

# The Financial Habits of Consumers aged 50 or older, who are making less than \$60,000/year

David Rogofsky, Social Security Administration

The views expressed are those of the presenter and do not necessarily  
represent the views of the Social Security Administration.

# Understanding Americans Study (UAS) Internet Panel

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- ▶ HHS/SSA cofund a nationally representative internet panel of approximately 2,500 individuals.
- ▶ If an individual does not have internet access, the grantee (University of Southern California) provides free internet access and a tablet.
- ▶ The internet panel will grow to approximately 6,000 individuals by the end of the summer 2016.



# Understanding Americans Study Internet Panel - continued

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- ▶ All panel members will be administered the following survey instruments:
  - ▶ Core Health and Retirement Study (HRS) instrument: every two years
  - ▶ Cognitive ability: every two years
  - ▶ Personality traits (big five): every ten years
  - ▶ SSA program knowledge: every year
  - ▶ SSA channel preference: every year



# Understanding Americans Study Internet Panel - continued

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- ▶ All data in the UAS will be publicly available within one year at <https://uasdata.usc.edu/>
- ▶ Users of the data will need to register with USC.
- ▶ USC weights all surveys to the Current Population Survey (CPS).



# Financial Management Survey

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- ▶ One of the surveys that SSA/HHS sponsored last year was the Financial Management Survey (FMS), which has many similarities to the Federal Reserve Board (FRB) Older American Survey. The grantee also received cofunding for this survey from the Society of Actuaries (SOA).
- ▶ The grantee received input from personnel at SSA, SOA, CFPB, FRB, and Treasury on the FMS survey instrument.
- ▶ The FMS was administered to 2,000 panel members and had about a 70% response rate.



# Financial Management Survey – cont.

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- ▶ The working paper that provides information on the entire sample is forthcoming:
  - ▶ Leandro Carvalho, Htay-Wah Saw, “[How Americans Manage their Finances](#),” Paper No. 2015-020



## Financial Management Survey – cont.

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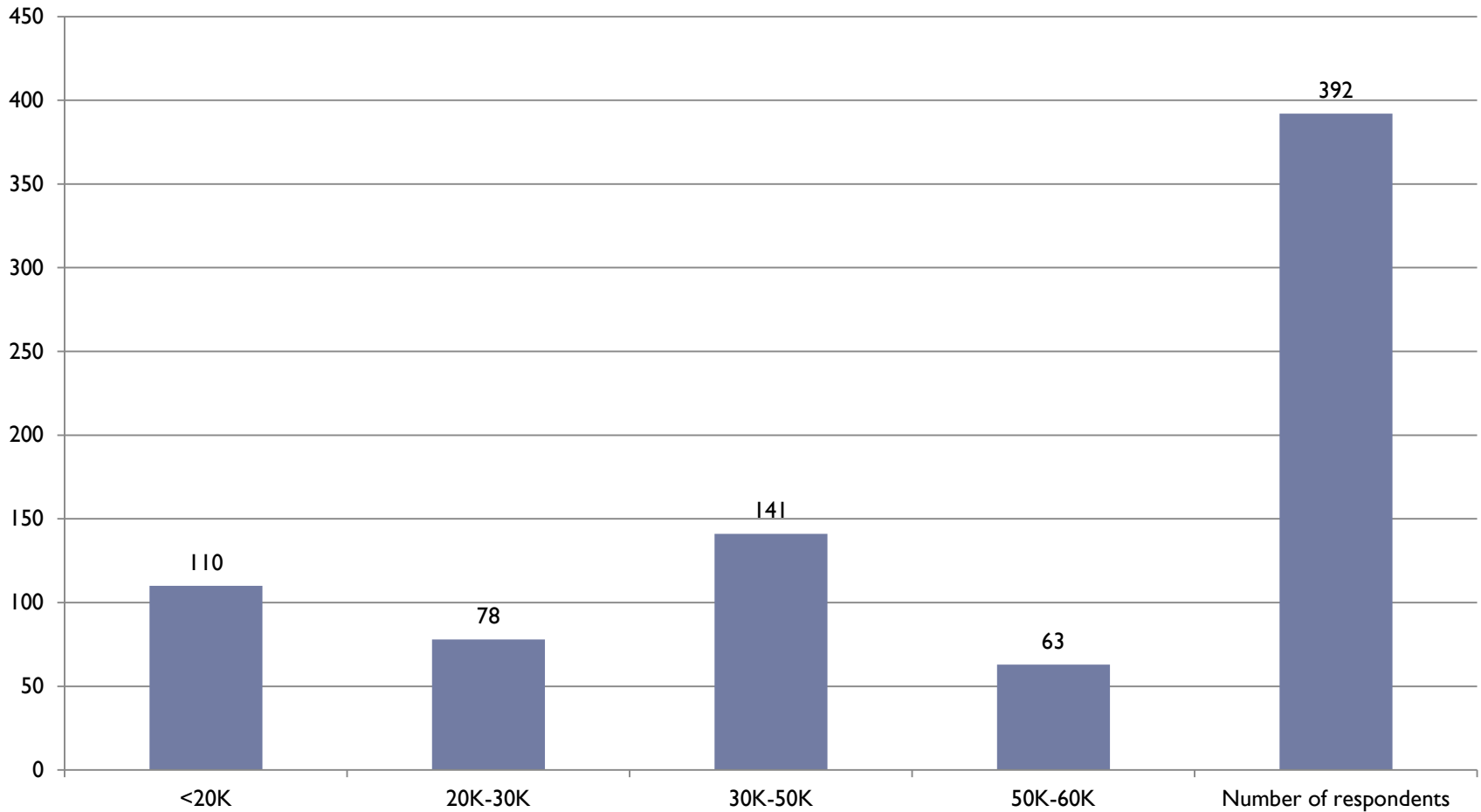
- ▶ I will be discussing a subsample of the population from the FMS who is aged 50 or older and making \$60,000 a year or less. For the population that is 18 and older (population in the UAS) the 50+ \$60K or less makes up approximately 25% of the national population.



