Director’s corner

John Laitner

The 25th annual Retirement and Disability Research Consortium (RDRC) summer meeting took place on Thursday, August 3, 2023, and Friday, August 4. Kilolo Kijakazi, the acting Commissioner of SSA, gave welcoming remarks on Thursday. William Darity, Jr., Distinguished Professor of Public Policy at Duke University, gave the keynote address on Friday. The Michigan Retirement and Disability Research Center (MRDRC) cooperated with SSA in organizing this year’s meeting.

Professor Darity’s talk was titled "Understanding American Economic Inequality.” Covering SSA research priorities, the meeting’s six panels were titled:
- Disparities by Race and Ethnicity,
- Decline in Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) Applications,

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Research consortium celebrates 25 years

The Retirement and Disability Research Consortium (RDRC) marked 25 years of existence with its annual meeting, held virtually August 3 and 4. The event offers the RDRC centers the opportunity to share current research projects with an engaged audience. This year, MRDRC organized the meeting agenda with NBER handling the technical details.

Acting Social Security Administration Commissioner Kilolo Kijakazi offered a prerecorded welcome and opening remarks. William A. Darity Jr., the Samuel DuBois Cook Distinguished Professor of Public Policy, Economics, African and African American Studies at Duke University, gave the keynote address titled, “Understanding American Economic Inequality.” Covering SSA research priorities, the meeting’s six panels were titled:
- Disparities by Race and Ethnicity,
- Decline in Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) Applications,

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Improving Communication and Outreach,
Economic Security of SSA Beneficiaries,
Improving Service Delivery, and
Informing Trust Fund Projections.

Researchers from the four RDRC centers (at NBER, University of Wisconsin, and Boston College in addition to Michigan) gave 12-minute presentations on their recent SSA-funded research. MRDRC investigators Cormac O’Dea (Yale University), Lila Rabinovich (University of Southern California), Dawn Carr (Florida State University), and Francisco Perez-Arce (University of Southern California) participated on Day 1, while Eric French (University of Cambridge) presented on Day 2. All five projects demonstrated MRDRC researchers’ facility with the development and creative use of data. The projects also addressed SSA’s priority of understanding how racial disparities effect program equity.

Retirement saving disparities

O’Dea discussed “Who Benefits from Retirement Saving Incentives in the U.S.? Evidence on Racial
Gaps in Retirement Wealth Accumulation” (UM23-01), his work with Taha Choukhame (MIT), Jorge Colmenares (Harvard), Jonathan Rothbaum (U.S. Census Bureau), and Lawrence Schmidt (MIT). The project looks at racial differences in wealth accumulated in defined contribution (DC) plans, which, along with IRAs (independent retirement accounts), are tax-subsidized by more than $100 billion a year according to the U.S. Treasury. In addition to these subsidies, many employers also “match” DC contributions, meaning that employees who participate in savings plans make more in overall compensation.

The project uses data on employee demographics from the American Community Survey, linked with Census Bureau data on W2s, income, and savings in employer-sponsored retirement accounts. The authors combine this with hand-coded narrative data from Form 5500 regulatory filings, allowing them to see details on employers’ retirement savings plans. The blended data allows the authors to observe millions of Americans’ demographic information alongside their retirement saving behaviors and whether/how much their employers match DC contributions.

So far, the researchers have found that:

- retirement savings gaps by race are large with employer matching increasing the gap;
- the gap remains after controlling for income, occupation, education, and household composition/marriage; and
- needing to take a DC plan withdrawal or having richer parents who can mitigate a DC plan’s liquidity constraints help explain the gap.

### Missing SSI/SSDI applications

The question of why fewer people are applying to SSI and SSDI continues to puzzle researchers. With “Mixed-methods Study on Work-disabled Adults Who Do Not Apply for Social Security Disability Benefits” (UM23-08), Rabinovich, Doerte Junghaenel, and Tabasa Ozawa (all University of Southern California) used the Understanding America Survey (UAS) for a quantitative and qualitative investigation of people with self-reported work disabilities who don’t apply for these programs. The researchers aimed to understand what drives respondents’ decisions not to apply.

Using a UAS sample that reported “one or more chronic health conditions; work limitations because of health condition(s); and current income below ~$1400/ month,” respondents were categorized into one of three groups: those who never applied for SSDI/SSI; those who applied in the past but did not receive benefits; and those who were awarded SSDI/SSI benefits. The researchers examined the respondents’ demographics, cognitive abilities, and attitudes regarding disability. From the quantitative respondents, researchers recruited 50 people who had never applied for SSDI for the qualitative interviews.

