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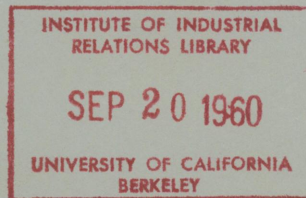
Industry's Interest In The Older Worker
And The Retired Employee
Proceedings of a Conference

Edited by

MICHAEL T. WERMEL and GERALDINE M. BEIDEMAN

(BIRC PUBLICATION NUMBER 13)

MAY 1960



Benefits and Insurance Research Center

Industrial Relations Section

CALIFORNIA INSTITUTE OF TECHNOLOGY

Pasadena, California

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PRINTED IN U.S.A.
CITIZEN PRINT SHOP
LOS ANGELES 13

PREFACE

Planning for retirement and living in the retirement years are matters of personal concern to individual employees. Management—as well as labor, the community, and the government—also has an interest in employees' satisfactory adjustment to retirement. As the practice of formal retirement has spread and as our population has matured, many economic, social, and political situations have developed which are of specific concern to business.

As an outgrowth of studies conducted in our Benefits and Insurance Research Center of retirement practices, retirement benefits, and retirement preparation, we became very much aware of companies' growing interest in having their employees make a satisfactory adjustment to retirement. We became quite conscious, too, of management's expressed need for guidance in developing effective retirement preparation programs.

In order to help meet this need, we scheduled a conference which was held on March 22, 1960. This conference was directed by Michael T. Wermel and Geraldine M. Beideman. Attending this meeting were more than one hundred California executives, educators, and community leaders. The purpose of this conference was to provide a discussion of the problems of aging from industry's standpoint and to examine the ways in which management can help employees retire successfully.

As originally conceived, an exchange of information and ideas was to have been the only outcome of the conference. For this reason, we did not ask the participants to submit formal papers. Since the conference date, however, we have received many requests for copies of the speeches. To meet these requests, it seemed advisable to issue proceedings of the conference containing some of the speeches that were given. While it would have been ungracious to request all of the participants to reconstruct their remarks for publication, some of them had prepared papers for use in their presentation. It is these papers which are included in the proceedings.

We want to thank all of the speakers for their able and thought-provoking discussions. Our special thanks are due to the members of the Conference Advisory Committee for their interest and their very competent assistance.

ROBERT D. GRAY, Director
Industrial Relations Section
California Institute of Technology

May 5, 1960

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CONFERENCE PROGRAM

March 22, 1960

9:15 A.M.	Welcome
9:30 A.M.	Attitudes, Abilities and Morale of the Older Worker
10:45 A.M.	Community Relations Aspects of Retirement
12:00 Noon	Luncheon Speech: The National Interest in the Older Worker and the Retired Employee
2:00 P.M.	Industry Programs to Promote Employees' Satisfactory Retirement
3:15 P.M.	Responsibilities of Industry Toward Older Workers
4:00 P.M.	Conference Summary

CONFERENCE ADVISORY COMMITTEE AND PARTICIPANTS

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IRVING PERLUSS	Director, California State Department of Employment
ERNEST E. SECHLER	Professor of Aeronautics, California Institute of Technology
MARTIN E. SEGAL	Martin E. Segal & Company, Inc., and Retirement Advisors, Inc.
E. B. SHULTZ	Visiting Professor, New York State School of Industrial and Labor Relations, Cornell University
FRED SLAVICK	Associate Professor, New York State School of Industrial and Labor Relations, Cornell University
HERBERT L. SUTTON	Personnel Director, Pacific Mutual Life Insurance Company

SOME ECONOMIC IMPLICATIONS OF OUR AGING POPULATION

FRED SLAVICK

The facts concerning the aging of our population are, I believe, sufficiently well known so as to require little extended comment from me here today. It is important, however, that we keep in mind the magnitude of the increase in the number of our aged, both in absolute terms and as a percentage of the total population. Between 1900 and 1959 the number of individuals 65 years of age and over increased from 3 million to over 15 million. As a proportion of the total population, the aged increased from four percent to nearly nine percent during this period.¹ These trends are expected to continue.

Concurrent with the increasing life span of the individual has been an increase in the number of years spent in retirement. Between 1900 and 1950, for example, the average number of years spent in retirement by men doubled, going from approximately three to approximately six years.² Thus, at present more individuals are living to age 65 than in 1900, and of those who do, a larger percentage are leaving the labor force than was the case at the turn of the century. In 1900 two-thirds of the men 65 years of age and over were in the labor force. By 1958 the proportion had fallen to approximately one-third.³

The above trends indicate that whatever problems retirement as such poses for the individual, these will be faced by *more* people, and

1. *The Aged and the Aging in the United States*. Hearings before the Subcommittee on Problems of the Aged and Aging of the Committee on Labor and Public Welfare, U.S. Senate, 86th Congress, 1st Session, 1959, Part 1, pp. 6-8.
2. Seymour L. Wolfbein, "The Changing Length of Working Life," *Proceedings of Seventh Annual Meeting of the Industrial Relations Research Association*, 1954, L. Reed Tripp (ed.), pp. 253-254.
3. D. J. Bogue, *The Population of the United States* (Glencoe, Illinois: Free Press, 1959) p. 426; "Annual Report on the Labor Force—1958," *Current Population Reports, Labor Force*, Series P-50, No. 89 (Washington, D.C.: United States Department of Commerce, Bureau of the Census, June, 1959), pp. 4, 19.

for *longer* periods of time. Gainful employment is a source of income, meaningful activity, and social relationships. When the individual retires, "work substitutes" which will yield income and satisfying activities and social relationships must be found.

