



# **Racial and Ethnic Disparities in Knowledge about Social Security Programs**

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# Racial and Ethnic Disparities in Knowledge about Social Security Programs

## Abstract

Imperfect knowledge of public programs influences use and can lead to suboptimal decisions. We quantify significant disparities in Social Security program knowledge across race and ethnic groups. Differences in knowledge are not explained by differences in income, wealth, employment history, or educational achievement. We find evidence that there are racial/ethnic differences between perceived and actual knowledge of Social Security programs as well as differences in financial literacy, an important component of retirement planning. To identify mechanisms for alleviating these disparities, we investigate how knowledge relates to information sources about Social Security across race and ethnic groups. We find that Black and Hispanic respondents, on average, have fewer information sources. This gap corresponds to a difference in the ability to collect information from friends and family. Additional sources of information predict knowledge scores, even after accounting for confounders. The impact of racial and ethnic disparities in Social Security knowledge on post-claiming outcomes remains unclear. We present some suggestive evidence from retirement beneficiaries of a relationship between knowledge differences and subjective perceptions about the benefit claiming decision. Understanding causal mechanisms connecting racial and ethnic disparities in knowledge and outcomes likely requires an experimental design.

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## 1. Introduction

Imperfect or limited knowledge of Social Security may result in suboptimal decisions related to benefit claiming and retirement. Numerous studies have identified both lower perceived Social Security program knowledge among nonwhite racial/ethnic groups and tests of overall Social Security program knowledge revealed notably lower scores for Black and Hispanic survey respondents (Greenwald et al. 2010; Yoong, Rabinovich, and Wah 2015).<sup>1</sup> In other public programs, experimental settings have permitted researchers to causally identify that imperfect knowledge leads to suboptimal decisions (e.g., Bhargava and Manoli 2015; Jensen 2010). Limited knowledge about the design and incentives built into Social Security among these groups, which often correspond with lower income and wealth, can extend and exacerbate disparities in living standards and well-being into retirement years.

This study quantifies differences in Social Security knowledge and sources of information between white, Black, and Hispanic populations. We identify factors that make addressing these disparities challenging. These include the level of general financial literacy, awareness about missing knowledge, and low levels of demand for information. To understand differences in the supply of information, we explore racial/ethnic differences in the number of sources, as well as differences in the most commonly used sources. We conclude by relating measured Social Security knowledge for current retired beneficiaries to differences in the satisfaction with the claiming age decision by race/ethnicity.

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<sup>1</sup> In this paper, we will use and refer to four mutually exclusive racial and ethnic groups based on a respondent's own description of their identity: white, Black, Hispanic, and other nonwhite. Hispanic respondents, regardless of race, are classified as Hispanic.

We answer these research questions using the Understanding America Study (UAS). The UAS is a nationally representative survey of the U.S. population 18 and older with currently close to 10,000 participants (Alattar, Messel, and Rogofsky 2018; UAS 2017).<sup>2</sup> It is an internet panel recruited from a list of U.S. addresses based on postal records. UAS respondents answer queries from researchers once to twice a month. Topics range from personal and household characteristics and financial conditions to other social science and health topics. There are over 490 fielded surveys in the UAS covering various topics. Notably for our research, the UAS has conducted three surveys related to Social Security knowledge and channels of information about Social Security, each fielded three times since 2015.<sup>3</sup>

We find that there are significant racial and ethnic differences in knowledge about Social Security programs. Black, Hispanic, and other nonwhite respondents know less about the programs, and these differences cannot be explained with differences in income, wealth, or the levels of education. The disparities in knowledge are not attributable to any one area of knowledge. They are present in all aspects of Social Security, including retirement claiming ages, survivor and dependent benefits, eligibility for SSDI and SSI disability, and others. Our research identifies challenges to reducing these disparities, including the finding that, among

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<sup>2</sup> UAS data is available to registered UAS users through the UAS website (see UAS undated). UAS registration is open to anyone, but data users must complete a data use agreement and document as part of their application that they have a legitimate research purpose.

<sup>3</sup> These surveys are: *What do people know about Social Security?* (UAS surveys 16, 94, and 231). Items include knowledge scores about Social Security; intended claiming age, and knowledge questions about several aspects of retirement, spousal, survivor benefits. *Channels of Information about Social Security* (UAS surveys 26, 113, 238) includes preferences for means of information; preferences for web-based, regular mail, phone or in-person visits to field offices; receipt of Social Security Statement; and indicators for having a *my* Social Security account. Surveys are available at UAS (undated b). We also use data provided by the UAS' Comprehensive File on background, including survey questions from the Health and Retirement Study on income, wealth, work history, health conditions, and survival expectations. A fourth round of these surveys is currently in the field.

Black and Hispanic respondents, there are low levels of awareness of knowledge gaps and low demand for information. Black and Hispanic respondents report significantly fewer sources of information than white respondents, and we find that additional sources of information are associated with greater knowledge. Finally, we demonstrate a positive relationship between Social Security knowledge scores and ex-post satisfaction with one's claiming decision, but find no relationship with timing of retirement claiming due, in part, to limited sample sizes.

The next section provides additional motivation for our research questions and highlights past research that has touched on differences in knowledge and information sources between white, Black, and Hispanic populations. In the third and fourth sections, we evaluate racial/ethnic disparities in Social Security knowledge and in information sources about Social Security. In the fifth section, we discuss whether the differences in information sources can explain the differences in knowledge. A discussion section follows, which provides some evidence of a relationship between greater knowledge and retrospective assessments of claiming decisions. We then conclude with a discussion of key findings on racial and ethnic differences in knowledge and information sources and what is needed for an understanding of the causal effect on retirement outcomes of racial/ethnic disparities in Social Security knowledge.

## **2. Motivation and prior research**

Life-cycle financial experiences for Black and Hispanic Americans differ from the general population. Surveys conducted by Prudential Research (2013, 2014) found that while 62% of the general population listed "saving for retirement" as a financial priority, only 53% of Hispanic respondents and 55% of African Americans respondents listed it as a priority. African Americans and Hispanic respondents were less likely to have workplace or personal retirement plans and less likely to have savings accounts or investments (see Table 1). The exception was that

African American respondents are as likely to report having an employer provided pension plan. For Hispanics, these differences persist even when restricting to persons with incomes over \$75,000 (results were not available for African American respondents).

**Table 1: Financial product use by race and ethnicity**

<b>Financial Products</b>	<b>General population</b>	<b>Black</b>	<b>Hispanic</b>
<b>Retirement</b>			
<b>Employer-sponsored retirement plan</b>	51%	45%	38%
<b>Employer-provided pension plan</b>	23%	24%	16%
<b>Individual retirement account (IRA)</b>	39%	20%	19%
<b>Other Savings</b>			
<b>Saving accounts</b>	81%	73%	62%
<b>Individual stocks</b>	23%	13%	8%
<b>Individual bonds</b>	11%	4%	3%
<b>Mutual funds</b>	20%	10%	7%

**Sources:** Prudential Research (2013), Figure 15; Prudential Research (2014), Figure 11.

Interest, access, and experience with savings during working life may influence these groups' approach to retirement and, notably, their Social Security claiming decision. Previous research has demonstrated that minority groups have lower levels of perceived and actual knowledge about Social Security programs, particularly among Hispanics. Some of the earliest work in this area was using the RAND American Life Panel. Greenwald et al. (2010) found that only 6% of Hispanic respondents feel "very knowledgeable" about how claiming decisions would affect their spouses, compared to 21% of white respondents. Black respondents (14%) were the least likely to feel knowledgeable about how much they need to save to retire comfortably compared to 29% of white respondents and 21% for Hispanic respondents.

More recent research using the UAS found narrower differences in perceived knowledge but broad differences when actual knowledge was tested. Yoong, Rabinovich, and Wah (2015) find that 13% of white respondents feel “very knowledgeable” about retirement planning, 10% for Black respondents, and 8% for Hispanic respondents. On tests of Social Security benefit knowledge, Black and Hispanic test scores of Social Security knowledge were lower than those for white respondents (58%, 60%, and 71%, respectively).<sup>4</sup> Using more recent UAS surveys, Peterson, Smith and Guan (2019) find these differences persist for Hispanic respondents, although knowledge about Social Security benefits improved overall.

