



MICHIGAN RETIREMENT AND DISABILITY RESEARCH CENTER UNIVERSITY OF MICHIGAN

Promoting research on retirement, disability, and Social Security policy

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Director's Corner



John Laitner

The Retirement and Disability Research Consortium Annual Meeting, August 1-2, 2019, at the National Press Club

in Washington, featured opening remarks by Mark Warshawsky, the Social Security Administration's Deputy Commissioner, Retirement and Disability Policy; lunchtime speakers both days; 28 presentations of results from scientific projects at the four Retirement and Disability Research Centers (RDRCs) that the SSA funds; and, lunchtime poster sessions both days, which included seven Sandell research fellows. The four research centers are located at the University of Michigan, Boston College, the National Bureau of Economic Research, and the University of Wisconsin. This was the Michigan center's year to organize the meeting.

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2019 Consortium Meeting Combines Disability and Retirement Research, Tries Out New Format

Mark Warshawsky, the Social Security Administration's Deputy Commissioner of Retirement and Disability Policy, opened the The Retirement and Disability Research Consortium Annual Meeting with an update: "Since last year's meeting, we merged the retirement research consortium [RRC] and the disability research consortium [DRC] into what we're calling 'RDRC,'" said Warshawsky. "This merger builds on the experience and success of the 20 years of the RRC, and the six years of the DRC, and will provide greater flexibility for the research centers while increasing administrative efficiencies."

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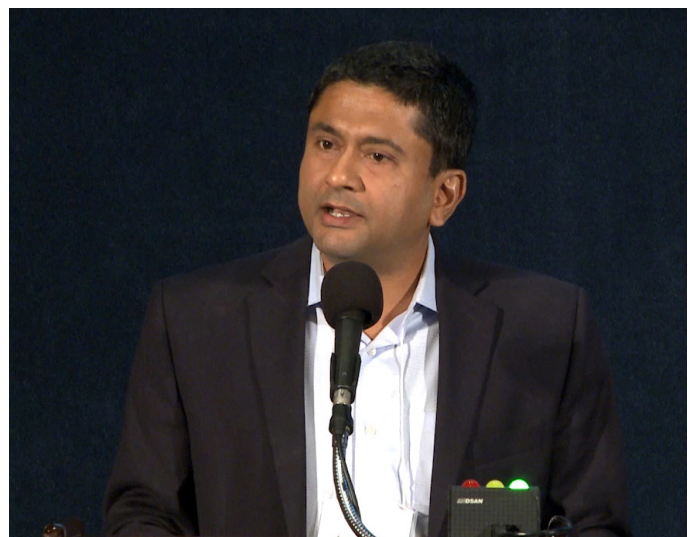
Held August 1 and 2 at the National Press Club in Washington, D.C., the meeting featured a new format this year, where a single moderator per session gave context to and guided the question and discussion period for four papers. This allowed 28 projects covering retirement and disability research to be presented over the meeting's two-day schedule. Sessions included "Trends, Informing Long-term forecasts," "Program and Policy Interactions and Incentives," "SSI and SSDI," and "Opioids, Work Capacity." As moderator John Sabelhaus (Federal Reserve Board) noted in his introduction to the "Preparation for Retirement" panel, the new format gave more space for discussion of overlapping policy themes.

The meeting covers work from the Retirement and Disability Consortium members: The National Bureau of Economic Research (NBER), The Center for Retirement Research at Boston College, MRDRC, and the Research Center for Financial Security at the University of Wisconsin, which joined the meeting this year as the newest consortium member. Many presentations looked at understudied populations, including the self-employed (Courtney Coile, "The Changing Nature of Work and Public Pension Coverage: Evidence from the U.S. and Europe"), low-income (Haydar Kurban, "Impacts of Payday Loan Use on the Financial Well-being of OASDI and SSI Beneficiaries"), minorities (Geoffrey Sanzenbacher, "Measuring Racial/Ethnic Retirement Wealth Inequality"), and those with "invisible" disabilities (Richard Frank, "Changing Labor Markets and Mental Illness: Impacts on Work and Disability").

