

THE RETIREMENT RESEARCH CONSORTIUM: PAST, PRESENT, AND FUTURE

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Introduction

“Research doesn’t tell the policymaker what to do. It does give him [or her] a body of tested knowledge and an understanding of the probable consequences of alternative policy decisions. It takes strong and open-minded leadership to accept, publish and use research findings.”

Ida C. Merriam (1985), former assistant commissioner of the Social Security Administration’s (SSA’s) Office of Research and Statistics, wrote those words in a *Social Security Bulletin* article commemorating the agency’s research efforts at its 50th anniversary. Since its inception nearly 75 years ago, SSA has worked to produce high quality, research-based information required to formulate policy that will meet the changing needs of the public. In 1998, Steven H. Sandell, then director of SSA’s Division of Policy Evaluation, spearheaded the creation of the Retirement Research Consortium (RRC) to broaden SSA’s research capabilities and help to produce a new generation of highly trained social scientists to shape the future direction of policy research. Through the RRC, SSA has access to a large group of world-class researchers in the fields of Social Security and retirement policy who are affiliated with the Center for Retirement Research at Boston College, the National Bureau of Economic Research Retirement Research Center, and the University of Michigan Retirement Research Center.

By all accounts, the RRC has been a remarkably successful extramural research venture of SSA. Through its first 11 years, the RRC produced hundreds of research papers, policy briefs, and newsletters; organized 11 annual conferences and a number of seminars and workshops on special topics; and supported over 100 training grants to graduate students and junior scholars. Perhaps more importantly, RRC research and researchers have been influential in the

national policy debate on a number Social Security and retirement policy issues.

A series of articles in this issue of the *Bulletin* commemorate the research and policy accomplishments of the three centers of the RRC. Each of the following three articles, one by each center of the RRC, highlight that particular center’s contributions to research and policymaking on Social Security and retirement. In this introductory article, we provide an overview of the RRC from SSA’s perspective, a brief history of its development, a discussion of the aims of the consortium, and some thoughts on its future.

A Brief History of the RRC

The roots of the RRC can be traced back to the 1990s and the expansion of SSA’s research capacity. SSA’s Office of Research and Statistics had long been responsible for most of the agency’s research program; however, staffing levels had declined over the 1970s and 1980s. When SSA became an independent agency in 1995, the Office of Research and Statistics became the Office of Research, Evaluation, and Statistics (ORES) with the addition of the Division of Policy Evaluation, under the leadership of Steven H. Sandell. Around the same time, an outside review team found that the office “consistently produces good quality research and sound statistics. It is the scope and the

Selected Abbreviations

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| DI | Disability Insurance |
| ORES | Office of Research, Evaluation, and Statistics |
| RRC | Retirement Research Consortium |
| SSA | Social Security Administration |
| SSI | Supplemental Security Income |

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timeliness, not the quality of the research that is of concern” (Estes, Linkins, and Rice 1997, 10). The Social Security Advisory Board issued a report urging SSA to enhance its internal and external research and policy evaluation capacity, including among other things “providing financial support for research centers at universities or other research institutions” (Social Security Advisory Board 1998, 12).

After Kenneth S. Apfel was sworn in as the first confirmed commissioner of SSA as an independent agency, he released in September 1997 SSA’s new strategic plan. The first goal of the strategic plan was “to promote valued, strong, and responsive Social Security programs and conduct effective policy development, research, and program evaluation.” That was to be accomplished in part by building and strengthening “SSA’s capacity to undertake necessary research, evaluation, policy development, and actuarial studies for the Social Security and SSI [Supplemental Security Income] programs” and by involving universities and research centers directly through extramural funding (SSA 1997, 14–15). Then in early 1998, Commissioner Apfel established lead policy development responsibilities under one deputy commissioner, and he created two new policy analysis offices. The Office of Policy, as it was named, included the long-established Office of Research, Evaluation, and Statistics and the new Office of Retirement Policy and Office of Disability and Income Assistance Policy. In the new organization, ORES continued its responsibilities for research and evaluation studies on the effects of Social Security and income assistance programs and proposed changes in those programs on individuals, the economy, and solvency (SSA 2000).

