

# [Psychological decision, the more they procrastinate. when they](https://assignbuster.com/psychological-decision-the-more-they-procrastinate-when-they/)

Psychological vulnerability leadspeople to procrastinate. Procrastination is a psychological state that makespeople desist from carrying out tasks or making decisions by systematicallypostponing deadlines. To make matters worse, the greater the task or thedecision, the more they procrastinate. When they have no alternative left butto tackle the problem, it is too late to solve it effectively.  While people understand that postponingretirement-related decisions carries future costs (to pension income), theimmediate cost to be incurred in terms of time and effort encourages them toavoid the planning.  The temporaldistance between retirement and more immediate tasks lead people to what isknown as temporal discounting (Raaij). This refers to people’s tendency toprefer immediate rewards to rewards more distant in time.

Temporal discountingis explained by the fact that individuals attribute more value to a rewardobtained immediately than to a greater reward obtained later. Current pleasuresprevail over future benefits. For instance, a consumer will typically prefer$500 now to $520 in a month’s time. Waiting a month for $20 more is notperceived as a sufficient trade-off. The satisfaction resulting from theimmediate reward is overweighed. People’s preference for immediate rewards decreases and eventuallyreverses as the time horizon lengthens.

The further a reward lies in the future, the less value is attributed to it. If the person is offered $500 in six monthsor $520 in seven months, they will select the second option.  People would rather have some money to spendnow (in restaurants, the movies, long-weekend holidays, etc.) than postponeconsumption in favor of a better pension income (a reward obtained in twenty-or thirty-year time).

The tendency to prefer a modest reward now rather thananticipating a more significant return in the future can be disastrous forsaving toward retirement.