking any action. We consider several choice domains including retirement savings, organ donation, having a will, voting participation and no-consent decisions about phone and leaflet commercial marketing. We provide empirical evidence on the relation between individual choices and personal traits and background characteristics. To what extent respondents are exposed to behavioral attitudes is identified by factors extracted from a principal component analysis on a set of statements about individual behavior.

This paper contributes to the literature in a number of ways. First, it compares the role of the default option across several domains. Second, it provides empirical evidence on the

relative importance of potential explanations for default choices. Third, the analysis is based on survey data. Existing studies use either administrative data or field and laboratory experiments with limited background information on the participants (see e.g. Madrian and Shea, 2001, or Dhar, 1997). The intrinsic nature of such data sources prevents from quantitatively testing the relevance of any of the potential reasons listed above. Moreover, the use of survey data delivers a rather complete picture of default behavior, as the interviewed people belong to the entire population distribution rather than to a particular sub-sample (typically students or employees at selected firms). Fourth, the use of comparable Dutch and US data enables a cross-country comparison.

Our main conclusions are the following. The default option plays an important role in many situations. Individual choices are driven by different determinants across domains, but overall procrastination and financial illiteracy appear to be the most prevailing explanations for default choices. This is true in the Netherlands as well as in the US, despite differences in tradition, culture and institutions. In addition, we find that endorsement or community effects play an important role in the Dutch data; individuals giving above average weight to the opinion of others more often take decisions that are commonly viewed as being part of good citizenship, as in the case of voting or the registration for organ donation.

These findings have important policy implications. Despite the standard theoretical predictions, the default option turns out to be relevant for individual decision making. Thus, policy makers need to be careful in framing choice situations as their design is not neutral. Moreover, since the role of default is not driven by a unique determinant, the optimal design of defaults should take this into account. On one hand, when agents stick to the default because of procrastination, they may be better off with a design defaulting them into the option that is the most appropriate for them. On the other hand, when agents do not choose because of the complexity of the choice problem, education and information might be more welfare improving, especially when individual preferences are heterogeneous (e.g. in the case of pension savings). At the same time, increasing the simplicity of choice situations facilitates active decision making.

The paper is organized as follows: In Section 2, we provide a review of the literature on the role of default options in individual decision-making and potential explanations for their attractiveness. In Section 3, we describe the data used in the empirical analysis for the Netherlands, including the identification and validation of personal traits. In Section 4, we report the descriptive statistics for choice behavior in situations with a no-action default. In Section 5, we analyze the default choices and relate them to individual traits. In Section 6, we

replicate the empirical analysis with US data from the RAND American Life Panel. In Section 7, we discuss the empirical results. In Section 8, we conclude with some final remarks.

2. Literature

A rapidly growing literature (largely focused on the US) points out that, when taking decisions, individuals rely on default options heavily. There are many event studies in marketing research documenting the impact of framing on consumer decisions. Johnson, Bellman and Lohse (2002) for example show that the default is relevant for Internet privacy policies. Examining online permission for the addition to e-mail distribution lists for future contacts, they find significant differences between opt-in and opt-out frames. Johnson, Hershey, Meszaros and Kunreuther (1993) document the consequences of alternative choice designs for car insurance by exploiting the variation in US state legislation. In Pennsylvania by default insurance plans include the full right to sue for any auto-related injury with the option to forego the full right in exchange for lower insurance premiums. In New Jersey car drivers acquire a restricted right to sue unless they actively choose otherwise. Differences in participation rates between the opt-out and the opt-in states were huge: 75 versus 20 percent, even though the full right insurance option is not costless at all.

The design of organ donor registration might literally bring about differences between life and death for those waiting for an organ donor transplant. Countries where everyone is defaulted into organ donation unless he registers his unwillingness to be one have much more potential organ donors than countries where nobody is a donor unless he explicitly signs a consent statement. The effective consent rates range from well below half of the population in the explicit consent countries to over 80 percent (and often close to 100 percent) in the presumed consent countries (Johnson and Goldstein, 2003). Moreover, after controlling for other determinants, actual donation rates as well appear to be considerably higher in countries where citizens are defaulted into organ donation (Abadie and Gay, 2004).

Another influential area of research on the effect of default choices focuses on life cycle savings behavior, especially in retirement plans. Madrian and Shea (2001) have documented convincing evidence of a strong influence of plan design on savings choices. They evaluate the consequences of default in a large US company in the health sector that changed their opt-in 401(k) plan into an opt-out design. This change provides a sort of natural experiment with new employees being enrolled automatically in a retirement savings plan with a fixed contribution rate invested in a default money market fund, unless they explicitly

state other preferences for participation, contribution or portfolio investment. Prior to the change, new employees were free to decide upon all these features of the retirement plan, but only after an active decision to join. Instant participation rates rose significantly from 37 to 86 percent, with the vast majority contributing the default premium rate and investing all money in the standard fund. Choi, Laibson, Madrian and Metrick (2004) extend the analysis to a longer time horizon and find that the enrolment gap is still substantial after four years. Both studies show that automatic enrolment is particularly successful raising the participation rate of lower-pay employees. This suggests that default behavior and the sensitivity to framing in choice situations might be related to personal characteristics.

The empirical evidence on the role of default in pension choices extends to other countries than the US. Cronqvist and Thaler (2004) document investment behavior in Sweden, where after a pension reform in 1999 employees had to decide how to invest part of their pension premiums in private social security accounts ('Premium Pension Funds'). One third of the participants chose the default allocation despite the government urging them not to do so. The proportion of default choices rose to 93 percent three years later, after the government stopped its campaign. This illustrates that there might be an important role for information, advertising and publicity campaigns surrounding choice occasions.

Bütler and Teppa (2007) show that default choices are relevant not only for pension wealth accumulation but also for the decumulation phase. Some company pension funds in Switzerland pay out the accrued employer pension savings as a lump sum upon retirement; other funds transfer the total capital into a lifetime annuity. While both types of companies offer the possibility to opt out the standard situation, Swiss pension fund participants massively take the default option of their pension fund for granted.

The evidence on the reasons behind the attractiveness of default options is less univocal. Samuelson and Zeckhauser (1988) introduce the term 'status quo bias' to describe the tendency for individuals to stick either to their original choices or to the current situation. The basic idea is that this preference is driven by loss aversion, i.e. individuals weigh losses more strongly than profits (Kahneman and Tversky, 1979), and the fact that the status quo serves as a reference point for their loss evaluation. Ritov and Baron (1992) claim that individuals prefer inaction above action, regardless whether the status-quo is maintained or not. This type of inertia is supported by Kahneman and Tversky (1982) and Landman (1987) who document evidence of individuals regretting an unfortunate situation more if it is the result of an active decision than if it happens because the person did not make an active choice.

More recently, a number of studies have highlighted the relevance of procrastination due to a lack of self-control, i.e. the tendency of people to postpone unpleasant tasks because of a bias for immediate gratification. The underlying concept is that of individuals discounting time inconsistently: their short term discount rate is smaller than the discount rate used for decisions in the far future. One example of time inconsistent discounting is hyperbolic discounting (Laibson, 1997), but it extends to broader classes of time preferences (O'Donoghue and Rabin, 1999a, 2001).¹

O'Donoghue and Rabin (2001) show that not only naïve but also more sophisticated individuals might suffer from procrastination. Their model illustrates that providing non-procrastinators with additional choices might induce procrastination in important tasks and that the welfare costs of such behavior might be huge as in the case of insufficient pension savings.² The intuition is that individuals want to put effort in collecting information and thinking about choices with major implications. Important choices as those related to participating in a retirement savings plan thus require substantial short-term effort and costs which might invoke procrastination in the optimistic view that this decision will be tackled in the near future. This suggests that there is an additional role for complexity in relation to cognitive ability in determining the attractiveness of default options.³ A high level of financial sophistication for example reduces the costs of important financial choices and illiterate individuals might show a higher aversion to taking these decisions. Indeed, Agnew and Szykman (2005) provide experimental evidence of financially illiterate participants being more likely to choose the default in complicated exercises.

The importance of financial literacy and advice-seeking also suggests that especially individuals who are careful or take many precautions face high costs in making important decisions as they are inclined to search for many sources of information and advice and think at least twice before entering a new situation. The study by Kapteyn and Teppa (2002) provides empirical evidence of the relevance of these attitudes for portfolio choices.

¹ The idea of time-inconsistent discounting is not new however and goes back to the work of Strotz (1956), Phelps and Pollak (1968), Pollak (1968), and Akerlof (1991).

² See O'Donoghue and Rabin (1999b) for an extensive discussion on how procrastination might have huge economic costs in terms of retirement savings.

³ Tversky and Shafir (1992) also show that when choices are difficult, i.e. when there is not one dominating alternative, it might be optimal to postpone the decision or alternatively go along with the default option to gather more information or search for alternatives. There is also experimental evidence that while basic choice theory suggests that increasing the number of choice options is always goods since the additional options may contain better alternatives, it in fact may prove to be demotivating and create dissatisfaction (Iyengar and Lepper, 2000). Indeed, empirical studies on asset allocation decisions provide examples of choice overload and participants looking for simplicity (see e.g. Iyengar and Kamenica, 2008, or Huberman and Jiang, 2006).

Another important motivation for the importance of default options is that the default is seen as an advice or endorsement (Madrian and Shea, 2001; Beshears, Choi, Laibson and Madrian, 2007). Individuals who are more sensitive to advice or in general relying more on advice might also be inclined to go along with the default option. In case of 401(k) savings plans the employer might be convinced that his employer wants the best for him, while in fact also other arguments could play a role (e.g. pension costs or liability issues). Similarly, experimental evidence confirms that people might perceive the way organ donation is organized as a reflection of the policymakers' preferences and the urge to participate (McKenzie, Liersch and Finkelstein, 2006).

All these potential explanations for the attractiveness of default options are not mutually exclusive but emphasize several aspects of choice behavior from a different perspective (Beshears, Choi, Laibson and Madrian, 2007). In the next section, we identify to what extent individuals are exposed to these types of behavior, i.e. we measure personal traits which - compared to for example age, gender, and education - are less easily observed.

3. Data

We have collected information on individual choices in several situations with a default option from the households participating in the DNB Household Survey (DHS). The DHS, formerly known as the CentER Savings Survey, is an annual survey of about 2000 households in the Netherlands that started in 1993. In principle all household members aged 16 years and older are allowed to participate. The panel is run at Tilburg University by CentERdata.⁴ In case of attrition, CentERdata recruits new participants to maintain the panel size and to keep the panel representative on a number of relevant background characteristics such as age, gender, income, education, and region of residence. The DHS dataset further contains detailed information on employment status, pension arrangements, accommodation, wealth, as well as health status and psychological concepts. The dataset thus provides the opportunity to combine both economic and psychological aspects of financial behavior.

