



*The Social Security Statement: Its History and  
Impact on Knowledge and Behavior*



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The views expressed are those of the authors and do not reflect those of the Social Security Administration.

" . . . What is clear is that the **Social Security Statement** is one of the most important communications that the federal government sends out to the general public each year, and as such the document deserves much more attention from public officials and academic writers than it has received to date."

Howell E. Jackson

"Accounting for Social Security Benefits"  
*Behavioral Public Finance*

Russell Sage Foundation, 2005

## *Outline of Presentation*

- The *Social Security Statement*: History and Implementation
- The *Social Security Statement's* Impact on Knowledge
- The *Social Security Statement's* Impact on Behavior
- The Connection of Research to Policy

## Motivation

- In the mid-1990s, the Social Security Administration began sending out information on the benefits workers could expect to receive at retirement. This information became known as the *Social Security Statement*.
- Social Security retirement benefits can be claimed from ages 62 through 70. The *Statement* makes clear that delaying claiming results in larger monthly benefits.
- Our question: Did receipt of the *Statement* result in delayed claiming?
- Important implications if the answer is 'yes':
  - \*Suggests low-cost, informational interventions could be additional policy tool.
  - \*Suggests *Statement* could address concerns about retirement security.



# The *Social Security Statement*: History and Implementation

Prevent identity theft—protect your Social Security number

## Your Social Security Statement

Prepared especially for Wanda Worker

WANDA WORKER  
456 ANYWHERE AVENUE  
MAINTOWN, USA 11111-1111

September 5, 2007



[www.socialsecurity.gov](http://www.socialsecurity.gov)

See inside for your personal information →

### What's inside...

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## What Social Security Means To You

This *Social Security Statement* can help you plan for your financial future. It provides estimates of your Social Security benefits under current law and updates your latest reported earnings.

Please read this *Statement* carefully. If you see a mistake, please let us know. That's important because your benefits will be based on our record of your lifetime earnings. We recommend you keep a copy of your *Statement* with your financial records.

### Social Security is for people of all ages...

We're more than a retirement program. Social Security also can provide benefits if you become disabled and help support your family after you die.

### Work to build a secure future...

Social Security is the largest source of income for most elderly Americans today, but Social Security was never intended to be your only source of income when you retire. You also will need other savings, investments, pensions or retirement accounts to make sure you have enough money to live comfortably when you retire.

Saving and investing wisely are important not only for you and your family, but for the entire country. If you want to learn more about how and why to save, you should visit [www.mymoney.gov](http://www.mymoney.gov), a federal government website dedicated to teaching all Americans the basics of financial management.

### About Social Security's future...

Social Security is a compact between generations. For decades, America has kept the promise of security for its workers and their families. Now, however, the Social Security system is facing serious financial problems, and action is needed soon to make sure the system will be sound when today's younger workers are ready for retirement.

In 2017 we will begin paying more in benefits than we collect in taxes. Without changes, by 2041 the Social Security Trust Fund will be exhausted\* and there will be enough money to pay only about 75 cents for each dollar of scheduled benefits. We need to resolve these issues soon to make sure Social Security continues to provide a foundation of protection for future generations.

### Social Security on the Net...

Visit [www.socialsecurity.gov](http://www.socialsecurity.gov) on the Internet to learn more about Social Security. You can read our publications, use the *Social Security Benefit Calculators* to calculate future benefits or use our easy online forms to apply for benefits.

Michael J. Astrue  
Commissioner

\* These estimates are based on the intermediate assumptions from the Social Security Trustees' Annual Report to the Congress.

## Your Estimated Benefits

<b>*Retirement</b>	You have earned enough credits to qualify for benefits. At your current earnings rate, if you stop working and start receiving benefits... At age 62, your payment would be about..... \$ 975 a month If you continue working until... your full retirement age (67 years), your payment would be about..... \$ 1,412 a month age 70, your payment would be about..... \$ 1,761 a month
<b>*Disability</b>	You have earned enough credits to qualify for benefits. If you became disabled right now, your payment would be about..... \$ 1,293 a month
<b>*Family</b>	If you get retirement or disability benefits, your spouse and children also may qualify for benefits.
<b>*Survivors</b>	You have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family may qualify for the following benefits: Your child..... \$ 1,008 a month Your spouse who is caring for your child..... \$ 1,008 a month Your spouse, if benefits start at full retirement age..... \$ 1,344 a month Total family benefits cannot be more than..... \$ 2,473 a month Your spouse or minor child may be eligible for a special one-time death benefit of \$255.
<b>Medicare</b>	You have enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be sure to contact Social Security three months before your 65th birthday to enroll in Medicare.

\* Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2040, the payroll taxes collected will be enough to pay only about 74 percent of scheduled benefits.

### We based your benefit estimates on these facts:

Your date of birth.....	April 5, 1966
Your estimated taxable earnings per year after 2006.....	\$38,626
Your Social Security number (only the last four digits are shown to help prevent identity theft).....	XXX-XX-1234

## How Your Benefits Are Estimated

To qualify for benefits, you earn "credits" through your work — up to four each year. This year, for example, you earn one credit for each \$1,000 of wages or self-employment income. When you've earned \$4,000, you've earned your four credits for the year. Most people need 40 credits, earned over their working lifetime, to receive retirement benefits. For disability and survivors benefits, young people need fewer credits to be eligible.

