

Purpose: Assess the accuracy of Social Security benefits recorded in two surveys: the Survey of Income and Program Participation and the Current Population Survey.

Why is it important? Over 40 million persons receive Social Security benefits as older disabled, retired, survivor, or spouse beneficiaries. Social Security benefits are the major source of income for many aged persons.

	Married Couples	Non-Married persons
>= 90% of income	22%	45%
>= 50% of income	52%	74%

Misreported Social Security benefits would affect estimates of well-being and poverty of the aged. Both the SIPP and CPS ask how much income was received from Social Security. Both indicate that the public record contains the total benefits received.

Why would Social Security benefits be misreported?

1. The Social Security Administration issue the benefit to the bank after deducting charges for Medicare Premiums.-- Medicare Part B and Part D benefits. SSA issues the benefit net of the deductions for Part B and Part D payments.
2. Both SIPP and CPS state that the public records contains the total gross benefit. SIPP asks the respondent the amount taken for Medicare Premiums; CPS asks if the amount was after deductions.
3. The amount of Premium deductions are non-trivial. In 2013, the Medicare Part B charge for doctor and outpatient was \$104 per month for each beneficiary with Part B coverage. Part D charges for drugs vary depending upon the drug program chosen (ex. \$20 to \$50 per month).

- a. Medicare is available to beneficiaries age 65 and older and to Disabled Worker beneficiaries after two years of benefits.
- b. Approximately \$1700 per year per beneficiary with Part B and Part D coverage could be deducted from total benefits.
- c. In August 2013, the average OASI monthly benefit was \$1,204 and DI benefit was \$938.

Methodology: We total the Social Security income recorded for persons aged 60 and older in 2009 for SIPP and for 2008 for the CPS.

We include all persons recorded as Social Security beneficiaries as disabled workers, retired workers, survivors, or spouses. About 90 percent of respondents match to SSA administrative records. Our SSA administrative data come from the Payment Update History File (PHUS) which records each month the money issued by Treasury and the money retained for Medicare Premiums.

For the most part, the receipt of benefits is consistent between SIPP and SSA records. A small proportion are inconsistent. This varies by age and type of benefit in December 2009. False positives=0.2 percent, false negatives=10.2 percent.

Table 1: Social Security Beneficiaries in 2009 Ages 60 and Older, SIPP vs. SSA Records

	(1)	(2)	(3)	(4)	(5)	(6)
	Number (thousands)	Percentage Distribution				
		Total	PHUS Yes SIPP Yes	PHUS Yes SIPP No	PHUS No SIPP Yes	PHUS No SIPP No
Beneficiary Age						
60-61	1,018	100	73.1	14.9	1.4	10.6
62-64	4,214	100	80.0	16.8	0.4	2.8
65 or older	32,680	100	90.0	9.2	0.3	0.6
Benefit type, Dec. 2009						
Disabled Worker	2,231	100	79.7	15.2	0.6	4.4
Retired Worker	31,574	100	89.5	9.8	0.2	0.5
Spouse	1,129	100	81.0	8.8	2.0	8.2
Survivor	2,987	100	85.4	11.1	1.2	2.3
Total	37,912	100	88.3	10.2	0.2	1.1

Note: Individuals on the Master Beneficiary Record as of December 2009, including those not in current-pay status.

Source: 2008 panel of SIPP matched to SSA administrative records.

We compare the cell average for the mean and median benefits recorded in PHUS and in SIPP by age and beneficiary type. The average benefits in SIPP on average are about \$1,000 lower in SIPP than PHUS. It varies by age groups and benefit type.

We also compare benefit amounts between PHUS and SIPP for individuals. The mean average is similar to the cell comparisons, but the median of individual differences is much lower than the cell differences of median levels. At least half of respondents have benefits recorded at least \$497 lower in SIPP than PHUS.

Table 2: Social Security Benefit before Medicare Deductions in 2009, Persons 60 and Older, 2008 SIPP Panel

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PHUS	SIPP	PHUS	SIPP	Average differences		Individual Differences	
	Mean	Mean	Median	Median	Mean	Median	Mean	Median
Age								
60-61	13,559	11,699	12,624	10,884	1,859	1,740	1,717	371
62-64	11,672	10,448	11,345	9,960	1,224	1,385	1,241	231
65 or older	13,763	12,823	13,817	12,720	940	1,097	942	523
Benefit type								
Disabled Worker	14,479	12,399	13,426	11,834	2,079	1,592	2,119	769
Retired Worker	13,756	12,813	13,918	12,768	942	1,150	951	496
Spouse	7,021	6,904	7,229	6,552	117	677	22	173
Survivor	12,941	11,927	13,169	12,192	1,015	977	970	569
Total	13,548	12,588	13,595	12,419	960	1,176	989	497

Notes: Type of benefit is from December 2009 SSA benefit records. Average benefits exclude zero values.

Individual differences were negative for 2.3% of records with a benefit in the SIPP but no benefit payment in the PHUS.

Source: 2008 panel of SIPP matched to SSA administrative records.

When we compare the cell averages and individual differences recorded in SIPP to the net benefit recorded in the PHUS, there is little difference between the two. This suggests that the SIPP is recording net benefits rather than total benefits.