An example of how poor knowledge results in potentially suboptimal decisions is early Social Security benefit claiming. The Social Security monthly age-benefit amount is larger the later the respondent claims (between age 62 and 70). Using hypothetical questions posed in the UAS before and after a short information intervention, Perez-Arce et al. (2019) and Perez-Arce et al. (2021) show that providing clearer information increases average intended claiming age, suggesting that imperfect knowledge may be partly responsible for early claiming and that presentation of information matters. In other public programs, experimental settings have permitted researchers to causally identify that imperfect knowledge leads to suboptimal decisions. For example, Bhargava and Manoli (2015) sent a mailing encouraging low-income persons eligible for the earned income tax credit, but who had not claimed it, to apply for it. They found that the notice encouraged 22% more people to claim, and that simplification of the

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<sup>4</sup> Yoong, Rabinovich, and Wah (2015, Table 15) uses seven questions of Social Security knowledge, including the existence of spousal benefits, if benefits are affected by claiming age, whether benefits are adjusted for inflation, if starting benefits after retirement is possible, whether benefits are ever taxed if other income is earned, whether Social Security is paid by payroll taxes, and a multiple choice question of how benefits are computed.



mailing led to significantly higher application rates. Perhaps also striking is that the large majority still did not apply for the credit, showing evidence of “dollar bills left on the sidewalk.”

Shoven, Slavov, and Wise (2017), using the UAS, find that assessed Social Security knowledge and financial literacy are not significantly associated with changes in claiming behavior after adjusting for other demographic, educational, and economic characteristics.

On the other hand, there is evidence from experiments and quasi-experiments that improving knowledge affects claiming behavior. Smith (2020) uses the mailing of a worker’s Social Security Statements between 1995 and 2007, which provide information on current and potential benefits, as a natural experiment. Using administrative data on claiming behavior, she tests if the informational intervention of sending workers their Social Security Statement is associated with delayed claiming. She finds workers receiving multiple Statements are more likely to delay claiming.

There is evidence that informational interventions about Social Security may encourage continued work. Liebman and Luttmer (2015), using an online panel from Knowledge networks, find that small informational interventions can increase work behavior among older adults. Using the Social Security Statement, Smith (2020) finds similar results and that the findings hold for Black beneficiaries.

Recent research has also considered the role of knowledge about Social Security Disability Insurance (SSDI). There are many people who may be eligible for SSDI but have not applied. One possible reason is the low levels of knowledge about Social Security. Armour (2018) showed that, among respondents with some health conditions, receiving the Social Security Statement increased the likelihood that they applied for SSDI.

A common gap in the existing literature on the relationship between Social Security knowledge and behavior are differences by race and ethnicity. Notable exceptions include Rabinovich, Peterson, and Smith (2017) and Peterson, Smith and Guan (2019), which focus on Hispanics. In the next sections, we focus our analysis of knowledge and informational channels on racial and ethnic differences.

### **3. Racial and ethnic differences in Social Security knowledge**

#### *Approach*

Using the UAS, we examine differences across race and ethnicity in knowledge and perceptions about the Social Security retirement and disability programs both unconditional and conditional on other factors such as age, gender, education, income, wealth, and employment status. Certain aspects of the programs, such as the rules for spousal and survivor benefits, are especially relevant to a subset of married respondents.

We analyze disparities in knowledge across four groups: non-Hispanic white respondents (“white” in the rest of the paper); non-Hispanic Black (“Black”); Hispanics of any race (“Hispanics”), and other non-Hispanics who are not Black or white (“other nonwhite”). In the sample we analyze, the largest subgroups of respondents in the fourth category are Asian (48%) or more than one race (40%),

The aspects of the knowledge we analyze include:

- knowledge scores about Social Security’s Old-Age and Survivors Insurance (OASI) program, including how benefits are calculated, how claiming age affects benefits, eligibility for spousal and survivor benefits; and

- knowledge about disability programs, both SSDI and Supplementary Security Income (SSI) disability programs, including knowledge about eligibility rules, how to apply, and about their own eligibility.

All UAS panelists are invited to take surveys on Social Security every two years. We use the most recent surveys, including UAS 231 for knowledge about the Social Security's OASI and SSDI programs; UAS 238 for channels of information; and UAS 322 for knowledge about disability programs. This data was retrieved from the UAS comprehensive file (June 2022 release), which also contains responses from many surveys that we use as control variables and for auxiliary analyses.<sup>5</sup>

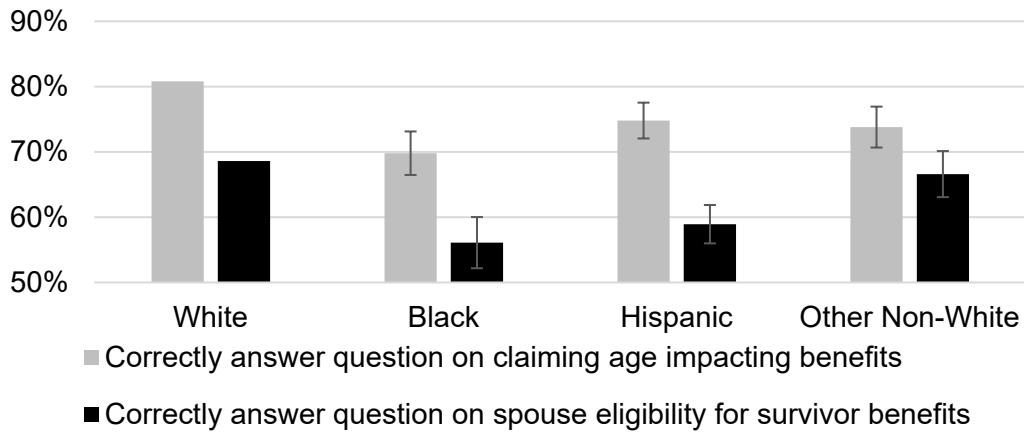
### *Findings*

Figure 1 presents specific examples of racial and ethnic disparities of aspects of Social Security benefits. Without adjusting for other factors, we find Black and Hispanic respondents, compared to white respondents, have significantly lower awareness that Social Security benefits are affected by claiming age (11% and 6%) and that survivor benefits are provided to persons without minor children (13% and 10%).

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<sup>5</sup> UAS Comprehensive File. Produced by the USC Dornsife Center for Economic and Social Research, with funding from the National Institute on Aging and the Social Security Administration. Retrieved [June 2022] from <https://uasdata.usc.edu/page/UAS+Comprehensive+Data+File>.

**Figure 1: Percent correctly answering Social Security knowledge questions**



**Source:** Authors' calculations using the Comprehensive File (data from UAS 231). Brackets reflect 95% confidence intervals relative to white respondents.

In Table 2, we test the difference across race/ethnic groups by each factor and find that, for nearly all questions, knowledge of Social Security's OASI program is lower for nonwhite racial and ethnic groups. Given the robustness of these differences across questions, we conclude it is not driven by specific aspects of Social Security that may be more relevant to certain groups.

**Table 2: Social Security knowledge differences by race/ethnic groups: OASI**

Question Topics	Black	Hispanic	Other nonwhite
How OASI benefits are determined	-0.062***	-0.061***	-0.049***
Dependent spouse eligibility for benefits {T/F}	-0.070***	-0.152***	-0.082***
Claiming age impact on benefits {T/F}	-0.125***	-0.102***	-0.078***
Benefit adjustments for inflation {T/F}	-0.069***	-0.136***	-0.041**
Benefit financing {T/F}	-0.087***	-0.102***	-0.047***
SSDI eligibility for workers who pay Social Security tax {T/F}	-0.059***	-0.066***	-0.021**
Child eligibility for survivor benefits {T/F}	-0.006	-0.085***	-0.071***
Spouse eligibility for survivor benefits {T/F}	-0.143***	-0.143***	-0.052***
Claiming requirements upon retirement {T/F}	-0.177***	-0.299***	-0.119***
Early eligibility age	-0.148***	-0.193***	-0.138***
Full retirement age	-0.112***	-0.123***	-0.073***

<b>Relationship between age stopped working and age OASI benefits are claimed</b>	-0.190***	-0.190***	-0.065***
<b>What are delayed retirement credits</b>	-0.116***	-0.146***	-0.051***
<b>Eligibility for delayed retirement credits</b>	-0.053***	-0.038***	0.013
<b>Limitations to earning delayed retirement credits</b>	-0.046***	-0.055***	0.005

**Source:** Author’s calculations using the June 2022 UAS Comprehensive File (knowledge data from UAS 231).

**Notes:** Outcome measure is the number of correct responses to questions about the OASI program. Results from regressions that include age and gender controls. {T/F} = True/False question (i.e., 1/0, respectively). All other questions require a multiple-choice response or involve typing the correct number. The questions and correct answers are available in the documentation for UAS 231 in the UAS data pages <https://uasdata.usc.edu/survey/UAS+231>. Asterisks indicate results are statistically different from zero: \* (10%), \*\* (5%), \*\*\* (1%).