Ron Haskins, who co-chaired the Commission on Evidence-based Policymaking, was Thursday's lunchtime speaker. Now at the Brookings Institution, Haskins gave an overview of the Data Driven Policy

Act and an accounting of its accomplishments and challenges to date. Haskins focused on programs that resulted from randomized trials, including the Family First program, which works to keep children out of foster care and with their families. "Think about how much information the federal government has from taxes, from all kinds of social programs, Social Security..." Haskins said. "If we could find ways to use that data ... allow data from across programs to be combined, and use the combined data to study social problems, that would probably advance the field a great deal."

While Haskins made the case for more administrative data for research, The American Enterprise Institute's Andrew Biggs, exhorted Friday's lunchtime listeners to take a more active role in sharing their research with media and policymakers. "There's a large gap between what retirement research has found regarding household retirement preparedness and what policymakers and the public believe the future has in store," said Biggs who frequently testifies in front of congress on retirement savings or Social Security. "That's in good part because Americans, and perhaps most importantly, members of congress, aren't



Ananth Sheshadri (Wisconsin) shared findings from 'A Meta-analysis of the Decline in the Labor Force Participation Rate.'



The ‘Opioids, Work Capacity’ session, moderated by SSA’s Kate Bent (far left), closed out the 2019 MRDRC Meeting. Panelists were, left to right, Denise Hoffman (Mathematica), David Powell (RAND), David Cutler (Harvard), and Kathleen Mullen (RAND).

necessarily reading your research. They’re reading headlines such as these: ‘Half of older Americans have no retirement savings,’ says the Government Accountability Office. ‘The average retiree will run out of money after 10 years,’ says the World Economic Forum. ‘Bankruptcy booms for older Americans,’ the New York Times tells us...

Biggs referenced comments from Texas A&M economist Jennifer Doleac to explain the impact of such headlines on retirement policy. “I know it’s tempting to concentrate on the sub, sub, sub topic that you’re most familiar with and not risk saying anything on broader topics... the more you know about your narrow topic, the more you realize how little you know about everything else,” which leads to turning down an interview not directly dealing with your specialized area, said Biggs. “But Doleac’s point, which I agree with, is that after YOU refuse to talk to a reporter, it’s not that the story isn’t going to get written and people aren’t going to read it. The next person the reporter will probably call learned everything they know about the subject from a Wikipedia page.” And the people who get quoted in the media he said “are the people who will be called to testify in front of congressional hearings as

legislation gets written. Then that legislation is going to affect us all both today and in the future. You all have a tremendous amount to offer, and I hope you’ll use it.”

[Papers and slides](#) from the presentations are available on the MRDRC website.

Six MRDRC-funded Projects Were on this Year’s Consortium Meeting Program

Links to conference abstracts, conference papers, and slides (when available) are below.

- ◆ [“Trends in Disability and the Use of Disability Insurance.”](#) Timothy Waidmann;
- ◆ [“A Meta-analysis of the Decline in the Labor Force Participation Rate.”](#) Ananth Seshadri;
- ◆ [“Public Pension Design and Household Retirement Decisions: Cross-national Comparisons.”](#) David Knapp;
- ◆ [“Interest Rate Trends in a Global Context: Expanding the Evidence Base for Forecasting.”](#) Dmitry Stolyarov;
- ◆ [“Auto-enrollment Retirement Plans for the People: Choices and Outcomes in OregonSaves.”](#) Mingli Zhong;
- ◆ [“Latent Work Capacity and Retirement Expectations.”](#) Kathleen Mullen.

New Working Papers Added to the MRDRC Website

Below are the key findings from a selection of new working papers added to the website since January 2019. Full papers and related research briefs are available on the MRDRC website.

Addressing Social Security's Solvency While Promoting High Labor Force Participation by John Laitner [WP 2018-386](#)

- ◆ Income and payroll taxes may cause households to retire earlier than maximal society-wide efficiency might favor. Hence, Social Security reforms that seek to encourage longer careers might be able to deliver higher tax revenues with less sacrifice of household utility than would otherwise be the case.
- ◆ Recent Social Security Trustee reports show that demographics and other changes are jeopardizing the solvency of OASI and other programs. Higher payroll taxes or lower retirement benefits are possible remedies. Incentivizing longer careers is another.
- ◆ The Social Security benefit formula, through its indexing of past earnings, tends to leave few incentives to work past the early 60s. Since income and other taxes may encourage early retirement, a case can be made for re-examining the indexing formula.