# Financial Management Survey – Demographics

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**All**

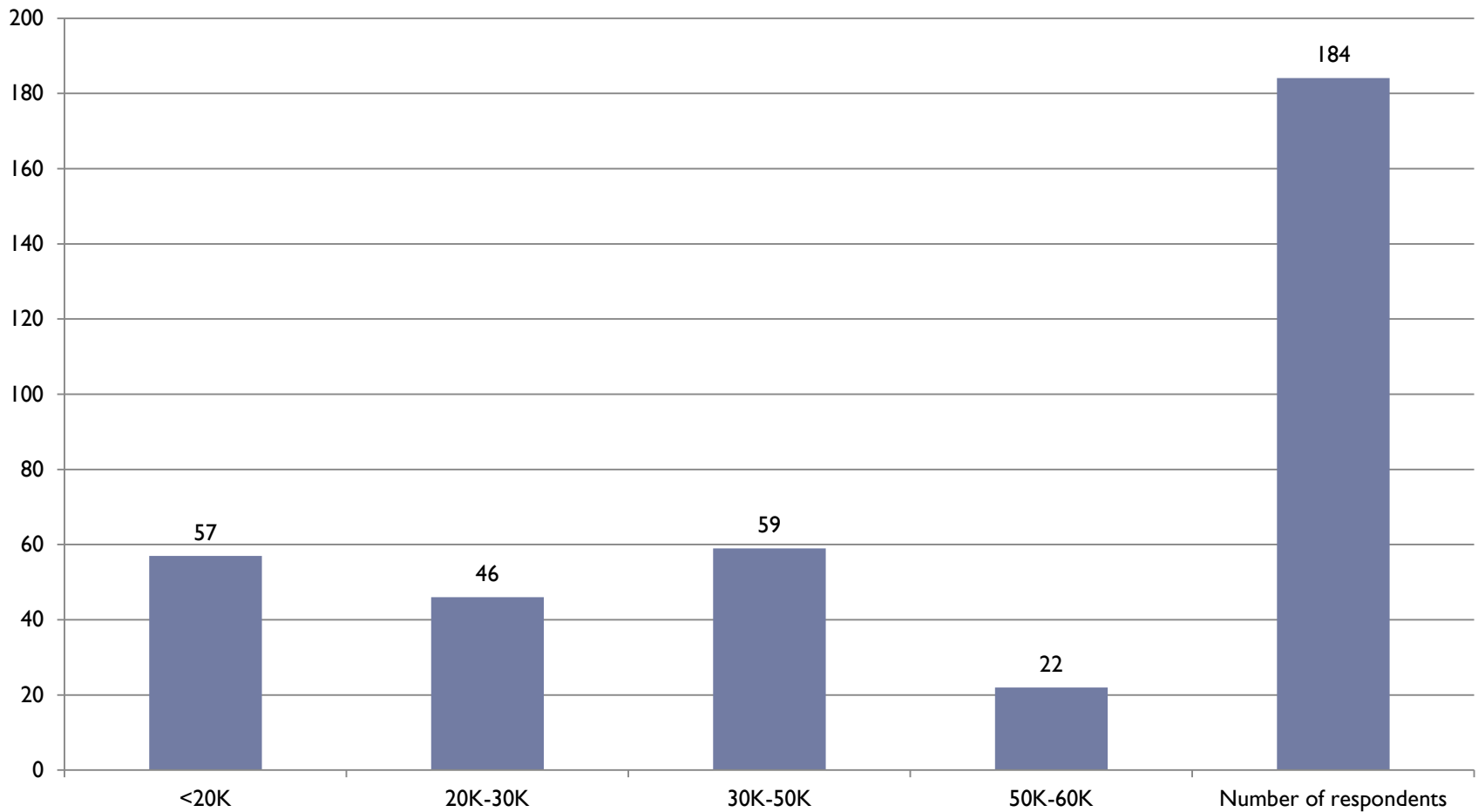




# Financial Management Survey – Demographics Cont.

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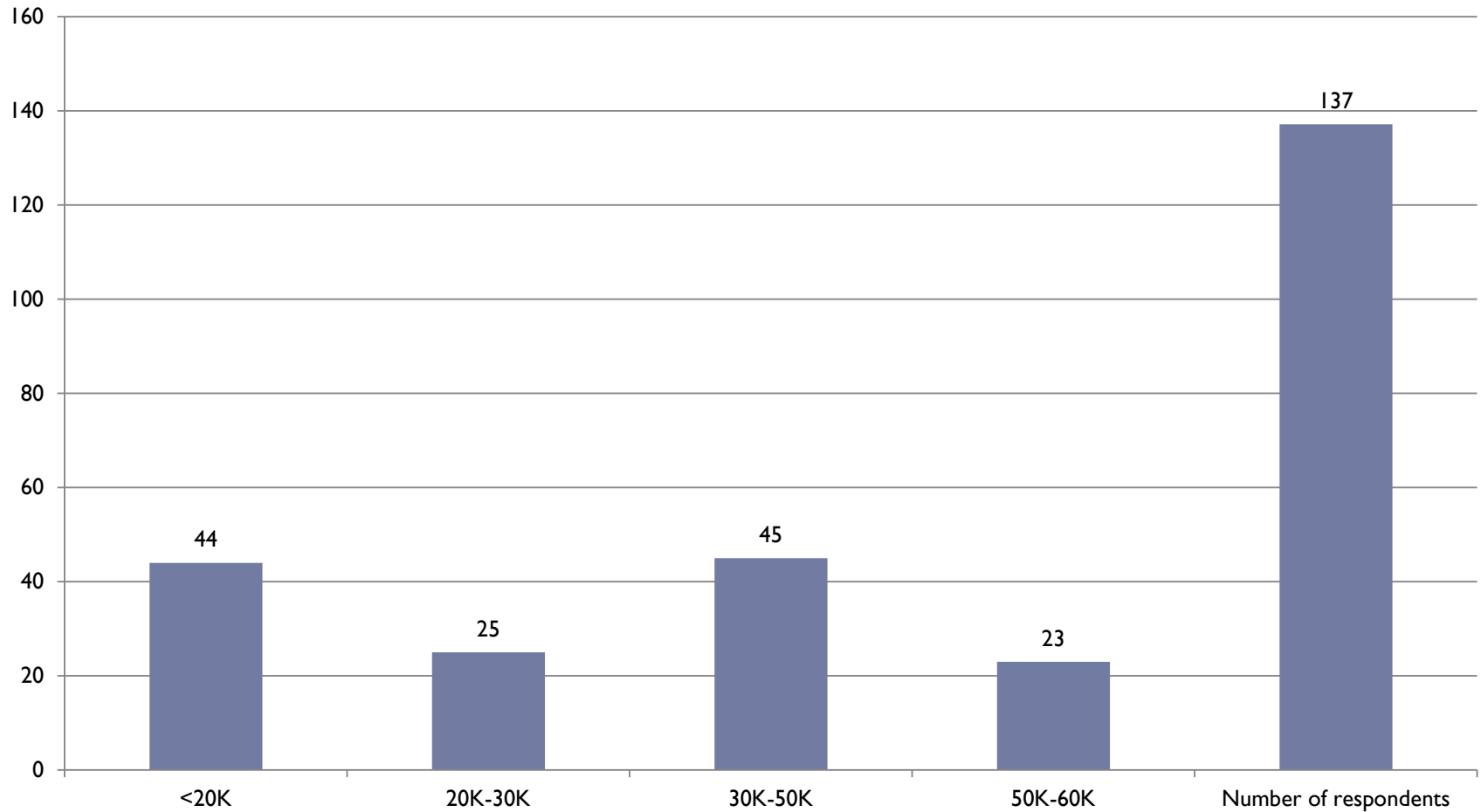
## 50-59



# Financial Management Survey – Demographics Cont.

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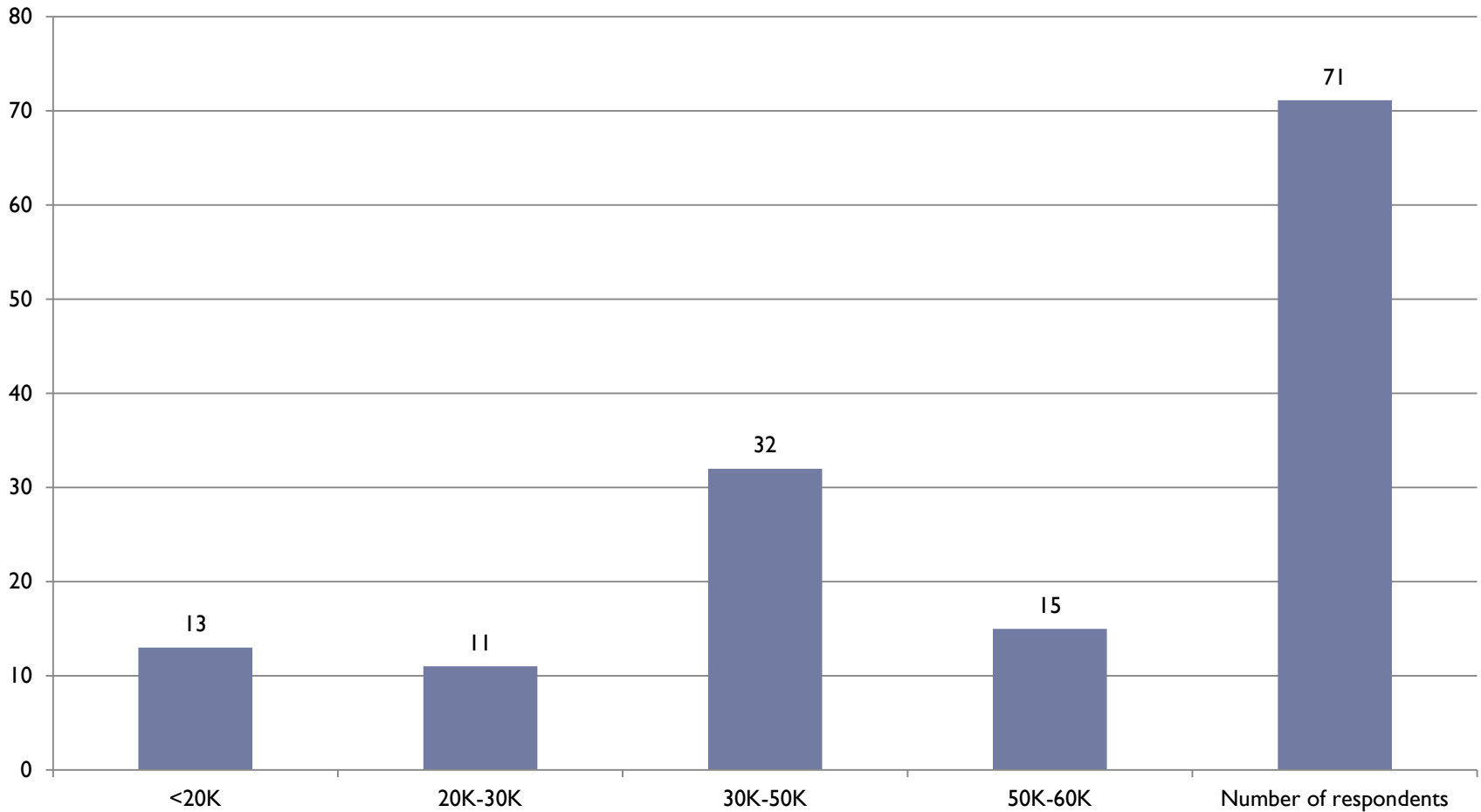
## 60-69



# Financial Management Survey – Demographics Cont.

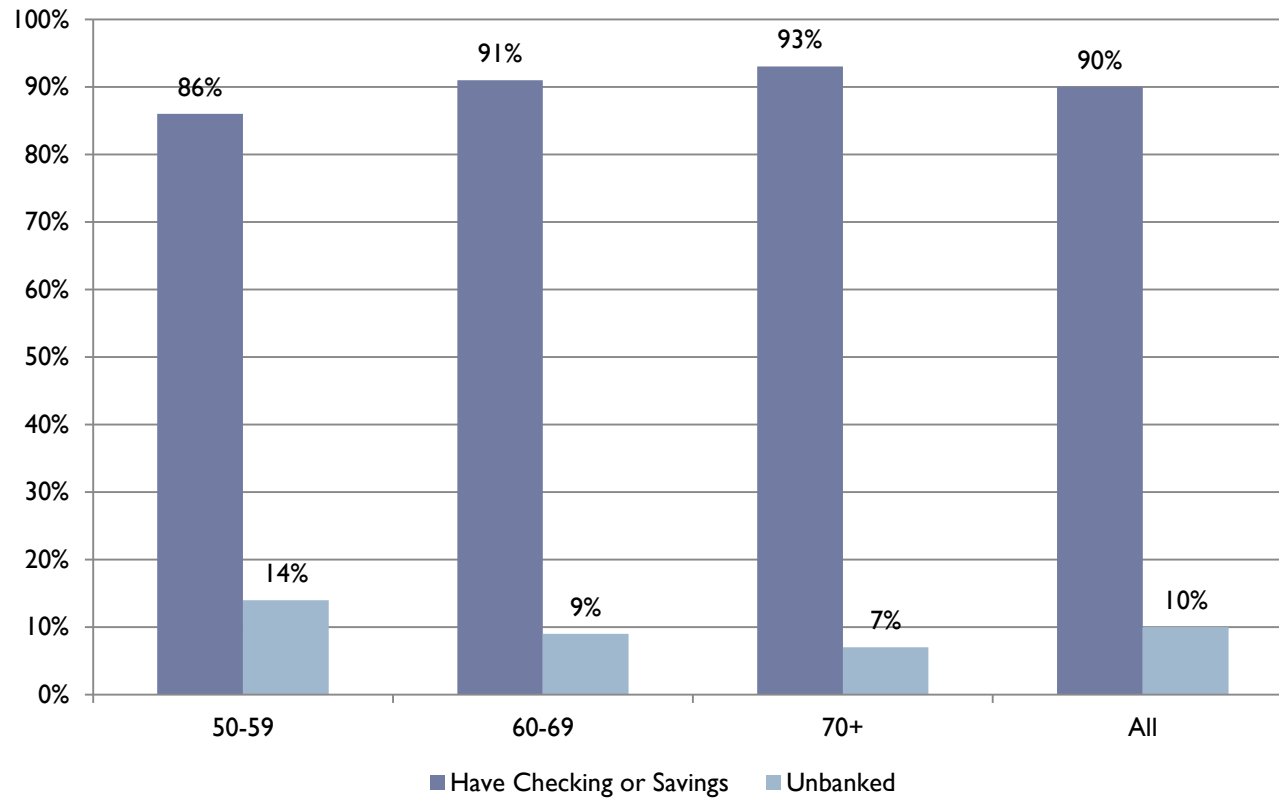
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**70+**



