Center for Interdisciplinary Behavioral Finance Research

@ The Mason School of Business, The College of William and Mary

Lisa Szykman
Associate Professor of Marketing

Nicole Votolato Montgomery
Assistant Professor of Marketing

Julie Agnew
Associate Professor of Finance
Qualitative Research

• **Pros:**
  – Understand the target market
  – Inform subsequent research efforts

• **Cons:**
  – Bandwagon effects
  – Representation of sample
Our Research Objectives

• Examine perceptions of:
  – Retirement in general
  – Financial literacy products (e.g., brochure)

• Overall goals:
  – Understand motivations of target audience
  – Break through the clutter
  – Inform subsequent testing/research
Demographics of Participants

- Newly retired/nearing retirement
- Ages 58-71
- Working full or part time (1 fully retired)
Insight #1

A generation caught in the middle
“...who knew anything about a financial planner? Nobody...I’ve had my son go ‘Mom, how come you didn’t go to a financial planner when you were in your 30’s?’ I said, ‘My parents didn’t have it, it wasn’t done, it just didn’t happen. So they were really shocked, you know?”
Insight #2

Retirement is scary
“I think it’s scary, just inherently, because it has to do with an uncertain future...You know health is a wild card, finances are a wild card, and your ability to control those things diminishes as you get older. So, uncertainty is anxiety-producing.”

“...so when I look at the savings rate, I panic. And, I live cautiously, I’ve tried to save, but life is expensive and I think that that’s scary, because our parents...they lived a modest lifestyle, they really saved a lot and my generation hasn’t been able to do that. So I worry about myself and I worry about the people I know.”
Brochure Insight #1

• Discussion of annuities in brochure

• Participants were skeptical of annuities

• Questioned the credibility of source
“…if you flip to the last page you see a list of companies selling annuities…I’m serious. I was expecting to flip to the last page and say, here’s where you go to buy your annuities.”

“…the thing is that you’re using, like the annuity or something like that, the less you understand it and the less likely you are to be very trustful of what’s going on with it…”
Skeptical of financial advisors
“All of these financial guys, I mean these insurance companies. I think they’re all crooks. You know, you look at all the big financiers and the financial people in New York and stuff like that, and they’re not in it for your benefit. They’re in it for their benefit.”
Research Outcomes

• Brochure revised to address skepticism
  – Identified source of information
  – Toned down annuity discussion

• Reaction much more positive to updated brochure
  “The information seemed to be very credible and it made you think about your own situation as you enter retirement.”
  “The information was presented by an academic institution and not a biased financial institution, brokerage firm, or life insurance company.”
  “It seemed to match what my situation is and what my experience has been… the examples seemed relevant to me.”