The findings in Table 2 are consistent with earlier work (e.g., Yoong, Rabinovich and Wah 2015) that indicated these groups have less Social Security knowledge. The consistency of the result also suggests that the groups may systematically differ in circumstances, characteristics, educational achievement, or other factors that have the potential to affect their Social Security knowledge.

In Table 3 we show disparities in knowledge about disability programs (SSDI and SSI disability). The disparities are in the same directions as the differences presented in Table 2 for the OASI Program.

**Table 3. Social Security knowledge differences by race/ethnic groups: disability**

Question topics	Black	Hispanic	Other Nonwhite	Mean (White)
<b>SSDI Knowledge</b>				
Having a Social Security number does not confer SSDI eligibility	0.009	-0.101***	-0.048**	0.496
Permanence of SSDI benefits	-0.089***	-0.054***	-0.051***	0.893
Existence of short-term SSDI benefits	-0.048**	-0.102***	-0.062***	0.524
Requirement to file claim for benefits	-0.057***	-0.034***	0.002	0.955
Dependent eligibility for benefits	-0.031	-0.094***	-0.075***	0.748
Required coverage quarters for SSDI	-0.050**	-0.046***	-0.034*	0.617
Interaction of OASI and SSDI benefits	-0.033	0.017	-0.047**	0.409
Determination of work ability	-0.125***	-0.078***	-0.051***	0.841
Medicare eligibility after SSDI eligibility	-0.005	-0.024	-0.038*	0.454
Prior work history required for eligibility	-0.058***	-0.047***	0.015	0.681
Ability to do prior job affects eligibility	-0.059***	-0.015	-0.061***	0.583
Benefits for children of SSDI beneficiaries	0.026	-0.069***	-0.081***	0.646
<b>SSI Disability Knowledge</b>				
SSI beneficiary characteristics	-0.082***	-0.045***	-0.012	0.951
SSI coverage confers Medicaid coverage	-0.054***	-0.013	-0.015	0.891
Ability to do prior job affects eligibility	-0.012	0.024	-0.032*	0.446
Benefits for blind, disabled, or 65+	0.007	0.006	0.024	0.462

**Source:** Author's calculations using the June 2022 UAS Comprehensive File (knowledge data from UAS 322).

**Notes:** Outcome measure is the number of correct responses to questions about the SSDI and SSI disability programs. Results from regressions that include age and gender controls. All questions are true or false questions (i.e., 1/0, respectively). Asterisks indicate results are statistically different from zero: \* (10%), \*\* (5%), \*\*\* (1%).

Racial and ethnic groups may differ in their need to accumulate Social Security knowledge. Differences in need may arise from personal circumstance and expectations, which may correlate with these groups. Therefore, it is important to control for relevant covariates or to examine racial/ethnic differences among otherwise homogenous groups of people.

We create a Social Security knowledge index for each benefit program based on the total number of correct answers to the questions listed in Tables 2 and 3. We use this index as the dependent variable in regressions. In Model 1, we control only for age and gender (the “demographic control set”). In Model 2, we also control for education, employment, income, and wealth (the “a full set of income and employment controls”). The results are presented in Figure 2. Looking at Model 1 for knowledge of the OASI program, both Black and Hispanic respondents are 13% less likely to correctly answer. Controlling for employment and income characteristics (Model 2) explains some of the relationship, but both groups are still 10% to 11% less likely to correctly answer. Other nonwhite respondents are also significantly less likely to correctly answer than white respondents, by 8%.<sup>6</sup>

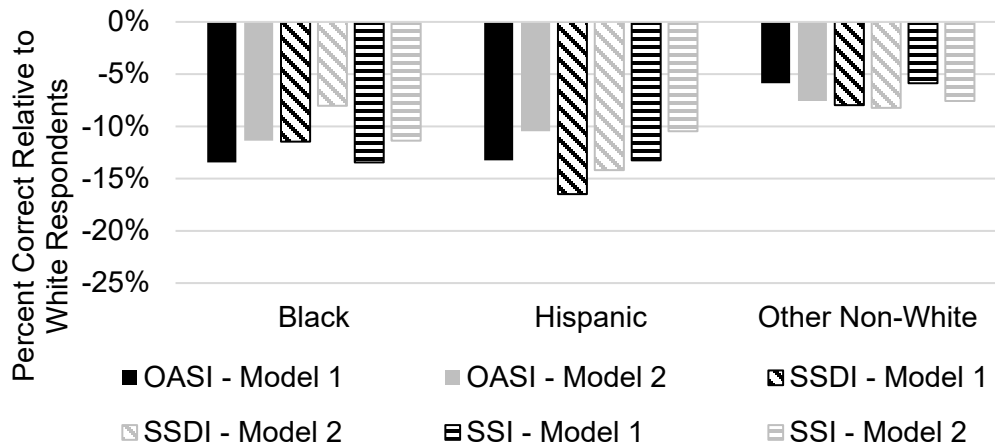
Our findings are similar for the knowledge indices about SSDI and SSI disability programs. Black, Hispanic, and other nonwhite respondents score significantly lower than white respondents. One exception is that other nonwhite respondents have no significant difference in their scores for the SSI disability program.<sup>7</sup> The scores for SSDI knowledge for Hispanics are substantially lower even compared to Black and other nonwhite respondents.

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<sup>6</sup> To examine the influence of health, we also considered a third model with the same controls as Model 2 and health measures including self-reported health, self-reported memory, and the number activities of daily living and instrumental activities of daily living an individual reports having some difficulty with. Including these health measures did not affect the OASI findings. Our analysis does not focus on these findings given their limited impact. These results are available in Appendix A, Table A1.

<sup>7</sup> To examine the influence of health, we also considered a third model with the same controls as Model 2 and health measures (see previous footnote). Including these health measures did not affect the SSDI or SSI disability findings. These results are available in Appendix A, Table A1.

**Figure 2: Relationship between race or ethnicity and correctly answering Social Security knowledge questions**



**Source:** Authors' calculations using the June 2022 UAS Comprehensive File (knowledge data from surveys 231 and 322).

**Notes:** SSI refers to the SSI Disability program. All relationships are statistically different from zero, except SSI Disability Models 1 and 2 for other nonwhite race or ethnic groups. Model 1 includes only basic demographic controls while Model 2 includes a full set of education, income, wealth, and employment controls. Additional information and analysis are provided in Appendix Table A1, including an analysis incorporating self-reported health measures.

These findings are like the unconditional findings in Tables 2 and 3, indicating that differences in demographic, employment, and income experience do not explain differences in Social Security knowledge.

Since respondents take the surveys every two years, there is the theoretical possibility that respondents learn from taking the surveys. For our purposes, this would only bias our main results if respondents from different racial and ethnic groups learned at different rates from the survey taken. It is unlikely that this introduces a major bias in our case because respondents are not given the answers, and measured rates of learning are low overall (Alattar et al. 2019). As a robustness check, we re-did the analyses from Figure 2 for the subsample of respondents who



had not taken the earlier surveys on Social Security knowledge and found disparities of the same magnitude as those shown here and still statistically significant despite the smaller sample (results available from the authors).

### *Subgroup analyses*

Next, we consider differences by subgroups to see if the race or ethnic differences dissipate for subgroups that could be more motivated to acquire Social Security knowledge.

