



Promoting research on retirement, disability, and Social Security policy

## MRDRC Newsletter | Spring 2022 | 22(2)

### Director's corner



*John Laitner*

This newsletter features the annual MRDRC Researcher Workshop, which met this year on March

10 and 11, online. We were pleased to have welcoming remarks from Natalie Lu, Acting Associate Commissioner, Office of Research, Evaluation, and Statistics. John Jankowski, Nancy Early, and Irena Dushi from the Social Security Agency also attended. This event provides an opportunity for MRDRC researchers with

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### Workshop projects examine racial, ethnic disparities

MRDRC's annual workshop brought together researchers from across the United States, Canada, England, and Europe to share their current and future projects and help each other with troubleshooting, questions, citations, and data. Researchers often use the feedback received to hone their MRDRC proposals for the coming fiscal year.

Held virtually March 10 and 11, Natalie Lu, Social Security's Associate Commissioner for the Office of Research, Evaluation, and Statistics, opened the event with a greeting and general overview of this year's research priority memo. Lu stressed the importance of understanding racial and ethnic disparities

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current, past, or perspective projects to present the main idea of their work and receive comments. Inviting a handful of new researchers also helps us to recruit new members.

This workshop specializes in short presentations, each followed by discussions from the floor. Conventionally, our time allocations to the latter are as long as those for the presentations — though for online events, we shorten the floor discussions somewhat. This year we had 26 presenters and 41 additional registrants. Four of the presenters had never previously attended. Several of the presentations are recapped in this newsletter.

An advantage of the online format is the saving on travel time and expense, and, in particular, the resulting feasibility of having participants from around the world. A major disadvantage is the lack of ability to network through informal conversations and face-to-face meetings. On balance, most of our scholars are anxious to return to in-person workshops ASAP. To be able to continue to enjoy the contributions of international participants, on the other hand, it seems likely that we will strongly consider including a hybrid component in the future. 

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across the priority memo's seven categories (see box), and many of the presentations addressed related issues. As Emma Aguila (University of Southern California) pointed out in her presentation, "**Work and Retirement for Older Black and Hispanic Adults**" (UM22-16), Blacks and Hispanics will represent 40% of the population by 2060, making the health and retirement conditions affecting them of programmatic import to SSA.

Aguila's project with Zeewan Lee (USC) uses Health and Retirement Survey (HRS) data matched to SSA's lifetime earnings files to explore differential retirement timing and wealth. Other presentations also addressed racial and ethnic disparities:


- ◆ With "**Who Benefits from Retirement Saving Incentives in the U.S.? Evidence on Racial Gaps in Retirement Wealth Accumulation,**" Cormac O'Dea (Yale University), Jonathan Rothbaum (U.S. Census Bureau), Lawrence Schmidt (Massachusetts Institute of Technology), and Taha Choukhmane (MIT) examine the incentives inherent in tax-deferred defined contribution (DC) plans and how they may affect retirement wealth accumulation. According to O'Dea, when you add the value of tax expenditures and the employer match contributions, the subsidy amounts to about \$300 billion per year.

This retirement savings design may benefit those who, because they have the extra money to do so, save more for retirement. So far, O’Dea and team see evidence that employer matching schemes play a role in amplifying retirement wealth gaps.

- ◆ John Sabelhaus (Brookings Institution) addresses existing racial disparities in retirement wealth by using the HRS to look more at race and ethnicity with his project, **“Wealth Inequality and Retirement Preparedness: A Cross-cohort Perspective.”** This work extends his FY20 project with Alice Henriques Volz, which estimated individuals’ Social Security wealth (SSW) and showed life-cycle patterns of SSW accumulation and drawdown.
- ◆ Last year, Jeremy Burke, Marco Angrisani, and Arie Kapteyn (all USC) used the Understanding American Survey (UAS) to

look at the initial impacts of the pandemic on Americans’ financial health. The team continues in that direction this year with **“The Ongoing Impacts of COVID-19 on Americans’ Economic Security”** (UM22-17) and four more UAS waves. So far, they see some evidence that Black and Hispanic households have continued to experience increased financial fragility. They plan to examine whether, and potentially how, the vaccine rollout changed spending and saving behaviors.

- ◆ In order for beneficiaries to make optimal choices, they need good information and an understanding of how Social Security’s programmatic rules affect them. Francisco Perez-Arce (USC) presented preliminary findings from his current MRDRC project (UM22-14) with David Knapp (USC), **“An Analysis of Racial and Ethnic Disparities in Knowledge about Social Security Programs and Their Consequences.”** The researchers explore programmatic knowledge across race and ethnicity, differences in information sources, and how knowledge differences relate to outcomes.

Sponsored through MRDRC’s cooperative agreement with SSA, the workshop serves as an important recruitment tool for the center by allowing new researchers an opportunity to present their work to subject experts. 

## SSA’s FY23 Focal Areas

- ◆ Disparities by Race and Ethnicity
- ◆ Decline in SSDI and SSI Applications
- ◆ Improving Communication and Outreach
- ◆ Economic Security of SSA Beneficiaries
- ◆ Improving Service Delivery
- ◆ Return-to-Work
- ◆ Informing Trust Fund Projections

# New working papers hit MRDRC website

MRDRC has posted a number of recently cleared working papers to its website. The papers are from fiscal year 2019, 2020, and 2021 projects. Here is a selection with topics of general interest. See the [working papers page](#) for a complete list.

**[Underfunded Public Sector Pension Plans, Social Security Participation, and the Retirement Decisions of Public Employees;](#)** Leslie Papke, WP 2021-420, UM20-05

Papke uses Health and Retirement Study (HRS) data (e.g., personal retirement eligibility and state of residence) to examine the effects of public pension rules, Social Security coverage, and state pension fund sustainability on public employees' retirement. She also develops a state-level measure for pension fund sustainability.

