

HOW TO INCREASE USAGE OF SOCIAL SECURITY'S ONLINE TOOLS

BY JEAN-PIERRE AUBRY*

Introduction

Retiring baby boomers are increasing the demand for Social Security Administration (SSA) services at a time when budget constraints and retiring staff are limiting the agency's capacity to deliver these services. In theory, investing in web-based tools for benefit applications could help SSA meet the projected increases in demand, even with fewer staff. But, despite SSA's investment in tools with significant labor-saving potential, such as online benefit application, the share of retirees applying for benefits online has hovered around 50 percent since 2013.

To investigate recent and future trends in online claiming, the CRR surveyed 2,600 people ages 57-70 about how they claimed, or intend to claim, their retirement benefits and their communications with SSA during the process. This *brief*, based on a recent paper, presents the results of that survey.¹

The discussion proceeds as follows. The first section sheds some light on the recent trends in online claiming and estimates that only 70 percent of the roughly 50 percent currently submitting online applications – just over 35 percent of retirees – claim *completely* online (that is, without contacting SSA in-person or by phone). The second section investigates why most retirees contact SSA when claiming benefits. The third section considers options for SSA

to increase the share of retirees who claim completely online. The final section concludes that new policies – and greater familiarity with online tools among younger cohorts – could significantly increase the share of retirees that claim online, but a meaningful share will continue to contact SSA in-person or by phone.

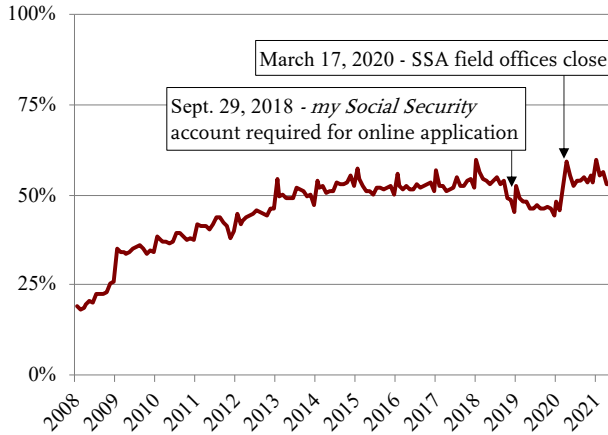
Recent Trends in Online Claiming

SSA launched its first online claims application for retirement benefits in 2000. Although the monthly online application rate initially grew significantly after this option was introduced, it has slowed considerably in the last decade – hovering at around 50 percent since 2013 (see Figure 1 on the next page).

The CRR's survey asked people how they claimed or intend to claim their retirement benefits. The key result suggests that a meaningful share of online applicants contact an SSA representative in-person or by phone at some point during their claiming process. Although 60 percent of survey respondents applied or intend to apply online (a somewhat higher share than the SSA data show), only 43 percent of respondents

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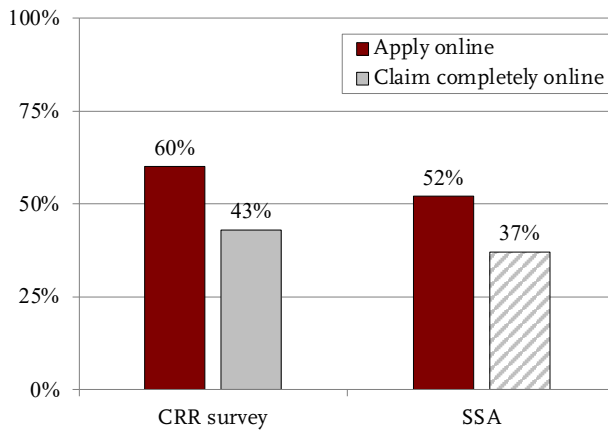
FIGURE 1. SOCIAL SECURITY APPLICATIONS FILED ONLINE AS SHARE OF TOTAL APPLICATIONS, JANUARY 2008-MAY 2021



Note: The data are for retirement benefit applications only. Source: U.S. Social Security Administration (2021).

claim *completely* online – that is, without contacting SSA in-person or by phone. Scaling the survey results to the SSA data for online applications suggests that 37 percent of retirees claim completely online (see Figure 2).