In Table 4 we look at retired beneficiaries (i.e., those who currently benefit from Social Security and are not working), married women (i.e., those who might be eligible for spouse or survivor benefits), and workers with a strong labor force attachment.<sup>8</sup>

Compared to the knowledge index results shown in Figure 2 and Table A1 (and reproduced in the first two columns of Table 4), the negative relationships we observe are only slightly reduced. For example, Black retired beneficiaries answer -0.98 fewer questions correctly compared to white beneficiaries if accounting for a full set of demographic, employment, and income controls, compared to -1.01 fewer questions for the overall sample (fourth column in Table A1). Considering other subgroups, the differences are smaller, with Black respondents having a strong labor force attachment being the least different (-0.85), but the difference is still significant and substantive. For Hispanic respondents, retired beneficiaries have the largest reduction in their Social Security knowledge difference compared to white respondents (from -0.93 to -0.69), but here too the difference in magnitude terms is still substantial.

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<sup>8</sup> We define respondents as having “strong labor force attachment” who: a) are currently working full time, and b) have, in the past three HRS surveys stated that they worked full time and worked “year-round” in the previous calendar year. Since the HRS surveys are fielded at least two years apart, this means that respondents have been working full time and year-round for at least five years. We used answers to the questions from the HRS surveys included in the Comprehensive file.

These findings suggest that subgroups of race and ethnic groups may have smaller differences in knowledge with similar white respondents, but the overarching finding is that race and ethnic differences persist even after adding a broad range of controls and looking at subgroups with stronger incentives to acquire knowledge.

**Table 4: Subgroup differences in Social Security knowledge between white respondents and other race/ethnic groups: OASI**

	All respondents		Retired beneficiaries		Married women		Workers with strong attachment to labor force	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
<b>Black</b>	-1.194*** (0.0957)	-1.013*** (0.0977)	-1.126*** (0.223)	-0.977*** (0.230)	-1.097*** (0.207)	-0.954*** (0.201)	-1.036*** (0.193)	-0.848*** (0.186)
<b>Hispanic</b>	-1.177*** (0.0770)	-0.932*** (0.0778)	-0.936*** (0.250)	-0.690*** (0.251)	-1.076*** (0.127)	-0.892*** (0.125)	-1.014*** (0.175)	-0.859*** (0.169)
<b>Other nonwhite</b>	-0.522*** (0.0865)	-0.674*** (0.0876)	-0.462** -1.126***	-0.450** -0.977***	-0.297* -1.097***	-0.432*** -0.954***	-0.222 -1.036***	-0.405** -0.848***
<b>Controls</b>	Demo	Full	Demo	Full	Demo	Full	Demo	Full
<b>Observations</b>	7,791	7,055	1,788	1,651	2,484	2,431	2,134	2,131
<b>R-squared</b>	0.209	0.277	0.079	0.157	0.177	0.236	0.142	0.212
<b>Mean dependent variable for white</b>	8.881	8.910	9.672	9.674	8.665	8.666	9.044	9.042

**Source:** Authors' calculations using the June 2022 UAS Comprehensive File (knowledge data from UAS 231).

**Notes:** Analyses all use the Social Security knowledge index described in the text. Model 1 includes only demographic controls for gender and age categories while Model 2 includes educational attainment, income, wealth, and employment controls. Asterisks indicate results are statistically different from zero:

\* (10%), \*\* (5%), \*\*\* (1%).

### *Differences in perceived knowledge of OASI benefits*

To acquire knowledge about a topic, a person must first realize they do not understand that topic. The disparities in knowledge may be more difficult to reduce if those with poor knowledge are unaware of their knowledge gaps (and hence may be less likely to seek out information).

Using respondents' reports of their confidence in their responses to Social Security knowledge questions, we test whether these groups are less confident in their ability to correctly answer questions about these programs. If these groups were less confident on average, it would suggest that they are aware they are less knowledgeable about Social Security. Confidence is measured on a 1 to 4 scale (rescaled so that a higher number denotes more confidence).

Table 5 demonstrates that nonwhite groups are more confident in their answers than white respondents after controlling for demographic characteristics. The coefficients for Black and Hispanic respondents are positive and statistically significant, showing they have higher confidence in their knowledge. This is surprising given our previous results that showed they scored lower than white respondents.

Further controlling for employment and income characteristics does not meaningfully change the result. However, controlling for a respondent's actual test score reveals significantly greater confidence (Table 5, last column). These results show that Black and Hispanic respondents are more likely than white respondents to express confidence that they understand Social Security, which might indicate it is more common that people in these groups "do not know that they don't know" about how

Social Security works. This result might stem from differences in information sources or experiences with SSA programs.

**Table 5: Relationship between race or ethnicity and self-reported confidence in the accuracy of answers to Social Security knowledge questions**

	Model 1	Model 2	Model 2 + Knowledge Question
<b>Black</b>	0.085*** (0.029)	0.085*** (0.031)	0.169*** (0.030)
<b>Hispanic</b>	0.058** (0.023)	0.065*** (0.024)	0.146*** (0.024)
<b>Other nonwhite</b>	-0.045* (0.026)	-0.042 (0.028)	0.008 (0.027)
<b>Social Security knowledge score</b>			0.079*** (0.004)
<b>Controls</b>	Demo	Full	Full
<b>Observations</b>	7,875	7,134	7,055
<b>R-squared</b>	0.173	0.173	0.224
<b>Mean dependent variable for white</b>	2.290	2.194	2.191

**Source:** Authors' calculations using the June 2022 UAS Comprehensive File (knowledge data from UAS 231).

**Notes:** Model 1 includes only demographic controls for gender and age categories while Model 2 includes educational attainment, income, wealth, and employment controls. The last column corresponds to Model 2 with an additional control for the Social Security knowledge index described in the text. Asterisks indicate results are statistically different from zero: \* (10%), \*\* (5%), \*\*\* (1%).

The UAS also asks respondents to rate their own perception of their broad knowledge about how Social Security works. We repeat the analytical approach used in Table 5, but use the self-reported measure of knowledge as our outcome of interest. Table 6 presents the results. As we expected, Black and Hispanic respondents are likely to be less confident in their Social Security knowledge using only a basic set of

demographic controls. Accounting for employment and income, Black respondents are not statistically different in their confidence than white respondents, but differences for Hispanic and other nonwhite respondents persist. Controlling for their actual Social Security knowledge score reveals no meaningful differences between all four race and ethnic groups in their perceived Social Security knowledge. Black respondents are marginally more likely to express confidence in their knowledge.

**Table 6: Relationship between race or ethnicity and self-reported confidence in how Social Security works**

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 2 + Knowledge Question</b>
<b>Black</b>	-0.0811** (0.0334)	-0.0355 (0.0349)	0.0597* (0.0344)
<b>Hispanic</b>	-0.158*** (0.0269)	-0.108*** (0.0279)	-0.0266 (0.0275)
<b>Other nonwhite</b>	-0.0658** (0.0303)	-0.0835*** (0.0315)	-0.0208 (0.0307)
<b>Social Security knowledge score</b>			0.0870*** (0.00415)
<b>Controls</b>	Demo	Full	Full
<b>Observations</b>	7,867	7,127	7,048
<b>R-squared</b>	0.139	0.167	0.217
<b>Mean dependent variable for white respondents</b>	1.708	1.705	1.709

**Source:** Authors' calculations using the June 2022 UAS Comprehensive File (knowledge data from UAS 231).

**Notes:** Model 1 includes only demographic controls for gender and age categories while Model 2 includes educational attainment, income, wealth, and employment controls. The last column corresponds to Model 2 with an additional control for the Social Security knowledge index described in the text. Asterisks indicate results are statistically different from zero: \* (10%), \*\* (5%), \*\*\* (1%).

Another potential limit to acquiring knowledge is interest in learning about the topic. The UAS asks respondents about their interest in retirement planning. We repeat our analytical approach used in Table 5, but instead use this self-report measure of interest in learning about retirement planning (1 to 4 scale, with 4 being most interested) as our outcome of interest (results are presented in Appendix A, Table A2). After controlling for employment, income, and Social Security knowledge, Black respondents are marginally less likely to be interested in learning about retirement. Hispanic respondents are 7.4% (i.e.,  $-0.15/2.01$ ) less likely to express an interest in learning about retirement planning. Lack of interest is a barrier to acquiring knowledge.