Some individuals retire voluntarily while in good health. For these, the negative aspects of work outweigh its positive features. Since society in mid-twentieth century America has given approval to and encouraged retirement as a reward for long years of productive service, it has the responsibility of providing maximum opportunity for the individual to find the necessary "work substitutes." This implies that the progress which has been made during the past two decades in providing income for retirees through public and private retirement systems must continue. Care needs to be taken to insure that pension benefits keep pace with price level changes, and means must be found to insure the aged against one of the major drains upon income—the costs of medical care. Beyond the problem of income maintenance, however, remains the necessity of developing increased opportunities for meeting the nonmonetary needs of the aged. The provision of such opportunities requires, among other things, the construction of recreational, social, housing and medical facilities, and the training of adult educators, social workers, physicians, and other personnel to guide the aged in making maximum use of such facilities. It is clear that this will require the expenditure of vast sums of money.

It was noted earlier that the proportion of the aged leaving the labor force has been increasing steadily since the turn of the century. While in many cases this has been voluntary, large numbers have done so involuntarily. Involuntary retirement results from physical or mental disability which makes continued employment impractical, from compulsory retirement policies followed by large numbers of employing organizations, and from hiring policies which discriminate against older workers.

For those aged individuals who prefer work to retirement, the maintenance of opportunities for them to do so is far superior economically and socially than is the provision of "work substitutes" in the form of golden age clubs, hobbies, pension plans and public assistance. We do not know what proportion of those retiring currently and in the future do or will do so voluntarily. Nor is it necessary or appropriate to express any value judgment as to whether or not people should continue to work despite their eligibility for retirement benefits. The important point is that with larger numbers of individuals reaching age 65 than ever before, some proportion of these do not and will not want to stop working, and this group is likely to increase in *absolute* terms, if not in relative terms.

In the case of aged individuals who are in poor health, employers can do relatively little to prolong their employment. The reduction of

the incidence of chronic disease is a problem which must be solved largely by physical and medical scientists. As employers, however, you can, through your industrial medicine and voluntary health insurance programs help make available to older employees and their families the results of medical discoveries. Moreover, to the extent that disability reduces but does not eliminate the individual's physical capacity for work, you can make far greater efforts than in the past to redesign and re-engineer jobs so as to increase the possibility of the disabled employee's remaining at work if he so desires. This is of particular importance in view of the increased services now being made available to older disabled individuals by public and private vocational rehabilitation agencies.

I noted earlier that compulsory retirement policies of employing organizations are a factor preventing many aged individuals from continuing at work despite their desire to do so. This factor will become increasingly important as private pension plans increase and mature. The organizations which most of you represent are not charity institutions. You are in business to make a profit and your first responsibility is to your stockholders. The physical and mental requirements of jobs vary widely. Our knowledge concerning the relationship of age to physical capacity and specific job requirements is still quite limited. This makes it difficult to generalize as to the relative merits of compulsory and flexible retirement. For some organizations compulsory retirement may be an entirely appropriate policy, given their particular requirements and the difficulties of developing criteria necessary for the administration of flexible retirement policies in the specific situations. It is important, however, that employing organizations re-examine their compulsory retirement policies to be *certain* that these are *in fact* vital to their efficient operation, rather than being merely the result of historical accident or of a reluctance by management to come to grips with difficult but soluble problems. The satisfaction of many organizations with flexible retirement indicates that through research and a willingness to experiment, successful administration of this type of policy is possible.

There is considerable evidence that discrimination against older workers in hiring exists. A recent study by the United States Department of Labor of job openings filed by employers with the public employment service offices in seven cities found that 52 percent specified age limits under 55, that 41 percent placed an upper age limit of 45, and that 20 percent specified 35 as the maximum age for applicants.⁴

Discrimination on the basis of age represents a major barrier facing the older worker who prefers work to retirement. Labor Department studies of the productivity of older workers, and of specific employer

4. *Counseling and Placement Services for Older Workers*, BES No. E152 (Washington, D.C.: United States Department of Labor, Bureau of Employment Security, 1956), pp. 3-4, 28-29.

experience with such employees indicate that employers who discriminate solely on the basis of age are not acting in their own best interests.⁵ The elimination of hiring age limits which have little or no relationship to actual physical or mental job requirements would represent an important step in the direction of minimizing the economic and social costs of our aging population. For the aged individual who wants to work and is capable of doing so, forcing him onto the public and private pension roles, and then seeking to find "work substitutes" which will be meaningful socially and psychologically represent an inferior approach.

Another speaker at our conference has discussed the anticipated population trends during the 1960's and the labor force requirements which need to be met if economic growth in the United States is to proceed at the rate which our human and material resources permit. Young people are delaying their entry into the labor force in order to further their education, while the number of individuals in the prime working ages of 34 to 44 is expected to decline because of the low birth rates of the 1930's. These developments mean that the provision of job opportunities for the aged who do not wish to retire can make a major contribution not only to their own adjustment as they enter the later years of life, but can better enable us to afford the "work substitutes" for those among the aged who do not desire to work or are unable to do so.

5. *Job Performance and Age, Bulletin No. 1203* (Washington, D.C.: United States Department of Labor, Bureau of Labor Statistics, 1956); *Employing Older Workers, Record of Employers' Experience* (Washington, D.C.: United States Department of Labor, Bureau of Employment Security, May, 1959).

THE NATIONAL INTEREST IN THE OLDER WORKER
AND THE RETIRED EMPLOYEE

JAMES T. O'CONNELL

At the outset, let me say that I am very much pleased, personally, that I was able to accept Dr. Wermel's kind invitation to speak to you today. Let me tell you why.

