



College of Business
and Public Policy
UNIVERSITY of ALASKA ANCHORAGE

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The CBPP Economics Department
invite you to attend the following

Faculty & Student Seminar

Friday, April 13, 2018

3:30 p.m. – 5:00 p.m., RH303



Richard Patterson
United States Military Academy

Retirement Contribution Rate Nudges: Evidence from the Field

Abstract: Simple nudges, such as changing defaults or sending encouraging messages, can significantly increase individual contributions to retirement savings. Recent evidence, however, suggests that many nudges fail and that the effects of other nudges are short lived. In particular, nudges that primarily remind people of a decision may prompt them to make a choice more quickly, but not actually change their ultimate choice. In contrast, nudges that significantly reduce the physical or cognitive effort associated with a choice could have more persistent effects. We conduct a field experiment among U.S. Army servicemembers to examine the medium-run effects of messages that (1) prompt servicemembers to contribute to their retirement accounts or (2) additionally emphasize specific contribution rates. We find that messages emphasizing specific contribution rates are initially more effective than messages that do not emphasize any contribution rates, but that both types of messages significantly increase initial plan participation relative a control treatment. After 18 months, however, only servicemembers that receive messages emphasizing specific rate contributions have significantly higher plan participation rates than the control group.