
Send the Social Security Statement to Everyone On One Day!

By Editor Test Wed, Oct 12, 2011

The associate director of the Center for Retirement Research wants financial services companies to fund a revival of the delivery of Social Security statements to working Americans. Cost: \$55 million. Benefit: Priceless.

The Social Security Administration is no longer sending its *Social Security Statement* – which provides personal estimates of Social Security death, disability, retirement benefits – to anyone under age 60. These are budget-cutting times in Washington, and the program cost \$55 million a year. With a few tweaks, however, the program could be the single-most effective initiative for improving the retirement prospects of U.S. households.

Americans suffer from pathological passivity when it comes to retirement planning. A study sponsored by the Financial Security Project at Boston College (URL) found Americans approaching retirement are seriously *worried* about their prospects and *angry* at the government, their employers, and the financial services industry, with the combination of worry and anger producing *paralysis*, not action. They don't seek information and don't take action that could improve their prospects.

For this to change, information must be “pushed” – delivered directly to their doorstep. The information must be clear, readily digestible, and actionable, explaining what recipients could do to improve their prospects. And it must be delivered in a context that makes it easy for recipients to process this information, develop a plan, and move from plan to action.

The Social Security Administration spent \$55 million to deliver personalized *Statements* to the doorsteps of 150 million U.S. workers. That's 35 cents per worker. The Social Security Administration remains a trusted source of information. Social Security benefits remain the most important source of retirement income for the great majority of U.S. households. And claiming later is the most effective way they could improve their retirement prospects: monthly benefits claimed at 70 are over 75% higher than benefits claimed at 62. In sum, *nothing* comes remotely close to pushing trusted, critically important, and *actionable* information to U.S. workers – let alone for 35 cents per worker.

Moreover, the program could be dramatically more effective. The *Statement* itself could be improved. But the most effective tweak is to send the *Statements* to everyone on the *same day*. (*Statements* are currently sent out 3 months before the recipient's birthday – a penny-wise administrative “economy.”)

If everyone received the *Statement* at the same time, it would create an “event” – *Statement Day* – that would dramatically magnify the program's impact. Financial services companies and advisors would focus their advertising, introduce new products, and offer special online and seminar-type programs around *Statement Day* – drawing attention to the *Statement* and explaining how their products complement Social Security – itself a critical advance in retirement planning. Employers would leverage *Statement Day* to draw attention to benefits they provide, and how they complement benefits provided by Social Security.

The media – TV, magazines and newspapers, and on-line “publishers” – would carry *Statement Day* articles and discussions on retirement planning, and financial planning more generally. And workers would discuss these issues with family and friends. All this focus and discussion makes it much easier for Americans to process information, develop a plan, and move from plan to action.

So what about the \$55 million expenditure, in these budget-cutting times? If Congress or the Social Security Administration won't pick up the tab, could the financial services industry underwrite some or all of the \$55 million? The unprecedented focus and attention to the products and services the industry provides – and the business generated – is clearly worth the expense. Organizing and collecting the funds, and paying for *Statement Day* is probably an impossible task. But putting *Statement Day* on the industry's political agenda is not. And a careful review could put *Statement Day* at the top.

Steven Sass is associate director for research at the Center for Retirement Research at Boston College and author of The Promise of Private Pensions: The First Hundred Years (Harvard, 1997).