We checked your records to see whether you have earned enough credits to qualify for benefits. If you haven't earned enough yet to qualify for any type of benefit, we can't give you a benefit estimate now. If you continue to work, we'll give you an estimate when you do qualify.

**What we assumed** — If you have enough work credits, we estimated your benefit amounts using your average earnings over your working lifetime. For 2007 and later (up to retirement age), we assumed you'll continue to work and make about the same as you did in 2005 or 2006. We also included credits we assumed you earned last year and this year.

Generally, estimates for older workers are more accurate than those for younger workers because they're based on a longer earnings history with fewer uncertainties such as earnings fluctuations and future law changes.

These estimates are in today's dollars. After you start receiving benefits, they will be adjusted for cost-of-living increases.

We can't provide your actual benefit amount until you apply for benefits. **And that amount may differ from the estimates stated above because:**

- (1) Your earnings may increase or decrease in the future.
- (2) Your estimated benefits are based on current law.

The law governing benefit amounts may change.

- (3) Your benefit amount may be affected by **military service, railroad employment or pensions earned through work on which you did not pay Social Security tax**. Following are two specific instances. You can also visit [www.socialsecurity.gov/mystatement](http://www.socialsecurity.gov/mystatement) to see whether your Social Security benefit amount will be affected.

**Windfall Elimination Provision (WEP)** — In the future, if you receive a pension from employment in which you do not pay Social Security taxes, such as some federal, state or local government work, some nonprofit organizations or foreign employment, and you also qualify for your own Social Security retirement or disability benefit, your Social Security benefit may be reduced, but not eliminated, by WEP. The amount of the reduction, if any, depends on your earnings and number of years in jobs in which you paid Social Security taxes, and the year you are age 62 or become disabled. For more information, please see *Windfall Elimination Provision* (Publication No. 05-10045) at [www.socialsecurity.gov/WEP](http://www.socialsecurity.gov/WEP).

**Government Pension Offset (GPO)** — If you receive a pension based on federal, state or local government work in which you did not pay Social Security taxes and you qualify, now or in the future, for Social Security benefits as a current or former spouse, widow or widower, you are likely to be affected by GPO. If GPO applies, your Social Security benefit will be reduced by an amount equal to two-thirds of your government pension, and could be reduced to zero. Even if your benefit is reduced to zero, you will be eligible for Medicare at age 65 on your spouse's record. To learn more, please see *Government Pension Offset* (Publication No. 05-10007) at [www.socialsecurity.gov/GPO](http://www.socialsecurity.gov/GPO).

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	If you continue working until...	
	your full retirement age (67 years), your payment would be about.....	\$ 1,412 a month
	age 70, your payment would be about.....	\$ 1,761 a month
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<b>*Survivors</b>	You have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family <b>may</b> qualify for the following benefits:	
	Your child.....	\$ 1,008 a month
	Your spouse who is caring for your child.....	\$ 1,008 a month
	Your spouse, if benefits start at full retirement age.....	\$ 1,344 a month
	Total family benefits cannot be more than.....	\$ 2,473 a month
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**\* Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2040, the payroll taxes collected will be enough to pay only about 74 percent of scheduled benefits.**

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Your estimated taxable earnings per year after 2006.....	\$38,626
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## Your Earnings Record

Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
1989	1,489	1,489
1990	2,663	2,663
1991	4,483	4,483
1992	6,221	6,221
1993	7,491	7,491
1994	9,224	9,224
1995	11,897	11,897
1996	14,677	14,677
1997	17,434	17,434
1998	20,071	20,071
1999	22,827	22,827
2000	25,588	25,588
2001	27,576	27,576
2002	29,004	29,004
2003	30,772	30,772
2004	33,097	33,097
2005	35,102	35,102
2006	37,501	37,501
2007	39,927	39,927
2008	41,487	41,487
2009	41,446	41,446
2010	42,973	42,973
2011	44,833	44,833
2012		Not yet recorded

You and your family may be eligible for valuable benefits:

When you die, your family may be eligible to receive survivors benefits.

Social Security may help you if you become disabled—even at a young age.

A young person who has worked and paid Social Security taxes in as few as two years can be eligible for disability benefits.

Social Security credits you earn move with you from job to job throughout your career.

### Total Social Security and Medicare taxes paid over your working career through the last year reported on the chart above:

Estimated taxes paid for Social Security:

You paid: \$32,239  
Your employers paid: \$33,994

Estimated taxes paid for Medicare:

You paid: \$7,955  
Your employers paid: \$7,955

**Note: In 2012, you paid 4.2 percent in Social Security taxes on your salary (up to \$110,100) and 1.45 percent in Medicare taxes on your entire salary. Your employer paid 6.2 percent in Social Security taxes and 1.45 percent in Medicare taxes for you. If you are self-employed, you paid the combined employee and employer amount of 10.4 percent in Social Security taxes on your net earnings (up to \$110,100) and 2.9 percent in Medicare taxes on your entire net earnings.**

## Help Us Keep Your Earnings Record Accurate

You, your employer and Social Security share responsibility for the accuracy of your earnings record. Since you began working, we recorded your reported earnings under your name and Social Security number. We have updated your record each time your employer (or you, if you're self-employed) reported your earnings.