# Do you currently have a checking or saving account?

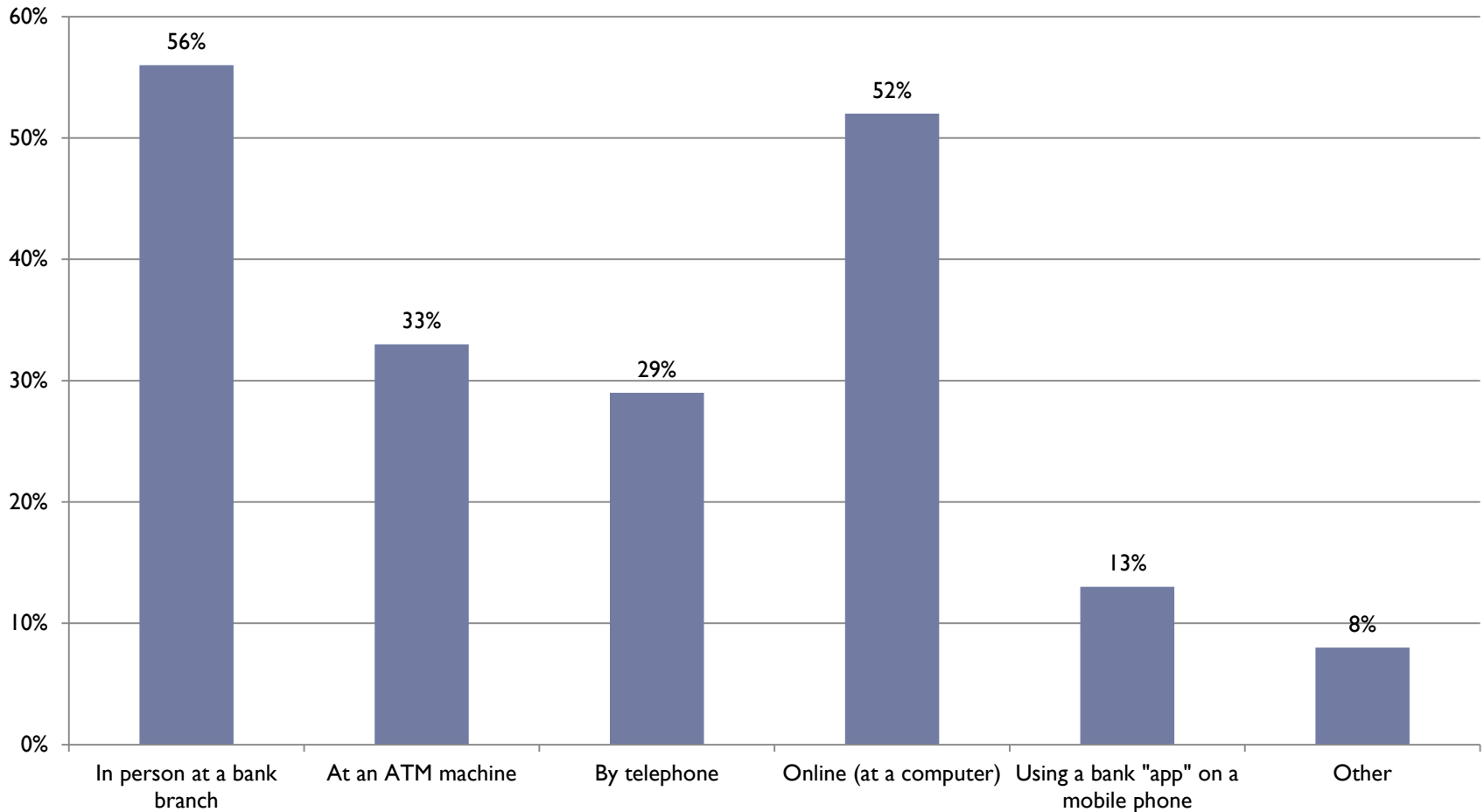
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# How do you check your account balances and make bank deposits and withdrawals?

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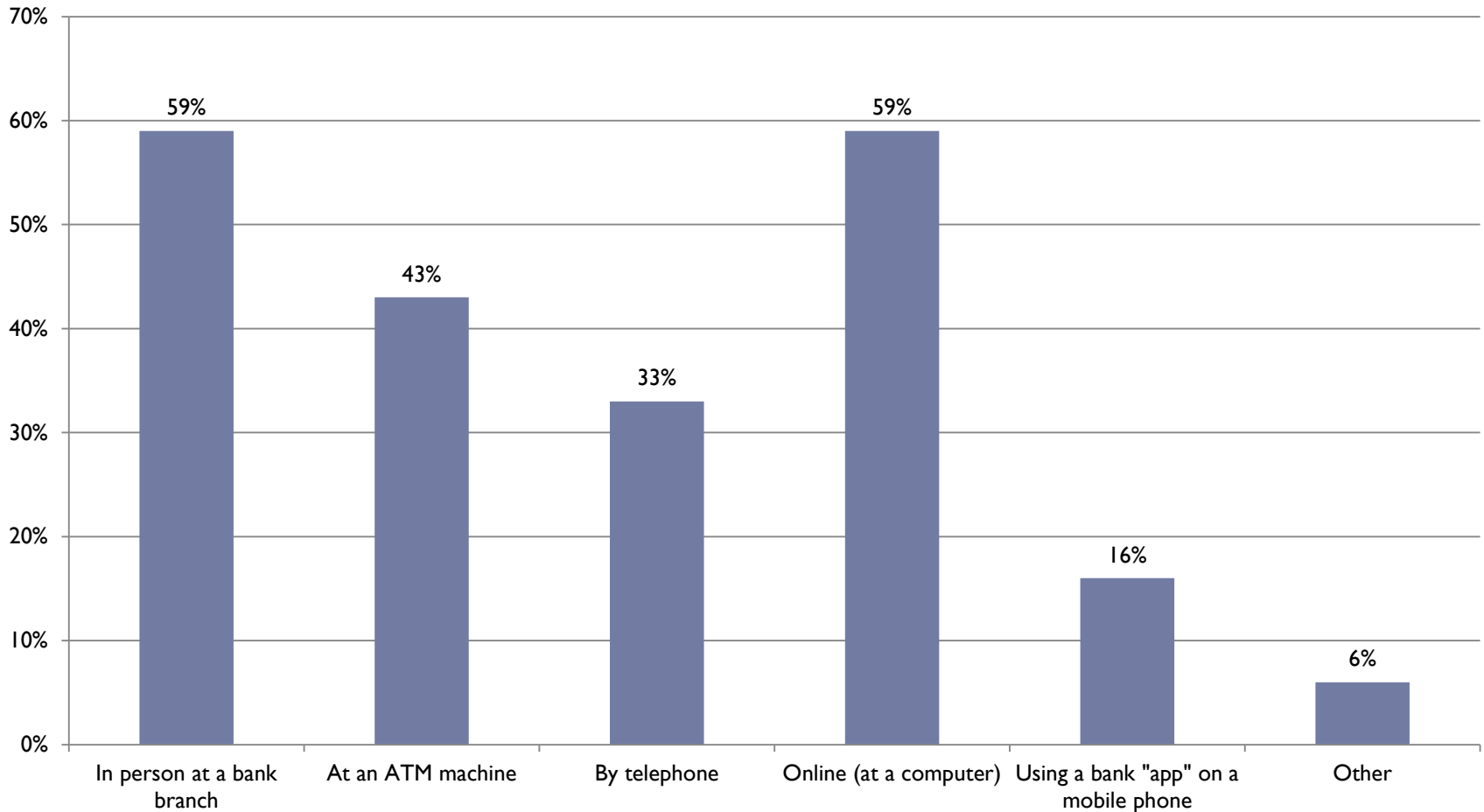
**All**