For a number of years now I have been strongly convinced that if the problems of the older worker and the retired person were ever to receive the attention they deserve, there would be required far more than the interest, efforts, and studies of government agencies like the Department of Labor or the Social Security Administration. I could see that whatever work we in the Department of Labor were doing in this area (and we have been at it for a long number of years) could only be as successful as the degree of interest we were able to elicit among our national leaders in the fields of business, industry, education and labor. Looking back on the years of my own association with this matter, I can confess that there was a time at which I was none too optimistic about what we could accomplish.

But today, I find myself joining with you in precisely the type of deliberations which indicate real progress in this area, and I see our consideration of this very important matter being lent the dignity and prestige of the great educational institution that is the California Institute of Technology. This very conference — like many other similar ones around the country — represents a living symbol of what has been an unusually heartening awakening to a national need.

Perhaps what has happened is that we have at last come to grips with the fact that there is a certain universality about the aging process. We're all eligible for the club.

In any event, we find ourselves concerned with a number of problems regarding the older person which are very much the products of an American economy which has dramatically changed its substance and its nature. The advances we have made in the way of technological improvement and an increased standard of living have carried with them some inevitable, concomitant challenges, not the least of which is the business before this conference.

So we begin considering some broad and important questions—questions such as these:

Should retirement age be fixed at some mandatory limit, or should it be flexible?

Should persons be permitted to work after drawing Social Security benefits or should these employment opportunities be limited?

How far shall we go in constructing programs of pre-retirement counseling and post-retirement activities?

It seems to me that these and other questions like them are best approached in the context of a basic, over-all philosophy. I submit that in this Nation our heritage is such that we are already equipped with a philosophy appropriate to our needs in this area. It is as basic as the free and democratic society in which we live.

As in all other facets of democratic life, our approach ought to turn on the axis of the maximum possible degree of freedom of choice. For after all, it is this very freedom of choice operating on a day-to-day basis and exercised by millions of Americans which has brought us our advances in our level of living, our technological progress, and our dynamic development from an agrarian to an industrial economy. We have a demonstrated record of our capacity not only to afford, but to foster a wide variety of choice and an extensive degree of flexibility. In terms of individual endeavor, our society qualifies this matter of choice with but two essential requirements. One is that the maximum use be made of each person's aptitudes, talents, and interests. The other is that our choices serve at the same time, and in a compatible way, to further the standard of living and the national security of our Nation.

Now if we accept the overriding desirability of the concept of freedom of choice, then I think that a number of the problems which concern you at this conference fall into some degree of resolution. Certainly, those do which are embodied in the questions I raised a moment or two ago.

For example, we see that any discrimination on the basis of age is ruled out both because of its limiting effect on individual choice, and its limitations on society's uses of its manpower resources.

By the same token, this philosophy argues for flexible rather than mandatory ages for retirement, and from the point of view of both the individual and the company.

And finally, it argues for individual choice in the matter of whether or not a man or woman continues gainful employment after retirement, without consideration of social security payments.

The difficult question we face in this area of career retirement is: how meaningful can we make this "freedom of choice" for the mature worker in the final period of his working life. Much of the attention given to the various methods of "flexible retirement" stems from the fact that, in most instances, we have simply failed to create a suitable alternative to workaday life.

In the absence of such an alternative it is understandable that a man with fifty years of work behind him will tend to view retirement as a drab and despairing prospect, as a period of personal uselessness, and as a time when he will become unhappy and embittered.

We must recognize that free choice as it regards work or retirement exists only when both of two essential requirements are met — a satisfactory economic base for a comfortable life in retirement, and a meaningful alternative to working for wages as a way to use our days. Assuring the fulfillment of these requirements for every individual ought to become an important responsibility of our entire society, and society's best agents in this case are probably the employer, the labor union, and the community — all working in concert with the older worker looking to the years of his retirement.

Among other actions, this demands more effective programs of pre-retirement counseling than we have thus far seen at work in this country. And perhaps that term "pre-retirement" might be broadened to include the worker who is 40 or 50, as well as the one who is 60 to 65. After all, all of us are daily making decisions which will have their effects on whatever plan or period of retirement we eventually choose. The freedom of choice of which we speak, and the concept of flexible retirement itself, only has meaning insofar as the individual himself has had the opportunity to lay plans and preparations for a good life in his older years. Unless he has done this, flexible retirement will mean to him little more than a method of staying on the job as long as is possible.

To my basic belief in a maximum degree of freedom of choice for the older worker and retiree, I would introduce another consideration into our efforts to develop a successful approach to the problems of these people. This might be termed the genetic, or developmental side of the story.

I think we have reached the point at which there is general agreement on the vital fact that mental and psychological growth, as well as physical growth, is a developmental process — a continuing one — over the lifetime of a person. Growth and experience and learning do not come as distinct episodes linked to the attainment of some chronological age. They exist in greater or lesser degree at every age bracket.

Similarly, the problems of the older person are not the sole result of his simply having lived a long enough number of years to arrive at some arbitrary age figure. Time and again, in dealing with an adult who is making a job change or is seeking advice on preparing for retirement, we find that roots of difficulties in later age extend all the way back to some of his earliest years. Plans which should have been made in his 20's and 30's did not attract his interest until he had moved into his 50's.

Like his body and his mind, a man's work career is a developmental process, and he becomes an older worker only after a considerable period of his lifetime. What we do or do not do along the way to help him make the right choices in terms of a maximum degree of self-development is part and parcel of the over-all problem we are considering here today.