Remember, it's your earnings, not the amount of taxes you paid or the number of credits you've earned, that determine your benefit amount. When we figure that amount, we base it on your average earnings over your lifetime. If our records are wrong, you may not receive all the benefits to which you're entitled.

Review this chart carefully using your own records to make sure our information is correct and that we've recorded each year you worked. You're the only person who can look at the earnings chart and know whether it is complete and correct.

Some or all of your earnings from last year may not be shown on your *Statement*. It could be that we still were

processing last year's earnings reports when your *Statement* was prepared. Your complete earnings for last year will be shown on next year's *Statement*. **Note:** If you worked for more than one employer during any year, or if you had both earnings and self-employment income, we combined your earnings for the year.

**There's a limit on the amount of earnings on which you pay Social Security taxes each year.** The limit increases yearly. Earnings above the limit will not appear on your earnings chart as Social Security earnings. (For Medicare taxes, the maximum earnings amount began rising in 1991. Since 1994, all of your earnings are taxed for Medicare.)

**Call us right away at 1-800-772-1213 (7 a.m.–7 p.m. your local time)** if any earnings for years before last year are shown incorrectly. Please have your W-2 or tax return for those years available. (If you live outside the U.S., follow the directions at the bottom of page 4.)

## Some Facts About Social Security

### About Social Security and Medicare...

Social Security pays retirement, disability, family and survivors benefits. Medicare, a separate program run by the Centers for Medicare & Medicaid Services, helps pay for inpatient hospital care, nursing care, doctors' fees, drugs, and other medical services and supplies to people age 65 and older, as well as to people who have been receiving Social Security disability benefits for two years or more. Medicare does not pay for long-term care, so you may want to consider options for private insurance. Your Social Security covered earnings qualify you for both programs. For more information about Medicare, visit [www.medicare.gov](http://www.medicare.gov) or call 1-800-633-4227 (TTY 1-877-486-2048 if you are deaf or hard of hearing).

**Retirement** — If you were born before 1938, your full retirement age is 65. Because of a 1983 change in the law, the full retirement age will increase gradually to 67 for people born in 1960 and later.

Some people retire before their full retirement age. You can retire as early as 62 and take benefits at a reduced rate. If you work after your full retirement age, you can receive higher benefits because of additional earnings and credits for delayed retirement.

**Disability** — If you become disabled before full retirement age, you can receive disability benefits after six months if you have:

- enough credits from earnings (depending on your age, you must have earned six to 20 of your credits in the three to 10 years before you became disabled); and
- a physical or mental impairment that's expected to prevent you from doing "substantial" work for a year or more or result in death.

If you are filing for disability benefits, please let us know if you are on active military duty or are a recently discharged veteran, so that we can handle your claim more quickly.

**Family** — If you're eligible for disability or retirement benefits, your current or divorced spouse, minor children or adult children disabled before age 22 also may receive benefits. Each may qualify for up to about 50 percent of your benefit amount.

**Survivors** — When you die, certain members of your family may be eligible for benefits:

- your spouse age 60 or older (50 or older if disabled, or any age if caring for your children younger than age 16); and
- your children if unmarried and younger than age 18, still in school and younger than 19 years old, or adult children disabled before age 22.

If you are divorced, your ex-spouse could be eligible for a widow's or widower's benefit on your record when you die.

**Extra Help with Medicare** — If you know someone who is on Medicare and has limited income and resources, extra help is available for prescription drug costs. The extra help can pay the monthly premiums, annual deductibles and prescription co-payments. To learn more or to apply, visit [www.socialsecurity.gov](http://www.socialsecurity.gov) or call 1-800-772-1213 (TTY 1-800-325-0778).

### Receive benefits and still work...

You can work and still get retirement or survivors benefits. If you're younger than your full retirement age, there are limits on how much you can earn without affecting your benefit amount. When you apply for benefits, we'll tell you what the limits are and whether work would affect your monthly benefits. When you reach full retirement age, the earnings limits no longer apply.

### Before you decide to retire...

Carefully consider the advantages and disadvantages of early retirement. If you choose to receive benefits before you reach full retirement age, your monthly benefits will be permanently reduced.

To help you decide the best time to retire, we offer a free booklet, *Social Security — Retirement Benefits* (Publication No. 05-10035), that provides specific information about retirement. You can calculate future retirement benefits on our website at [www.socialsecurity.gov](http://www.socialsecurity.gov) by using the *Social Security Benefit Calculator*.

- Other helpful free publications include:
- *Understanding The Benefits* (No. 05-10024)
  - *Your Retirement Benefit: How It Is Figured* (No. 05-10070)
  - *Windfall Elimination Provision* (No. 05-10045)
  - *Government Pension Offset* (No. 05-10007)
  - *Identity Theft And Your Social Security Number* (No. 05-10064)

We also have other leaflets and fact sheets with information about specific topics such as military service, self-employment or foreign employment. You can request Social Security publications at our website, [www.socialsecurity.gov](http://www.socialsecurity.gov), or by calling us at 1-800-772-1213. Our website has a list of frequently asked questions that may answer questions you have. We have easy-to-use online applications for benefits that can save you a telephone call or a trip to a field office.