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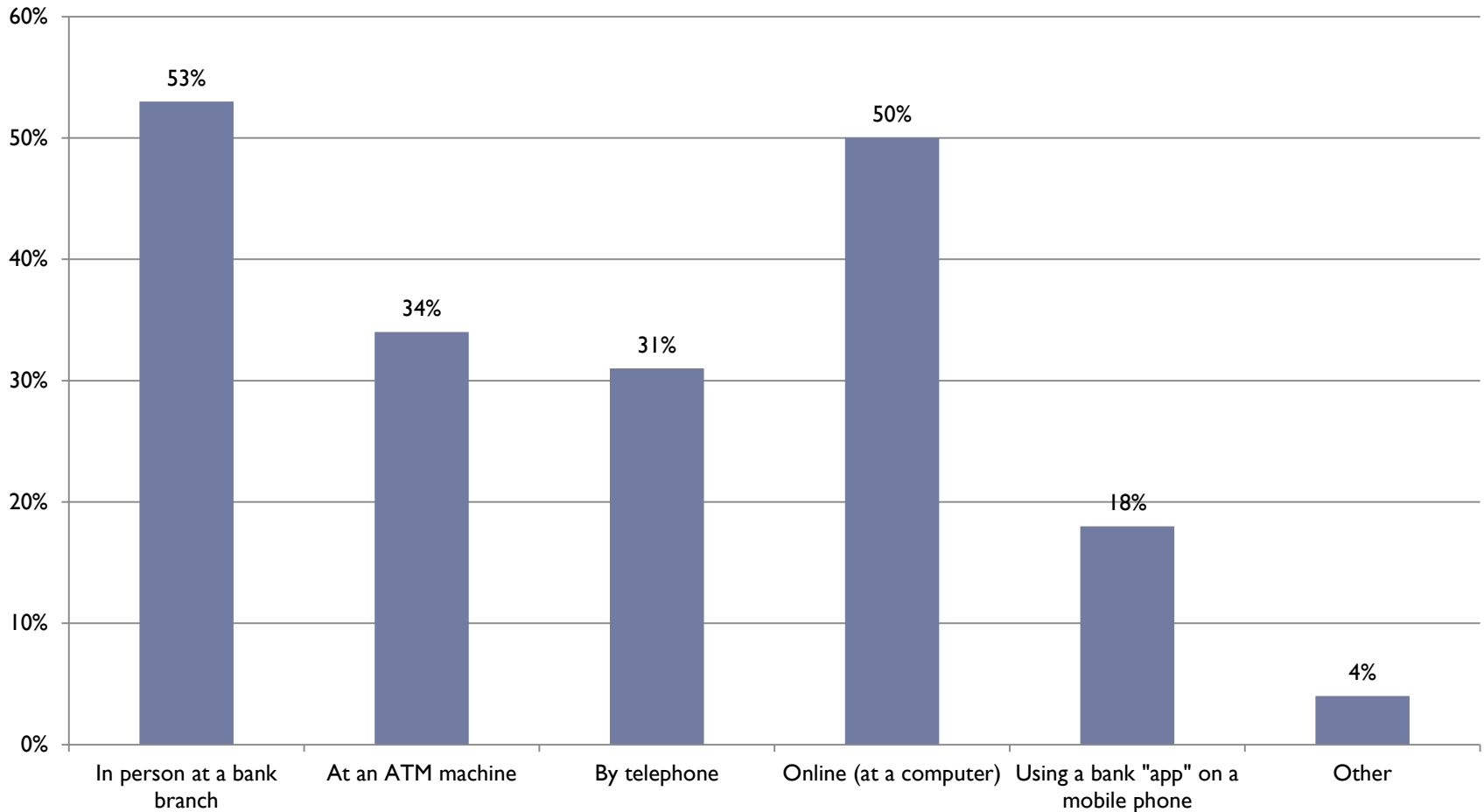
**50-59**



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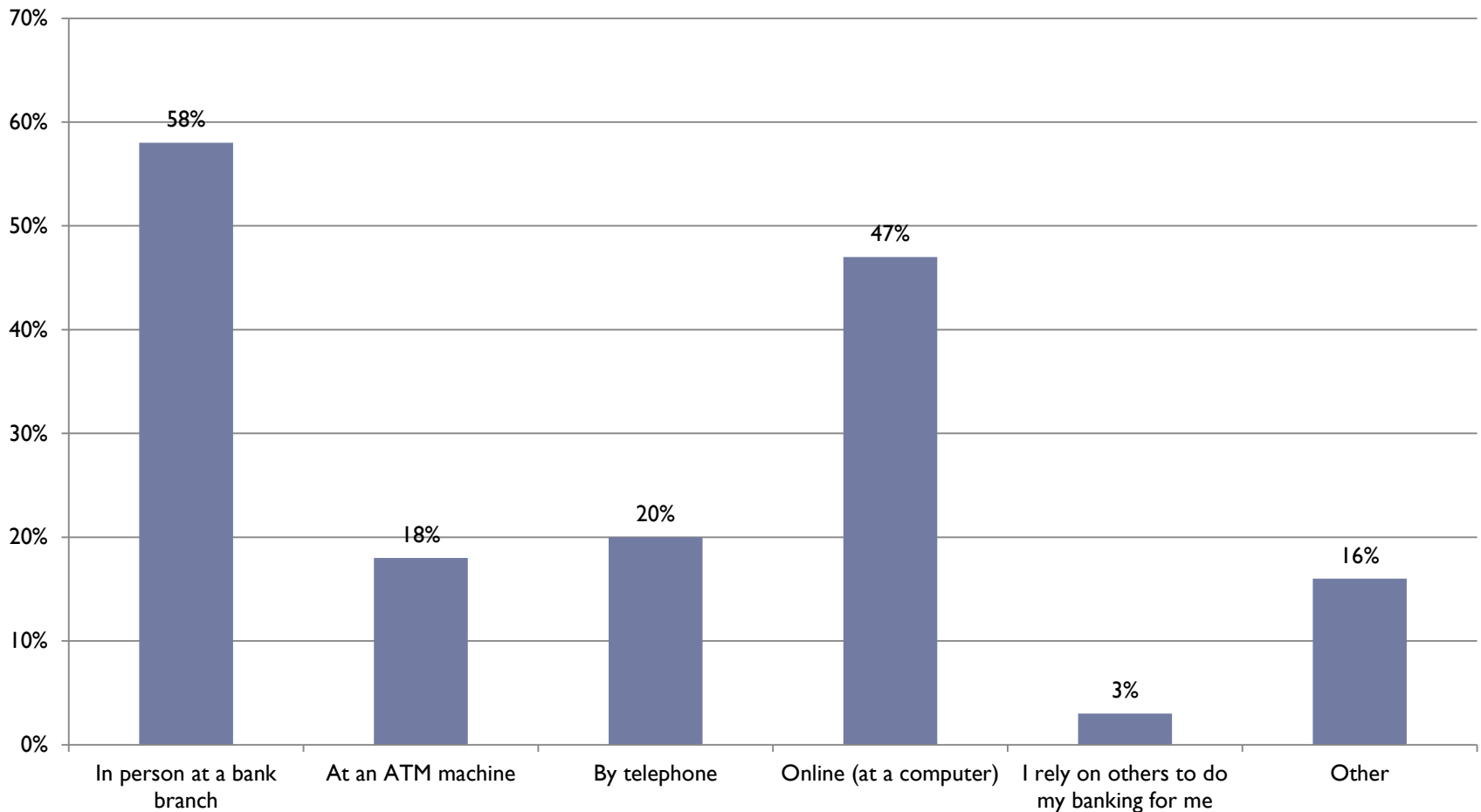
**60-69**



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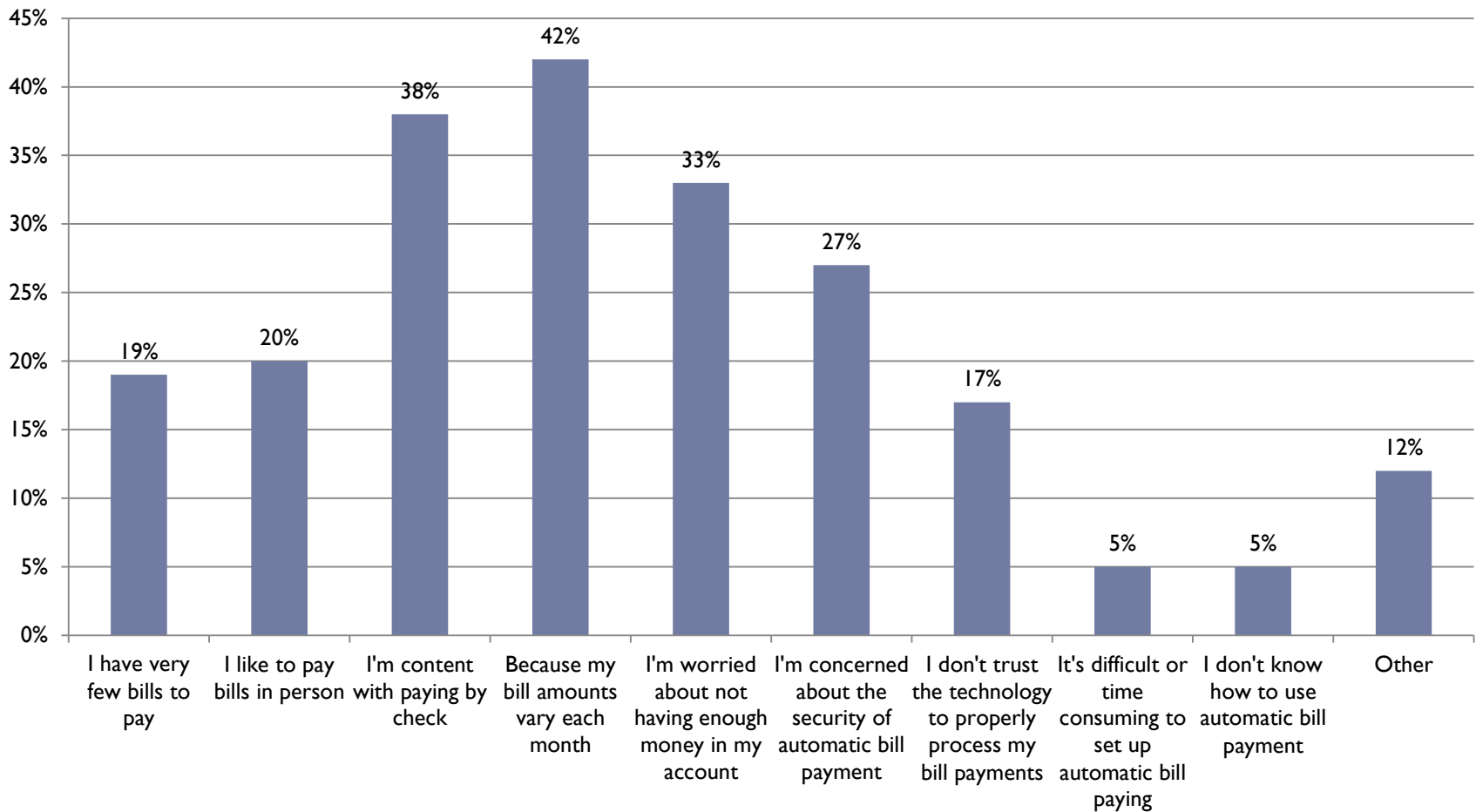
**70+**





