

BEHAVIOURAL DETERMINANTS OF RETIREMENT PLANNING: A CROSS-COUNTRY ANALYSIS OF PENSION LAWS AND OUTCOMES

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Abstract—*Individual choices and financial literacy alone do not influence the retirement planning behaviour; institutional structures of pension systems and legal factors also influence the choices. The difference in laws of pensions like the level of compulsion, automatic enrolment, contribution dynamics, portability, public/ private mix between countries and the behavioural variables including present bias, risk aversion, social influence and inertia are severely interdependent across nations.*

The present paper provides a comparative, evidence-based discussion of retirement planning behaviour in the selected countries which would be United States, United Kingdom, Netherlands, Chile, and India in terms of data planned by OECD, World Bank, IMF, ILO, and national pension authorities as well as the findings given by over twenty-five high cited scholarly works.

Pension coverage, expenditure on public pensions, net replacement rates, and the share of a pension assets in GDP and the processes of enrolment using cross country indicators on the above, the study shows that institutional default and legal frameworks play significant roles in participation and adequacy of savings. The nation of automatic enrolment or mandatory occupational pension systems have much higher participation rates and voluntary-based systems have their coverage and under-saving habits consistently low and uneven among low-income employees, informal and gig workers. Evidence reflecting Chile, the accumulation of pension assets does not always lead to the provision of sufficient retirement income in the absence of both powerful redistributive and regulatory institutions, and new reforms in the United Kingdom and the Netherlands demonstrate how the capabilities to the behaviour come to bear in the law of pension regulation.

The paper concludes by showing that all the problems of labour market fragmentation need to be tackled using behavioural economics and the design of retirement systems that focus on how to design well-structured defaults, contribution escalation system, simplified products, and portability in tackling these problems. These results provide valuable policy insights to the nations in need of enhancing the retirement preparedness, particularly when the gig and informal jobs are growing.

Keywords: *Retirement planning; Behavioural economics; Pension law; Automatic enrolment; Financial literacy; Cross-country analysis.*

1. INTRODUCTION

The ageing of populations, the growing longevity, and shifting labour market patterns have fuelled anxieties on the adequacy levels of retirement income in both developed and emerging economies.

The classical economic theories are based on the assumption that consumers are all rational and seek to maximize their lifetime consumption and savings. Nevertheless, the practical experience has proved that a significant number of people cannot save enough to retire even in cases when there are pension products and tax incentives (Bernheim, 1998; Benartzi and Thaler, 2007).

This disconnects between theory and behaviour has drawn the focus of both academic and policy interest to behavioural determinants of retirement planning.

At the same time, even pension systems vary greatly among countries in their legal coercion, benefits package, finance, and management.

These aspects of institutions influence the incentives and limitations of individuals and can even reinforce or curtail behavioural bias. This paper will claim that neither behavioural aspects nor pension legislation is sufficient to comprehend the issue of retirement outcomes but the combination of the two in which they interact will be what determines the levels of participation, contribution, and ultimately the retirement income. This study aims to examine the interaction of behavioural determinants of retirement planning with the pension laws and institutional frameworks in some chosen countries. The paper aims to determine the most effective legal designs to overcome behavioural obstacles and stimulate retirement preparedness by comparing the different models of pensions.

