Improving Financial Literacy and Capability: What Works?

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Demonstrating the Benefits of Work: Testing an Educational Tool for Young People Aging Out of the SSI Disabled Children Program

Jody Hoff
Federal Reserve Bank of San Francisco

Financial Literacy Center
A joint center of the RAND Corporation, Dartmouth College,
Research Team

- Richard V. Burkhauser, Cornell University, PI
- Mary C. Daly, FRBSF, Co-PI
- Daniel Benjamin, Cornell University, Experimental Design
- Jody Hoff, FRBSF, Experimental Design
- Philip Armour, Cornell University, Research Assistant
- Adrian Nan Zhou –Cornell University, Research Assistant
- Judy Ferria FRBSF, Web Specialist
Outline

- Project Background - Year 1
- Financial Literacy Tool – Year 2
- Testing the Tool
- Next Steps
Project Background

- Year one
  - Young Adults in the Supplemental Security Income Disabled Children Program
  - Work, Earnings, and Program Benefits
    - Empirical research
    - Financial value of working for young adults on SSI
    - Resulted in a computational algorithm
- Year Two
  - Translated research into practice
  - Developed and tested a “tool” to aid in the decision to work
Why is this Important?

- The SSI child population has risen dramatically over the past two decades
- Most SSI-child beneficiaries transition directly onto the SSI-adult program
- Very few of these young adult SSI recipients ever seek or gain employment
What is Being Done?

- Youth Transition Demonstration Projects
- Six Potential Barriers to Work
- Lack of Knowledge About How Benefits Change When a Person Works
- Could a Benefit Calculator Help?
We Know

- Financial literacy is an issue for adults
- Financial education is a challenge for children
- Benefit rules are complex

Research Question:
Can we increase knowledge and improve understanding through a financial literacy application tailored to young adult SSI recipients?
Year 2 - Creating an Educational Tool

- Fall 2010 - developed a prototype “calculator”
- Goal
  - Convey the interactions between work and benefits
  - Improve decision-making
- Demonstrated at New Insights and Advances in Financial Literacy Conference
- Worked with Benefit Counselor
- Refined Tool
Testing the Tool

- Randomized Controlled Study
- Three Treatments
  - Control Group - SSA publication
  - 2 Experimental Groups - Calculator
    - Graphical results
    - Visual results
- Hypothesis:
  - The experimental treatment would result in improved comprehension of the payoff to working relative to the control treatment
Pilot Study

- Summer 2011, Cornell University undergraduates
  - Control – Redbook
  - Experimental Treatment - Calculator

Augmented Fact Sheet
- Formulas
- Worked Examples
Revised Tool
Opportunity Guide for Youth with Disabilities

It's your future.
Go ahead and ask!

Many young adults receiving SSI are afraid to work, worried they will lose benefits or health insurance. The facts are work pays for most SSI recipients and many who work can earn other benefits such as SSI.

To find out where you stand, get started with the online benefits counselor.

Each of these young SSI recipients had a question about work and benefits.

Have questions about your own work opportunities?
Use the Opportunity Guide to get your answers.

Get Started »
Opportunity Guide for Youth with Disabilities

First, we need to know which state you live in.

Please find and click on your state from the map below.
Second, we need to know a few things about you.

How old are you? 19

How far have you gone in school? High school diploma
Next, we'd like to know what type of work you might enjoy.

Look over the work settings shown below and click on the category of work you are interested in.

- Retail
- Construction
- Education
- Health care
- Business
- Security
- Services
- Other

Did you know

You can get allowances to help pay for work related expenses like uniforms, tools, etc. Ask your counselor to learn more.

Resources

- Quick Reference: SSDI vs. SSI
- Glossary
Opportunity Guide for Youth with Disabilities

Your Opportunity Guide

Finally, we need to know how many hours you would like to work each week.

More work hours = more earnings.
How many hours per week do you think you might be able to work?