The module we have devised on default behavior was fielded in the weekend of June 2-6, 2006. Out of the 2467 panel members contacted, 1648 completed the questionnaire, corresponding to a response rate of 66.8 percent. By merging our data with the annual DHS survey, we are able to exploit the rich aforementioned information set. The age of the respondents in our sample ranges from 16 to 91 years (mean age is 48.5); men and women are

⁴ More information on CentERdata, the CentERpanel and the DHS is available at their website (<http://www.uvt.nl/centerdata/dhs>).

equally represented (men account for 52.6 percent). As for household composition, 71.1 percent of the respondents are married or living with a partner, the others are single heads of the household (22.9 percent) or children living with (one of) their parents (6.0 percent). Two out of three respondents have children themselves. About one third of the respondents have a college education (which includes vocational training in addition to university degrees), about one third have an intermediate education level (secondary pre-university and intermediate vocational), and about a third have a lower education level (primary and preparatory intermediate vocational training). Overall, 19.6 percent of respondents are retired (including early retirees), 49.5 percent are employees, and 3.7 percent are self-employed. The remainder of the sample consists of individuals who are not retired and not working, including those who are disabled or unemployed and those who follow an education program or take care of the housekeeping.

3.1 Elicitation of individual traits

A novelty of this paper is that we link default choices to personal traits which are not directly observable. We present the interviewees 17 statements on personal attitudes and choices in real life situations that reveal information on individual traits that are expected to be relevant for default behavior. The respondents are asked to indicate to what extent they agree with each of the statements on a scale from 1 ('totally disagree') to 7 ('totally agree'), and they have the possibility to indicate that they 'do not know' or 'refuse to answer'. The statements have been presented in a random order to prevent any ordering effects in response patterns.

Table 1 reports the wording of these questions and the responses. There are questions on whether and how people collect advice (Q1-Q3), the importance of advice for their decisions (Q4-Q5), the role of the opinion of other people (Q6-Q9), whether the interviewees tend to postpone tasks or decisions (Q10-Q12), whether they have a preference for the status quo or no-change situation (Q13-Q14), as well as on carefulness and precaution (Q15-Q16). In addition, we have included a statement on financial literacy (Q17).⁵ Response patterns

⁵ Instead of inserting many different questions to measure financial knowledge and ability, we have included one question on self-assessed literacy that has proved to be a good proxy for more advanced measures of financial sophistication (Van Rooij, Lusardi and Alessie, 2007). In addition, the self-assessment of financial literacy might be more relevant for the respondents' inclination to deviate from a default.

reveal a high degree of heterogeneity among respondents. The number of refusals and do not knows is limited.⁶

To summarize the information from the responses to the statements, we run a principal component analysis for the 1509 respondents who provided an answer to the full set of questions, i.e. we do not include respondents who filled in one or more ‘do not knows’ or ‘refusals’. It appears that the variation in the responses can be adequately captured by five factors.⁷ Factor loadings measure to what extent each factor is correlated with the responses to the original statements. For each statement we identify the factor with the highest correlation (reported in Table 2). Reviewing these statements provides us with a meaningful interpretation of the factors.⁸ The first factor is clearly related to the three statements on *procrastination*. We label the second factor as *trust* as it measures to what extent respondents gather and trust advice from family and friends.⁹ The third factor measures *inertia* as it is related to the intensity in which people adhere to the status quo, possibly because they want to carefully consider the alternatives before taking action. The fourth factor measures to what extent people feel *endorsed* by others as it scores high on the statements related to how important it is what other people say. The last factor measures self-assessed *financial literacy* and the unwillingness to leave important decisions to somebody else. Based on the clustering in Table 2, we perform a principal component analysis on each group of questions and extract principal component factors.¹⁰

3.2 Validation of individual traits

Table 3 reports the results of OLS regressions of the five factors on directly observable information. Besides gender, age, education, and household composition, we include a dummy for home ownership and quartile dummies for private household financial assets (bank and savings accounts and investments in stocks, bonds and mutual funds) and gross

⁶ We have experimented with additional statements, in particular on regret aversion. However, the number of ‘do not know’ and ‘refusal’ answers signaled that either the respondents did not have a strong opinion on these issues or that these questions were not fully clear to them. Therefore, we decided to exclude these additional statements from our analysis.

⁷ We retain factors with an eigenvalue that exceeds 1, i.e. those factors which explain a more than proportional part of the variation in responses.

⁸ The five factors are listed in order of relevance starting with the most important one, i.e. the one with the highest contribution to explaining the variance in response patterns of the original 17 statements. The cumulative proportion of variance that is explained by the five factors amounts to 53 percent.

⁹ The important role of trust or distrust in financial decision-making is highlighted by Guiso, Sapienza, and Zingales (2008), and Agnew, Szykman, Utkus and Young (2007).

¹⁰ One of the endorsement questions also loads on procrastination. We group it together with the endorsement questions as it appeals more strongly to this personal trait.

personal income.¹¹ This serves as a basic test for the validity of the identified personal traits and provides additional information on whether they are not simply proxies for or closely related to e.g. age or financial well-being.

Procrastination appears to be more prevalent among men and younger persons and, surprisingly, the self-employed. Women, young respondents, those with children and couples show more trust in the advice of other persons. Inertial behavior is more common among the elderly and those with larger financial assets, i.e. we expect that these groups have a higher likelihood of sticking to the current situation perhaps as a result of the wish to rethink changes carefully before taking any action at all. Inertial behavior is less common for the highly educated respondents and the self-employed. Apparently, for these groups any wish to carefully consider alternatives is not a threshold for taking actions. Those with more schooling might perceive lower costs in processing information necessary for comparing alternatives and the self-employed are used to take many decisions. Endorsement is negatively related to age; thus older cohorts seem less sensitive to the opinion of other people. Financial literacy correlates strongly with gender, education, and financial well-being (income and home ownership). Overall, the correlations found for the five personal traits we have identified seem plausible and thereby underscore the interpretation given to the factors.

The ultimate validation of the individual traits lies in the association with factual behavior. Panel members of the DNB Household Survey were given the chance to log in to the survey website and fill in the questionnaire between Friday afternoon (5 pm) and Tuesday midnight. CentERdata records the starting time and the duration of the interview. This provides us with the opportunity to test whether actual response behavior is related to our proxies for attitude.¹² In particular, one could expect that those panel members who are more inclined to procrastinate are also postponing the participation in the interview. We have ranked the respondents according to their starting time and calculated the correlation with our measure of procrastination. Indeed, our hypothesis is confirmed. The correlation is positive (i.e. late participants in the survey are also those who procrastinate more) and strongly significant.

¹¹ For children living with their parents, we assume that their level of financial assets belongs to the bottom quartile. The regressions correlating the personal traits to background characteristics are based upon 1422 instead of 1509 observations because we lose some observations due to process of merging our survey with wealth and income information from other DHS modules.

¹² We are indebted to Robert Slonim for this suggestion.

4. Decisions with a default alternative: empirical evidence

We explore actual choices in organ donation, voting participation, having a will, consent to receive marketing, cancellation of subscriptions, retirement savings and early retirement arrangements. While some of these domains are generally not thought of as traditional default situations, each of them has a no-action alternative. Especially for voting however there could also be another type of default, i.e. respondents might feel a moral responsibility to vote. In addition, there can be peer pressure, i.e. the social norm in a community might be that one ought to vote. Nevertheless, we can still learn about the relevance of personal traits and attitudes for choice behavior. For example, the effect of procrastination proves to be even more powerful if it induces people not to vote, despite strong moral intentions and peer pressure. The same applies to organ donation.

4.1 Organ donation

Two systems of organ donation are used worldwide. In an opt-in system, individuals are asked to register their willingness to become a donor. Countries that run the alternative system assume that their citizens consent to organ donation unless they indicate otherwise and explicitly opt out. In the Netherlands the former regime applies: people willing to donate their organs have to record themselves in the donor register.

We have asked our respondents whether they think that in general people ought to be prepared to be an organ donor, whether they are themselves willing to be an organ donor, and whether they actually are organ donors, i.e. whether they are registered in the donor register as being willing to act as organ donor. Table 4A reports the wording of the questions and the responses. A large majority of the respondents (close to 70 percent) agrees that people ought to be prepared to be an organ donor and that they are willing to be organ donors themselves (differences in the responses to both questions are small). Yet, conditioning upon those who are willing to act as organ donors, almost three out of ten persons are not registered. If the government wants to improve upon this number (without changing the default of no-consent), it is important to learn about the reasons why those 27 percent stick to the default.¹³

¹³ While 70 percent of our sample population has a positive attitude towards making their organs available, less than 50 percent (803 out of 1648) is registered as an organ donor. However, the official figure of organ donor registration is at most half of this percentage. This illustrates the fact that individuals participating in surveys are generally more socially involved (see also the discussion in Section 4.2).

4.2 Voting participation

One of the distinguishing features of a democracy is universal voting: each individual is entitled to participate in local or national elections, conditional on satisfying some legal requirements, like age and nationality or residence. In most countries, including the Netherlands, voting participation is a right and not a legal requirement. Thus, the default (no-action) option in elections is not to vote. Respondents are asked to indicate whether they think that in general everybody ought to vote, and whether they have voted themselves in the most recent national (January 2003), European (June 2004) and local (March 2006) elections, respectively. The reason to consider these three types of elections is that they could reveal different information. Respondents might be more interested in national issues than in discussions at the European level or they might feel more influential in local elections. In addition, the amount and sort of publicity surrounding the different elections and the issues at stake differ substantially.

Nine out of ten respondents indicate that in principle everybody should vote (Table 4B). A large number of them (ranging from 84 to 94 percent) did actually vote at the most recent elections. The group of non-voters is relatively small, particularly in light of the fact that the official statistics report substantially lower voting participation rates (80, 40 and 58 percent for the national, European and local elections, respectively).¹⁴ These findings illustrate that individuals participating in (panel) surveys are generally more socially involved and more attached to the society which might lead to important differences in voting numbers (Voogt and Saris, 2003). Note, however, that any self-selection along the dimension of social involvement, while reducing the number of respondents that stick to the default, does not affect the qualitative relations in our empirical analysis. If anything, as our sample is intrinsically motivated to vote, explanations for sticking to the default instead of voting prove to be really important.

