

## Financial Decision-Making and Aging: Perspectives from Neuroscience

10.03.2016

How do natural neurological changes affect one's acceptance of risk and, by extension, investment decisions? On Tuesday, March 15, join leading neuroscientists at the German Center for Research and Innovation (GCRI) in New York for a discussion on financial decision-making and aging.

The following is a situation that all Americans face at some point in their lives: investing for a financially secure retirement. Few Americans today benefit from guaranteed pensions, and Americans instead rely on a combined system of personal investments, employer-based retirement plans, and federal benefits. While information abounds on the basics of retirement planning, this discussion will approach the problem from a neurological perspective, offering insights into how natural neurological changes might affect one's acceptance of risk and, by extension, investment decisions. Normal aging not only leads to marked cognitive declines in various domains (including cognitive control and working memory), but also to a decreased willingness to take risks. These age-related changes are paralleled by differences in brain structure, neuromodulation, and function.

On Tuesday, March 15, from 6:30 to 8:30 p.m., please join our speakers at the German Center for Research and Innovation (GCRI) in New York as they discuss how investment behavior changes over the adult life span, and how these changes might relate to changing neural processes underlying decision-making.

Prof. Dr. Elke U. Weber, Jerome A. Chazen Professor of International Business, Professor of Management and Psychology, and Earth Institute Professor at Columbia University, will speak, drawing upon her expertise on descriptive models of decision-making under uncertainty and time delay in financial and environmental contexts. She will present two recent studies that compared the financial decision-making of older and younger adults in the U.S., in which her team found little evidence that the quality of decisions made by older adults was compromised in the way that age-related deterioration of processing speed and cognitive ability (sometimes called "fluid intelligence") would predict. In her talk, she will elaborate on the role of "crystallized intelligence" (wisdom of experience) and explain how her research shows that these abilities complement and can partially compensate for each other.

At Columbia, Prof. Dr. Weber founded and co-directs the Center for Decision Sciences, which generates and facilitates interdisciplinary decision research relevant to the needs of real-world decision-makers, as well as the Center for Research on Environmental Decisions, which investigates ways of facilitating human responses to climate change and climate variability. She received her B.A. in psychology (summa cum laude) from York University in Canada and her M.A. and Ph.D. from Harvard in behavior and decision analysis.

Prof. Dr. Weber will be joined by Prof. Dr. Peter Mohr, Junior Professor at the Freie Universität Berlin and Head of the FU-WZB Junior Research Group Neuroeconomics. Prof. Dr. Mohr will address how normal healthy aging not only leads to marked cognitive declines in various cognitive domains (e.g., working memory), but also to a decreased willingness to take risks. He will elaborate on how it was consequently proposed that investment behavior might also change when individuals age. Neuroscientific studies have shown that emotions play an important role in investment decisions. Processing of emotions, however, seems to stay largely intact in older adults, who might be even better in regulating their emotions compared to younger adults. Prof. Dr. Mohr's research group investigated how these different changes across the life span affect investment behavior. In his talk, he will present their findings with regard to the different strategies various age groups use to form their choices.

Prof. Dr. Mohr received his Ph.D. in psychology from the Freie Universität Berlin. During his studies, he was a fellow at the International Max Planck Research School on the Life Course, where he investigated age-related changes in economic decisions. His research interests include situational and contextual influences on economic decision-making as well as individual differences in this domain.

Dr. Joann Halpern, Director of the German Center for Research and Innovation (GCRI) in New York, will moderate the discussion.

This discussion will take place on Tuesday, March 15, from 6:30 to 8:30 p.m. at the German Center for Research and Innovation (871 United Nations Plaza, First Avenue, btwn. 48th & 49th Streets).

#### Further Information:

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Quelle: Deutsches Wissenschafts- und Innovationshaus (DWIH) New York

Redaktion: 10.03.2016 von , Deutsches Wissenschafts- und Innovationshaus New Y

Länder / Organisationen: EU, Global, USA

Themen: Geistes- und Sozialwiss., Wirtschaft, Märkte, Ethik, Recht, Gesellschaft

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