

Older workers (1956)

EMPLOYMENT POLICIES  
WITH RESPECT TO  
OLDER WORKERS  
IN SOUTH DAKOTA



Bulletin Number Forty-Three  
March, 1956

BUSINESS RESEARCH BUREAU  
School of Business Administration  
University of South Dakota,  
Vermillion, South Dakota

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EMPLOYMENT POLICIES  
WITH RESPECT TO  
OLDER WORKERS  
IN SOUTH DAKOTA

2173  
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University of South Dakota,  
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## PREFACE

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One of the many problems facing business and industrial leaders, as well as state officials in South Dakota, is that of proper care and use of our aged people. It is a well-known fact, nationally and in South Dakota, that the number and proportion of older people in our population is increasing rapidly. Older people, as a group, are faced with a number of serious problems. One of these is the difficulty of remaining employed in the later years. A serious development of our modern economy is that it is making less and less use of that part of our population in the older age groups. It is the opinion of many people who have studied the problems of the aged that many of their problems could be solved, or at least alleviated, if employment were available to them.

This study, by Dr. W. H. Franke, Professor of Business Administration, School of Business, University of South Dakota, has been directed at investigating the employment policies and practices of South Dakota employers with respect to older workers. It is a preliminary step in attempting to solve one of the major problems of old age.

Dr. Franke is indebted to many persons who have generously supplied needed information. Special thanks are due to the many firms in South Dakota who had enough interest in the study to take the time to provide information regarding their employment policies with respect to older workers. Particular thanks are also due to Mr. Alan Williamson, Commissioner, and Mr. Paul Coombs, Research Director, of the South Dakota Department of Employment Security, Mr. Donald Caldwell, Secretary of the South Dakota Retailers' Association, Mr. E. R. Nelson, General Manager of Associated Motor Carriers, Inc. of South Dakota, Mr. Gordon Olson, Manager of the Sioux Falls Chamber of Commerce, and Mr. Carl Bahmeier, Jr., Executive Secretary of the South Dakota Bankers' Association for their great assistance in distributing questionnaires for this study. Considerable information concerning public employee retirement plans in South Dakota was obtained from **Public Employee Retirement Plans** by Dr. William Cape of the University of South Dakota.

Acknowledgement is also made for the use of information found in a number of other studies. A good deal of statistical data relative to the aged in South Dakota was taken from **The States and Their Older Citizens** published in 1955 by the Council of State Governments. Considerable use was also made of Corson and McConnell, **Economic Needs of Older People**, published in 1956 by the Twentieth Century Fund. In addition, incidental reference has been made to a number of studies published by both private and governmental agencies.

V. E. MONTGOMERY, Director  
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# EMPLOYMENT OF THE AGED IN SOUTH DAKOTA

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## Chapter I

### INTRODUCTION

One of the facts of life is that everyone must look forward to growing old. Much, in fact, has been written about the pleasures of the "Golden Years", and many look forward with anticipation to the day when, after many years of hard work and heavy responsibilities, they can retire from work, sit back in their rocking chairs and enjoy life, or do the things they've always wanted to do but never had time for. This is the picture of the "Golden Years" as the final reward for a long life of labor and service. This is, perhaps, the prevalent view of what life in the later years should be like.

The results of a great many recent investigations into the subject of "living in the older years", however, paint another picture. They reveal many people in the "retirement ages" with disappointingly small incomes trying to live in the face of constantly rising prices and rising costs of living. They show people suffering from "retirement shock" when, faced with the loss of usual and regular jobs, they very quickly become tired of rocking back and forth and enjoying life. They show a shockingly large number of older people living in substandard housing. They show a large number of older people unable to enjoy life because of physical incapacitation or illness. They show large numbers of old folks unsuccessfully seeking remunerative employment, unsuccessful because many employers are convinced that older people are unable to make a worthwhile contribution to business and industry and have relegated them to the scrap heap.

This not so rosy picture of life in the later years presents a sketchy outline of some of the many problems facing older people in this country. The problems are serious and are becoming more serious. They are becoming more serious because there are more old people. Ours is an aging population, which means the problems of old age are becoming of more concern to our society.

One of the major problems of old age is the problem of maintaining an adequate income. For a large proportion of old people, employment is required if an adequate income is to be maintained. Income statistics indicate that the income of retired persons is only about one-third as much as that of employed persons. Many of the problems of old age can be traced to the lack of an adequate income. One obvious approach to the solution of the problems of old age is, therefore, that of expanding the employ-

ment of the aged. There is considerable evidence that many older people without jobs are not only willing but anxious to find employment. Indications are, too, that in the great majority of cases older workers do not retire on their own volition. A Twentieth Century Fund survey of pensioners retired from non-agricultural employment showed that less than ten percent retired voluntarily to have some time to themselves. Fifty-six percent of these pensioners retired because they reached a compulsory retirement age applicable to them. A study by the Bureau of Old-Age and Survivors' Insurance showed a similar situation with respect to persons retired under the federal program between 1940 and 1947. Apparently, older people need employment not only for financial reasons but to fulfill other needs as well.

Expanded employment opportunities for older workers would go a considerable way toward the solution of many of the problems of old age. For those older persons who are willing and go a considerable way toward the solution of many of the probable to work, employment offers the best solution to the economic problems of old age and to the problems closely related to the economic. In addition, employment offers the social status and prestige as well as the freedom from boredom which life in retirement is not so likely to offer.

In order to gain some idea of the employment opportunities available to older workers in South Dakota, the Business Research Bureau of the School of Business at the University of South Dakota conducted a survey among business and industrial firms in South Dakota. Questionnaires were sent to a sample of South Dakota firms to obtain information regarding the employment practices of these firms with respect to older workers. The results of that survey supply the major source of information for this bulletin.

Before the results of this study are presented, however, there follows a brief summary of the important trends and changes in the population and labor force of South Dakota which have contributed to the old age problem.

## Chapter II

### AN AGING POPULATION—SOUTH DAKOTA AND THE NATION

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#### Population Changes and Trends

One of the important population facts facing this nation is that it is an aging nation. The median age of the American population increased from approximately 22.9 years in 1900 to 30.2 years in 1950, an over-all increase of more than 30 percent. While the total population of the United States had doubled between 1900 and 1950, the number of persons aged 65 and over had quadrupled. About three million persons, or one in 25, were aged 65 and over in 1900. By 1950, those aged 65 and over totaled almost 12½ million or about one in 12. The proportion which the aged composed of the total population increased from 1.4 percent to 8.1 percent (see Table I). It is generally agreed by population experts that the proportion of those aged 65 and over will reach 9 to 10 percent of the total population by 1960, and from 12 to 13 percent between 1980 and the year 2000.

Equally significant has been the increasing number and proportion of persons in middle age. In 1900 there were 10 million persons aged 45-64, or one person in seven. In 1950 there were about 31 million in this age bracket, and the ratio had risen to one person in five. Thus, today's middle-aged are moving along toward a still larger population of old persons.

The aging of the population has been even more pronounced in South Dakota than in the United States as a whole. During the same time span South Dakota's population had increased only about 60 percent while the number of persons aged 65 and over had increased more than 4 times. While those aged 65 and over made up only 3.2 percent of the population of South Dakota in 1900, they composed 8.5 percent of the population in 1950 and this figure had increased to 9.1 percent in 1953. Although the rate of increase in the middle aged group was not as great as in the United States as a whole, this part of the population increased at a rate more than double that of the whole population.

