

Empathizing with Your Future Self May Help Long-Term Financial Decision-making

ACADEMIC PERSPECTIVE

Take a minute to think about your birthday this coming year. Who will be there with you? What will you be doing? What will you be eating, and maybe more importantly, what will you be drinking?

Now, think ahead and do the same for your birthday in 20 years' time. What does the scene look like? Who is there? What are you eating? What are you drinking?

Emily Pronin, an Associate Professor of Psychology and Public Affairs at Princeton University, posed the first question to one group of people and the second question to a different group of people. Participants often described this year's birthday using the first-person perspective (e.g., "I will be hanging out with my three best friends at a bar."). But, when describing a distant future birthday, people were more likely to adopt the third-person perspective by depicting their future selves as other people in the scene (e.g., "I see an older guy with some friends around him... maybe family, too.").

Before I explain why this shift in perspective may occur, let me tell you about a part of the brain known as the temporal parietal junction (TPJ). There's a right TPJ and a left TPJ, and they get their name because they sit at the junction of the temporal and parietal lobes. This little area is involved in perspective-taking and helps support our ability to step outside ourselves and into another person's mindset to better understand how they see and experience the world.



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THE NEUROSCIENCE BEHIND EMPATHY

A few years ago, some neuroscientists recruited a group of research participants to undergo transcranial magnetic stimulation, a noninvasive procedure in which magnetic pulses “turn off” parts of the brain. When their TPJs were turned off, the research participants scored lower on traditional measures of empathy. The result isn’t surprising because this region of the brain helps us take other people’s perspectives. But something else happened as well. Not only did people have a hard time empathizing with others, they also had difficulty empathizing with their future selves. When asked if they would rather have a small amount of money now

or wait patiently for a larger amount of money later, the people who had their TPJs turned off failed to embrace their future selves’ perspectives by opting to receive the punier, more immediately available sum of money.

Said differently, the same part of the brain that helps people step into others’ mindsets also helps them step into the mindsets of their future selves. Our future selves may then seem separate and distinct from who we are now. My past research, in fact, found that similar brain patterns arise when we think about another person as when we think about ourselves in 10 years’ time.

CONNECTING NOW MAY REAP BENEFITS LATER

Why is it important to know that you may envision your future self as someone else? Think about the last time you had a conversation with a spouse or partner about retirement, decumulation, long-term care insurance or end-of-life planning. Think about the last time someone talked to you about the difficulty they have convincing their adult children or even their employees to save more for the future. We take it for granted that when people think about the distant future, they project their current selves into 2030 or 2040 or whenever. But what if that’s not what’s happening? What if—as the research I briefly reviewed suggests—we are thinking about a different person altogether?

This tendency might help explain some of the seemingly irrational behavior in these types of conversations. As a basic example, why might workers fail to save at the rate of their employer’s match? It may seem as if they are behaving irrationally and treating their older, grayer selves terribly. If that distant, future self is truly imagined as another person, however, then things start to make more sense. Take home less money now and give that money to a perfect stranger I don’t even know? No thanks, I’d rather keep the money for myself right now.

Recognizing that we may consider our future selves as other people can help us reframe the decisions we make. Instead of thinking we should do the thing that is in our own best “self-interest” (common messaging in the financial services industry), perhaps it makes more sense to acknowledge that even though our retirement-age selves are seen as different people, they could be people worth caring for.

In fact, co-author Chris Bryan and I did just this in a study with university employees. We asked one group to increase their retirement saving rate by using standard messaging: “We urge you to consider your long-term interest and to start saving more now. After all, your long-term well-being is at stake.” For a second group of employees, however, we played on the notion that the future self might be seen as a different person by saying: “We urge you to consider the responsibility you have to yourself in retirement. After all, your ‘future self’ is completely dependent on you.” For employees who already reported feeling a close relationship with their future selves, the messaging that appealed to their sense of responsibility to this distant future boosted saving rates by approximately 0.85 percentage points. This small increase seemed like a big win given that it is often hard to move the needle with contribution rates.

OUR ACTIONS TODAY IMPACT OUR FUTURE

We should embrace the tendency to think of and treat our future selves as other people. After all, we regularly encourage people to take care of others (e.g., charity appeals), so why shouldn't we use some of the same tools for our future selves?

Doing so may be useful to motivate long-term decision-making by appealing to a sense of responsibility that we may feel toward our older selves.

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