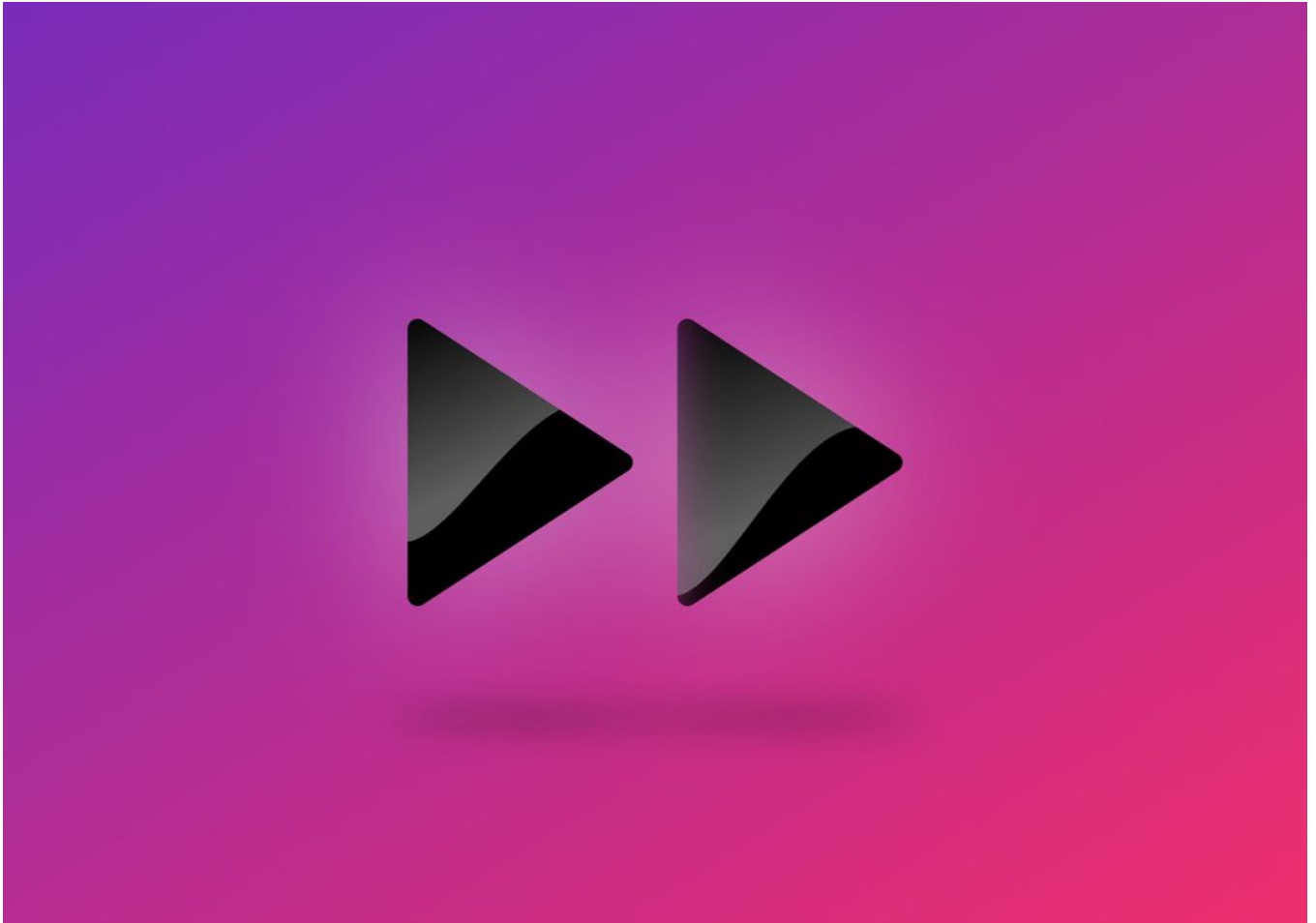


# Fast Forward Yourself

August 22, 2013



Government leaders have raised the alarm bells about the paltry retirement savings of the large cadre of Baby Boomers entering their golden years. But how do you get employees to put more money away?

People are not wired to contemplate the future, and tend to plan for it in an impersonal way. Yet some people are still able to sock away a healthy degree of resources for the future. And emerging research shows that those people have what is essentially a relationship with their future selves.

A study published in [\*Psychological Science\*](#) showed that powerful people feel a stronger connection with their future selves.

In the first in a series of experiments, Priyanka Joshi and Nathanael Fast of the University of Southern California Marshall School of Business randomly assigned participants to be a team manager (high-power role) or a team worker (low-power role) in a group activity. Afterwards, the participants were asked to make a series of choices between receiving \$120 now or increasing amounts of money (\$137, \$154, \$171, \$189, \$206, \$223, and \$240) in one year.

On average, low-power team workers were only willing to take the future reward if it was at least \$88 more than the immediate one. High-power team managers, on the other hand, were willing to wait for future rewards that were only \$52 more than the immediate one.

Joshi and Fast speculated that power holders may be willing to wait for the larger rewards as a consequence of experiencing less uncertainty about their futures along with an increased tendency to see the big picture.

In another study, Joshi and Fast took their research outside the laboratory, asking dozens of people about how powerful they feel in their everyday jobs and how much money they have socked away. After accounting for various factors including total income and socioeconomic status, the researchers found that people who felt more powerful at work and who felt more connected with their future selves had amassed greater lifetime savings.

While powerful people may feel more connected with their future selves and are therefore more likely to save money, they also tend to be overconfident decision-makers.

“It is important to foster awareness of all of power’s effects,” the researchers conclude, “otherwise, the power holder may make overly risky — albeit well-intentioned — decisions on behalf of their future self.”

Psychological scientist Hal Hershfield and other researchers at the Virtual Human Interaction Lab at Stanford University have found a novel, high-tech way to get people to take care of their future selves. They’ve used virtual reality to create an empathic connection between young individuals and their older selves to motivate them to save more money.

In the Stanford research, study participants were age-morphed into digital avatars of themselves at age 60. The participants in the treatment group wore virtual reality head-gear and explored a world in which the images reflected in mirrors were their older selves. People in the study who saw their future aged selves in the virtual reality world allocated twice as much money toward a hypothetical retirement savings account. The aged avatar’s expressions became happier as individuals’ savings rates increased. Individuals may be more motivated to plan for the future if they can find an empathic connection to it and envision it being a happy one.