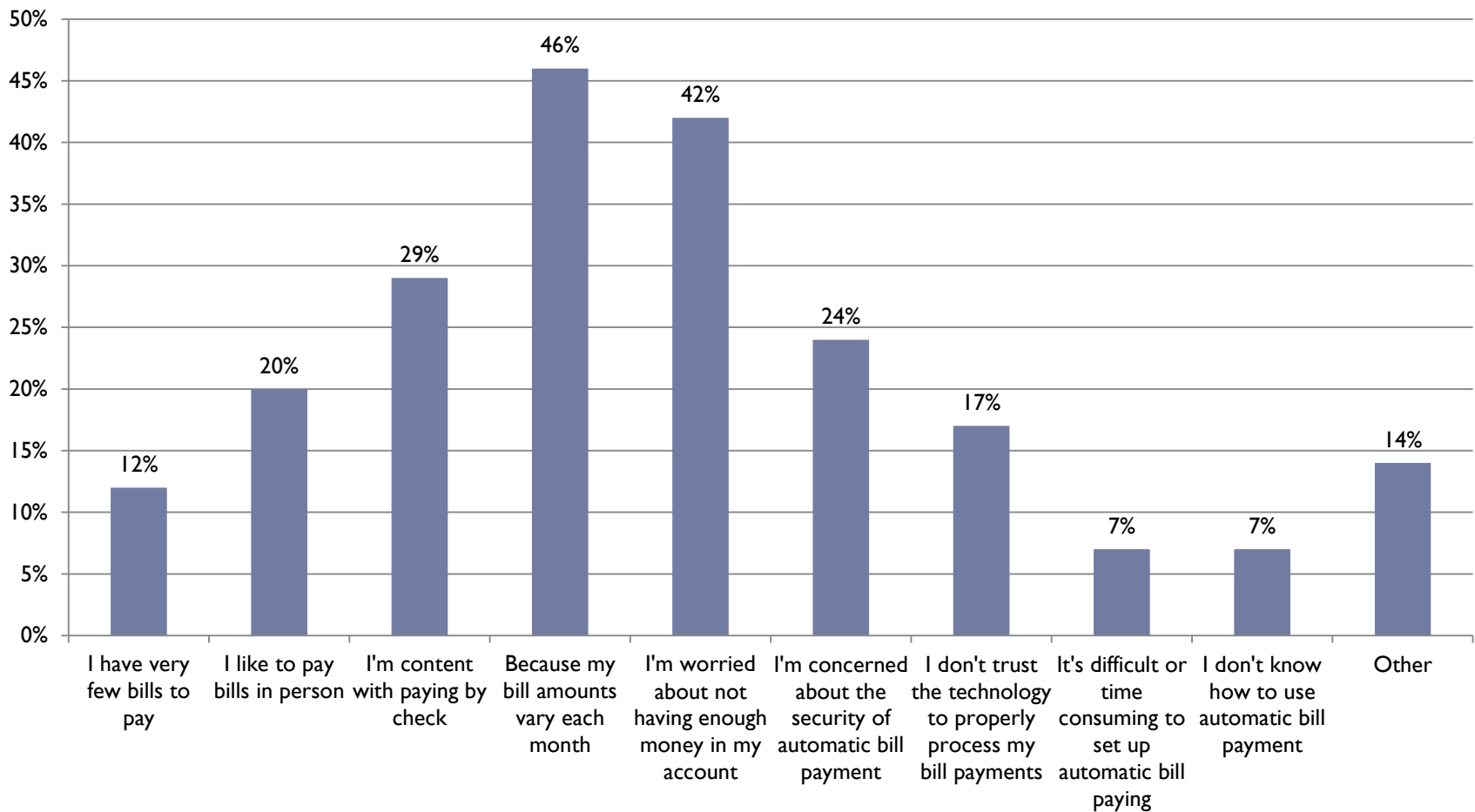
# Please tell us why you choose not to use automatic bill payment on a regular basis

