The Social Security Statement: Background and Implementation

Barbara Smith, Social Security Administration
Ken Couch, University of Connecticut

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Why this study on the *Social Security Statement*?

- Little is known about its history and implementation
- Few studies on the impact of *Statement* on recipients’ benefit knowledge, benefit claiming behavior, or retirement decisions
- SSA has the information to answer these questions
  - Internal files and other documents on background & implementation
  - Administrative records for analyzing changes in claiming and retirement behavior
- Phase one of this project focuses on background and implementation of *Statement*
Social Security Statement – Some Facts

- Formally launched on October 1, 1999
- Mailed out annually to all eligible workers age 25 or older
- Largest customized mailing ever undertaken by a Federal agency
- SSA staggers mailing of *Statement* throughout the year
  - Over 149 million sent out in fiscal year 2008
  - Over 12.4 million mailed every month
  - About 415,000 delivered each day
Social Security Statement -- History

- Agency efforts to communicate benefits to public predate Statement
  - May 1962 – initiated the “leads” program to inform older workers about benefits
  - Early 1980s – sent out benefit estimates on request

- 1980s – increasing interest inside and outside SSA in providing benefit information

- National Commission on Social Security – 1981 report called for benefit “illustrations”

- August 1988 – Senator Moynihan introduced a bill mandating SSA issue benefit statements
  - SSA announced it would provide earnings and benefit statements on request
Mandating legislation specified deadlines but not procedures

- October 1, 1990 – on-request statements to all eligible individuals
- September 30, 1995 – automatic statements to those 60+ on Oct. 1, 1994
- FY 1995- FY 1999 – automatic statements to those turning 60
- October 1, 1999 – automatic statements to all eligible individuals 25+

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Estimated # of Statements</th>
<th>Actual # of Statements/Recipient Age Group</th>
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<tbody>
<tr>
<td>1995</td>
<td>6.7 million</td>
<td>7.0 million 60 or older</td>
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<tr>
<td>1996</td>
<td>1.6 million</td>
<td>5.5 million 58-60</td>
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<tr>
<td>1997</td>
<td>1.7 million</td>
<td>12.4 million 53-58</td>
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<tr>
<td>1998</td>
<td>1.8 million</td>
<td>20.7 million 47-53</td>
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<tr>
<td>1999</td>
<td>1.8 million</td>
<td>26.6 million 40-47</td>
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<tr>
<td>2000</td>
<td>123.0 million</td>
<td>134.7 million 25 or older</td>
</tr>
<tr>
<td>2001</td>
<td>123.0+ million</td>
<td>135.6 million 25 or older</td>
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**Social Security Statement -- Content**

- Basic content is determined by legislation
  - Worker’s earnings history
  - Social Security and Medicare taxes paid
  - Estimate of potential retirement benefits at 62, FRA, 70
  - Estimates of disability, survivors, auxiliary benefits
  - Description of benefits payable under Medicare
  - Information on WEP and GPO (since 2006)

- In 2000, SSA began including inserts for those 55+
Social Security Administration’s Survey Efforts

- In 1998 established the Public Understanding Management System (PUMS)
  - In response to 1997 strategic plan’s objective that by 2005 nine out of ten Americans would be knowledgeable about selected aspects of Social Security.
  - Surveys found Americans relatively knowledgeable about basics but less likely to know specific facts.

- 2008 – 2010 SSA commissioned surveys that focused specifically on the Statement, following a recommendation from the last PUMS report.
  - Surveys found that recipients appreciated receiving Statement; significant proportions recalled benefit amount and accuracy of reported earnings
Social Security Statement – Future Research Directions

Phase Two – Analysis of PUMS

- Six years of survey data collected between 1998 and 2004, during and after implementation of the Statement
- Analyze impact of Statement on general and specific knowledge of Social Security
- Analyze impact of Statement over time and across demographic characteristics (age, education, income, gender)

Correct Responses on General Knowledge Questions Among Those Less than Age 47

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<tbody>
<tr>
<td>Soc Sec Provides Benefits to Families of Workers Who Die (Agree)</td>
<td>76.1</td>
<td>75.4</td>
<td>87.1</td>
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<td>Soc Sec Pays Benefits to Workers who Become Disabled (Agree)</td>
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