

Social Security Retirement Benefit Start Age, and Earnings after Eligibility

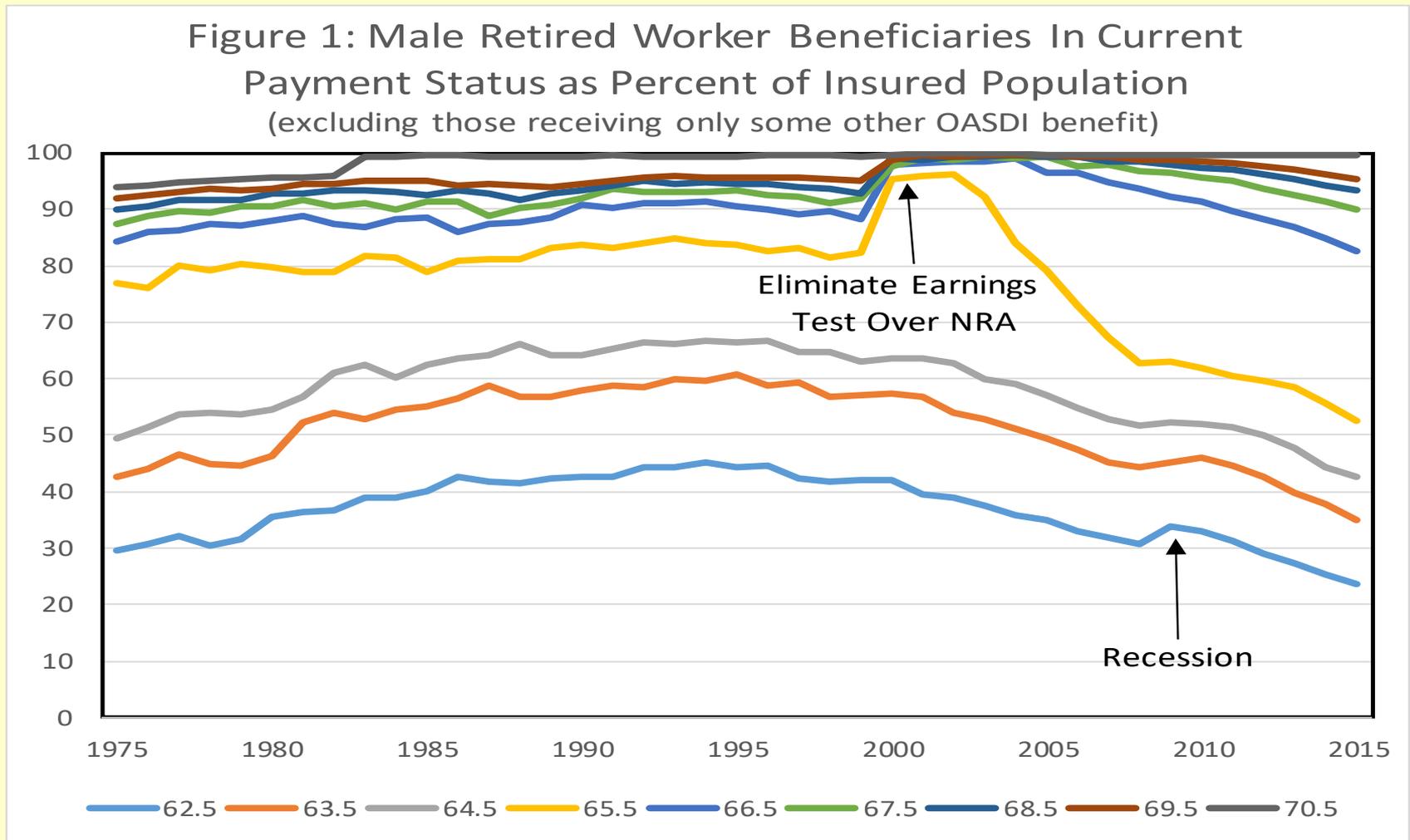
*Discussion of Papers by Barbara Smith (SSA)
and Jordan Stanley (Census)*