Table 3: Social Security Benefit after Medicare Deductions in 2009, Persons 60 and Older, 2008 SIPP Panel

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PHUS	SIPP	PHUS	SIPP	Average differences		Individual Differences	
	Mean	Mean	Median	Median	Mean	Median	Mean	Median
Age								
60-61	12,814	11,699	12,000	10,884	1,115	1,116	1,283	0
62-64	11,435	10,448	11,148	9,960	987	1,188	1,029	103
65 or older	12,622	12,823	12,672	12,720	-201	-48	-198	-543
Benefit type								
Disabled Worker	13,650	12,399	12,876	11,834	1,251	1,042	1,403	0
Retired Worker	12,715	12,813	12,816	12,768	-98	48	-82	-429
Spouse	5,780	6,904	5,844	6,552	-1,124	-708	-1,072	-792
Survivor	11,868	11,927	12,092	12,192	-59	-100	-159	-393
Total	12,507	12,588	12,540	12,419	-81	121	-31	-400

Notes: Type of benefit is from December 2009 SSA benefit records. Average benefits exclude zero values.

Source: 2008 panel of SIPP matched to SSA administrative records.

We find the benefit receipt is mainly consistent between PHUS and benefits recorded in the CPS. False positive=0.2 percent; false negatives=8.6 Percent

Table 4: Social Security Beneficiaries in 2008, Ages 60 and Older, CPS vs. SSA Records

	(1)	(2)	(3)	(4)	(5)	(6)
	Number	Percentage Distribution				
	(thousands)	Total	PHUS Yes CPS Yes	PHUS Yes CPS No	PHUS No CPS Yes	PHUS No CPS No
Beneficiary Age						
60-61	804	100	61.8	26.2	0	12.1
62-64	2,811	100	73.6	20.0	0.6	5.8
65 or older	30,388	100	92.0	7.1	0.2	0.6
Benefit type, Dec. 2008						
Disabled Worker	2,374	100	73.1	19.9	0.5	6.5
Retired Worker	27,816	100	91.6	7.8	0.0	0.5
Spouse	1,074	100	81.4	8.8	1.7	8.1
Survivor	2,738	100	89.8	7.6	0.5	2.1
Total	34,003	100	89.8	8.6	0.2	1.3

Note: Individuals on the Master Beneficiary Record as of December 2008, including those not in current-pay status.

Source: March 2009 CPS matched to SSA administrative records.

When we compare the cell means and medians between the CPS and PHUS, we find little difference. We also find the individual differences average a small value for the mean and median.

Table 5: Social Security Benefit before Medicare Deductions in 2008, Persons 60 and Older, March 2009 CPS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PHUS	CPS	PHUS	CPS	Average differences		Individual Differences	
	Mean	Mean	Median	Median	Mean	Median	Mean	Median
Age								
60-61	14,128	14,048	13,337	13,176	80	161	80	-84
62-64	10,471	10,948	10,029	10,193	-477	-164	-495	-139
65 or older	12,824	13,012	12,903	12,677	-188	226	-193	-0.2
Benefit type								
Disabled Worker	14,134	13,496	12,989	12,905	638	84	630	0
Retired Worker	12,822	13,065	13,452	12,869	-243	583	-248	-0.2
Spouse	6,865	7,833	7,037	7,157	-968	-120	-931	-144
Survivor	12,322	12,459	12,641	12,157	-137	484	-141	-0.2
Total	12,685	12,888	12,761	12,557	-202	204	-209	-0.2

Notes: Type of benefit is from SSA benefit records. Average benefits exclude zero values.

Individual differences were negative for 1.8% of records with a benefit in the CPS but no benefit payment in the PHUS.

Source: March 2009 CPS matched to SSA administrative records.

When we compare the net benefit after Medicare deductions in PHUS to the amount recorded in the CPS, we find that the PHUS benefit is lower particularly for those aged 65 and older and for benefit types that could receive Medicare.

Our conclusion is that the CPS is recording the total Social Security benefits rather than the net Social Security benefits.

Table 6: Social Security Benefit after Medicare Deductions in 2008, Persons 60 and Older, March 2009 CPS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PHUS	CPS	PHUS	CPS	Average differences		Individual Differences	
	Mean	Mean	Median	Median	Mean	Median	Mean	Median
Age								
60-61	13,427	14,048	12,624	13,176	-621	-552	-655	-1,157
62-64	10,220	10,948	9,564	10,193	-728	-629	-710	-521
65 or older	11,779	13,012	11,844	12,677	-1,233	-833	-1,245	-1,155
Benefit type								
Disabled Worker	11,827	13,496	11,964	12,905	-1,669	-941	-75	-881
Retired Worker	13,409	13,065	12,780	12,869	345	-89	-1,246	-1,145
Spouse	5,742	7,833	5,844	7,157	-2,090	-1,313	-2,055	-1,229
Survivor	11,275	12,459	11,388	12,157	-1,183	-769	-1,204	-1,157
Total	11,698	12,888	11,724	12,557	-1,190	-833	-1,199	-1,145

Notes: Type of benefit is from SSA benefit records. Average benefits exclude zero values.

Source: March 2009 CPS matched to SSA administrative records.