UNDERSTANDING THE AGING DECISION MAKER

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OLDER INVESTORS SUMMIT
PLAN

What we thought we knew and what we know now about…

- Emotion & cognition
- Risk aversion
- Fraud susceptibility

What to do about it
GETTING OLD IS DEPRESSING

WHAT WE THOUGHT WE KNEW

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WHAT WE KNOW NOW

EMOTIONAL WELL-BEING IMPROVES WITH AGE
The upside?: less unnecessary negativity

The downside?: potential fraud susceptibility
WHAT WE THOUGHT WE KNEW

RISK AVERSION INCREASES WITH AGE
WHAT WE KNOW NOW

PEOPLE SAY THEY ARE RISK AVERSE, BUT THEY DON’T BEHAVE THAT WAY
WHY THE DISCREPANCY?

• Awareness of inconsistency with preferences?
• Risk perception?
• Bottom line: Can’t assume risk aversion in decision behavior in old age
WHAT WE THOUGHT WE KNEW

ELDERS ARE MORE SUSCEPTIBLE TO FRAUD
WHAT WE KNOW NOW

SOME ELDERS ARE MORE SUSCEPTIBLE TO FRAUD
Many popular writers, law enforcement agencies, and psychology researchers presume that consumer fraud is particularly prevalent among older persons. This belief is consistent with both the old-age stereotype and psychological research on cognitive and affective aging, which reveals age-related changes that could render older persons more vulnerable to consumer fraud. However, psychological researchers focus on vulnerabilities rather than on age differences in the actual prevalence of consumer fraud. An emphasis on vulnerabilities causes other factors associated with aging that could protect older persons from consumer fraud to be overlooked. In the current article, we show that findings on age differences in the prevalence of consumer fraud are inconsistent with conventional wisdom. We critically examine the nature of the evidence and discuss its implications.

Consumer fraud occurs when salespersons deliberately misrepresent the monetary benefits, advantages, and availability of products and services or charge consumers for products and services that they did not buy (Titus, Heinzelmann, & Boyle, 1995). In two common examples, people pay to receive a prize that is not awarded, or people are billed for Internet services that they did not request (Anderson, 2013). We follow the general practice of distinguishing consumer fraud committed against older persons from elder abuse, which involves physical, psychological, or financial abuse that is usually committed by family members, neighbors, and others.

Contrary to Psychological and Popular Opinion, There Is No Compelling Evidence That Older Adults Are Disproportionately Victimized by Consumer Fraud

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Abstract
According to psychological and popular opinion, older persons are especially susceptible to consumer fraud. Research on cognitive and affective aging reveals age-related changes that could increase the vulnerability of older persons to consumer fraud. However, this research does not show that consumer fraud actually is more prevalent among older persons. In generalizing from laboratory findings of cognitive decline to age differences in the prevalence of consumer fraud, psychologists may underestimate the influence in everyday life of possible protective factors associated with old age, including increased experience and changes in goals, lifestyle, income, as well as purchasing and risk behaviors. We review evidence on the prevalence of consumer fraud and conclude that there is no clear indication that it is more prevalent among older persons. Aggregating across all consumer frauds, there is evidence that consumer fraud is less common among older persons than adults of other ages. This evidence is potentially flawed, however, because of failings inherent in the methodologies. In the absence of irrefutable data, it is premature to conclude that consumer fraud is less prevalent among older adults, but it is also premature to conclude that consumer fraud is more prevalent among older persons, as is assumed in conventional and psychological wisdom.
WHAT WE KNOW NOW

- Emotional positivity increases across adulthood
- People may not act according to their stated preferences
- Not all old people are the same
WHAT TO DO

• Don’t make assumptions

• Take advantage of strengths at all ages
  • Development of decision support strategies

• Develop better assessments to determine when intervention is necessary
  • Any prevention policies should apply to individuals of all ages

• Learn to identify optimal proxies