**Table I**  
**POPULATION, BY SELECTED AGE GROUPS**  
**UNITED STATES AND SOUTH DAKOTA**  
**DECENNIALLY 1900 — 1953**

Year	Total		45 - 64 Years		65 and over		% of Total
	Number (millions)	% Increase Since 1900	Number (millions)	% Increase Since 1900	Number (millions)	% Increase Since 1900	
United States							
1900	76.0	--	10.4	---	3.1	---	4.1
1910	92.0	21	13.4	29	3.9	28	4.3
1920	105.7	39	17.0	64	4.9	60	4.7
1930	122.8	61	21.4	106	6.6	115	5.4
1940	131.7	73	26.1	151	9.0	192	6.8
1950	150.7	98	30.5	193	12.3	298	8.1
South Dakota							
	(thousands)		(thousands)		(thousands)		
1900	401.6	--	50.9	---	12.8	---	3.2
1910	583.9	45	77.3	52	19.3	51	3.3
1920	636.5	58	89.2	75	25.5	99	4.0
1930	692.8	72	110.3	117	36.9	188	5.3
1940	643.0	60	127.2	150	44.4	247	6.9
1950	652.7	62	131.3	158	55.3	332	8.5

Source: Bureau of the Census

Although future population trends cannot be predicted with precision, it is clear that South Dakota, as well as the rest of the nation, will have an aging population in the next few decades or so. From 1940 to 1950 there was a 36 percent increase in the number of persons aged 65 and over in the United States, compared with an increase of less than 15 percent for the entire population. In South Dakota the divergence between the rates of growth of these two population groups was even greater during the same time span. While South Dakota's total population increased only 1.5 percent from 1940 to 1950, the number of persons aged 65 and over increased 25 percent. Although the increase in the number of aged in our population will not increase so rapidly in the near future, the increase is expected to be more rapid than for the population as a whole. From 1950 to 1953, there was an increase of almost 7 percent in the number of persons aged 65 and over, in South Dakota, while the total population in the state actually showed a slight decline. The United States Bureau of the Census estimates that persons 65 and over in South Dakota will number 66,000 in 1960 and 77,000 in 1970. The Census Bureau estimates, further, that the total population of South Dakota in 1960 will be about 686,000, which would indicate that those aged 65 and over will comprise about 9.6 percent of the total population by that date.

It is clear from these population trends that the problems of an aging population will become more severe as time goes on, and the solutions to these problems will become more difficult.

### **Participation of the Aged in the Labor Force**

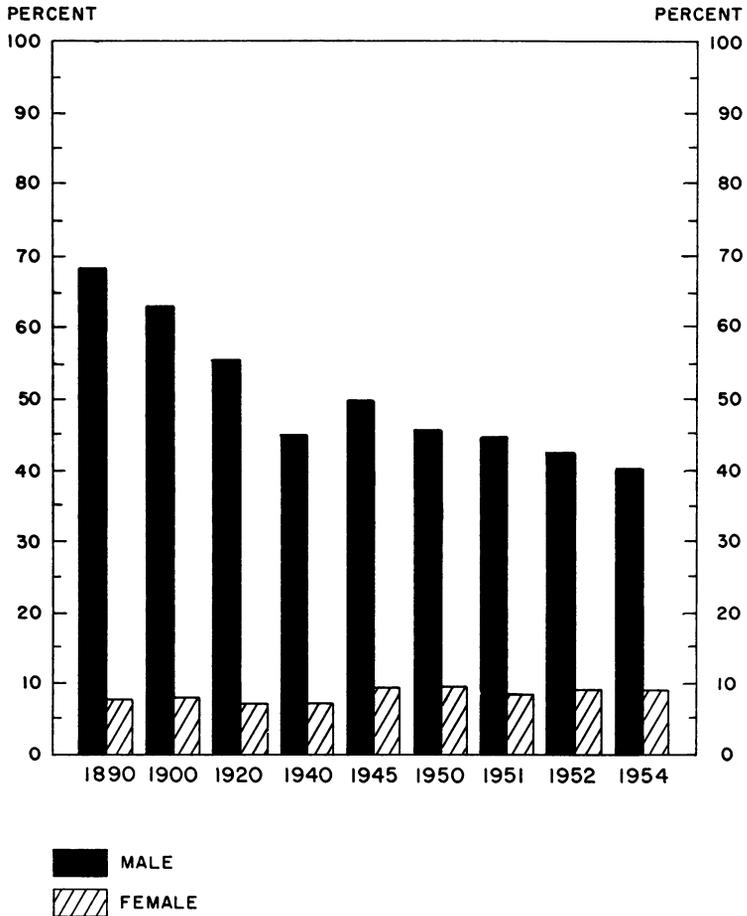
Parelleling this trend toward an aging population has been a trend toward a declining percentage of older persons in the labor force. At the same time that larger and larger proportions of our population have entered the 65 and over age group, smaller and smaller proportions of them are found in employment. While 68 percent of all males aged 65 and over were employed in 1890, only 46 percent had jobs in 1950, and this percentage had declined to 41 percent in 1954. While there has been little change in the percentage of aged women participating in the work force during this time, this percentage has always been very small (see Table II and Chart I.)

There are no corresponding figures for labor force participation of the aged in South Dakota for this same time period, but it is undoubtedly the case that a similar trend has occurred in this state. A comparison is shown in Table III between labor force participation rates in South Dakota and in the United States for 1940 and 1950. It is evident here that the aged in this state are in about the same situation as regards their employment status as the aged in the whole country. In 1940 about 40 percent of the aged males in South Dakota had jobs compared with about 43 percent for the whole country. In 1950 about 46 percent of South Dakota's aged males were employed, which is about the same as the percentage employed in the United States as a whole. In both years fewer of the aged women in South Dakota were in the labor force than was the case for all of the aged women in this country.

In 1950 South Dakota ranked ninth among all of the states in the proportion of its male citizens aged 65 and over who were in the labor force. In spite of this relatively high ranking, however, South Dakota's employment record for older people does not reflect a significantly better situation for older workers. Over three-fourths of the states had 41 percent or more of their aged males in the labor force. The large majority of states are in about the same position. South Dakota is only slightly better situated in this respect than a majority of the rest of the states. The situation could, however, be worse. Florida, Louisiana, California, Washington, Colorado and Arizona had proportions of their aged males in the labor force ranging from only 29.6 percent to 34 percent in 1950.

The trends toward a declining participation of the aged in the work force do not hold true for persons in the 45-64 year age group. The proportion of these persons in the labor force has

CHART I  
 PERCENT OF NONINSTITUTIONAL PERSONS AGED 65 AND OVER  
 IN THE LABOR FORCE, UNITED STATES  
 SELECTED YEARS, 1890 - 1954



SOURCE: BUREAU OF LABOR STATISTICS AND BUREAU OF THE CENSUS

remained relatively constant for men throughout the years, and shows very substantial increases for women (see Table II). Workers in this age group are faced mainly with a problem of temporary but prolonged unemployment rather than permanent separation from the labor force. This problem will be discussed more fully in the section on employment practices of employers with respect to older workers.

**Table II**  
 PERCENTAGE OF NONINSTITUTIONALIZED PERSONS  
 AGED 45 YEARS AND OVER IN THE  
 LABOR FORCE, 1890-1954  
 UNITED STATES  
 (Annual Average)

Year	45 - 54		55 - 64		65 and over	
	Male	Female	Male	Female	Male	Female
1890	93.9	12.5	89.0	11.5	68.2	7.6
1900	92.8	14.2	86.1	12.6	63.2	8.3
1920	93.5	17.9	86.3	14.3	55.6	7.3
1940	95.5	24.3	87.2	18.7	45.0	7.4
1945	97.4	36.4	88.4	27.4	49.9	9.4
1950	95.8	37.9	86.9	27.0	45.8	9.7
1951	96.0	39.7	87.2	27.6	44.9	8.9
1952	96.2	40.1	87.5	28.7	42.6	9.1
1954	96.5	41.2	88.7	30.1	40.5	9.3

Source: **Employment and Economic Status of Older Men and Women**, Bulletin No. 1092, Bureau of Labor Statistics, May, 1952 p. 17; and **Current Population Reports, Labor Force**, Series P-50, No. 59, Bureau of the Census.

