

**The Supplemental Security Income Program and Incentives to Take Up
Social Security Early Retirement:
Empirical Evidence from Matched SIPP and
Social Security Administrative Files**

Elizabeth T. Powers
University of Illinois at Champaign-Urbana
and
David Neumark
Michigan State University and NBER

Prepared for the Fourth Annual Joint Conference for the Retirement Research Consortium
"Directions for Social Security Reform"
May 30-31, 2002
Washington, D.C.

The research reported herein was performed pursuant to a grant from the U.S. Social Security Administration (SSA) to the Michigan Retirement Research Center (MRRC). Earlier work on this project was supported by the Boston College Center for Retirement Research (CRR). The opinions and conclusions are solely those of the authors and should not be construed as representing the opinions or policy of SSA or any agency of the Federal Government, the MRRC, or the CRR. Sarah Jackson, Linda Bailey, and Parker Yi provided research assistance. We are grateful to Howard Iams and Minh Huynh of the Social Security Administration and Claudia Sahm of the University of Michigan for help accessing and interpreting administrative records. We also thank Roger Gordon of the University of Michigan for initially stimulating our thinking on SSI-SSER interactions.

I. Introduction

Perhaps because individuals only become eligible for the Supplemental Security Income (SSI) program at age 65, there has been little investigation of the possible incentive effects on behavior prior to this age, including possible work reductions and increased participation in other public programs. This paper is the first of which we are aware to investigate how the SSI and Social Security Early Retirement (SSER) programs interact. We use multiple panels of the Survey of Income and Program Participation (SIPP), linked to confidential Social Security Administration data on earnings histories and SSI reciprocity, to investigate our hypotheses.¹

We note at the outset that there is a *statutory* relationship between SSI receipt and social security receipt, because SSI recipients are *required* to claim their social security entitlements. Since this is not generated by individual behavior, it is not the focus of this paper. There are two paths of meaningful interaction between the programs that we have identified. First, we have provided evidence in earlier work (Neumark and Powers, 1999, 2000) that SSI, by effectively placing a confiscatory tax on retirement income exceeding very small disregards, creates work disincentives for prospective recipients as they approach the age of SSI-aged eligibility.² Therefore a potentially important incentive for working today—additional pension income tomorrow (including from social security)—is eliminated under SSI. We have speculated in past work that a by-product of decreased work may be an increased reliance on SSER to meet consumption needs following a reduction in labor supply. Powers and Neumark (2001) fails to find a significant interaction through this channel using the "differences" framework of our earlier work.

In the work discussed here, we rely on more explicit modeling of the unified budget constraint facing an older low-income individual when both SSI and SSER are considered. The basic insight is this: Early retirement normally carries with it a "penalty" in the form of a permanent actuarial reduction in the benefit. However, when SSI rules govern the old-age government transfer, the actuarial reduction in the SSER benefit is nullified from age 65

¹ Throughout the paper we interchangeably use "SSI" and "SSI-aged" to refer to the program for which sufficiently poor elderly qualify. We refer to the disability portion of the program as "SSI-disabled."

² Additionally, there is an asset test for eligibility for SSI, which may discourage saving (Neumark and Powers, 1998) and therefore the labor supply needed to meet saving goals.

onward. SSI program rules effectively convert a permanent early retirement penalty into a temporary one, lasting just a few years. We formulate and test this specific hypothesis, which we regard as a direct test of an interaction between SSI and SSER.

The use of Social Security Administration records greatly enhances the empirical evidence that can be brought to bear on this issue. We are able to characterize the critical portion of the unified SSI-SSER budget constraint faced by an individual reasonably well, while only a crude guess could be surmised using public-use SIPP data alone. Because we know each sample member's entire social security earnings history, we can ascertain whether they face a government old-age transfer determined at the margin by SSI or social security, which ought to be a significant factor in determining SSER receipt.

