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Exploring How Uncertainty in Longevity Estimates Predicts SSA Claiming Decisions

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Key Findings and Policy Implications

This paper analyzes how people's subjective longevity expectations affect their Social Security claiming plans. It considers not just people's most likely longevity expectations, but also their probabilistic expectations of surviving to younger (age 65) and older (age 95) ages. The study is based on experimental surveys. The paper finds that:

- While people's Social Security claiming plans are highly sensitive to their longevity expectations, they are not differentially sensitive to subjective probabilities of living to 65, 80, or 95. That is, they are sensitive to the center of the distribution, but not its tails.

- Survey questions that prompted people to think about advising another person, or about the experience of someone they know, had a bigger impact on claiming than just thinking about oneself.

- Making a recommendation for someone else who is known to live long into retirement, coupled with thinking about a particular individual known to the respondent who lived long into retirement, led to a claiming age intention approximately 9 months older compared to no intervention. An analogous manipulation focused on dying early in retirement led to a claiming age intention 9 months younger than no intervention.

The age at which people claim Social Security benefits has a big effect on the amount of their monthly payment – with claims at age 70 providing a monthly payment stream as much as 75 percent higher than claims at age 62. This study provides insights on how subjective mortality expectations affect claiming plans, and how claiming might be influenced by the way information is presented to those making claiming decisions.

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