Testimony of

Bill Meyer, Founder and CEO of Social Security Solutions, Inc.

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Chairman Collins, Ranking Member McCaskill, and other distinguished members of the Committee: I am Bill Meyer, Founder and CEO of Social Security Solutions, Inc. Our firm is the largest provider of Social Security help and guidance outside of the Social Security Administration.

Today, I will provide four simple suggestions for the Social Security Administration (SSA) that could make a substantial positive difference to millions of Americans. It is important to note that every service our firm provides the Social Security Administration could provide. Our firm was built on extensive research Dr. William Reichenstein, Endowed Professor from Baylor University, and I published in leading academic journals. We focused on how to apply the rules of Social Security to maximize benefits. We have published more than anyone on this topic and have research that covers almost every household type: single, married, widows, Windfall Elimination Provision/Government Pension Offset, short life expectancy, earnings test/part time work, re-do strategies to increase benefits, and other related research on how to coordinate Social Security benefits with retirement savings. The rules are very complicated, and resources such as the Program Operations Manual are not intuitive. I have built a lot of tools in my career that empower individuals to make financial decisions and call center agents to assist. I give you this context because the Social Security Administration could easily do this, too. Finally, you should be aware the largest and most reputable financial services firms in America use our software to help develop claiming strategies. Similarly, thousands of independent financial advisors license our software. We also directly help retirees who come to us through a website. On a single day we helped over 10,000 people. Note, at the time we only had 6 employees.

With this background and experience aiding people in claiming benefits, I give the following suggestions to help retirees and impending retirees who desperately need better and more transparent information to make claiming decisions.

Suggestion 1 – The Social Security Administration should provide better information to Americans.

Currently, the Social Security Administration is providing neither the "right" nor "enough" information for someone to make an informed decision. For example, the focus of individual statements is to state the monthly benefits at 62, Full Retirement Age (66) and 70. No cumulative lifetime benefit estimates are provided. Knowing the cumulative benefits better equip an individual to make a tradeoff between filing early or later. Monthly benefits show the immediate impact at a monthly level but do not nearly tell a complete story about the magnitude of the money "left on the table" by claiming early or in a sub-optimal way.

Additionally, all benefits a person is entitled to are not included in a person's statement. While the statement includes their individual retirement benefits along with monthly survivor and family benefits that can be paid from their earnings record, it excludes spousal benefits and survivor benefits from a spouse, and there is no view into how those benefits can work together. Putting all benefits together and showing trade-offs between claiming strategies changes claiming behavior as more individuals better understand the merits of one strategy over another as they compare and evaluate their options. A detailed example follows this testimony, and I'm happy to discuss the details during the Questioning section of the proceeding.

Recommendation - For these reasons, my recommendation is that the Social Security Administration enhance the current statement with cumulative benefits and details about how all benefit types can work together. In addition, better tools should be made available that allow retirees to compare their options.

Suggestion 2 – The Social Security Administration should change policy to allow agents to provide "guidance."

Currently, Social Security Administration rules do not allow agents to give advice on how to claim benefits. The policy states an agent can only give information, but no guidance. Note, claiming Social Security is the largest financial decision 99% of Americans make in their lifetimes. Americans are making an irrevocable decision with limited information, and no one in the Social Security Administration is allowed to help them explore their options. Americans are looking for help and a new set of policies should be established where transparent and clear information is given to allow them to fully understand all their options. I have significant experience in this area and the official response that "we have never done this before" or "this brings in too much risk" or "this idea would be too hard to implement or train to" are all unacceptable. My firm does it. Other firms do, too. Applying simple and smart technology with good people facilitates this process. I have trained employees with no financial experience to use our software and help retirees with claiming strategies within one week. The Social Security Administration can do this, too.

Recommendation - My recommendation is to create a policy change to allow agents to give claiming guidance. Specific protocols and workflows can be established to ensure client interactions are compliant and effective.

Suggestion 3 – The Social Security Administration should facilitate partnership with financial advisors.

According to the Center on Budget and Policy Priorities in their June 2016 report, the Social Security Administration's core operating budget has been reduced by 10% over the past six years, at a time when the number of Americans needing services are at an all-time high. This has left the Administration with too few resources to deliver essential services. One area these recent cuts have impacted is support for financial advisors. Research shows that retirees ask their financial professional for help on claiming strategies. Advisors, almost all of whom have had little or no training about Social Security benefits, are frustrated that more information and resources are not provided by the Social Security Administration. Limited resources are available to financial practitioners. Additional education, marketing materials, tools, and outreach should be delivered to the financial services industry. Providing support to practitioners will extend the Social Security Administration's reach and help retirees secure all the benefits they are entitled to through trusted financial advisors.

Recommendation - My recommendation is for the Social Security Administration to commit to more support and resources to practitioners who help individuals and to create additional collateral to educate both advisors and consumers.