Because SSI is a welfare program, this topic is of general interest for understanding the retirement process of very low-income people (especially its timing) and the potential supports that enable retirement. If work plans are made contingent upon the structure of public programs, changes to SSER or SSI rules could have a substantial impact on retirement patterns for this group. While the issue of spillovers between programs has been studied in other contexts, it has been ignored in the case of SSI and the social security retirement system.³

Changes to SSI generosity or social security early retirement rules are predicted to have spillover effects on the other program. Hypothetical examples include an increase in the age of early retirement and an increase in SSI benefits. Since the availability of SSER allows potential SSI recipients to act on work disincentives, enhancing the value of SSI participation, an increase in the age of early retirement may reduce SSI participation. Increased SSI benefits for elderly recipients might not only increase SSI use but also have a positive impact on SSER take-up.

In fact, policy changes of direct relevance to SSER are currently underway, including a change in the normal retirement age. Beginning with the 1938 birth cohort, the normal retirement age is scheduled to rise gradually, topping out at age 67 for 1959 and later birth

³ Most of the economics literature on program interactions involving cash welfare has focused on Medicaid policy. Yelowitz (1998) finds that the value of Medicaid increases SSI-disabled participation. Blank (1989) and Yelowitz (1995) find evidence that the value of Medicaid also increases AFDC participation. McGarry (1996) finds little influence of Medicaid on SSI-aged participation, however. Kubik (1999) and Garrett and Glied (2000) find evidence that households' participation in SSI-disabled is related to financial incentives posed by the AFDC and SSI programs.

cohorts. The early retirement age will remain at 62 indefinitely under current law, and this lengthening of the early retirement period causes a reduction in the value of SSER benefits received, as the actuarial reduction will increase. Our model predicts that such a change will contribute further to the downward trend in SSI receipt among the elderly that has been occurring since the program's inception in 1974.⁴ While this longstanding trend has been driven by increasingly generous social security benefits and the increasing affluence of newer cohorts of elderly generally, future declines could in part result from policymakers' failure to consider SSER-SSI program interactions.

This paper describes the results in NBER Working Paper #8670 (Powers and Neumark, 2001) and our ongoing work in this area. Interested readers may refer to this working paper for additional information and references to our previous work in this area. The next section provides background on the relevant policies. This is followed by a discussion of the data and empirical specifications for the hypothesis tests. Section IV presents the empirical findings. The results of these tests are summarized and discussed in Section V.

II. Background

The 1935 Social Security Act provided monthly benefits to retired workers aged 65 and over and a lump-sum death benefit to the estates of these workers. Since 1961, both men and women as young as 62 have been allowed to collect benefits if fully insured (defined as attaining 40 or more quarters of social security covered earnings). Until recently, age 65 was the "full retirement age." An early retiree faces an actuarial reduction in benefits.

This actuarial reduction for early retirement is larger the greater the time elapsing between the actual and full retirement ages. Increases in the full retirement age currently underway affect the benefits of early retirees to varying degrees, depending on their birth cohort. For example, while a worker born prior to 1938 faces an actuarial reduction for age-62 retirement of 20%, a worker born in 1960 who retires at age 62 faces a reduction of 30%.

⁴ The number of SSI-aged recipients has been falling over most of the program's history. By 1998, 1.4 million elderly participated in SSI, down from 2.3 million in 1975 (Social Security Administration, 1999, Table 7.A3, p. 287). The era of our sample, 1984-1993, is fairly stable however, with roughly 1.5 million elderly participating each year.

This difference by age cohort is solely the result of applying the actuarial reduction to a lengthier period of early retirement.⁵

The SSI program was begun in 1974 to provide a uniform federal safety net for the elderly and disabled. The concern of this paper is with the elderly component, which sufficiently poor individuals may participate in upon attaining age 65. The federal government sets eligibility criteria and maximum benefit levels for individuals and couples in the federal portion of the program. Since some states (those with more generous safety nets prior to 1974) were required, and other states chose, to supplement the basic federal benefit, there is also cross-state benefit variation.

The SSI program comprises a potentially substantial source of income for the elderly poor. Federal SSI, when combined with Food Stamps, brings an elderly household's resources to a substantial fraction of the federal poverty line. State supplements can also be large. For example, in January 1991 (which is within our sample period) the maximum monthly federal benefit was \$407 for an individual and \$610 for a couple.