**[Is the Adjustment of Social Security Benefits Actuarially Fair, and If So, for Whom?](#)** Irena Dushi, Leora Friedberg, Anthony Webb; WP 2021-421, UM20-06

Higher earners are living longer and claiming Social Security at older ages than lower earners, and disparities in claiming ages have risen since the early 1990s. The authors

use Social Security administrative data and focus on men to examine the actuarial fairness of changing benefit-claiming patterns.

**[Heterogeneity in Self-employment and the Transition to Retirement among Older Adults in the United States;](#)** Joelle Abramowitz; WP 2021-423, UM21-14

Abramowitz uses machine learning to classify HRS self-employment reports into three self-employment roles: own, manage, and independent. Across those roles, she found substantial differences in quality of life and retirement outcomes.

**[Heterogeneity in Household Spending and Well-being Around Retirement;](#)** Patrick Moran, Martin O'Connell, Cormac O'Dea, Francesca Parodi; WP 2021-427, UM21-13

Using Panel Study of Income Dynamics consumption data and within-household spending variation, the authors group households into those that hold steady, decrease, and increase spending within the six years surrounding retirement. They then look at the spending categories (travel, food away from home, housing, etc.) where those changes happen.

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**Mixed-methods Study to Understand Use of the my Social Security Online Platform;**

Lila Rabinovich, Francisco Perez-Arce; WP 2021-428, UM21-08

The authors interviewed 24 individuals about their online interactions generally and with Social Security specifically. They then observed those people as they navigated the my SSA website. For the quantitative phase, they used existing Understanding America Survey data to pinpoint the determinants of self-reported my SSA use.

**Worker Functional Abilities, Occupational Requirements, and Job Accommodations:**

**A Close Look at Three Occupations;** Megan Henly, Debra Brucker, Andrew J. Houtenville; WP 2021-430, UM21-04

The authors used the Work Disability Functional Assessment Battery (WD-FAB) to survey workers in three of the most common occupations mentioned in federal disability claimants' work histories: cashiers, receptionists, and those in nursing fields. They then compared the WD-FAB scores for each occupation to data from the Occupational Requirements Survey.


**Mixed-methods Analysis of Consumer Fraud Reports of the Social Security Administration Impostor Scam;**

Marguerite DeLiema, Paul Witt; WP 2021-434, UM21-Q1

Many Americans have received fraudulent calls from impostors claiming to be officials from the Social Security Administration. This study uses qualitative analysis of 600 case narratives to identify scammers' tactics and quantitative analysis of 200,000 consumer reports to examine how frequently scammers use such tactics and identify who is most likely to report victimization

**On the Distribution and Dynamics of Medical Expenditure Among the Elderly;**

Karolos Arapakis, Eric French, John Bailey Jones, Jeremy McCauley; WP 2021-436, UM19-11

The authors link HRS data to administrative Medicare and Medicaid records, along with the Medical Expenditure Panel Survey, to estimate total and out-of-pocket medical spending. The researchers look at single-year catastrophic costs and multiyear moderate expenses that add up to lifetime catastrophic costs. They also assess how much public insurance schemes (such as Medicare or Medicaid) reduce out-of-pocket medical spending. 


# News from MRDRC researchers

## Presentations

MRDRC Director John Laitner gave a talk on “[Social Security and Well-being in Retirement](#),” March 4, 2022, as part of the University of Michigan’s Geriatrics Center and Geriatrics Community Programs’ Osher Lifelong Learning Institute. Laitner’s presentation gave a general overview of Social Security and introduced Health and Retirement Study research.

## Media mentions

The American Society of Pension Professionals and Actuaries covered Olivia S. Mitchell’s project, “[Auto-Enrollment Retirement Plans in OregonSaves](#),” (UM19-03) in its [Government Affairs](#) section. The [industry magazine Plansponsor](#) also wrote about the working paper in January.

[Plansponsor also covered](#) Lila Rabinovich and Francisco-Perez-Arce’s working paper, “[Mixed-methods Study to Understand Use of the My Social Security Online Platform](#)” (UM21-08). 

*Researchers are encouraged to share academic publications, media coverage, and conference presentations of their MRRC/MRDRC-funded work. Please send announcements to [mrdrcumich@umich.edu](mailto:mrdrcumich@umich.edu).*



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

## Keep in touch

**Website:** [mrdrc.isr.umich.edu](http://mrdrc.isr.umich.edu)

**Twitter:** [@MRDRCumich](https://twitter.com/MRDRCumich)

**LinkedIn:** [linkedin.com/in/mrdrcumich](https://linkedin.com/in/mrdrcumich)

**Blog:** [mrdrc.isr.umich.edu/blog/](http://mrdrc.isr.umich.edu/blog/)

**Michigan Retirement and Disability Research Center**  
Institute for Social Research  
University of Michigan  
426 Thompson Street, Room 3026  
Ann Arbor, MI 48104-2321

**Director:** John P. Laitner

**Associate Director:** Dmitriy Stolyarov

**External Relations:** Susan Barnes

**Administrative Manager:** Cheri Brooks

**Phone:** (734) 615-0422

**Fax:** (734) 615-2180

### Regents of the University of Michigan

Jordan B. Acker, Huntington Woods; Michael J. Behm, Grand Blanc; Mark J. Bernstein, Ann Arbor; Paul W. Brown, Ann Arbor; Sarah Hubbard, Okemos; Denise Ilitch, Bingham Farms; Ron Weiser, Ann Arbor; Katherine E. White, Ann Arbor; Mark S. Schlissel, *ex officio*