APPAM Conference
Steve Goss, Chief Actuary
Social Security Administration
November 9, 2018

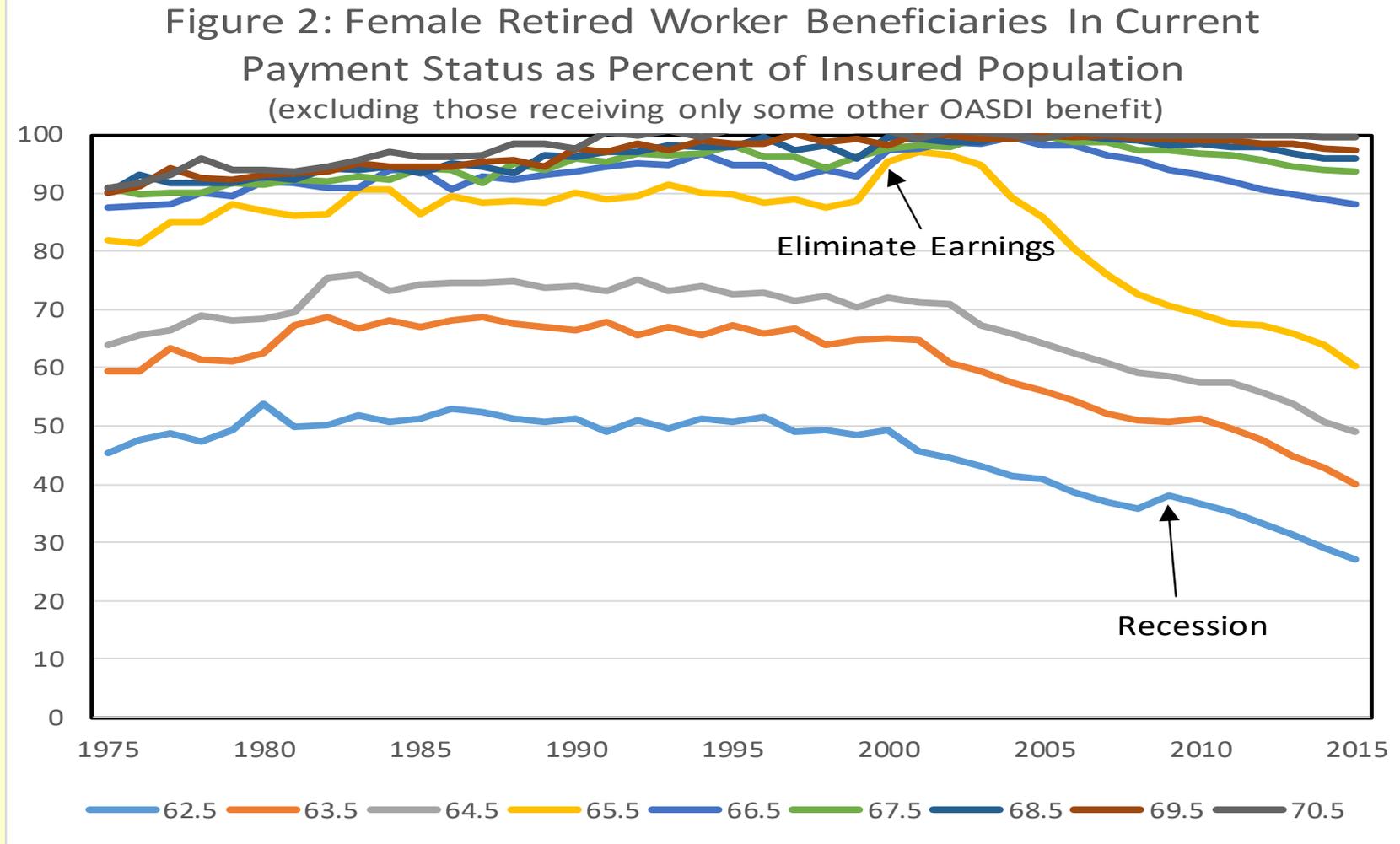
Can Informational Interventions Be Effective Policy Tools: The Social Security Statement

