

Final Report  
Accompanying Research

# Retirement Preparation Workshops



The Federmann Center for the Study of Rationality

Hebrew University of Jerusalem

Israel

December 2019

## Summary

The study monitoring the retirement preparation workshops examines the impact on the participants. Findings indicate a significant positive change in both the subjective and objective aspects of participants' preparedness for retirement. The subjective indices show a statistically significant positive influence in relation to the parameters measured. The most prominent finding was that the workshop increased participants' knowledge of financial planning after retirement. Participants also expressed a general sense of readiness and a stronger sense of financial security before retirement, in contrast with the feedback given at the start of the workshop. Results also indicate an improvement among participants in generating post-retirement plans.

The positive trend noted in the self-completed questionnaires falls into two patterns: the first is a positive reaction to the content provided in the workshops, which can be measured in the distinctly positive trend of the answer distribution. The second pattern relates to the change among participants from very high agreement regarding the selected parameters measured at the beginning of the workshop, to a lower level of agreement in the closing questionnaire. This trend can be explained by Over-Confidence Bias, which is known to have a negative effect on decision making. For this reason, the moderation of the agreement level from the first to the last questionnaire is another indication of improvement in the process of educated decision making prior to retirement. It was also found that the participants were highly satisfied with both the content and the teaching method; the social atmosphere throughout the workshop; and the moderator's attitude towards participants.

The second part of the study examined the effect of workshop participation on implementing recommended actions that were found to be financially, socially, and emotionally essential for retirees. The participants and control group were questioned on recommended actions relating to a wide range of topics including: clarifying sources of income and monthly household expenses; applying to experts and petitioning various authorities regarding rights and benefits; drawing up a will; volunteering; and discussing retirement with family members. The sample showed that workshop participants were 36% more likely to carry out recommended actions than members of the control group. A significant positive improvement was measured regarding actions that required information and familiarity with relatively complex calculation procedures. For example – examining whether it was worthwhile postponing the pension savings grant and the old age grant (155% and 112% improved performance, respectively). It

was also found that participation in the workshops resulted in many more retirement related discussions with family members and in applications to the National Insurance Institute to clarify rights and benefits (100% and 64%, respectively). An average improvement of 33% among workshop participants was found regarding other recommended actions.

An examination of the control group showed a likelihood of over-reporting actions that stems from different standards regarding these actions or, alternatively, an external influence of the workshop on the control group participants. For this reason, it is possible that the workshop has an even more significant impact on implementing actions beneficial to the retirement process than the rate observed.

From an employment perspective it was found – based on participant reports before the workshop began and some two months after it concluded – that the preference is to continue employment after retirement age. This finding is significant especially in light of the belief that terminating employment at retirement age may lead to financial, social, and emotional distress.

### **The Federmann Center for the Study of Rationality**

Founded in 1991, the Hebrew University's Center for the Study of Rationality is a unique venture in which faculty, students, and guests join forces to explore the rational basis of decision-making. Coming from a broad sweep of departments — mathematics, economics, psychology, biology, education, computer science, philosophy, business, statistics, and law — its members apply game-theoretic tools to examine the processes by which individuals seeking the path of maximum benefit respond to real-world situations where individuals with different goals interact.

The Center for Rationality is a truly multidisciplinary enterprise, drawing on the talents of outstanding scholars from ten different departments in four faculties of the University. The richness of perspective of all the disciplines represented by Center members is a vital aspect of the Center's mission: to explore models that describe interactive decision-making as it occurs in every one of these disciplines, and beyond. Through its workshops and conferences the Center challenges academics to break free from the governing rubrics of their individual specialties and, instead, to direct their gaze toward the wider horizon of interactive dynamics.