Title: Long-term financial impacts of the OASDI disbursement schedule

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Focal areas: Economic Security of SSA Beneficiaries, Disparities by Race and Ethnicity

Abstract:

This project examines the long-term financial impacts of the OASDI payment disbursement schedule, which allocates monthly payments on the second, third and fourth Wednesday of each month for Social Security beneficiaries starting benefits after 1997. This project uses the Gies Consumer Credit Panel, a novel dataset at the University of Illinois including the credit reports of a random sample of nearly 3 million Americans from 2004-2018. The dataset includes the detailed financial history of each individual, including credit score; debt levels for all forms of formal debt including mortgages, student loans, and credit cards; payment history and delinquency; bankruptcies; subprime borrowing history; and other information.

This dataset was specifically designed to measure the effects of the OASDI disbursement schedule, and includes the age and exact day of month of birth of the anonymized individuals. This project builds on previous SSA-funded research (Baugh and Wang 2018) that examined short-run checking account outomes, and will explore the long-term financial implications of the disbursement schedule. Utilizing the quasi-random assignment of disbursement groups based on the day of month of birth, this project will measure whether different disbursement groups experience long-run differences in credit scores, debt accumulation, financial distress, and overall financial health. By examining heterogeneity in these effects across geographies with different racial compositions, this project will also explore the disparate impacts of the OASDI disbursement schedule across racial groups.