You may also qualify for government benefits outside of Social Security. For more information on these benefits, visit [www.govbenefits.gov](http://www.govbenefits.gov).

**If you need more information**—Visit [www.socialsecurity.gov/mystatement](http://www.socialsecurity.gov/mystatement) on the Internet, contact any Social Security office, call 1-800-772-1213 or write to Social Security Administration, Office of Earnings Operations, P.O. Box 33026, Baltimore, MD 21290-3026. If you're deaf or hard of hearing, call TTY 1-800-325-0778. If you have questions about your personal information, you must provide your complete Social Security number. If your address is incorrect on this *Statement*, ask the Internal Revenue Service to send you a Form 8822. We don't keep your address if you're not receiving Social Security benefits.

Para solicitar una *Declaración* en español, llame al 1-800-772-1213

## *Social Security Statement – Brief History*

- Formally launched on October 1, 1999
- Mailed out annually to all eligible workers age 25 or older
- Largest customized mailing ever undertaken by a Federal agency
- SSA staggered mailing of *Statement* throughout the year
  - Over 151 million sent out in fiscal year 2010
  - Over 12.5 million mailed every month
  - About 419,000 delivered each day

## *Social Security Statement -- Brief History*

- Workers have had access to their earnings records since the 1939 amendments to the Social Security Act of 1935.
- In the 1970s and early 1980s, SSA considered initiatives that would provide benefit estimates as well as earnings statements to all workers and do so automatically.
- In 1989, Senator Moynihan called on SSA to send workers information on the Social Security benefits they could expect to receive.

*“All of us pay into Social Security but rarely, until we become beneficiaries, do we ever hear from Social Security . . . Every month, in every paycheck, we see money withheld for Social Security, but we hear nary a word from the Social Security Administration. Let us take this simple step [sending statements] to reassure Americans that Social Security will be there for them.”*
- In 1989, the Social Security Act was amended to require SSA to send out *Statements*.

## *Social Security Statement – Implementation Schedule*

- Mandating legislation specified deadlines but not procedures
  - October 1, 1990 – on-request statements to all eligible individuals
  - September 30, 1995 – automatic statements to those 60+ on Oct. 1, 1994
  - FY 1995- FY 1999 – automatic statements to those turning 60
  - October 1, 1999 – automatic statements to all eligible individuals 25+

<u>Fiscal Year</u>	<u>Estimated # of Statements</u>	<u>Actual # of Statements/Recipient Age Group</u>	
1995	6.7 million	7.0 million	60 or older
1996	1.6 million	5.5 million	58-60
1997	1.7 million	12.4 million	53-58
1998	1.8 million	20.7 million	47-53
1999	1.8 million	26.6 million	40-47
2000	123.0 million	134.7 million	25 or older
2001	123.0+ million	135.6 million	25 or older

## *Social Security Statement -- Content*

- Basic content is determined by legislation
  - Worker's earnings history
  - Social Security and Medicare taxes paid
  - Estimate of potential retirement benefits at 62, FRA, 70
  - Estimates of disability, survivors, auxiliary benefits
  - Description of benefits payable under Medicare



# The *Social Security Statement's* Impact on Knowledge

# Measuring Impact of the Statement on Knowledge-- Background

- There has not been much research assessing the *Statement's* effect on public knowledge about Social Security.
  - \*Biggs 2010 finds no effect, Mastrobuoni 2011 finds a significant effect.
- SSA commissioned surveys that were conducted between 1998 and 2004 to measure the *Statement's* effect on the public's understanding of Social Security.
- Contribution of our research is that it focuses on younger workers and looks at changes over time in the impact of the *Statement* on knowledge about Social Security.

# *Measuring the Impact of the Statement on Knowledge -- Data*

- We use two of the six surveys SSA commissioned the Gallup Organization to conduct between 1998 and 2004 on the public's knowledge of Social Security.
- The 1998 survey was a national telephone survey of 4009 adults age 25 or older.
  - 12-minute phone survey with 46 questions about Social Security and demographics.
- The 2001 survey was a national telephone survey of 20,700 adults age 25 or older.
  - Survey approach and questions similar to that in 1998. More individuals interviewed to provide information for smaller service areas in each of the ten regions.

# Measuring the Impact of the Statement on Knowledge -- Methodology

- We compare the percentage of correct responses to six questions about SSA's programs and benefits for those who received a *Statement* and those who did not.

## Program knowledge questions

- Social Security provides benefits to families of workers who die.
- Social Security pays benefits to workers who become disabled.
- Social Security is paid for by a tax placed on both workers and employers.

## Benefits knowledge questions

- Social Security benefits go up automatically with the cost of living.
- Is the youngest age you can retire and collect FULL Social Security retirement benefits fixed or will it rise in the future?
- Do all people who receive Social Security retirement benefits receive the same amount, or does it depend on how much people earned when they were working?