#### *Comparison to racial and ethnic differences in financial literacy*

Racial and ethnic disparities in Social Security knowledge may also be reflected in tests of financial literacy. We estimate differences in race and ethnic groups using a regression on an outcome of interest, the Social Security knowledge index or a Financial Literacy index (14-item index on general Financial Literacy).<sup>9</sup> Similar to our analyses of Social Security knowledge, Model 1 controls only for demographic factors (i.e., age and gender) and Model 2 controls for a full set of controls, including education, income, and wealth. The outcome measures are standardized to allow comparability of the coefficients across models since the indices differ in the number of questions. Consequently, all outcome measures have mean 0 and standard deviation 1, and the model coefficients on race and ethnicity can be interpreted as the change in the knowledge or literacy test score relative to a standard deviation from the sample mean.

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<sup>9</sup> For more information on the index, see the Comprehensive File of the Understanding America Study. <https://uasdata.usc.edu/page/Comprehensive+File>

For Black respondents, Model 1 highlights that Social Security knowledge is 0.47 standard deviations lower for Black relative to white respondents. Controlling for differences in education, income, and assets, the difference is smaller, 0.40 standard deviations, but still significant. For financial literacy, a similar analysis reveals the disparity is 70% larger: -0.68 standard deviations.

Like Black respondents, Hispanic respondents also score 0.47 standard deviations lower on the Social Security knowledge test. Accounting for education, income and assets reduces the ethnic differences in Social Security knowledge, but even after accounting for these differences, Hispanic respondents score 0.37 standard deviations lower than similar white respondents. Unlike Black respondents, the analysis for financial literacy reveals a similar difference for Hispanic respondents across tests (i.e., -0.41 standard deviations).

For other nonwhite respondents, accounting for education, income, and assets expands the racial difference in Social Security knowledge from 0.21 to 0.27 standard deviations less than white respondents. Different from Black and Hispanic respondents, the analysis for financial literacy reveals no difference with white respondents with the simple set of controls in Model 1 and a lower financial literacy score by 0.11 standard deviations using the model that controls of education, income, and wealth in Model 2.

These results indicate that less Social Security knowledge for Black and Hispanic respondents corresponds with similar or worse disparities in financial literacy.

Overcoming disparities in financial literacy is another challenge for communicating Social Security program information on OASI and SSDI eligibility and benefits. Low

Social Security knowledge may reflect broader informational challenges for topics related to personal finance and retirement.

**Table 7: Racial disparities in financial literacy and Social Security knowledge**

	SS Knowledge Model 1	SS Knowledge Model 2	Financial Literacy Model 1	Financial Literacy Model 2
<b>Black</b>	-0.473*** (0.0379)	-0.401*** (0.0387)	-0.800*** (0.0361)	-0.683*** (0.0344)
<b>Hispanic</b>	-0.466*** (0.0305)	-0.369*** (0.0308)	-0.593*** (0.0274)	-0.406*** (0.0261)
<b>Other nonwhite</b>	-0.207*** (0.0343)	-0.267*** (0.0347)	-0.0321 (0.0323)	-0.111*** (0.0304)
<b>Controls</b>	Demo	Full	Demo	Full
<b>Observations</b>	7,590	2,773	7,588	2,348
<b>R-squared</b>	0.209	0.277	0.191	0.381
<b>Mean dependent variable for white respondents</b>	0.188	0.199	0.210	0.192

**Source:** Authors' calculations using the June 2022 UAS Comprehensive File (knowledge data from UAS 231 and literacy data from UAS 237).

**Notes:** Model 1 includes only demographic controls for gender and age categories while Model 2 includes educational attainment, income, wealth and employment controls. Asterisks indicate results are statistically different from zero: \* (10%), \*\* (5%), \*\*\* (1%).

To summarize, we have found that there are differences across race and ethnic groups in Social Security knowledge. These differences persist even after controlling for person-level circumstance (e.g., income, employment) that may affect a worker's desire to learn about Social Security, and specific subgroups that have a greater incentive to acquire this knowledge (i.e., retired beneficiaries, married women, or workers with an extensive work history). We identify three potential challenges to overcoming these disparities: overconfidence in knowledge about particular aspects of Social Security,



broader knowledge limitations related to issues of financial literacy and, for Hispanics, less stated interest in retirement planning.

In the next section, we explore alternative sources of information for acquiring Social Security knowledge. Addressing misperceptions of specific Social Security topics may increase Social Security knowledge, and our findings in this section suggests that tailoring information for each of these groups may be required.

#### **4. Sources of information**

Variation in where people collect information has the potential to lead to differential levels of knowledge if those sources also vary in the content and depth of the information provided. In this section, we consider differences across racial and ethnic groups in terms of their information sources about Social Security. Additionally, we consider knowledge of two parts of Social Security's informational outreach: the *my* Social Security account (*mySSA*), which is a portal for helping workers and beneficiaries engage with and learn more about Social Security and includes a benefit estimator that helps users understand their benefits based on their work history and claiming age.

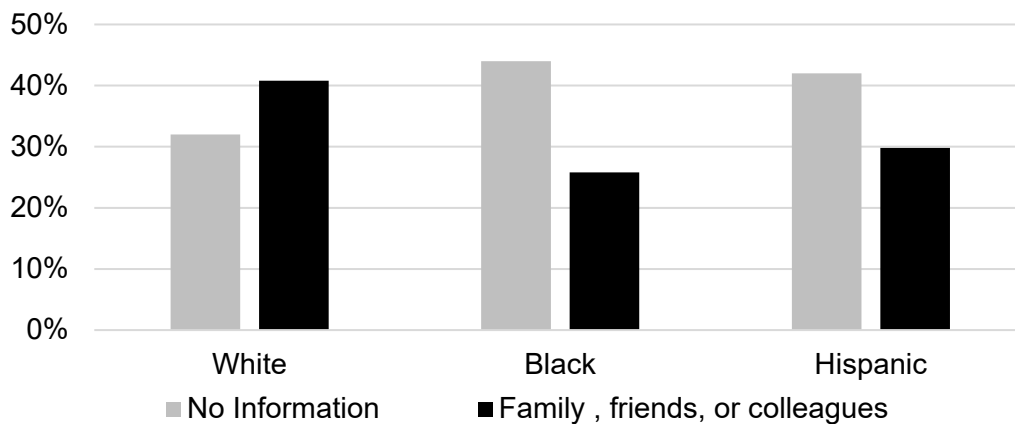
##### *Approach*

Using data from UAS surveys on *Channels of Information About Social Security*, we investigate whether sources of information differ by race and ethnicity. We estimate linear probability models controlling for observable characteristics, including demographic, education, employment, and income. We follow the same approach to understand the relationship between the parts of Social Security's informational outreach, and race and ethnicity.

### *Findings on sources of information*

Without controlling for other factors, we find that Black and Hispanic respondents are 10 to 12 percentage points more likely than white respondents to have no source of information. Most of that difference in information could be explained by a higher proportion of white respondents reporting that they rely on family, friends, or colleagues for information about Social Security (10 to 15 percentage points). This suggests that lack of information could be a source for discrepancy in Social Security knowledge.

**Figure 3: Primary sources of information about Social Security**



**Source:** Authors' calculations using the June 2022 UAS Comprehensive File (information source data from surveys UAS 238).

Table 8 below shows race and ethnic disparities in informational sources about Social Security. The first two columns show the results of estimating linear probability models where the dependent variable is an indicator for reporting zero sources of information. Around 32% of white respondents report zero sources of information, while the proportion is over 40% for Black and Hispanic respondents. Other nonwhite

respondents are about equally likely as white respondents to report no sources of information.

These differences are only partially explained by differences in education, income, and wealth (Table 8, second column). The coefficients are lower in magnitude, but still significant for Black and Hispanic respondents. Black respondents are 25% (0.08/0.32) more likely to have no source of information on Social Security and Hispanic respondents are 15% (0.049/0.32) more likely to have no source of information.