Another part of it is the changing nature of the American manpower structure, a changing nature with decided implications for the older worker. Recently, our Department completed a lengthy study of our manpower trends for the decade ahead, and what it reveals is, in some respect, quite startling.

Here are the facts for the 1960's.

To begin with, there are three major points which will have an important impact upon all of us. They are:

- 1) A substantial, a significantly larger increase in the number of people seeking work in the American labor market,
- 2) A continuation, probably an acceleration, of the trend toward white collar occupations,
- 3) A rise in the training and educational level of all jobs across the board.

I would like to break those three statements down into the facts from which they originate and to give you some idea of the human resources available to us, and the type and kind they are.

The first major factor about the future is the growth expected to take place in the labor force itself.

Between 1960 and 1970 the labor force is expected to increase from about 73½ million workers to 87 million.

This net increase of about 13½ millions, however, is based on a gross entry of 29 million new workers, 26 million of whom will never have worked before since we must counterbalance the expected exit of almost 16 million from our workforce due to death, retirement, and other causes.

This is a colossal jump in numbers of people, but we get a real surprise when we see what kinds of people are going to be making up the huge labor force.

Just about one out of every two of them will be young people under 25 years of age.

Another two out of five will be over 45 years of age.

Only 13% will be between 25 and 34, and, most significantly, there will be an actual decline in the number of working people in the labor force in the prime age bracket of 35 to 44.

The low birth rate of the 1930's has given a unique configuration to our population and its distribution through the labor force. It is an hourglass figure, with the wide areas of increase at the bottom and the top, and an actual constriction in the center.

When you consider, however, that normally the pressure, the accent, the demand center on workers with training, experience and skill, workers clustered in the narrow neck of the glass, at it were, you can see the problem of manpower use and abuse that we face.

We will have to fill an increasing number of highly technical jobs from a diminishing number of people usually considered capable of performing them; at the same time, we will have to provide job opportunity for a greatly increasing number of young people who do not have the experience or the training usually required.

Our second point was: there is the continued swing toward white collars.

A few years back, we passed a major historic milestone in America when the number of people in white collar jobs—professional men, managers and technicians, office and clerical workers, salesmen and insurance agents and the like—outnumbered the people in blue collar jobs, in manufacturing, construction and the like, for the first time in our history. It was like finding the end of a frontier: the jobs that built America, jobs ordinarily associated with muscle and stamina, and physical capability were surpassed by the jobs we associate with higher education and training.

The trend will continue to the point where 45% of all jobs in the country will be white collar, 36% will be blue. The remainder will be in farming and scattered over various service activities.

And third is the important point, that more and more of the available jobs during the 1960's will require more and more education and training, not only among the white collar occupations, but the others as well. Within the blue collar field, for example, the important thing to note is that the skilled craftsman will definitely increase in numbers; but the unskilled worker is expected to continue his decline in the job picture which has been going on now for about a half a century.

What significance do these facts of our manpower future hold for the older worker?

Basically, this: traditionally in America, we have looked for the young male worker between 24 and 44—and, by preference, the white young male worker, I might add, at the expense of all other groups. Now, however, with the kind of manpower and skill requirements facing us in these years ahead, it is apparent that this sort of attitude will simply have to go by the boards. The young, white, male worker is just not going to be there in sufficient numbers.

Among other groups, however, older workers *will*. This fact ought to be a major point to bear in mind as you go about the business of this conference.

Now, where can we best direct our efforts in this area?

The first step is the employer himself. He must be made aware of the fact that a skilled manpower squeeze is on the way. He must be urged not to abandon sound personnel management practices when confronted by the job applications of forty-plus workers in the personnel office. Dropping such applications in the wastebasket is indeed a waste. Sound interviewing, testing and other selection and hiring practices should be allowed to operate to sift out of the job applicants of *all* ages those best qualified to do the job. In this way individual merit is recognized in place of automatic rejection based on a sharp time line, on one side of which the worker is considered to have potential, on the other side, none.

If this philosophy is widely adopted both in principles and practice and conveyed to every level of supervision within a company, artificial manpower shortages will be avoided, production, increased.

Another factor in our course of action should be the vital matter of training and re-training.

We ought to keep in mind the fact that more and more of the available jobs in the 1960's will require more education and training. This

will be true of both the white collar and blue collar occupations. In the blue collar category, skilled craftsmen will show an increase in numbers and proportion while the unskilled will continue a long-term decline. This suggests that greater attention be given to training programs accessible to mature persons, for lack of the *right* skills has often placed limitations upon their employment opportunities.

Within the plant, training can be effective in preventing the erosion of skills of employees as they mature. Programs of skill improvement to keep pace with changes in job content in the fast moving technological decade ahead not only maintain worker efficiency but give another form of job insurance to the worker, providing him the diversity and quality of skills to improve his competitive position should he become unemployed. The Department of Labor has recognized this need and has provided consultative services to industry in setting up extension training for journeymen in many different crafts, training for foremen and supervisors, and training in such new fields as electronics and atomic energy.

A recently completed study by the Department, one soon to be published, has thrown considerable light on the importance to the older worker of re-training possibilities. It relates to employee adjustments to the introduction of electronic data processing equipment. While older workers were not advanced to the newly created electronic positions to the same extent as others, their performance records—after re-training—were clearly impressive. The study provides a strong indication of the value of re-training older workers, and suggests that a fixed age limit on these positions would have excluded some highly qualified personnel.

Now what about our relationship with the older worker himself?

