

## **Forum on Financial Experiences of Older Adults**

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### **Forum on Financial Experiences of Older Adults: Andy Parker**

**ANDY PARKER:** The broader research, our research has shown that there are age differences in the types of decision-making errors that people are susceptible to. The broader decision making literature really points to a portfolio of different things that you could bring to bear that aren't mutually exclusive. They could be used in combination. So one option is, frankly, to limit choice. I mean, it's not an option I think that a lot of us like to use without good reason, but in situations where decisions need to be taken out of other people's hands, that is an option, and that should be something that's considered. Beyond that, and probably things that are much more palatable for most of us include different types of decision education, providing people not only with the factual knowledge they need but the skills to actually engage in a systematic reasoned decision. Decision, different types of decision aids can be provided. So these may be technology-based aids. They may be types of online tools or calculators or even just tools for helping them structure their decisions and understand what the characteristics. To, counselors - those are also decision aids. Finally, there's a whole host of new types of discussion on ways that we can structure the environment that people have to make decisions. So some of the new research has shown that, for instance, participation rates are much higher if people have to opt out of a particular program than opt in. That's a good example of structuring the decision in a way that doesn't take the decision away from the individual but still provides at least, it takes advantage of sort of natural decision-making processes for the greater public good. There is emerging literature, including some recent studies, which suggests that activity in employment and other types of engagement later in life is associated with prolonged cognitive ability. There may be

some selection effects with that, but I think that generally speaking I would expect that to be the case. So it does ring true.