



# Promoting later planned retirement: Construal level intervention impact reverses with age



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## ABSTRACT

We predict an age-related reversal of the effect of a construal level intervention on planned retirement age. As individuals' temporal distance to retirement decreases, their primary retirement goal is likely to change. Younger individuals are primarily driven by desirability goals, but older individuals are driven by feasibility goals. Results from an online survey show that indeed a construal level intervention-induced global mindset increases the impact of desirability considerations on planned retirement age for younger individuals (and lowers planned retirement age), but increases the impact of feasibility considerations for older individuals (and raises planned retirement age). The findings underline the importance of taking into account heterogeneity in individuals' chronic construals of decisions when designing construal level interventions to promote later planned retirement ages.

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## 1. Introduction

In the upcoming decades many countries worldwide are faced with an increase in the percentage of the population of over 65 years old (Economist, 2013; Financial Times, 2013; US Census Bureau, 2012). Hence, a much smaller proportion of the population is expected to be economically active and many individuals will be retired. This trend is likely to cause budget pressures on collective pension funds, public welfare old age provisions, and individuals' own private pension savings (Zaida, 2012). One remedy to lower this effect is to promote later retirement. While later retirement can partly be enforced through policy regulations such as the postponing of old age welfare support, other important strategies involve designing communications to influence individuals' retirement planning (Lusardi & Mitchell, 2007).

Individuals' planning for retirement requires them to balance how much they believe they can save (a feasibility oriented consideration) and how strong their preference is for retiring earlier (a desirability oriented consideration). Previous research shows that both aspects are important in deciding on one's retirement age but little is understood about what drives the relative importance of the two conflicting aspects in individuals' decision making (Wang & Shultz, 2010).

A type of communication intervention that has successfully been applied to support similar trade-offs between individuals' feasibility and desirability oriented considerations in other domains is that of construal level interventions

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(Chiou, Wu, & Chang, 2013; White, MacDonnell, & Dahl, 2011). These interventions impact individuals' activation of a global vs. a local mindset, which in turn increases the importance of their primary goals (i.e., goals with a focus on values and principles) compared to their secondary goals (i.e., more practically oriented goals) (Trope & Liberman, 2003, 2010). Not surprisingly, a global mindset is generally found to increase the impact of individuals' desirability goals over their feasibility goals (Danziger, Montal, & Barkan, 2012; Kray & Gonzalez, 1999).

However, most results in psychological research to date have been obtained in conditions where desirability goals are central to the individual's preferences and hence also primary to the decision. Thus, the general finding that higher construal level interventions promote desirability goals may need to be qualified. In particular, there is emerging evidence in the literature that a global mindset shifts attention toward the decision's primary goal, but not necessarily to the desirability oriented goals. Kivetz and Tyler (2007: study 1) show that whether an individual views financially-related or identity-related values as one's guiding principles in life, affects the impact of a construal level activation on the influence of desirability vs. feasibility goals. This suggests that a global processing mode increases the influence of desirability goals only if these goals are primary to the individual. When feasibility goals are primary, a global mindset may lower the importance of desirability goals to the benefit of feasibility goals. To extend previous research, where high level-features such as desirability (vs. low-level features) have generally been associated with global (vs. local) processing, we therefore propose that the effect of global and local processing on individual's behavior may reverse as a result of stable differences between individuals in terms of the primacy of desirability versus feasibility goals for these individuals.

In the retirement context, individuals who are planning for retirement have to balance having to save for retirement (a feasibility oriented consideration) with how much they like or don't like having to work at an old age (a desirability oriented consideration). Previous research shows that both aspects are important in deciding on one's retirement age, but little is understood about what drives the relative importance of the two conflicting aspects in individuals' decision making (Wang & Shultz, 2010). The finding that younger individuals typically plan to retire earlier than older individuals (Taylor & Shore, 1995) leads us to anticipate that for younger individuals (who are more distant from retirement) desirability oriented retirement goals play a primary role in this decision, whereas for older individuals feasibility retirement goals are primary. This suggests an age related shift in the impact of inducing a global mindset on planned retirement age, which we study in this paper.

## 2. Construal level interventions and individuals' planned retirement age

### 2.1. Construal level interventions: enhancing primary vs. secondary goals

An individual's goal orientation may be affected by environmental cues in the decision-context that create a temporary shift in the decision's mental representation. In particular, external cues can temporarily activate different construal levels (Trope & Liberman, 2003, 2010). Research in Construal Level Theory (CLT) has shown that these differences in construal levels guide individuals' behavior (e.g. Trope, Liberman, & Wakslak, 2007) and, more specifically, can also influence decision-making in the context of retirement planning (e.g. Leiser, Azar, & Hadar, 2008; Lynch & Zauberman, 2007). In particular, construal level interventions may affect individuals' preferences for decision attributes. That is, a construal level intervention that promotes a global mindset (we refer to this as a "global construal level intervention") increases the importance of the individual's primary goals and the corresponding attributes in his or her decisions compared to a construal level intervention that promotes a local mindset (a "local construal level intervention") (Kivetz & Tyler, 2007; Trope & Liberman, 2003, 2010). Often, a global mindset is found to increase the impact of individuals' desirability goals over their feasibility goals (Danziger et al., 2012; Kray & Gonzalez, 1999).

However, these earlier results have typically been obtained in conditions where desirability goals are inherently more primary to the particular decision than feasibility goals. How these findings extend to situations where feasibility instead of desirability goals are primary to the individual's preferences is less clear. Recent research provides evidence that the relationship between construal level interventions and the importance of feasibility versus desirability goals may differ depending on the decision context. Kivetz and Tyler (2007) found that – under a global but not a local processing mode – individuals who chronically viewed self-respect as more primary to their self-definition preferred desirable identity benefits over pragmatic instrumental ones, whereas those who chronically viewed financial prosperity as more primary to their self-definition preferred pragmatic benefits over identity ones. Hence, before one can assess the likely success of construal level interventions to promote later retirement, it is necessary to understand which decision attributes are primary (vs. secondary) and not which attributes are desirability (vs. feasibility) oriented in a retirement planning context.

### 2.2. Planned retirement age: a tension between desirability and feasibility goals

When individuals set themselves future goals, they often experience a conflict between goals that they would like to achieve (desirability goals) and goals that they think they actually can achieve (feasibility goals) (Achtziger, Martiny, Oettingen, & Gollwitzer, 2012, p. 123; Bargh, Gollwitzer, & Oettingen, 2010, p. 272). In the case of an individual's planned retirement age decision both types of goals are likely to be salient (Taylor & Shore, 1995). Even though most individuals prefer to retire sooner, they often do not expect to be able to afford to retire at their preferred age (Ekerdt, Bossé, & Mogyey, 1980;

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