Basically, ways must be found to reach him with the information, the guidance, and the training he may need to qualify for employment in the rapidly changing occupational structure of the job market.

He often needs his self-assurance bolstered. That is why he can usually benefit from the professional help an experienced employment counselor can give—help which can aid in the development of a positive outlook, as well as a recognition of the skills, knowledge, abilities, and talents which he already possesses and could more fully develop. This kind of guidance and direction is available to the older worker through the local offices of the State Employment Service.

For his own part, the older worker owes it to himself to recognize the fact that training to refresh old skills, training in a related occupation to build on existing skills, or training in a new field may often provide the job qualifications which multiply the chances for success in the job search.

Finally, we must stress the vital role of the community with regard to the problems of the mature worker. Ideas that will stir community action must be cultivated. Increased purchasing power from a growing consumer group—and reduced need for public assistance—are two of the most obvious benefits the community as a whole will reap when it resolves the employment problems of the forty-plus workers.

The community, therefore, has an important responsibility to see that existing facilities for adult training are meeting the needs of older citizens and, if not, to develop them. Such programs have been organized in several states and communities, often preceded by training needs surveys to spot the occupations and industries needing workers and the potential supply of trainees. State employment services have taken a prominent part in such fact gathering with consultation from the Department's Bureaus of Employment Security, Apprenticeship and Training, and Labor Statistics. The schools, working with employers, unions, and in one instance a civic organization, then set up courses in line with the occupational needs shown. Local employment offices have determined the worker's potential for training through interviewing, counseling and testing, and referred qualified candidates to training opportunities.

With an eye toward the importance of impact at the community level, the Department of Labor is currently developing and preparing an extensive educational and informational program keyed to the point of view that—"Ability is Ageless." Pamphlets, television and radio spots, exhibits and other media will be used as means of promoting public support for the solution of the problems you are discussing in this conference.

But materials alone cannot do the job. It will take an intricate network of organization to bring our message to the eyes and ears of America. No single Government agency or state, or local committee on the aging can do the job alone. The responsibility belongs to each of us, individually, for we are all involved.

If we are not now in the vulnerable age bracket of forty-plus, I can confidently predict that most of us will be there someday. If we, working together, can pool our informational and educational resources to stimulate an action program, then, I am confident, we can give to the older worker a future, a most promising one. And we can give to the retired person a life, a most meaningful one. And we can do it all well within the basic concept of freedom of individual choice.

PROGRAMS OF PREPARATION FOR RETIREMENT

E. B. SCHULTZ

I have been asked to discuss programs of preparation for retirement. I believe it will be most helpful to do this from the standpoint of why we undertook such a program in the Tennessee Valley Authority, how we went about it, how the program developed, and what the results have been. This account should illustrate principles and methods which are applicable to many types of companies. A brief background statement will provide a setting for presenting our experience.

TVA is an agency of the United States Government but, as established by the TVA Act of Congress in 1933, is a Government corporation and has considerable autonomy. TVA operations extend over a region including parts of seven states. In the field of personnel administration, the autonomy granted by the TVA Act has meant that we have been able to have collective bargaining relationships with unions representing our employees similar to those in private industry, although these relationships are limited by some Federal laws such as the Veterans' Preference Act of 1944, the Federal leave law, and the TVA Act itself. Since TVA was excluded from the Civil Service Retirement System and the Federal Social Security Program, the TVA Board decided early that TVA should establish its own retirement system. A joint union-management committee formulated a plan under the guidance of an actuary and its plan was established by TVA Board action in 1939. The plan included administrative machinery consisting of a seven-member Board of Directors, three to be appointed by TVA, three to be elected by the membership, and the seventh member to be elected by those six. The Board elects its own officers. The retirement system

is a contributory one and both TVA's and members' contributions are set up in a trust fund for the benefit of the members. This fund is managed by a trustee under a trust agreement. Under the original plan, retirement was optional at age 60, compulsory at age 70.

WHY A PROGRAM FOR OLDER EMPLOYEES WAS UNDERTAKEN

In 1953, when TVA was twenty years old and a fairly large number of our permanent employees (about 540 out of about 11,000) had passed age 60, we learned that nearly all employees ages 64 and 65 expected to work to age 70. At the same time, it was found that many of them recognized they were slowing down and some wanted to retire but felt financially unable to do so.¹ We also learned, from a survey made by the Division of Personnel, that about 18 percent of employees age 60 or over were judged by their supervisors to be doing excellent work and approximately the same number were considered to be doing less than satisfactory work but were being retained because they did not voluntarily retire. Thus, it appeared that a chronological age was not an accurate indication of need for retirement. In response to this situation, three steps were taken: (1) The retirement benefit *paid for by TVA contributions* was increased so that it would be as large or larger at age 65 than it would formerly have been at age 70; (2) a normal retirement age of 65 was adopted with employment beyond that age continued only at the election of management by one-year temporary appointments, without seniority rights, but not beyond age 70; and (3) a study was initiated to try to understand the needs of employees approaching retirement age and how those needs might be met.

The first step in this study was to arrange a conference for a number of management and labor representatives with a group of experienced gerontologists to review the facts pertinent to the TVA situation. During this review we all became increasingly aware of the larger social situation relative to the aging population of which our situation was a part. It was important to have the unions' leaders share this experience.

WHAT WE LEARNED

It was recognized that retirement benefits are generally considered to be an essential economic factor in our modern industrial life. The adequacy of these benefits to provide a decent living after retirement from full-time employment is often considered as important as the wages.