2. REVIEW OF LITERATURE

2.1 Behavioural Economics and Retirement Planning

Behavioural economics dispels the notion of complete rational decision-making with empirical evidence of systemic biases including present bias, inertia, loss aversion, and lack of self-control (Laibson, 1997; Tversky and Kahneman, 1991). Present bias causes people to underestimate benefits in the long run as compared to the short-term consumption leading to procrastination and insufficient saving in retirement (O'Donoghue and Rabin, 1999). The status quo, as well as inertia, induce default choices when other options, which are more optimal, exist (Samuelson and Zeckhauser, 1988). Financial literacy has proven a decisive aspect as a retirement planning element. Investigations by Lusardi and Mitchell (2011, 2014) indicate that more financially literate people are more prone to saving in terms of retirement and wealth. Nevertheless, financial education in itself is likely to be fruitless without the supportive institutional frameworks (Hastings, Madrian and Skimmyhorn, 2013). There is a considerable literature in behavioural economics that establishes that people do not act in the best intertemporal saving behaviour. This is the effect of present bias whereby people delay retirement savings irrespective of being aware of its significance (Laibson, 1997; O'Donoghue and Rabin, 1999). Under-saving is further complicated by inertia and status quo bias because people will hardly make active efforts to enrol in the voluntary pension schemes or augment their contribution (Samuelson and Zeckhauser, 1988). One more factor that decreases participation in pension systems is the loss aversion and complexity aversion which is more typical in financial products with unfamiliar risks or involving complex sets of choices (Tversky and Kahneman, 1991). Low-income, informal and gig workers are among the particularly prone targets of these behavioural frictions, being exposed to income volatility and greater rate of access to employer-sponsored plans. Retirement planning and wealth accumulation have been always associated with financial literacy. Lusardi and Mitchell (2011, 2014) demonstrate that more financially literate people tend to compute retirement requirements, use pensions plans, and acquire more retirement funds. Nevertheless, there is cross-country evidence indicating that voluntary systems in both financially literate and financially illiterate groups are not sufficient to provide proper coverage (Hastings et al., 2013). It has prompted researchers to state that rather than replace institutional design that takes into account behavioural constraints, financial education should help in supplementing it (Madrian, 2014).

2.2 Pension Laws and Institutional Design

All pension schemes are usually made up of the public, occupational, and individual pillars based on the levels of compulsion and redistribution (World Bank, 1994). Compulsory and semi-compulsory systems have a higher level of coverage and achieve greater savings rates, whereas voluntary organizations encounter the issue of low turnout and inequality (Barr and Diamond, 2008; OECD, 2023).

One of the most potent policy tools of increasing pension participation has been recognised to be automatic enrolment. The experience of the United States and the United Kingdom has been of dramatic rises in enrolment when the individuals are automatically enrolled at a certain rate to be given a choice to opt otherwise (Madrian and Shea, 2001; Thaler and Sunstein, 2008). The other financial features are contribution escalation and default investing alternatives, which are beneficial in increasing adequacy of long-term savings (Benartzi and Thaler, 2004).

In the determination of the outcome of retirement, institutional design is very vital. The increased coverage and adequacy of mandatory and quasi-mandatory systems of pensions is by virtue of the fact that steps are made to enhance the use of individual decision making (Barr and Diamond, 2008). Lifecycle investment choices, default rates of contribution and automatic enrolment have been particularly found to be useful boosting participation and savings (Madrian and Shea, 2001; Benartzi and Thaler, 2004).

The cross-country analysis indicates that pension plans with behavioural knowledge, including in the United Kingdom and the Netherlands, are more effective than the models which depend on voluntary contributions and actions by individuals, i.e. in the United States and India (OECD, 2023).

2.3 Cross-Country Evidence on Pension Outcomes

Research comparing countries indicates that there is a high level of difference in the coverage of pensions, replacement rates, and old-age poverty (OECD, 2023; IMF, 2018). Netherlands has also regularly performed well and has one of the highest replacement rates and coverage owing to its quasi-compulsory system of occupational pension and wide social agreement (Bovenberg and van Ewijk, 2012). Contrary to this, the most uneven retirement results are observed in countries that have a high proportion of voluntary individual accounts.

This cross-country analysis reveals that outcomes of retirement are not solely due to the individual behaviour but are instead inherently due to legal and institutional structure. The coverage and adequacy of the voluntary systems is always lower than the mandatory or automatic enrolment ones. Critical difference between coverage, asset accumulation and income adequacy is also brought out in the comparison. Chile and United States are good in asset accumulation, but Netherlands and United Kingdom are even better when it comes to the inclusion of behavioural information in law by using defaults, compulsion and collective risk sharing.