In addition, we also cannot rule out the possibility that part of the discrepancy between voting participation and official statistics relates to incorrect statements, i.e. non voting respondents answering they did vote due to recall bias or social desirability bias. These incorrect statements would show up in our empirical analysis as measurement error in the dependent variable of voting participation regressions. However, insofar as the measurement error is unrelated to the right hand side variables, the slope coefficients are still estimated

¹⁴ Even if we use weights to correct for differences in the sample composition and population statistics regarding age, income, gender and education, this discrepancy does not vanish completely, at least not for the European and local elections. Weighted voting participation rates are 84 percent for the national elections, 74 percent for the European elections, and 77 percent for the local elections.

consistently. Moreover, the self-administered character of an internet panel not requiring contact with an interviewer makes social desirable answers less likely than in personal interviews (Chang and Krosnick, 2003).

4.3 Will, commercial leaflets, telemarketing and subscriptions

Table 4C reports choices related to having a will, the consent to receive marketing, and the cancellation of subscriptions. A *will* or testament typically declares the destination of a person's belongings after her death or regulates the custody of children. A notary provides advice, puts up the will and takes care of its execution. Having a will is neither a quick nor a costless decision and not having a will is clearly the default. According to our data, some 60 percent of the respondents do not have a will.

In the Netherlands, as well as in a many other countries, a lot of companies and other institutions massively send around unaddressed *advertisements* and publicity materials. What is probably typical for the Netherlands is that people who are bothered by these mailings or consider it is a waste of the environment may choose not to receive these commercial leaflets by putting a 'no/no' (or a 'no/yes') sticker on their mailbox.¹⁵ The stickers are costless. Sometimes they are distributed by local authorities, but they are always easy to order via internet or by calling a special phone number. In addition, many companies and other organizations hire call centers to approach potential customers by phone (often around dinner time) to sell their products (*telemarketing*). As in many countries, it is possible in the Netherlands to register yourself to get rid of these phone calls. Online registration is easy and costless; one phone call or letter is sufficient to enter the register. Table 4C shows that even though many households complain about the high number of superfluous commercial leaflets they receive in their mailbox or annoying phone call during dinner time, only a small proportion has undertaken any action to protect themselves from these marketing efforts. Some 16 percent of the respondents have a sticker on their mailbox, and 12 percent has registered to get rid of phone calls.

Virtually all households have contracts or *subscriptions* for a fixed period of time, often a year, which are automatically continued unless they are cancelled in time. Examples include public transport cards, subscriptions to magazines, newspapers, and television-guides, contracts for monthly participation in the lotto, membership of charity organizations, and

¹⁵ The 'no/yes' sticker tells the mailman that the household living at this specific address does not want to receive commercial leaflets but does like to read the free local papers; the 'no/no' sticker stipulates that none of these are welcome.

fitness clubs. Respondents are asked whether they intend to cancel any of them; and, if so, why they have not cancelled these subscriptions yet. About a third of the respondents with subscriptions actually intends to terminate one or more contracts but has not taken any action yet (Table 4C).

4.4 Retirement savings

The pension system in the Netherlands consists of three pillars: the first pillar is a pay-as-you-go state pension; the second layer consists of fully funded, privately provided pension provisions; the third component is fully voluntary. Employees have hardly any discretion about their first and second pillar arrangements that is if we disregard an indirect influence via voting (potentially affecting the state pension) and via the negotiations of trade unions (potentially affecting the company retirement plan). The state pension is a monthly benefit of about €900 for single persons and the employer contributes part of the salary payments, together with the company matching, to a pension fund that administers the company plan. This way, over 90 percent of the Dutch employees saves compulsorily for their retirement (Van Els, Van Rooij and Schuit, 2007).

The basic retirement choices that are available in the Dutch pension system are whether to set apart additional savings via third pillar retirement savings products, or whether to retire earlier than the regular retirement date. A third of the respondents has taken other arrangements for their pension apart from the standard customary pension of the employer (Table 4D). The others stick to the default, in this case meaning that they did not purchase voluntary, often tax-deductible, pension products.

Until recently, early retirement schemes were often included in the - tax deductible - compulsory second pillar savings scheme. There was a lot of heterogeneity among companies, but within a company the freedom of choice was usually limited. Many companies run a pension scheme with a retirement date before the age of 65 when Dutch citizens start receiving the state pension. As of 2006, these early retirement schemes have become unattractive due to a change in legislation. At the same time, the government introduced a new savings vehicle for employees, the life cycle savings scheme ('levensloopregeling'). Employees are allowed to save up to 12 percent of their gross wage in a tax friendly way to finance a future period of absence (e.g. early retirement or a sabbatical, parental, long care or educational leave).

The publicity surrounding the introduction of the life cycle savings arrangement emphasized the possible use for early retirement and trade unions and employers often

promoted it as the replacement of the existing early retirement schemes. Yet, the default is non-participation. In fact, upon joining the life cycle savings arrangements employees have to end their participation in another popular tax-favored savings plan for employees (the ‘spaarloonregeling’).¹⁶ Differences in tax facilities and many other characteristics complicate the assessment of the relative attractiveness of both arrangements which also very much depends on personal circumstances and preferences. However, if an employee is sure that he wants to retire before the age of 65, it is certainly attractive to join the life cycle arrangement. Yet, while the vast majority of employees plans to retire early, the participation rate in the life cycle savings arrangement is limited to 8 percent (Table 4D). In the following, we will basically interpret the life cycle savings account as an early retirement vehicle, since the majority of participants intends to use this instrument for early retirement and to a lesser extent for parental leave or a sabbatical period (Van Els, Van Rooij and Schuit, 2007).

4.5 The role of default options

The descriptive tables make clear that the default is a popular choice in many areas of individual decision-making. The default option seems to attract the majority in domains where the decision requires some additional financial skills (retirement savings) or in situations where the marginal disutility associated to postponing the decision is lower (getting rid of commercial leaflets, subscriptions or telemarketing). This is the case even in a non-economic domain like organ donation where socially involved panel participants can be expected to deviate more often from the default.

In interpreting these findings, one should take into account that the investigated domains are heterogeneous. Organ donation, for example, is a reversible decision, potentially driven by moral or religious convictions. Voting occurs at fixed dates and is an irreversible but recurring action. Having a will is a reversible choice, but involving non negligible costs. Getting rid of commercial leaflets or telemarketing is also a reversible decision, but by far much less costly. Cancellations of periodical subscriptions are subject to deadlines. Finally, voluntary (early) retirement saving is a continuous, dynamic choice, certainly requiring some additional specific financial expertise. Obviously, these different properties might have different implications for the decision making process. Below, we search for an explanation

¹⁶ Currently, employees are allowed to save up to €613 out of their gross income per year without paying income or wealth taxes. After four years, the employee is free to spend these savings. Alessie, Hochguertel and Van Soest (2006) discuss this savings vehicle in more detail.

for the variation in individual choices in these heterogeneous situations using the personal traits identified in Section 3.

5. What explains the attractiveness of default options?

The purpose of this study is to investigate the explanation for default behavior, or more precisely to identify the determinants that make a choice more likely only because it is framed as the default option. Therefore, it is important to discriminate between two cases. Sticking to the default option might be either the consequence of a lack of choice or the outcome of an active decision process after careful consideration of the alternatives. Respondents in the latter group would opt for the same option when the choice would be framed differently. The former group is the one we are interested in. To make sure that the regressions reported in this section concentrate on explaining default behavior, we therefore exclude those observations where it is obvious that the default alternative coincides with the preferred choice.

In the case of organ donation and voting we start conditioning our sample on those respondents who are prepared to be an organ donor and those who agree that basically everyone who is eligible ought to vote, respectively. Other selections are based upon the responses to the question why the respondent did not deviate from the default option. In the case of organ donation, this means that we also exclude those respondents who indicate that they are not eligible, have instructed their family what to do, or have not registered because of skepticism about the organ donation procedures. In studying the relation between individual characteristics and not having a will, we exclude those respondents who have no children and indicate that they do not have a will due to the absence of assets.¹⁷ Investigating the default of not taking action to get rid of commercial leaflets or phone marketing, we disregard the group who states that they find this kind of marketing useful; a group that is quite large in the case of commercial leaflets. In the subscriptions domain, we limit our analysis to those people who have subscriptions and indicate that they are thinking of canceling a subscription but did not do so for other reasons than that they just made this decision and had to respect the terms of cancellation. In analyzing what type of respondents do not have voluntary pension savings, we exclude those who are retired or claim to have other assets making additional pension

¹⁷ Admittedly, the selection of respondents who consciously have decided not to have a will is more difficult than in other domains as a will can serve two main purposes regarding financial matters as well as taking care of the custody over young children. The results reported below do not change qualitatively however when the selection is based on financial assets only, irrespective of the presence of kids.

savings unnecessary. In analyzing the participation in life cycle savings arrangements we consider employees, excluding those who state that it is more attractive to save otherwise.

5.1 Personal attitudes and default choices

We have run probit regressions for each of the choice situations discussed in Section 4 based upon the respondents selected as explained above. The dependent variable takes the value 1 if respondents choose the default option and the value 0 otherwise. Tables 5A and 5B report the results in terms of marginal effects of a probit regression on the personal traits identified in Section 4. A positive sign implies that the higher the degree of the corresponding explanatory variable, the higher the probability of sticking to the default option. In most regressions the personal traits clearly contribute to the explanation of default behavior.¹⁸

Procrastination and financial literacy seem to matter in many domains (mostly at the 1 percent significance level). The more individuals procrastinate, the higher the probability of not being an organ donor, not voting, not having a will, not canceling subscriptions, and not participating in the life cycle savings plan. The strongest effect is found in the subscription domain: a one unit increase in procrastination¹⁹ reduces the probability of canceling subscriptions by almost 10 percentage points. A similar increase in procrastination reduces the probability of being an organ donor and having a will by approximately 4 percentage points, and the probability of participating in the life cycle plan by 6 percentage points. A smaller effect is found for voting behavior: the effect ranges from a 3 percentage points lower probability of voting for the European elections to 1 percentage point for elections for the national Parliament which by far attracts the most publicity and public interest.

The higher the degree of financial literacy, the higher the probability of voting for national elections, having a will, getting rid of phone marketing, and having additional, voluntary pension savings schemes. The marginal effects are largest for the supplementary retirement savings (8 percentage points), and lowest for voting participation (2 percentage points). Also in the domains where the effect of financial literacy is not significant, more financially literate people tend to deviate from the default. The only exception is the life cycle savings arrangement.

