



Promoting research on retirement and Social Security policy

Financial well-being symposium offers new directions for research

On September 7, 2016, The Michigan Retirement Research Center, with support from the United States Social Security Administration and the U.S. Department of the Treasury, coordinated a one-day “Financial Security Research Symposium.” The day featured 21 presenters from government, academia, and nonprofit organizations sharing findings on Americans’ financial well-being and identifying gaps in current knowledge and data.

Five major themes recurred throughout the day: data development, financial diversity and disparities, financial education, long-term care (LTC) and health (particularly dementias), and nontraditional employment’s growing impact on financial well-being, including retirement preparedness. Newer behavioral economic methods, as well as traditional economic modeling, could benefit work on these areas.

Data development

Presenters consistently argued for more and better access to administrative data. Many speakers also suggested enhancements to existing surveys, including links to administrative data, such as the Social Security Administration’s to the Health and Retirement Study (HRS), for example. Also mentioned:

▶ Web-based surveys have the potential to capture

minority populations if they provide Internet access. Pairing such surveys with financial aggregate data would allow a better picture of minority households’ financial states.

- ▶ Family constructs could be built through tax records and would help illuminate how marital history and family support affect retirement.
- ▶ Combining plan-specific details on 401(k)s from employers with data on individuals’ investments is necessary to determine ideal saving behaviors and how to encourage them.
- ▶ Modifications to existing surveys could help capture emerging kinds of employment that could provide valuable insights about future retirements.
- ▶ Linking the HRS to Medicaid/Medicare (currently in development) will enable examination of nursing home data. This will provide better understanding of retirees’ greatest financial risk—the need for long-term care.
- ▶ The best data on poverty comes from the states. How can linkage to other survey/program data be encouraged?

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Financial diversity and disparities

Generally, we have good data and knowledge on Mr. and Ms. Average. Presenters wanted to see more work done on under-represented or understudied populations. This would include exploring:

- ▶ younger cohorts, whose work and life (home buying, student debt, etc.) experiences will differ greatly from retiree and near-retiree cohorts;
- ▶ enhancement of study design to increase minority populations' response rates — for example, by adapting to the cultural and economic backgrounds of minority populations, which are as diverse from each other as they are from the average;
- ▶ how to expand access to employer savings programs among minority populations;
- ▶ the impact of entering the labor market during poor economic conditions on retirement security;
- ▶ how today's high childhood poverty rates will affect future retirement security;
- ▶ mortality differences among socioeconomic statuses (SES), the effects mortality has on retirement security, and the best ways to address these disparities;
- ▶ the importance of employment type — full- versus part-time, self- versus gig/contract, etc. — on financial security and retirement adequacy (more on this below).

Nontraditional employment's growing impact on financial well-being

A number of presenters touched on the changing nature of work. Note that the definitions of employment types as used throughout the day

were inconsistent and bear examination in and of themselves. Questions include:

- ▶ how best to transform employer-based savings to worker-based systems (“portable” 401(k)s);
- ▶ how to measure new types of employment in surveys and administrative data in order to better quantify its growth;
- ▶ whether a causal link exists between the growth of nontraditional employment and retirement (in)security;
- ▶ what is the impact of new employment types on seniors' ability to find work;
- ▶ how career lengths may adjust to longevity in the future;
- ▶ how best to pair survey data to administrative data to get a more accurate picture of a respondent's employment status.

Targeting financial education

Access to financial education often depends on SES and employment history. Receptiveness to such information can hinge on cultural expectations regarding savings and retirement. Again, the population's increasing diversity presents the need for new messages and delivery methods for such education. Issues surrounding this topic include:

- ▶ understanding how different cultural/generational groups respond to different messages;
- ▶ the role of family in financial advice/literacy;
- ▶ technology's role in disseminating education;
- ▶ creating substitutes for employer-based financial education since many of those who need it most (Hispanics and the self-employed, for example) do not have access to such information;

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- ▶ enhancing the clarity of the language surrounding Social Security benefit claiming;
- ▶ refining the Social Security statement to help individuals make better retirement choices;
- ▶ developing best practices for frequency and method of messaging, which can be as important as the message.

Long-term care and health

A number of presenters also discussed the problems surrounding long-term care, a significant and often uninsured financial risk retirees face. Dementias, such as Alzheimer's disease, frequently create the need for LTC. While the poor will qualify for Medicaid and the wealthy will self-insure, the middle class lacks viable options for preparing for this expense. Questions in this realm include:

- ▶ the consequences the changing rate of dementias will have on federal and personal budgets and the management of finances;
- ▶ why some populations are more vulnerable than others to dementias;
- ▶ the role health (particularly dementias) plays in home equity borrowing.

View the symposium [webcast here](#); schedule and presentation materials are [available on the MRRC website](#).



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