



July 1, 2004

Policy Update highlights the latest research, analysis, and statistics from the Social Security Administration's Office of Policy. It appears quarterly on the Web (<http://www.socialsecurity.gov/policy>) and in each issue of the *Social Security Bulletin*. It includes summaries of all recent products and identifies work done by outside researchers funded through a cooperative agreement with SSA. Information about the availability of the publications is given in each section.

Publications

Documents from the Office of Policy are available at <http://www.socialsecurity.gov/policy>. For information about the availability of printed copies, please e-mail op.publications@ssa.gov, call 202-358-6274, or fax 202-358-6192.

Geographic Information

Congressional Statistics, December 2003
(released June 2004)

This publication consists of a set of factsheets that focus on the Social Security and Supplemental Income Security beneficiary populations at the Congressional district level. The factsheets present data on the number and type of beneficiaries, the amount of their monthly benefit, and the number of beneficiaries aged 65 or older. The data are shown cumulatively for the United States (including the District of Columbia and other areas covered by one or both programs) and for each state as well as by Congressional District.

Online: http://www.socialsecurity.gov/policy/docs/quickfacts/cong_stats/index.html

Modeling

Lifetime Distributional Effects of Social Security Retirement Benefits

Karen Smith, Eric Toder, and Howard Iams
from *Social Security Bulletin*, Vol. 65 No. 1 (released May 2004)

This article presents three measures of the distributional effects of Social Security benefits on actual and projected retirement income of workers born between 1931 and 1960. Microsimulations take into account marital history, the sharing of incomes and tax burdens within couples, and differences in life expectancy among subgroups of the population. More important than changes in tax rates or benefits are changes in the demographics and earnings patterns of the workforce, particularly the higher lifetime covered earnings of women. The growing share of women receiving worker benefits instead of spouse or survivor benefits, plus the increased proportion of retirees who are divorced, make Old-Age and Survivors Insurance (OASI) benefits more progressive, even in the face of declining net benefits.

Online

HTML: <http://www.socialsecurity.gov/policy/docs/ssb/v65n1/v65n1p33.html>

PDF: <http://www.socialsecurity.gov/policy/docs/ssb/v65n1/v65n1p33.pdf>

Policy Analysis

Comparing Replacement Rates Under Private and Federal Retirement Systems

Patricia P. Martin
from *Social Security Bulletin*, Vol. 65 No. 1 (released May 2004)

This article presents a comparison of replacement rates for employees of medium and large private establishments to replacement rates for federal employees under the Civil Service Retirement System and the Federal

Employees Retirement System. This analysis shows the possibility of replacement rates exceeding 100 percent for FERS employees who contribute 6 percent of earnings to the Thrift Savings Plan over a full working career. Private-sector replacement rates were quite similar for workers with both a defined benefit and a defined contribution pension plan.

Online

HTML: <http://www.socialsecurity.gov/policy/docs/ssb/v65n1/v65n1p17.html>

PDF: <http://www.socialsecurity.gov/policy/docs/ssb/v65n1/v65n1p17.pdf>

Retirement

Evaluating the Initial Impact of Eliminating the Retirement Earnings Test

Jae G. Song

from *Social Security Bulletin*, Vol. 65 No. 1 (released May 2004)

How did workers aged 65–69 respond to the removal of the retirement earnings test in 2000? Using Social Security administrative data matched with data from the Survey of Income and Program Participation, the author finds that the higher earners in this group increased their earnings, while the lower earners did not. The author reports an acceleration of benefit applications by workers aged 65–69 but no clear evidence of increased employment in this age group.

Online

HTML: <http://www.socialsecurity.gov/policy/docs/ssb/v65n1/v65n1p1.xml>

PDF: <http://www.socialsecurity.gov/policy/docs/ssb/v65n1/v65n1p1.pdf>

Supplemental Security Income

How Many SSI Recipients Live with Other Recipients?