There is also an important but unexpected role for the endorsement factor. Our prior was that respondents that score high on this factor could interpret the default option as an

¹⁸ Only in the commercial leaflet regression the joint significance is far from the standard significance thresholds.

¹⁹ The five factors or personal traits are normalized, i.e. all have mean 0 and standard deviation 1.

endorsement or implicit recommendation from the company on pension savings (in line with the evidence on automatic enrollment plans in the US (Madrian and Shea, 2001)) or from the government on organ donation (McKenzie, Liersch, and Finkelstein, 2006). The implication is that we would expect a positive association with the probability to choose the default option in our regression. Instead, we find that these respondents more often deviate from the default in the organ donation, pension and other domains.

To shed light on this relationship, we go back to the questions determining the endorsement factor. These questions all relate to what other people say, suggesting that this factor could as well measure a community effect, i.e. to what extent the respondent is influenced by what friends, neighbors and colleagues think, say or do. Those who are more sensitive to peer opinion are more likely to deviate from the default when the alternative is commonly thought off as a good deed as is the case in e.g. organ donation and voting. This interpretation is in line with the evidence on the importance of social interactions documented in the literature for participation in retirement plans (Duflo and Saez, 2002, 2003) and the stock market (Hong, Kubik and Stein, 2004; Brown, Ivkovic, Smith and Weisbenner, 2008). It is also consistent with the implications of the theory of conformity by Bernheim (1994) whose model shows how status and social interactions explain individuals behaving conform perceived social norms. The interpretation of the endorsement factor as a measure of peer pressure and conformity explains why some individuals are in a number of situations more likely to deviate from the default option (e.g. organ donation, voting and retirement savings).

The role of trust and inertia seems to be less important for default decisions. Trusting individuals are less likely to enter into additional retirement savings products; they are apparently confident that the state pension plus the mandatory pension savings will make up an adequate retirement benefit. The fact that inertia is positively related to having a will might well be explained by the role of carefulness. Instead of postponing the decision to take a will as a result of sustained deliberations, careful and pre-cautious persons might be more motivated to take care of survivors in the case of an unfortunate event.

5.2 Pooling personal attitudes and individual background characteristics

In the previous section, we have focused on the relation between personal attitudes and default behavior. Now, we extend the set of control variables with personal background characteristics (gender, age, level of education, job status, household composition, home ownership, gross personal income, and household financial assets). Tables 6A and 6B report the probit regression results. The personal background information contributes significantly to

the explanation of the observed choices. This is to be expected as benefits of deviating from the default alternative are often related to background characteristics, e.g. having a will is more likely for households with many real or financial assets.

Compared to the previous estimates, a striking difference is that procrastination is no longer relevant for voting participation. This might be related to the age effect, as age appears to be positively related to the likelihood of voting, whereas Table 3 shows that the elderly procrastinate less. More interestingly, the other coefficients of the personal attitude variables measuring procrastination, financial literacy and the effect of conformity remain by and large unchanged. The level of significance is sometimes reduced, but the total number of observations is also lower due to missing information for individual background variables thereby decreasing the efficiency of the estimates. In addition, the weakening of financial literacy might also be related to the fact that it served as a proxy for income and wealth in previous regressions. Across the board, however, the estimation results confirm that procrastination, financial illiteracy and conformity are important determinants of choice behavior in the Netherlands not only in decisions of relatively minor relevance but also in situations with a potentially huge impact on personal wellbeing (saving for (early) retirement) or the wellbeing of others (having a will, organ donation).

Turning the attention to the background characteristics that appear most relevant for individual choice-making, *gender* significantly affects in particular organ donation, voting behavior (at the national elections), and having a will. Compared with women, men have a 7 percentage points lower probability to have filled in the organ donor registration form, a 3 percentage points lower probability to vote, and a 10 percentage points lower probability to have a will.

Age is significant in seven out of ten cases. Older respondents are more likely to vote, to have a will, and to have taken action to prevent them from receiving commercial leaflets. Age is also related to voluntary pension savings. Older generations (not including those who are already retired) have more often put additional money aside for their pension. The level of *education* turns out to be jointly significant for voting, commercial leaflets, and life cycle savings. The higher the education level, the higher the likelihood of voting and getting rid of commercial leaflets and the lower the probability to join the life cycle savings scheme.

Another control that contributes significantly to the explanation of choice behavior in several domains is *home ownership*. Home ownership is among others relevant for having a will and life cycle savings (1 percent significance level), voluntary pension savings and voting

for European elections (5 percent), and telemarketing (10 percent significance level). Home owners are more likely to have a will, to join both the new life cycle savings arrangements and supplementary retirement schemes, to vote and to get rid of telemarketing. Particularly strong is the magnitude of the marginal effect for the will domain: being home owner increases the probability of having a will by 35 percentage points. This very strong effect might in part explain the insignificant role of both income and financial assets in this domain. The marginal effects for the other domains are smaller, but still in the order of 4-12 percentage points.

The *financial situation* (gross personal income and household financial assets) does not seem to play a very significant role in respondents' behavior regarding non-economic domains. In pension decisions the financial situation matters a lot. Richer individuals are more likely to have both voluntary pension savings and life cycle (early retirement) savings.

6. Default choices in the US: evidence from the RAND American Life Panel

The empirical analysis for the Netherlands is based on a questionnaire that was added to the Dutch DNB Household Survey and fielded in 2006. We have devised a similar module for the United States, by including the questions in the RAND American Life Panel (ALP).²⁰ This way, we can compare two countries with their own culture and institutional background. Historically, the US population is used to more freedom of choice in many situations (e.g. in pension savings), while the Netherlands has a more generous system of social security which impacts labor market decisions and the consequences of unemployment or disability. The comparison may not only shed light on the impact of culture on decision behavior, but it also provides information on the robustness of the methodology employed for the Netherlands to investigate default choices and link these to individual traits.

6.1 Data

The American Life Panel is a joint project between RAND and the University of Michigan modeled in the spirit of the panel run by CentERdata. Households without an internet connection are provided with the necessary technology to participate through their television (a so-called Web TV). They are selected via the University of Michigan's Survey of Consumers which interviews a representative sample of the US population. Newly selected

²⁰ We are grateful to Arie Kapteyn and Arthur van Soest for pointing us at this opportunity and their help in entering the formal application procedure. A description of the RAND American Life Panel is available at the website of RAND (http://www.rand.org/labor/roybald/american_life.html).

members run through the existing waves of the ALP. All members within the households are allowed to participate. Participants are interviewed four to six times a year for at most 30 minutes per time. This means that the number of respondents to our module increases with time. The current sample size equals 1038 individuals with new respondents added as time evolves and new panel members are being recruited. Contrary to the members of the Dutch household panel, the ALP participants are paid for their cooperation (\$20 for a 30 minutes survey).

The age of the respondents in our sample ranges from 18 to 87 years (mean age: 50.2 years). Women are slightly in the majority (54.9 percent). As regards education, somewhat more than 2 out of 10 respondents have a college education, about 6 out of 10 have an intermediate education level (having some college) and about 2 out of 10 have less education (until and including high school graduates). High income households are overrepresented as 41.7 percent of the respondents belong to the top quartile for disposable household income; 16.7 percent are in the lowest income quartile, and the other respondents are about evenly distributed among the second and the third income quartile. Overall, 19.6 percent of respondents are retired, and 63.0 percent are employed. As for household composition, 63.4 percent of the respondents are married or living with a partner. No information about children is available.

6.2 Identification of personal traits: evidence from the US

The US ALP survey contains the same 17 statements on personal attitudes and choice behavior as the Dutch DHS equivalent. Table 7 summarizes the responses. Applying the principal components analysis to the US data delivers results that are mostly similar to the Dutch case. Again five factors have been retained (reported in Table 8), easily traceable to the ones elicited for the Netherlands. Three out of seventeen questions are attributed to another factor.²¹ This illustrates that the factors touch upon personal characteristics that might be interrelated to some extent. Overall, however, the resemblance of the findings for the US and the Netherlands seems to confirm the soundness of the methodology and makes us rather confident on the validity of the information conveyed by the personal traits stemming from the factor analysis.

²¹ The question 'If someone tells me to something, I tend to do the opposite' moves from the endorsement factor to procrastination. The question 'When I have to buy products requiring specific expertise, I follow the advice of experts' moves from inertia to trust, replacing the question 'When making important decisions, I usually take these decisions on my own' which goes to the literacy factor.

As before, we regress each of the five extracted components on the available background characteristics. Table 9 reports the results. A comparison with the Dutch data is hampered due to the lower number of observations (809 versus 1422) and the unavailability of some controls used previously (self-employed dummy, financial assets hold, having children and being a home owner). Nevertheless, the effect of gender is broadly similar across both countries. Compared to women, men procrastinate more, have less trust in advice, and are more confident on their financial literacy. In addition, US men seem to pay less attention to the opinion of other people than women. Elderly seem to procrastinate less, both in the US and the Netherlands. The pattern of other age (and to some extent education) coefficients shows somewhat more differences but these could also be related to the association between age and education on the one hand and the missing variables in the US specification on the other hand (e.g. age and education might be related to home ownership and financial assets).

6.3 Choice behavior: evidence from the US

The analysis for the US involves a smaller number of domains with a default option than for the Netherlands as a result of the exclusion of inapplicable situations like European elections, stickers on mailbox, and the typical Dutch life cycle savings arrangements for early retirement. In addition, the automatically renewed subscriptions domain has been dropped due to the low number of observations. Tables 10A, 10B and 10C report the descriptive statistics for organ donation, voting participation at the Presidential and local level, having a will, telemarketing and pension savings. The most striking difference with the Netherlands is that in the US only 18 percent of respondents stick to the default option of not taking any action to prevent them from receiving telemarketing contacts, versus 85 percent in the Netherlands. Moreover, in interpreting the figures for voluntary additional pension savings an important caveat should be taken into account, as the pension systems differ substantially in the two countries, thus affecting individual pension savings decisions.

Following the same procedure as before, we first relate the choice behavior in these situations to the personal traits extracted from the principal component analysis and thereafter include other individual background characteristics. Tables 11 and 12 report the results. Overall, it seems somewhat more difficult to adequately describe choice behavior in the US which might be related to a loss of efficiency due to the smaller sample size and the fact that we have less information on background characteristics. Nevertheless, procrastination and self-assessed financial literacy come forward as the most important personal attitude variables. However, in the US financial literacy appears to be relatively more important

whereas in the Netherlands we find a bigger role for procrastination. The most important difference however is that the endorsement variable that seems to measure social interactions and peer effects does not play a role in US choice behavior while it was influential in the Netherlands.

