Social Security Retirement Benefit Start Age, and Earnings after Eligibility

Discussion of Papers by Barbara Smith (SSA) and Jordan Stanley (Census)

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Can Informational Interventions Be Effective Policy Tools: The Social Security Statement

◆ By Barbara Smith (SSA) and Kenneth Couch (UCONN)

◆ Great insight – Statement must have an effect
  – But how much??

◆ Careful analysis with FRA, and time/cohort considerations
  – Highly complex, Many influences

◆ Some delay in benefit start with statements
  – More with NRA
Some analysis we did in 2016: Male start retirement benefits later after 1995, more after 2000

Figure 1: Male Retired Worker Beneficiaries In Current Payment Status as Percent of Insured Population (excluding those receiving only some other OASDI benefit)

Eliminate Earnings Test Over NRA

Recession
Some analysis we did in 2016: Females delaying since about 1987, acceleration in 2000.
Can Informational Interventions Be Effective Policy Tools: The Social Security Statement

◆ Some possible refinements
  – Note statements only for permanently insured who are not currently receiving a benefit
  – *Any way to determine if they read the mailings?*
  – Look after 2010 when mailed statements stopped
    *now limited mailings but delay continues!!*

◆ Note earlier benefit start up through 1995
  – Boomers flooded workforce—early out pensions
  – These are now all but gone—DC plans different

◆ Note also “time to recover” change 200X
Effects of Social Security Eligibility Timing on Retirement Decisions, by Jordan Stanley

- Looks further at effects on labor supply
  - Note employment better than LFPR especially lately!

- Employment and benefit receipt not exclusive
  - Earnings test allows earnings up at about $16,000 with no reduction, only $1 for $2 reduction above
  - Test eliminated at FRA in 2000

- Increased employment at higher ages
  - Improved health for elders
  - Longer lifetime to save for—without private DBs
Historical Rates of employment by age group: Females fairly steady until recession
Historical Rates of employment by age group: Males 60+ some rise after 1995 until recession
Effects of Social Security Eligibility Timing on Retirement Decisions, by Jordan Stanley

- Challenge to disentangle effects of Social Security eligibility rules and benefit levels on employment from the many other factors.

- Suggest further work looking at:
  - Earnings test
  - Increasing longevity
  - DC vs DB pensions
  - Asset bubbles---drops in market values
  - Changing age distribution of adults
  - Changing job requirements
A few observations from our work at SSA Office of the Actuary

- Benefit reduction factors and delayed retirement factors we developed in 1979 are now generous! Encourage later benefit start

- We estimated for 1983 Amendments that----
  - 1 year increase in NRA (FRA) would delay start of benefits by about 3 months on average
  - Increase employment an equivalent amount

- Increased elder employment and later benefit start is complicated--
  - Real causes versus correlates: more research!