Employees Attitudes and Reactions to Policy Changes: New Survey Results

Robert Clark, North Carolina State University and NBER

John Shoven, Stanford University and NBER

Sita Slavov, George Mason University and NBER

Employer Concerns Associated with an Aging Workforce

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Research Questions

- How do older individuals react to policies that reduce (perceived) cost of employing older workers?

  - "Paid-up" policy: exempt workers 62+ from payroll tax.
  - Eliminate earnings test (not really a tax but perceived as one).
  - Make Medicare primary payer for workers aged 65+

- How well do older workers understand earnings test?

Methodology

- Field questionnaire as part of Understanding America Study (UAS).

  - Ongoing, nationally representative panel conducted by USC researchers.
  - Restrict to respondents aged 62+.
  - Response rate of 85%.
  - Sample size = 1,609

- Use subjective conditional probabilities (Hudomiet, Hurd, Rohwedder 2018) to assess likelihood of working under alternative policies.

  - Advantage: can estimate causal effect by varying only policy.
  - Drawback: stated preference, rather than revealed preference.

Sample Breakdown

(1) Are you currently receiving a Social Security benefit?

(2) What type of Social Security benefit do you receive? (receiving OASI = a retirement benefit based on my own or someone else's work record)

(3) Do you currently do any work for pay (either working for an employer or self-employment)?

Age Group	Total Observations	Working	Receiving OASI	Working and Receiving OASI
62 ≤ Age < 65	359	177	116	35
65 ≤ Age < FRA	97	38	39	12
Age ≥ FRA	1,153	306	1037	270
All Ages	1,609	521	1192	317

Policy #1: 20 Percent Tax Cut ("Paid Up" Policy)

(1) What do you think are the chances you'll be doing any work for pay next year (either working for an employer or self-employment)? Please give us a number from 0 to 100, where "0" means that you think there is absolutely no chance, and "100" means that you are absolutely certain you'll be working.
(Sample: all individuals, n = 1609)

(2) Suppose that Congress changed the tax system in a way that all workers at your age or older would bring home 20% more in after-tax wages compared to what they currently make. In this case, what are the chances that you will be doing any work for pay next year?
(Sample: all individuals, n = 1609)

Age Group	P(Work Next Year)	P(Work Next Year with 20% Pay Increase)	Elasticity
62 ≤ Age < FRA	0.50	0.51	0.06
Age ≥ FRA	0.29	0.30	0.13
All Ages	0.35	0.36	0.10

Awareness of Earnings Test

Based on your date of birth, your Social Security full retirement age is [FRA]. For individuals who have not yet reached their full retirement age, there is a provision known as the "earnings test." Under the earnings test, Social Security withholds a portion of your benefits if your earnings from work are above a certain level. Are you aware of this provision?

(Sample: individuals below FRA who receive OASI, n = 155)

Response	Freq.	Percent
Yes	108	69.7%
No	47	30.3%
Total	155	100%

Perceived Impact of Earnings Test

(1) By how much would you estimate that your current annual Social Security benefits are affected by the earnings test because of the work that you do?
(Sample: under FRA, working, receiving OASI, and aware of earnings test, n = 36)

(2) If you were to go back to work today, by how much would you estimate that your current Social Security benefits will be reduced as a result of this provision?
(Sample: under FRA, not working, receiving OASI, and aware of earnings test, n = 72)

- More than 70% of those currently working do not believe earnings test affects their benefits.

- Around 44% of those not currently working believe earnings test would not affect their benefits if they were to go back to work.

- Earnings (or potential earnings) could be under limit.

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(2) If you were to go back to work today, by how much would you estimate that your current Social Security benefits will be reduced as a result of this provision?
(Sample: under FRA, not working, receiving OASI, and aware of earnings test, n = 72)

Response	Not Working	Working	All
Not Affected	32	26	58
	44%	72%	54%
Reduced by < 25%	22	7	29
	31%	19%	27%
Reduced by 25-50%	11	3	14
	15%	8%	13%
Reduced by 50-75%	3	0	3
	4%	0%	3%
Reduced by > 75%	4	0	4
	6%	0%	4%

Estimated Post-FRA Impact of Earnings Test

Do you anticipate that the reduction in your current Social Security benefit due to the earnings test will have any impact on the Social Security benefits you receive down the road – above and beyond any cost-of-living adjustments – after you turn [FRA]? I would expect my Social Security benefits down the road to …

(Sample: under FRA, working, receiving OASI, aware of earnings test, and perceived nonzero impact, n = 10)

Suppose you were to go back to work today and your current Social Security benefit were reduced due to the earnings test. Would you expect the reduction in your current benefit to have any impact on the Social Security benefits you receive down the road – above and beyond cost of living adjustments – after you turn [FRA]? I would expect my Social Security benefits down the road to …

(Sample: under FRA, not working, receiving OASI, aware of earnings test, and perceived nonzero impact, n = 40)

Only ~ 1/3 correctly respond that post FRA benefits are increased as a result of the earnings test.