SSI benefits are reduced with other sources of retirement income. \$20 per month of unearned, non-transfer income, \$65 of earned income, and one-half of earnings exceeding \$65, are disregarded in computing the SSI benefit. The disregards are not indexed for inflation, nor are they differentiated by household type (couple or individual).⁶ Unearned income includes income from private pensions, public pensions such as social security, interest income, and the like. Means-tested transfer income (e.g., Veterans Benefits) offsets SSI income dollar-for-dollar and none of it is disregarded. These deductions for other income are first applied to the federal benefit amount. If there is any excess income, it is deducted from the state supplemental payment (Social Security Administration, 1994, pp. ii-iii). When the computed SSI benefit is positive, the person or couple is eligible for the program.⁷

⁵ Some members of our sample belong to birth cohorts affected by these changes and consequently face a full retirement age between 65 and 66.

⁶ While some states vary their disregard amounts from the federal level, it proved too difficult to incorporate this information in our analyses, given the idiosyncratic way in which different disregards are applied and the detailed knowledge about income sources that is needed to use them appropriately.

⁷ Due to the benefit computation rules, it is possible for individuals to receive a state benefit without receiving a federal SSI benefit. Only federal payment status is recorded in SSA databases.

SSI recipients are *required* to apply for all public benefits for which they may be eligible, including social security, and most SSI recipients are eligible for at least a modest social security benefit. By September 1993, near the end of our sample period, 65% of aged SSI recipients received social security benefits and 22% received some other unearned income. SSI recipients have little else to rely upon. Only 2.1% reported any earned income, while almost none reported private pension income (1994 Green Book, Tables 6-16 and 6-17).

Due to receipt of social security, the average SSI-aged benefit payments actually received by households are fairly low. In September 1989, the average federal payment to all elderly households on SSI was \$163, with an average state supplement payment of \$133 (49.6% of aged federal SSI recipients received a state supplement—1990 Green Book, p. 717). Perhaps because many elderly could collect only small SSI benefits, or are precluded from participating in SSI at all due to their social security benefits, take-up of SSI by the poor elderly is quite low. Zedlewski and Meyer (1989) estimate that only about 30% of the elderly poor receive SSI benefits. McGarry (1996) analyzes SSI participation and attributes much of the low take-up by potential eligibles to the quite modest cash benefits for which most elderly poor would actually qualify.

III. Data and Implementation

Our approach is to test for a "direct" interaction between SSI and SSER. That is, do the sample members behave as if they face (and understand and respond to) a budget constraint that accounts for the SSI and SSER interaction? If so, then by nullifying the actuarial reduction in the social security benefit for early retirement after age 64 for those whose old-age government transfer is determined on the margin by SSI, SSI policy should encourage SSER participation.

Using a sample of individuals aged 62-64, we estimate the probability that person i aged t living in state s participates in SSER as a function of their government transfer after age 64 being determined at the margin by SSI policy, and other variables. That is,

$$(1) \quad \text{SSER}_{ist} = \alpha M_{ist} + X\beta_{ist}.$$

M_{ist} is a dummy variable equal to 1 when non-SSI income after age 64 is expected to surpass the SSI disregard but to fall short of the SSI income-eligibility cutoff (equal to the guarantee plus the disregard, $G+D$), so that SSI determines the individual's government transfer after age 65. X includes variables affecting resources that are thought to govern the SSER decision independently of these incentives (e.g., health, educational attainment, race, sex, marital status, and accumulated social security and pension wealth). For couples, information on spouses is also included in X to capture factors underlying joint retirement decisions.

An important question is what income concept to use in the computation of "M." Since expected income at age 65 is partly determined by SSER participation, estimates of α will be inconsistent if *expected* non-SSI income at age 65 is used. Because expected non-SSI income at age 65 will be lower if SSER is taken, M will more often take on the value 1, and the bias will be towards accepting the hypothesis that α is positive. To remove this source of bias, a proxy value of M is constructed based on the social security benefit an individual would be owed if he stopped working after age 61. This removes the systematic relationship between SSER and M , although M may still be measured with error, likely biasing the estimate of α toward zero and hence against finding our hypothesized result. For every member of our sample of 62-64 year-olds, social security records provide a complete earnings history that can be used to determine the exact amount of this hypothetical benefit. We improve the accuracy of the social security benefit for married men by incorporating information on the spouse's earnings record. The maximum SSI benefit varies with state and marital status, while the disregard is assumed not to vary. Note that we do not use information on these individuals' potential retirement income from other sources, another source of error in M .