**Table 8: Racial and ethnic differences in sources of information about retirement planning and Social Security**

<b>Outcome:</b>	<b>Indicator for no source of information Model 1</b>	<b>Indicator for no source of information Model 2</b>	<b>Number of sources Model 1</b>	<b>Number of sources Model 2</b>
<b>Black</b>	0.112*** (0.0202)	0.0796*** (0.0206)	-0.292*** (0.0592)	-0.199*** (0.0590)
<b>Hispanic</b>	0.0913*** (0.0163)	0.0488*** (0.0164)	-0.337*** (0.0477)	-0.193*** (0.0471)
<b>Other nonwhite</b>	-0.0231 (0.0184)	0.0119 (0.0186)	0.0911* (0.0539)	0.0157 (0.0533)
<b>Controls</b>	Demo	Full	Demo	Full
<b>Observations</b>	7,579	6,901	7,579	6,901
<b>R-squared</b>	0.041	0.129	0.059	0.160
<b>Mean dependent variable for white respondents</b>	0.324	0.324	0.912	0.912

**Source:** Authors' calculations using the June 2022 UAS Comprehensive File (information source data from UAS 238).

**Notes:** Model 1 includes only demographic controls for gender and age categories while Model 2 includes educational attainment, income, wealth, and employment controls. Asterisks indicate results are statistically different from zero: \* (10%), \*\* (5%), \*\*\* (1%).

Another component is the number of sources of information about Social Security. Having additional sources can help confirm one's knowledge and can reveal misunderstanding from information provided by a source. For example, information on spousal benefits from Social Security might help clarify or correct a misunderstanding about these benefits that may have emerged in conversations with a friend.

The last two columns of Table 8 examine how the number of sources reported is related to race and ethnicity. On average, white respondents report one source of information, Black respondents report 22% (0.20/0.91) fewer sources, and Hispanic respondents report 21% (0.19/0.91) fewer sources. Less than half of the racial/ethnic disparities are explained by the education, income, and wealth variables.

In Table 9, we estimate linear probability models of race and ethnicity on other main sources of information including controls for other observable factors. We find race and ethnic disparities also exist for other sources of information. For example, Black respondents are 11% (0.029/0.266) less likely to seek information from the Social Security Administration and 55% less likely to seek information from for-profit businesses, while being more likely to seek information from other government agencies and community organizations. Hispanic respondents are 14% less likely to report their employer as a source of information, 15% less likely to report the Social Security Administration as a source of information, and 45% less likely to report for-profit businesses as a source of information.

Outside of friends, family, and colleagues, the Social Security Administration, for-profit businesses, and employers are the next most important sources of information. However, these are also the information sources that are less likely to be used by either

Black, Hispanic, or both respondent groups. While Table 9 points toward greater use of other sources for information about Social Security for Black respondents (i.e., community organizations and other government agencies), use of these sources is still rare and insufficient to undo the informational disadvantage from not using other common sources. Another notable finding in Table 9 is that the media is not a common source of information about Social Security, and there are not significant differences between white, Black and Hispanic respondents in their use of it as an information source.

**Table 9: Racial/ethnic differences by information source about Social Security**

	Employer	Media	Social Security Admin.	Other Gov. Agencies	For Profit Business (e.g., banks)	Nonprofit Orgs.	Other Community Orgs.
<b>Black</b>	0.008 (0.020)	-0.002 (0.012)	-0.029* (0.017)	0.014** (0.006)	-0.162*** (0.018)	0.012 (0.010)	0.018** (0.007)
<b>Hispanic</b>	-0.045*** (0.016)	-0.010 (0.010)	-0.040*** (0.014)	-0.002 (0.005)	-0.133*** (0.014)	-0.002 (0.008)	0.006 (0.006)
<b>Other nonwhite</b>	0.043** (0.018)	0.044*** (0.011)	0.009 (0.016)	0.023*** (0.006)	-0.082*** (0.017)	0.016* (0.009)	0.013** (0.006)
<b>Controls</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Observations</b>	7,579	7,579	7,579	7,579	7,579	7,579	7,579
<b>R-squared</b>	0.010	0.008	0.122	0.004	0.067	0.031	0.003
<b>Mean dependent variable for white respondents</b>	0.332	0.086	0.266	0.019	0.294	0.063	0.024

**Source:** Authors' calculations using the June 2022 UAS Comprehensive File (information source data from UAS 238).

**Notes:** Demographic controls include gender and age categories. The full set of controls also includes educational attainment, income, wealth, and employment. Asterisks indicate results are statistically different from zero: \* (10%), \*\* (5%), \*\*\* (1%).

In summary, our analysis of information sources about Social Security reveals that Black and Hispanic respondents are less likely to have an information source and have fewer sources. This result suggests there are many individuals without any information sources who could be informed through outreach activities. Targeted outreach may be an approach to addressing racial and ethnic information disparities about Social Security, but an evaluation would be needed to determine if outreach is salient to the recipients and whether such outreach is effective at improving knowledge.

#### *Findings on Social Security resources*

Table 10 presents results from a linear probability model estimating the differences between race and ethnicity, conditional on other controls, on hearing of *mySSA*, and conditional on hearing of *mySSA*, whether they use it. Black and Hispanic respondents are 11% to 13% more likely to report having heard of *mySSA*, but are 10% to 11% less likely to have used it. For Social Security's retirement benefit estimator, Black and Hispanic respondents are no more or less likely to have heard of the estimator, but Hispanic respondents are less likely to use it conditional on having heard of it.

**Table 10: Racial and ethnic differences in knowledge and use of the my Social**

	<b>Security account</b>			
	<b>Heard of mySSA</b>	<b>Used mySSA <sup>1</sup></b>	<b>Heard of Retirement Estimator</b>	<b>Used Retirement Estimator <sup>2</sup></b>
<b>Black</b>	0.0504** (0.0200)	-0.0677** (0.0315)	-0.0184 (0.0190)	-0.0622 (0.0396)
<b>Hispanic</b>	0.0400** (0.0161)	-0.0753*** (0.0276)	-0.0104 (0.0153)	-0.0922*** (0.0343)
<b>Other nonwhite</b>	0.0262 (0.0182)	0.0178 (0.0301)	0.00676 (0.0173)	-0.00291 (0.0353)
<b>Controls</b>	Yes	Yes	Yes	Yes
<b>Observations</b>	7,590	2,773	7,588	2,348
<b>R-squared</b>	0.070	0.068	0.089	0.021
<b>Mean dependent variable for white respondents</b>	0.372	0.693	0.332	0.562

**Source:** Authors' calculations using the June 2022 UAS Comprehensive File (information source data from survey UAS 238).

**Notes:** Demographic controls include gender and age categories. The full set of controls also includes educational attainment, income, wealth, and employment. Asterisks indicate results are statistically different from zero: \* (10%), \*\* (5%), \*\*\* (1%). <sup>1</sup> Conditional on having heard of *mySSA*. <sup>2</sup> Conditional on having heard of the Retirement Estimator.

Less use conditional on knowledge of Social Security resources suggests that demand for Social Security information contributes to differences in Social Security knowledge. Even when Black and Hispanic respondents have heard of *mySSA*, they are less likely to use it, possibly because they are less aware of their own gaps in knowledge and hence less likely to be aware of the potential benefits from using it.

## **5. Social Security knowledge and sources of information**

The previous two sections have separately explored the relationship between race/ethnicity and Social Security knowledge, and race/ethnicity and sources of

information about Social Security. We expect that knowledge and information sources are related and build on one another. Without information sources, it is more difficult to accumulate knowledge about Social Security. Within networks with limited Social Security knowledge, it may be more difficult to find sources of information about Social Security.

We find that information sources are strongly related to the Social Security knowledge scores. Table 11 shows the results of estimating regression models where the dependent variable is the index of Social Security knowledge against indicators for number of information sources, demographic, and other controls.

Respondents who do not report any source of information have scores that are about 13% (1.15/8.88) lower than those who report at least one source of information (Table 11, column 1). This relationship is only slightly weakened by the addition of education, income, and wealth controls (Table 11, column 2)

The third and fourth columns of Table 11 show the results for models that also include a variable for the number of information sources. Going from no source of information to one source of information is associated with an increase of about 0.7 in the knowledge score (0.29 + 0.41) or 8% (0.70/8.89). Every additional source of information is associated with a further 5% (0.41/8.89) increase in the knowledge score.