If the exodus of the aged from the work force were the result of the voluntary retirement of older people from remunerative employment, there might be little cause for concern. It has already been indicated, however, that large numbers of older workers are forced out of their jobs involuntarily. The extent of employer policies in South Dakota which militate against the employment of older workers will be discussed later. It might be mentioned here, however, that it is generally believed that the declining place of agriculture and self-employment generally in the economy is an important factor in the declining participation of older workers in the labor force. Farmers and other self-employed workers are better able to control their work load and hours than are other employed workers. They can adjust more readily to changes in their physical characteristics by reducing their hours or work loads in their later years. Employed persons, unable to decrease their work loads to adjust to decreasing physical ability, are more likely to be forced completely out of their jobs. With fewer farmers in the population the opportunities for the aged as a group to remain in work have been decreased. Since agriculture in South Dakota accounts for a much larger proportion of employment than in the United States generally, one would ex-

pect older workers as a group to be in an advantageous position in this state. In spite of this, South Dakota has only a slightly larger proportion of its older citizens in the labor force. It is rather interesting in this regard that, in spite of the predominant role of agriculture in this state, South Dakota's old people are not on the farm. In 1950, when 8.5 percent of the state's population was aged 65 and over, only 5.5 percent of the state's rural farm population was in this age group. On the other hand, 8.7 percent of the urban population was in this age group and 12.4 percent of the rural non-farm population was aged 65 and over. Perhaps by the time they have reached age 65 most of South Dakota's farmers have retired and taken up residence in the cities and villages. For the United States as a whole there is a larger proportion of male workers aged 65 and over employed in agriculture than in any other industry. In January, 1955, aged male workers (65 and over) made up 12.8 percent of all males employed in agriculture.

**Table III**  
 PERCENT OF POPULATION AGED 65 AND OVER IN THE  
 LABOR FORCE, UNITED STATES AND SOUTH DAKOTA,  
 1940 AND 1950

	Total	Male	Female
1940			
United States -----	22.4	45.0	7.4
South Dakota -----	23.5	39.8	4.1
1950			
United States -----	26.3	45.8	9.7
South Dakota -----	27.8	46.3	7.9

Source: Bureau of the Census

### Economic Status of Older Workers

Emphasis has been made of the fact that one of the major problems of old age is that of maintaining an adequate income. Precise data on how the aged support themselves are not available. The Social Security Administration has estimated that in 1952 about one-third of the persons aged 65 and over had employment as a primary source of income, about one-third relied primarily on social insurance and related programs, about one-fifth relied primary on old-age assistance, and small percentages had as a primary source of income private insurance, private pensions or other private means.

Whatever the sources of income for old people, it is clear that their incomes are far below those of the rest of the population. The median income of males with income, aged 14 and over in South Dakota in 1949 was \$2,176. The median income of males with income aged 65 and over in South Dakota, on the other hand, was only \$1,223 in 1949. In other words, the income of the aged

males in South Dakota who had any income at all was only about 56 percent as great as for all males aged 14 and over. In addition to this, almost 16 percent of the men aged 65 and over in South Dakota in 1949 had no income at all.

There are no figures available on family income of the aged in South Dakota. Figures for the United States as a whole, however, indicate that there is a great reduction in family income for families headed by an older person. In 1952, for example, the average income of families headed by a person aged 65 or over was only 53 percent of the average income of all families. A similar situation undoubtedly prevails in South Dakota.

The need for employment in order to maintain an adequate income is obvious enough when it is observed how income is reduced so drastically in the later years. This need is even greater in South Dakota because of the inadequacy of coverage and size of benefits available to older people under various public programs. Only 21.1 percent of those aged 65 and over in South Dakota were receiving benefits under the federal old age and survivors' insurance program in June, 1954. South Dakota ranked 48th out of the 52 states and territories covered by the program in the percent of the aged population receiving old age benefits under the program. Mississippi and North Dakota were the only states with a smaller proportion of their old folks receiving benefits under the program. This is largely due, of course, to the large proportion of the labor force employed in agriculture, an industry not covered by OASI until 1955. The inclusion of agricultural workers under the program will undoubtedly increase the proportion of old people who will be receiving benefits in this state in the future.

Not only are federal retirement benefits available to only a small proportion of old people in South Dakota, but the benefits that are paid are small. The average monthly benefit paid to old people in South Dakota receiving benefits under the old age and survivors' insurance program as of June, 1954, was \$40.50 compared to an average monthly benefit of \$45.90 for old people receiving benefits all over the country. South Dakota ranked 40th among the 52 states and territories in the average sized benefit under the program.

There were about 11,000 persons aged 65 and over who received old age assistance in South Dakota in 1954. This represented about 18 percent of those in this age category. Again, the size of the benefits received under this program are very small. The average monthly benefit for beneficiaries under this program in January, 1955 was \$44.60. South Dakota here ranked 37th among the states and territories in the size of old age assistance benefits.

As will be shown in the next section, very few workers in South Dakota are covered by private industrial pension plans. Such plans supply income to only a small proportion of South Dakota's old folks.

The evidence would seem to be conclusive that the incomes of our aged citizens are far from adequate. The statistics would have more meaning, of course, if the incomes of old people could be compared to their needs. This is an extremely difficult task. A nation-wide survey of a sample of persons 65 years of age and over made in April, 1952, showed, however, that 36 percent had incomes less than the amount needed to meet a minimum emergency budget (enough to keep body and soul together) and that 53 percent received incomes less than required for a self-respecting standard of living. Another nation-wide study of old age and survivors' insurance beneficiaries showed that almost one-half of them had little or no retirement income other than OASI payments. Of those with some other retirement income, half the men had less than \$393 a year, half the women less than \$171, and half the widows less than \$143.

There would seem to be little doubt why the later years of life are not the "Golden Years" for many people. Their incomes are such that they must live at subsistence or sub-subsistence levels. It is no wonder that many of them do not voluntarily leave the work force and must be forced into retirement. It should be evident that employment is not only desirable but necessary for many of our older citizens.

### Chapter III

## EMPLOYMENT PRACTICES WITH RESPECT TO OLDER WORKERS IN SOUTH DAKOTA

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In an effort to discover what the prevailing practices are with respect to older workers in South Dakota, questionnaires were sent to a sample of South Dakota firms in several industries. These questionnaires were designed to obtain information concerning the following practices of South Dakota firms in dealing with older workers: (a) hiring policies, (b) retirement policies, and (c) policies with respect to the utilization of older workers who can no longer handle their regular jobs. With respect to hiring policies, information was sought as to the extent of the use of maximum hiring ages in the solicitation of new employees. Firms which have established maximum hiring ages were asked to indicate the maximum age at which various types of workers were hired. With respect to retirement policies, the study sought information on the extent of private pension plans provided by employers and the policies of companies regarding compulsory retirement. With respect to the utilization of older workers unable to continue to perform their regular jobs, firms were questioned as to whether or not they retained such workers, whether specific jobs were reserved for older workers who encountered difficulty handling their regular jobs, and whether or not any type of training or retraining was given to older employees who had difficulty handling their regular jobs. In addition all firms were asked to give a general evaluation of older workers as employees.

A factor making the gathering of such information very difficult in this state is the great prevalence of very small firms. In manufacturing, for example, an industry in which the size of firms is somewhat larger than for business firms generally in this state (with the exception, perhaps, of public utilities), over 62 percent of the firms on the list of the Employment Security Department for purposes of collecting unemployment insurance contributions had less than 25 employees in 1954. Only two out of these 234 manufacturing firms had over 500 employees, and only 20 had over 100 employees. Firms in the retail and wholesale, service, transportation, and finance, real estate, and insurance industries are characteristically much smaller. A large proportion of the retail establishments are family affairs which have few if any employees other than the members of the family. With industry being characterized by such small sized enterprise, getting an adequate sample is very difficult. A large number of questionnaires are required and the returns are likely to be small. In addition to this, much of the information sought is of little relevance to very small firms, especially those which are exclusively family affairs.

The major part of this study, therefore, was restricted to the manufacturing industry. Since there are only 234 manufacturing firms in the state (1954), questionnaires were sent to all of them. Over 60 percent of the firms responded so that quite an ample sampling of manufacturing firms was obtained. In addition, a much smaller sample of firms was taken in the wholesale, transportation, and finance and insurance fields. With one exception, questionnaires were restricted in these industries to firms which are domiciled in South Dakota. The one exception was the retail field. A sample was taken of retail chain stores operating in South Dakota and employing South Dakota workers. These were the only firms in the retail trade which were sampled.

To make the survey more complete an investigation was made into the status of older workers in educational work and in other governmental employment. The results of this investigation will be summarized in a later section. The results of the investigation of South Dakota business and industrial firms are presented in two parts; first, the results of the study of manufacturing firms, and secondly, the results of the study of other industries.

