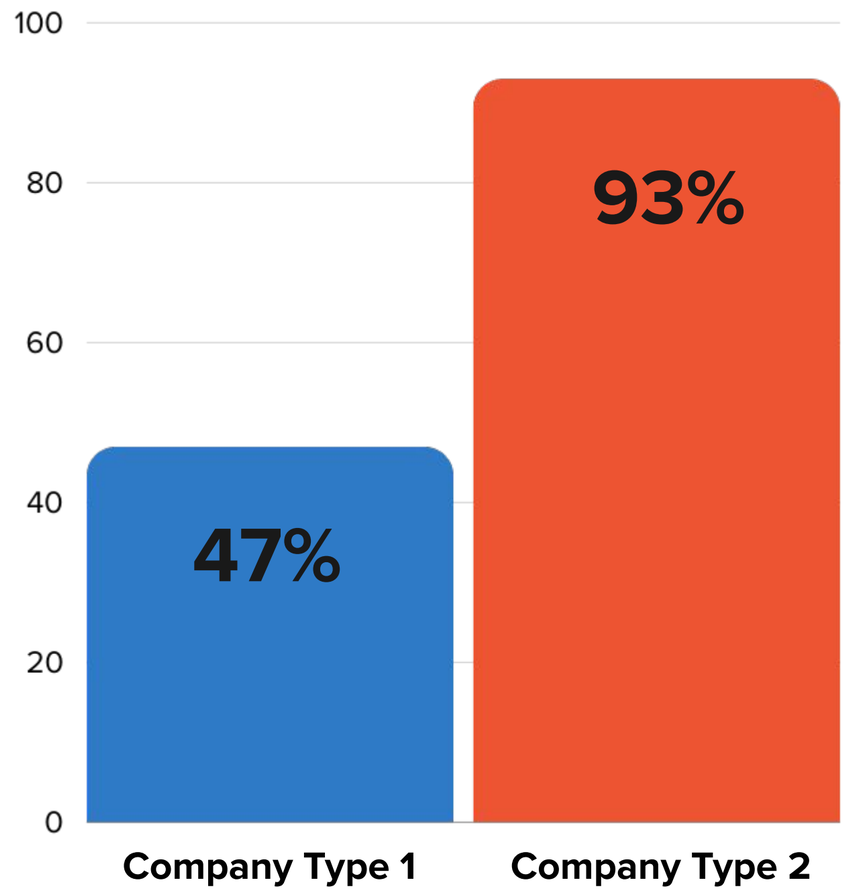
IRRATIONAL
LABS

Imagine you were just handed $10

Percentage of employees saving for retirement

What explains the difference between these companies?



Jeffrey W. Clark, Jean A. Young, 2018

Why are you saving (or not saving) for retirement?

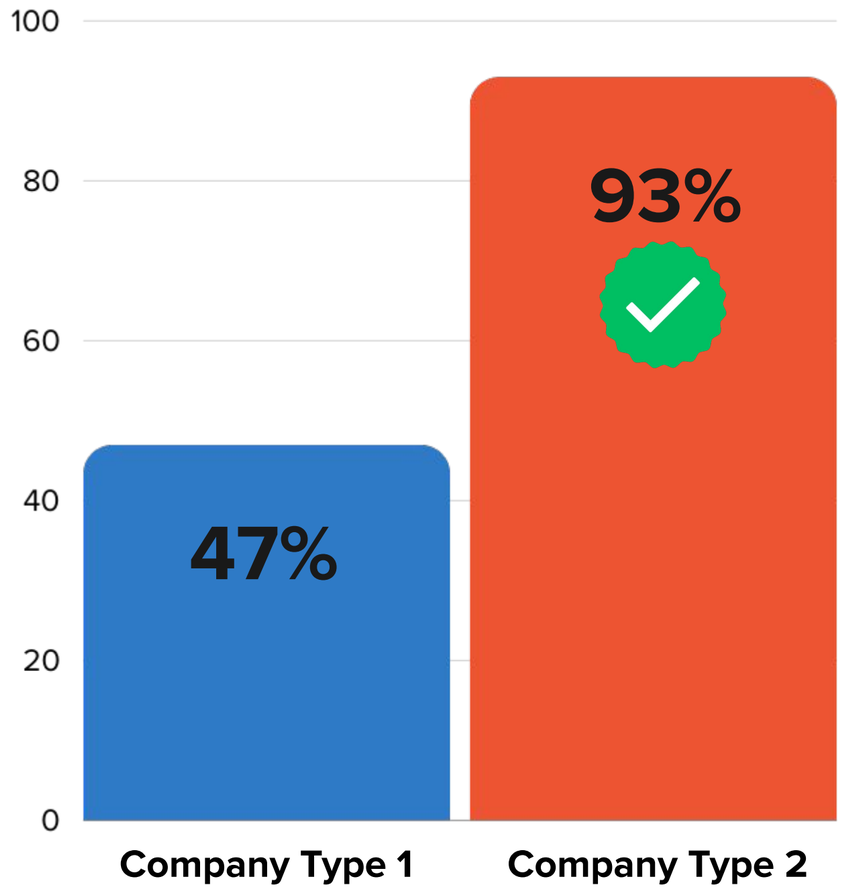
86% of savers mention the future 🔮

“I want something to fall back on”

64% of non-savers mention lack of money

Percentage of employees saving for retirement

What explains the difference between these companies?