Part of SSA’s new commitment to improving its research and policy analysis capabilities included a greatly expanded extramural research budget. Out of this expansion grew the notion of forming a university-based, grant-funded research organization with the mission of conducting a broad program of research, training, and dissemination on

Social Security and retirement policy issues. Susan Grad, deputy associate commissioner of ORES, recalls a briefing on the Office of Policy’s extramural budget with Peter Wheeler, then associate commissioner for ORES, and John Dyer, then deputy commissioner for Finance, Assessment, and Management. John Dyer “threw out the idea of a consortium that he thought HCFA [Health Care Financing Administration] was using. . . . Peter and I handed the idea off to Steve [Sandell, then director of SSA’s Division of Policy Evaluation] and he and Debra Whitman [also then with the Division of Policy Evaluation] ran with it. Steve had some experience from when he had been at the ASPE [Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services], especially with the Institute for Research on Poverty at Wisconsin [the University]. The RRC that came into being was basically designed by Steve and Debra and based on that model” (University of Michigan Retirement Research Center 2006).

The RRC was established to bring together the academic and policy communities to increase objective, policy-relevant research and inform the public and policymakers about alternative policies and their consequences. In October 1998, two university-based,

multidisciplinary centers were chosen for the RRC. One center was located at Boston College and the other at the University of Michigan. Both centers formed collaborative partnerships with other academic institutions and policy experts, and each center received \$1.25 million in funding in the initial year of the 5-year program. In a press release announcing the selection of the centers, Commissioner Apfel stated, “The Social Security Administration is privileged to have a working partnership with some of the foremost retirement policy experts in America. Through this Consortium, the Social Security

Administration will be in a position to provide national leadership on retirement policy issues” (SSA 1998). The RRC was recomputed in 2003 for a second

“...I can tell you that the kind of research done at this conference... has an enormous impact over time on the course of public policy. Just because the causal chains are long and variable does not mean that the impact isn't very real. And one of the very great strengths of American economic policy, and I think it's actually an area where the United States is stronger than almost any other country, is the cross fertilization between a rich and vibrant research community in universities and in think tanks and the actual process of creation of public policy.”

The Honorable Lawrence H. Summers
Assistant to the President for Economic Policy
Director, National Economic Council
Remarks delivered to RRC Annual Conference
August 11, 2009

5-year period. Boston College and the University of Michigan received awards to continue their centers, and a third center—housed at the National Bureau of Economic Research—was added to the consortium. Another recompetition was held in 2008, which led to new 5-year awards to Boston College, the University of Michigan, and the National Bureau of Economic Research.¹

Under the leadership of Alicia H. Munnell (Boston College), John P. Laitner (University of Michigan), and David A. Wise (National Bureau of Economic Research), the three centers have become the cornerstone of SSA's extramural research program on Social Security and retirement policy. Over the years, SSA has increased total annual funding for the RRC from \$2.5 million to \$7.5 million. As described later in the article, the payoff has been immense in terms of advancing the knowledge base on Social Security and retirement policy issues; training new scholars to become the next generation of Social Security and retirement policy experts; and providing objective, research-based input to the policymaking process.

Goals and Objectives of the RRC

The mission of the consortium is to plan and conduct a broad research program that will develop Social Security and retirement policy information to assist policymakers, the public, and the media in understanding Social Security and retirement policy issues. The RRC disseminates the results of its research program to the public, policymakers, and the media through papers and conferences. The centers have well-established Web sites containing research papers, policy briefs, quarterly newsletters, and other information to aid that effort. In addition, the centers provide training and education in the retirement policy area through dissertation and postdoctoral fellowships and research assistantships. The three primary objectives of the RRC—(1) research, evaluation, and data development; (2) dissemination; and (3) training and education—are described in the following subsections.

Research, Evaluation, and Data Development

The RRC is broadly charged with planning, initiating, and maintaining a high-quality, multidisciplinary research program that covers retirement and Social Security program issues. Over time, SSA has widened the scope of the research component of the RRC to include disability issues related to the Social Security Disability Insurance (DI) and Supplemental Security

Income (SSI) programs. A portion of the research effort focuses on the development of research data sources and providing opportunities to use nonpublicly available data that can be accessed at restricted-use data sites, subject to the rules and requirements of those sites.