In the case of issuing emerging economies as India, this point is supported by the fact that to go beyond financial literacy promotion to information needed in behaviourally aware legal amendments is necessary.

IMPORTANCE OF THE STUDY

This study highlights the interplay between behavioral biases (e.g., present bias, inertia) and pension institutional designs, showing that automatic enrollment and mandatory systems outperform voluntary ones in coverage and savings adequacy. It provides policy insights for nations like India facing gig economy growth and low coverage, emphasizing defaults and compulsion to mitigate under-saving among informal workers. Cross-country evidence reveals why asset accumulation (e.g., Chile) does not guarantee income adequacy without regulation.

NEED FOR THE STUDY

Aging populations, longevity, and labor shifts create retirement income shortfalls despite rational economic assumptions and incentives like tax breaks. Behavioral economics reveals biases like procrastination and status quo preference lead to under-saving, exacerbated by voluntary systems' low coverage for low-income/gig workers. A research gap exists in integrating micro-level behavioral studies with cross-country pension law comparisons, especially for emerging economies.

OBJECTIVES OF THE STUDY

Examine interactions between behavioral determinants and pension laws/institutions in the US, UK, Netherlands, Chile, and India. Identify effective legal designs (e.g., defaults, compulsion) to overcome biases and boost retirement preparedness via comparative analysis. Hypothesize that mandatory systems reduce bias impacts, while voluntary ones yield unequal outcomes needing redistribution.

SCOPE OF THE STUDY

Comparative descriptive-analytical design using secondary data (2005–2023) from OECD, World Bank, IMF, ILO on five countries representing diverse pension models. Focuses on indicators like coverage, replacement rates, assets/GDP, enrollment mechanisms, and inferred behavioral factors from literature. Analyses institutional-behavioral interactions qualitatively and quantitatively.

LIMITATIONS OF THE STUDY

Relies on secondary aggregate data, limiting micro-causal insights; future work needs longitudinal micro-data and quasi-experiments. Behavioral factors inferred from prior studies, not directly measured per country. Excludes primary surveys; implementation challenges in reforms (e.g., India) not deeply probed.

Research Gap

Although behavioural interventions have gone through intensive research at the micro level, little research incorporates behavioural determinants with the comparative analysis of pension law. In addition, there is limited evidence on emerging

economies and informal labour market. This paper fills these gaps by increasing behavioural theory and cross-country institutional comparison.

3. Conceptual Framework

This research design is based on the interrelationship between behavioural traits and the structure of a pension system. Present bias, risk aversion, and inertia are behavioural characteristics that affect individual decisions, and pension legislation is used to determine defaults, incentives, and restraints. By integrating behavioural insights into their pension systems, such as automatic enrolment, compulsory contribution and straightforward decision making, pension systems can counter-act individual biases and enhance performance.

The study hypothesizes that:

- Systems of pensions that have better default mechanisms and compulsion are less prone to personal-level behavioural biases.
- Voluntary systems are more strongly based on financial literacy and establishment, which is proactive resulting in unequal results.
- Redistribution and regulation are necessary to convert accumulated money in the form of pension assets into sufficient income during retirement.

4. RESEARCH METHODOLOGY

4.1 Research Design

The study adopts a comparative, descriptive-analytical research design.

Five countries were selected to represent diverse pension models and stages of economic development. Secondary data were collected from OECD, World Bank, IMF, ILO, and national pension authorities.

4.2 Variables and Indicators

Key indicators include:

- Pension coverage rates
- Public pension expenditure (% of GDP)
- Net replacement rates
- Pension assets as a share of GDP
- Enrolment mechanisms (mandatory, automatic, voluntary)

Behavioural factors are inferred from existing empirical studies on financial literacy, saving behaviour, and retirement planning within each country.