Therefore, the value of the binary variable M is determined by the individual's work/earnings history, their marital status, and their state's SSI supplement. State SSI generosity is the most compelling exogenous source of identifying information, providing variation in M for individuals with identical work histories and family statuses, who may still face different marginal government transfers in old age due to state variation in SSI benefits.

It is important to recognize that SSER participation preceding SSI participation could be (and probably is) a common pattern for reasons other than those hypothesized. For

example, poor health (or unobserved characteristics) could lead to an inability or reluctance to work from age 62 onwards, increasing the likelihood of both SSER and SSI participation. Therefore, in both approaches, we have been careful to distinguish the effects of policy from other influences, both by exploiting the state-level variation in SSI benefits that is exogenous to the individual and by controlling for other important individual characteristics.

Matched SSA-SIPP Samples

We use multiple public-use panels from the SIPP. The particular panels are from 1984, 1990, 1991, and 1993. While the analysis is restricted to 62-64-year-old SIPP men, we match spouse information and include information about wives that may be relevant for husbands' choices in all specifications. The Social Security Administration allowed us access to SIPP-matched confidential data on covered earnings. We have each sample member's complete social security covered earnings history from 1951-1999. In principle, given a complete earnings history, each sample member's hypothetical age-61 benefit can be computed with a high degree of accuracy.

Patterns of Social Security and SSI Receipt

Figures 1 and 2 present the age patterns of SSI and social security receipt, using the sample of all male household heads older than 39. The social security information is from a person-level question in the public-use SIPP file, while the SSI participation information is from the SSA. Figure 1 confirms for our data the well-known fact that social security receipt grows rapidly after age 61. Beneficiaries, presumably in the disability and survivors' programs, account for the 12.3% of 61 year-old sample members reporting social security benefits. From ages 62 through 64, the ages of SSER, the receipt rate rises by more than 20 percentage points. A comparable increase occurs at age 65, when people opt into the system at the full retirement age. 95% of sample members of age 70, when benefit receipt can no longer be voluntarily delayed, are social security beneficiaries.

Figure 2 illustrates the frequency of SSI receipt according to the age at first payment of an SSI benefit. It is important to note at the outset that SSI receipt is rare: only 1,382 observations from pooled SIPP samples of heads aged 40 or older match to the SSI administrative file at all, a number which includes rejected applicants who never received a payment. Further, in only 270 cases can the observation be identified as an "SSI-aged" recipient, based on an age at first receipt exceeding 64. The question of interest here is how

soon after age 64 people typically participate in SSI. The longer the typical delay after the eligibility age of 65, the more tenuous the link between early retirement benefit receipt or the labor market disincentives posed by the SSI program. In addition, a spike at the delayed retirement age of 69 would suggest that people only become aware of the SSI program upon the mandatory receipt of their delayed social security benefits. In contrast, the spike at age 65 that dominates Figure 2 indicates that the hypotheses of this paper are at least plausible on the surface.

IV. Empirical Findings

Recall that the dummy variable M in equation (1) equals one if the individual is predicted to face a post-64 government transfer marginally determined by SSI. The value of M is computed by imputing each man's age-62 SSER benefit from his actual earnings history (reported in the administrative data). If the man is married, M can also be defined with respect to the couple's joint prospective government transfer, which is also influenced by the wife's earnings record. The wife's benefit is equal to the benefit owed her as a worker or one-half of her husband's benefit, whichever is larger. If the wife has fewer than 40 covered quarters, her social security benefit as a worker is set to zero.