The scope of research conducted by the RRC is characterized by six broad priority research areas defined by SSA.

1. *Social Security and retirement.* Here we seek to understand how Social Security's programs influence the nature and timing of retirement and the claiming of benefits and the impact of changes in Social Security program rules on trust fund solvency. Examples of research topics in this area include new insights on claiming behavior; demand and supply of older workers; health and functional capacity of older workers, with an emphasis on whether or not they can work longer given longer life expectancies; early retirement and the DI and SSI disability programs; retirement decisions of married couples; effects of voluntary individual accounts; and implications of changes in the Social Security retirement ages and other parameters of the Social Security program (for example, tax rates, benefit amounts, benefit computations).
2. *Macroeconomic analyses of Social Security.* This area includes the macroeconomic and financial effects of Social Security and changes in policy on national saving, investment, and economic growth. Macroeconomic analysis also includes, but is not limited to, intertemporal effects on capital formation, retirement saving, and the unified budget. Examples of research topics in this area include the study of the effects of demographic changes on saving behavior, the effects of national tax policy on both the Old-Age and Survivors Insurance and Disability Insurance Trust Funds, and the impact on financial markets of Social Security reform.
3. *Wealth and retirement income.* This area considers the role of Social Security in retirement income and wealth accumulation. It includes analyses of other sources of retirement income and private savings such as employer-provided pensions, individual assets, and earnings from continued employment. Examples of research topics in this area include the role of financial literacy in wealth accumulation and decumulation, the optimal design of retirement investment vehicles, the effects of 401(k)

and 403(b) plans on retirement wealth, measuring retiree well-being, and the distribution of retirement income sources among subgroups of interest. Current research in this area focuses on the effects of the recent financial crisis on wealth accumulation and retirement preparedness.

4. *Program interactions.* This area covers interactions between the old-age and survivors portions of the Social Security program and other public or private programs such as DI, SSI, and Medicare, as well as private pension plans and personal saving. Examples of research topics here include interactions between the veterans' disability programs, SSI and Social Security, reforms to promote work among the disabled, understanding retirees' take up of Medicare Part D, and in general—how changes in the Social Security program (for example, retirement ages, tax rates, benefit amounts, benefit computations) might influence applications to the DI and SSI programs.
5. *International research.* The aim is to learn from other countries' social insurance experiences. This includes cross-country comparisons of social, demographic, and institutional characteristics as well as studies of specific countries as they institute reform. Examples of research topics in this area include cross-national comparisons of retirement policy reform, health insurance and retirement behavior, and pension reform in various countries.
6. *Demographic research.* This area includes changes in mortality, fertility, immigration, health, and marital status, and their implications for retirement policy. Also included here are differences in the effects of Social Security policy alternatives among workers and beneficiaries by age, race/ethnicity, sex, and occupation. Examples of research topics in this area include trends in fertility and mortality, labor market behavior of immigrants, marital histories and retirement income security, and health limitations and retirement behavior.

“ The Retirement Research Consortium brings together some of the best academic minds in the country to examine one of the most important challenges we face as a society: the aging of America. In my work as Staff Director of the Senate Special Committee on Aging, I have often used facts and policy recommendations from RRC reports and always find the annual conference to be a great place to learn about the latest ground-breaking ideas in the field. ”

Debra Whitman
Staff Director
U.S. Senate Special Committee on Aging
September 10, 2009

To provide further guidance to the centers as they develop their annual research prospectus, each spring SSA issues a memorandum to the center directors that outlines questions of particular interest to SSA

within broad categories such as early retirement, planning for retirement, retirement wealth, economic well-being, Social Security solvency, health and disability, and immigration. SSA develops its list of research priorities by soliciting input from a number of research and policy components within the agency.

One distinctive feature of the RRC is that SSA encourages joint research between consortium researchers and those at SSA. Of course, federal employees cannot receive any funding support for collaborative research projects. But, such joint ventures have become an excellent opportunity for SSA researchers to develop

productive connections with RRC researchers and for RRC researchers to benefit from the programmatic expertise of those at SSA and, in some cases, to conduct research based on Social Security administrative records that generally are not accessible to the research community.