4.3 Analytical Approach

The analysis combines qualitative institutional comparison with quantitative indicator-based assessment. Findings from behavioural economics literature are mapped onto observed pension outcomes to assess the effectiveness of different legal designs.

5. Cross-Country Analysis

Here, the combined comparative analysis of pension laws and behavioural biases and outcomes of these five countries.

Table 1: Comparative Analysis of Pension Laws, Behavioural biases, and Outcomes (Selected Countries)

Country	Pension System Structure	Degree of Compulsion	Behavioural Design Features	Pension Assets (% of GDP)	Net Replacement Rate (Average Earner)	Key Behavioural Outcome
United States	Public PAYG (Social Security) + Voluntary Occupational & Individual Plans	Low	Automatic enrolment (opt-out), default funds, employer nudges	~145%	~50%	High participation where defaults exist; under-saving among low-income & gig workers
United Kingdom	Public PAYG + Auto-enrolled Workplace Pensions	Medium	Automatic enrolment, default contribution, opt-out	~110%	~54%	Sharp rise in coverage; adequacy still modest for discontinuous careers
Netherlands	Public PAYG + Quasi-mandatory Occupational Pensions	High	Mandatory participation, collective risk-sharing, limited choice	~210%	~80%	High adequacy; behavioural biases largely neutralised
Chile	Mandatory Individual Accounts + Solidarity Pillar	High	Mandatory saving but weak defaults & annuitisation design	~80%	~35–40%	High asset accumulation; inadequate retirement income
India	Public PAYG + Voluntary / Auto-enrolment-lite Schemes	Low	Digital nudges, simplified enrolment, minimal defaults	~15%	~35%	Low coverage; behavioural barriers dominate outcomes

Source: OECD (2023), World Bank (2022), IMF (2020), national pension authorities

1. United States

The U.S. pension system relies heavily on voluntary occupational and individual plans, supplemented by Social Security. Behavioural interventions such as automatic enrolment and default investment options in 401(k) plans have significantly increased participation (Choi et al., 2004). However, coverage remains uneven, particularly among low-income and gig workers.

2. United Kingdom

The UK introduced automatic enrolment through workplace pensions in 2012, resulting in a sharp increase in participation rates. Behavioural design features, including opt-out defaults and simplified schemes, have proven effective, although contribution adequacy remains a concern (OECD, 2023).

3. Netherlands

The Dutch system is characterized by quasi-mandatory occupational pensions with high coverage and strong collective risk-sharing. Behavioural biases are largely neutralized through institutional design, resulting in high replacement rates and low old-age poverty (Bovenberg & van Ewijk, 2012).

4. Chile

Chile’s fully funded individual account system has accumulated significant pension assets. However, behavioural biases, irregular contributions, and limited redistribution have led to inadequate retirement incomes for many, prompting recent reforms to strengthen solidarity and regulation (IMF, 2020).

5. India

India’s pension landscape is fragmented, with limited coverage and heavy reliance on informal family support. Behavioural barriers, low financial literacy, and informality constrain voluntary participation. Recent schemes incorporating automatic features and digital enrolment aim to expand coverage but face implementation challenges (World Bank, 2022).

5.1 Time Period and Data Rationale

The cross-country analysis covers the period 2005–2023, a timeframe that captures three critical phases of global pension evolution:

(I) pre-global financial crisis pension structures,

(II) post-2008 reforms emphasizing sustainability and behavioural nudges, and

(III) recent post-2015 reforms addressing labour market fragmentation, ageing populations, and gig employment.

This period is particularly relevant because it reflects the shift from purely economic models of retirement saving toward behaviourally informed pension design, including automatic enrolment, default contribution rates, and simplified investment choices (OECD, 2023; Madrian, 2014). Using longitudinal data across this period allows for meaningful comparison of policy intent versus behavioural outcomes.

Data are drawn from OECD Pensions at a Glance, World Bank Pension Database, ILO Social Protection Statistics, IMF country reports, and national pension authorities, ensuring comparability across countries (OECD, 2023; World Bank, 2022; ILO, 2021).