Estimated Post-FRA Impact of Earnings Test

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(Sample: under FRA, not working, receiving OASI, aware of earnings test, and perceived nonzero impact, n = 40)

	Not Working	Working	All
Increase	13	3	16
	33%	30%	32%
Decrease	7	1	8
	18%	10%	16%
Stay the Same	16	5	21
	40%	50%	42%
Not Sure	4	1	5
	10%	10%	10%

Policy #2: Impact of Earnings Test Elimination on Probability of Work

Suppose Congress were to change the law such that your Social Security benefits are no longer withheld based on the income you earn from work. In that case, what do you think are the chances you'll be working for pay next year? Please give us a number from 0 to 100, where "0" means that you think there is absolutely no chance, and "100" means that you are absolutely certain you'll be working.

(Sample: under FRA, receiving OASI, and aware of earnings test, n = 108)

- No impact on probability for those currently working. (Perhaps because most do not believe earnings test reduces their benefits.)

- Probability of working increases from 10% to 13% for those not currently working.

Policy #2: Impact of Earnings Test Elimination on Probability of Work

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(Sample: under FRA, receiving OASI, and aware of earnings test, n = 108)

	P(Work Next Year)	P(Work Next Year if Earnings Test Eliminated)
Not Working	0.10	0.13
Working	0.88	0.86
All	0.35	0.37

Sample Split for MPP Policy

Think about a significant job you've held either now or in the past. Let's refer to this job as the "benchmark job." We'll use it as a point of comparison in some of these questions. Did/do you have access to health insurance coverage through this job (regardless of whether you chose to enroll in the health plan)?

(Sample: working now or in past, n = 1549)

	Freq.	Percent
Yes	1158	74.81
No	363	23.45
Don't Know/Missing	28	1.74

Baseline Work Probability for MPP Policy

Suppose that next year you had the opportunity to work (or continue to work) at the "benchmark job" you thought about. In that case, what do you think are the chances you'll be working for pay next year?

(Sample: worked now or in past, age < 65, n = 1199, one missing value)

Suppose that at age 65, you had an opportunity to work (or continue to work) at the "benchmark job" you thought about. In that case, what do you think are the chances you'll be working for pay at age 65?

(Sample: worked now or in past, age 65+, n = 349)

Policy #3: Impact of MPP for People with HI in benchmark job

Suppose you had the opportunity to work at the same "benchmark job" you thought about, but with [20%/40%] higher pay and no employer-sponsored health insurance. However, you are eligible for Medicare. In that case, what do you think are the chances you'll be working for pay next year?
(Sample: HI at benchmark, age 65+, n = 894)

Suppose that at age 65, you had an opportunity to work at the same "benchmark job" you thought about, but with [20%/40%] higher pay and no employer-sponsored health insurance. You would, however, become eligible for Medicare at age 65. In that case, what do you think are the chances you'll be working for pay at age 65?
(Sample: HI at benchmark, age < 65, n = 263)

- Lower probability of work with 20% higher pay.

- Slightly higher probability of work with 40% higher pay.

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(Sample: HI at benchmark, age < 65, n = 263)

	Baseline Probablity of Work	Probability of Work with 20% Higher Pay and No HI	Probability of Work with 40% Higher Pay and No HI
62 ≤ Age < 65	0.47	0.43	0.47
Age ≥ 65	0.24	0.23	0.27

Policy #3: Impact of MPP for People with no HI in benchmark job

Suppose that at age 65, you had an opportunity to work at the same "benchmark job" you thought about, but with [20%/40%] lower pay and employer-sponsored health insurance. You are also eligible for Medicare. In that case, what do you think are the chances you'll be working for pay at age 65?
(Sample: no HI at benchmark, age 65+, n = 286)

Suppose you had the opportunity to work at the same "benchmark job" you thought about, but with [20%/40%] higher pay and no employer-sponsored health insurance. However, you are eligible for Medicare. In that case, what do you think are the chances you'll be working for pay next year?
(Sample: HI at benchmark, age < 65, n = 77)

Substantially smaller probability of work with pay cuts and employer sponsored HI.

Policy #3: Impact of MPP for People with no HI in benchmark job

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(Sample: no HI at benchmark, age 65+, n = 286)

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(Sample: HI at benchmark, age < 65, n = 77)

	Baseline Probablity of Work	Probability of Work with 20% Lower Pay and No HI	Probability of Work with 40% Lower Pay and No HI
62 ≤ Age < 65	0.43	0.39	0.30
Age ≥ 65	0.40	0.31	0.20