## *Effect of Statement on the Knowledge of Younger Workers*

**Percentage of Correct Responses on Social Security Knowledge Questions among Workers Age 46 or Younger Who Did Not Receive a *Statement* in 1998 and Who Did and Did Not Receive a *Statement* in 2001**

	<b>1998 NS</b>	<b>2001 NS</b>	<b>2001 S</b>
<b><u>Program Knowledge</u></b>			
<b>Social Security Pays Survivor Benefits</b>	<b>76.1</b>	<b>75.4</b>	<b>87.1*+</b>
<b>Social Security Pays Disability Benefits</b>	<b>78.5</b>	<b>79.7</b>	<b>85.2*+</b>
<b>Payroll Tax Finances Social Security</b>	<b>88.0</b>	<b>86.7</b>	<b>90.8*+</b>
<b><u>Benefits Knowledge</u></b>			
<b>Benefits Adjusted for Cost of Living</b>	<b>43.8</b>	<b>52.7</b>	<b>49.8*+</b>
<b>Full-Benefit Age is Rising</b>	<b>62.4</b>	<b>64.8</b>	<b>71.7*+</b>
<b>Retirement Benefits Depend on Earnings</b>	<b>81.4</b>	<b>86.5</b>	<b>93.4*+</b>

SOURCE: Smith and Couch 2014b. Data from Gallup Organization surveys commissioned by SSA between 1998 and 2004. Each survey asked about SSA's programs and benefits.

NOTES: \*sig. diff. between 1998 NS & 2001 S, + sig. diff. between 2001 NS & 2001 S.



# The *Social Security Statement's* Impact on Behavior

# *Measuring the Impact of the Statement on Behavior*

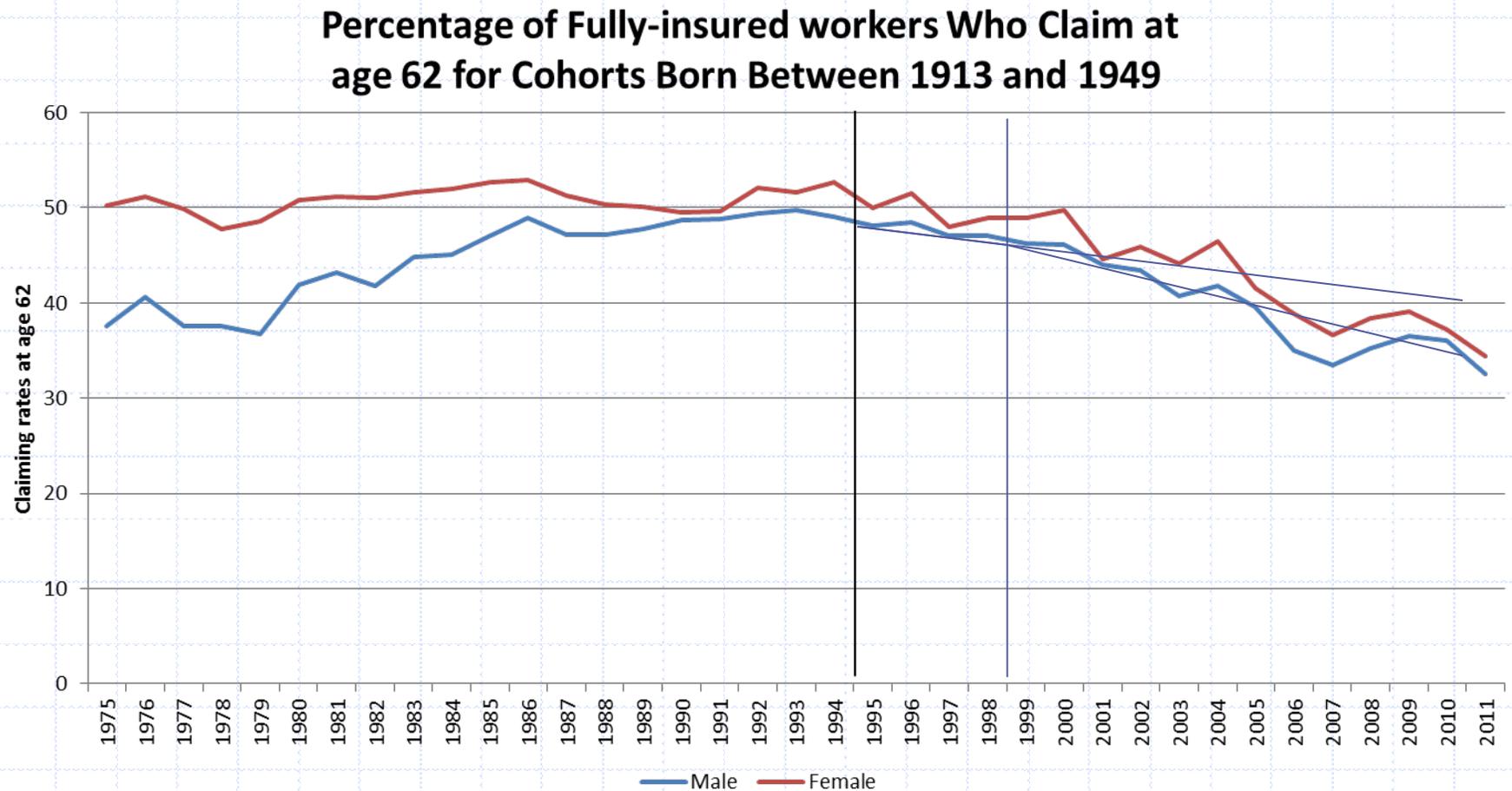
## *-- Background*

- Research suggests that the *Statement* has an effect on knowledge but not on behavior.
- We decided to use SSA's administrative data to see if we could find an effect.
- Our research using the administrative data finds that the *Statement* has a significant effect on behavior.
- Preliminary estimates suggest that receipt of the *Statement* significantly reduces claiming at earlier ages and increases it at older ages. The effect varies across gender and race and earnings levels. Receipt of the *Statement* is also related to delayed labor force withdrawal.

