



MRDRC Newsletter | Summer 2021 | 21(3)

Director's corner



John Laitner

The annual Retirement and Disability Research Consortium summer meeting for 2021 was held online for the second year

in a row. This year's meeting took place on Thursday afternoon, August 5, and Friday afternoon, August 6. The registration was in the neighborhood of 500. Kilolo Kijakazi, the Deputy Commissioner for Retirement and Disability Policy at SSA, and currently acting Commissioner of SSA, gave welcoming remarks and introduced the keynote speaker. Valerie Wilson from the Economic Policy Institute, where she is

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New research mentoring, funding opportunity available for junior scholars

In June, the Michigan Center for Urban African American Aging Research (MCUAAAR) and MRDRC announced a special call for retirement or disability research proposals that focus on the well-being of older African-Americans and/or disparities among different race/ethnic groups. To receive funding, individuals must have demonstrated interest in retirement and disability topics that relate to the Social Security Administration's research agenda.

In partnership, MCUAAAR and MRDRC seek proposals supporting junior investigator-initiated research pilot projects that can lead to independent SSA- or NIH-funded projects. Collaborative research projects that involve faculty from more than one department, school, or institute are also encouraged.

- Topics of interest include, but are not limited to
- ◆ trends in disability;
 - ◆ work in the modern economy;

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- ◆ age of retirement and its determinants;
- ◆ racial differences in wealth;
- ◆ reasons for leaving the labor market;
- ◆ subjective retirement;
- ◆ planning and preparation for retirement;
- ◆ financial literacy;
- ◆ pensions, accumulation of home equity, and other saving for retirement;
- ◆ living arrangements in retirement;
- ◆ intergenerational transfers of time and material support within family lines;
- ◆ the importance of Social Security and other government benefits during retirement.

Pilot research studies conducted by junior faculty are funded as a vehicle for MCUAAAR's mentoring

process, which provides a foundation upon which the scientists can build successful academic research careers. Faculty from a variety of disciplines from the University of Michigan, Michigan State University, and Wayne State University are involved.


MRDRC is honored to be collaborating with MCUAAAR, one of 18 Resource Centers for Minority Aging Research (RCMAR) funded by the National Institute on Aging, on this effort. The funding is offered through a cooperative agreement between MRDRC and the Social Security Administration.

To read more about researcher eligibility, MCUAAAR's mentoring process, and the application process, visit MRDRC's [research mentoring page](#). Another call will go out in November; applications for that round of funding are due in January 2022. 

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the Director of the Program on Race, Ethnicity, and the Economy, gave the keynote address: "Race, Ethnicity and Financial Well-being." [See story, Page 5.]

David Weir, one of the invited speakers from the MRDRC, gave a presentation in Panel 1: "Understanding the Effects of the Coronavirus Pandemic on Retirement and Disability." Weir is the director of the Health and Retirement Study (HRS), based at the University of Michigan. The HRS was in the processing of collecting data in March 2020 as the pandemic reached the United States. The HRS immediately added a COVID-related module to the core survey, and Weir was ready to present preliminary results at the RDRC meeting.

Weir's talk was entitled "Assessing the [First] Economic Impact Payment in the Older Population Using the HRS." The HRS sample consists of adults 51 and older. He focused on COVID-module questions pertaining to federal stimulus payments from the CARES Act [Coronavirus Aid, Relief, and Economic Security Act]. The questions asked about what people intended to do with their payments. A surprising fraction of the respondents intended to save the money or use it to reduce their debt balances. The fractions intending to spend most of the stimulus payment was noticeably lower than in 2001 or 2008. Black and Hispanic respondents were particularly inclined to pay down debt. 

RDRC annual meeting stays virtual for 2021

Researchers from SSA's four Retirement and Disability Research Centers (RDRC) presented their work in a webinar format on Thursday, August 5, and Friday, August 6. This year, the annual meeting panels were organized around "Understanding the Effects of the Coronavirus Pandemic on Retirement and Disability," "Disability Programs and Well-being," "Retirement Planning and Preparedness," "Public Understanding of Social Security Programs and Service, and Vulnerability to Fraud," "Disability Applications and Outcomes," and "Health Shocks and Retirement." MRDRC researchers David Weir, Lila Rabinovich, and Eric French were among the 18 presenters.

Assessing the Economic Impact Payment in the Older Population

Last year, researchers across the RDRC quickly took up the challenge of examining how COVID-19 might affect populations of interest. Weir (University of Michigan) shared early findings from his FY21 project with Gábor Kézdi, a co-investigator with the Health and Retirement Study (HRS) who died in June. Weir and Kézdi designed a COVID module for the core HRS, launched in late May 2020, to study the effects of the first (April 2020) economic impact payment (EIP). To allow comparisons with

other stimulus episodes, the module used questions previously designed by Matthew Shapiro and Joel Slemrod for the 2001 and 2008 stimuli.

Across age groups, the percentage of those who reported mostly spending the 2020 EIP was lower than for the 2001 and 2008 payments. The researchers didn't see much evidence that the lack of spending was related to shutdowns. There wasn't much regional variation based on mandated business closures, but because some spending opportunities were generally limited (e.g., travel), they couldn't completely rule it out.

