Perceptions about Social Security and Behavior: Evidence from a Joint Survey of Spouses

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Effective communication about Social Security is critical in order to allow individuals to make informed retirement-related decisions, such as when to claim and when to retire and how much to save for retirement. That individuals may have limited understanding of various aspects of Social Security (benefits, policies, potential future changes, and the optimal time to claim benefits) has been documented in prior research. Little is, however, known about how misperceptions of one individual may impact the behavior and beliefs of their spouse. After all, decisions of how much to save, whether to supply labor or not, etc., are made jointly at the household level. One's perception of their own social security benefits as well as their spouse's, and what their spouse's beliefs are about these are likely to be important determinants of household behavior.

Previous research has established that men have a biased view of their wives' labor supply preferences, overestimating their disutility of work (Michaud, Van Soest, and Bissonette, 2018). Our innovation is to collect rich data on expectations, knowledge gaps, and intended/actual retirement-related behavior in a panel survey of spouses in a representative sample of US household heads (the NY Fed Survey of Consumer Expectations). At baseline (after collecting data on respondents' beliefs and perceptions related to social security), information about future benefits similar to the information provided within the Social Security statement will be provided. Importantly, some households will be randomly selected to receive information for *one* spouse while others will receive information for *both* spouses. The objective is to establish how debiasing of perceptions and provision of information in the initial survey affect intended/actual behavior and beliefs in a follow-up survey conducted 6 months after the baseline and how this relation varies by whether one or two spouses received the information. In addition, we will also present respondents with hypothetical scenarios where we will vary aspects of Social Security or the macro economy (such as the stock market) to better understand decision-making at the household level.

The NY Fed Survey of Consumer Expectations is a monthly internet-based (rotating panel) survey of representative household heads. Importantly, we already have received consent from 1,768 outgoing survey panelists (since 2016) for future surveys and for inviting their spouses to take the survey. The average age of these respondents is 49 years, with 38% age 55 or older. Thus, there is substantial variation in the ages of the respondents. In addition, we have data on respondents' earnings histories to approximate relatively accurately their future Social Security benefits.

This proposal nicely fits in Focal Area 5, "Improving Communication and Outreach". Our findings could have direct implications for the design of communication strategies. For example, if we find evidence of strong complementarities between spouses' beliefs and household behavior, that could suggest that social security statements be sent to both spouses around the same time (regardless of their ages) for households to make optimal decisions.