Policy Brief No. 2004-03 (released June 2004)

The Office of Policy recently completed an analysis of the prevalence of multirecipient households in the Supplemental Security Income (SSI) program. The study was based on Survey of Income and Program Participation (SIPP) data for December 1998 matched to administrative records from the Social Security Administration (SSA).

Online

HTML: <http://www.socialsecurity.gov/policy/docs/policybriefs/pb2004-03.html>

PDF: <http://www.socialsecurity.gov/policy/docs/policybriefs/pb2004-03.pdf>

Trust Funds

Stochastic Models of the Social Security Trust Funds

Clark Burdick and Joyce Manchester

from *Social Security Bulletin*, Vol. 65 No. 1 (released May 2004)

The 2003 Trustees Report on the Old-Age and Survivors Insurance and Disability Insurance Trust Funds contains, for the first time, results from a stochastic model of the combined trust funds of the OASDI programs. To help interpret the new stochastic results and place them in context, the Social Security Administration's Office of Policy arranged for three external modeling groups to produce alternative stochastic results. This article demonstrates that the stochastic models deliver broadly consistent results even though they use significantly different approaches and assumptions. However, the results also demonstrate that the variation in trust fund outcomes differs as the approach and assumptions are varied.

Online

HTML: <http://www.socialsecurity.gov/policy/docs/ssb/v65n1/v65n1p26.html>

PDF: <http://www.socialsecurity.gov/policy/docs/ssb/v65n1/v65n1p26.pdf>

Journal Articles

Summaries of journal articles and information on how to obtain the full text of an article may be available on the journal's Web site. Links to the respective journals have been provided, where applicable. Journals may also be available through libraries. SSA does not have copies of these articles for distribution.

The Potential of the SSI Program to Reduce Poverty Among the Elderly

Paul S. Davies, Kalman Rupp, and Alexander Strand
Journal of Aging and Social Policy 16(1): 21-42 (2004)

Local Labor Markets and Child Poverty

Alexander Strand and Robin Fisher
Review of Regional Studies 33(3): 296-312 (2003)

Twice Penalized: Employment Discrimination Against Women with Disabilities

Brett O'Hara
Journal of Disability Policy Studies 15(1): 27-34 (Summer 2004)

Papers from the Retirement Research Consortium

The Retirement Research Consortium comprises three multidisciplinary centers that are funded through a cooperative agreement with the Social Security Administration. The centers are located at Boston College, the University of Michigan, and the National Bureau of Economic Research. These centers provide research and policy analysis to inform decisionmakers about issues critical to Social Security's retirement program.

Boston College

The following papers are available on the Center for Retirement Research Web site (<http://www.bc.edu/crr>) or by e-mail from crr@bc.edu.

Saving for Retirement: Taxes Matter

James M. Poterba

BCCRR Issue in Brief No. 17 (May 2004)

Employer Matching and 401(k) Saving: Evidence from the Health and Retirement Study

Gary V. Engelhardt and Anil Kumar

BCCRR Working Paper No. 2004-18 (May 2004)

Motivation for Money and Care that Adult Children Provide for Parents: Evidence from "Point-Blank" Survey Questions

Donald Cox and Beth J. Soldo

BCCRR Working Paper No. 2004-17 (May 2004)

Effects of Stock Market Fluctuations on the Adequacy of Retirement Wealth Accumulation

Eric M. Engen, William G. Gale, and Cori E. Uccello

BCCRR Working Paper No. 2004-16 (May 2004)

Asset Allocation and Information Overload: The Influence of Information Display, Asset Choice and Investor Experience

Julie Agnew and Lisa Szykman

BCCRR Working Paper No. 2004-15 (May 2004)

An Analysis of How Individuals React to Market Returns in One 401(k) Plan

Julie Agnew

BCCRR Working Paper No. 2004-13 (April 2004)

The Effects of Health Insurance and Self-Insurance on Retirement Behavior

Eric French and John Bailey Jones

BCCRR Working Paper No. 2004-12 (April 2004)