To assess the magnitude of these coefficients, one can compare it with the racial and ethnic gaps, which range from 0.66 to 0.92 points. If the model were interpreted causally, increasing the number of information sources to offset the disparities by race/ethnicity would require about two new sources. The model is not causal, but this does provide a notion that, in relative terms, sources of information strongly relate to



knowledge and the magnitude of this relationship is substantively important relative to the knowledge disparities across racial and ethnic groups.

**Table 11: Social Security knowledge and sources of information**

<b>Outcome:</b>	<b>SS Knowledge</b>	<b>SS Knowledge</b>	<b>SS Knowledge</b>	<b>SS Knowledge</b>
<b>No source of information</b>	-1.152*** (0.0545)	-0.845*** (0.0577)	-0.289*** (0.0761)	-0.155** (0.0782)
<b>Number of Sources of information</b>			0.412*** (0.0258)	0.350*** (0.0271)
<b>Black</b>	-1.060*** (0.0959)	-0.937*** (0.0988)	-1.039*** (0.0943)	-0.924*** (0.0976)
<b>Hispanic</b>	-1.066*** (0.0777)	-0.906*** (0.0791)	-1.007*** (0.0765)	-0.873*** (0.0782)
<b>Other nonwhite</b>	-0.538*** (0.0872)	-0.642*** (0.0892)	-0.560*** (0.0858)	-0.659*** (0.0881)
<b>Controls</b>	Demo	Full	Demo	Full
<b>Observations</b>	7,347	6,724	7,347	6,724
<b>R-squared</b>	0.255	0.298	0.280	0.315
<b>Mean dependent variable for white respondents</b>	8.893	8.920	8.893	8.920

**Source:** Authors' calculations using the June 2022 UAS Comprehensive File (knowledge data from UAS 231).

**Notes:** Demographic controls include gender and age categories. The full set of controls also includes educational attainment, income, wealth, and employment. Asterisks indicate results are statistically different from zero: \* (10%), \*\* (5%), \*\*\* (1%).

## 6. Discussion: Race/ethnicity, knowledge, and outcomes

The extent to which the disparities in knowledge translate into differences in actual decisions is unclear. In this section, we discuss some suggestive evidence that knowledge disparities may have effects on final outcomes. We show that there are racial/ethnic differences in how beneficiaries feel about their decision of when to claim. Beneficiaries with higher levels of Social Security knowledge are also more content with

their decision. On the other hand, we also discuss why it is difficult to determine the causal impact of knowledge disparities on outcomes. We discuss a research approach to causally study the effects of information interventions for reducing racial/ethnic differences in knowledge and whether additional knowledge yields better objective and subjective outcomes.

One outcome is when to claim retirement benefits. It is the most studied outcome because it is measurable, objective, and the tradeoffs are relatively well understood given the incentives designed into the OASI program. However, the effect of being better informed on claiming age is ambiguous. The “optimal” claiming age differs by individual circumstance. For those with limited resources, the claiming decision may be determined by credit constraints. For unconstrained individuals, delaying benefit claiming will provide greater income for the duration of their life. Using UAS data, Shoven, Slavov, and Wise (2017) find no relationship between knowledge scores and the retirement claiming age after controlling for background variables.

We find similar results (available from the authors). Analyzing the subsample of UAS panelists who have already claimed retirement benefits, we did not find statistically significant differences in claiming timing for those with more Social Security knowledge. Additionally, we did not find statistically significant differences in claiming age by race/ethnicity. These relationships are based on realized choices: A respondent’s knowledge and circumstance are measured after they have claimed benefits. A concern with this approach is that key explanatory factors may change during the potential claiming period, obscuring the preclaim influence of knowledge and characteristics on the claiming decision. Importantly, these changes may occur differentially by

racial/ethnic groups given the disparities in Social Security knowledge and informational networks about Social Security.

An alternative outcome is a respondent's opinion about their past claiming decision. The UAS survey on Social Security knowledge includes two retrospective questions about the claiming decision asked to respondents who are receiving retirement benefits. One asks about satisfaction with their claiming decision, and a second asks respondents if they think they had enough information to make the decision. These questions can be used as proxy measures for respondent's contentedness with their decision.

We identify disparities in outcomes by estimating regression models that include indicators for racial/ethnic groups as a key explanatory factor. We first control from the same set of factors in earlier sections, including age, gender, income, and wealth, but exclude knowledge. A second model then accounts for Social Security knowledge. The difference in parameter estimates for the nonwhite racial/ethnic groups reveals whether the disparities are related to gaps in Social Security knowledge.

Overall, we find racial/ethnic disparities in respondent's retrospective opinions of their claiming decisions, though the estimates are less precise in these models due to the smaller sample size. Nonwhite respondents report lower satisfaction ratings. The difference with white respondents does not achieve statistical significance for Black and Hispanic respondents but is significant for the other nonwhite group.

The last two columns in Table 12 report linear probability models where the outcome variable is an indicator of having had enough information when making the claiming decision. More than 90% of white respondents report they had enough

information to make the claiming decision. However, this proportion is 10 to 12 percentage points lower among Black and Hispanic respondents. An alternative framing of this result is that Black or Hispanic respondents are twice as likely to report having insufficient information to make an informed claiming decision.

In both subjective outcomes, the level of Social Security knowledge helps. The knowledge index measure is associated with higher ratings of satisfaction with the claiming decision, and a higher chance of reporting enough information. Also, the inclusion of the index variable in the model results in a (modest and insignificant) reduction in the coefficients measuring the racial/ethnic disparities, suggesting that knowledge disparities may be responsible for a small fraction of the disparities in outcomes.

**Table 12: Social Security knowledge and satisfaction with claiming decision**

	Satisfied with claiming decision (1 – 5 scale)		Had enough information (0= No, 1=Yes)	
	Model 1	Model 2	Model 1	Model 2
<b>Black</b>	-0.148 (0.101)	-0.121 (0.103)	-0.098*** (0.037)	-0.089** (0.038)
<b>Hispanic</b>	-0.098 (0.112)	-0.071 (0.112)	-0.112*** (0.042)	-0.102** (0.042)
<b>Other nonwhite</b>	-0.260*** (0.094)	-0.244*** (0.094)	-0.038 (0.034)	-0.027 (0.035)
<b>Social Security knowledge score</b>		0.035*** (0.011)		0.015*** (0.004)
<b>Controls</b>	Full	Full	Full	Full
<b>Observations</b>	1,463	1,451	1,463	1,451
<b>R-squared</b>	0.017	0.020	0.023	0.033
<b>Mean dependent variable for white respondents</b>	4.225	4.226	0.904	0.903

**Source:** Authors' calculations using the June 2022 UAS Comprehensive File (knowledge and satisfaction data from UAS 231). Demographic controls include gender and age categories. The

full set of controls also includes educational attainment, income, wealth, and employment. Asterisks indicate results are statistically different from zero: \* (10%), \*\* (5%), \*\*\* (1%).

While suggestive, these results are far from definitive. It is possible that there are unobservable variables correlated with race/ethnicity and knowledge as well as with respondents' evaluation of their decision. For instance, there may be cultural influences that affect how people tend to answer subjective questions such as these. Furthermore, it is possible that even with imperfect information respondents ended up making the same decision they would have made if better informed.

An improvement over the existing approaches would be to use information on knowledge and characteristics collected prior to the claiming decision (e.g., at age 60), and follow respondents through the decision period (e.g., age 70). This longitudinal information would inform how racial/ethnic disparities in Social Security knowledge and resources before retirement relate to the timing of claiming decisions, their post-claiming satisfaction, and their retirement security. If respondents were reinterviewed over the possible claiming period, further analysis could shed light on the evolution of program knowledge over the decision period, and the role of personal characteristics, circumstances, and information networks in affecting the evolution of knowledge and the eventual claiming decision. Such an analysis might inform plausible mechanisms by which racial/ethnic disparities can be reduced. However, even with longitudinal data this improved approach would not lead to a causal answer to important questions about the role of Social Security knowledge (e.g., Does additional information reduce racial ethnic differences in knowledge? Does greater knowledge change Social Security claiming

outcomes?). Racial/ethnic disparities in Social Security knowledge are likely to be heavily determined by unobserved characteristics that would still bias these analyses.

