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Corona19 Virus and Behavioral Economics in DC Retirement Plans

The Corona19 Virus vastly impacted our daily lives. Words like fate and chance come to mind. We feel a loss of control. Financial risk becomes evident in our investment portfolios, and worst-case scenarios play in our heads.

What do you do, where do you go?

Behavioral Economics is a shining example of libertarian paternalism. Studies of Behavioral Economics implemented in Defined Contribution Retirement Plans show participants become quite strong-willed (develop inertia) regarding their default option. Exposing participants to Behaviorist Architecture aids them in tough times.

KISC believes hardships highlight the effectiveness of libertarian paternalism. When panic sets in, our lizard brain takes over. It makes rash decisions. How often have we looked back at rash decisions and regretted them? If only that decision weren't so easy or seemingly logical. Behavioral Economics camouflages investment decisions, the lizard brain is not activated, therefore limiting rash decisions in your DC Retirement Plan. ... If only I knew what I know now, then! ... Behavioral Economics helps participants avoid hindsight regrets. How? It specializes in "Nudges". At KISC, we refer to Nudges as a KIS. We even take the liberty to implement what we like to call libertarian maternalism plan design.

KISing participants creates satisfaction without reaction. KISing promotes pride in maximum deferrals, staying in the market with an ultimate goal of stripping emotion from nest egg management. KISing is KISC's specialty.

KISC relies on a Behaviorist Architect (a Behavioral Economics expert) who also acts as an ERISA §3(38) fiduciary with an eye toward the participants' best interest. Thereby, the Plan KISes appropriately. The result benefits your employees.

When times are tough like they are now; when the employees are unable to work a full day as they did just a few short weeks ago; Let them know how much you care and make sure your Retirement Plan shows them the benefit they deserve.