- ◆ 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



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

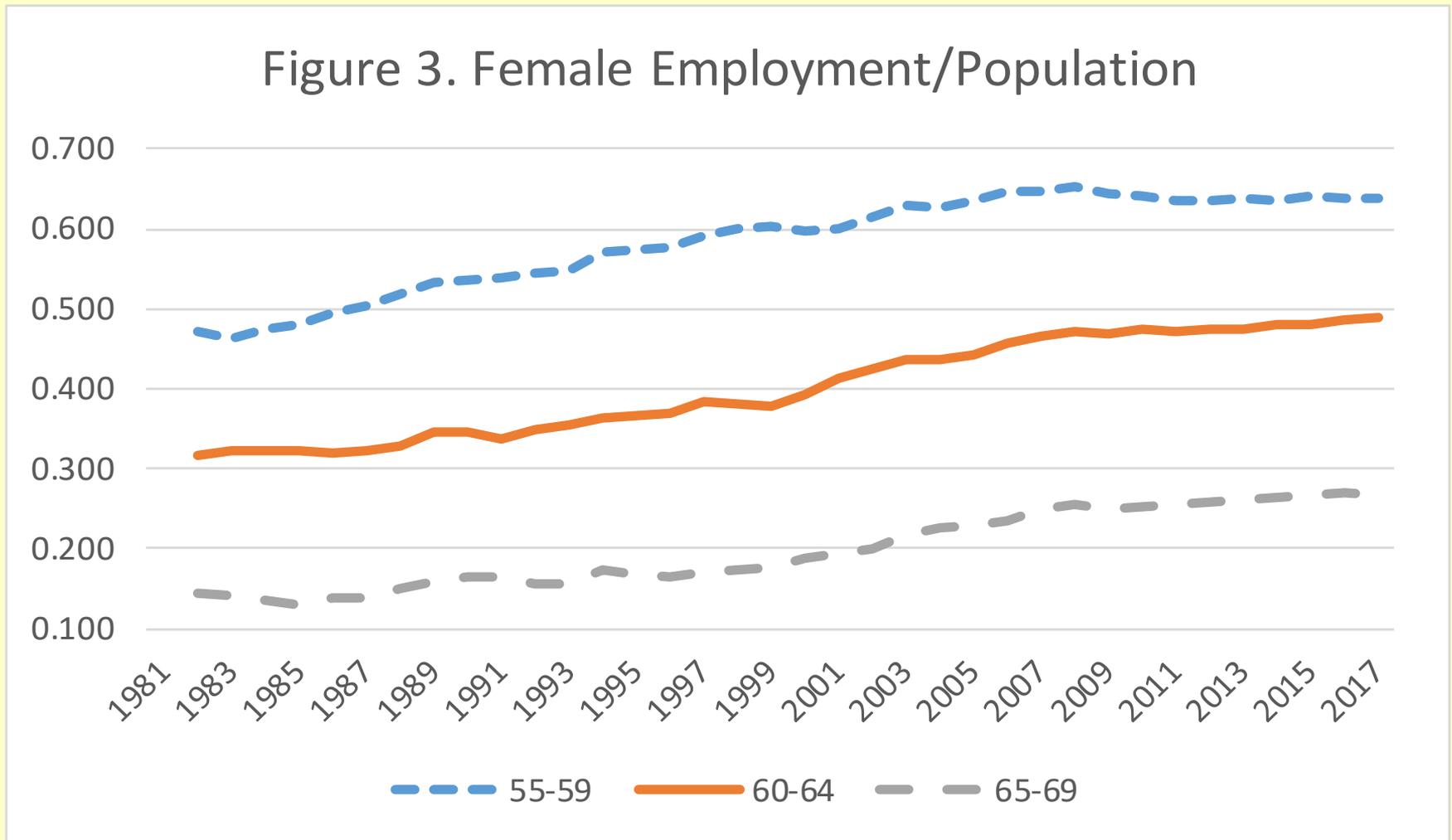
- Boomers flooded workforce—early out pensions
- These are now all but gone—DC plans different

