

Imagine your future self: Will it help you save money?

December 22 2010

Why do people choose present consumption over their long-term financial interests? A new study in the *Journal of Consumer Research* finds that consumers have trouble feeling connected to their future selves.

"This [willingness](#) to forego money now and wait for future benefits is strongly affected by how connected we feel to our future self, who will ultimately benefit from the resources we save," write authors Daniel M. Bartels (Columbia Business School) and Oleg Urminsky (University of Chicago).

When we think of [saving money](#) for the future, the person we think of can seem different from the person we are now, the authors explain. People have trouble sacrificing in the present for that stranger in the future.

In one study, the researchers had graduating seniors read one of two narratives: the first indicated that their self-identity was already fully formed and would not change after [graduation](#). The other passage indicated that graduation would change their self-identities. "When seniors were told that graduation would lead to major changes in identity, they reported feeling less connected to their future selves," the authors write. "Those thinking about changes in identity were also more impatient, choosing less-valuable gift certificates that would be available sooner over higher-valued gift certificates that required waiting a year."

In a subsequent study, the authors asked people to evaluate their sense of connectedness and similarity to their future selves. Three weeks later, they were asked them to choose between smaller gift cards they could use right away or larger gift cards that would require waiting. "Those who had felt more connected to their future selves then made more patient choices and were more willing to wait for a higher-valued gift card," the authors write.

When people fail to save for the future, they may not be making a mistake or failing to exercise self-discipline; they don't fully recognize benefits that their future selves will receive. "Countering this tendency, by helping people recognize the enduring aspects of their personal identity, may hold the key to making [people](#) more patient and more willing to sacrifice, save, and invest for the future," the authors conclude.

More information: Daniel M. Bartels and Oleg Urminsky. "On Intertemporal Selfishness: How the Perceived Instability of Identity Underlies Impatient Consumption." *Journal of Consumer Research*: August 2011. Further information: ejcr.org

Provided by University of Chicago

Citation: Imagine your future self: Will it help you save money? (2010, December 22) retrieved 6 May 2024 from <https://phys.org/news/2010-12-future-money.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--