Valuing Assets in Retirement Saving Accounts

James M. Poterba

BCCRR Working Paper No. 2004-11 (April 2004)

Lifetime Earnings, Social Security Benefits, and the Adequacy of Retirement Wealth Accumulation

Eric M. Engen, William G. Gale, and Cori Uccello

BCCRR Working Paper No. 2004-10 (April 2004)

The Effect of Social Security on Divorce and Remarriage Behavior

Stacy Dickert-Conlin and Cristian Meghea

BCCRR Working Paper No. 2004-09 (April 2004)

Household Demand for Variable Annuities

Jeffrey R. Brown and James M. Poterba

BCCRR Working Paper No. 2004-08 (March 2004)

Lessons for an Aging Society: The Political Sustainability of Social Security Systems

Vincenzo Galasso and Paola Profeta

BCCRR Working Paper No. 2004-07 (March 2004)

Choice and Other Determinants of Employee Contributions to Defined Contribution Plans

Leslie E. Papke

BCCRR Working Paper No. 2004-06 (March 2004)

Linking Benefits to Marital Status: Race and Diminishing Access to Social Security Spouse and Widow Benefits in the U.S.

Madonna Harrington Meyer, Douglas A. Wolf, and Christine L. Himes

BCCRR Working Paper No. 2004-05 (March 2004)

Annuitization: Keeping Your Options Open

Irena Dushi and Anthony Webb

BCCRR Working Paper No. 2004-04 (March 2004)

Living Arrangements and Supplemental Security Income Receipt Among the Aged

Melissa M. Favreault and Douglas A. Wolf

BCCRR Working Paper No. 2004-03 (February 2004)

Interactions Between Social Security Reform and the Supplemental Security Income Program for the Aged

Paul S. Davies and Melissa M. Favreault

BCCRR Working Paper No. 2004-02 (February 2004)

University of Michigan

The following papers are available on the Retirement Research Center Web site (<http://www.mrrc.isr.umich.edu>) or by e-mail from mrrc@isr.umich.edu.

Understanding Patterns of Social Security Benefit Receipt, Pensions Incomes, Retirement and Saving by Race, Ethnicity, Gender and Marital Status: A Structured Approach*

Alan L. Gustman and Thomas L. Steinmeier

Project No. UM03-13 (June 2004)

How to Evaluate the Effects of Social Security Policies on Retirement and Saving When Firm Policies Affect the Opportunities Facing Older Individuals*

Alan L. Gustman and Thomas L. Steinmeier
Project No. UM03-03 (June 2004)

Labor Supply Responses to Social Security*

John Laitner
Project No. UM03-02 (June 2004)

Impact of the 1996 SSI Childhood Disability Reforms: Evidence from Matched SIPP-SSA Data*

Lynn A. Karoly and Paul S. Davies
Project No. UM03-C1 (June 2004)

Economic Adjustment of Recent Retirees to Adverse Wealth Shocks

Purvi Sevak and Gabor Kezdi
Project No. UM03-S1 (April 2004)

Trading with the Unborn: A New Perspective on Capital Income Taxation

Kent Smetters
Project No. UM03-12 (March 2004)

Modeling Lifetime Earnings Paths: Hypothetical Versus Actual Workers

John W.R. Phillips, Olivia S. Mitchell, and Andrew Au
Project No. UM02-C2 (March 2004)

Characteristics of and Determinants of the Density of Contributions in a Private Social Security System*

Alberto Arenas de Mesa
Project No. UM03-04 (February 2004)

Personal Accounts and Family Retirement

Alan L. Gustman and Thomas L. Steinmeier
Project No. UM02-06 (January 2004)

* Currently available by e-mail only.

Social Security Administration

Office of Policy
Office of Research, Evaluation, and Statistics
500 E Street, SW, 8th Floor
Washington, DC 20254

SSA Publication No. 13-11701