◆ Note also “time to recover” change 200X

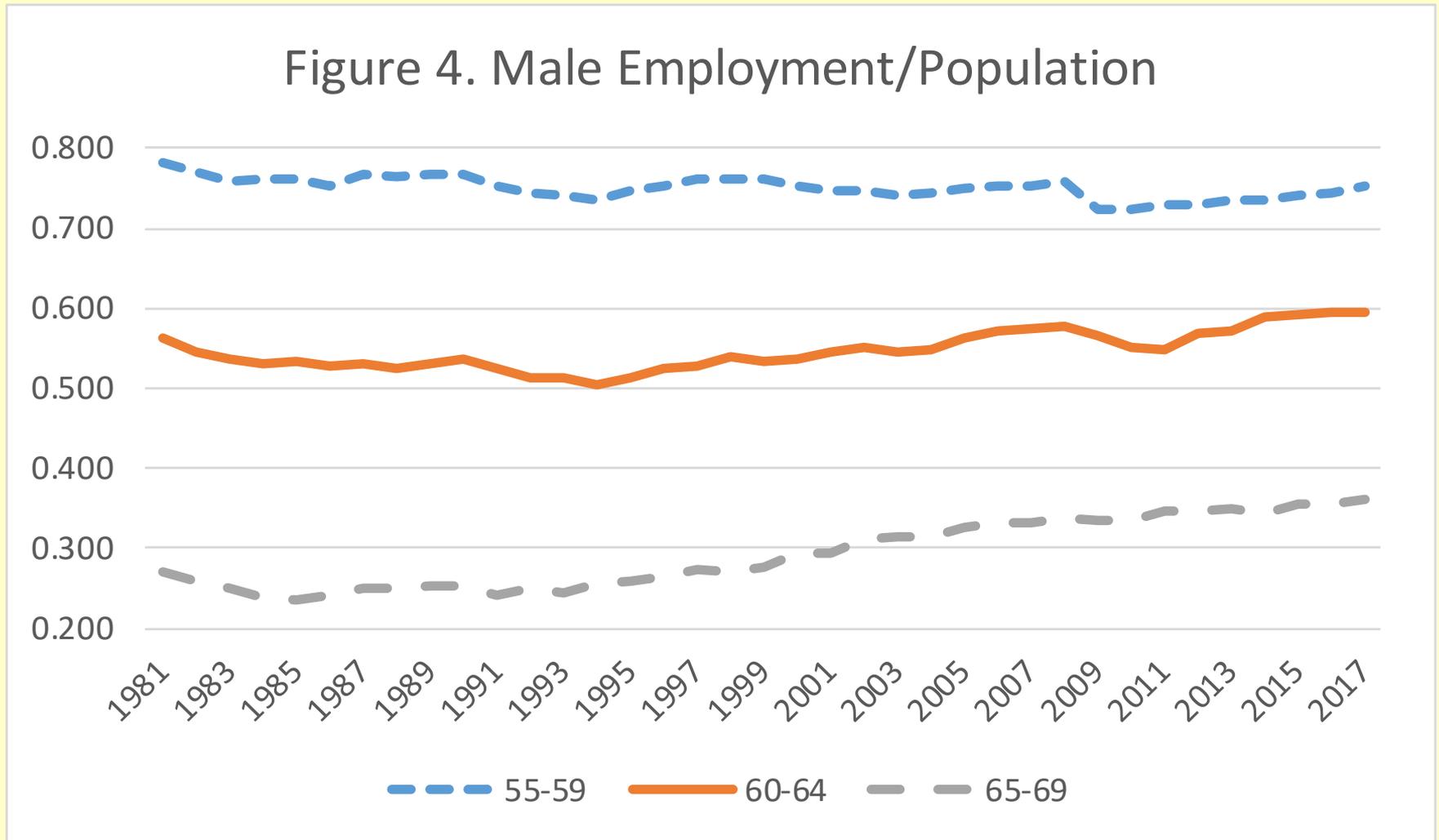
Effects of Social Security Eligibility Timing on Retirement Decisions, by Jordan Stanley

- ◆ 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 to 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
 - Changings 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!