Assessing Economic Resources in Retirement: The Role of Irregular Withdrawals from Tax-Advantaged Retirement Accounts by Michael D. Hurd and Susann Rohwedder [WP 2018-387](#)

- ◆ Based on HRS 2014, irregular withdrawals from pensions and IRAs amount to \$2,049 for singles and \$6,663 for couples on average among those age 55 and older, but they are zero at the median.
- ◆ Among those making withdrawals, the average amount is \$17,000 for pension withdrawals and \$10,400 for IRA withdrawals.
- ◆ Compared to total household income, irregular IRA and pension withdrawals amount to about

5% of income for singles and 10% of income for married households.

- ◆ The irregular withdrawals are concentrated among those in the highest wealth quartile and those in the highest education group, reflecting the higher prevalence of pensions in high-paying jobs predominantly held by those with high education. Thus, they have little impact on poverty rates.

Addition to the RAND HRS Longitudinal Files: IRA Withdrawals in the HRS, 2000 to 2014 by Michael D. Hurd, Erik Meijer, Philip Pantoja, and Susann Rohwedder [WP 2018-388](#)

- ◆ This project derived new variables for inclusion in the RAND HRS that capture IRA withdrawals for HRS waves 2000 through 2014; HRS 2016 variables are in progress.
- ◆ About 15% of HRS households withdrew money from their IRA accounts since the last interview. Among those who made withdrawals, the average amount is about \$23,000 in the later waves.
- ◆ The addition of IRA withdrawal variables to the RAND HRS will facilitate research on assessing economic resources of the older population and the importance of saving in tax-advantaged retirement accounts.

Local Economic Hardship and Its Role in Life Expectancy Trends by John Bound, Arline T. Geronimus, Timothy A. Waidmann, and Javier M. Rodriguez [WP 2018-389](#)

- ◆ Reversing the trend for much of the last century, death rates of older working aged (45 to 64) non-Hispanic whites have increased in recent years, especially among low-education women. Much of this increase can be attributed to suicide and the abuse of opioids and other substances, a group of causes often called "deaths of despair."
- ◆ Based on comparisons of mortality trends

across local area labor markets with different industrial compositions, increases in all-cause death rates appear to be concentrated in areas facing the worst economic distress.

- ◆ The all-cause pattern appears to be driven by chronic disease and cancer, which have fallen most in economically stable areas. This finding is consistent with the “weathering” hypothesis that prolonged exposure to stress increases allostatic load, leading to increased incidence of cancer and cardiovascular disease.
- ◆ Increases in “deaths of despair” do not follow this pattern. We find significant effects in the other direction, with larger increases in areas with stronger economies, raising questions about the construct of despair.

Relative Sizes of Age Cohorts and Labor Force

Participation of Older Workers by David Neumark and Maysen Yen [WP 2018-390](#)

- ◆ Population aging implies larger relative sizes of older cohorts in coming years.
- ◆ The usual hypothesis is that a large cohort generates “cohort crowding,” increasing the relative supply of workers in that cohort, depressing their wages, and leading to lower employment and lower labor force participation (LFP).
- ◆ Lower employment and LFP rates of older workers in the future reduce Social Security’s financial solvency, and make it less palatable for policymakers to institute Social Security reforms that require people to retire later to receive current levels of benefits.
- ◆ The evidence is more complex than suggested by the simple cohort crowding hypothesis, however. When older cohorts are large relative to a young cohort (ages 16 to 24), the evidence fits the relative supply hypothesis. But when older cohorts are large relative to 25 to 49 year olds, there is a relative demand shift toward older workers.

How Well Can Medicare Records Identify Seniors with Cognitive Impairment Needing Assistance with Financial Management? by David Weir and Kenneth Langa [WP 2018-391](#)

- ◆ Cognitive impairment is a large and growing problem in the older population.
- ◆ Policies to assist SSA beneficiaries with financial management require a capacity to identify those in need.
- ◆ Medicare records offer a relatively low-cost source of information.
- ◆ Medicare records miss many persons in need of assistance and identify many who do not as having dementia.