FIGURE 2. SHARE OF RETIREES THAT APPLY ONLINE AND THAT CLAIM COMPLETELY ONLINE

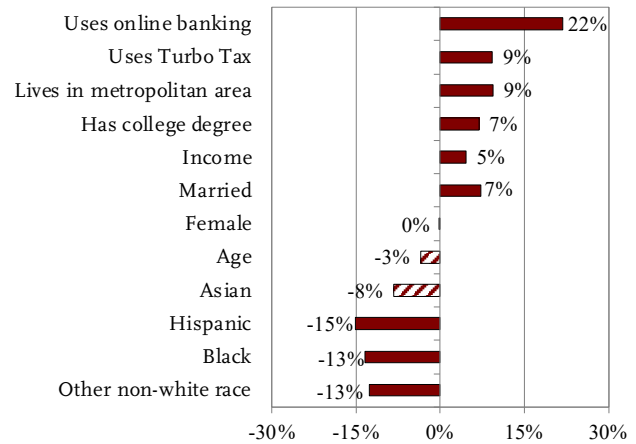


Notes: For CRR data, both bars cover people who have retired or are planning to retire. For SSA data, the red bar is online applications as a share of all applications processed, from May 2016-May 2021; and the gray bar is a CRR estimate. Sources: Author’s calculations based on CRR survey and U.S. Social Security Administration (2021).

Why Do Retirees Contact SSA?

To better understand why most retirees do not claim completely online, the analysis begins with a regression that relates survey respondents’ demographic characteristics to full online claiming (see Figure 3). Two of the characteristics most associated with claiming completely online are the use of online banking and Turbo Tax – both of which are proxies for a high level of comfort with online financial tools. Additionally, claiming completely online is associated with living in a metropolitan area, being college educated, and being married. On the other hand, the characteristics most associated with not claiming completely online are – essentially – being non-white.²

FIGURE 3. CHARACTERISTICS RELATED TO CLAIMING (INTENDING TO CLAIM) COMPLETELY ONLINE

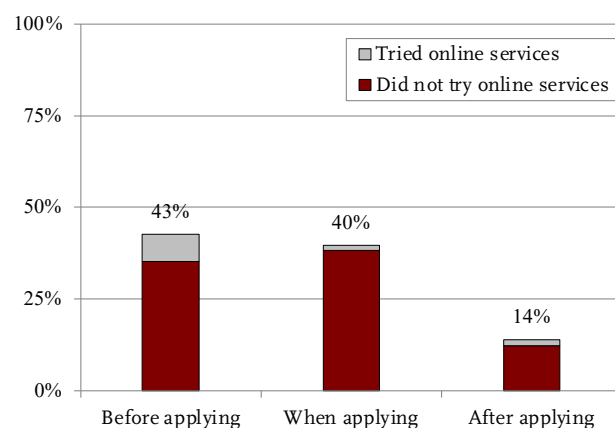


Notes: Solid bars are statistically significant at the 5-percent level. For continuous variables (e.g., age and income), the results show the effect of a two-standard-deviation change. Source: Author’s calculations based on CRR survey.

While the regression analysis helps clarify that those with lower socioeconomic status are less likely to claim completely online, the best way to understand why is to ask people directly. To this end, the CRR survey asked respondents when during their claiming process they contacted an SSA representative – before, during, or after applying for benefits – and why. The results show that 43 percent of respondents contact an SSA representative before applying for benefits, 40 percent do so when applying for ben-

efits, and 14 percent do so after applying (see Figure 4). Importantly, less than 10 percent of respondents try online options and then contact an SSA representative, suggesting that most retirees who contact a representative avoid SSA’s online services. Of course, the share of respondents contacting a representative in any phase of the claiming process is capped at 57 percent because 43 percent of respondents in the CRR sample claim completely online – that is, without contacting an SSA representative at all.

FIGURE 4. SHARE OF RESPONDENTS THAT CONTACTED (INTEND TO CONTACT) AN SSA REPRESENTATIVE, BY TIMING OF CONTACT



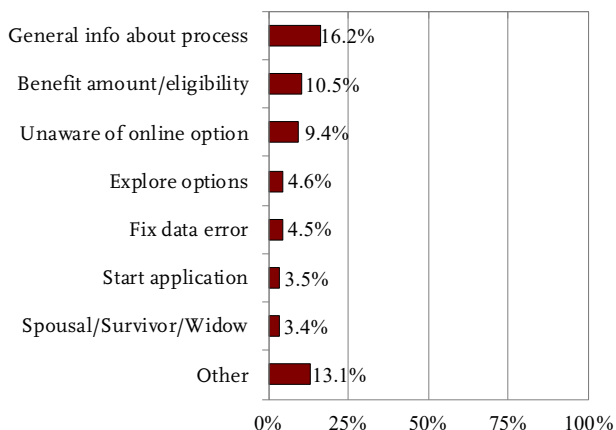
Notes: Response rates are not mutually exclusive. Response rates for “before” and “when” applying are as a share of all survey respondents (recent- and near-retirees). “After” applying is as a share of recent retirees, as near-retirees were not asked this question.

Source: Author’s calculations based on CRR survey.

