Het benutten van life-events bij financieel advies

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Typical narrative
Franz story,
Yes, I meant this
But also window thing
Are life events the holy grail?

Congratulations!
You’ve turned 40 – time to start thinking about your pension!

OK, so you’re still far from retirement. But experience has taught us that it’s not a bad idea to take stock of your pension options when you turn 40. After all, you are now at the point where you have a reasonably clear picture of the final stretch of your career path. And as a 40-year-old, you still have enough time to take action if you feel that your pension will be inadequate for whatever reason.

So, may we invite you?
We would like to invite you for a personal consultation about your pension with one of our advisors from the SPF Pension Desk. An informal and no-obligation opportunity to:
• Discuss your pension situation
• Answer any questions you may have about your pension
• Evaluate your pension choices

Make an appointment now!
Yes, I would like to schedule a pension consultation

The session is offered to you purely as part of SABIC’s services. Rest assured: there are no costs involved and SABIC has no commercial interest whatsoever in this consultation.
Idea

• Time communication, and advice & adapt communication content

• Toward moments when individuals are more open to communication and advice
Today

• (Why) would life events make individuals more open to behavioral change?
• How well does it work?
• Challenges
• Conclusions and outlook
... have economic impact

• Changes to the *level* of finances
  - Income, pensions, assets including human capital, expenses and financial liabilities...

• Changes in *riskiness* of finances
  - Variance of the income (...) stream

• Objectively occurring

• And/or subjectively felt
  - Change in the *perceived* likelihood or impact of a future outcome, w/o objective change
... and non-economic impact

- Changes in
  - subjective well-being and life satisfaction
  - stress and health
  - emotions
  - moods and mental conditions (e.g. depression)
When does a life event matter for behavioral change?
When does a life event matter for behavioral change?

- Life Events
- Teachable Moments
Teachable moments

- Event that
  1. increases perceptions of personal risk and outcome expectancies
  2. prompts strong affective or emotional responses
  3. and redefines self-concept or social role

Teachable moments

• May be very short-lived
  ➔ after an event occurred, time period in which an intervention is effective **may last a few days** (e.g., Williams et al., 2005)

• But timed interventions work
  - Stopping to smoke...
Not much empirical evidence in the financial sphere...

• We
  - Interviewed experts and pension plan participants
  - Analyzed survey data
Participants say...

• Disagreement about if and which life events matter

• Would appreciate more personalized communication adapted to their situation

• Agreement about using administrative (fund) data

• Strong disagreement about big data

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Survey evidence

• 2,155 NEST participants
Occurrence of life events (last 3 years) & Life events as a trigger

What prompted the first login

58% Any life event prompted first login

<table>
<thead>
<tr>
<th>Event</th>
<th>Prompted first Login</th>
<th>Experienced but had no impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting a new job</td>
<td>26%</td>
<td>23%</td>
</tr>
<tr>
<td>Seeing a discussion about pensions / retirement planning on an online forum</td>
<td>13%</td>
<td>49%</td>
</tr>
<tr>
<td>Seeing someone struggle to make ends meet during retirement</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Seeing an article in a newspaper/website about pensions/retirement</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Being made redundant / losing your job</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>A member of the family / close friend dying</td>
<td>4%</td>
<td>18%</td>
</tr>
<tr>
<td>Buying a new home</td>
<td>3%</td>
<td>10%</td>
</tr>
<tr>
<td>Getting married</td>
<td>3%</td>
<td>7%</td>
</tr>
<tr>
<td>Leaving your parent's home</td>
<td>2%</td>
<td>6%</td>
</tr>
<tr>
<td>Birth of a son/daughter</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Having a serious illness and/or spending some time in hospital</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>Getting divorced</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>One or more of your children leaving home</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>Expecting a baby</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

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This looked good - but

- Child birth
- Marriage
- Death of someone
- New home
- New job
- Divorce
- Illness

Registered vs. Non-registered
Challenges - survey results

• Life events do not matter
  - ex post rationalization effect

• Life events matter
  - But, survey not precise enough
    ("past 3 years")

• Life events may matter
  - If communication will be timed + content adapted
More challenges

• Opposing effects
  
  - Getting a baby may increase future orientation
  
  - But, increases stress and distraction because of day-to-day new duties

• ...

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Will Big Data and PSD2 help with the identification and timing challenge?

• Technically maybe

• But...
Aan welk van onderstaande organisaties bent u onder voorwaarden bereid om toegang te geven tot uw online betaalrekeningen?

- Niemand / geen enkele organisatie: 54%
- Mijn eigen financieel adviseur: 26%
- Pensioenfonds: 14%
- Verzekeraar: 14%
- Andere banken dan mijn ‘huisbank’: 10%
- Partijen als Google, Amazon of Facebook: 5%
- Webwinkels als bol.com of Zalando: 3%
And

- Individuals’
  - Privacy concerns
  - Personalization paradox

- May prevent reaping benefits of technology or even backfire
Conclusions and outlook

• (most) Life events create teachable moments

• Can make individuals more open for behavioral change

• But, mixed evidence in financial domain
Challenges that need to be addressed

- Timely identification
- Clear idea what each particular event triggers
- Timing of communication and advice
- Adaptation of communication and advice to event
- Privacy concerns
Contact Information

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