Feasibility and Reliability of Automated Coding of Occupation in the Health and Retirement Study by Brooke Helppie McFall and Amanda Sonnega [WP 2018-392](#)

- ◆ The NIOSH Industry and Occupation Computerized Coding System (NIOCCS) works well only with short descriptions, one to three words each, of job title or job description and “what a business does or makes” as inputs.
- ◆ NIOCCS does reasonably well compared to coding results from a highly-trained, professional occupation and industry coder, with kappa inter-rater reliability on detailed codes of just under 70% and agreement rates on broader codes of around 80%.
- ◆ The main weakness of NIOCCS appears to be its failure to produce codes in many cases. Code rates for NIOCCS for the datasets tested ranged from 60% to 72%, as compared to a professional coder’s ability to code those same datasets that ranged from 95 to 100%.
- ◆ NIOCCS may be a useful tool for reducing the human coder hours needed for coding industry and occupation data for the Health and Retirement Study and other studies and datasets. In its current form it would be most useful as a way to reduce the number of cases a human coder must code, a way to reduce the amount of time a human coder must spend on

each case, or as a first cut for coding historical data that don't crosswalk cleanly to a newer codeframe.

Is the Affordable Care Act Affecting Retirement Yet?

by Helen Levy, Thomas Buchmueller, and Sayeh Nikpay

[WP 2018-393](#)

- ◆ Previous studies suggest that having an alternative to employer-based health insurance makes older workers more likely to retire. Therefore, many analysts expected that the implementation of the coverage provisions of the Affordable Care Act (ACA) in 2014 would reduce labor supply of older workers.
- ◆ We find that insurance coverage of Americans ages 50 through 64 increased significantly after the ACA, with the uninsured rate dropping from 16% in 2013 to 12% in 2014 and 10% in 2015 and 2016.
- ◆ We find no changes in labor supply of older Americans either in response to subsidized marketplace coverage, which became available nationally in 2014, or in response to the expansion of Medicaid eligibility in some states but not others. We fail to find labor supply effects even for subgroups with less than a high school education or those with fair or poor health, who might have been expected to have a greater labor supply response.
- ◆ These results suggest that for Americans approaching retirement the Affordable Care Act achieved its primary goal of increasing coverage without the unintended consequence of reducing labor supply.

Investigating the Difference in Mortality Estimates between the Social Security Administration Trustees' Report and the Human Mortality Database by Magali Barbieri [WP 2018-394](#)

- ◆ There is a gap in the life expectancy at birth as estimated by the Social Security Administration (SSA) and by the Human Mortality Database (HMD)
- ◆ The gap is attributable to differences in mortality risks at ages 65 and above only.

- ◆ It is not due to differences in methods but to differences in the data (national statistics for the HMD, Medicare enrollment data for the SSA).
- ◆ Further investigation is necessary to determine whether the gap results from mortality risks which are genuinely different in the two datasets or whether it results from reliability issues in the sources of data.


Social Security Coverage around the World: The Case of China and Mexico by Francisco Perez-Arce, Maria Prados, Erik Meijer, and Jinkook Lee [WP 2018-395](#)

- ◆ In recent years, Mexico, China, and India have made significant reforms in social security programs with the aim of extending social security coverage to a larger fraction of their elderly population. This has been done through the introduction and expansion of programs that have a noncontributory component.
- ◆ Between 2011 and 2015, China increased the proportion of individuals 70 and older who receive public pensions from 33.5% to 68%. In Mexico, the proportion of individuals age 70 and older who are covered by either a contributory or noncontributory programs increased from 33% in 2002 to 56% in 2012.
- ◆ The new programs also caused significant changes in the coverage determinants in ways that share similarities across Mexico and China. Variables associated with high socioeconomic status and a history of formal labor-force attachment are strong predictors of public pension receipt in the early survey waves, but not in the most recent ones. However, a strong relationship remains, and is unchanged across time, between those same characteristics and the average income pension amount. Likewise, we do not find large, significant changes between these variables and receipt of benefits from other social programs.
- ◆ We find that even a rapid transformation of the labor market would not radically change the proportion of who is covered by a pension program, but would indeed substantially increase average pension amounts. By the

same token, increasing the levels of education of the population would not largely change the coverage patterns in Mexico or China but would substantially raise the average pension income in both of them.

