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Your colleagues may be impacting how you save and invest for retirement

Emily Brandon at [US News](#) cites a 2003 study by IPA Research Affiliate **Esther Duflo** with colleague Emmanuel Saez, in describing how colleagues have been shown to influence people's plans for their retirement investment and savings:

Earlier research has shown that your colleagues may also influence whether you sign up for the 401(k) plan or attend a 401(k) education seminar. One study offered a randomly selected subset of employees who were not yet enrolled in their company's retirement account \$20 to attend a benefits information fair. Among those who were offered the financial incentive, 28 percent attended, while only 5 percent of employees who worked in departments in which no one was offered a monetary reward attended. Interestingly, employees who were not offered a financial incentive but who worked in the same department as someone who was offered a reward had a 15.1 percent attendance rate for the seminar, perhaps because their peers receiving the reward influenced them to attend.

"An employee who sees colleagues receiving the inducement letter might be reminded of the fair and be led to think that this is an important event worth rewarding employees for attending and thus might decide to attend herself," write **Esther Duflo** of the Massachusetts Institute of Technology and Emmanuel Saez of the University of California - Berkeley in the 2003 study of 6,200 university staff employees. "Individuals who receive the letter and decide to go to the fair might ask their colleagues to join them."

A year later, the retirement-plan enrollment rates in departments in which some employees received the financial incentive were about 1.25 percentage points higher than in departments in which no reward was offered for attendance. But the sign-up rate was not significantly higher among people who received the reward themselves than among those who worked in a department where someone else received the \$20 incentive. "Social-network effects definitely caused some people to take steps which ultimately led them to change their tax-deferred account participation decision," the researchers found. "Our experiment induced 50 extra employees to start contributing to the tax-deferred account."

Read the full article [here](#).

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