The group also came to realize that life expectancy has increased so that, on the average, those who retire can expect to live 10 to 15 years—or even longer—after they retire. This has introduced a new

1. This information came from participation in the Cornell University study of Occupational Retirement.

area of personal and social interest which has become increasingly significant and has brought new problems and potential values. Will this extended retirement period be productive of satisfaction and happiness, or will it be a period of despair over involuntary idleness, a sense of uselessness, and a loss of status that may lead to a deterioration of physical and mental health?

The same social and economic changes in our society which led to the need for the extension and expansion of pension plans, combined with the extension of life expectancy, make it necessary to think anew concerning the place of the rapidly increasing proportions of older people in our total population.

The tempo of our industrial enterprises has placed a premium on characteristics most common to youth—stamina, speed, and adaptability. Much has been written about the value of older workers but the Department of Labor classifies a man of 45 (and a woman of 35) as an “older worker.” That agency has had to make a special project out of finding jobs for these “hard-to-place” applicants. Some employers feel that even administrative work, which has customarily placed a premium on experience, now requires initiative, imagination, and flexibility—characteristics that are more commonly associated with mature middle age than with threescore years or more. Age 65 has become the most commonly recognized age of retirement. It appears certain that increasing life expectancy will provide more and more years after retirement as an opportunity or a problem. Our victories over many disabling diseases have produced a challenge to fill those years with meaningful living. We asked ourselves, “Can employers and unions do anything to help employees meet that challenge?”

There is no doubt that to leave full-time employment and enter a life unregulated by scheduled work requires an adjustment of major proportions. It is probably the most dramatic event in any adult's life since he left school to take full-time employment. There is a major difference in the adjustment to these two dramatic events, however. During school life, one is preparing more or less definitely for the type of work he expects to enter, and the period is marked by an expectant, forward-looking attitude. This attitude makes for an easy and rapid adjustment to the new life situations. If this attitude is significant to satisfactory work adjustment, can our older workers acquire it and thereby make a more rapid and satisfactory adjustment to a new mode of life at the time of their retirement? Can this step of release from full-time employment be envisaged as a “commencement” with new and interesting possibilities for living rather than a stepping down out of life? This will require a reorientation toward aging and toward retirement, the very name of which unfortunately implies withdrawal from life.

We examined the experience of a number of employers who had accepted some responsibility for helping employees think positively about retirement. Different employers had different reasons for assuming this responsibility. Some of these employers believe that final years of employment are less happy and productive because of an uncertainty as to the future and an unawareness of the possible values of leisure. They feel they must relieve this uncertainty by at least giving employees a clear understanding of their retirement and social security benefits several years before retirement. This minimum effort has frequently developed into a discussion of other areas of concern. An increasing number of employers have offered employees a program of systematic exploration of what the retirement status involves, including both its problems and its opportunities. These have been called preretirement counseling programs or programs of preparation for retirement.

Another factor which has sometimes led employers to launch such programs falls under the head of public relations. An employee who fails to adjust to retirement and is unhappy in his new status may become a center of criticism of the company in the community and even among his friends who are still employed. In spite of millions of dollars invested to provide retirement benefits, the net result of unsatisfactory adjustments to retirement may be ill will and criticism. All these factors provide both a social and an economic justification for expenditures on a program of preparation for retirement.

HOW TVA FORMULATED ITS PROGRAM

After the conference with the gerontologists, a joint committee was appointed to draft a program based upon what seemed the most important issues which had emerged. Two projects were chosen: (1) selective or flexible retirement; and (2) preparation for retirement. I will not attempt to deal with the first of these projects in this paper though the committee did formulate a procedure for flexible retirement which TVA later adopted.

The committee felt that the situation in TVA and the insights we had gained from the gerontologists obligated it to formulate a program of preparation for retirement. In going about this task, it first decided to confer with several groups of employees age 60 and over in various areas of our operations to see if they desired such a program and, if so, to learn what areas the employees felt such a program should cover. The committee also gathered together a group of recently retired employees to discuss what values they thought such a program might have had for them and to get their ideas as to the content of such a program.

WHAT PROGRAM WAS DEVELOPED?

On the basis of these conferences, it was decided that a program of five group discussions (later changed to six) should be offered on company time to groups of twelve to eighteen employees once a week. Attendance was to be voluntary but encouraged both by management and the unions. The groups were to be located at the centers of older employee concentration, but those not working in those centers were to be provided time and transportation to attend. We would first work off the backlog of older employees between the ages of 60 and 70, but would work toward establishing the groups regularly for employees as they approach age 60. The groups would be made up of employees as near the same economic level as possible. The discussion method was to be used exclusively except for the presentation of relevant facts, and no attempt was to be made to reach "right" group answers. Reports of the discussion were to be issued and as much helpful printed material as possible was to be made available to facilitate the retention of points discussed and the sharing of the information and points of view expressed with other members of the families who are also affected by an employee's retirement.

The program proposed by the joint committee was enthusiastically accepted and supported by top management. We found that our preliminary talks with employees and their representatives had borne fruit and about 80 percent of eligible employees accepted invitations to participate; the attendance record of participants varied from 80 percent to 86.5 percent.

The subjects covered in the 1959 series of discussions were:

1. *Retirement and financial planning:* A discussion of the meaning of aging and retirement, and some general financial factors, such as life insurance, tax concessions for older people, and supplementary income from other work.

2. *Retirement benefits:* A discussion of TVA Retirement System benefits, Old-Age, Survivors' and Disability Insurance, Civil Service Retirement System benefits, Federal Employees' Group Life Insurance, and hospital insurance after retirement. We also talked about retirement budgets.

