

## **RDRC Focal Area Listing for FY2020**

The topic areas below are intended to address retirement and disability policy issues, including program design (public policy) and implementation (programmatic policy). While the issues below are framed in the context of SSA's programs, we are also interested in the lessons that can be learned from other programs (U.S. and international) serving similar populations.

### ***Trends in Disability and Survey Issues***

Changes in population health and function can lead to meaningful changes in DI applications and awards and affect the fiscal status of the OASDI system. Understanding cohort trends in health and function can provide important insights about the level and composition of the insured population that could seek benefits, their duration on the program if they receive an award and the potential for work if they do not. Measuring function and interpreting survey data intended to capture the concept is a challenge. For example, the degree that a condition affects function versus the conduct of defined social roles (i.e., work) can confound the connection between health and disability.

While the broader context of this focal area is to investigate methodological and policy issues related to the conceptualization, definition, and measurement of disability over time, SSA specifically has the following questions:

- ❖ Are there distinguishable demographic trends in function (e.g., physical, mental, and cognitive), and what are the factors driving changes in the composition of function in the population?
- ❖ What are the factors of geographic variation among the disabled population (e.g., health status, unemployment rates)?
- ❖ How do surveys inform our understanding of claiming behavior, particularly in light of the recent divergence between self-reported disability prevalence and DI applications?

### ***Informing Long-Term Projections and Models***

Research informing economic and demographic assumptions underlying Trust Fund projections are of ongoing interest to SSA and the Social Security Trustees.

- ❖ Labor force participation
- ❖ Immigration
- ❖ Fertility
- ❖ Marital status
- ❖ Interest rate projection methodologies
- ❖ Stochastic methodology: transitions from short-term to long-run, both in basic and stochastic projections

The Social Security Advisory Board convened a Technical Panel on Assumptions and Methods (TPAM) to review the assumptions specified by the Board of Trustees of the Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund and the methods used

by the Social Security actuaries to project the future financial status of the programs. The [2015 TPAM report](#) indicates a number of areas for additional research to inform projections.

### ***State and Local Pensions for Non-Covered Workers***

Underfunding of state and local government pension plans creates financial risk for plan participants, which could have spillover effects on Social Security. Benefit reductions to improve pension plan solvency could impact Social Security solvency due to interactions with the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) as well as jeopardize the FICA tax exemption for non-covered workers under Section 218 “safe harbor” rules. SSA seeks further analyses of how changes in pension plan provisions can affect individual workers and retirees, as well as overall pension plan and Social Security solvency. We are requesting research relating to:

- ❖ Sustainability of state and local government plans and their potential impact on Social Security.
- ❖ Evaluation of the “comparable benefit” requirements for FICA exemption under Section 218 and “safe harbor” rules under current conditions (e.g., employment tenure and vesting) as compared to when these requirements were enacted.
- ❖ The potential impact on Social Security solvency of non-covered pension benefit reductions through the interaction between non-covered pensions and the WEP and GPO.

### ***Actuarial Adjustment of Benefits***

The various calculations and adjustments to calculate benefits paid to individuals are complex and may produce disparities among beneficiaries.

- ❖ Workers who retire before the full retirement age (FRA) receive actuarially reduced benefits immediately, but workers who retire after FRA receive delayed retirement credits (DRCs) that may not be paid until the following year.
- ❖ Workers may qualify for their own benefit, as well as a spouse or survivor benefit. Instead of receiving the highest benefit to which they are eligible, one benefit is offset against the other. In some cases, the early eligibility reductions are applied to each benefit. In other cases, the reductions are applied only to the difference between the benefits.
- ❖ Benefits are generally based on earnings that are wage-indexed to the second year prior to eligibility, but a different indexing year may be applied to survivor benefits. Beneficiaries are also allowed to collect survivor benefits with one reduction, and then collect worker benefits with a different reduction (or a DRC) at a later date. Spouses and survivors are subject to early retirement reductions, but are not eligible for DRCs. Survivors may collect benefits as early as age 60, but the reductions are smaller than those applied to workers or spouses.
- ❖ The actuarial assumptions were specified in the 1983 legislation based on contemporaneous economic and demographic conditions. To the extent those conditions changed between now and then, the claiming behavior and distributional effects of the actuarial adjustments could be different.

We are interested in studies related to simplifying benefit claiming decisions, reducing improper payments (due to calculation complexity, e.g. widows limit), and improving benefit equity.

- ❖ Assessing the interaction between benefit claiming rules and actuarial adjustments and their impact on the optimal claiming decision.
- ❖ Evaluating different options for standardizing benefit calculations and actuarial adjustments for all workers, spouses, and survivors.
- ❖ Comparing the economic and demographic conditions that underlay the actuarial assumptions legislated in 1983 versus more recent conditions.

### ***Economic Effects of Totalization Agreements***

The United States has bilateral social security (“totalization”) agreements in force with 26 countries, with four more in the process of coming into force. These agreements have three main purposes: eliminate dual social security taxation where a person would be covered under the social security systems of two countries on the same earnings; permit payment of partial benefits based on combined coverage earned in two countries for people who worked in two countries, but do not have enough coverage in one or both countries to meet the ordinary minimum coverage requirements; and remove payment restrictions that apply to residents of both countries.

We are interested in determining the macroeconomic effects of totalization agreements through analyses such as event studies focused on implementation in particular countries, like Iceland, Slovenia, and Brazil. Because totalization agreements remove impediments to temporary, overseas work assignments, there may be quantifiable effects on capital investment, trade, and labor markets. Please refer to our website [https://www.ssa.gov/international/agreements\\_overview.html](https://www.ssa.gov/international/agreements_overview.html) for additional general information about totalization agreements.

### ***Measuring Sources of Income***

One of the main purposes of Social Security is to provide assured basic income during retirement. There is a considerable amount yet to learn about the measurement of retirement income. We are interested in studies providing comparisons of various data sources on income and in-kind resources. Further, income and wealth data have been the subject of recent discourse on the quality of self-reported income data collected in surveys. Studies should identify the specific areas of strength in addition to those that may be deficient and identify remedies.

### ***Risks and Resources in Older Age***

We are interested in learning more about the evolving risks to economic security and how future beneficiary cohorts will fare. Research should take a broad view of the retirement portfolio, looking at all sources of economic security, as well as the spectrum of resource needs to address financial risks, including long-term care.. Particular areas of interest include:

- ❖ Use of housing as a resource
- ❖ Role of other government programs
- ❖ Effects of age and actual/proposed related policy (e.g., age-85 super COLAs, SSI aged)

### ***Induced entry***

“Induced entry” refers to people who are medically eligible for but not currently receiving SSDI benefits who apply for SSDI benefits due to changes in policy. If the implementation of a policy causes sufficient induced entry (or reduced exit), SSDI program costs could increase, possibly substantially. Induced entry has been a concern for recent SSA demonstrations, including the Benefit Offset National Demonstration and the Work Incentives Simplification Pilot. SSA is interested in evidence of induced entry due to policy change.

### ***Opioids***

SSA is interested in research investigating the causal connections between treatment of pain, opioid use, and disability program application and participation. Due to the large amount of recent work in this area, PIs should be sure to place their proposed work in context and explain the contribution of their work and its significance to disability policy.

### ***Claimant Representatives***

Claimant representatives support applicants while they pursue Social Security claims. Fees are usually determined as the smaller of 25 percent of past-due benefits and \$6,000. We would be interested in research exploring how this fee formula affects the alignment of interests between the principal and the agent. What alternative fee structures could increase incentives for a higher representative participation rate and level of service? We would also be interested in research on similar relationships outside the Social Security context that could inform this issue.