An ideal study would identify whether a causal relationship exists between improved knowledge and objective and subjective outcomes and identify plausible mechanisms. Such a study could implement the above approach in an experimental setting by surveying a random sample of people approaching Social Security eligibility and presenting an informational treatment to a random subsample aimed at improving their knowledge of the OASI program's eligibility and benefit rules. The subsamples with and without the informational treatment would need to include enough respondents from each racial and ethnic group of interest, and a distribution of pre-treatment knowledge scores.

The closest study to date is Liebman and Luttmer (2015), discussed earlier, who find a relationship between a Social Security informational treatment and labor force participation (they find no relationship between the information treatment and claiming benefits). For the purposes of understanding the connection between knowledge and racial/ethnic disparities, their follow-up period is too short (about one year) to understand the impact on claiming decisions over the claiming period, and the sample size is too small (about 1,600) to understand differences by race and ethnicity.

## **7. Conclusions**

We document significant racial/ethnic disparities in knowledge about Social Security programs, both in knowledge about issues related to Old-Age and Survivors benefits, but also Disability Insurance and Supplemental Security Income programs. Differences cannot be explained with differences in income, wealth, employment

history, or the levels of education. We find that Black and Hispanic respondents score 8% to 14% lower on knowledge tests of Old-Age and Survivors benefits, and disability programs. We find similarly strong racial/ethnic disparities within specific groups (i.e., retired beneficiaries, workers with strong attachment to the labor force, married women) suggesting that these disparities persist even among subgroups with stronger incentives to acquire knowledge.

Understanding and addressing the source of these disparities is important. Poor understanding can lead to suboptimal decisions that result in lower welfare in old age or in missed opportunities to benefit from disability programs. Limited knowledge about the design and incentives built into Social Security among these groups can extend and exacerbate racial/ethnic disparities in living standards and well-being into retirement years.

We identify several challenges to reducing these disparities. Black and Hispanic respondents are more likely than white respondents to express confidence that they understand Social Security. Overconfidence in one's Social Security knowledge may lead these individuals to "not know that they don't know" how Social Security works. We find no meaningful differences by race and ethnicity on responses to questions about their general knowledge of Social Security, but differences arise when considering confidence in knowledge about specific topics. We also find Hispanic respondents are less likely to express an interest in learning about retirement planning. Lastly, there exist similar or worse racial/ethnic discrepancies in financial literacy. Less Social Security knowledge may reflect broader informational challenges related to personal finance and

retirement. These results might stem from differences in information sources or experiences with SSA programs.

We find important differences in sources of information about Social Security. Black respondents are 25% more likely than white respondents to have no source of information on Social Security and Hispanic respondents are 15% more likely. Friends and family are the most common source of information, but Black and Hispanic respondents are significantly less likely than white respondents to report them as a source of information. Additionally, Black and Hispanic respondents report 22% and 21% fewer information sources, respectively. Outside of friends and family, the Social Security Administration, for-profit businesses, and employers are the next most important sources of information. Black and Hispanic respondents report seeking information from Social Security 11% and 15% less than white respondents. Media is not a common source of information about Social Security. We also find that Black and Hispanic respondents are more likely to have heard of *my* Social Security accounts but, conditional on having heard of it, they are less likely to use it.

Reporting more sources of information is associated with higher scores in knowledge tests. We find the magnitude of this relationship is substantively important relative to the knowledge disparities across racial and ethnic groups. This relationship is suggestive that informational outreach could be a mechanism for addressing some of the racial/ethnic disparities in Social Security knowledge.

Finally, we explore relationships between Social Security knowledge and outcomes. Consistent with a past analysis, we do not find a significant relationship between Social Security knowledge and the timing of starting benefits, but do find a



positive relationship among retirement beneficiaries with subjective outcomes, such as satisfaction with the claiming age decision and whether the respondent felt they had enough information to make the decision.

The next conceptual step, which is beyond the scope of this paper, is identifying the feasibility of reducing racial and ethnic disparities and identifying potential mechanisms. Our analyses highlight two key sets of relationships that are important for addressing these disparities in Social Security. First, there are racial/ethnic gaps in knowledge and information sources about Social Security benefits for the aged, survivors, and disabled. To support identification of effective mechanisms for addressing these disparities, future research should identify if there is a causal relationship between additional information and improved Social Security knowledge. Second, it is unclear if there exists an impact on retirement outcomes (such as timing of benefit claiming and self-reported satisfaction with the decision) from improving Social Security knowledge. If there is a causal relationship identified by future research, it could improve investments in communicating Social Security program details. In Section 6, we detail characteristics of an ideal study leveraging a randomized control trial of individuals near age 62 with an informational intervention applied to a subset of the participants and reinterviewing those individuals over the next 10 years.

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## Appendix A: Supplementary tables

**Table A1: Relationship between race or ethnicity and correctly answering Social Security knowledge questions**

### (a) OASI benefits

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>
<b>Black</b>	-1.194*** (0.0957)	-1.013*** (0.0977)	-0.976*** (0.098)
<b>Hispanic</b>	-1.177*** (0.0770)	-0.932*** (0.0778)	-0.908*** (0.078)
<b>Other nonwhite</b>	-0.522*** (0.0865)	-0.674*** (0.0876)	-0.647*** (0.087)
<b>Controls</b>	Demo	Full	Full + Health Measures
<b>Observations</b>	7,791	7,055	7,054
<b>R-squared</b>	0.209	0.277	0.280
<b>Mean dependent variable for white respondents</b>	8.881	8.910	8.910

### (b) SSDI

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>
<b>Black</b>	-0.670*** (0.134)	-0.511*** (0.135)	-0.509*** (0.135)
<b>Hispanic</b>	-0.964*** (0.101)	-0.902*** (0.101)	-0.913*** (0.102)
<b>Other nonwhite</b>	-0.466*** (0.121)	-0.523*** (0.119)	-0.529*** (0.120)
<b>Controls</b>	Demo	Full	Full + Health Measures
<b>Observations</b>	10,203	8,963	8,954
<b>R-squared</b>	0.044	0.059	0.059
<b>Mean dependent variable for white respondents</b>	5.846	6.361	6.236

(c) SSI Disability

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>
<b>Black</b>	-0.207*** (0.0517)	-0.152*** (0.0530)	-0.151*** (0.053)
<b>Hispanic</b>	-0.207*** (0.0390)	-0.186*** (0.0398)	-0.188*** (0.040)
<b>Other nonwhite</b>	-0.0546 (0.0465)	-0.0669 (0.0468)	-0.069 (0.047)
<b>Controls</b>	Demo	Full	Full + Health Measures
<b>Observations</b>	10,203	8,963	8,954
<b>R-squared</b>	0.022	0.027	0.028
<b>Mean dependent variable for white respondents</b>	2.047	2.228	2.229

**Source:** Authors' calculations using the UAS Comprehensive File (outcome variables from survey 231 and 322). Model 1 includes only basic demographic controls while Model 2 includes a full set of income and employment controls. Model 3 includes the same controls as Model 2 and health measures including self-reported health, self-reported memory, and the number activities of daily living and instrumental activities of daily living an individual reports having some difficulty with. Asterisks indicate results are statistically different from 0: \* (10%), \*\* (5%), \*\*\* (1%).

**Table A2: Relationship between race or ethnicity and interest in learning more**

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 2 + Knowledge Question</b>
<b>Black</b>	-0.022 (0.045)	-0.047 (0.047)	-0.081* (0.048)
<b>Hispanic</b>	-0.075** (0.034)	-0.117*** (0.036)	-0.150*** (0.036)
<b>Other nonwhite</b>	-0.020 (0.040)	0.013 (0.042)	-0.001 (0.043)
<b>Social Security knowledge score</b>			-0.035*** (0.006)
<b>Controls</b>	Demo	Full	Full
<b>Observations</b>	5,623	5,086	4,941
<b>R-squared</b>	0.007	0.034	0.041
<b>Mean dependent variable for white respondents</b>	2.013	2.025	2.025

**Source:** Authors' calculations using the June 2022 UAS Comprehensive File (knowledge data from UAS 231).

**Notes:** Model 1 includes only demographic controls for gender and age categories while Model 2 includes educational attainment, income, wealth, and employment controls. The last column corresponds to Model 2 with an additional control for the Social Security knowledge index described in the text. Asterisks indicate results are statistically different from zero: \* (10%), \*\* (5%), \*\*\* (1%).