Jeffrey W. Clark, Jean A. Young, 2018

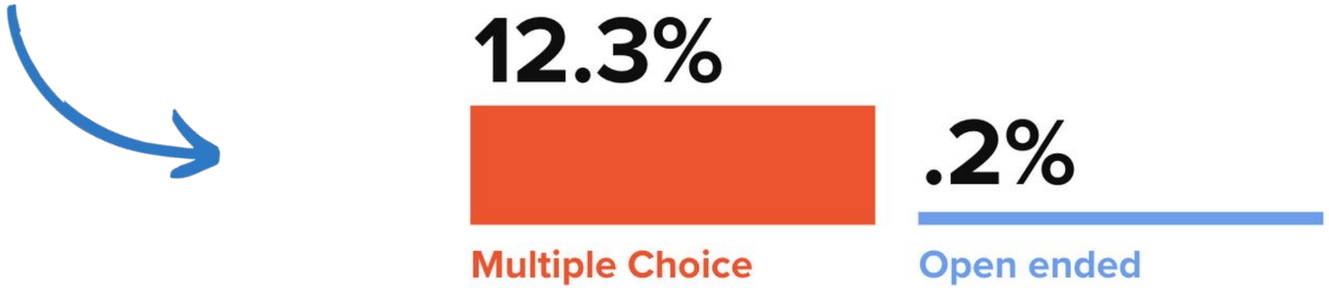
On average,

only 6.2% mention the default

Less people mention when asked in an open ended way

BY TYPE OF QUESTION:

% of people who say anything close to “it was the default”



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Over 70% were

very to completely

confident

in their answers

Behavioral Science 🧪🧠👩‍🔬🔬

Me😄

I’m going to start saving money...

