

What's the right time to claim Social Security? It's complicated

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Qualifying workers can claim Social Security benefits starting at age 62, but those who choose to wait a few years receive a larger monthly payment than those who claim early.

So what is a worker to do? There are no guarantees in life, so trying to make retirement savings and other resources, including Social Security, last at least as long as you do is a challenge, to say the least.

"It's incredibly complicated—some people call it the hardest problem in finance, trying to figure out how to take whatever money you have when you hit retirement and make it last," said Suzanne Shu '90, M.Eng. '92, the John S. Dyson Professor in Marketing in the Charles H. Dyson School of Applied Economics and Management, and dean of faculty and research, in the Cornell SC Johnson College of Business.

Shu and colleagues studied the effects of not only personal preference but also interventions aimed at helping people make reasoned decisions regarding Social Security claiming. Among their key findings: Taking into account regret or needs of one's "future self" is important, but [societal norms](#) regarding retirement are not.

Their work is documented in "What Motivates Social Security Claiming Age Intentions? Testing Behaviorally-Informed Interventions Alongside Individual Differences," which published in December in the *Journal of Marketing Research*.

For this work, the team—which included researchers from the University of California, Los Angeles' Anderson School of Management, as well as Bocconi University in Milan, Italy—conducted an experiment with more than 3,500 people between the ages of 40 and 61 (63% female), broken into 14 groups, including one control.

The 13 experiment groups fell into five broad classes of interventions:

- framing payment information (breaking down amounts based on claiming age);
- normative messages (what is considered "normal" behavior);

- consideration of future selves (anticipating the effects of a decision);
- information-based interventions (contextual information about their needs in retirement); and
- self-reflection interventions (including considering the downside risk of "living too long").

"We were doing it almost as a horse race," Shu said, "saying, 'OK, here's a bunch of different ideas of what might work, let's put them all side by side and see which ones actually move the needle the most.'"

The researchers' main takeaways don't offer a definitive answer to the question of when it's best to start drawing the benefit. That will always be a personal decision; there is no right and wrong.

They did find that claiming intentions are relatively difficult to influence, but several interventions seem to have more sway than others. Payment framing—pointing out the gains that could be had by waiting—were influential, as were consideration of future regret, concerns about [life expectancy](#), and fact-based reasons why one might want to delay claiming the benefit.

Shu thought interventions related to retirement "norms" would be more influential than they were, but thinks people's view of their personal situation as different from all others' plays a role.

"Everyone feels like their own working career is unique, their own family situation is unique, and their own life expectations are unique," she said. "And so it might not be helpful to hear what other people are doing. There are so many variables that are really individual here, so talking about [social norms](#) doesn't work here."

Shu likened the "future self" [intervention](#) to setting an alarm clock

before going to bed.

"You don't really have much regard for how you're going to feel in the morning when that alarm clock goes off," she said. "Same thing with this Social Security decision—you might decide that you're going to claim at 62 because you feel like you could use it now, without regard for how the 66-year-old you is going to feel about it in a few years."

Work is ongoing in this area, she said—"I'll never retire, because I'll keep working on this," she joked—noting that it's important to address more than just money-based factors related to retirement.

"There've been people working on this over the years from a financial perspective, but I'm more of a behavioral economist," she said. "This work is really all about just trying to better understand the psychology of what people are thinking about, and how getting them to think about slightly different things can help them maybe reach different conclusions."

More information: Adam Eric Greenberg et al, EXPRESS: What Motivates Social Security Claiming Age Intentions? Testing Behaviorally-Informed Interventions Alongside Individual Differences, *Journal of Marketing Research* (2022). [DOI: 10.1177/00222437221147221](https://doi.org/10.1177/00222437221147221)

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