7. Discussion

This paper explores individual traits that might explain why default options attract a disproportionately high number of decision-makers. To the best of our knowledge, it is the first contribution that relates individual choices in very different situations with a default option to an extensive set of individual background information including several personal traits and behavioral attitudes potentially responsible for default choices. Since these behavioral attitudes and personal traits are not observed directly, we have developed measures based upon statements on choices that respondents have made or would make in several real-life situations. The motivation is that people possess intrinsic traits that characterize their personality and basically guide their behavior in many situations.

We study how individuals decide upon pension savings (both for old age and early retirement), organ donation, having a will, voting participation, and how they deal with the cancellation of subscriptions and no-consent choices towards receiving marketing by mail or phone. These very heterogeneous choice situations all have a default option; i.e. the option that results if no action is taken. Our analysis is explorative and the measurement of the relevant personal traits may benefit from an extensive testing of the information contained in simple statements on actual choice behavior. More research on these topics in different settings with other datasets may shed light on the robustness of our results. Nevertheless, the fact that the estimation procedure delivers plausible results on the identification of personal traits and their relation to individual decision-making justifies some confidence in the benefits of this approach. Especially since this is true for two different countries, the Netherlands and the US, with their own culture, traditions and institutions.

Our descriptive statistics corroborate the stylized fact that default options are a major attractor in many choice situations. The empirical analysis shows that a large part of the heterogeneity in individual choice behavior can be explained by objective personal characteristics and circumstances such as age, education or the financial position. Nevertheless, procrastination and financial illiteracy prove to be the most important

determinants of default choices in the Netherlands as well as in the US.²² Choices are deferred because people have an inherent tendency to do so or because of the complicated nature of choice problems. Moreover, the empirical evidence for the Netherlands suggests that the extent to which individuals are sensitive to the opinion of others (e.g. through social norms or peer effects) matters in explaining deviations from the default option.

The latter result raises new questions. Are peer effects and social norms in the Netherlands indeed more important than in the US? And if so, why is that the case and what are the implications for policy? One explanation could be that in the Netherlands, a relatively small densely populated country, the society is more homogeneous than in the US where large differences with respect to income, education, and racial composition of its population can be found. If social interactions are relevant for individual decisions, this suggests that publicity campaigns might play an important role as well as the behavior of policymakers and public persons in so far this information and these people, respectively, influence social norms.

In the US there seems to be a larger role for financial illiteracy; whereas in the Netherlands procrastination appears relatively more important. While we can only speculate about the reasons for this divergence, it could be that whereas in the US private schools are not uncommon, the Dutch system of public schooling historically might have been more focused on the provision of a common education contributing to a less pronounced role of literacy. At the same time, US citizens are accustomed to more freedom of choice and individual responsibility and might therefore be used to act more decisively reducing the relevance of procrastination. While the cause of these differences is important in itself, its explanation goes beyond the scope of this paper.

For policy responses however the relative importance of different explanations is very relevant. Our estimation results suggest that in the US the provision of information, educating the public and simplifying choice situations might be the most effective policy instruments to affect decisions without changing the default. While also relevant for the Netherlands, it might be equally effective to deal with the consequences of procrastination, for example by increasing awareness. Recent experiments on raising the number of organ donor registrations by presenting a registration form to anyone who enters the town hall to renew a passport might be viewed in this perspective. Thereby, the existence and the urgency of the donor register are brought under the attention of citizens every five years instead of once upon

²² We have also experimented with the inclusion of interaction effects as one could argue for example that the impact of financial illiteracy is stronger for individuals who are more likely to procrastinate anyway. We did not find empirical evidence for the importance of such interaction effects though.

turning eighteen years old. The introduction of a legal obligation for pension funds to send their participants a pension letter with an overview of pension rights in the form of some simple scenarios is another example of increasing awareness of the Dutch public.

The pension domain is an important example where both financial illiteracy and procrastination are relevant for household financial behavior in the US as well as in the Netherlands. This stresses the need of easily accessible and comprehensible information about pension products and a constant need to induce people to think about these decisions. Alternatively, this could motivate a design of the retirement savings system as to prevent procrastinators from poverty in old age. Moreover, the finding for the Netherlands that procrastination matters for early retirement savings suggests that the recent redesign of early retirement institutions in the Netherlands from collective to individual arrangements might turn out to be very effective in increasing the average retirement age, illustrating the relevance of default behavior for public policy.

Regarding voluntary and early retirement savings in the Netherlands, we also find a role for trust and peer effects, respectively. One interpretation is that employees assess the compulsory nature of employer pension savings as a well-thought advice with no need for voluntary additional savings. For the life cycle savings accounts, the association with being a successor of former early retirement arrangements – as advertised by trade unions and employers - might have induced some employees to deviate from the no-action default of nonparticipation. These effects come on top of the usual results that employees with better income and wealth positions (who can afford to save for early retirement or additional old age provisions) are also more likely to deviate from the default of non-saving, and that higher educated individuals *ceteris paribus* show less interest in early retirement as they might have more challenging or less physically demanding jobs. The fact that compulsory pension savings (or the publicity around new pension products or arrangements) might have an impact on savings outcomes because interpreted as an endorsement assigns a lot of responsibility to governments, trade unions and pension funds in developing ‘optimal’ designs and explaining their consequences.

8. Concluding remarks

This paper contributes to the literature on explaining the relevance of the default option in decision-making. The adopted approach is innovative as it considers choice behavior in very different situations and relates these choices to a large set of personal traits

and behavioral attitudes. While more research is needed to validate the results, we believe that it is worthwhile to further pursue this approach.

The results suggest that overall procrastination and financial illiteracy are important determinants of decisions. Nevertheless the relative importance depends upon the specific situation and differs across counties. The implication is that there is no straightforward advice for the use of default options in public policy. The use of defaults should for instance depend upon the heterogeneity or homogeneity in the preferences of decision-makers (Beshears, Choi, Laibson and Madrian, 2007). In addition, the results underline the importance of simplifying decision processes, where possible, and of informing and educating the public to increase awareness and help them in making decisions.

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Table 1. Statements about personal attitudes and choice behavior in the Netherlands: Wording and summary of responses
 Percentages of total number of respondents (N=1648)

	1	2	3	4	5	6	7	DK	Mean ²⁾
Please indicate on a scale from 1 to 7 to what extent you agree with each of the following statements (1 means 'totally disagree' and 7 means 'totally agree')?									
When making important decisions (e.g. buying a car or investing money)									
Q1 - I usually talk with other people about it	3,1	8,6	8,0	13,8	25,1	27,4	11,7	2,1	4,8 (1,6)
Q2 - I usually take these decisions on my own	19,8	24,9	16,3	9,7	9,7	11,4	5,5	2,4	3,2 (1,9)
Q3 - I usually leave it to someone else	37,6	29,3	13,8	8,0	5,0	2,7	1,4	1,9	2,3 (1,4)
When I have to buy products requiring specific expertise (e.g. a financial or a technological product)									
Q4 - I follow the advice of experts	0,9	1,2	5,3	14,8	34,4	31,8	9,2	2,4	5,2 (1,1)
Q5 - I talk about it with family or friends	3,0	7,2	7,9	14,7	29,5	24,6	10,6	2,4	4,8 (1,5)
Q6 - I often rely on what people say	8,9	23,3	24,2	25,7	12,3	3,3	0,4	1,6	3,2 (1,3)
Q7 - If someone tells me to do something, I tend to do the opposite	10,9	24,3	17,7	25,0	12,3	5,1	2,3	2,2	3,3 (1,5)
Q8 - I usually do what other people tell me to do	13,8	26,7	22,2	21,4	10,7	2,7	0,4	1,8	3,0 (1,4)
Q9 - I have troubles to say no to people	6,4	14,8	12,1	13,5	25,9	18,5	7,0	1,6	4,2 (1,7)
Q10 - I do chores right away	4,7	14,4	23,4	21,2	17,8	12,7	4,5	1,1	3,9 (1,5)
Q11 - I tend to make promises that I cannot keep	29,4	38,8	13,6	8,1	5,9	1,7	0,6	1,6	2,3 (1,3)
Q12 - When I promise to do something, I usually do that later than I should	18,8	34,4	16,6	11,0	12,3	3,6	1,6	1,5	2,8 (1,5)
Q13 - Changes are scary	12,7	26,9	20,4	20,7	13,1	3,3	1,0	1,6	3,1 (1,4)
Q14 - Changes are often not an improvement	4,3	13,8	14,5	30,4	16,6	11,8	6,0	2,5	4,0 (1,5)
Q15 - I would describe myself as a careful person	1,6	5,6	11,9	20,9	27,9	23,7	6,6	1,5	4,7 (1,4)
Q16 - When there is possible danger, I take many precautions	0,4	4,1	8,0	17,4	31,9	25,5	10,1	2,4	5,0 (1,3)
Q17 - How would you assess your financial skills ¹⁾	2,4	6,7	12,3	25,4	31,8	16,9	1,5	2,7	4,4 (1,3)

1) For this question respondents are asked to indicate their skills on a 7-points scale, where 1 means 'very bad' and 7 means 'very good'.

2) Mean refers to the average of the seven response categories from 1 to 7 (standard deviation in parentheses).

Note: DK = 'I do not know'; DK's and response categories 1-7 do not sum up to 100% due to refusals.

Table 2. Statements and the highest factor loadings from a principal component analysis for the Netherlands

Statements	Factors				
	Procrastination	Trust	Inertia	Endorsement	Financial literacy
I do chores right away	-0,64				
I tend to make promises that I cannot keep	0,69				
When I promise to do something, I usually do that later than I should	0,80				
When making important decisions, I usually talk with other people about it		0,84			
When making important decisions, I usually take these decisions on my own		-0,55			
When I have to buy products requiring specific expertise, I talk about it with family or friends		0,77			
When I have to buy products requiring specific expertise, I follow the advice of experts			0,36		
Changes are scary			0,55		
Changes are often not an improvement			0,64		
I would describe myself as a careful person			0,73		
When there is possible danger, I take many precautions			0,62		
I often rely on what people say				0,69	
If someone tells me to do something, I tend to do the opposite	0,48			-0,48	
I usually do what other people tell me to do				0,76	
I have troubles to say no to people				0,47	
When making important decisions, I usually leave it to someone else					-0,69
How would you assess your financial skills					0,73

Note: For each of the statements we report the highest factor loading from a principal component analysis using varimax rotation; N = 1509.