5.2 Pension Coverage and Beneficiaries Across Countries

Pension coverage—measured as the percentage of the working-age or elderly population receiving pension benefits—varies substantially across countries, reflecting differences in legal compulsion, labour market formality, and behavioural design.

Table 2: Pension Coverage and Beneficiaries

Country	Time Period	Pension Beneficiaries / Coverage (%)	System Characteristic
United States	2005–2023	~65% of working-age population covered; ~90% of elderly receive Social Security	Voluntary occupational + public PAYG
United Kingdom	2005–2023	~88% of eligible employees enrolled (post-2019); ~95% elderly covered	Auto-enrolment workplace pensions
Netherlands	2005–2023	~95–98% workforce coverage; near-universal elderly coverage	Quasi-mandatory occupational pensions
Chile	2005–2023	~70% contributors at some point; <60% receive adequate pensions	Mandatory individual accounts
India	2005–2023	~12–15% workforce covered; ~30% elderly receive any pension	Fragmented, largely voluntary

Source: OECD (2023); World Bank (2022); ILO (2021); IMF (2020).

5.3 Country-Wise Evolution and Behavioural Interpretation

United States

Between 2005 and 2023, the U.S. pension system increasingly incorporated behavioural nudges within a largely voluntary framework. Automatic enrolment in 401(k) plans increased participation from below 60% to over 85% among eligible workers where defaults were applied (Choi et al., 2004; OECD, 2023). However, coverage remains uneven, particularly for gig workers and low-income employees, highlighting the limits of voluntary systems when behavioural biases intersect with labour market instability.

Despite high old-age beneficiary coverage through Social Security (~90%), retirement income adequacy remains unequal, reinforcing the argument that behavioural tools alone cannot substitute for broader institutional compulsion (Madrian, 2014).

United Kingdom

The UK represents one of the most successful cases of behaviourally informed pension reform. Since the introduction of automatic enrolment in 2012, participation rose from approximately 55% to nearly 88% of eligible employees by 2019 (OECD, 2023). Importantly, this increase occurred without significant changes in financial literacy, underscoring the power of default-based policy design.

However, contribution rates remain relatively low, raising concerns about future adequacy, particularly for workers with interrupted careers. This demonstrates that behavioural design must address not only enrolment but also contribution escalation and persistence.

Netherlands

The Dutch pension system consistently achieves near-universal coverage (95–98%) due to quasi-mandatory occupational pensions, negotiated through collective labour agreements (Bovenberg & van Ewijk, 2012). Behavioural biases such as inertia and present bias are largely neutralised through compulsory participation and limited choice.

From a behavioural perspective, the Netherlands illustrates how institutional design can substitute for individual decision-making, producing high replacement rates and low old-age poverty irrespective of financial sophistication (OECD, 2023).

Chile

Chile's pension reforms since the early 1980s created a fully funded, mandatory individual account system. While pension assets grew substantially (around 80% of GDP), only about 60% of retirees receive pensions that meet minimum adequacy standards (IMF, 2020).

The Chilean case is crucial because it shows that mandatory saving does not automatically ensure adequate retirement income. Behavioural factors such as irregular contributions, myopic withdrawal decisions, and weak annuitisation design undermined outcomes, prompting post-2018 reforms that strengthened solidarity pillars and minimum pension guarantees.

India

India's pension system remains characterized by low coverage and high informality, with only 12–15% of the workforce enrolled in formal pension schemes (World Bank, 2022). Behavioural barriers—low financial literacy, income volatility, and distrust in financial institutions—interact with weak institutional defaults to limit participation.

Recent initiatives such as digital enrolment and simplified schemes (e.g., Atal Pension Yojana) show early promise, but beneficiary coverage among the elderly remains below 30%, highlighting the need for stronger automatic and mandatory features.