Rabinovich, who has been an MRDRC leader in bringing qualitative methods to survey data, noted that the interviews revealed nuanced and diverse reasons for not applying. Some of the reasons that surfaced:

- delays in getting a diagnosis/effective treatment for their medical condition;
- an expectation of being denied because

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someone told them (sometimes a physician) that they were ineligible;

♦ a belief that “SSA denies the vast majority of applications;” and

♦ self-image — many people said they would feel like they were “quitting” or “giving up,” for example.

Reaching workers with limited English proficiency

Another Rabinovich project, this time with co-author Francisco Perez-Arce (USC), also used mixed-method research. Perez-Arce presented “Understanding the Social Security Communication Needs of Hispanics with Limited English Language Proficiency [LEP],” which looks at how LEP affects Social Security knowledge among Hispanics. The project (UM23-09) used three UAS survey modules and eight focus groups with LEP Spanish speakers.

The researchers found that

♦ while LEP Spanish speakers have similar knowledge of OASDI taxes as other population groups, they knew less about benefits than others;

♦ compared with other populations, more LEP Spanish speakers reported having no sources of Social Security information;

♦ focus groups revealed that people knew generally about Social Security programs, but had culturally specific questions, such as how they would receive benefits if they returned to their native country; and

♦ people generally agreed that finding information online was confusing.

Quantifying “bad” jobs

Carr and Amanda Sonnega (University of Michigan) used a linkage they built between 2019 O*NET measures, 2010 Census occupation codes, and the Health and Retirement Study (HRS) from 2010 forward (see UM22-Q1). Carr explained that the combined data allowed them to use HRS’ new (subjective) Life History Mail Survey data with O*NET (objective) information for “Racial and Ethnic Differences in Job Characteristics and Disability Retirement” (UM23-06). The team investigated lifetime exposures to poor working conditions and whether Black and Hispanic workers in “bad” jobs face increased likelihoods of retiring early due to disability relative to non-Hispanic whites. Additionally they looked at whether exposure to such jobs accounts for some of the association between race/ethnicity and disability retirement.

After controlling for gender, educational level, and birth cohort, they found

♦ Black and Hispanic workers had greater lifetime exposure to “bad” jobs compared to whites;

♦ Black workers were more likely than non-Hispanic white workers to retire early because of disability; and

♦ physically demanding jobs had less impact on disability retirement, while jobs with less autonomy, more interaction with others, and more sitting had greater impact.

Medical spending differences between races

French and co-authors Karolos Arapakis

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News from MRDRC researchers

**Journal publications**


In July, Nicole Maestas, Kathleen Mullen, David Powell, Till von Wachter, and Jeffrey Wenger had an article, “The Value of Working Conditions in the United States and the Implications for the Structure of Wages,” in the American Economic Review. The piece credits MRRC/MRDRC funding for UM15-03 and UM16-08, “Working Conditions over the Life Course” and “Job Demands and Job Sustainability Over the Life Course,” respectively.


**Media**

Vance Cariaga wrote an article about Amanda Sonnega and Brooke Helppie-McFall’s MRDRC project, “The Relationship between Adverse Experiences over the Life Course and Later-life Retirement Due to Disability” (UM21-07), on the personal finance website Go Banking Rates. That article was then cited in a Yahoo!Finance piece titled, “Here’s the Average Retirement Age in 2023 for Men vs. Women.”

Researchers are encouraged to share academic publications, media coverage, and conference presentations of their MRRC/MRDRC-funded work. Please send announcements to mrdrcumich@umich.edu.
(Center for Retirement Research at Boston College), John Bailey Jones (Federal Reserve Bank of Richmond), and Jeremy McCauley (University of Bristol) assembled an unusual data set for “Medical Spending Risk among Retirees by Race” (UM23-02). The project links HRS data with Medical Expenditures Panel Survey and administrative Medicare and Medicaid data. The team used the data to examine total and out-of-pocket medical spending differences between Black, Hispanic, and non-Hispanic white households.

So far, the team has found that

❖ whites spend more out-of-pocket and in total, which is partially explained by their higher incomes and better health;

❖ household structure (married versus single), health status, and education fully explain spending differences; and

❖ health and income predict the amount of medical expenses paid by Medicaid, indicating that the program offers important insurance against disastrous medical spending, especially for Blacks and Hispanics.

MRDRC appreciates the opportunity to plan this year’s RDRC meeting, and SSA’s continued support of our researchers. Videos, slides, and project summaries of most of the presentations are available on the center’s website. Working papers, research briefs, and key findings for the projects featured at the meeting — and MRDRC’s other FY23 projects — will hit the website this fall.