## *Measuring the Impact of the Statement on Behavior -- Data and Methodology*

- Use data from the Continuous Work History Sample, a 1% sample of SSA's administrative data.
- The CWHS is a major source of Social Security program statistics and workforce data.
- It is the oldest major longitudinal sample data source in the Federal statistical system.
- We initially calculated the percentage of fully-insured workers who claimed at age 62, for cohorts born between 1913 and 1949. Then we examined the pattern of these claiming rates between 1975 and 2011.

# Measuring the Impact of the Statement on Behavior – Trends in Claiming at Age 62



## *Measuring the Impact of the Statement on Behavior -- Data and Methodology*

- We used data from the CWSHS to estimate linear probability models for cohorts turning ages 62 through 70 in calendar years 1975 through 2007. Avoids complications from Great Recession and suspension of *Statement* mailings in 2011.
- Dependent variable set equal to one if retirement benefits claimed at that age (62 through 70), zero otherwise.
- Independent variables include dummies for receipt of *Statement*, year effects, and increase in full retirement age (FRA).
- We used two different approaches to estimate the impact of the *Statement* on claiming behavior. One approach uses year dummies, the other approach uses dummy variables for the increase in FRA.

## Impact of Receipt of at Least One Social Security Statement on Retirement Benefit Claiming, Controlling for the Increase in Full Retirement Age (FRA) – All Workers

<u>Controlling for</u> <u>Increase in FRA</u>	<u>Age at Claiming</u>								
	62	63	64	65	66	67	68	69	70
Intercept	<b>48.95%</b>	<b>7.16%</b>	<b>13.76%</b>	<b>11.94%</b>	<b>1.04%</b>	<b>0.73%</b>	<b>0.55%</b>	<b>0.60%</b>	<b>0.52%</b>
SSS	<b>-0.44</b>	<b>-0.90*</b>	<b>-2.18*</b>	<b>2.68*</b>	<b>0.15</b>	<b>0.18*</b>	<b>-0.10</b>	<b>-0.12*</b>	<b>0.35*</b>
FRA65_2	<b>-1.65*</b>	<b>0.09</b>	<b>0.31</b>	<b>1.99*</b>	<b>-0.37</b>	<b>0.20</b>	<b>0.06</b>	<b>0.01</b>	<b>-0.03</b>
FRA65_4	<b>-3.54*</b>	<b>0.19</b>	<b>-0.98**</b>	<b>4.12*</b>	<b>-0.19</b>	<b>0.11</b>	<b>0.01</b>	<b>0.20</b>	<b>0.24</b>
FRA65_6	<b>-4.48*</b>	<b>-0.11</b>	<b>-2.54*</b>	<b>6.43*</b>	<b>-0.12</b>	<b>0.12</b>	<b>0.23*</b>	<b>0.09</b>	<b>0.27*</b>
FRA65_8	<b>-5.62*</b>	<b>0.05</b>	<b>-3.14*</b>	<b>7.34*</b>	<b>0.13</b>	<b>0.44*</b>	<b>0.03</b>	<b>0.01</b>	<b>0.54*</b>
FRA65_10	<b>-5.99*</b>	<b>-0.38</b>	<b>-3.83*</b>	<b>8.30*</b>	<b>0.79*</b>	<b>0.51*</b>	<b>0.09</b>	<b>0.18</b>	<b>0.71*</b>
FRA66	<b>-8.74*</b>	<b>0.46***</b>	<b>-3.52*</b>	<b>-3.25*</b>	<b>14.33*</b>	<b>0.72*</b>	<b>0.06</b>	<b>-0.27*</b>	<b>-0.61*</b>

### Take-aways:

- Receipt of *Statement* significantly reduces the likelihood of benefit claiming at earlier claiming ages.
- Receipt of *Statement* significantly increases the likelihood of benefit claiming at later claiming ages.
- *Statement* impact is similar in magnitude to that of FRA increase.

## *Receipt of One versus Multiple Statements: Impact on Retirement Benefit Claiming, Controlling for Year Effects -- All Workers*

	<u>Age at Claiming</u>									
<u>Receipt of One vs Multiple Statements</u>	62	63	64	65	66	67	68	69	70	
Intercept	<b>50.22%</b>	<b>6.08%</b>	<b>10.24%</b>	<b>11.98%</b>	<b>1.17%</b>	<b>2.01%</b>	<b>0.51%</b>	<b>0.46%</b>	<b>0.68%</b>	
SSS1 (one)	<b>-1.83</b>	<b>-0.08</b>	<b>2.82*</b>	<b>2.31*</b>	<b>-0.45</b>	<b>-1.45*</b>	<b>0.04</b>	<b>0.05</b>	<b>0.16</b>	
SSS2 (multiple)	<b>-3.36**</b>	<b>0.27</b>	<b>1.64*</b>	<b>4.64*</b>	<b>-0.34</b>	<b>-1.25*</b>	<b>0.01</b>	<b>0.03</b>	<b>0.15</b>	

### Take-aways:

- Receipt of *Statement* significantly reduces the likelihood of benefit claiming at age 62 when multiple *Statements* received.
- Receipt of *Statement* significantly increases the likelihood of benefit claiming at ages 64 and 65.
- Receipt of multiple *Statements* tends to have a larger impact than receipt of one *Statement*.