- ◆ Though the introduction of noncontributory programs has brought about dramatic changes resulting in coverage rates that do not depend on growth in labor market opportunities, the latter is still an important factor affecting future elderly populations' level of benefits and economic security.

Understanding Job Transitions and Retirement Expectations Using Stated Preferences for Job Characteristics by Nicole Maestas, Kathleen J. Mullen, David Powell, Till von Wachter, and Jeffrey Wenger [WP 2019-396](#)

- ◆ In general, workers transition to jobs with characteristics more closely aligned with their preferences. Workers who switch away from having certain attributes tend to value those attributes less than those who remain in jobs with the same attributes. Similarly, workers who switch to jobs with certain attributes tend to value those attributes more than those who remain in jobs without the same attributes.
- ◆ We are not able to draw strong conclusions about differences between those who exit employment with certain attributes versus those who remain in jobs without certain attributes.
- ◆ Narrowing in on older workers, among those ages 50 to 61, we find weak evidence that workers who have lower expectations of working at age 62 tend to value nonwage job characteristics more than those who have higher expectations of working at age 62. However, we do not find any differences between individuals ages 62 and older who are working versus not working.
- ◆ Our findings are consistent with previous work showing that older workers tend to value nonwage working conditions more than younger workers. 

Researcher News

Media mentions

US News and World Report pulled a quote from the RAND Corporation's press release on the 2015 American Working Conditions Survey for its March article, "[How to Invest if You Come out of Retirement.](#)" The AWCS was funded by the Alfred P. Sloan Foundation and MRRC grant [R-UM15-03](#). The quote: "Significant numbers of older people move in and out of the workforce. Retirement isn't necessarily permanent," says Kathleen Mullen, a senior RAND economist, in a report that found 39% of current workers age 65 or older were previously retired."

In August, Amanda Sonnega gave an informational interview to *Forbes* writer Anna Davies on intergenerational transfers, which she and John Laitner wrote about in MRRC WP 2012-275, "[Motives for Bequests within the Middle Class.](#)" Davies was researching a future article on grandparents giving money to grandchildren's college funds.

Journal publications


Medical Care Research and Review published Sean Shenghsiu Huang, Jane Banaszak-Holl, Stephanie Yuan, and Richard A. Hirth's "[The Determinants and Variation of Nursing Home Private-Pay Prices: Organizational and Market Structure](#)" in its June 2019 issue. The article is based on MRRC project UM17-14, "The Growth and Geographical Variation of Nursing Home Self-Pay Prices," [WP 2019-397](#).

Researchers are encouraged to share academic publications, media interviews, and conference presentations of their MRRC/MRDRC-funded work. Please send announcements to mrdrcumich@umich.edu.

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The lunchtime speaker on Thursday, August 1, was Ron Haskins, co-director of the Center on Children and Families at the Brookings Institute. He had served a co-chair of the Commission on Evidence-Based Policymaking, established in bi-partisan Congressional legislation 2016. His talk was “The Evidence-Based Policymaking Act.” The talk highlighted both the importance of data-driven analysis in the social sciences in general, and of rigorous evaluation of existing programs on the basis of measurement and, where possible, randomized controlled trials.

Friday’s lunchtime speaker was Andrew Biggs, whose talk was entitled “Now Is Your Time: The Need for Experts to Weigh in on the Retirement Policy Debate.” Andrew Biggs, a resident scholar at the American Enterprise Institute, has testified before congress many times and is a prolific contributor to newspapers as well as academic publications. In his talk, he urged RDRC scholars not to overlook the importance of communicating beyond the academic community.

This year we experimented with a new format: In each of the seven sessions of research papers, the talks were 15 minutes. However, instead of 10-minute discussants for all papers, each session had a single moderator to introduce the session’s overall topic and begin the Q & A after the paper presentations. The time for participation from the floor was longer than in previous years, and the new format seemed very successful in encouraging audience engagement. Moreover, we had time for 28 scholarly papers (rather than the customary 21). 



The Michigan Retirement and Disability Research Center is supported by a cooperative agreement with the Social Security Administration.

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