### **Manufacturing**

Information obtained from the survey of manufacturing firms in South Dakota concerning the policies of these firms with respect to the hiring and retirement of older workers is summarized in Table IV.

#### **Retirement Policies**

As can be seen in Table IV, only a very few firms have provided for retirement income for their employees by the establishment of an industrial pension plan. Only 14 of the 141 firms who returned the questionnaires have a pension plan for their employees. Because a few of these firms employ relatively large numbers of workers, however, the percentage of workers in manufacturing covered by a pension plan is quite large. Forty-eight percent of the workers employed in manufacturing in South Dakota work for a firm which provides a pension for its employees at the time of retirement. With one or two minor exceptions, all of the employees in these firms are covered by the pension plan.

The relatively large number of workers employed by firms which have pensions for their employees does not mean that all of these workers will be eligible for pensions when the time comes to retire. Most retirement plans require long service with the employer in order to be eligible. In addition, of course, a worker must be an employee of the company when he reaches retirement age. Many older employees are forced to leave a company before they are eligible for a pension for such reasons

as poor health or disability, the necessity to move, or for other reasons. Thus, many of the workers employed by firms which have pension plans will never become eligible for a pension. It is estimated, for example, that in the United States at the present time there are about 13,000,000 persons employed by companies with industrial pensions or profit-sharing plans for retirement. An estimated maximum of 750,000 persons are now receiving benefits under industrial pension plans — contrasted with above 7,500,000 beneficiaries in the OASI system. It is probable that a great many workers now covered by the private pension plans will never get benefits. It remains true, however, that a surprisingly large number of workers in manufacturing in South Dakota are now employed by firms with pension plans. The relatively

**Table IV**

EXTENT OF INDUSTRIAL PENSIONS, COMPULSORY RETIREMENT, AND MAXIMUM HIRING AGES IN MANUFACTURING, NUMBER OF FIRMS AND PERCENT OF WORKERS COVERED BY INDUSTRY GROUP

SOUTH DAKOTA — 1955

Industry Group	Pension Plans		Compulsory Retirement		Maximum Hiring Ages	
	Yes	No	Yes	No	Yes	No
Number of Firms			Number of Firms			
TOTAL	14	127	8*	133	15‡	126
Food and Kindred Products	8	68	6	70	10	66
Lumber and Wood Products	2	11	1	12	2	11
Printing and Publishing	1	21	0	22	0	22
Chemical and Allied Products	2	4	1	5	1	5
Stone, Clay and Glass Products	1	12	0	13	1	12
Fabricated Metal	0	6	0	6	1	5
Machinery	0	5	0	5	0	5
Percent of Workers Covered			Percent of Workers			
TOTAL	48%	52%	44%	56%	9%	91%
Food and Kindred Products	41	27	40	28	5	63
Lumber and Wood Products	5	4	3	6	3	6
Printing and Publishing	1	9	1	10	1	10
Chemical and Allied Products	1	4		4		5
Stone, Clay and Glass Products	1	4	1	4	1	5
Fabricated Metal	-	4		4		3
Machinery	-	3		3		3

\* 7 of the 8 firms with compulsory retirement are firms with pension plans.

‡ Only 2 pension firms have a maximum hiring age.

small number of firms with pension plans is not surprising. Pension plans are found primarily in large firms, and there are very few large firms in South Dakota with the exception of those which are part of nation-wide chains.

It will also be observed from Table IV that even fewer firms in South Dakota follow a policy of compulsory retirement; that is, the forced retirement of all employees at a fixed age. Only 8 of the 141 firms require their employees to retire at a certain age. Seven of these 8 firms are firms which have industrial pension plans. Again, however, because the practice is followed by a few large firms, a considerable proportion of employees in manufacturing are subject to compulsory retirement. Forty percent of the employees in manufacturing in South Dakota are employed by firms which require compulsory retirement. In 7 of the 8 firms requiring compulsory retirement, retirement is required at age 65. The one exception to age 65 as the retirement age was one company which required retirement at age 55.

The finding here that compulsory retirement is usually associate with pension plans is in step with the findings of other studies in other parts of the country and with nation-wide studies. One nation-wide study revealed, for example, that 56 percent of the firms with pension plans had a compulsory retirement age as compared with 3 percent of the firms without pension plans. This compares closely with this study, which shows exactly half of the 14 firms with pension plans also follow a policy of compulsory retirement. The most common age at which retirement is required, as shown by other studies, is age 65. There has been a tendency for pension plans established by collective bargaining to raise the compulsory retirement age to 68 or 70 and occasionally to 72. Pension plans established by collective bargaining also compel retirement at a specific age less often, reflecting the general union position which is in opposition to compulsory retirement. Management, on the other hand, tends to favor compulsory retirement as a means of getting rid of superannuated workers without embarrassment in order to create opportunities for promotion for younger workers.

### **Hiring Policies**

It will be noted in Table IV that only 15 of the 141 firms which returned questionnaires indicated that they have established a maximum age beyond which they do not hire new employees. Thus, only about 12 percent of the firms admit to having a formal policy of not hiring beyond a certain age, and these firms employed only about 9 percent of the employees in manufacturing in South Dakota in 1954. These figures are considerably lower than the findings of a number of other studies in other parts of the country. Other studies have shown that about one-third of Ameri-

can industry have some kind of restrictive employment practices involving maximum hiring ages. Many of these studies also indicate that in addition to those who have a formal or stated practice of not hiring workers beyond a certain age that there are others who **in practice** do not hire older workers, even though they have no stated age limits for hiring. It would appear, however, that the use of maximum hiring ages is considerably less extensive in South Dakota than is generally the case in the United States.

There are several factors which probably contribute to the rather slight use of maximum hiring ages in this state. One is the preponderance of small sized firms. An extensive study of company practices with regard to older workers in the state of Pennsylvania by the School of Business at Temple University disclosed that the extent of age restrictions varied considerably according to the size of company, as well as with type of industry and occupation. In a number of industries it was found that larger firms were more likely to impose maximum hiring ages than small firms. The existence of a pension plan was also found to be a significant factor in the use of maximum hiring ages in employment. If older workers are hired and are made eligible for a pension at the retirement age, the pension costs are increased considerably. The existence of a pension plan is likely to be a deterrent to the hiring of older workers. The fact that only a small number of South Dakota manufacturing firms have pension plans for their employees may be a factor in the rather infrequent use of a policy of maximum hirings ages. It will be noticed in Table IV, however, that only two of the 14 firms with pension plans restrict older workers from employment.

One other factor which may be of some importance in explaining the few firms with restrictive hiring practices based on age is the fact that this survey was made at a period of substantially full employment. Studies made in 1949 and 1950 by the United States Bureau of Employment Security of the experiences of older job seekers in a number of communities indicated that employers' specifications in hiring with respect to age varied with changes in the labor market. Age restrictions imposed by employers in their job orders placed at the public employment offices were much more numerous in those communities where there were labor surpluses than where there were labor shortages. In other words, where there were labor surpluses so that the employer had considerable choice as to whom he could hire, he was more likely to exclude older workers from consideration.

If this study of manufacturing in South Dakota had been made at a time of considerable unemployment, it is entirely possible that it would have been found that a larger number of employers would restrict their employment to younger workers.

When maximum hiring ages are used, the maximum hiring age set is not what one would ordinarily consider to be an old age. Probably the most common age at which maximum hiring ages are set by firms which use them is age 45. It is quite common for firms to set a maximum hiring age of 30 or even less. The age set will commonly vary for different types of work. The various maximum hiring ages established for different types of work by the 15 firms in this study which used them are shown in the following tabulation:

Type of Worker	Maximum Age						
	18	30	35	40	45	50	55
Production Workers:							
Skilled .....			1	3	3	4	
Semi and unskilled .....	2	1	2	2	2	5	1
Clerical .....		2	2	1	2	2	
Supervisory .....			2	2	1	2	

As this tabulation indicates, there is no particularly popular age limit in hiring practices in South Dakota. Firms which follow the practice of limiting employment to younger people usually establish an age limit from 35 to 50. Two firms hire no semi- or unskilled workers over 18 years old. Only one firm has set its maximum hiring age as high as age 55. Where this practice is followed, therefore, young or middle-aged persons are denied employment on the basis of their age.