The reasons for contacting SSA depend somewhat on when in the claiming process the contact occurs. The most common reasons for contacting SSA *before* applying were: 1) to obtain general information about the claiming process; 2) to check the respondent’s benefit amount and/or eligibility for benefits; and 3) because the respondent was unaware of SSA’s online tools (see Figure 5). Importantly, less than 5 percent of respondents cited data errors, such as mistakes in their earnings record, as a reason for contacting SSA.

The most common reasons for applying in-person or by phone were that the respondent: 1) was unaware of the online option; 2) preferred in-person transactions; 3) was uncomfortable putting sensitive

FIGURE 5. SHARE OF ALL RESPONDENTS, BY REASONS FOR CONTACTING SSA BEFORE APPLYING

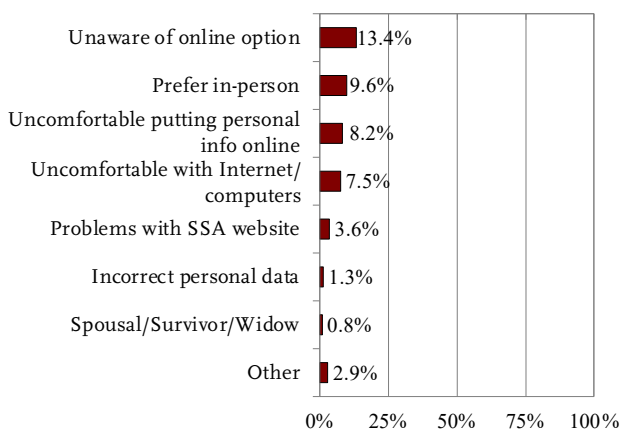


Notes: Responses are not mutually exclusive. The first, fourth, sixth, seventh, and eighth bars are based on the CRR’s categorization of open-ended responses.

Source: Author’s calculations based on CRR survey.

information online; and 4) was uncomfortable with computers and/or the internet (see Figure 6). Again, less than 5 percent of respondents cited data errors or difficulty with the SSA website as reasons for applying in-person or by-phone.

FIGURE 6. SHARE OF ALL RESPONDENTS, BY REASONS FOR APPLYING IN-PERSON OR BY PHONE

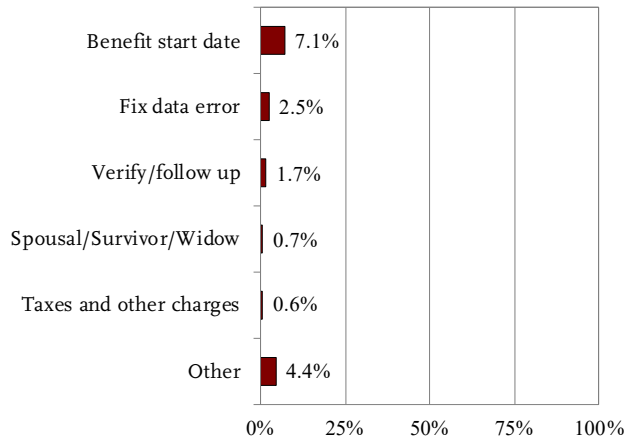


Notes: Responses are not mutually exclusive. The second, seventh, and eighth bars are based on the CRR’s categorization of open-ended responses.

Source: Author’s calculations based on CRR survey.

The most common reason the respondents gave for contacting an SSA representative *after* applying was to check on when their benefits payments would begin (see Figure 7).

FIGURE 7. SHARE OF RETIRED RESPONDENTS, BY REASONS FOR CONTACTING SSA AFTER APPLYING



Notes: Responses are not mutually exclusive. The bottom four bars are based on a CRR-categorization of open-ended responses.

Source: Author's calculations based on CRR survey.

How Many May Claim Completely Online in the Future?

In general, the reasons that respondents cite for contacting an SSA representative can be divided into four categories: 1) complex issues that clearly require an SSA representative, such as discussing the specifics of spousal and survivor benefits; 2) general aversions to online services, like a concern about data privacy; 3) straightforward inquiries that could be addressed without contacting a representative, like checking the benefit amount and eligibility; and 4) obstacles to online claiming that could be remedied by SSA service improvements, such as fixing data errors.³

It is hard to imagine SSA policies that could significantly impact the share of retirees who need an SSA representative to discuss complex issues – that share is likely constant. Similarly, policy is unlikely

to change the share of claimants who are averse to online services; however, changing demographics can have an impact here. To see how comfort with computers might change as younger cohorts approach retirement, the analysis explored the relationship between the current age of survey respondents and their use of online banking and Turbo Tax. The results show that – controlling for other basic demographics – being in a younger cohort (i.e., being one year younger) is associated with about a 1-percent increase in the use of online banking and Turbo Tax.⁴ The results suggest that the share of retirees who use these financial services will increase by about 10 percent over the next 10 years. Given that usage of these services is associated with a combined 31-percent increase in claiming completely online (22 percent + 9 percent from Figure 3), the share of respondents claiming completely online is predicted to increase by only 3.1 percentage points due to greater fluency with technology.⁵

