Pension Design and Structure

New Lessons from Behavioral Finance

EDITED BY

Olivia S. Mitchell and Stephen P. Utkus

OXFORD UNIVERSITY PRESS
Part I. Research on Decisionmaking under Uncertainty

1. Lessons from Behavioral Finance for Retirement Plan Design 3
   Olivia S. Mitchell and Stephen P. Utkus

2. Motivating Retirement Planning: Problems and Solutions 43
   Gary W. Selnow

3. Who’s Afraid of a Poor Old Age? Risk Perception in Risk Management Decisions 53
   Elke U. Weber

4. Behavioral Portfolios: Hope for Riches and Protection from Poverty 67
   Meir Statman

Part II. Implications for Retirement Plan Design

5. How Much Choice is Too Much? Contributions to 401(k) Retirement Plans 83
   Sheena Sethi-Iyengar, Gur Huberman, and Wei Jiang

6. “Money Attitudes” and Retirement Plan Design: One Size Does Not Fit All 97
   Donna M. MacFarland, Carolyn D. Marconi, and Stephen P. Utkus

7. Employee Investment Decisions about Company Stock 121
   James J. Choi, David Laibson, Brigitte Madrian, and Andrew Metrick
Contents

8. Implications of Pension Plan Features, Information, and Social Interactions for Retirement Saving Decisions
   Esther Duflo and Emmanuel Saez

Part III. Consequences for Retirement Education

9. Saving and the Effectiveness of Financial Education
   Annamaria Lusardi

10. Sex Differences, Financial Education, and Retirement Goals
    Robert L. Clark, Madeleine B. d’Ambrosio, Ann A. McDermed, and Kshama Sawant

    Jason Scott and Gregory Stein

12. Adult Learning Principles and Pension Participant Behavior
    Victor Saliterman and Barry G. Sheckley

Part IV. Implications for Retirement Payouts

13. How do Retirees Go from Stock to Flow?
    John Ameriks

14. Annuities and Retirement Well-Being
    Constantijn W. A. Panis

15. Perceptions of Mortality Risk: Implications for Annuities
    Matthew Drinkwater and Eric T. Sonderegger

Index

287