Me😄

Also Me😄

46% of Americans

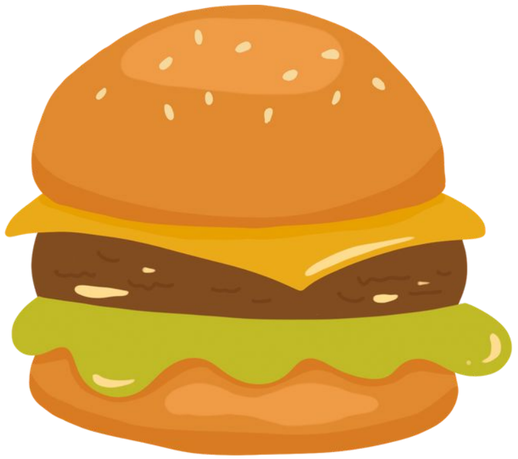
spend more

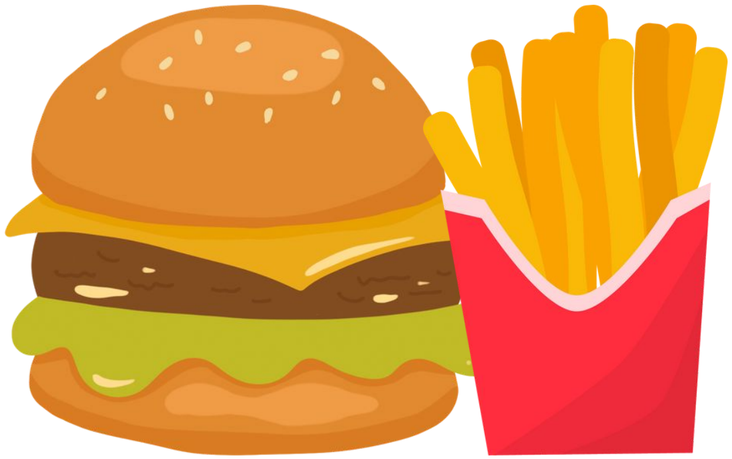
than they make

every month

Duke | CENTER FOR ADVANCED HINDSIGHT

Just ask

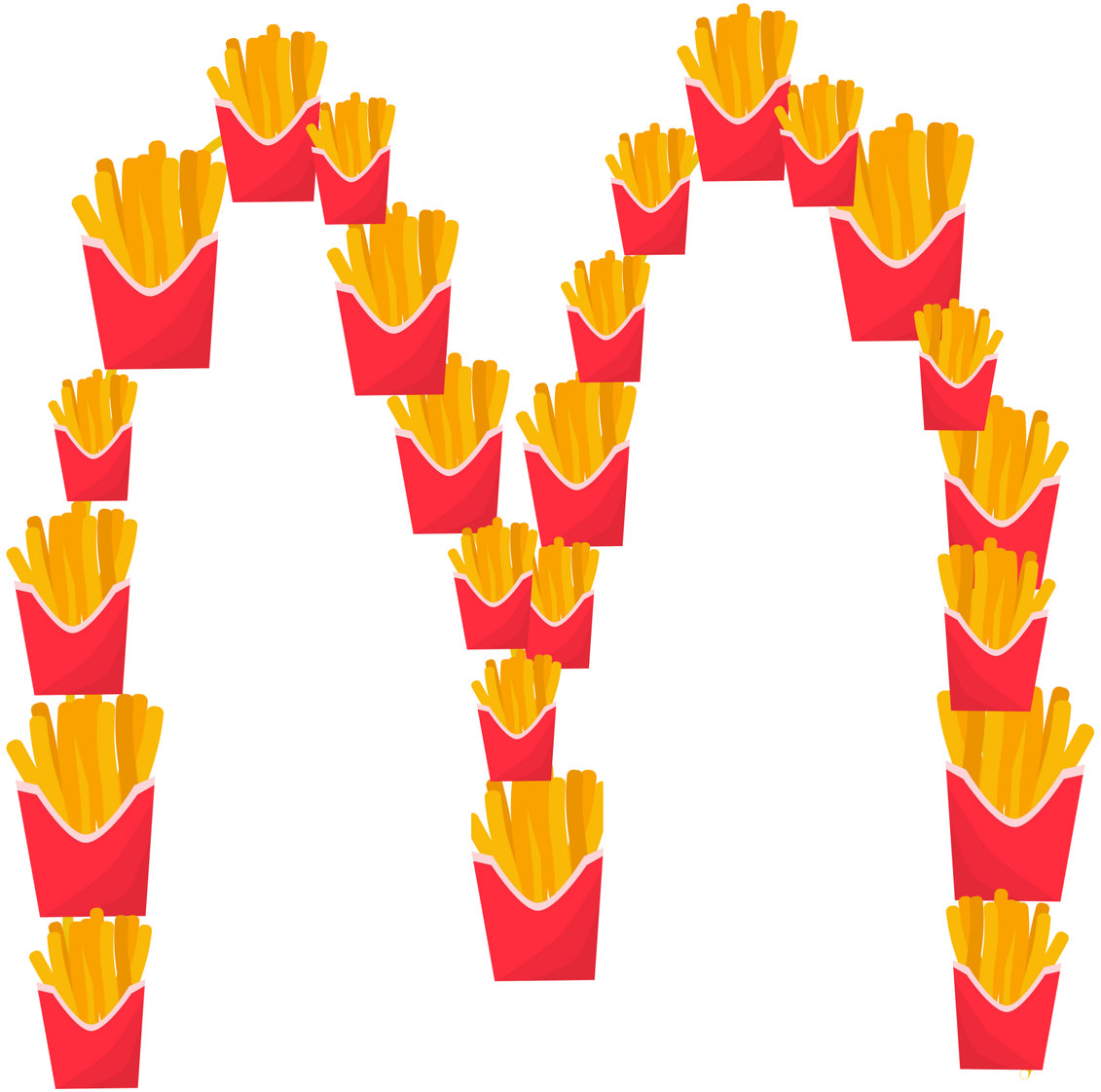




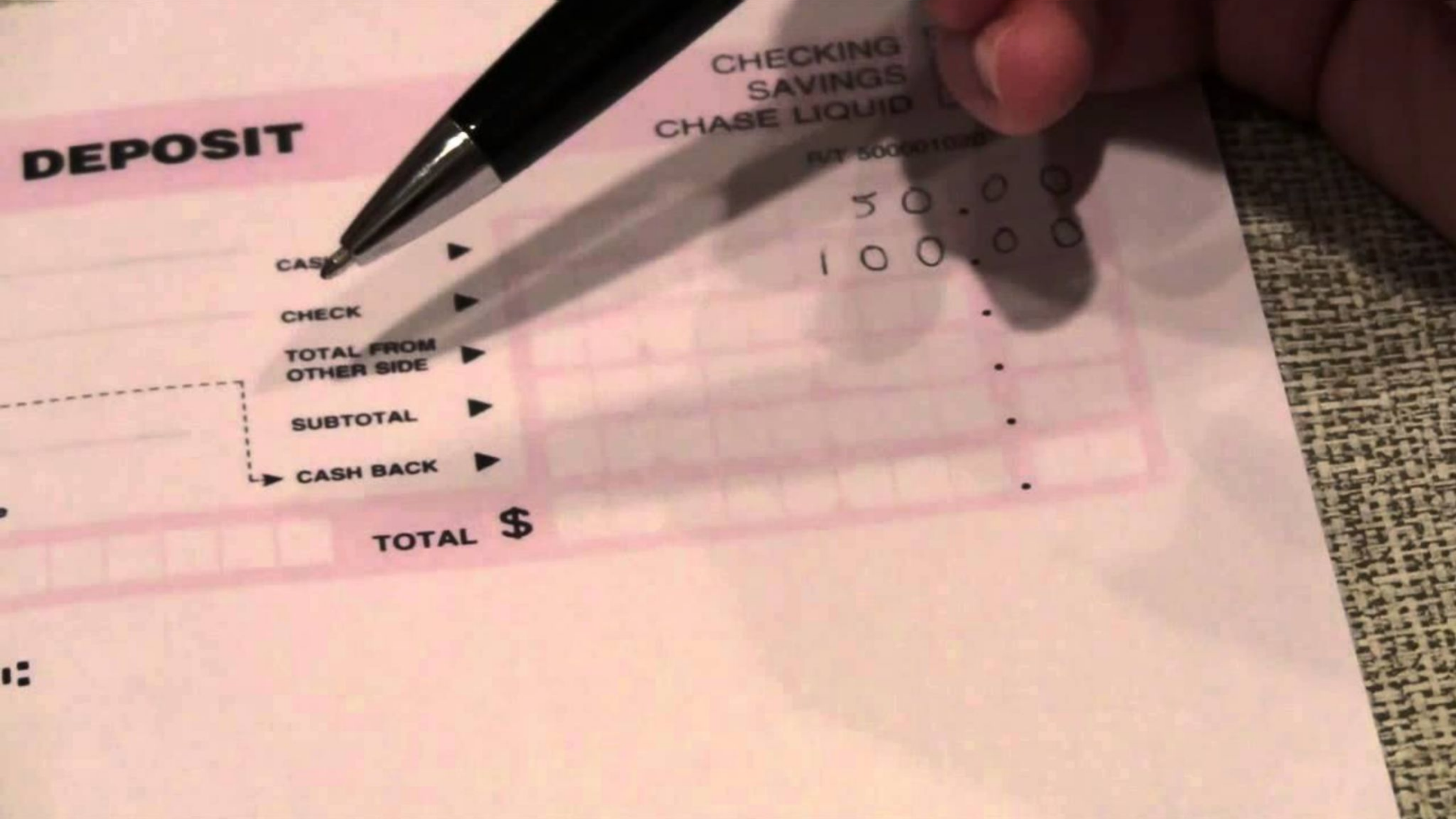
McDonalds sells

9 million pounds

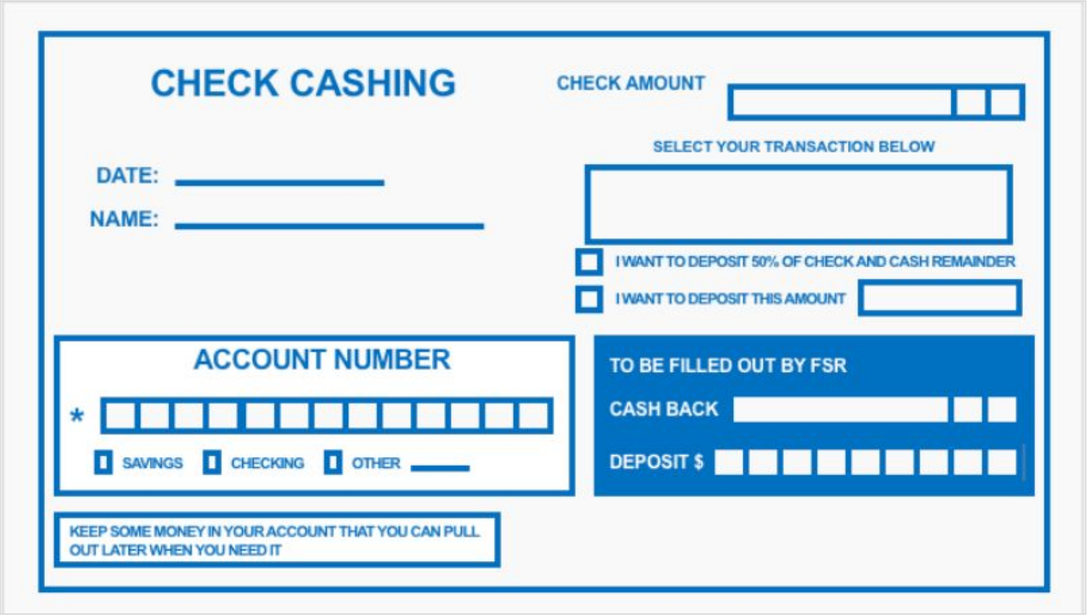
of fries every day



Duke | CENTER FOR ADVANCED HINDSIGHT


DEPOSIT
CHECKING
SAVINGS
CHASE LIQUID
50.00
100.00
CASH
CHECK
TOTAL FROM OTHER SIDE
SUBTOTAL
CASH BACK