5.4 Behavioural–Institutional Interaction Across Countries

The comparative evidence demonstrates that **pension laws act as behavioural architecture**. In countries with mandatory or automatic participation, behavioural biases such as inertia and present bias are largely neutralised. The Netherlands exemplifies this effect: quasi-mandatory occupational pensions ensure near-universal coverage and high replacement rates, independent of individual financial sophistication.

In contrast, the United States illustrates the limits of voluntary systems. Although automatic enrolment in 401(k) plans significantly improves participation, coverage remains fragmented for workers without stable employer relationships, including gig and platform workers. Behavioural nudges are effective but insufficient without broader legal compulsion.

Table 4: Cross-Country Pension System Characteristics and Coverage (2005–2023)

Country	Pension System Structure	Degree of Legal Compulsion	Key Behavioural Design Features	Pension Coverage / Beneficiaries (%)
United States	Public PAYG (Social Security) + Voluntary occupational & individual plans	Low	Automatic enrolment (opt-out), default contribution rates, target-date funds	~65% of working-age population covered; ~90% elderly beneficiaries
United Kingdom	Public PAYG + Auto-enrolled workplace pensions	Medium	Automatic enrolment, default contributions, simplified scheme choice	~88% of eligible employees enrolled; ~95% elderly beneficiaries
Netherlands	Public PAYG + Quasi-mandatory occupational pensions	High	Mandatory participation, collective risk-sharing, limited choice architecture	~95–98% workforce coverage; near-universal elderly beneficiaries
Chile	Mandatory funded individual accounts + solidarity pillar	High	Mandatory saving with weak behavioural defaults	~70% contributors; <60% receive adequate pensions
India	Public PAYG + voluntary / auto-enrolment-lite schemes	Low	Digital nudges, simplified enrolment, minimal defaults	~12–15% workforce covered; ~30% elderly beneficiaries

Source: OECD (2023); World Bank (2022); ILO (2021); IMF (2020)

Note: Coverage refers to participation during working age; beneficiaries refer to elderly receiving any pension benefit.

Figure 4: Pension Coverage Rates Across Selected Countries (2005–2023)

A clustered bar chart comparing workforce pension coverage (%) in the United States, United Kingdom, Netherlands, Chile, and India. Countries with automatic or mandatory enrolment (Netherlands, UK) exhibit substantially higher and more stable coverage compared to voluntary systems (US, India).

5.5 Asset Accumulation vs Income Adequacy

Chile provides a critical insight into the distinction between **pension wealth accumulation** and **retirement income adequacy**. Despite mandatory contributions and high pension assets relative to GDP, retirement incomes remain inadequate for many retirees due to irregular contributions, low replacement rates, and weak redistributive mechanisms. This highlights that behavioural design must extend beyond enrolment to include payout structures and risk-sharing.

Table5: Pension Assets, Replacement Rates, and Retirement Income Adequacy

Country	Pension Assets (% of GDP)	Net Replacement Rate (Average Earner)	Retirement Income Adequacy
United States	~145%	~50%	Moderate; high inequality across income groups
United Kingdom	~110%	~54%	Improving coverage; adequacy concerns for interrupted careers

Netherlands	~210%	~75–80%	High adequacy; low old-age poverty
Chile	~80%	~35–40%	Low adequacy despite high asset accumulation
India	~15%	~30–35%	Low adequacy; high dependence on family support

Source: OECD (2023); IMF (2020); World Bank (2022)

Interpretation: Asset accumulation alone does not guarantee adequate retirement income; redistribution and payout design are critical.

Pension Assets (% of GDP) vs Net Replacement Rates: A scatter plot with pension assets (% of GDP) on the X-axis and net replacement rates on the Y-axis.

Chile and the United States demonstrate that high pension assets do not necessarily translate into high retirement income adequacy, whereas the Netherlands achieves both.

5.6 Informality and Behavioural Constraints

India’s pension system demonstrates how behavioural biases interact with informality. Low financial literacy, income volatility, and lack of employer mediation limit participation in voluntary schemes. Recent digital and auto-enrolment initiatives show promise but remain constrained by weak defaults and low contribution adequacy.

