

Three Little Words? The Impact of Social Security Terminology

Laith Alattar, Social Security Administration¹
Francisco Perez-Arcs, University of Southern California²
Lila Rabinovich, University of Southern California³
Joanne Yoong, University of Southern California⁴

We study the impact of renaming the Social Security retirement benefit claiming ages. We used a nationally representative online survey administered by the Understanding America Study (UAS) at the University of Southern California. We randomly assigned survey respondents to either a control group or a treatment group. We provided both groups with the same information about Social Security but used different approaches to naming the retirement claiming ages. The control group saw the current terms: Early Eligibility Age (age 62), Full Retirement Age (currently ages 66 or 67), and Age 70. The treatment group saw the alternative terms: Minimum Benefit Age (age 62), Standard Benefit Age (currently ages 66 or 67), and Maximum Benefit Age (age 70).

Despite the minimal nature of the change, there were significant differences in outcomes. Those in the treatment group spent less time reading the information but their understanding of the Social Security program improved more than in the control group. In addition, the treatment had the effect of delaying retirement claiming intentions by an average of about two and a half months. Respondents in the treatment group also were more likely to state they would advise standardized characters in hypothetical vignettes to claim later in life. Direct elicitation of all respondents' preferences also revealed they thought the alternative terms were clearer. The relative gains in knowledge among those exposed to the alternative terms persisted several months after the treatment. These effects are stronger for those with low baseline levels of financial literacy.

¹ Laith Alattar (laith.alattar@ssa.gov), Behavioral Psychologist, Office of Research, Evaluation, and Statistics

² Francisco Perez Arcs (perezarc@usc.edu), Economist, Center for Economic and Social Research

³ Lila Rabinovich (lilarabi@usc.edu), Director, Policy and Development, Center for Economic and Social Research

⁴ Joanne Yoong (lyoong@usc.edu), Director, Research and Science, Center for Economic and Social Research