TOTAL $

We don’t know if people don’t want to save or they don’t want to fill out a form.



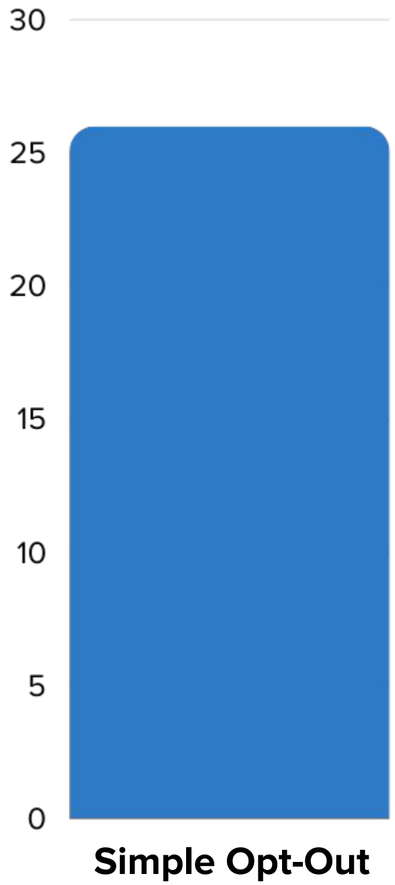
Simple Default

Your payment is $250.

$217 is for your loan and $33 goes into a savings account you can access at anytime.

Does that sound ok?

Just asking encouraged 26% of loan recipients to take up the loan's automatic savings program.



Simple Default

Your payment is $250.

$217 is for your loan and $33 goes into a savings account you can access at anytime.

Does that sound ok?

