Considering the future first encourages people to delay claiming Social Security benefits by 18 months.

Almost half of all Americans claim Social Security benefits at the earliest possible age (62). Claiming at a later age would result in a larger monthly benefits check and, for many, increased lifetime benefits. Recent research demonstrates that choice architecture (i.e., the way decision information is presented) can motivate people to delay claiming their benefits.

To determine whether a newly developed choice architecture intervention—a “preference checklist”—meets these criteria, Eric Johnson, Columbia Business School and TIAA Institute Fellow, Kirstin Appelt, University of British Columbia, Melissa Knoll, Consumer Financial Protection Bureau, and Jon Westfall, Delta State University, asked older Americans to make hypothetical benefit claiming decisions using materials similar to those provided by the Social Security Administration, along with different versions of a preference checklist.

**Key insights**

- When participants were prompted to consider the future first, on average they opted to claim Social Security benefits 18 months later than those who weren’t prompted to do so.
- Changes to the way decision information is presented have a stronger effect on preferred claiming age than such factors as education, wealth and perceived longevity.
- Despite the effects of choice architecture interventions on preferred claiming age, participants report no noticeable differences in their choice experience.

**The order of information matters**

The researchers divided older adults into four groups (see “About the research” on page 3). Each group was asked to make a benefit claiming decision based on different information. Participants who were encouraged to consider the future first—i.e., those who received a “Later-First Checklist”—preferred on average to claim benefits about 18 months later than those in the control condition, as shown below.

**Nearly 50% of Americans claim Social Security benefits at age 62**

Average month retirement benefit at age 62: $1,098

Wait until age 66: $1,464

Wait until age 70: $1,932
Later-first checklist delays claiming by 18 months on average

Asking participants to calculate their life expectancy before making a benefits claiming decision may have unintended effects.

Calculating life expectancy negates results

In a second study, the researchers asked participants to calculate their life expectancy before making a benefits claiming decision. Interestingly, doing so negated the results of the choice architecture intervention; participants in all four groups preferred to claim at roughly the same age. This result reinforces prior research that suggests people don’t have a clear idea of their life expectancy, so asking life expectancy questions may function as an informal checklist that nullifies the effects of the other interventions.

About the research

The researchers conducted two studies to determine if the way in which benefits information is presented changes the age at which adults claim Social Security benefits. In the first study, 451 Americans (ages 45 to 65) made a hypothetical benefit claiming decision after being divided into four randomly assigned groups:

- **Control** – received only standard benefits information similar to that provided by the Social Security Administration
- **Default** – received standard benefits information with a default option set at the oldest possible claiming age (70)
- **Early-first** – received standard benefits information along with a preference checklist containing eight reasons to claim benefits early, and then eight reasons to delay claiming
- **Later-first** – received standard benefits information along with a preference checklist containing eight reasons to delay claiming benefits, followed by eight reasons to claim early

In a second study of 479 Americans, participants reviewed the same information provided in the first study, but also were asked to complete a short-form life expectancy calculator before making their decision.

To read the full report, click here or go to: www.tiaainstitute.org > Research > Lifetime Income and Retirement Security
About the TIAA Institute

The TIAA Institute helps advance the ways individuals and institutions plan for financial security and organizational effectiveness. The Institute conducts in-depth research, provides access to a network of thought leaders, and enables those it serves to anticipate trends, plan future strategies and maximize opportunities for success.