**All**



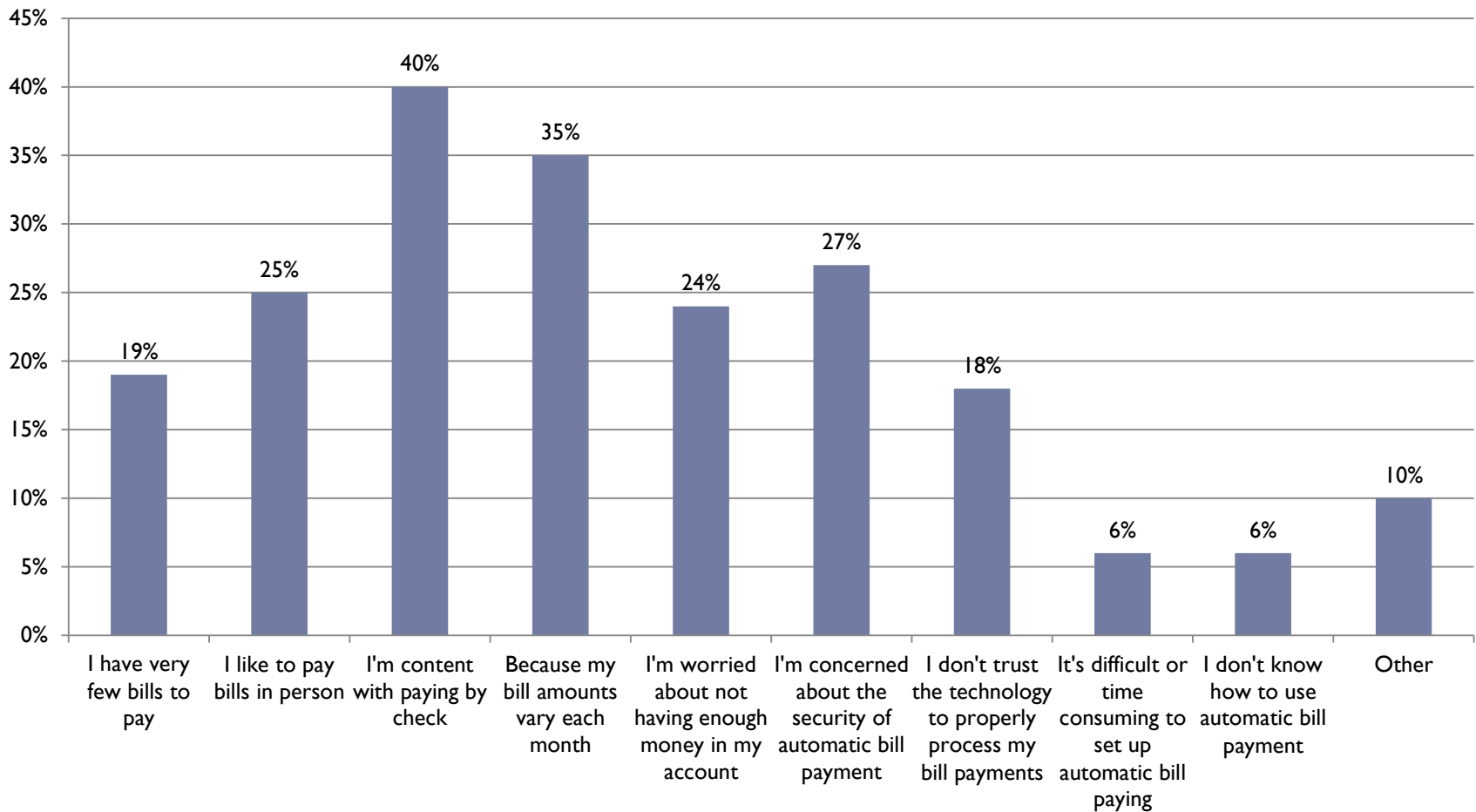
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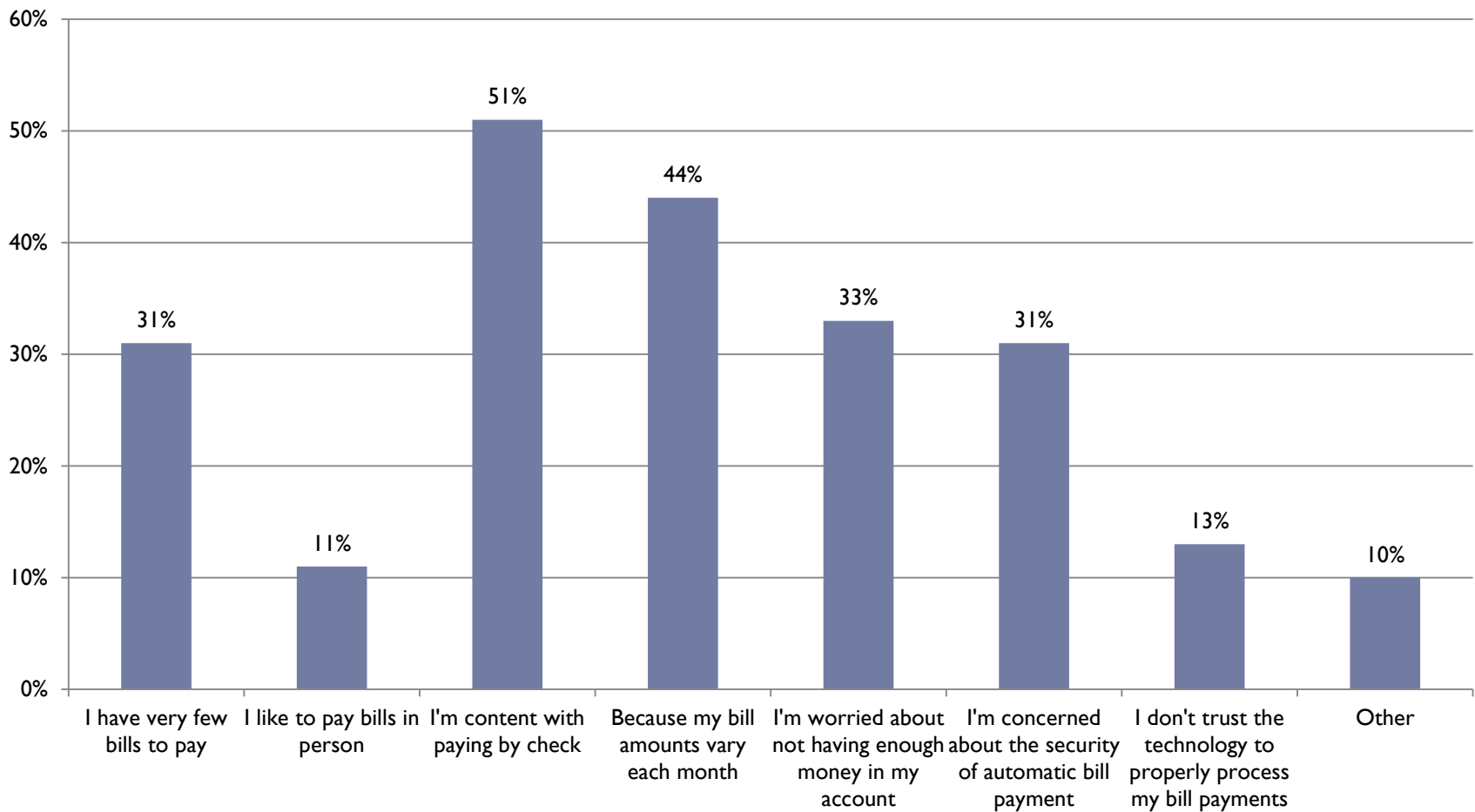
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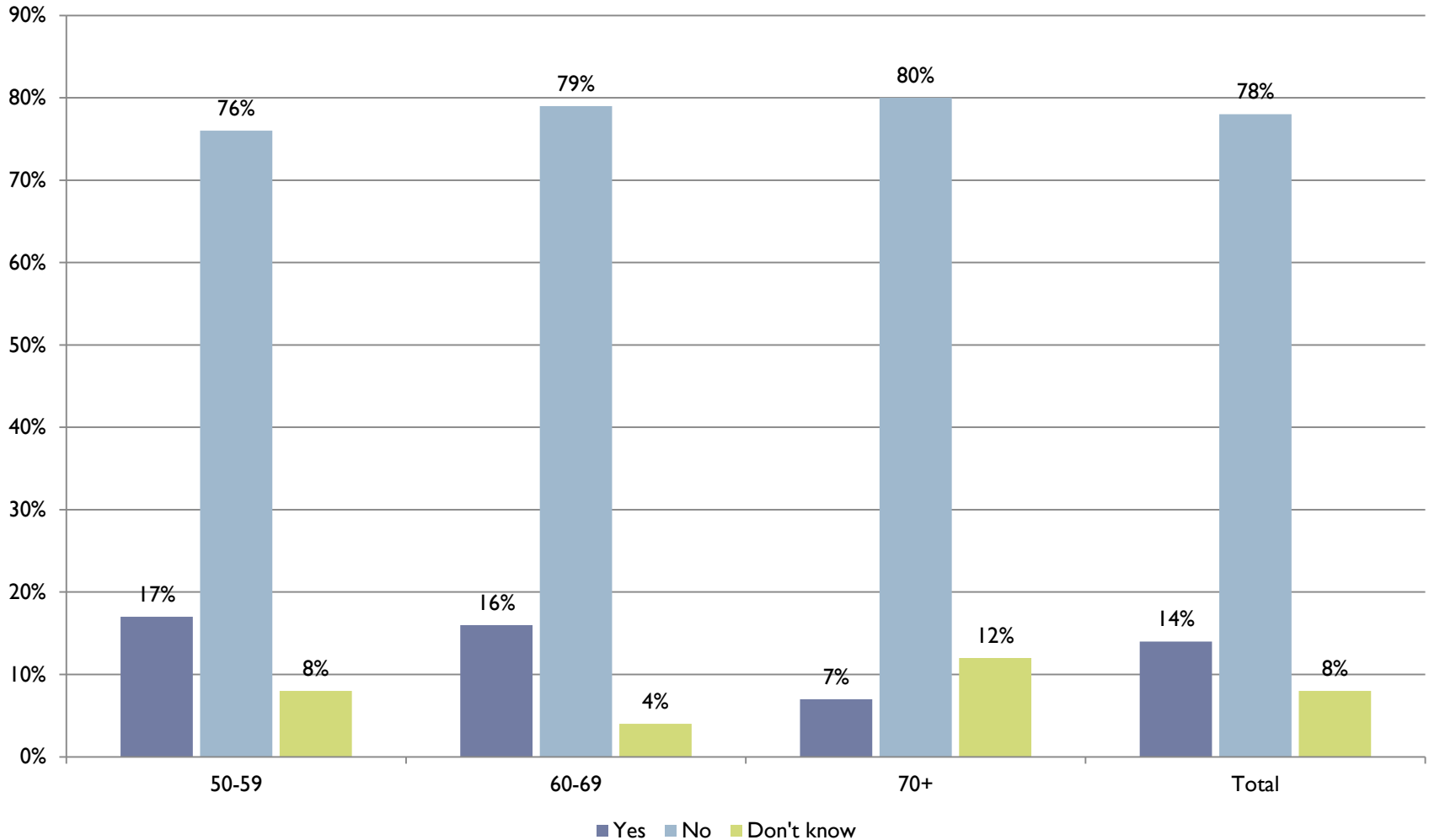