Loss Aversion Default

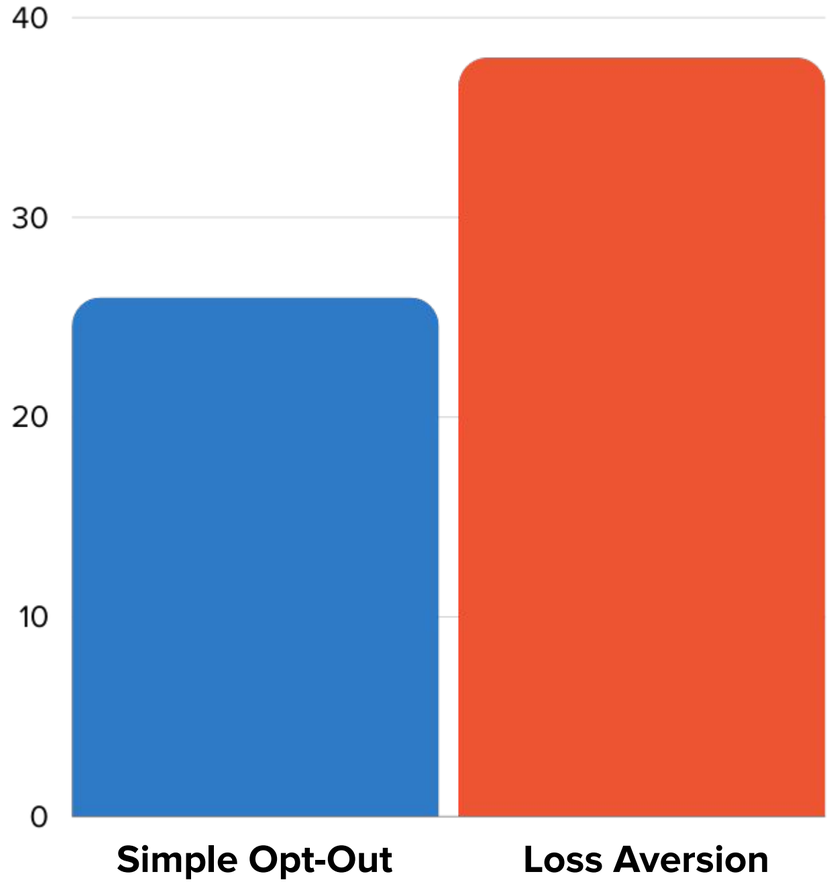
Your payment is $250.

$217 is for your loan and $33 goes into a savings account you can access at anytime.

You'll have $1,330 at the end of your loan.

Does that sound ok?

Making it clear what they'd give up encouraged 38% of loan recipients to take up the loan's automatic savings program



Make it easy to say yes and hard to say no

You’re new to a bank. The teller asks you...

Simple Default

Are you currently saving for retirement?

No? Your new checking account comes with a retirement savings account. 3% of each deposit will be transferred to your RSA account.

Does that sound ok?

*You can close the account within 90 days at no penalty.

You’re new to a bank. The teller asks you...

Simple Default

Are you currently saving for retirement?

No? Your new checking account comes with a retirement savings account. 3% of each deposit will be transferred to your RSA account.

Does that sound ok?

*You can close the account within 90 days at no penalty.

Choice Default

Are you currently saving for retirement?

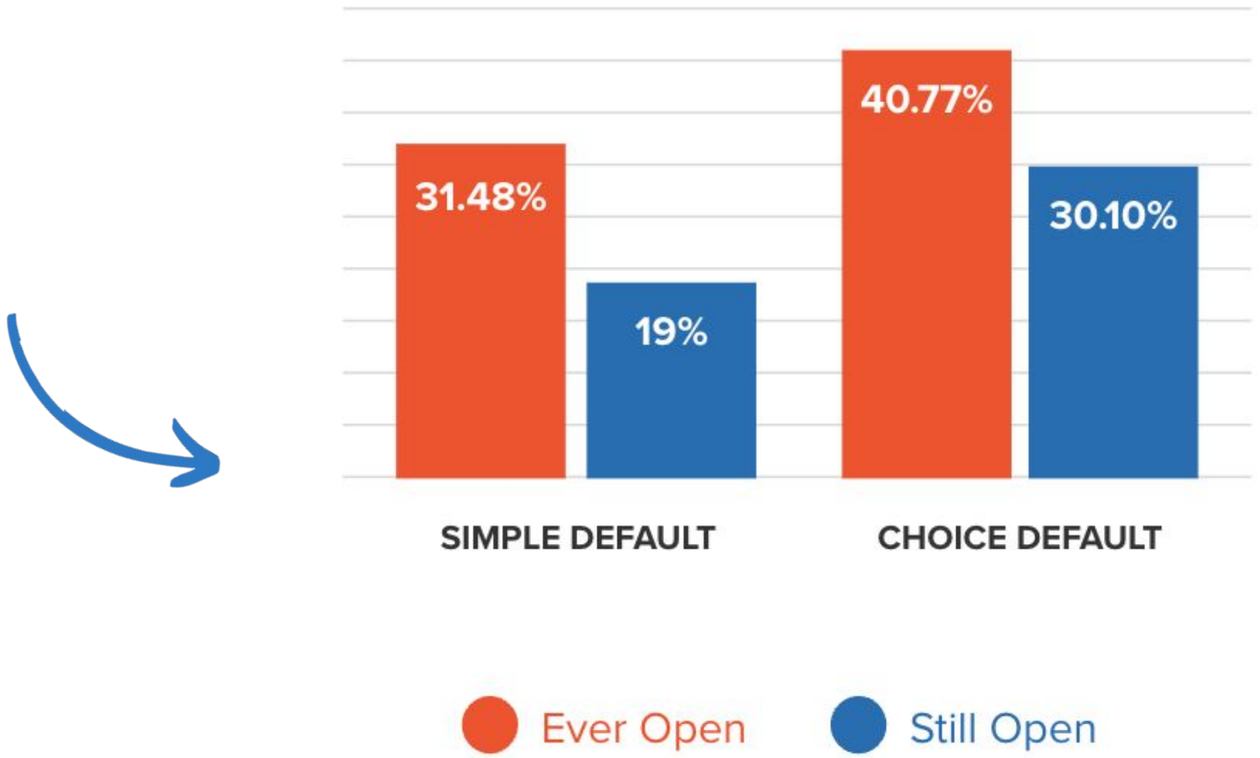
No? Your new checking account comes with a retirement savings account. A percent of each deposit will be transferred to your RSA account.

Would you like 10%, 6%, or 3%?

When asked at sign up...

