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The Reintroduction of the Social Security Statement and Its Effect on Social Security Expectations, Retirement Savings, and Labor Supply across the Age Distribution

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The Social Security Administration provides programs that amount to a quarter of the federal budget and greatly alleviate poverty among the elderly and disabled. The extent to which individuals understand the incentives contained in these programs and change their behavior in response is still unclear. Although the cost of these programs is known and often a source of political debate, individuals' knowledge of program structure and benefit entitlements are low (Greenwald et al. 2010). However, for the past two decades, SSA has embarked on a proactive information-dissemination campaign to better educate all potential beneficiaries concerning their suite of SSA benefits. This campaign has led to greater program knowledge among potential beneficiaries as measured by the ability to provide a Social Security (SS) benefit estimate, the accuracy of this estimate, knowledge of specific program details, and entry onto SS programs (see working paper for more information), but these outcomes are often specific to certain subpopulations. Further, our own understanding of how individuals' knowledge has changed is limited to existing questions from surveys administered more than 20 years ago, when the largest SS information-dissemination campaign – the Social Security statement – began.

This research instead focuses on the reintroduction of the statement in 2014 and provides an analysis of its impact on a range of current SS knowledge and expectations. It does so by fielding a survey to American Life Panel (ALP) respondents, a nationally representative population, who previously answered detailed questions about their own Social Security knowledge. Most innovatively, this research examines not just shifts in expectations about Social Security benefits, but also savings and work responses for all American adults. Furthermore, it also measures the role that the current information environment, including the effects of having an online *my* Social Security account providing future benefit estimates, plays in how individuals perceive the statement.

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By comparing the expectations of approximately 1,200 respondents in the nationally representative ALP and examining the reintroduction of the statement – discontinued in 2011 but reintroduced in late 2014 such that individuals receive a statement every fifth birthday (e.g., 25, 30, 35, 40) – I compare SS expectations, savings, and work behavior among the same respondents from prior surveys fielded in 2010, 2013, and early 2014 who reported these same measures. The novel survey module asks these respondents additional questions as to dynamics of the SS program, whether they have a *my* Social Security account, and the ways in which they use these information sources.

The analysis' central findings include that individuals highly value information about their benefits from SSA. Individuals report the statement and *my* Social Security accounts useful for retirement planning and deciding when to claim Social Security benefits, especially leading up to retirement. Additionally, after being sent a statement, individuals are more likely to report expecting to receive future benefits, especially disability benefits. They are also less pessimistic about the possibility of future cuts to the program, reporting a 10 percent drop in the likelihood that Congress will make the SS system less generous in the next 10 years.

However, among those already expecting benefits, there does not appear to be much change in claiming expectations, either the age of claiming or the amount upon claiming. There are also no measurable changes in retirement savings through IRAs, pensions, or other long-term savings vehicles, although these estimates are preliminary, and future analyses by subpopulations may allow for more precise measurements.

Perhaps not surprisingly given the previous research on the effect of the statement (Armour and Lovenheim 2017), there are heterogeneous effects of information provision and information seeking. For example, *my* Social Security account holders — those who opened an online account on the Social Security website allowing individuals to check their potential benefits — tend to be better informed about SS program details, even before signing up for their accounts. Additionally, among those sent statements, many either did not receive them or forgot having received them: These individuals are much more likely to be younger than 30.

Finally, consistent with prior research, the effect of being sent a statement recently had a varied impact on work behavior. For those previously working more than 40 hours per week, the statement reduced their hours worked. Being recently sent a statement was also associated with re-entry into the labor force among those previously not working.

Overall, these results point to a strong role of SS communications in shaping expectations over the future of these benefits and a tight linkage between SS retirement claiming and work behavior informed by this information. Individuals also highly value this information, whether in the form of the Social Security statement or an online *my* Social Security account.

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