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**70+**

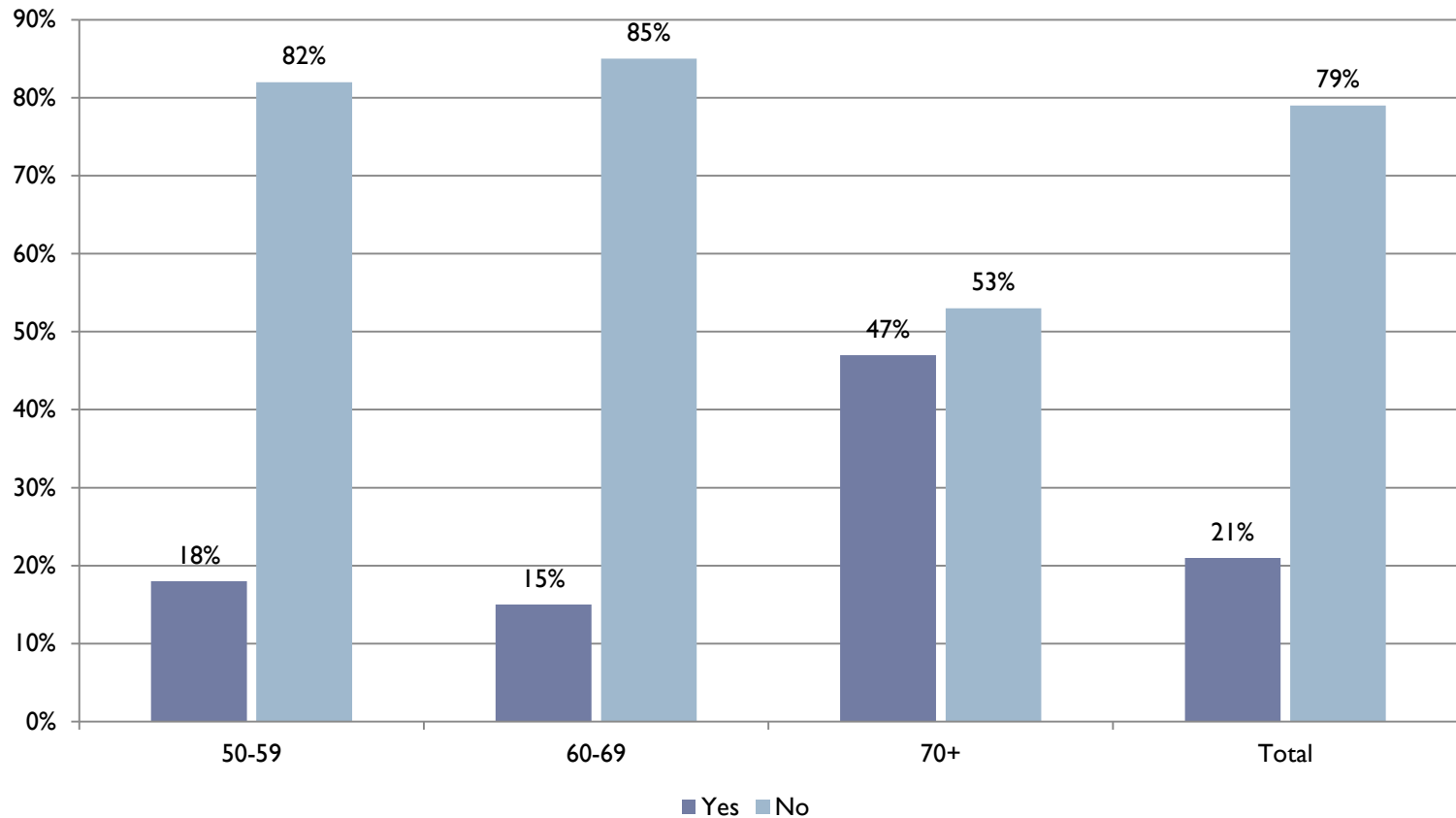


# Do you feel like you have been taken advantage of on a major financial transaction in the last 3 years?

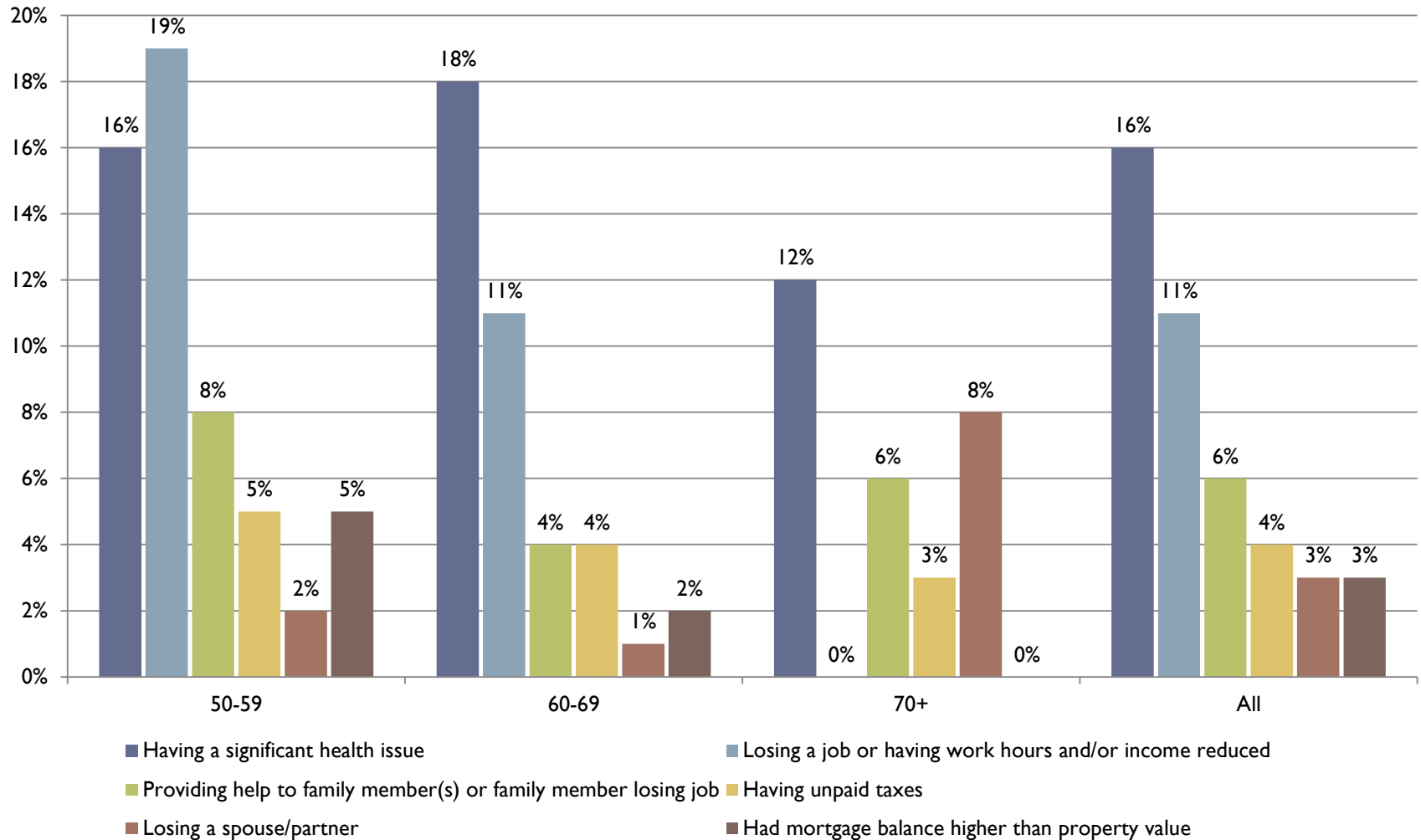


When you noticed that you were being taken advantage of, did you report and/or submit a complaint to a local, state or federal agency?

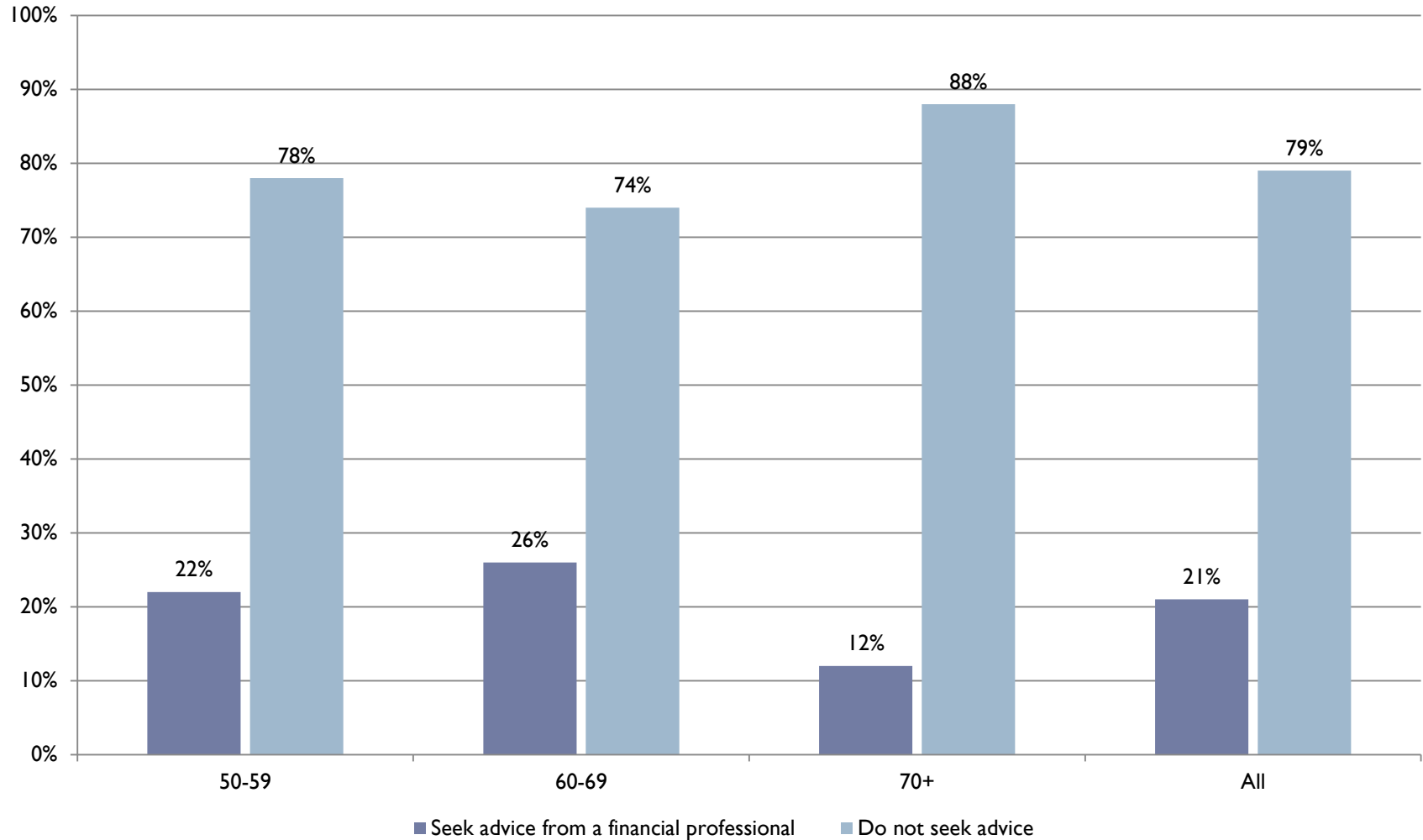
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# What was the cause of any financial stress your household had in the last 3 years?