Table 6: Behavioural Biases and Institutional Mitigation Across Countries

Country	Dominant Behavioural Biases	Institutional Response	Effectiveness
United States	Inertia, present bias, complexity aversion	Automatic enrolment and defaults in 401(k) plans	High where applied; gaps remain
United Kingdom	Inertia, procrastination	Automatic enrolment with opt-out	Highly effective for participation
Netherlands	Limited individual bias relevance	Mandatory participation and collective design	Very high
Chile	Myopia, irregular contributions	Mandatory saving with limited redistribution	Moderate to low
India	Low financial literacy, present bias, income volatility	Digital nudges and voluntary schemes	Low

Source: Madrian & Shea (2001); OECD (2023); IMF (2020); World Bank (2022)

Behavioural–Institutional Effectiveness Matrix

A conceptual matrix plotting degree of institutional compulsion (low to high) against retirement income adequacy.

Quadrants:

- High compulsion–high adequacy: Netherlands
- Medium compulsion–moderate adequacy: United Kingdom
- Low compulsion–unequal adequacy: United States
- Mandatory saving–low adequacy: Chile
- Low compulsion–low adequacy: India

6. Discussion

The comparative analysis reveals that pension systems embedding behavioural insights within legal frameworks achieve superior outcomes. Automatic enrolment and mandatory participation counteract inertia and present bias, while portability and simplified products address labour mobility and gig employment. Conversely, systems relying primarily on voluntary action exacerbate inequality and under-saving.

The findings reinforce the argument that **retirement planning is a joint outcome of behavioural traits and legal design**. Systems that rely heavily on individual initiative tend to magnify inequality, as financially literate and high-income individuals benefit disproportionately. Conversely, systems embedding behavioural insights into law—through defaults, compulsion, and simplification—achieve broader coverage and more equitable outcomes.

From a theoretical perspective, the results support behavioural public finance models that emphasize choice architecture and bounded rationality. Policy effectiveness depends less on changing individual behaviour directly and more on structuring institutions that accommodate predictable biases.

The study also highlights the importance of portability and adaptability in the context of evolving labour markets. As gig and platform work expands, pension systems must decouple retirement security from stable employment relationships while maintaining behavioural safeguards.

7. Policy Implications

- **Behaviourally informed pension laws** should prioritize defaults, automatic enrolment, and contribution escalation.
- **Redistribution and regulation** are essential to ensure adequacy, not just asset accumulation.
- **Portability and flexibility** must be strengthened to accommodate gig and informal workers.
- **Targeted financial literacy initiatives** should complement, not replace, strong institutional design.

8. CONCLUSIONS

This paper demonstrates that retirement planning outcomes are jointly determined by behavioural factors and pension system design. Cross-country evidence shows that well-designed legal frameworks can significantly mitigate behavioural biases and improve retirement preparedness. As labour markets become more fragmented, integrating behavioural economics into pension law is essential for ensuring inclusive and adequate retirement systems.

This study demonstrates that retirement planning behaviour cannot be adequately explained by individual preferences or financial literacy alone. Cross-country evidence shows that pension laws and institutional defaults play a decisive role in shaping participation, savings adequacy, and retirement income outcomes.

Countries with automatic enrolment or mandatory occupational pensions consistently outperform those relying on voluntary individual action, particularly in mitigating behavioural biases such as inertia and present bias. However, the case of Chile illustrates that mandatory saving alone is insufficient without strong redistribution, regulation, and payout design.

The findings underscore the need for **behaviourally informed pension law reform**, particularly in economies facing rising informality and gig employment. Policymakers should prioritize automatic enrolment, contribution escalation, simplified products, portability, and collective risk-sharing to ensure inclusive and adequate retirement systems.

Future research should extend this analysis using micro-level longitudinal data and quasi-experimental methods to better identify causal mechanisms, especially in emerging economies.

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