From fiscal year (FY) 1999 through FY 2009, SSA funded 482 research projects across the three centers of the RRC.² More than 20 of these projects were conducted collaboratively by RRC and SSA researchers. Over 40 were quick turn-around projects initiated by SSA during a given budget year to answer high-priority and often unanticipated policy questions. Over the most recent few years, SSA has funded from 55 to 60 research projects annually.

Dissemination

Another important feature of each center's responsibilities is making knowledge and information available to the academic and policy communities and to the public. The centers maintain a dissemination system of quarterly newsletters, research papers, and policy briefs that are accessible to the public via each center's Web site.³ Before public release, SSA reviews all

publications created using RRC funding and requires all RRC research and dissemination to be nonpartisan and of value to a wide variety of audiences including policymakers, practitioners, the public, advocates, and academics.

The centers also organize conferences, workshops, lectures, seminars, and other means of sharing current research activities and findings. For example, in March 2009 the University of Michigan center along with the Brookings Institution, Wharton's Pension Research Council and Boettner Center, and The Retirement Security Project cosponsored a 1-day conference on financial literacy and retirement preparedness. Over the years, SSA has funded basic research on financial literacy and education as part of the RRC. At this conference, SSA announced its intention to fund one or more new research centers for financial literacy, in part to augment the research efforts of the RRC by transforming research findings into a variety of products that can be tested for their efficacy in helping Americans learn about their finances and the importance of saving.

The consortium holds an annual conference in August in Washington, DC on issues related to Social Security and retirement policy, with organizational responsibility rotating among the three centers. Papers selected for presentation are the product of research projects funded in the respective fiscal year (for example, projects funded for FY2009 are eligible to be presented at the RRC conference in August 2009). The hosting center works jointly with SSA to develop the conference agenda and to select keynote speakers. Recent keynote speakers have included Lawrence H. Summers, assistant to the president for economic policy and director of the National Economic Council (2009); Sylvester J. Schieber, chair of the Social Security Advisory Board (2009); Peter Orszag, director of the Congressional Budget Office (2008); Henry J. Aaron, the Bruce and Virginia MacLaury Senior Fellow in Economic Studies of the Brookings Institution (2008); and Andrew G. Biggs, deputy commissioner of Social Security (2007). After the conference, applicable papers and presentations are made available on the

hosting center's Web site. In recent years, the consortium's annual conference has drawn more than 300 registrants from a wide variety of research and policy institutions including SSA; other federal agencies such as the Office of Management and Budget and the Treasury Department; Congress (including the Congressional Budget Office, the Congressional Research Service, staff of the House of Representatives Budget Committee, staff of the House of Representatives Ways and Means Committee, staff of the Senate Finance Committee, and the Government Accountability Office); the press; think tanks and nonprofit research and policy institutions; and the financial services industry.

Training and Education

Each center of the RRC is tasked with training new scholars and educating academics and practitioners on new techniques and research findings on issues relating to Social Security and retirement policy. The centers financially support the training and research of graduate students, junior (untenured) scholars, and scholars new to the field of retirement research via two mechanisms—research assistantships and fellowships/grants. Individual RRC researchers typically request support for graduate student research assistants who then become skilled and knowledgeable with the data and subject matter of the project.

More formally, the RRC provides dissertation fellowships to support graduate students and small research grants to support postdoctoral researchers and junior scholars. The dissertation fellowship program is managed by the Center for Retirement Research at Boston College. Applications are solicited from students throughout the nation. The dissertation fellowship award committee, which includes representatives from SSA and all three RRC centers, reviews and competitively selects six fellowship recipients each year. One or two dissertation fellows are invited to present their research at the annual

RRC conference. In total, 48 graduate students have been awarded dissertation fellowships through the RRC. Many of the dissertation fellows have launched

“...[the] Retirement Research Consortium, which in its 11-year history has really become the premier gathering of researchers and policy makers interested in the core questions associated with retirement in the U.S. and other developed nations.”

James M. Poterba
President and CEO
National Bureau of Economic Research
Remarks delivered to RRC Annual Conference
August 11, 2009

successful careers in retirement-related research at top academic institutions and government agencies.