Instead, it appears that most respondents used the EIP to either pay down debt or increase savings. This was true across racial groups: For Hispanics, 17.5% mostly spent their EIP, 16.6% saved it, and 65.9% used it to reduce debt. For blacks, the percentages were 10.7%, 24.9%, and 64.4%, respectively; and for whites, 21.3%, 39.2%, and 39.5%, respectively. So far, the project has found that

- ◆ the spring 2020 EIP had the lowest impact on spending of any recent stimulus;
- ◆ Social Security beneficiaries were more likely to spend than others with

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similar incomes, perhaps because of confidence in income from Social Security;

- ◆ persons of color, those experiencing hardship due to the pandemic, and those of low net worth were most likely to use the EIP to reduce debt;
- ◆ for those with high net worth, the EIP mainly augmented their savings.

Mixed-methods Study to Understand Use of *my* Social Security

One of SSA's research priorities has been the effectiveness of its communication methods in increasing public understanding of OASDI programs. Rabinovich and her co-author Francisco Perez-Arce (both at University of Southern California) are using a combination of quantitative and qualitative research to discover how people interact with [my Social Security accounts \(mySS\)](#), a web portal where registered users can track their earnings, see personalized benefit amounts (adjustable by retirement age if they have yet to retire), request a new Social Security card, and more. Despite its potential usefulness for retirement planning and reducing time spent in field offices, knowledge and use of *mySS* is limited: According to Rabinovich, of the 30.8% of Americans who have heard of *mySS*; only 60% have created an account. This study examines why so few people use the portal, how users perceive and experience it, and possible ways to increase participation.

Using existing data from the Understanding America Survey (UAS), the pair employed respondents' internet and Social Security literacy to analyze *mySS* use determinants and to recruit a qualitative interview panel. Quantitatively, the pair found that *mySS* users were more likely to have high internet literacy, be older, receive SSA benefits (either old age or disability), and have a college degree.

Qualitatively, those who did not use *mySS* before their interview noted lack of awareness or relevance. (Interviewees without pre-existing accounts were guided through creating one.) Participants found *mySS* information relevant and easy to navigate. Nonretirees found benefit information to be useful, while retirees didn't need it as much. Most participants rated *mySS* a one or two on a scale of one (very useful) to five (not at all useful). Rabinovich noted that there is suggestive evidence that *mySS* could help address behavioral barriers to retirement preparation, such as lack of knowledge and procrastination.

The Impact of Medical Spending Shocks on Wealth and Insurance Purchases of Older Americans

Even for the elderly who covered by Medicare, rising health care costs are a major concern since co-pays for medical goods, services, and prescriptions, as well extended hospital or nursing home

Kilolo Kijakazi, Valerie Wilson address meeting

Kilolo Kijakazi, acting commissioner of the Social Security Administration, participated in both days of the RDRC meeting. On Thursday, she provided opening remarks addressing the RDRC's role in expanding knowledge on OASDI beneficiaries' economic well-being and informing policy. Kijakazi also discussed how the RDRC can respond to President Biden's [executive order on disparity and equity](#) through outreach to historically black colleges and universities, training, data development, and research into labor market, wealth, and health disparities. Kijakazi also mentioned the importance of communications research, especially involving disabled constituents, in helping SSA deliver critical information and benefits.

On Friday, Kijakazi introduced the meeting's key note speaker, economist Valerie Wilson, director of the Economic Policy Institute's Program on Race, Ethnicity, and the Economy (PREE). Wilson's work has focused on U.S. economic inequalities and racial and ethnic disparities in employment, income, wealth, and education. Pointing out that a social construct such as race should have no effect on financial well-being, she then outlined a few statistics that illustrate that it does: For instance, 18.8% of Blacks and 15.7% Hispanics live in poverty versus 7.3% of whites; and Black families' median retirement savings, if they exist, are \$40,000 versus \$80,000 for white families.




Economic Policy Institute economist Valerie Wilson gave Friday's key note speech.

Wilson also pointed out that there has been little improvement in these disparities in the past 50 years. In fact, the family wealth gap between Black and white families is three times greater now than in 1963. Echoing Kijakazi's opening remarks, Wilson called upon researchers to include race and ethnicity in all their projects, thereby increasing the evidence-based information policymakers have available as they address systemic racism. 📌

stays, add up to a potentially large financial risk. Eric French (University College London), John Bailey Jones (Federal Reserve Bank-Richmond), and Jeremy McCauley (University of Bristol) offer a look at household medical expenses over a given year and — new to this study — the lifetime in an attempt to understand the roles rising medical costs and Medicare and Medicaid play in financial well-being. Prior research has focused on yearly costs, while understanding cumulative health care spending is crucial for determining retirement savings adequacy.

The researchers use HRS out-of-pocket spending data linked to Medicaid and Medicare fee-for-service claims to build a dynamic model of out-of-pocket and total medical spending. Their model confirms that medical spending is dispersed and persistent. Specifically, they note that the persistence concentrates in the distribution's tail, meaning that previous studies may understate the likelihood of multiple years of catastrophic medical spending.

Michael Hurd and David Neumark also presented MRDRC projects. More than 500 people registered for this year's meeting. If you missed it or would like to review, the agenda, slides, written summaries, and recordings of the presentations, they are available on the [Center for Financial Security's meeting page](#). 



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

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