

# Older adults make riskier decisions, study finds

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A study has shown that—contrary to popular belief—older people make riskier decisions than younger adults. Older people's generally more positive emotions make them more optimistic when gauging risks. In

addition, older adults are less deterred by the risk of losses than younger adults are. These are the findings of a study conducted by researchers at the Max Planck Institute for Human Development and published in the journal *Psychological Science*.

Human life expectancy is increasing. The proportion of adults aged 65 years and older in the industrialized world is already at around 21%, and is projected to rise to 32% by 2060. Older people, and the decisions they make, thus have a significant and growing impact on global economies and societies. Against this background, researchers have investigated how older and [younger adults](#) measure up when it comes to making decisions under risk. They compared similarities and differences in the risky decision making of 60 young adults aged between 18 and 30 years and 62 older adults aged between 63 and 88 years. Participants were presented with a series of choice problems in which they had to choose between two options. Each option offered a certain probability of winning or losing money. Participants completed 105 such choice problems; in all cases, they were informed about the amount that could be won or lost and about the probability of winning or losing.

The older participants were more likely than the younger ones to choose the riskier option. The researchers attributed this finding to the better mood of the older participants. Consistent with previous studies, older participants reported more positive and less negative emotion than their younger counterparts did. "If you are in a good mood, you are more likely to see the positive potential outcomes of a decision," says Thorsten Pachur, lead author of the study and senior researcher in the Center for Adaptive Rationality at the Max Planck Institute for Human Development. "The older participants were more optimistic in their assessments of the possibility of winning; accordingly, they were more daring in their choices. What's more, they gave the same weight to potential wins and potential losses, whereas the younger participants were more focused on avoiding potential losses," adds Pachur.

## Optimism increases the willingness to take risks

The finding that older adults were more willing to take risks contradicts the results of many previous studies. The research team attributes this discrepancy to differences in study design: Whereas participants in previous studies were generally given the choice between a safe and a risky option, both of the options available in this study were risky, but to different extents. Participants therefore had to consider the options more carefully.

Beyond revealing differences in risk-taking propensity, the study found that older participants made worse decisions than the younger participants. Specifically, they were less likely to choose the objectively better option—that is, the option with the higher expected monetary return. "These differences in decision quality are attributable to the decrease in fluid intelligence in old age—that is, to [older adults'](#) decreasing ability to process information and solve problems quickly," says Thorsten Pachur.

## Older people make worse decisions

The results suggest that age differences in risk-taking behavior are strongly influenced by the situation in which that behavior is investigated. In addition, they clarify how emotion and cognition interact when people decide for or against a risky option. "Both play a role, but their functions differ. Whereas emotions are primarily responsible for determining whether someone chooses the more or less risky of two options, cognition helps to identify which of the two is the objectively better choice," says Thorsten Pachur.

**More information:** Thorsten Pachur et al. Who Dares, Who Errs? Disentangling Cognitive and Motivational Roots of Age Differences in

Decisions Under Risk, *Psychological Science* (2017). [DOI: 10.1177/0956797616687729](https://doi.org/10.1177/0956797616687729)

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