Because the SIPP does not contain good information about other sources of retirement income, M is measured with error. Private income, which might actually place a person on the "autonomous" portion of the budget constraint (for which $M=0$), is ignored. Men with fewer than 40 covered quarters of social security earnings are dropped from the sample because they are not SSER-qualified. Before presenting the formal analysis, we note that in the raw data (based on the simplifying assumption that wives' benefits equal one-half of their husbands'), 75% of SSER-qualified sample members whose net government transfer is determined by SSI policy participate in SSER at age 64, in contrast to 68% of the group whose government transfer is determined at the margin by the social security benefit.

The table presents the findings from the SSER participation probits (reported as simulated probability changes). The first column reports sample statistics. The first probit results we report are based on the simplifying assumption that wives' benefits are equal to one-half of their husbands'. In this case, as reported in the second column, the position on

the budget constraint affects SSER as hypothesized, as the estimated coefficient of M is significant and positive, indicating an 11 percentage point higher probability of SSER participation for those whose post-65 retirement benefit is determined on the margin by SSI. The other significant variables are the age and education of the man. There is a pronounced trend towards SSER participation with age, and more educated men are less likely to retire early. Wives' characteristics are included, but all coefficients are insignificant and are not reported.

A potentially important issue is that M may simply be indicating low lifetime income or poor health, and individuals with a more tenuous lifetime attachment to the labor force may simply drop out of the labor market earlier and take up SSER. Because we have the entire history of social security earnings for each person in the sample, however, we have unusually good control variables for lifetime earnings capacity. In the third column the actual record of covered earnings (for each separate year from 1951 through age 61) is included in the specification for each sample member. A dummy variable indicating that the person is in poor health is also included and has an extremely large, positive, influence on SSER use. However, the positive effect of M on SSER receipt is robust with respect to these additional variables.

Assuming the spouse's benefit is one-half of the husband's oversimplifies the husband's retirement problem, since women in these cohorts are increasingly working and entitled to higher benefits. As an alternative, we use the wives' social security earnings records to compute the benefit that would be owed them if they were to stop working in the sample year, or at age 61, whichever comes first. We use the higher of this value or one-half of the man's benefit to recompute the total social security retirement benefit for couples. We cut off the computation for wives at age 61 out of the same concerns about endogeneity and SSER/SSI participation which led us to cut off the husbands' earnings computation at age 61. The sample statistics in the first column of Table 4 indicate that the percentage of men classified as having a net government old-age transfer that is prospectively determined by SSI policy is reduced from 49.4% to 39.9% of the sample when the information on wives' earnings records is exploited to compute their benefits.

The findings using spouse's benefit computations in M are presented in the fourth column of the table. The coefficient of the position on the SSI-SSER budget constraint is

positive, but cut in half in magnitude and no longer significant. It appears that men with relatively high-earning spouses are more inclined to take up SSER, and some of these men—precisely because they have high-earning spouses—are incorrectly classified as having M equal to one when M is based on wives' benefits equal to one-half of their husbands' benefits. One explanation is that there is potential downward endogeneity bias stemming from using actual wives' earnings to compute the benefit. If the husband is planning on going on SSER, the wife may work more near the age of retirement, which would lead to a negative correlation between SSER and M .

V. Conclusion

This paper has described the potential interactions of SSI and SSER and presented empirical evidence. In an analysis of direct links between SSI and SSER, we do find some empirical evidence that SSI and SSER interact through a unified budget constraint determining post-age-64 government transfer payments, but only when we make simplifying assumptions about the computation of the hypothetical "family" (i.e., husband-wife) social security benefit. When we use information from the wives' earnings histories to estimate their age-61 (or younger) benefit more precisely, we do not find statistically significant evidence of the hypothesized response of increased SSER participation when individuals face a government old-age transfer that is marginally determined by SSI policy, although the sign of the estimate is still in the hypothesized direction. If endogeneity of wives' work decisions and husbands' SSER participation plans is important, this lends more credence to the results using the simplified computation.

The fact that we find positive effects on SSER use of an individual's prospective location on the part of the government old-age transfer schedule where the transfer is determined by SSI—thus eliminating the penalty for using early retirement—provides some evidence that SSI and SSER may interact in the ways proposed. When the influence of wives' benefits in determining the place on the budget constraint is minimized (by assuming their benefit is always one-half of the husbands'), we find evidence for the hypothesis that is robust to including such powerful explanatory factors as the man's entire earnings history and current health status.