- 5 hours (~1 half day) per week
- 10 hours (~2 half days) per week
- 15 hours (~3 half days) per week
- 20 hours (~4 half days) per week
- 25 hours (~5 half days) per week
- 30 hours per week
- 35 hours per week
- 40 hours per week

Did you know

How many hours per week you work makes a difference for your monthly income today and your benefits in the future.

Resources

- Quick Reference: SSDI vs. SSI
- Glossary
Opportunity Guide for Youth with Disabilities

Total monthly income: SSI + earnings

<table>
<thead>
<tr>
<th>Hours worked per week</th>
<th>SSI</th>
<th>earnings</th>
<th>SSI + earnings</th>
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<tbody>
<tr>
<td>5 hours (~1 half day)</td>
<td>$637.96</td>
<td>$157.08</td>
<td>$795.04</td>
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<td>10 hours (~2 half days)</td>
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<td>$314.17</td>
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<td>15 hours (~3 half days)</td>
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<tr>
<td>35 hours</td>
<td>$166.71</td>
<td>$1099.50</td>
<td>$1266.29</td>
</tr>
<tr>
<td>40 hours</td>
<td>$88.17</td>
<td>$1256.67</td>
<td>$1344.83</td>
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</tbody>
</table>

SSI only = $674.00
Another Type of Benefit: SSDI

Working provides more than just a boost to your monthly income. It also can help you qualify for another type of disability benefit called Social Security Disability Insurance or SSDI. SSDI has many important advantages over SSI.

- First, on SSDI you can earn up to $1,000 a month and not lose any of your benefit.
- Second, on SSDI you can get support from your parents or other family and friends without losing any of your benefits.
- Third, you can save some of your money each week and it won’t count against you when qualifying for benefits.
- Finally, if you work enough when you are young (18-24) your SSDI benefit will be higher than your SSI benefit.
Opportunity Guide for Youth with Disabilities

SSI versus SSDI benefits and monthly income
Based on your selections earlier, here are your total monthly income estimates.

Monthly income from earnings + benefits

- DI + earnings = $895.36
- SSI + earnings = $952.13

Resources
- Quick Reference: SSDI vs. SSI
- Glossary
Opportunity Guide for Youth with Disabilities

SSI versus SSDI benefits and monthly income

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<th>Hours worked per week</th>
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<th>SSDI + earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit only</td>
<td>$674.00</td>
<td>$424.13</td>
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<tr>
<td>5 hours (~1 half day)</td>
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<td>30 hours</td>
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<td>35 hours</td>
<td>$1,265.29</td>
<td>$1,793.25</td>
</tr>
<tr>
<td>40 hours</td>
<td>$1,344.83</td>
<td>$1,843.51</td>
</tr>
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Based on your selections earlier, here are your total monthly income estimates.

\[
\text{DI + earnings} = $895.38
\]

\[
\text{SSI + earnings} = $952.13
\]

Remember, although your SSDI + earnings income may be smaller than your SSI + earnings income, SSDI has many important advantages over SSI.
The Experiments

- Full Study on August 24 – September 13, 2011
- 245 volunteer subjects (47% male, 5% graduate students)
  - Treatment A – 83 subjects
  - Treatment B – 80 subjects
  - Treatment C – 82 subjects
- Subjects earned $10 - $25 (based on correct responses to test questions, no payout on post-test survey)
Test Materials

- Numeracy test (three questions)
- SSI and SSDI comprehension and application questions
- Post test, three questions
- Post-experiment survey
What Did We Learn?

- Math-proficient undergraduates had difficulties applying the complex benefit rules.
- The online tool had positive impact on questions requiring facility with SSI/SSDI calculations.
- Visual version resulted in positive effects on the calculation but mixed results with comprehension.
- Potential value in an educational tool customized for young adults on SSI and their support teams.
Next Steps

- Revise the Online Benefit Counselor tool
  - Review and incorporate suggestions from experiment participants
  - Graphic and interaction design
- Field test the tool with Benefit Counselors