Where SSA policy could be useful – and potentially quite impactful – is in increasing the number of basic inquiries that are handled online and reducing the obstacles retirees encounter when they do use SSA's online tools. Basic inquiries include checking benefit eligibility and following up on a submitted application. If such needs were handled through online services, rather than an SSA representative, the share of respondents who claim completely online would increase by about 15 percentage points.⁶ Similarly, if obstacles to online claiming – such as fixing data errors and increasing awareness of online options – were resolved, the share would increase by about 14 percentage points.⁷ However, because some respondents cited both types of issues, the share would increase by only 20 percentage points – from 43 to 63 percent.

These results reveal two key takeaways. First, greater familiarity with online tools among younger cohorts will produce incremental increases in the share of retirees that claim completely online, but the more significant changes would come from policies that: 1) help more retirees find answers to their basic inquiries online; and 2) reduce the impediments retirees encounter when they do try to use SSA's online tools. Second, even with changes in online comfort and new policies, a significant share of retirees will continue to contact SSA in-person or by phone when claiming benefits.

Conclusion

Retiring baby boomers are increasing the demand for SSA's services at a time when budget constraints and retiring staff are limiting the agency's capacity to deliver these services. In theory, investing in web-based tools that people can use to serve themselves could help SSA meet the projected increases in demand, even with fewer staff. But, despite SSA's investments, the share of retirees who apply for benefits online has hovered around 50 percent since 2013.

A CRR survey of 2,600 older individuals suggests that 70 percent of the roughly 50 percent currently submitting online applications – just over 35 percent of retirees – claim *completely* online. New policies (and greater online comfort among younger cohorts) could increase this share by roughly 20 percentage points. These gains would be substantial, but a meaningful share of retirees will likely always choose to contact SSA in-person or by phone when claiming their benefits.

Endnotes

- 1 See Aubry and Wandrei (2021) for more details on the survey instrument and results.
- 2 See Aubry and Wandrei (2021) for the complete set of regression statistics, as well as the results for recent and near retirees separately.
- 3 See Appendix Table A1 for a mapping of specific reasons to the four broad categories of reasons.
- 4 See Aubry and Wandrei (2021) for complete regression results.
- 5 Predicting future usage rates for online financial services involves two steps. First, a prediction model is generated from the results of a regression relating the use of online financial services to each respondent's current age and other demographics. Then, to predict future usage of online financial services, the prediction model is run on the respondent population using ages that are 10 years younger than each respondent's current age. Similarly, to predict the impact of higher future usage rates on online claiming, a prediction model is generated from the results of a regression relating online claiming to use of financial services and other demographics (see Figure 3). Then, to predict future online claiming with higher future usage rates for online services, the prediction model is run on the respondent population using predicted future usage rates for online services in place of current usage rates.
- 6 Because this counterfactual presumes that respondents would use online tools to answer their basic inquiries, this estimate must assume that respondents who also cited unawareness of online options as a reason for not using online services would no longer cite that reason.
- 7 Only about 25 percent of those who used online tools also contacted SSA in-person or by phone. And, only about 30 percent of those who never used online tools to contact SSA were aware of their online options. So, for this estimate, we assume that respondents who cited unawareness of online options as a reason for not using online services would use online services, without contacting SSA, if they had known of their options.

References

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APPENDIX

TABLE A1. REASONS FOR CONTACTING SSA IN-PERSON OR BY PHONE

Specific reasons for contacting SSA	Broad reasons for contacting SSA
<i>Before applying</i>	
Fix data error	Obstacle to online claiming
Check benefit amount and/or eligibility	Straightforward inquiry
Discuss spousal/survivor/widows benefit	Complex issue
To start application process	General aversion to online services
To get general info on claiming process	Straightforward inquiry
To explore options for claiming	Complex issue
Unaware of online options	Obstacle to online claiming
Other	Complex issue
<i>When applying</i>	
Uncomfortable using the internet/computers	General aversion to online services
Uncomfortable putting SSN online	General aversion to online services
Problems with the SSA website	Obstacle to online claiming
Fix data error	Obstacle to online claiming
Discuss spousal/survivor/widows benefit	Complex issue
Prefer in-person transaction	General aversion to online services
Unaware of online options	Obstacle to online claiming
Other	Complex issue
<i>After applying</i>	
Fix data error	Obstacles to online claiming
Discuss spousal/survivor/widows benefit	Complex issue
Follow up on submitted application	Straightforward inquiry
Discuss taxes	Complex issue
Find out date of first benefit payment	Straightforward inquiry
Other	Complex issue

Source: Author's categorizations based on CRR survey.

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