It might be worthy of mention that almost all writers and researchers who have done research in the area of the problems of the aging have condemned the practice of establishing maximum hiring ages this low (as well as the practice of compulsory retirement) as an unfair and indefensible discrimination against older workers. Employers have advanced many reasons for following such policies. Probably the most common reasons given for following such practices are that the employment of older workers increases the costs of certain "fringe benefits", such as pensions, hospital insurance, and workmen's compensation, and that older workers are physically less capable than younger workers and are therefore less efficient. Both of these reasons will be commented upon at a later point.

### Utilization of Older Workers

This study did not investigate very extensively the policies of firms in their use of older workers. This would be a very fertile field to study, but is one in which information is difficult to obtain. Very little is actually known about the types of work for which older workers are suited, or even if there are certain kinds of work which are particularly suitable for older workers.

This study was limited to an investigation of what firms do with employees after they reach age 65 and what they do with employees who are no longer able to handle their regular job because of advanced age. For the purpose of this part of the study, the firms were divided into three groups: firms which have pensions for their employees, large firms, and small firms. Large firms were arbitrarily determined to be those who employed one percent or more of the total number of workers employed by the firms in the sample. Thus, to qualify as a large firm, it was necessary to employ 80 or more workers.

The results of this study indicate, first of all, that most firms keep on most or all employees who are still able to handle their regular jobs at age 65 and who want to keep working. Only about 6 percent of the firms require compulsory retirement of all workers at age 65, although this covers about 44 percent of all employees in manufacturing.

As has already been indicated, compulsory retirement of all workers at age 65, whether able to perform their regular job or not, is much more prevalent in firms with pension plans than in other firms. About 90 percent of the large firms without pensions and about two-thirds of the small firms without pensions, permitted all or most employees to continue work if they could still handle their jobs at that age. Only about 38 percent of the firms with pension plans, however, permit all or most employees to continue working at age 65 if they can still handle their regular jobs, 50 percent require all employees to retire at a compulsory retirement age and the remaining 12 percent permit only a few such employees to continue on the job past age 65.

All together, about 65 percent of all manufacturing firms permit all or most such workers to continue in employment. Thus, if a worker can still handle his regular job at age 65, he has a fair chance of retaining his job, especially if he is employed by a firm which does not have a pension plan.

The results of this study indicate, however, that older workers who encounter difficulty handling their regular jobs have somewhat more difficulty remaining employed than their more able fellow workers. In answer to a question of whether older workers who encounter difficulty handling their regular jobs are kept on, 42 percent of the firms answered yes. Twenty-nine percent of the firms said they did not keep on such workers, and the remainder either didn't give an answer or indicated that they had never had any experience with workers over 65 years old. Of the firms which answered the question with either yes or no, almost 60 percent said they kept on such workers. The answers to this question showed little difference between the three groups of firms. The small firms had the smallest percentage of affirmative answers to this question (29 percent), but this was due largely to

the great number of small firms who had had no experience with older workers. Of the small firms which were able to answer the question yes or no, half said they kept on such workers and half said they did not. The highest percentage of firms which keep on such workers was found in the large firms. Seventy-three percent of these firms said they keep on these workers.

Only 23 percent of the firms indicated that they reserved specific jobs for older employees who encounter difficulty handling their regular jobs. Almost half (48 percent) indicated they did not. The rest either didn't answer the question or had no experience with older workers. Eighteen percent of small firms, 18 percent of large firms, and 38 percent of the firms with pension plans said they did reserve specific jobs for older workers who had difficulty on their regular jobs.

In answer to a question as to whether any type of training or retraining was given to older employees who have difficulty handling their regular jobs, there was almost an unanimous "no"! Only two percent of the firms provided such special training for older workers.

It is a little difficult to evaluate the answers to these questions on the use of older workers. Thirty-seven percent of the firms indicated they had had little or no experience with older workers. It is apparent that there are few, if any, formal programs or policies aimed at meeting the needs of older employees. The only exception to this seems to be the few pension plans which exist. Probably a large proportion of South Dakota employers have not thought very much about the special needs of their older employees. It is apparent that only a minority have any formal or stated policies for dealing with older workers. Perhaps the main value of this study will be that of bringing attention to the fact that there are special and important problems facing older workers and their employers. The large group of employers who have had no experience with older workers will, undoubtedly, be faced with these problems in the near future.

### **Evaluations of Older Workers**

From the evaluations of older employees given on many of the questionnaires, it is apparent that there are also a considerable number of employers who have had experience with older workers. From the general tenor of the remarks made, it is also apparent that most of these experiences with the employment of older workers have been very satisfactory. The favorable comments far outnumbered the unfavorable. It is of interest to note the high regard with which most South Dakota employers in the manufacturing industry hold their older employees. Following are some typical remarks quoted verbatim which express employer opinions of their older workers:

“We find the wealth of experience which our older employees have is worth while utilizing.”

This is the opinion of a representative of a rather large manufacturing firm which has a pension plan for its employees. One of the largest manufacturing firms in South Dakota, a firm which also provided pensions for its employees, evaluated its older workers in these words:

“Many of them are some of the best right up to retirement.”

In spite of this, the company had a policy of retiring all employees at age 65.

A spokesman of another large firm which did not have a pension plan for its employees had this to say:

“We have had practically no instance where an employee’s inability to do his job was caused by his advanced age.”

Another large firm answered as follows:

“We find that older employees do as good a job and in some cases better than younger employees. We find that these older men have the company in mind as well as their job.”

Very similar are the words of a representative of another large firm:

“In our business the efficiency falls slightly off but the quality of work remains the same. Very little extra expense, if any, because new help may not do as well as the older ones.”

Replies from smaller firms were, in the main, of the same type. One such reply read as follows:

“We find that older workers, as a rule, are more steady and take more interest in their work. They do a more workman-like job and seem to enjoy their work more than younger men.”

The answer of another small firm was similar.

“We have never had in our employ a man who was incapable because of his age, but have had some employees at one time or another who were in that age bracket and voluntarily retired. We missed them!” Another answer was short and to the point. “Skill attained through the years too valuable to sacrifice.”

These evaluations are typical of the large majority of the experiences expressed. Some firms did, however, have unfavorable comments. It was the experience of one firm, for example, that employees over 65 “make good workers if they can physically handle their work, but usually over 65 their efficiency drops and they become a burden to expense.”

Some of the replies indicated a belief that older workers could not perform well in their particular line of work. One reply noted, for example, that “very few workers are able to continue efficiently at age 65 in foundry work or machine work. Most people find it difficult to adjust to his condition, which is a handicap in placing them in jobs of less skill and physical effort.”

A similar statement was received from a firm in another line of work:

“In general, older hourly workers are unable to continue in our line of concrete products operations. Older salaried employees are satisfactory.”

It is undoubtedly the case that there are types of work or occupations which are unsuitable for many older workers. An older worker placed on a job for which he is not fitted is, of course, not likely to be a success on the job. This is the case for any worker, young or old. There is every evidence that older workers, properly placed, will do an effective job and make a valuable contribution to his firm. The experience of a large proportion of South Dakota employers indicates that even if older workers are somewhat less efficient, this is compensated for by better attitudes toward the job, superior quality of workmanship, less turnover of employment, less absenteeism and tardiness, or other factors which are important in keeping costs as low as possible.

### Industries Other Than Manufacturing

A sample of industries other than manufacturing were included in this study in order to obtain a picture of the employment practices with respect to older workers in these industries. Other industries sampled were the wholesale and retail industry, transportation, and the finance and insurance industry. The

**Table V**

EXTENT OF INDUSTRIAL PENSIONS, COMPULSORY RETIREMENT  
AND MAXIMUM HIRING AGES, BY INDUSTRY,  
SOUTH DAKOTA  
(Percent)\*

Industry	Pension Plans		Compulsory Retirement		Maximum Hiring Ages	
	Yes	No	Yes	No	Yes	No
Wholesale Trade -----	11	89	11	87	29	66
Retail Chains -----	57	63	29	71	29	71
Transportation ‡ -----	15	85	8	77	46	54
Finance and Insurance ¶ -----	100¶	0	63	37	63	37
Manufacturing -----	10	90	6	94	11	89

\* Total of “yes” and “no” answers may not add to 100% because of failure of some firms to answer some of the questions.