On average 30% agree to an account

More said yes when given 3 choices



Translation: Activate automatic debit. Join 90% of new users who have chosen auto debit. Do you wish to activate Auto Debit? ‘Activate automatic debit’ or ‘Not right now’.

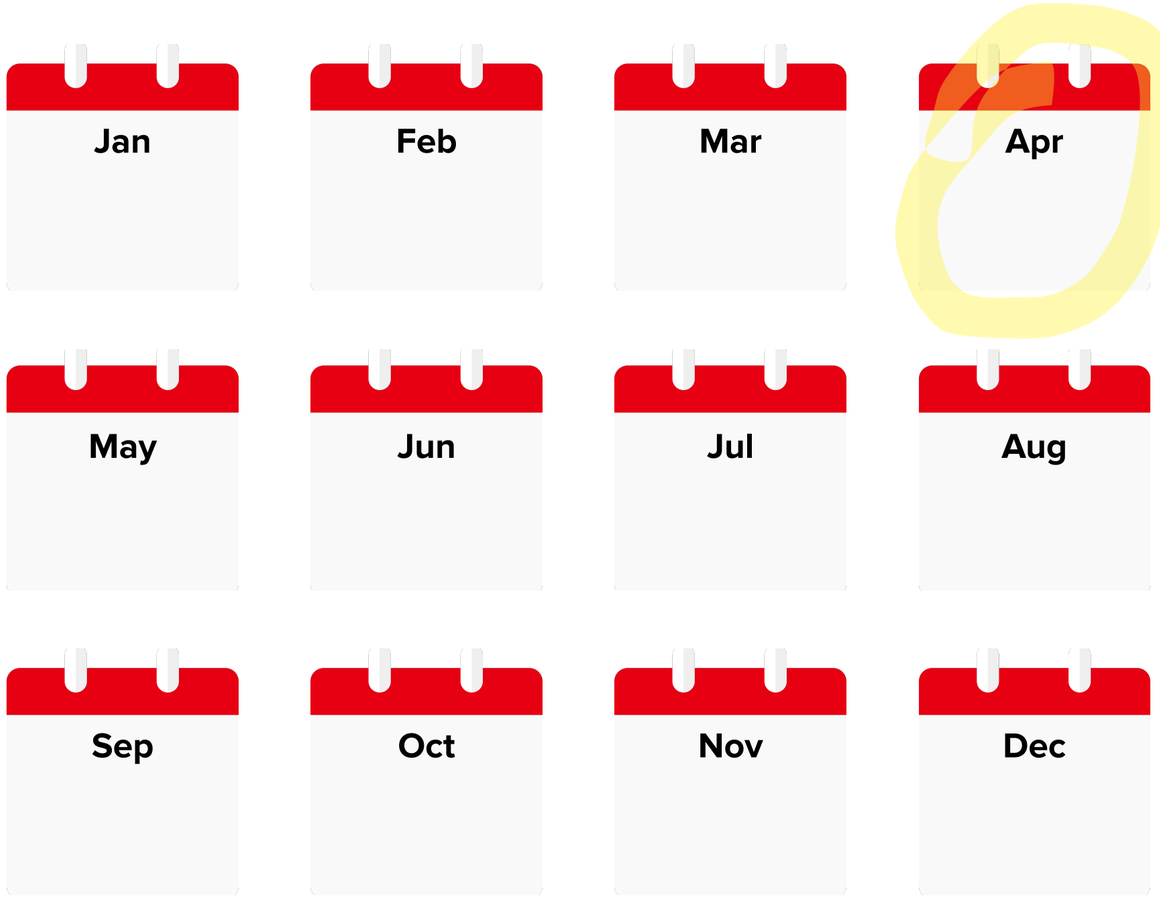
Translation: Activate automatic debit. We are changing the way we do our payments in 2023. Join 90% of new users who have chosen automatic debit. ‘YES - Activate automatic debit’ or ‘REFUSE - I’ll remember to pay manually later.’

