Is there an effect of the quantitative frame on the perceived adequacy of projected pension income?

- Monetary frame, annual income
- Monetary frame, monthly income
- Percentage frame: % of current income
- Decimal frame: decimal of current income

**Academic:**
- Verbal framing effects found in pension communication
- E.g. Brown et al. (2008): annuitization choice of pension wealth differs between consumption and investment frame
- Quantitative framing effects found in marketing and in health risk communication:
  - E.g. DeVecchio et al. (2007): the effect of a price discount on consumer expectations differs according to whether it is framed in cents or percent

**Policy:**
- Pension communication mandated by Dutch law is costly and ineffective (awareness has even decreased)

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**Data & Methodology**

Sample:
- CentERpanel members aged 16 and over, retirees excluded
- Response rate 66%, 935 respondents
- Randomly allocated to one of 4 conditions

Question:
"Imagine you get the following information about your future pension: if you keep on working until retirement you can expect from your retirement date the following pension:

- respondents in condition 1: gross … euros per year
- respondents in condition 2: gross … euros per month
- respondents in condition 3: 50% of your current gross income
- respondents in condition 4: 0.5 of your current income

Please indicate to what degree you regard this pension income sufficient or insufficient to be able to live. Please do not take your partner’s income into account.

- More than sufficient
- Sufficient
- Insufficient
- Very insufficient
- Do not know

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**Conclusions**

Academic:
- Logically equivalent quantitative pension income frames have a different impact on perceived pension adequacy
- This finding is robust for adding potentially relevant background characteristics as explanatory variables

Policy:
- Pension perception can be made more realistic by using a percentage frame in pension income projections
- A decimal frame should be avoided!

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**References**


DelVecchio, Devon, H. Shanker Krishnan and Daniel C. Smith (2007), Cents or Percent: The Effects of Promotion Framing on Price Expectations and Choice, *Journal of Marketing Research,* 44 (5), 55-68


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