‡ In the transportation industry only trucking firms were included in the sample.

¶ In the finance and insurance industries only firms with pension plans were sent questionnaires. There are only 9 banks and 2 insurance companies domiciled in South Dakota which have pension plans for their employees. Therefore, the 100% figures in the column headed “Pension Plans” is not to be interpreted to mean that 100 percent of these firms have pension plans. The percentage is actually very low.

samples taken in these industries were not nearly as extensive as the sample taken of manufacturing firms. The most important reason for this is the great difficulty of obtaining an adequate sample. Not only are there a very large number of firms in these industries, but there is not available a directory of firms in these industries from which a sample could be taken. The firms that are included in the samples actually taken are in no sense representative of these industries. The results obtained are, however, valuable for comparative purposes. A description of the types of firms included in the samples will be presented so that some meaningful comparisons can be drawn.

The results of the survey of firms in these industries are shown in Table V. The results of the survey of manufacturing firms are included in the table for purposes of comparison. These facts should be kept in mind in interpreting the results. The wholesale firms surveyed are firms located in Sioux Falls, Aberdeen, Rapid City, Huron, and Mitchell. The sample was taken from these cities because it was felt that wholesale firms of any magnitude would be found primarily in these cities. The firms selected for the sample are, for the most part, the larger firms in the wholesale business. Most of them, however, are quite small since the industry has in it very few large firms. The retail chain stores surveyed are a sample of retail chains operating in South Dakota, employing primarily South Dakota people, but for the most part domiciled in other states. The sample used was not large. The transportation firms surveyed were all trucking firms. Questionnaires were sent only to firms with pension plans in the finance and insurance industry. There are only 9 banks and 2 insurance companies in this category in South Dakota. The survey was restricted to these firms because of the great difficulty of sampling the large number of very small banks in the state.

The value of the results of this part of the survey is, of course, reduced by the limited nature of the survey. Nevertheless, some important and interesting observations can be made.

### **Retirement Policies**

One point made clear by the results shown in Table V is that the extent of pension plans is very limited in all industries included in the study. The lone exception is the retail chain stores. Over half of those surveyed had pension plans for their employees. If the whole retail industry were considered, however, the percentage of firms with pensions would be very small. Most retail stores, with the exception of the chains, have only a few employees and are not likely to have formal pension plans. Pension plans in the other industries surveyed are also very rare.

The data in Table V also reinforce the belief that compulsory retirement is generally associated with firms which have pension

plans. Of the banks and insurance companies included in the survey, all of which had pension plans, over 60 percent also require retirement at a fixed age. These pension plans in all cases covered only salaried employees. In each case the compulsory retirement age was fixed at 65. One bank required its women employees to retire at age 60. In the retail chain stores, over half of which had pension plans, compulsory retirement was considerably more extensive than in the other industries. In both the retail and wholesale industries compulsory retirement, when required, was at age 65.

### **Hiring Policies**

It can also be observed from Table V that the use of maximum hiring ages is also more extensive in other industries than in manufacturing. A considerably higher proportion of firms in transportation and in the wholesale business have established maximum hiring ages than is the case in manufacturing. A number of other studies in other parts of the country have also found the use of maximum hiring ages to be more common in these industries than in manufacturing. Again the close relationship between the existence of a pension plan and the use of age limits in hiring is apparent. Sixty-three percent of the firms in finance and real estate impose a maximum age limit in hiring. The large percentage found in the transportation industry is due, however, not to the presence of pension plans, but to the fact that much of the work in this industry is probably not suitable for older workers. The maximum age limits established in these industries show about the same pattern as that in manufacturing, a pattern which was discussed earlier.

### **Utilization of Older Workers**

With respect to the practices of firms in these industries in the utilization of older workers, the results differ little from those found in manufacturing. A relatively large number of firms keep on workers past age 65 who are still able to handle their jobs and want to keep working. The percentage of firms who keep on most or all such employees in the various industries are as follows: wholesale, 71 percent; retail chains, 71 percent; transportation, 69 percent; and finance and insurance, 37 percent. The low percentage for the last industry is due to the prevalence of pension plans which have a compulsory retirement feature. In the absence of a pension, employees who can still handle their regular job have a good chance of remaining at work if they so desire.

There is considerable variation, however, in the practice followed by firms in dealing with older workers (either above or below age 65) who have difficulty handling their regular jobs. Seventy-one percent of the retail chains and 76 percent of the wholesale establishments keep on such workers, but only 23 per-

cent of the trucking firms and 50 percent of the firms in banking and insurance keep on such workers.

As in manufacturing there is almost a complete absence of formal policies for dealing with older workers who have difficulty handling their regular jobs. Only 14 percent of the retail chains, 16 percent of the wholesale establishments, 8 percent of the trucking firms, and 37 percent of the banks and insurance companies reserved any specific jobs for older workers having difficulty with their regular job. Only 29 percent of the retail chains, 13 percent of the wholesale establishments, 8 percent of the trucking firms and 25 percent of the banks and insurance companies gave any type of training or retraining to older workers having difficulty handling their regular work.

### **Evaluation of Older Workers**

Evaluations of older workers by employers in these industries follow the same pattern as those given by manufacturers. Favorable evaluations far out-numbered the unfavorable. Because a considerable number of evaluations were quoted in the section on manufacturing, only a few additional ones will be made here.

An executive of a retail chain had this to say: "We consider older workers as parallel with younger workers. Most of them are more efficient and do a very fine quality of work. Attitude is satisfactory and the cost of employing such workers is very little more than the younger group. We also feel that the turnover in help of older employees is not near what it is in younger employees."

A representative of a trucking firm commented that "older workers are usually more settled in their pattern of life. More willing to work overtime and give 'beyond the call of duty'. Better acquainted with the customers, more polite. Younger workers (75%) seem to feel the world owes them a living."

The comment of a Sioux Falls wholesaler is of note:

"It has been our experience that older employees can do very satisfactory work if the employer will make an effort to fit their qualifications to the proper job. We do not alter a job to fit the age factor. We consider the age factor and then place the older person in a job that matches their physical and mental qualifications."

The approach to the problems of employing older workers reflected in this comment is the type of approach which is likely to offer the greatest possibility of solution to the employment problems of older workers. Older workers, properly placed, will have a much greater chance of doing a job satisfactory to the employer.

The comments of one banker is probably typical of the feelings of employers in this industry toward older workers:

“The banking business requires considerable experience and, with age, comes the respect and prestige that are desirable. Therefore, in the administration end there are advantages in the employee being older.”

The spokesman for a rather large utility operating in South Dakota summed up his evaluation of older workers with these words:

“With sound employment practices, there should be little or no effect on labor output by employing an older worker.”

There were, as in the case of manufacturing, some firms which expressed unsatisfactory experiences with the employment of older workers.

One banker wrote, for example, that “older workers are not satisfactory except in executive capacities.”

Another indicated that “The high cost of fringe benefits is, of course, one deterrent to hiring people over 45.”

### **Summary**

This study of the employment practices of South Dakota firms in the employment and use of older workers has indicated that, although there apparently is no widespread discrimination against older workers in employment, there are numerous instances of firms following practices which are detrimental to the welfare of older workers.

The coverage of South Dakota employees by industrial pension plans is very limited. Only a small proportion of South Dakota firms have such plans. This means that old people must rely upon savings or benefits under public pension programs for income after they leave the work force. The small proportion of old people covered by private pension programs, together with the fact that only 21 percent of the people 65 and over are receiving benefits under the OASI program, means that the financial resources of older people are very inadequate indeed. A large proportion probably are forced to rely on the charity of friends or relatives when they leave the work force.

The employment opportunities of older workers in South Dakota are limited in many instances by employer practices of compulsory retirement and maximum hiring ages. There is a close relationship between these practices and the existence of an industrial pension plan. This relationship can be illustrated by the operation of a pension plan provided by a fairly large public utility operating in the state.

This company employs about 1300 people in South Dakota. They have provision for a very fine pension plan for their employees. It compares favorably in liberalness with any pension plan provided by industry in the country. In the operation of the pension, however, they require, without exception, all of their

employees to retire at age 65. This policy is common to over half of the companies in the United States which have pension plans for their employees. This policy reflects the general employer feeling that the firm's responsibility to its older workers is met if a pension is provided for them.