Time the ask well

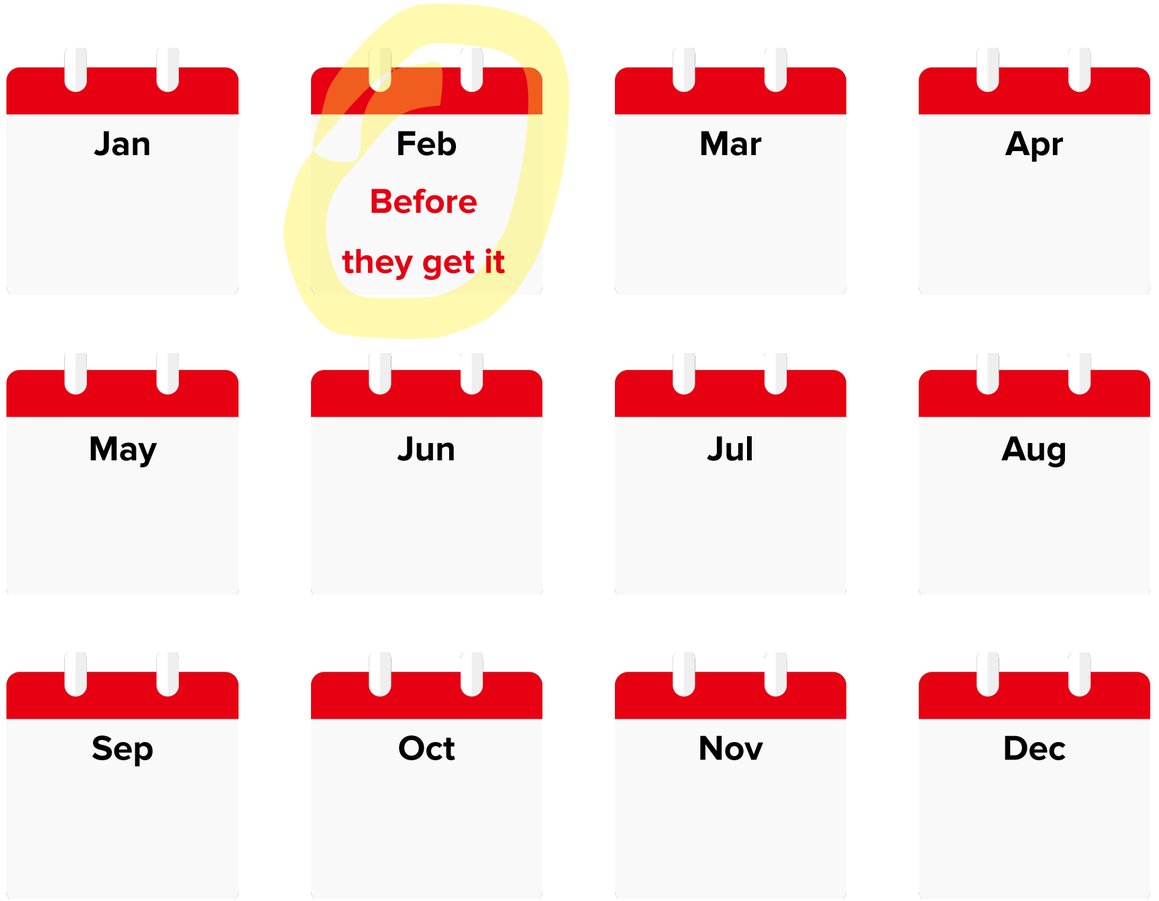
Time It Right

Behavioral

Toolkit: Present Bias



How much do you want to save from your refund?



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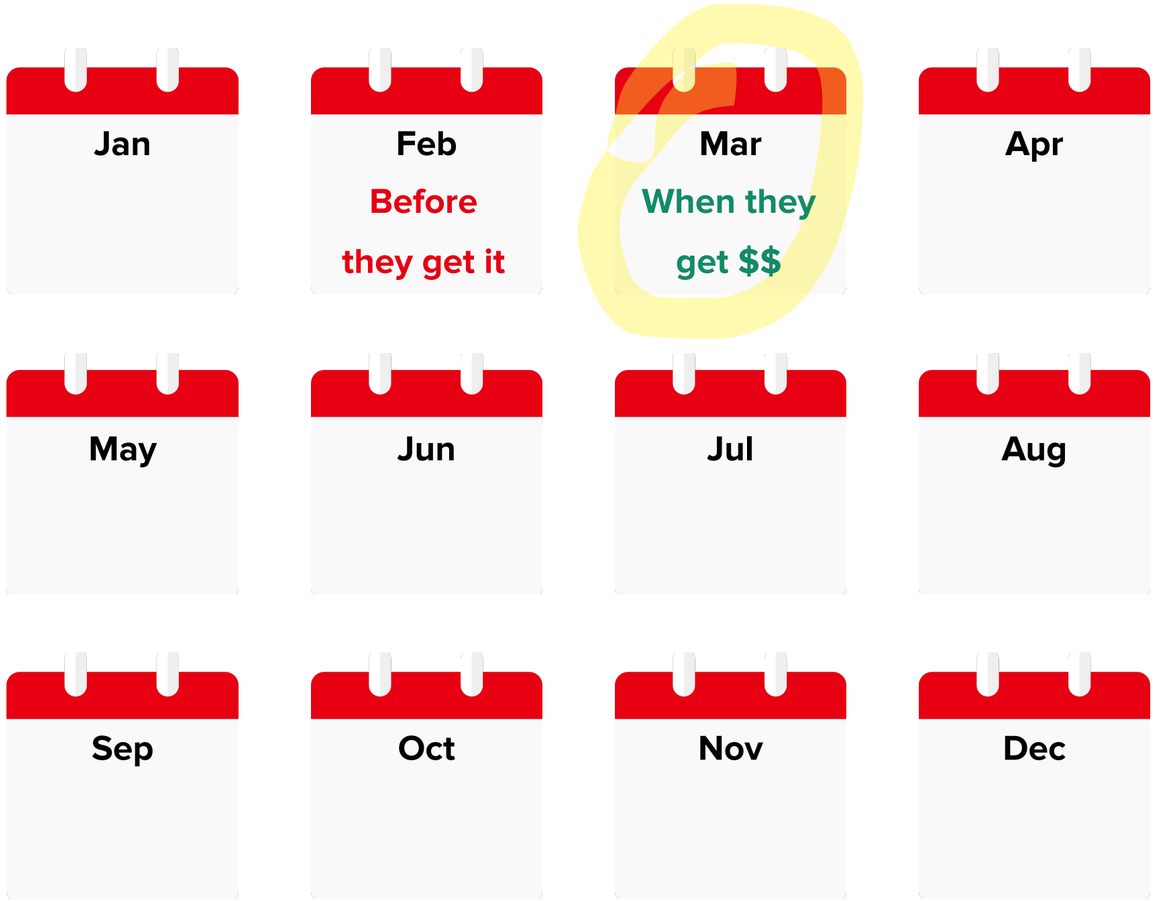
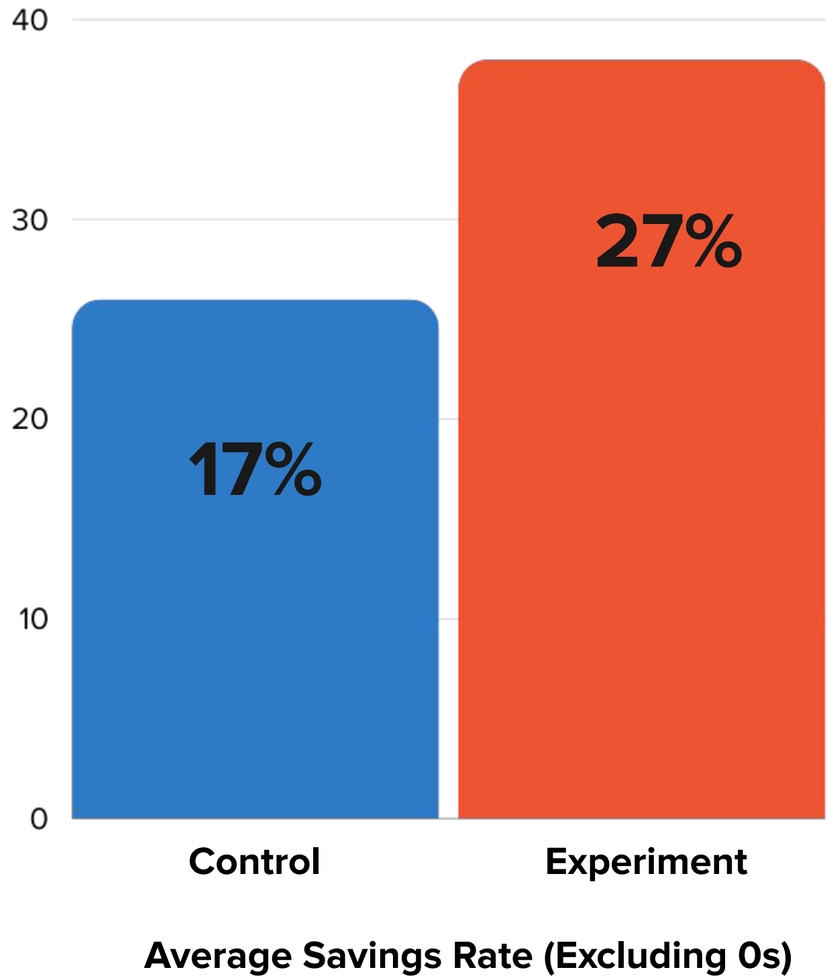