Suggestion 4 – The Board of Trustees should provide clearer information on trust fund viability and level of funding security.

The Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds issue an annual "state of the funds" report. The 2016 annual report about the Trust fund contains 263 pages. It is filled with great figures and graphs, as well as highly detailed information. However, average Americans are unable to interpret what the report means for their benefits. Coupled with the fact that media takes this report every year and scares Americans with errant tales of doom, misinformation is proliferated. There needs to be a balance between informing the public and motivating politicians to make the appropriate decisions to shore up the system's viability. Scare tactics and misinformation drive early claiming behavior, robbing millions of the benefits they will desperately need later in life. For impending retirees the message should be Social Security is a sound and important program. Right now the worst case scenario is only 75% of benefits will be paid out in the future, and this would likely impact someone who is 44 years of age and younger if no changes are made. Note, in 1977 and 1983 changes were implemented to shore up the system. Other collateral and PR materials should be developed in conjunction with the release of the annual report, including specifics relative to someone claiming today with varying messaging by different age bands.

Recommendation - I recommend the development of relative collateral and PR materials related to how the current Trust Fund might impact an individual. Additionally, the utilization of different website designers who deploy an information architecture such that overview information is delivered before overwhelming details organized by household type would reduce the overwhelming nature of the annual report.

I conclude by summarizing research I published in the Journal of Financial Planning on how optimizing Social Security impacts portfolio longevity. Our research showed we could make someone's retirement savings last between 2 to over 10 years longer by maximizing Social Security. Choosing how and when to begin Social Security benefits is a huge decision and is the cornerstone for retirement security. The Social Security Administration could make some simple changes to help more Americas live better in retirement.

Thank you.

--Case Study Follows—

Case Study

In an effort to demonstrate the impact of a holistic view to cumulative benefits, we've selected a case study for illustrative purposes.*

Roy and Mary are getting ready to retire. They've begun to think about when they should claim their Social Security retirement benefits.

Mary, age 60
Life expectancy: 90
Date of birth: 03/12/1954
Full retirement benefit on SS Statement: $1,788

Mary is an "average" Social Security beneficiary in that her benefit is about equal to the national average paid out for a retirement benefit. Today, her Social Security statement only provides her monthly benefit amounts at 62 ($1,319), Full Retirement Age ($1,788), and 70 ($2,360). These monthly figures leave out important cumulative benefits data points and also do not include additional monthly amounts that may be available for spousal and survivor benefits.

Mary's cumulative benefits if claimed at:	
62 and 1 month	$609,604
Full Retirement Age	$708,613
70	$808,598

The difference between filing as early as possible and at age 70 for Mary is **$198,994**. This result is achieved by doing nothing more than multiplying the monthly benefit at a claiming age by the number of months in the life expectancy.

Roy, age 63
Life expectancy: 85
Date of birth: 08/17/1953
Full retirement benefit on SS Statement: $2,715

Roy has been the primary earner in the family, and his benefits are higher than Mary's. Like Mary, Roy's Social Security statement only provides her monthly benefit amounts at 62 ($1,836), Full Retirement Age ($2,715), and 70 ($3,583).

Roy's cumulative benefits if claimed at:	
62 and 1 month	$722,486
Full Retirement Age	$798,743
70	$864,056

The difference between filing as early as possible and at age 70 for Roy is **$141,569**. Again, this result is achieved by doing nothing more than multiplying the monthly benefit at a claiming age by the number of months in the life expectancy.

For married couples, however, there are rules around spousal and survivor benefits that can mean more income for the couple. As you can see below, if Mary and Roy use only their Social Security statements to determine when to begin benefits, they may choose a claiming method that leaves over $100,000 on the table.

Cumulative benefits for Roy and Mary together if claimed at:

Age	Amount	If claimed separately using only the SS Statement	Additional cumulative benefits by viewing jointly as a couple
62 and 1 month	$1,425,785	$1,331,990	$93,795
FRA	$1,609,044	$1,507,356	$101,688
70	$1,806,883	$1,672,654	$134,229
Maximizing Strategy	$1,810,401		

In the table above, the difference that having all of the possible benefits presented in order to make an informed decision is substantial. Especially compared to only the monthly benefits summarized just for the individual. In the example illustrating all benefits the couple is entitled to the difference between filing as early as possible and a "maximizing" strategy that simply lets them take advantage of rules that exist is **$384,616**. Perhaps more powerful than the difference in the cumulative amounts is that the survivor benefit is greater than **$2,000** MORE every month by using the maximizing strategy versus claiming as early as possible.

*Assumptions:

All calculations are inclusive of a 2% average annual cost-of-living adjustment.

Since the majority of Americans claim benefits early, we did not extend the working life of a claimant beyond their full retirement age; however, the benefit ages on the Social Security statement assume the individual continues to work until the time of the claim. This results in an overstatement of benefits on the statement for most Americans.