In view of the age structure of the population and the trends toward an aging population, it would seem that the policies of requiring compulsory retirement should be reviewed — especially a policy which requires retirement as early as age 65. People are living longer. A person retired at age 65 has an average life expectancy of about 13 years. This represents a period more than one-fourth as long as the entire average working life expectancy of present-day Americans. If a person retired at age 65 is in a difficult financial position, he has a long period of time during which he must live with it. The period of retirement for white American males about doubled between 1900 and 1940 and is still increasing.

This long period of retirement should cause more than a casual reconsideration of policies which force people to retire at age 65. It is ridiculous from any point of view to force a man to spend over one-fourth of his working life in retirement when he wants or needs to work. He is forced to become a parasite on the rest of the community, and he is likely to be an unhappy parasite at that.

Another aspect of the employment policy of this public utility, also common to many other firms with pension plans, is that few or no older employees are hired to fill vacancies in the labor force. This company rarely hires new men who are over 30 years old and practically never hires a person as old as 45. Again, the pension plan is the major cause. To be eligible for a decent pension an employee must have long service with the company. A man 45 years old is not able to work long enough in order to accumulate enough credits for an adequate pension at age 65. Rather than hire a person who would have to be retired at 65 on a meager pension, no older employees are hired. The policy is understandable but unfortunate. If compulsory retirement were not required, middle-aged men could be hired and would have the opportunity to serve long enough to earn credits for an adequate pension. It would in fact, seem to be better to hire older workers and retire them on a smaller pension than not to hire them at all. The almost universal coverage of old age and survivors' insurance means that most older workers would have this pension to make up for the smaller private pension. Most private pension plans are tied to the federal program in such a manner that the employer's responsibility for a pension is reduced by the size of the OASI benefit. Thus, the retirement of a worker on a smaller pension in these cases is not such a serious matter.

The manner in which the employment opportunities of older workers are limited by the pension system in this public utility is common in many other instances where firms have pensions for their employees. It is described here for the purpose of illustrating the relationship between restrictive employment policies with respect to older workers and the existence of a pension plan. Although industrial plans are not wide spread in this state, they are a significant cause of reduced employment opportunities for older workers in several industries. The instance of pension plans are not the only cause, of course, of reduced employment opportunities for older workers. Maximum hiring ages and compulsory retirement ages also are found in firms which have no pension plans.

Chapter IV  
EMPLOYMENT OF OLDER WORKERS IN  
EDUCATION AND GOVERNMENT

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This study has been primarily concerned with South Dakota industry. A brief summary of the employment of the aged in educational institutions and by government will, however, contribute to the over-all picture of the employment status of older workers in South Dakota. The summary which follows deals primarily with the extent of coverage of older employees in these areas of employment by private pension plans.

There is no state retirement system either for general state personnel or for public school teachers in South Dakota. A teacher retirement law was enacted by the 1939 legislature, but the first appropriation was made for the purpose in 1945. In 1951 the plan was abolished completely and the contributions made by teachers into the system were returned. At the present time there are 102 former South Dakota public school teachers who were retired under the law before 1951 who are receiving pensions of about \$38 per month.

There is a broad authorization in Senate Bill 6 passed by the 1955 legislature authorizing school districts to enter into a retirement pension agreement with its employees. Any school board has the power to enter into a retirement pension agreement with its employees for their benefit and to pay any part or all of the necessary premiums. There are special requirements for school districts containing a first class city. A pension can be provided to employees who on their retirement have been in regular employment of the district for a total of not less than 20 years at an average annual salary of not more than three thousand dollars and is not less than 60 years old. The pension system is to be established and administered by the school board, and the board is authorized to adopt all rules and regulations necessary for its operation. At this writing there are no school boards which have taken advantage of this permissive legislation, and it is likely that only the larger cities will take advantage of this opportunity. A couple of cities are giving such a plan consideration at the present time. All teachers are, of course, now covered by the federal old age and survivors' insurance program.

South Dakota law also gives every municipal corporation power to enter into agreements with its employees for retirement pensions and to pay the premiums out of funds deducted from the salary or wages of covered employees. This power, however, is not being used by the municipalities. Special legislation again applies to first class cities. All covered personnel are eligible for retirement with a pension when they have served the city for at

last 15 years and are 60 years of age. At the present time, only two first class cities, Sioux Falls and Aberdeen have pension plans for general municipal employees, although Rapid City is now considering such a plan. Aberdeen has made tentative plans to abolish its plans since municipal employees are covered by the federal program. All first class cities were required in 1955 to provide pensions for firemen if they have a full time fire force. Some cities have not yet met this requirement.

The only state administered pension plan is one which covers Supreme Court and Circuit Court judges. The 26 judges in these classifications in South Dakota are currently covered by this state plan plus social security.

The general picture at the present time is that only a very small minority of public employees and public school teachers are covered by any kind of retirement program other than federal old age insurance.

A survey was made of institutions of higher learning in the state to determine the extent of coverage of the employees of these institutions by pension programs. All 16 of the junior and senior colleges returned questionnaires summarizing their policies toward retirement of employees. It appears from the result of the survey that only three of the 16 schools have formal plans for any of their employees. These three colleges, all of which are private institutions, provide some kind of pension other than that provided by the federal social security program for their teaching and administrative staffs. None of the schools provide pensions for their maintenance staff, although one of these schools allows older maintenance men to remain on the payroll at a small salary and work as much or as little as they may desire.

Eight of the 16 schools have a compulsory retirement age for their teaching and administrative employees, and one other school usually requires retirement at a fixed age. Five schools have a compulsory retirement age of 70 for their maintenance employees. The most common age at which retirement is required for teachers is age 70, and for administrative personnel the most common age at which retirement is required is age 65.

In 1951, the Board of Regents adopted a general policy for state colleges which was to be applied to older employees. Under this policy employees of state colleges may be relieved of their duties at age 65. Employees may, however, be retained after age 65 on a year to year basis until age 70, when retirement is mandatory. After age 70 employees may be assigned part time duties by the presidents of the colleges at whatever compensation the presidents may recommend subject to the approval of the Board of Regents. Four of the state colleges have made provision for part-time work for employees past the mandatory retirement

age of 70 which provide income which is not so great as to make such employees ineligible for social security benefits.

The manner in which this system operates at the University of South Dakota will indicate how this program is applied. The policy at the University is that teachers will not expect to be assigned to the teaching of classes after reaching the age of 70 years. In rare instances upon the recommendation of the department, school, or college based upon its own need, limited teaching of classes may be permitted up to but not beyond the age of 75. Duties, other than teaching, are assigned to partially employed persons receiving a salary. At the present time the stipend for such partial employment for retired personnel is \$900, but there is no guarantee of this amount.

This kind of rather informal retirement program makes it possible for some persons to continue in employment up to age 75. It provides a retirement income to supplement social security, in return for which the person works part-time.

## Chapter V

### CONCLUSIONS AND PROSPECTS

#### **The Aged In South Dakota**

The population of the United States is an aging population. The rate at which the population is growing older has been even greater in South Dakota than in the United States as a whole in the last half century. This aging of the population has introduced a score of problems which are of great concern not only to old people but to the whole society. One of the greatest of these problems is that of maintaining an adequate income in old age. This problem is especially urgent in South Dakota because of the limited coverage of the South Dakota labor force by private pension plans and the limited number of older people who are eligible to receive benefits under the federal old age and survivors' insurance program.

Because employment is the best way to retain an adequate income, this study has been directed at investigating the possibilities of employment for older workers in this state. The results of this investigation have been summarized in the previous chapters. The concluding part of this report is aimed at summarizing some of the steps which have been taken in other parts of the country to deal with the problems of an aging population.