Table 3. Personal traits and individual background characteristics in the Netherlands

	Procrastination	Trust	Inertia	Endorsement	Financial literacy
Male	0.33*** (5.37)	-0.36*** (5.92)	-0.083 (1.35)	-0.057 (0.92)	0.18*** (2.76)
Age dummy (36-50)	-0.18** (2.34)	-0.43*** (6.34)	0.21*** (2.76)	-0.11 (1.42)	-0.025 (0.33)
Age dummy (51-65)	-0.28*** (3.21)	-0.56*** (7.24)	0.33*** (3.87)	-0.31*** (3.58)	0.079 (0.98)
Age dummy (>65)	-0.43*** (3.32)	-0.68*** (5.29)	0.62*** (5.07)	-0.31** (2.40)	-0.066 (0.55)
Intermediate education	0.016 (0.24)	0.024 (0.38)	-0.21*** (3.33)	-0.084 (1.18)	0.21*** (3.03)
College education	-0.070 (0.98)	0.053 (0.77)	-0.32*** (4.93)	-0.022 (0.30)	0.21*** (3.00)
Employed	0.10 (1.16)	-0.092 (1.07)	-0.15* (1.82)	0.043 (0.48)	-0.10 (1.20)
Self-employed	0.32** (2.20)	0.005 (0.04)	-0.30* (1.88)	-0.091 (0.67)	-0.21 (1.34)
Retired	0.007 (0.07)	-0.036 (0.33)	-0.066 (0.65)	0.038 (0.36)	0.038 (0.34)
Married	-0.066 (0.88)	0.20*** (2.75)	-0.062 (0.79)	0.007 (0.09)	-0.036 (0.51)
Has children	-0.087 (1.17)	0.21*** (2.86)	0.022 (0.31)	-0.043 (0.57)	-0.033 (0.47)
Homeowner	0.041 (0.60)	-0.018 (0.24)	0.046 (0.65)	0.019 (0.26)	0.15** (2.03)
Gross income quartile 2	-0.13 (1.50)	0.12 (1.41)	0.076 (0.88)	-0.046 (0.50)	0.28*** (3.04)
Gross income quartile 3	-0.14 (1.39)	0.075 (0.83)	0.033 (0.33)	-0.067 (0.63)	0.36*** (3.36)
Gross income quartile 4	-0.089 (0.76)	-0.005 (0.05)	-0.14 (1.35)	-0.080 (0.72)	0.59*** (5.21)
Financial assets quartile 2	-0.089 (1.11)	0.17** (2.23)	0.23*** (2.90)	0.034 (0.40)	0.018 (0.23)
Financial assets quartile 3	-0.096 (1.18)	0.11 (1.34)	0.40*** (4.98)	0.12 (1.42)	-0.045 (0.56)
Financial assets quartile 4	-0.16* (1.90)	0.10 (1.19)	0.38*** (4.82)	0.11 (1.25)	-0.027 (0.32)
Constant	0.24** (2.45)	0.20** (2.30)	-0.19* (1.90)	0.21** (2.15)	-0.53*** (5.22)
Observations	1422	1422	1422	1422	1422
R-squared	0.07	0.11	0.14	0.02	0.10
p-value test age = 0	0.00	0.00	0.00	0.00	0.26
p-value test education = 0	0.40	0.74	0.00	0.44	0.00
p-value test income = 0	0.38	0.28	0.025	0.91	0.00
p-value test finan. assets = 0	0.30	0.17	0.00	0.41	0.85

Note: OLS estimation results; Standard errors are clustered at the household level; absolute value of robust t-statistics in parentheses; * significant at 10%; ** significant at 5%; *** significant at 1%. The dependent variables are the output of the principal component analysis; The reference group for age contains respondents less than 36 years, for education respondents with low education and for income and wealth respondents in the bottom quartiles.

Table 4A. Organ donation in the Netherlands

	Do you think in general people ought to be prepared to be an organ donor?		Are you willing to be an organ donor?		Are you an organ donor, i.e. are you registered in the donor register as being willing to act as an organ donor?	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Yes	1145	69.5	1121	68.0	803	71.6
No	321	19.5	320	19.4	299	26.7
Refusal	18	1.1	19	1.2	6	0.5
DK	164	10.0	188	11.4	13	1.2
Total	1648	100.0	1648	100.0	1121	100.0

Note: Default option in bold; DK = 'I do not know'.

Table 4B. Voting participation in the Netherlands

	Do you think in general people ought to vote?		Did you vote last time for the <i>national elections</i> ?		Did you vote last time for the <i>European elections</i> ?		Did you vote last time for the <i>local elections</i> ?	
	Freq.	Percent.	Freq.	Percent.	Freq.	Percent.	Freq.	Percent.
Yes	1471	89.3	1378	93.7	1242	84.4	1279	87.0
No	114	6.9	87	5.9	214	14.6	191	13.0
Refusal	5	0.3	0	0.0	0	0.0	1	0.1
DK	58	3.5	6	0.4	15	1.0	0	0.0
Total	1648	100.0	1471	100.0	1471	100.0	1471	100.0

Note: Default option in bold; DK = 'I do not know'.

Table 4C. Will, commercial leaflets, telemarketing, subscriptions in the Netherlands

	Do you have a will?		Do you have a 'no/yes' or a 'no/no' sticker on your mailbox?		Have you registered yourself in order not to receive telemarketing?		Are you thinking of canceling any subscriptions which are automatically continued?	
	Freq.	Percent.	Freq.	Percent.	Freq.	Percent.	Freq.	Percent.
Yes	637	38.7	261	15.8	192	11.7	136	30.6
No	981	59.5	1349	81.9	1404	85.2	232	67.1
Refusal	9	0.6	6	0.4	6	0.4	0	0.0
DK	21	1.3	32	1.9	46	2.8	10	2.3
Total	1648	100.0	1648	100.0	1648	100.0	378	100.0

Note: Default option in bold; DK = 'I do not know'.

Table 4D. Voluntary retirement and life cycle savings in the Netherlands

	Do you have other arrangements for your pension apart from the standard customary pension you build up through your employer?		Do you participate in a life cycle savings arrangement ('levensloopregeling')?	
	Frequency	Percentage	Frequency	Percentage
Yes	543	33.0	71	7.5
No	954	57.9	831	88.0
Refusal	18	1.1	6	0.6
Do not know	133	8.1	36	3.8
Total	1648	100.0	944	100.0

Note: Default option in bold.

Table 5A. Default choices and personal traits in the Netherlands

	Organ donation	Voting national	Voting European	Voting local	Will
Procrastination	0.039*** (3.11)	0.014*** (2.86)	0.029*** (2.85)	0.020** (2.12)	0.042*** (2.81)
Trust	-0.014 (1.02)	0.014** (2.55)	-0.009 (0.94)	0.010 (1.17)	0.012 (0.76)
Inertia	0.008 (0.58)	-0.007 (1.37)	-0.007 (0.66)	-0.016* (1.73)	-0.051*** (3.34)
Endorsement	-0.034** (2.45)	-0.018*** (2.90)	-0.012 (1.08)	-0.022** (2.28)	0.018 (1.11)
Financial literacy	-0.022 (1.63)	-0.020*** (3.99)	-0.012 (1.34)	-0.008 (0.84)	-0.054*** (3.56)
Observations	915	1369	1362	1375	1292
Pseudo R-squared	0.02	0.06	0.01	0.02	0.02
p-value test coeff. = 0	0.00	0.00	0.03	0.02	0.00

Note: Marginal effects from probit estimates; Standard errors are clustered at the household level: absolute value of robust z-statistics in parentheses; * significant at 10%, ** significant at 5%, *** significant at 1%; For each domain (column), the dependent variable takes value 1 if respondents report to stick to the default option, and 0 otherwise.

Table 5B. Default choices and personal traits in the Netherlands

	Commercial leaflets	Phone marketing	Subscription	Voluntary pension savings	Life cycle savings
Procrastination	-0.003 (0.16)	-0.005 (0.51)	0.10*** (3.67)	-0.018 (1.00)	0.056** (2.51)
Trust	0.009 (0.47)	0.005 (0.47)	-0.038 (1.50)	0.071*** (3.51)	0.024 (0.95)
Inertia	0.028 (1.31)	0.007 (0.72)	0.026 (0.99)	0.032 (1.61)	-0.007 (0.30)
Endorsement	-0.051** (2.35)	-0.006 (0.70)	0.042 (1.63)	-0.043** (2.20)	-0.041* (1.77)
Financial literacy	-0.006 (0.29)	-0.033*** (3.54)	-0.007 (0.27)	-0.075*** (3.68)	0.003 (0.12)
Observations	639	1463	415	808	302
Pseudo R-squared	0.01	0.01	0.05	0.03	0.03
p-value test coeff. = 0	0.22	0.01	0.00	0.00	0.09

Note: Marginal effects from probit estimates; Standard errors are clustered at the household level: absolute value of robust z-statistics in parentheses; * significant at 10%, ** significant at 5%, *** significant at 1%; For each domain (column), the dependent variable takes value 1 if respondents report to stick to the default option, and 0 otherwise.