This simplifying assumption may be justified if husbands have imperfect information about wives' benefits (and use half their own benefit as a "rule of thumb" measure), simply ignore their wives' benefits, or if endogeneity of wives' work patterns with respect to SSER decisions plays a role. However, taken at face value, if our computations of wives' benefits are fairly accurate, then a critical group of the husbands following a unilateral decision making rule (a group that appears relatively more responsive to the value of M) could not actually carry through with their SSI participation plans as part of a couple. This fact makes the argument that it is SSI policy that is driving SSER participation less compelling on its face, although it is a reasonable consideration that retirement planning involving multiple programs could well be subject to considerable error on the part of individuals.

References

- Blank, Rebecca M., 1989, "The Effect of Medical Need and Medicaid on AFDC Participation " Journal of Human Resources 24(1), 54-87.
- Garrett, Bowen, and Glied, Sherry, 2000, "Does State AFDC Generosity Affect Child SSI Participation?" Journal of Public Policy Analysis and Management 19(2), 275-95.
- Kubik, Jeffrey D., 1999, "Incentives for the Identification and Treatment of Children with Disabilities: The Supplemental Security Income Program." Journal of Public Economics 73(2), 187-215.
- McGarry, Kathleen, 1996, "Factors Determining Participation of the Elderly in SSI." Journal of Human Resources Vol. 31(2), Spring, 331-58.
- Neumark, David, and Powers, Elizabeth T., 1998, "The Effect of Means-Tested Income Support for the Elderly on Pre-Retirement Saving: Evidence from the SSI Program in the U.S." Journal of Public Economics 68(1), 181-206.
- Neumark, David, and Powers, Elizabeth T., 1999, "Means Testing Social Security," in O.S. Mitchell, R.J. Myers, and H. Young, editors, Wharton Pension Research Council Series: Prospects for Social Security Reform (Philadelphia: The University of Pennsylvania Press), pp. 243-67.
- Neumark, David, and Powers, Elizabeth T., 2000, "Welfare for the Elderly: The Effects of SSI on Pre-Retirement Labor Supply." Journal of Public Economics 78(1&2), 51-80.
- Powers, Elizabeth T., and Neumark, David, 2001, "The Supplemental Security Income Program and Incentives to Take up Social Security Early Retirement: Empirical Evidence from the SIPP and Social Security Administrative Data," NBER Working Paper #8670 (December).
- Social Security Administration, 1994, State Assistance Programs for SSI Recipients: January 1994, SSA Publication No. 17-002 (Washington, DC: U.S. Government Printing Office).
- Social Security Administration, 1999, Social Security Bulletin: Annual Statistical Supplement, (U.S. Government Printing Office).
- U.S. Committee on Ways and Means, selected years, Green Book (Washington, DC: US Government Printing Office).

- Yelowitz, Aaron, 1995, "The Medicaid Notch, Labor Supply, and Welfare Participation: Evidence from Eligibility Expansions." Quarterly Journal of Economics 110(4), 909-39.
- Yelowitz, Aaron, 1998, "Why Did the SSI-Disabled Program Grow so Much? Disentangling the Effect of Medicaid." Journal of Health Economics 17(3), 321-49.
- Zedlewski, Sheila R., and Meyer, Jack A., 1989, Toward Ending Poverty Among the Elderly and Disabled through SSI Reform (Washington DC: The Urban Institute Press).

Table 1: Direct test of effects of SSI on SSER participation

	Sample statistics	SSER Probit	SSER Probit	SSER Probit
M - assuming spouse benefit is ½ of husband's	0.494 (0.500)	0.107** * (0.028)	0.097** (0.038)	
M - spouse benefit computed from earnings record	0.399 (0.490)			0.049 (0.039)
State unemployment rate	6.72 (1.60)	0.015 (0.010)	0.006 (0.011)	0.006 (0.010)
Age 63	0.337 (0.473)	0.134** * (0.032)	0.087** (0.038)	0.103*** (0.035)
Age 64	0.326 (0.469)	0.261** * (0.034)	0.179** * (0.042)	0.223*** (0.038)
More than high school	0.358 (0.480)	-0.176** (0.080)	-0.152* (0.089)	-0.167* (0.087)
Less than high school x number of years	6.47 (5.24)	-0.006 (0.007)	-0.008 (0.008)	-0.007 (0.008)
Black	0.065 (0.246)	-0.089 (0.056)	-0.048 (0.061)	-0.079 (0.059)
Divorced, widowed, or separated	0.120	0.027	-0.006	-0.068