digit

Results

10%

of people in all conditions choose to save



Paid when paychecks ***enter your account***

1. THE SAME DAY OF THE WEEK

☐ Weekly on _____

☐ Bi-weekly on _____

☐ Monthly on the ____ _____

OR

2. ON SPECIFIC DATES

☐ 1x Monthly on the _____

☐ 2x Monthly on the _____ and _____

☐ I completed a Welcome Call & changed my monthly due date to match when I get paid.

beneficial state bank **Recurring Payments**

Name _____

Phone Num. _____

Car Make _____

Car Model _____

Set up automatic payments that ***match when you get paid***!

(A) Monthly Total Car Payment _____

(B) Times You Get Paid per Month ____

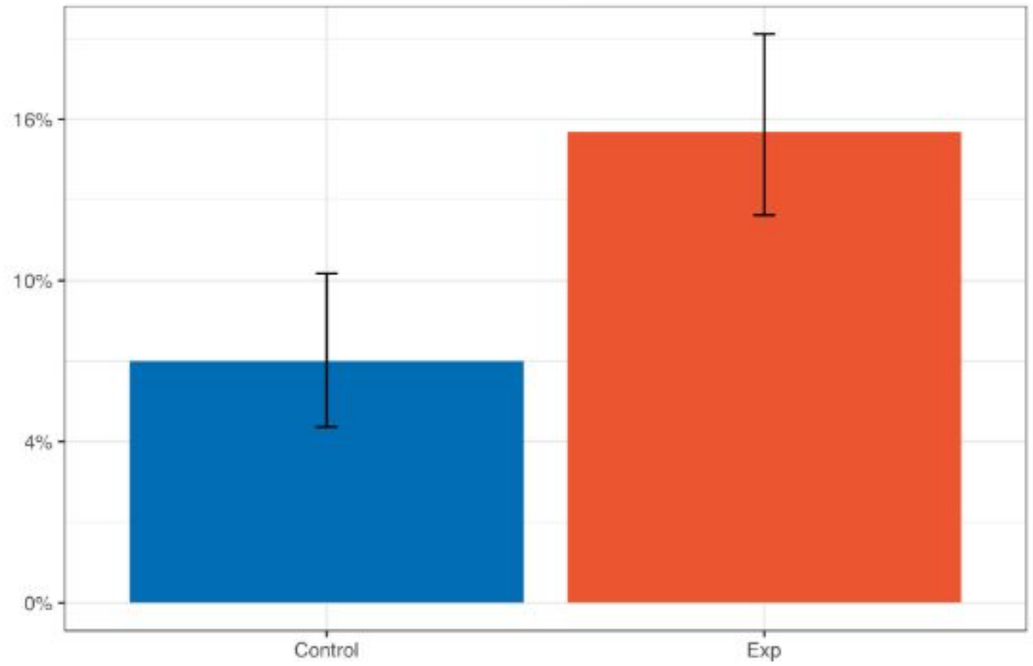
(C) Amount per Payment (A ÷ B) _____

Doubled automatic payment enrollment

Total payments:

94% (control) ->

104% (experiment)



thank
you