Social Security Administration:
Modeling Income in the Near Term (MINT)

MINT is a microsimulation model that projects the economic and demographic circumstances of older Americans through the year 2099 based on data developed by SSA and the Census Bureau to study their economic well-being and to assess the effects of Social Security reform proposals.

Lead Agency:
Social Security Administration

Agency Mission:
To advance the economic security of the Nation's people through compassionate and vigilant leadership in shaping and managing America's Social Security programs.

Principal Investigator:

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General Description:
MINT (Modeling Income in the Near Term) is a microsimulation model that allows researchers and analysts to examine the economic and demographic circumstances of current retirees and the projected circumstances of future retiree populations. It began initially as a model to document the probable experience of baby boomers in their retirement years, but has recently been expanded to include projections over a longer time horizon. Depending on the analysis year and the group under study, MINT uses actual data, projections, or a combination of the two. Special, detailed databases developed jointly by the Social Security Administration (SSA) and the Census Bureau underlie the model. To create these databases, the two agencies exactly match household survey information from the Survey of Income and Program Participation (SIPP) to administrative records maintained by SSA.

MINT is updated and improved on a continual basis:

▪In 2004, the large 1996 SIPP panel was added to the base of MINT data which allows for examination of even relatively small subgroups.

▪In 2008, projection techniques were developed that allow MINT to simulate retirement income for older Americans through calendar year 2099.

▪In 2008, a beta version of a detailed tax module was created for analysis of benefit taxation issues.

▪In 2008, fertility histories were added that allow for the addition of some Social Security child beneficiaries to the model.

▪In 2008, the pension model was refined to take account of trends with regard to defined benefit pensions.

▪SSA administrative records through 2005 are now available in the underlying database.

MINT is used to study the economic well-being of older Americans. For example, it is used to estimate the poverty rate, or more generally the level of income, of older Americans in future years. It is also used to estimate the characteristics of subgroups. For example, it is used to estimate the percentage of women in various marital status groups in future years (married, widowed, divorced, and never married). Because of the detailed underlying data and its long time horizon, MINT is used extensively to measure the impact of large-scale, complicated Social Security reform proposals. This type of analysis provides policymakers information that complements the standard cost analysis conducted for reform proposals. It allows for an assessment of how subgroups would fare under different reform plans.

> ***Excellence***:   What makes this project exceptional?

MINT is exceptional because of the level of detail and the quality of the projections.   It projects several sources of income, including Social Security benefits, Supplemental Security Income payments, defined contribution and defined benefit pensions, earnings, and income from accumulated assets. MINT provides the most comprehensive measures of retirement income and the most complete characterization of economic well-being for future populations of older Americans. MINT also captures complete lifetime earnings and marital history information, allowing for the analysis of large-scale and complex reform plans that would change retirement and auxiliary benefits under the Social Security program.

> ***Significance***:   How is this research relevant to older persons, populations
>   and/or an aging society?

MINT provides a comprehensive assessment of the economic well-being of older Americans well into the future. It is a flexible and well-developed tool that policymakers can use as they craft policies designed to deal with the consequences of an aging society. Any number of Social Security reform proposals can be evaluated using MINT.

> ***Effectiveness***:   What is the impact and/or application of this research to
>   older persons?

SSA has used MINT to provide analysis for the National Economic Council, the Office of Management and Budget, the House Ways and Means Committee, the Senate Finance Committee, and the Government Accountability Office, as well as the Social Security Administration and the Social Security Advisory Board. Several papers using MINT appear in the Social Security Bulletin, edited book volumes, and professional peer-

reviewed journals. MINT information has influenced discussions of Social Security reform topics.

Innovativeness: Why is this research exciting or newsworthy?

MINT has influenced the development of other microsimulation models. Research teams studying MINT created other important policy simulation models, such as the Congressional Budget Office's long-term model (CBOLT). The influence continues today because of ongoing improvements to the model. For example, MINT's focus on measuring the detailed components of income will force other models to seek improvements (other current simulation models have only limited measures of income). MINT is also innovative in that it combines actual data on households with sophisticated projection techniques. The incorporation of rich underlying data improves the quality of the projections.

The continuing series of papers and analysis based on MINT are innovative. They reveal the changing landscape of retirement for older Americans. For example, policymakers concerned with the economic well-being of older women have focused on the widowed population. Research from MINT reveals that another segment of the population – never married women – is growing in number and is projected to experience relatively high levels of poverty. This type of research allows policymakers to craft policies designed to deal with newly developing demographic and economic trends.