Anthony Webb:

ARE EARLY CLAIMERS MAKING A MISTAKE?


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Motivation

Change in claiming by age between cohorts turning 62 in 1985 and 2010.

Are people entering retirement with 62 now better prepared due to the movement to later retirement?

Combining two lines of research:

1. Characteristics of early claimers; reasons for early claiming
2. (Un)preparedness for retirement

Key questions:

1. Who claims Social Security benefits at age 62?
2. What percentage of households claiming at 62 are unprepared for retirement?
3. Were the unprepared early claimers pushed into claiming?
Summary

Methodology:
1. Descriptive Statistics
2. Latent Class Analysis
3. Probit Regression

Main results:
1. Early claimers comprise two groups: advantaged vs. disadvantaged group
2. Composition of early claimers has remained unchanged
3. Roughly 65% of households claiming at 62 are not prepared: rate for the disadvantaged group is twice the rate of the advantaged group
Discussion

• Calculation of retirement income
  – Labor market income while claiming benefits

First claim of a public pension for the 1938-1949 cohorts, Sweden.

→ In Sweden, pensions are drawn earlier

Discussion

• Calculation of retirement income
  – Labor market income while claiming benefits


→ No negative effect on labor force participation rate
Discussion

• Calculation of retirement income
  – Labor market income while claiming benefits
  – Self-reported pension information – reporting bias – objective measures available?
  – Self-reported house wealth – reporting bias – objective measures available?

• Self-reported health status
  – Reporting bias – objective measures available (e.g. grip strength)?

• Individuals’ view and retrospective view:
  – “What is your desired replacement rate?”
  – “Would you decide again in the same way concerning the claiming date?”
Discussion

- Overview about the pension income one can expect; can support individuals
  - Income from public pension, occupational pensions, private pensions, other assets
  - Examples of online pension platforms:
    - Sweden: https://www.minpension.de/
    - Netherlands: https://www.mijnpensioenoverzicht.nl/pensioenregister/
    - UK: Pension Dashboard is under development
    - Field experiment in Germany

- Early claimers have higher preference for leisure?
Thank you for your attention
General Discussion
References

