



**CASE STUDY:
SMARTER DECISIONS**

Nudging Plan Participants Toward Smarter Decisions

Ascensus uses behavioral intervention to prompt plan participants in making smarter decisions about their financial needs.

THE CHALLENGE

Many workers today face competing demands on their money—and saving for retirement is often just one piece of their financial puzzle. Faced with financial stress, some plan participants are opting to reduce or even pause their retirement plan contributions.

THE SOLUTION

The Ascensus **READYSAVE™** mobile app now includes a proprietary consequence simulator—a personalized, context-sensitive intervention to discourage plan participants from lowering their contribution rate.

- The consequence simulator quantifies for participants how decreasing their contribution rate today will reduce their monthly retirement income in the future.
- The personalized snapshot of key information provides a “speed bump” that helps plan participants avoid making a quick decision that could have a detrimental impact on their longer-term financial wellbeing.

THE RESULTS

This simple and effective intervention successfully deflected 30% of plan participants who intended to decrease their savings rate.

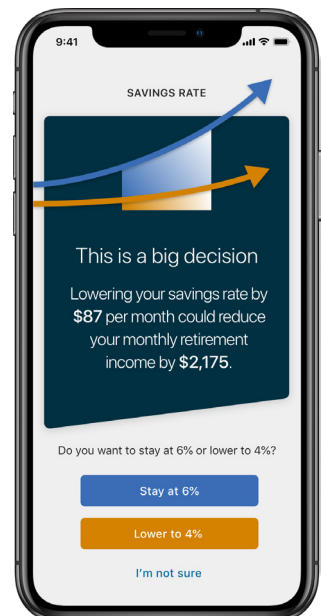
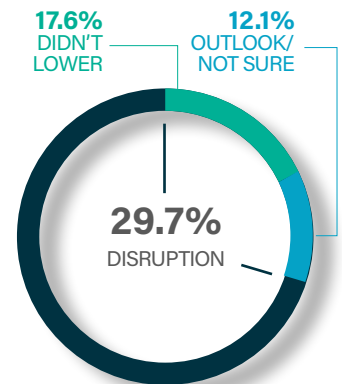
How behavioral finance factors in

The consequence simulator leverages behavioral finance, and the mental “shortcuts” that plan participants often take while making financial decisions, to tackle one of the biggest disruptors to retirement savings success—present bias.

- Present bias is what often leads plan participants to prioritize current financial needs or wants at the expense of adequately saving for future financial goals.
- Higher levels of present bias have been shown to correlate with unhealthy financial behaviors.
- The consequence simulator encourages plan participants to avoid the pitfalls that may come with basing their savings decisions on short-term needs.

10.3%
of plan participants reduced their retirement plan contributions last year.¹

30%
Consequence simulator deflected 30% of savings rate decrease



The link between present bias and financial outcomes

An industry survey² found that people with low levels of present bias are:

7.5x

more likely to plan ahead for their future than people with high present bias

2.8x

more likely to spend less than their income

2.4x

more likely to pay their bills on time

1.3x

more likely to save for emergencies than people with high present bias

Investing to make a difference

Ascensus has a team of user experience experts who are skilled in both design and psychology, including behavioral finance.

¹ 2022 Participant Survey, PLANSPONSOR, Published October 27, 2022. Accessed April 2023.

<https://www.plansponsor.com/research/2022-participant-survey/?pagesec=3#Current%20Savings%20and%20Plan%20Access>

² The Financial Impact of Behavioral Biases, Morningstar Behavioral Research, Published May 25, 2021. Accessed April 2023.

<https://www.morningstar.com/lp/impact-of-behavioral-biases>

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