## *Receipt of One versus Multiple Statements: Impact on Retirement Benefit Claiming, Controlling for Year Effects—by Gender*

		<u>Age at Claiming--Men</u>								
<u>Receipt of One vs Multiple Statements</u>		62	63	64	65	66	67	68	69	70
Intercept		<b>49.41%</b>	<b>6.80%</b>	<b>10.96%</b>	<b>13.78%</b>	<b>1.26%</b>	<b>2.32%</b>	<b>0.42%</b>	<b>0.31%</b>	<b>0.18%</b>
SSS1 (one)		<b>-2.35</b>	<b>-0.52</b>	<b>2.60*</b>	<b>3.11*</b>	<b>-0.49</b>	<b>-1.85*</b>	<b>0.00</b>	<b>0.04</b>	<b>0.15</b>
SSS2 (multiple)		<b>-3.81*</b>	<b>-0.08</b>	<b>1.81**</b>	<b>5.32*</b>	<b>-0.43</b>	<b>-1.67*</b>	<b>0.03</b>	<b>0.10</b>	<b>0.12</b>

		<u>Age at Claiming--Women</u>								
<u>Receipt of One vs Multiple Statements</u>		62	63	64	65	66	67	68	69	70
Intercept		<b>51.19%</b>	<b>5.24%</b>	<b>9.39%</b>	<b>9.87%</b>	<b>1.06%</b>	<b>1.64%</b>	<b>0.61%</b>	<b>0.64%</b>	<b>1.28%</b>
SSS1 (one)		<b>-1.23</b>	<b>0.78</b>	<b>3.08*</b>	<b>1.40</b>	<b>-0.40</b>	<b>-0.99*</b>	<b>0.08</b>	<b>0.06</b>	<b>0.16</b>
SSS2 (multiple)		<b>-2.90**</b>	<b>0.69</b>	<b>1.49</b>	<b>3.94*</b>	<b>-0.24</b>	<b>-0.77*</b>	<b>-0.02</b>	<b>-0.06</b>	<b>0.17</b>

### Take-aways:

- Receipt of *Statement* significantly reduces the likelihood of benefit claiming at age 62 for both men and women.
- Receipt of *Statement* significantly increases the likelihood of benefit claiming at ages 64 and 65 for both men and women.
- Receipt of multiple *Statements* tends to have a larger impact than receipt of one *Statement*.
- Receipt of *Statement* tends to have a larger effect on men than on women.

## *Receipt of One versus Multiple Statements: Impact on Retirement Benefit Claiming, Controlling for Year Effects—by Race*

### Age at Claiming--Whites

<u>Receipt of One vs Multiple Statements</u>	62	63	64	65	66	67	68	69	70
Intercept	<b>51.36%</b>	<b>6.10%</b>	<b>10.55%</b>	<b>11.88%</b>	<b>1.01%</b>	<b>1.88%</b>	<b>0.47%</b>	<b>0.40%</b>	<b>0.72%</b>
SSS1 (one)	<b>-1.54</b>	<b>0.11</b>	<b>2.74*</b>	<b>2.27*</b>	<b>-0.50</b>	<b>-1.47*</b>	<b>-0.03</b>	<b>0.06</b>	<b>0.08</b>
SSS2 (multiple)	<b>-3.28*</b>	<b>0.16</b>	<b>1.70*</b>	<b>4.76*</b>	<b>-0.32</b>	<b>-1.31*</b>	<b>-0.14</b>	<b>0.02</b>	<b>0.12</b>

### Age at Claiming--Blacks

<u>Receipt of One vs Multiple Statements</u>	62	63	64	65	66	67	68	69	70
Intercept	<b>44.37%</b>	<b>6.07%</b>	<b>7.48%</b>	<b>11.12%</b>	<b>1.54%</b>	<b>2.37%</b>	<b>0.64%</b>	<b>0.70%</b>	<b>0.32%</b>
SSS1 (one)	<b>1.03</b>	<b>0.21</b>	<b>2.18</b>	<b>0.86</b>	<b>-0.31</b>	<b>-1.43*</b>	<b>-0.23</b>	<b>-0.41</b>	<b>0.44</b>
SSS2 (multiple)	<b>-1.02</b>	<b>1.37</b>	<b>1.33</b>	<b>2.28</b>	<b>-0.62</b>	<b>-1.23**</b>	<b>0.21</b>	<b>-0.19</b>	<b>0.14</b>

#### Take-aways:

- Receipt of *Statement* significantly reduces the likelihood of benefit claiming at age 62 for whites.
- Receipt of *Statement* significantly increases the likelihood of benefit claiming at ages 64 and 65 for whites.
- Receipt of multiple *Statements* has a larger impact than receipt of one *Statement* for whites.