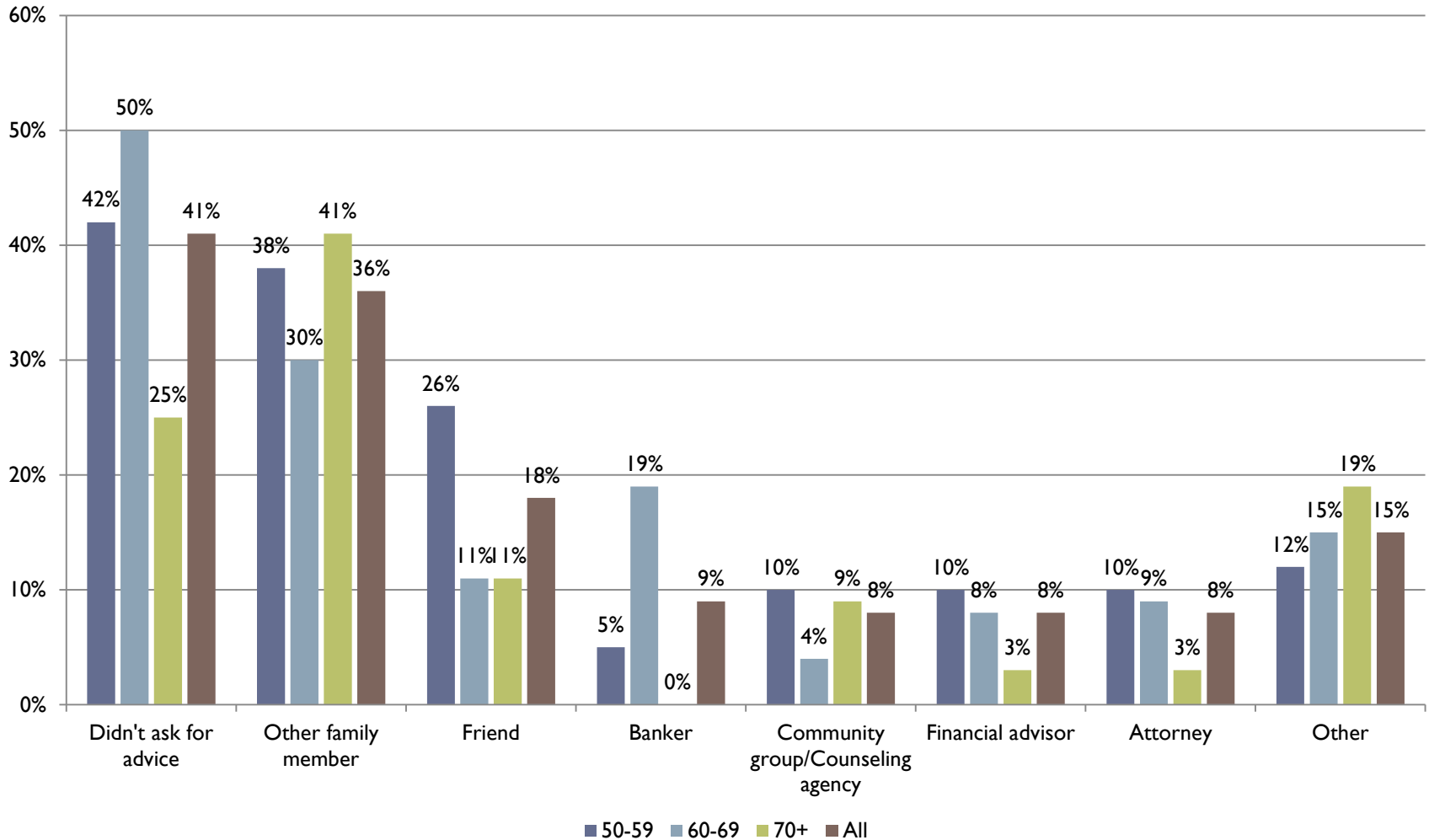


# In dealing with your financial stress, whom did you ask for advice?

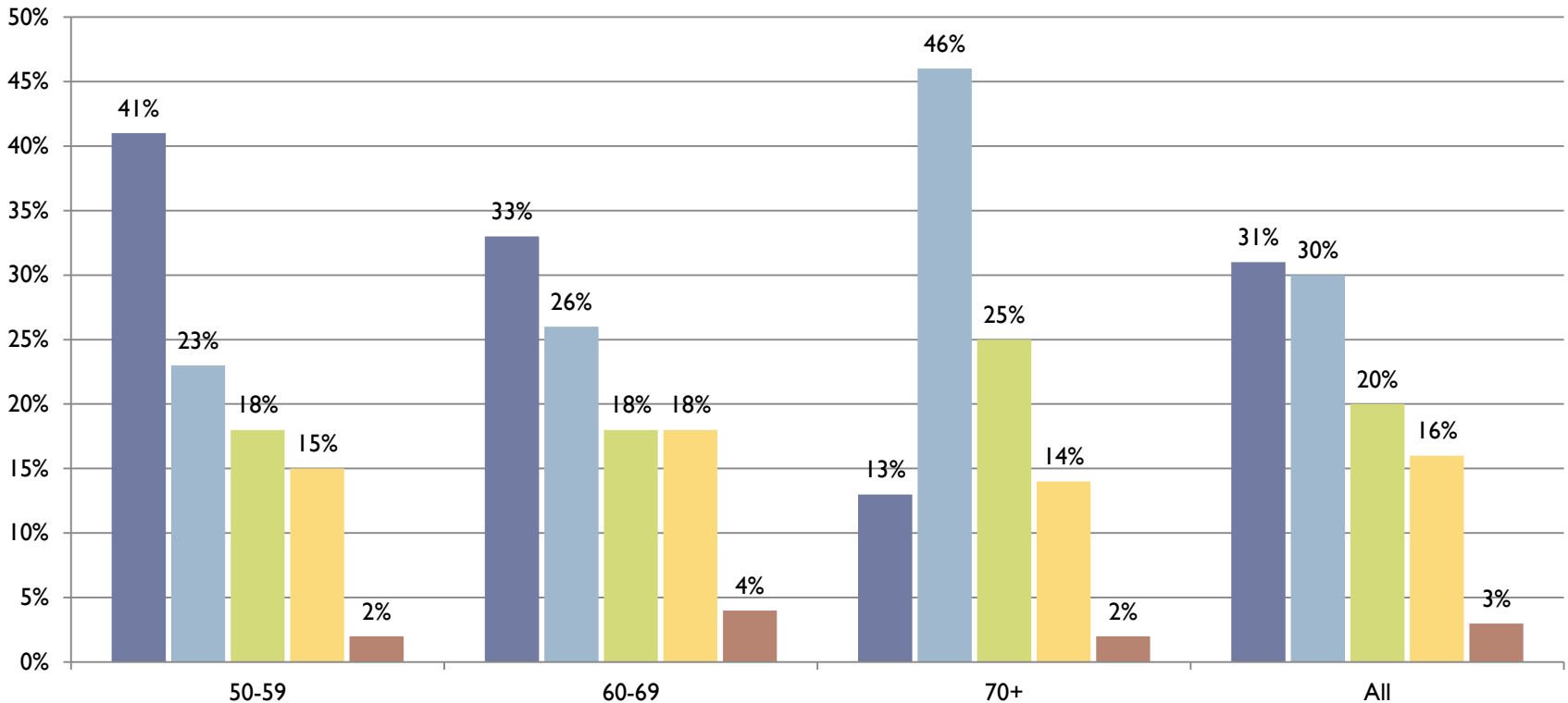




# In dealing with your financial stress, whom did you ask for advice?



# Have you named someone who is authorized to make financial decisions for you?



- I have never planned for someone else to make these decisions for me
- I currently have a power of attorney that names someone else to act on my behalf
- I have informal plans for someone to act on my behalf but do not have a written power of attorney
- I have considered having a power of attorney assigned but have not yet taken any steps to accomplish this
- I do not understand what this is about



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▶ <https://www.ssa.gov/retirementpolicy/>



## **The Understanding America Study**

The [Understanding America Study](#) (UAS) is an innovative internet panel jointly funded by the Social Security Administration's (SSA) Office of Retirement Policy and the National Institute on Aging (NIA). The University of Southern California's Center for Economic and Social Research (CESR) runs the UAS. The internet panel currently contains over 2,000 respondents aged 18 and older, who are representative of the U.S. population and selected through address-based sampling. The panel will grow to 6,000 respondents this year. Participants are given surveys on a variety of topics, including:

### **Social Security Program Knowledge**

The purpose of this study is to establish a benchmark from which the Social Security Administration (SSA) could gain insights into what retirement-related issues are most important to the American public, and identify what knowledge gaps exist when it comes to Social Security. This survey provides SSA with information on consumers' expectations, the extent to which they understand benefits and program rules, and what, if any, disparities exist among population subgroups. This information is critical to assessing the effectiveness of current communications platforms and prioritizing future messaging and outreach.

The survey results show low levels of self-reported retirement preparedness and actual and self-reported retirement literacy overall. While respondents can identify the general features of the Social Security system, clear understanding of how the system works and the impact of their individual choices remains lacking. For example, respondents expressed most familiarity with the age of eligibility. Many knew that benefits are indeed affected by claiming age and that these benefits do not have to be claimed upon retirement. However, many were not familiar with how their benefits are calculated or how their actions would affect their benefits. There is relatively widespread confusion about the full retirement age and how delayed retirement credits work. The survey finds that age, income, and education are significantly and independently positively associated with knowledge and preparedness, while Hispanics and Blacks are at a particular disadvantage relative to non-Hispanic Whites.

### **Social Security Communications Preferences**

The purpose of this study is to determine what information the public would like to receive from the Social Security Administration (SSA) and how they prefer to receive that information. In addition, the survey asks about specific initiatives by SSA, including *my Social Security* accounts (a Social Security online account for individuals to track earnings, obtain estimates of future benefits, and other services), and the Retirement Estimator (which provides individuals with estimates of their future Social Security retirement benefits based on their actual earnings record).

The study shows that there is a clear demand from Americans for information about retirement planning in general, and Social Security benefits specifically. While most non-retirees have never tried to figure out how much to save or even tried to develop a plan for retirement, the majority express significant positive interest in planning. Instead, most feel that they do not have enough information about retirement planning, and do not know what the best sources of

information might be. When asked about where they have previously sought information about retirement planning, individuals who are not yet retired are most likely to report that they have previously sought information about retirement planning from their family, friends, or colleagues, or from their employer. The majority have never consulted the Social Security Administration for retirement planning. With regards to Social Security benefits information specifically, the majority of non-retiree respondents do not feel they currently have sufficient information about Social Security retirement eligibility and benefits, and many could not easily find such information. Many also expressed the desire for more information from SSA.

### **Financial Management Survey**

The purpose of this survey is to investigate how the financial lives of Americans have changed with the recovery from the Great Recession. In addition to updating an earlier survey focused on older Americans, this survey also covers respondents aged 18 and over, allowing a comparison of the financial management of individuals and households of all ages.

The findings in the Financial Management Survey raise concerns about the ability of many Americans to achieve financial security in old age. More than half of those responding report experiencing “major financial stress” within the last three years, despite the improving economy. The inability to meet a large unanticipated expense also may signal financial stress. When asked about how hard it would be to pay for an unexpected expense of \$1,000, less than a third of respondents say they could easily pay for this expense. It also is notable that many older adults carry debt, including credit card, student loan, or mortgages, potentially undermining their financial security.

### **Dissemination of the Understanding America Study**

Individuals and researchers can [register](#) with the CESR website to access the UAS data directly. A public-use file is also in the process of being developed, which will combine the results of several surveys into one accessible file for researchers and others interested in studying the data. Working papers are also available and explain the major findings of these surveys. Additional papers that use the UAS data are being developed and written by Social Security staff and USC researchers. The UAS findings are also being used within the Social Security Administration to improve its products and communication with the American public.

### **SSA Contact**

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