	(0.324)	(0.093)	(0.103)	(0.101)
Never married	0.034	0.063	0.063	0.115
	(0.181)	(0.112)	(0.122)	(0.120)
In poor health	0.308		0.262**	0.281***
	(0.461)		*	(0.033)
			(0.034)	
Spouse characteristics included		Yes	Yes	Yes
Social security earnings history included		No	Yes	Yes
Pseudo-R ²		0.07	0.18	0.16
Number of observations	1,502	1,502	1,502	1,502

Notes: M is an indicator for whether on the margin the post-64 government transfer is determined by the SSI program. Panel dummy variables for 1990, 1991, and 1993 also included in every specification. Spouse characteristics include dummy variable for spouse's age categories and spouse's educational attainment. Standard errors are reported in parentheses. ***significant at 1% level; **significant at 5% level; *significant at 10% level.

Figure 1: Social Security Beneficiary Rates, by Age (Pooled SIPP Samples)

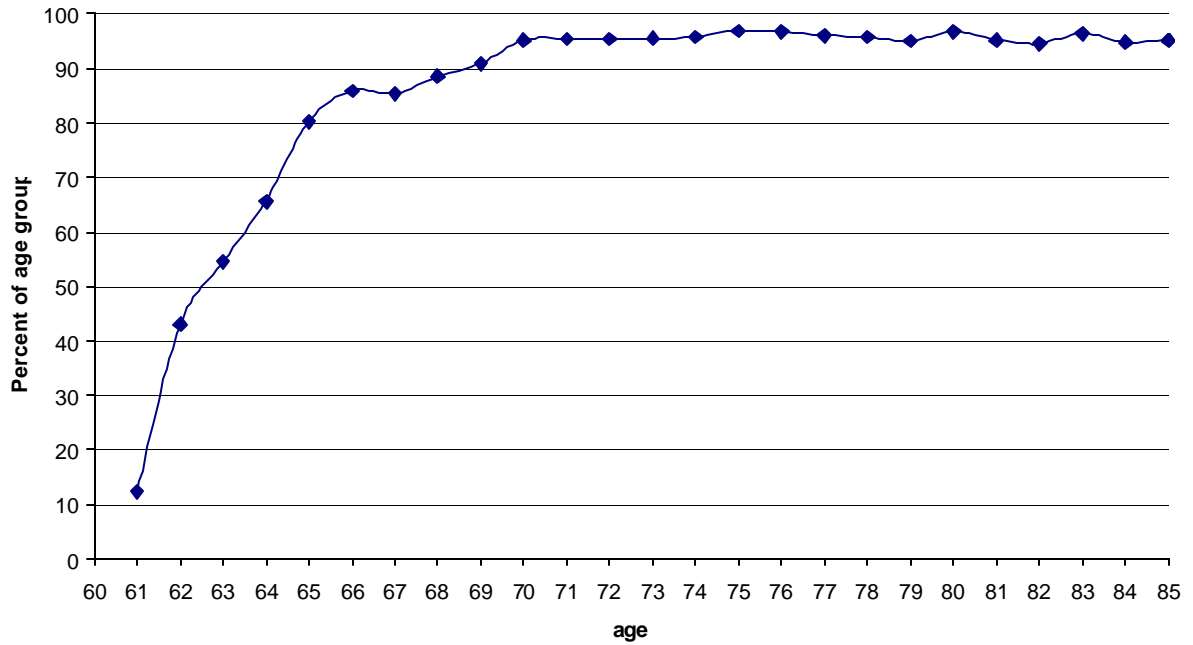


Figure 2: Frequency of First SSI Payment, by Age