3. *Health in later years and retirement:* A TVA health officer discussed the physical changes and problems that usually come with age. Health habits of older people such as exercise and diet, the diseases most common in later years, and other health questions each group raised were discussed.

4. *Planning activities for the time of retirement:* This discussion emphasized the value of planning to retire to something rather than

from something. It provided information on abilities and interests which might be turned to good account for pay or pleasure. How to go about getting paid employment, the importance of group activities and associations, and the opportunities and personal values of work for community welfare were discussed. Pooling ideas of the group were especially interesting in this discussion.

5. *Living arrangements:* The group members discussed the problems which wives and other dependents have in adjusting to retirement. What about housing for older people? Should retirees live with their married children? They also talked about various plans and choices on where to live. Some believed in retiring to special retirement communities; others thought it best not to pull up roots. Economic and climatic information about various areas was made available.

6. *Legal problems about property after retirement:* This discussion included general information on legal and tax problems associated with financial planning, inheritance, wills, and property holdings.

The specific legal problems of individuals were not discussed, for these require legal advice based upon a study of all the facts and legal research, but the discussion helped employees to know of the need for legal advice about specific problems.

WHAT THE RESULTS HAVE BEEN

Each year the participants have been asked to give their own evaluation of this group experience. Insofar as possible, this has been anonymous. Obviously, this is not a technically sound method of objective evaluation but it has been indicative of how employees felt about the venture. Probably the most significant result revealed was a change in attitude toward retirement which was expressed in many different ways. The period of retirement emerged as a reality to be studied and thought about rather than something to be ignored until it happens. They recognized retirement as a part of growing older and extending over a period of years during which they would change. There was no glossing over such uncomfortable probabilities as reduction of income, the normal decline of physical stamina, and the possible loss of dear ones. But of equal importance was the preview of opportunities to make new friends, finding new or developing old channels for service, a listing of plans for things to be done for which there had been no time during the employed years. The more accurate conception of what retirement would be like, which came with thinking and talking about it to others, meant getting rid of fears and anticipating new opportunities. Aging was discussed as a process, not a disease, and retirement was recognized as one of the incidents of aging that has great possibilities for those who look ahead. Some had no interests outside their work but, as others discussed the things they were doing and how these interests

would develop when there was more time for them, they all began to see the value of such "outside" interests.

In addition to the values of getting a more realistic concept of what retirement would be like and to think of its future possibilities, there were, of course, many worthwhile specific results mentioned. The items most frequently commented upon were making or revising wills, having physical examinations, effecting changes in diet, revising property titles, making post-retirement budgets, reviewing insurance programs, accepting opportunities for service, and speeding up payment of the mortgage or other long-term commitments.

The real measure of the value of this program will be the successful adjustments to retirements. The program is not old enough to make that test, since retirements of participants in the program first occurred in July, 1957. We hope to make a future study of adjustments to retirement and to see if we can trace the basis of successes and failures. Until evidence to the contrary is discovered, however, we believe the facts point clearly to a finding that a program of preparation for retirement is extremely worthwhile to both the employees and the employer.

INDUSTRY PROGRAMS TO PROMOTE EMPLOYEES' SATISFACTORY RETIREMENT

MICHAEL T. WERMEL

A little over a year ago, we began a study of company preretirement planning programs. The chief objective of this research, which is financed under a grant from the Ford Foundation, is to define management's role in assisting employees with their preparation for retirement. There are three broad stages involved in this study: (1) a survey of management attitudes toward retirement preparation programs and of the aims, procedures, and results of the arrangements currently in effect; (2) analysis and evaluation of these data to provide a framework for identifying management responsibilities; and (3) a conceptual development of the place of the corporation in employees' preparation for retirement.

Identifying the possible approaches that management can take in contributing toward employees' satisfactory adjustment to retirement has many philosophical and theoretical aspects. Essentially, however, my discussion today will deal with the survey findings.

One important problem encountered in carrying out the survey — both the extensive inquiry conducted by mail and the supplemental interviews which followed — was that of definition. First of all, the retirement preparation programs take a number of forms. Some are formal programs, while others are quite informal in nature. Some feature organized group or individual discussion meetings, but many offer counseling only to employees who request it, with the subjects covered being those that the employees select. In a number of programs, a wide variety of retirement adjustment conditions are emphasized, but in others the financial aspects are the main ones stressed.

Moreover, there is a noticeable tendency for companies to interpret the administration of a pension plan or their general personnel activities as being preretirement planning. There is some evidence, too, that in completing the survey form a few firms indicated program intent rather than program actuality.

At least to minimize the possibility of misinterpretation, a fairly precise definition was introduced into the study. On the survey form it was stated:

Company Preretirement Planning Programs are defined as formal or informal programs which are designed with the specific objective of assisting employees make the transition from a working life to one of retirement. Only those personnel programs whose *principal aim* is to help employees prepare for retirement fall within the scope of the definition for the purpose of this survey.

Still further qualification was added to the definition in another part of the questionnaire:

Many firms have established pension plans and profit sharing retirement trusts to provide money benefits to workers who retire. Administering a pension plan involves, among other activities, explaining the plan's provisions to employees and enrolling them in the system, advising employees of the amount of benefits and of possible optional settlements.

Preretirement Planning Programs, however, consist of activities beyond those of administering a retirement plan. If your Company is engaged in any programs to help employees prepare for retirement in addition to the provisions of a pension or profit sharing plan, it is requested that this Section be completed.