Table 6A. Default choices and personal traits plus background characteristics in the Netherlands

	Organ donation	Voting national	Voting European	Voting local	Will
Male	0.073** (2.43)	0.031*** (3.44)	0.033 (1.48)	0.031 (1.56)	0.096** (2.44)
Age dummy (36-50)	0.020 (0.50)	-0.017* (1.74)	-0.071*** (2.91)	-0.058*** (2.67)	-0.094* (1.70)
Age dummy (51-65)	0.033 (0.76)	-0.028** (2.38)	-0.12*** (4.22)	-0.078*** (2.99)	-0.14** (2.42)
Age dummy (>65)	0.082 (1.14)	-0.039*** (2.85)	-0.11*** (2.74)	-0.10*** (3.31)	-0.31*** (3.84)
Intermediate education	-0.048 (1.48)	-0.019** (2.10)	-0.039* (1.74)	-0.020 (0.93)	0.023 (0.54)
College education	-0.030 (0.85)	-0.026** (2.19)	-0.072*** (2.86)	-0.052** (2.14)	0.017 (0.40)
Employed	-0.083* (1.80)	-0.008 (0.65)	-0.043 (1.45)	-0.014 (0.52)	0.042 (0.81)
Self-employed	-0.12** (2.19)	0.019 (0.69)	-0.065 (1.33)	0.030 (0.58)	-0.11 (1.22)
Retired	-0.096** (2.08)	0.008 (0.46)	-0.040 (0.93)	0.014 (0.40)	-0.039 (0.63)
Married	0.005 (0.14)	-0.009 (0.82)	-0.012 (0.45)	-0.024 (0.97)	-0.066 (1.34)
Has children	-0.038 (1.06)	-0.023* (1.85)	-0.001 (0.05)	-0.014 (0.56)	0.031 (0.59)
Homeowner	-0.043 (1.24)	-0.007 (0.78)	-0.059** (2.40)	-0.018 (0.80)	-0.35*** (7.94)
Gross income quartile 2	-0.016 (0.38)	-0.023** (2.41)	-0.008 (0.25)	-0.022 (0.84)	0.027 (0.51)
Gross income quartile 3	-0.012 (0.24)	-0.020* (1.73)	-0.005 (0.14)	-0.013 (0.40)	-0.001 (0.02)
Gross income quartile 4	-0.002 (0.04)	-0.029** (1.99)	0.036 (0.88)	-0.038 (1.16)	-0.054 (0.80)
Financial assets quart. 2	0.011 (0.28)	-0.009 (0.91)	-0.042* (1.65)	-0.028 (1.12)	-0.075 (1.39)
Financial assets quart. 3	-0.062 (1.56)	-0.003 (0.26)	-0.035 (1.37)	0.003 (0.13)	-0.020 (0.36)
Financial assets quart. 4	0.028 (0.68)	-0.018 (1.52)	-0.044 (1.57)	-0.019 (0.68)	-0.10* (1.84)
Procrastination	0.044*** (3.44)	0.004 (0.88)	0.009 (0.85)	0.004 (0.44)	0.030* (1.74)
Trust	-0.004 (0.29)	0.011** (2.28)	-0.018* (1.71)	0.003 (0.35)	0.009 (0.50)
Inertia	0.000 (0.02)	0.000 (0.01)	0.010 (0.94)	-0.007 (0.66)	-0.034* (1.87)
Endorsement	-0.037*** (2.64)	-0.016*** (3.36)	-0.010 (0.91)	-0.020** (2.20)	0.017 (0.91)
Financial literacy	-0.018 (1.36)	-0.012*** (2.95)	-0.010 (1.06)	-0.004 (0.37)	-0.051*** (2.86)
Observations	869	1285	1278	1291	1218
Pseudo R-squared	0.07	0.21	0.09	0.07	0.15
p-value test age = 0	0.73	0.02	0.00	0.00	0.00
p-value test education= 0	0.33	0.04	0.02	0.10	0.86
p-value test income = 0	0.97	0.06	0.51	0.61	0.43
p-value test fin. assets= 0	0.08	0.43	0.29	0.54	0.18

Note: Marginal effects from probit estimates; Standard errors are clustered at the household level: absolute value of robust z-statistics in parentheses; * significant at 10%, ** significant at 5%, *** significant at 1%; For each domain (column), the dependent variable takes value 1 if respondents report to stick to the default option, and 0 otherwise; The reference group for age contains respondents less than 36 years, for education respondents with low education and for income and wealth respondents in the bottom quartiles.

Table 6B. Default choices and personal traits plus background characteristics in the Netherlands

	Commercial leaflets	Phone marketing	Subscriptions	Voluntary pension savings	Life cycle savings
Male	0.008 (0.17)	-0.020 (1.09)	0.12* (1.87)	-0.041 (0.85)	0.030 (0.66)
Age dummy (36-50)	-0.15** (2.00)	-0.074** (2.50)	0.041 (0.52)	-0.041 (0.73)	0.031 (0.58)
Age dummy (51-65)	-0.13 (1.52)	-0.009 (0.28)	-0.059 (0.65)	-0.17*** (2.68)	-0.003 (0.05)
Age dummy (>65)	-0.32*** (3.01)	-0.012 (0.29)	-0.16 (1.08)		
Intermediate education	-0.10* (1.78)	0.015 (0.70)	-0.057 (0.77)	-0.074 (1.45)	0.044 (0.95)
College education	-0.25*** (4.22)	0.040* (1.74)	-0.015 (0.21)	-0.049 (0.85)	0.13*** (2.66)
Employed	0.077 (1.09)	-0.022 (0.72)	-0.22*** (2.60)	-0.11* (1.85)	0.022 (0.30)
Self-employed	0.20** (2.20)	-0.000 (0.00)	-0.085 (0.61)	-0.053 (0.50)	
Retired	0.16** (2.06)	-0.026 (0.73)	-0.021 (0.18)		
Married	0.14** (2.31)	0.026 (1.02)	-0.020 (0.28)	-0.079 (1.41)	0.042 (0.79)
Has children	0.23*** (3.74)	0.044* (1.78)	-0.079 (1.10)	0.011 (0.21)	0.048 (0.85)
Homeowner	-0.037 (0.68)	-0.040* (1.71)	-0.017 (0.24)	-0.11** (2.31)	-0.12*** (2.99)
Gross income quartile 2	0.054 (0.73)	0.002 (0.06)	0.091 (1.05)	-0.072 (1.09)	-0.29** (2.48)
Gross income quartile 3	0.089 (1.11)	0.022 (0.64)	0.070 (0.68)	-0.20*** (2.76)	-0.40*** (2.96)
Gross income quartile 4	0.11 (1.23)	0.000 (0.00)	0.092 (0.86)	-0.29*** (3.66)	-0.48*** (3.15)
Financial assets quart. 2	-0.013 (0.17)	-0.030 (1.07)	-0.099 (1.25)	-0.069 (1.21)	-0.034 (0.64)
Financial assets quart. 3	0.003 (0.04)	-0.038 (1.35)	0.086 (1.11)	-0.088 (1.54)	-0.074 (1.25)
Financial assets quart. 4	-0.064 (0.93)	0.022 (0.73)	0.005 (0.07)	-0.15** (2.46)	-0.16** (2.19)
Procrastination	-0.024 (1.12)	0.002 (0.26)	0.097*** (3.41)	0.002 (0.07)	0.078*** (4.34)
Trust	-0.004 (0.18)	0.005 (0.56)	-0.022 (0.75)	0.050** (2.21)	0.026 (1.19)
Inertia	0.028 (1.19)	0.009 (0.94)	0.022 (0.71)	0.029 (1.29)	0.009 (0.42)
Endorsement	-0.055** (2.29)	-0.006 (0.65)	0.029 (1.02)	-0.033 (1.56)	-0.060*** (2.73)
Financial literacy	-0.014 (0.56)	-0.027*** (2.76)	-0.025 (0.87)	-0.047** (2.07)	0.023 (1.13)
Observations	599	1378	389	751	277
Pseudo R-squared	0.11	0.05	0.08	0.15	0.21
p-value test age = 0	0.01	0.03	0.43	0.01	0.68
p-value test education=0	0.00	0.21	0.71	0.35	0.02
p-value test income = 0	0.65	0.76	0.75	0.00	0.02
p-value test fin.assets=0	0.68	0.12	0.12	0.10	0.18

Note: Marginal effects from probit estimates; Standard errors are clustered at the household level: absolute value of robust z-statistics in parentheses; * significant at 10%, ** significant at 5%, *** significant at 1%; For each domain (column), the dependent variable takes value 1 if respondents report to stick to the default option, and 0 otherwise; The reference group for age contains respondents less than 36 years, for education respondents with low education and for income and wealth respondents in the bottom quartiles.

Table 7. Statements about personal attitudes and choice behavior in the US: Wording and summary of responses
 Percentages of total number of respondents (N=1038)

	1	2	3	4	5	6	7	DK	Mean ²⁾
Please indicate on a scale from 1 to 7 to what extent you agree with each of the following statements (1 means 'totally disagree' and 7 means 'totally agree')?									
When making important decisions (e.g. buying a car or investing money)									
Q1 - I usually talk with other people about it	3,1	5,9	5,7	11,3	21,3	26,5	25,0	1,4	5,3 (1,6)
Q2 - I usually take these decisions on my own	12,6	15,6	13,1	15,2	14,2	17,0	10,3	2,0	4,1 (2,0)
Q3 - I usually leave it to someone else	53,7	25,7	8,8	5,2	2,4	2,0	0,3	1,9	1,9 (1,5)
When I have to buy products requiring specific expertise (e.g. a financial or a technological product)									
Q4 - I follow the advice of experts	1,0	2,5	5,0	16,3	31,7	28,5	12,8	2,2	5,8 (1,5)
Q5 - I talk about it with family or friends	2,4	5,2	7,9	12,0	23,4	24,6	22,8	1,7	5,2 (1,3)
Q6 - I often rely on what people say	7,1	14,1	19,2	29,4	21,3	5,8	1,6	1,5	4,4 (1,7)
Q7 - If someone tells me to do something, I tend to do the opposite	24,3	31,3	15,9	19,0	3,7	1,7	1,3	2,9	1,9 (1,6)
Q8 - I usually do what other people tell me to do	18,8	26,0	19,8	22,5	7,4	2,6	0,8	2,2	2,3 (1,6)
Q9 - I have troubles to say no to people	13,4	18,8	12,7	14,1	19,4	12,9	7,7	1,1	4,0 (1,7)
Q10 - I do chores right away	4,4	9,2	17,2	21,9	18,6	17,4	10,0	1,4	5,2 (1,6)
Q11 - I tend to make promises that I cannot keep	47,1	33,9	9,3	4,8	3,0	1,5	0,4	0,1	1,9 (1,2)
Q12 - When I promise to do something, I usually do that later than I should	25,1	31,8	15,2	10,7	9,9	4,1	1,8	1,5	2,7 (1,6)
Q13 - Changes are scary	8,1	14,3	15,0	23,8	19,7	10,2	6,9	2,0	3,3 (2,0)
Q14 - Changes are often not an improvement	7,1	14,4	15,3	26,6	14,7	8,4	10,0	3,5	3,1 (1,4)
Q15 - I would describe myself as a careful person	1,1	1,9	5,8	13,9	25,5	32,2	18,4	1,3	4,1 (1,8)
Q16 - When there is possible danger, I take many precautions	0,5	1,4	6,4	10,6	21,8	31,2	26,5	1,7	5,6 (1,3)
Q17 - How would you assess your financial skills ^{b)}	2,2	4,7	10,5	24,6	31,9	19,0	5,2	1,9	4,7 (1,4)

1) For this question respondents are asked to indicate their skills on a 7-points scale, where 1 means 'very bad' and 7 means 'very good'.

2) Mean refers to the average of the seven response categories from 1 to 7 (standard deviation in parentheses).

Note: DK = 'I do not know'; DK's and response categories 1-7 do not sum up to 100% due to refusals.