## Impact of Receipt of at Least One Social Security Statement on Retirement Benefit Claiming, Controlling for the Increase in Full Retirement Age (FRA) – All Workers, by PIA

### Age at Claiming – All Workers

	62	63	64	65	66	67	68	69	70
Intercept	<b>48.95%</b>	<b>7.16%</b>	<b>13.76%</b>	<b>11.94%</b>	<b>1.04%</b>	<b>0.73%</b>	<b>0.55%</b>	<b>0.60%</b>	<b>0.52%</b>
SSS	<b>-0.44</b>	<b>-0.90*</b>	<b>-2.18*</b>	<b>2.68*</b>	<b>0.15</b>	<b>0.18*</b>	<b>-0.10</b>	<b>-0.12*</b>	<b>0.35*</b>

### Age at Claiming – Workers with PIA > Median PIA

	62	63	64	65	66	67	68	69	70
Intercept	<b>42.74%</b>	<b>8.44%</b>	<b>17.81%</b>	<b>16.76%</b>	<b>1.23%</b>	<b>0.85%</b>	<b>0.62%</b>	<b>0.70%</b>	<b>0.50%</b>
SSS	<b>3.36*</b>	<b>-1.58*</b>	<b>-4.09*</b>	<b>3.00*</b>	<b>0.08</b>	<b>-0.43*</b>	<b>-0.34*</b>	<b>-0.42*</b>	<b>0.14*</b>

### Age at Claiming – Workers with PIA < Median PIA

	62	63	64	65	66	67	68	69	70
Intercept	<b>55.21%</b>	<b>5.88%</b>	<b>9.68%</b>	<b>7.11%</b>	<b>0.85%</b>	<b>0.60%</b>	<b>0.49%</b>	<b>0.49%</b>	<b>0.54%</b>
SSS	<b>-4.07*</b>	<b>-0.27</b>	<b>-0.43</b>	<b>1.94*</b>	<b>0.20</b>	<b>0.10</b>	<b>0.17*</b>	<b>0.19*</b>	<b>0.57*</b>

#### Take-aways:

- Receipt of *Statement* significantly reduces the likelihood of benefit claiming at age 62 for lower earners.
- Receipt of *Statement* significantly increases the likelihood of benefit claiming at age 62 for higher earners.
- Receipt of *Statement* significantly reduces the likelihood of benefit claiming at ages 63 and 64 for higher earners.
- Receipt of *Statement* significantly increases the likelihood of benefit claiming at age 65 for all earners, larger for high earners.

## Impact of Receipt of at Least One Social Security Statement on Labor Force Status, Controlling for the Increase in the Full Retirement Age (FRA) -- All Workers

Percentage Out of Labor Force at Selected Ages

	62	63	64	65	66	67	68	69	70
Intercept	<b>61.60</b>	<b>67.47</b>	<b>71.68</b>	<b>74.79</b>	<b>78.90</b>	<b>81.68</b>	<b>83.57</b>	<b>85.27</b>	<b>86.79</b>
SSS	<b>-5.11*</b>	<b>-5.70*</b>	<b>-6.22*</b>	<b>-6.40*</b>	<b>-6.72*</b>	<b>-6.69*</b>	<b>-6.24*</b>	<b>-5.85*</b>	<b>-5.45*</b>

### Take-away

- Receipt of *Statement* increases the likelihood of being in the labor force at ages 62 through 70.



# The Connection of Research to Policy

## *Findings and Implications*

- Findings: Preliminary estimates indicate that receipt of one or more *Statements* resulted in statistically significant decreases of 1 to 3 percentage points in the likelihood of claiming at ages 62 and/or 63 and offsetting statistically significant increases in the likelihood of claiming at later ages. Larger effects for males, whites, and higher earners. *Statement* receipt is also associated with statistically significant reductions in the likelihood of labor force withdrawals.
- Implications: Our results suggest the provision of information regarding availability of expected retirement income might be an effective tool for policymakers interested in encouraging more thoughtful retirement and later-life labor force decisions.

## *Findings and Implications*

- Our results also suggest that the *Statement* could address concerns about retirement security.
- Social Security retirement benefits represent an important component of retirement income for most seniors ages 65 or older.
  - \*More than 80% of retirement income for low-income seniors.
  - \*66% of retirement income for middle-income seniors.
  - \*44% of retirement income for upper-middle-income seniors.
- Our results suggest that receipt of the *Statement* is likely to result in delayed claiming. Delayed claiming results in higher benefits.
- Our results suggest that receipt of the *Statement* is likely to result in older workers staying in the labor force longer. This is important because earnings are another source of retirement income.

## *Previous Papers on the Social Security Statement*

- Barbara A. Smith and Kenneth A. Couch. 2014a. "The *Social Security Statement*: Background, Implementation, and Recent Developments." *Social Security Bulletin* 74(2): 1-25.
- Barbara A. Smith and Kenneth A. Couch. 2014b. "How Effective is the *Social Security Statement*? Informing Younger Workers about Social Security." *Social Security Bulletin* 74(4):1-19.