#### **What is Being Done**

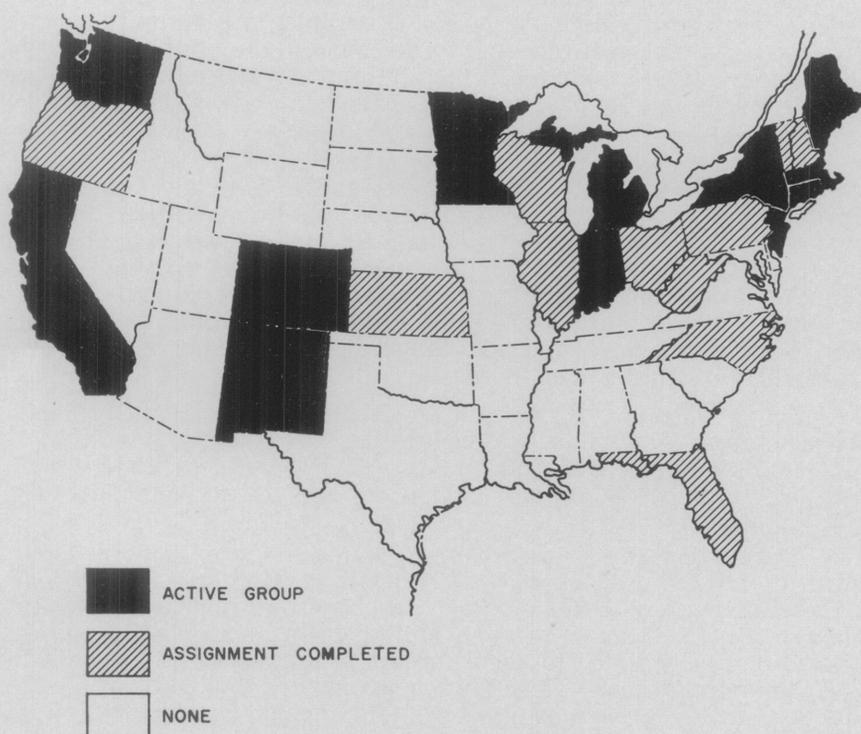
There is a great and growing awareness in this country of the problems associated with an aging population. A large and growing amount of literature is available on all of the problems associated with old age and an aging population. One of the encouraging signs pointing toward an improvement in the lot of old folks is the great attention being given to the problems of old age by writers, educators, lawmakers, medical men and business organizations. The work of these and others cannot help but at least bring to the attention of citizens the urgency of the problems faced by older people.

Some important beginnings have been made by a number of states in dealing with problems of the aged. More than half the states have established various kinds of special commissions or committees to study and advise on the problems of the aging. Chart II shows the states which have such official agencies. South Dakota is not among these states.

Since 1950, eleven states have established temporary commissions to make special studies of the problems of the aging. In all of them, Colorado, Connecticut, Maine, Michigan, Minnesota, New Jersey, North Carolina, Oregon, Rhode Island, Vermont, and West Virginia — the commissions were set up either by legislative enactment or by direction of the Governor. Membership on

CHART II

STATES WHICH HAVE ESTABLISHED OFFICIAL  
AGENCIES SPECIALLY CONCERNED WITH AGING  
1955



Source: **The States and Their Older Citizens.** The Council of State Governments, 1955, p. 97.

the commissions generally has consisted of state legislators, administrative officials and private citizens.

In at least six states — California, Colorado, New Mexico, North Carolina, Washington and Michigan — statewide conferences on aging were called by the Governors. All of these Governors' conferences adopted resolutions for action to be taken.

In ten states — California, Colorado, Florida, Illinois, Indiana, Massachusetts, Michigan, New Mexico, Rhode Island, Washington — special advisory and coordinating committees have been set up on a continuing basis. Their membership usually includes private citizens and administrative officials and occasionally legislators — the primary function of those committees is to suggest means for coordinating current activities in the field of aging and to stimulate the undertaking of new ones. They encourage the formation of community committees, sponsor conferences, carry on public education programs, initiate and promote research, act as a source of information on the problems of the aging and often make recommendations for action by state or local governments and private agencies.

In addition to these a number of states have special personnel or organizations to deal with certain problems of the aging. The Governor of New York has appointed a Special Assistant on Problems of the Aging to lead and coordinate departmental activities related to problems of the aging. In Massachusetts a Division on the Employment of Older Workers was added to the Department of Labor and Industry to encourage employment of older workers. North Carolina, Illinois, Minnesota, Colorado, Indiana and Kansas all have special personnel or divisions for dealing with certain problems of the aging.\*

Some states have dealt more drastically with the problem. Three states—Louisiana, Massachusetts, and Colorado—have made it an unfair employment practice to discriminate in employment for reason of being too old. Violators can be punished by fines and by other means.

Legislation aimed toward improvement of employment opportunities for older workers was enacted in Michigan, New York, Ohio, and Pennsylvania in 1955. Michigan authorized the establishment of a division in each employment service office whose sole function shall be to secure suitable employment for persons over 65 years of age. New York appropriated \$50,000 to its labor department to be used solely for employing job counselors and interviewers for persons over 45 years of age. A resolution adopted in Ohio requested the Legislative Service Commission to survey the employment of older workers in that State and devise methods of increasing their employment opportunities. In passing a fair

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\* Most of the preceding information on state programs was taken from **The States and Their Older Citizens**, The Council of State Governments, Chicago, 1955.

employment practices act this year, Pennsylvania added a ban on discrimination against persons between the ages of 40 and 62.

Some attention from government to the problems of the aging has also occurred on the federal level. At least twice laws have been introduced in Congress which would have prohibited discrimination in employment on the basis of age. Such a law has never been passed, however.

The most recent indication of interest from the federal government in at least one problem of older people is a recommendation by President Eisenhower that an appropriation be made by Congress next year to help provide low-rent housing for elderly persons with low incomes. Under this plan the Public Housing Commissioner would be authorized to build houses and apartments reserved in whole or in part for elderly persons. These housing units would be available at low rentals. In 1955 the Senate approved a similar plan, but the House dropped it from the Housing Act. New bills have now been introduced in both houses of Congress.

The above activities in the states and at the federal level of government are cited because they offer some promising ways of meeting the problems of the aging. None of them are offered here as proper solutions for this state, although some of them are worth considering. Special personnel or special departments in the public employment offices might, for example, be a way of increasing the employment opportunities of older workers in this state. Some studies by the United States Employment Service showed that where public employment offices gave special attention to finding jobs for older workers, placements of older workers in jobs were increased 100 percent.

### **Employment as a Solution**

It cannot be stated too emphatically that industry and commerce, in this state as well as in the whole nation, must find ways to make more extensive use of older people in the work force. The trend toward an aging population means that the problem of jobs for older workers will become more serious in the future. This means that not only will a large number of older people be deprived of their means of support and their usual way of life, but an increased burden will be put upon the community to support an ever growing army of unemployed old folks. This will be the picture unless the rapid movement of older people out of the work force is reversed.

It should be stated, finally, that employment is not the entire solution to the problem of the aged. Many older people are physically unable to work and others have no desire to work. But it is quite clear that the problems of many older people willing and able to work could be largely solved if employment were available to them.

**PUBLICATIONS OF THE BUSINESS  
RESEARCH BUREAU**

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Listed below are recent publications that are still available.

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<b>Bulletin</b>	<b>Title</b>
27	Sources of Business Information Concerning South Dakota. Richard L. Beatty, 1953
29	Labor Legislation in South Dakota. K. E. Raschke, LL.B., 1953
30	Laws Affecting Business in South Dakota. R. F. Patterson, Ph.D., 1953
31	Non-Resident Pheasant Hunting as a Source of Business and Revenue in South Dakota. R. L. Beatty, 1953
32	The Business Cycle in South Dakota. Paul Mathis, Ph.D., 1953
34	County Basic Data for South Dakota. Richard L. Beatty, 1954
36	South Dakota Aviation. V. E. Montgomery and Robert D. Orr, 1954
37	Sales and Use Tax Collections in South Dakota. Richard L. Beatty, 1954
38	State Government Tax and License Revenue in South Dakota 1941-42 — 1952-53. A. M. Dreyer, Ph.D., 1955
39	Legal Procedures in Real Property Taxation in South Dakota. K. E. Raschke, LL.B., 1955
40	South Dakota Manufacturing to 1900, H. S. Schell, Ph.D., 1955
41	Tourist Travel in South Dakota in 1954. V. E. Montgomery, 1955
42	The Truck and Bus Industries in South Dakota. Richard L. Beatty, 1955

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