Table 8. Statements and the highest factor loadings from a principal component analysis for the US

Statements	Factors				
	Procrastination	Trust	Inertia	Endorsement	Financial literacy
I do chores right away	-0,63				
I tend to make promises that I cannot keep	0,48				
When I promise to do something, I usually do that later than I should	0,65				
If someone tells me to do something, I tend to do the opposite	0,58				
When making important decisions, I usually talk with other people about it		0,80			
When I have to buy products requiring specific expertise, I follow the advice of experts		0,42			
When I have to buy products requiring specific expertise, I talk about it with family or friends		0,81			
Changes are scary			0,63		
Changes are often not an improvement			0,60		
I would describe myself as a careful person			0,59		
When there is possible danger, I take many precautions			0,64		
I often rely on what people say				0,66	
I usually do what other people tell me to do				0,74	
I have troubles to say no to people				0,56	
When making important decisions, I usually leave it to someone else					-0,63
How would you assess your financial skills					0,65
When making important decisions, I usually take these decisions on my own					0,61

Note: For each of the statements we report the highest factor loading from a principal component analysis using varimax rotation; N = 941.

Table 9. Personal traits and individual background characteristics in the US

	Procrastination	Trust	Inertia	Endorsement	Financial literacy
Male	0.15** (2.10)	-0.42*** (6.00)	-0.11 (1.57)	-0.22*** (3.17)	0.35*** (4.92)
Age dummy (36-50)	-0.073 (0.65)	-0.14 (1.24)	-0.15 (1.27)	0.080 (0.78)	0.31*** (2.78)
Age dummy (51-65)	-0.32*** (3.04)	-0.26** (2.43)	-0.21* (1.90)	0.12 (1.22)	0.31*** (3.01)
Age dummy (>65)	-0.60*** (3.89)	-0.16 (1.05)	-0.45*** (2.87)	0.53*** (3.53)	0.49*** (3.17)
Intermediate education	0.088 (0.80)	0.29*** (2.85)	0.090 (0.79)	-0.15 (1.37)	0.023 (0.20)
College education	0.13 (1.05)	0.27** (2.19)	0.28** (2.16)	-0.24* (1.88)	0.054 (0.41)
Retired	0.024 (0.22)	0.15 (1.43)	0.16 (1.44)	0.020 (0.17)	-0.073 (0.62)
Married	-0.11 (1.41)	0.040 (0.46)	0.10 (1.26)	-0.006 (0.08)	-0.29*** (3.64)
Income quartile 2	-0.20* (1.66)	-0.13 (1.05)	-0.19 (1.49)	-0.002 (0.01)	0.064 (0.53)
Income quartile 3	-0.16 (1.26)	-0.030 (0.24)	-0.056 (0.46)	-0.051 (0.41)	0.094 (0.77)
Income quartile 4	-0.20 (1.58)	-0.036 (0.29)	-0.009 (0.08)	-0.18 (1.49)	0.13 (1.08)
Constant	0.31** (2.22)	0.12 (0.88)	0.083 (0.56)	0.19 (1.41)	-0.37*** (2.68)
Observations	809	809	809	809	809
R-squared	0.05	0.06	0.03	0.06	0.06
p-value test age = 0	0.00	0.10	0.04	0.00	0.01
p-value test education = 0	0.58	0.02	0.04	0.17	0.91
p-value test income = 0	0.37	0.72	0.35	0.25	0.75

Note: OLS estimation results; Standard errors are clustered at the household level; absolute value of robust t-statistics in parentheses; * significant at 10%; ** significant at 5%; *** significant at 1%. The dependent variables are the output of the principal component factors analysis. The reference group for age contains respondents less than 36 years, for education respondents with low education and for income respondents in the bottom quartiles.

Table 10A. Organ donation in the US

	Do you think in general people ought to be prepared to be an organ donor?		Are you willing to be an organ donor?		Are you an organ donor, i.e. have you signed an affidavit?	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Yes	689	66.8	774	72.1	445	59.8
No	116	11.2	119	11.5	254	34.1
Refusal	47	4.5	35	3.4	13	1.8
DK	180	17.4	134	13.0	32	4.3
Total	1032	100.0	1032	100.0	774	100.0

Note: Default option in bold; DK = 'I do not know'.

Table 10B. Voting participation in the US

	Do you think in general people ought to vote?		Did you vote last time for the <i>Presidential elections</i> ?		Did you vote last time for the <i>local elections</i> ?	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Yes	981	95.1	860	87.7	742	75.6
No	23	2.2	106	10.8	221	22.5
Refusal	20	1.9	13	1.3	11	1.1
DK	8	0.8	2	0.2	7	0.7
Total	1032	100.0	981	100.0	981	100.0

Note: Default option in bold; DK = 'I do not know'

Table 10C. Will, telemarketing, additional retirement savings in the US

	Do you have a will?		Have you registered yourself in order not to receive telemarketing?		Do you have any other arrangements for your pension apart from Social Security and company pension plans or defined contribution plans?	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Yes	509	49.3	823	79.3	464	45.0
No	506	49.0	185	17.8	483	46.8
Refusal	16	1.6	11	1.1	40	3.9
DK	1	0.1	13	1.3	45	4.4
Total	1032	100.0	1032	100.0	1032	100.0

Note: Default option in bold; DK = 'I do not know'.

Table 11. Default choices and personal traits in the US

	Organ donation	Voting national	Voting local	Will	Phone marketing	Additional pension savings
Procrastination	0.027 (1.23)	0.009 (0.78)	0.030** (1.97)	0.067*** (3.34)	0.005 (0.36)	0.081*** (3.61)
Trust	0.001 (0.04)	-0.002 (0.22)	0.028* (1.72)	-0.013 (0.65)	0.002 (0.15)	-0.005 (0.24)
Inertia	-0.020 (0.92)	-0.019* (1.66)	0.001 (0.06)	-0.009 (0.48)	-0.023 (1.50)	-0.062*** (2.70)
Endorsement	0.037* (1.69)	-0.003 (0.28)	-0.027* (1.75)	-0.004 (0.20)	0.013 (0.91)	0.049** (2.23)
Financial literacy	-0.025 (1.09)	-0.009 (0.73)	-0.007 (0.42)	-0.031 (1.57)	-0.019 (1.42)	-0.091*** (3.85)
Observations	525	761	761	772	796	579
Pseudo R-squared	0.01	0.01	0.01	0.02	0.01	0.05
p-value test coeff. = 0	0.37	0.58	0.05	0.00	0.53	0.00

Note: Marginal effects from probit estimates; Standard errors are clustered at the household level; absolute value of robust z-statistics in parentheses; * significant at 10%, ** significant at 5%, *** significant at 1%; For each domain (column), the dependent variable takes value 1 if respondents report to stick to the default option, and 0 otherwise.

Table 12. Default choices and personal traits plus background characteristics in the US

	Organ donation	Voting national	Voting local	Will	Phone marketing	Additional pension savings
Male	0.15*** (3.50)	-0.017 (1.02)	-0.035 (1.18)	0.025 (0.62)	0.093*** (3.48)	-0.037 (0.79)
Age dummy (36-50)	-0.018 (0.26)	-0.062*** (3.52)	-0.098** (2.48)	-0.20*** (3.05)	-0.047 (1.29)	-0.15** (2.18)
Age dummy (51-65)	0.017 (0.26)	-0.10*** (5.04)	-0.15*** (3.76)	-0.37*** (5.88)	-0.049 (1.39)	-0.23*** (3.32)
Age dummy (>65)	-0.028 (0.29)	-0.11*** (4.40)	-0.21*** (4.44)	-0.53*** (7.77)	-0.077 (1.59)	-0.27* (1.65)
Intermediate education	-0.17** (2.45)	-0.12*** (4.61)	-0.083* (1.86)	-0.031 (0.52)	0.007 (0.20)	-0.29*** (4.20)
College education	-0.19*** (2.70)	-0.076*** (3.97)	-0.13*** (2.97)	-0.12* (1.72)	-0.050 (1.13)	-0.33*** (4.47)
Retired	0.017 (0.25)	-0.000 (0.01)	-0.049 (1.00)	-0.016 (0.25)	-0.079** (2.11)	0.036 (0.43)
Married	-0.11** (2.24)	-0.055*** (2.80)	-0.068* (1.93)	-0.082* (1.77)	-0.089*** (2.80)	0.078 (1.30)
Income quartile 2	-0.043 (0.55)	-0.020 (0.88)	0.029 (0.59)	-0.15** (2.18)	-0.065* (1.74)	-0.092 (1.09)
Income quartile 3	0.094 (1.19)	-0.042* (1.95)	-0.003 (0.07)	-0.18** (2.57)	-0.091** (2.46)	-0.32*** (4.28)
Income quartile 4	0.14* (1.72)	-0.044* (1.84)	0.016 (0.33)	-0.27*** (4.00)	-0.14*** (3.26)	-0.44*** (5.40)
Procrastination	0.020 (0.86)	-0.004 (0.51)	0.015 (0.99)	0.036* (1.66)	-0.012 (0.89)	0.083*** (3.24)
Trust	0.017 (0.75)	-0.003 (0.38)	0.017 (1.10)	-0.024 (1.12)	0.008 (0.55)	0.011 (0.47)
Inertia	-0.027 (1.15)	-0.010 (1.15)	0.008 (0.48)	-0.002 (0.10)	-0.015 (1.04)	-0.046* (1.83)
Endorsement	0.041* (1.81)	-0.006 (0.74)	-0.022 (1.38)	0.001 (0.05)	0.011 (0.81)	0.010 (0.40)
Financial literacy	-0.049** (2.08)	-0.001 (0.10)	0.002 (0.13)	-0.035* (1.68)	-0.023* (1.78)	-0.083*** (3.29)
Observations	524	760	760	771	795	579
Pseudo R-squared	0.05	0.19	0.08	0.15	0.09	0.20
p-value test age = 0	0.87	0.00	0.00	0.00	0.37	0.01
p-value test education = 0	0.02	0.00	0.01	0.13	0.25	0.00
p-value test income = 0	0.04	0.20	0.89	0.00	0.01	0.00

Note: Marginal effects from probit estimates; Standard errors are clustered at the household level; absolute value of robust z-statistics in parentheses; * significant at 10%, ** significant at 5%, *** significant at 1%; For each domain (column), the dependent variable takes value 1 if respondents report to stick to the default option, 0 otherwise; The reference group for age contains respondents less than 36 years, for education respondents with low education and for income respondents in the bottom quartiles.