The junior scholars program—formally known as the Steven H. Sandell Grant Program in honor of the leadership of the late Steven Sandell in founding the RRC—provides 1-year grants to new scholars in the field of retirement research, either untenured junior scholars or senior scholars newly working in the field. The grant competition is international in scope and is managed by the Center for Retirement Research at Boston College. SSA provides funding for up to eight Sandell grants to be awarded each year to applicants selected by the Sandell grant award committee, which consists of representatives from SSA and all three RRC centers. Two or three Sandell grantees are invited to present their research at the annual RRC conference. In total, 60 Sandell grants have been awarded. The junior scholars program has been very successful in expanding and enriching the field of retirement research since being first funded by SSA in 2000. Many of the awardees have now become established researchers in their fields.

The Future of the RRC

The first 11 years of the RRC were overwhelmingly successful. The program has expanded and is continuing in its third 5-year funding cycle with centers at Boston College, the University of Michigan, and the National Bureau of Economic Research. In addition to the RRC's substantial contributions to (1) public policy development, (2) the research literature, and (3) general public knowledge on Social Security and retirement issues, the research and the researchers themselves have won a number of awards. Moreover, several RRC researchers have moved into positions of influence in the legislative and executive branches of federal government, and vice versa.

As changes evolve (1) in the retirement-age population and its need for income security through Social Security programs, (2) in the private pension

system, and (3) in the health care system, we expect the RRC to build on its successes over its first 11 years to make even more important contributions to the development of Social Security, retirement, DI, and SSI policy in the future.

The success of the RRC is now spawning sister research centers, as evidenced by SSA's recently

“...when we manage to meet the challenge of making complex ideas accessible we have the potential to bring the best public policy analysis to the policymakers who must implement it. Looking back at the Social Security reform debate over the past several years, I can think of a number of instances where academic and policy research directly impacts the Social Security policy arguments people in Washington have...”

You should know that your work does not simply move ahead the store of academic knowledge on retirement security. Rather, you are performing a valuable service to your government and to Americans, both today and in the future.”

Andrew G. Biggs
Deputy Commissioner of Social Security
Remarks delivered to RRC Annual Conference
August 9, 2007

awarded Financial Literacy Research Centers (FLRC). Based on the RRC model, the FLRC will develop innovative materials and programs to help Americans plan for a secure retirement. With centers at Boston College, the RAND Corporation, and the University of Wisconsin, the FLRC will tailor materials for Americans at different stages of their working lives—new workers, mid-career professionals, near retirees, and those who have already exited the workforce—to address the different challenges these individuals face. The FLRC also will help traditionally underserved populations better understand the path toward a secure retirement.

With its ability to fund top researchers in fields related to Social Security, retirement, and disability, the RRC will continue to be a vital component of SSA's research portfolio. Cross fertilization between the research community and policymakers has become the hallmark of the RRC. With SSA's ongoing support, the consortium will continue to benefit the American public by expanding the knowledge base upon which Social Security and retirement policy decisions are made.

Notes

¹ The Center for Retirement Research at Boston College is comprised of core staff at Boston College and affiliated researchers from the Brookings Institution, the Massachusetts Institute of Technology, Syracuse University, and the Urban Institute, among others.

The University of Michigan's center is located in the Survey Research Center at the university's Institute for Social Research. Institutions affiliated with the Michigan center include RAND, the University of Pennsylvania, Dartmouth College, and Cornell University, among others.

The National Bureau of Economic Research's center is a component of its Program on the Economics of Aging. Researchers affiliated with this particular center are drawn from numerous institutions including Harvard University, the Massachusetts Institute of Technology, Yale University, Stanford University, the University of California at Berkeley, the University of Illinois at Urbana Champaign, and Dartmouth College.

² This figure does not include training grants (Sandell grants and dissertation fellowships), which would bring the total number of projects to 590, funded from FY 1999 through FY 2009.

³ Boston College center—<http://www.crr.bc.edu/>;
University of Michigan center—<http://www.mrrc.isr.umich.edu/>;
National Bureau of Economic Research center—<http://www.nber.org/programs/ag/rrc/rrchome.html>.

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