



The Redesigned Social Security Statement's Short-Term Impacts on Near Retirees

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Although participation in Social Security is mandatory for the vast majority of the U.S. workforce, workers have substantial discretion in benefit claiming. Namely, workers can claim retirement benefits as early as age 62 or as late as age 70. But how do individuals learn about these benefits? And how do they make the optimal decisions given their own preferences and resources? Here, effective communication from SSA can enable the public to make informed decisions, and the Social Security Statement has long been a key source of personalized information about potential future Social Security benefits. Because Social Security benefits are calculated based on each individual's work history, benefits vary greatly, and a personalized Statement is the only way to provide an indication

of future benefits under different claiming scenarios. Of particular concern is that individuals may claim their benefits too early, leading them to receive to lower lifetime benefits, missing out on Social Security benefits' inflation-protected, lifelong annuity value.

In October 2021, the Social Security Administration (SSA) implemented a redesigned Social Security Statement for workers scheduled to be sent a paper Statement or checking their my Social Security online accounts. The new Statement is half the length of the prior Statement, and instead of solely numerical estimations of future benefits, the redesigned Statement includes a graphical depiction of how claiming later affects monthly benefits. This redesign holds the promise of improving

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knowledge and changing future beneficiaries' expectations by presenting both general and personalized Social Security knowledge in a manner easier to understand and use.

In this study, we field a new survey module in the long-running Understanding America Study, leveraging the fact that among our respondents who received a Statement in the past year, approximately half received the redesigned Statement whereas the other half received the prior format. Our survey included 1,552 respondents between the ages of 51 and 70 with 678 of those receiving Social Security Statements within the past year. We answer five key research questions about the public's initial experiences with the redesigned Social Security Statement:

- 1. Have respondents received or accessed the new documents online in their my Social Security accounts or by mail? Ninety-one percent of respondents ages 60 to 70 who have not yet started receiving Social Security report having received a Statement.*
- 2. Have they reviewed the information in the Statement and supplemental fact sheets, and did they find the information understandable and useful? Over 90% of respondents who received a Statement report reading them somewhat or very carefully, and only a handful (less than 10 respondents) report not reading the Statement at all. Those who received the redesigned Statement were more likely to report reading it carefully than those who received the old Statement.*
- 3. Do the new documents increase knowledge*

of Social Security's programs and benefits? Recipients of the redesigned Statement were more knowledgeable about Social Security and key claiming dates than recipients of the old Statement. This suggests that the redesigned Social Security Statement helped to improve recipients' knowledge and understanding of Social Security programs, benefits, and key claiming ages.

- 4. Does the redesigned Statement change recipients' claiming or retirement plans, or actual claiming behavior? The redesigned Statement had a substantial impact on the claiming and retirement plans of those with little prior knowledge of Social Security, and only a marginal impact on those with very high knowledge of the Social Security system. We found a similar effect on delaying claiming: Those with little prior knowledge were more likely to wait to claim benefits after receiving the redesigned Statement than similarly knowledgeable individuals who received the prior format. This differential effect was not present for those with high prior levels of knowledge.*
- 5. Do respondents prefer the redesigned Statement to the old four-page Statement? In a head-to-head comparison of key aspects of the Statements, respondents preferred the redesigned Statement and found it to be clearer than the old Statement.*

Taken together, these results suggest that the redesign Statement has improved knowledge of the program and informed planned and actual claiming decisions.

There are several limitations to our study. First, the sample size of respondents ages 60 to 70 not receiving Social Security benefits is relatively small (694) and thus does not allow for analysis of some differences in impacts across groups. Second, we could not design an evaluation that fully randomized who received the old and the redesigned Statements. We therefore rely on an age-based cutoff due to the sharp introduction date of the redesigned Statement; any other changes or differences across this introduction date may have impacted our estimates. However, we note that the pattern of the impacts on knowledge, as well as the size of the effects relative to previous findings in the literature and these prior studies' uniform

estimates of Statement impact on expectations within a year of receipt, suggest that the redesign of the Statement is primarily responsible for our findings.

Nevertheless, future research designs may be able to separately identify the impact of the Statement format from any Statement receipt (and recency of receipt in particular). Given that prior research on the Statement and this study find that the automatic Statement continues to have sizable effects on workers' relationship with Social Security, accessible design and careful study of Social Security's communications may aid those most dependent on their earned benefits to make the best claiming and work decisions for themselves. ❖

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