

## The Psychology of Social Security Claiming Decisions and the Design of Interventions

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### Key Findings and Policy Implications

Using a series of experimental interventions, this project examines how the presentation of information affects early versus late claiming of Social Security benefits, and individual preferences regarding the annuitization of personal retirement resources. The interventions look at how providing cumulative payout information differentially affects claiming and annuity decisions. The paper finds that:

- When participants received a cumulative payout table, rather than a simple monthly income table, there was no effect on their annuity preferences. It did, however, lead to earlier claiming of Social Security benefits, even though the information was designed to describe the long term value of delayed claiming.
- Based on eye-tracking technology, early claimers spent more time looking at the top rows (showing payouts for earlier claiming ages) and leftmost columns (showing cumulative payouts for younger ages), while later claimers moved away more quickly from the top rows to spend more time looking at the bottom rows (showing payouts for later claiming ages) and rightmost columns (showing cumulative payouts for older ages). Given this correlation between claiming age and row and column presentation, we attempted to shift the focus for participants by rearranging the rows and columns for Study 3.
- When reversing the order of the cumulative payout table, participants did in fact choose later claiming of Social Security benefits. There was still no effect on annuity preferences, however.

Since “outliving savings” is a major concern of old age, the effect of policy in inducing more or less annuitization of retirement resources is an important consideration in policy design. Converting retirement resources to an annuitized form can be achieved by delayed claiming of Social Security benefits, or by annuitizing some or all of one’s private retirement saving. This study shows how the presentation of policy options may affect these decisions.

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