In spite of the safeguards that were imposed, however, interviews with company representatives who had completed the questionnaire have indicated that the situations described in writing sometimes appear more extensive than the actual arrangements. Indeed, one respondent recognized this at the time his firm's questionnaire was completed and made the following notation on the form:

In reviewing our answers, I have a feeling that while the replies are accurate, they give the impression that we have a much more formalized and comprehensive program than is actually true.

In evaluating the findings, therefore, it is necessary to keep in mind that in some instances the definition of these programs was interpreted more broadly than the survey intended.

Because the dual aim of the survey was to discover what management thought of preretirement planning programs and to obtain some general information about the arrangements actually in effect, it seemed advisable to question those firms most likely to have given some attention to the problem. For this reason, it was decided to direct questionnaires to important corporations throughout the United States — those that would be termed “large” from the standpoint of employment and volume of business. Of the 756 firms selected, about six out of ten were engaged in manufacturing activities. Manufacturing companies predominated because they characteristically have larger workforces than those in the nonmanufacturing group. Most of the selected firms were located in the eastern and middle western sections of the country, chiefly because of the concentration of large corporations in those areas.

Responses were received from about 66 percent of the companies selected for the survey. It should be noted that this return was achieved by a single contact; no follow-up was made on the original request for participation.

Fifty-five percent of the firms included in the survey — or 415 — returned completed questionnaires. The remaining 11 percent — or 90 firms — sent detailed letters of explanation and a wealth of supplemental materials. The characteristics of the responding companies generally followed those of the total number of firms initially selected for inquiry. Nearly two-thirds were engaged in manufacturing activities, most were medium- and large-sized firms, and nearly three-fourths were headquartered in the East and Midwest.

The analysis of company attitudes and practices is based primarily upon the replies contained in the 415 completed questionnaires, supplemented by interviews in a selected group of the responding companies. Of these 415 firms, a good majority — about 65 percent — approved of preretirement planning programs, at least in theory. Almost four out of ten of the responding firms — or 161 — reported having some kind of program in operation. Nearly three out of ten — or 107 companies — viewed the programs with considerable interest but, for a number of reasons, had not put them into operation.

Sixty-five of the participating firms had decided against installing the programs, at least for the time being, and a handful of companies reported that they had tried the programs — on a pilot basis or otherwise — and eventually had discontinued the activity. In 71 of the firms, apparently little or no consideration had been given to the plans.

Apart from retirement preparation programs, however, the companies generally recognized some measure of responsibility toward their older employees. All but two of the 415 firms had retirement plans in effect. Company representatives indicated an obligation to

acquaint employees with provisions of the pension or profit sharing plans, and furnished information about retirement dates.

In depicting the views of management about retirement preparation programs, the comments of some of the surveyed firms perhaps are more illustrative of prevailing attitudes than are the actual statistics. Let us consider a few of these as examples of varying opinions.

Some firms not having plans endorsed the retirement preparation programs enthusiastically. One midwest manufacturer stated:

It would seem illogical to spend the kind of money we do on retirement benefits and have our retired employees unhappy and spreading malicious gossip about the Corporation merely because we failed to prepare them for retirement. An employee who knows the facts about retirement will not condemn the Corporation, but will be a messenger of good faith and a salesman of our products.

Another commented:

Just as we accept the necessity of providing group life insurance, hospital-surgical-medical benefits and retirement income because we have advanced in our attitudes of what obligations a corporation has toward its employees (and because it is good business), we must now face up to the establishment of a Pre-retirement Counseling Program.

An executive of a midwest utilities company advised:

For some time, there has been a growing realization on the part of many management people in the Company that more could be done by the Company to assist its employees in preparing for one of the most important periods of their lives — that of retirement. Many unions are now actively studying the general problems of aging and are developing programs of preparation for retirement. If the companies delay or fail to inaugurate pre-retirement programs for their older employees, there are strong indications that the unions will assume leadership in this important field. Surveys show that employees prefer that their Company offer and direct the programs.

In other firms not having retirement preparation programs, many seemed to have adopted "wait and see" attitudes, while others noted technical problems which hindered the establishment of a program. A representative of a major oil company stated:

Of the various companies with which we have been in contact that have or have had preretirement planning programs, we have found only one which is wholeheartedly in favor of continuing the program. Inasmuch as such a program, to be

effective, should be carefully thought out and administered, it has appeared to us that there should be a stronger indication of the soundness and desirability of installing preretirement counseling before we take the positive step in that direction.

A manufacturer of heavy machinery said:

It appears that this type of program is in its infancy and the value of various features is not established.

A southern utilities company executive advised:

We feel preretirement planning programs are definitely appropriate and worthwhile. Our present informal arrangements are due to the relatively few employees we have had to retire so far, as well as the problems brought about by our employees being spread out over so many locations.

In the companies having given little or no consideration to retirement preparations, there were some interesting comments. An airlines executive stated:

The amount of material being received on this subject now is increasing at quite a rate, but is welcome. It keeps those of us who have done nothing on the subject aware that we had better get started.

A power company representative noted:

While we have not given serious consideration to a preretirement planning program, your survey has served to again remind us of what might be considered an obligation to our employees.

In those companies that had rejected the idea of retirement preparation programs or that had once installed the programs and then discontinued them, relative degrees of disapproval were expressed, as well as various reasons being cited for not having programs. A mid-west food processing company manager feared retirement preparation programs might oversell retirement, stating:

We have had considerable concern about the effect of selling the pleasurable aspects of retirement. I would be particularly interested in how others do a good job selling retirement three to four years before the retirement takes place without a letdown by the employee who now believes his life after retirement will be better than the intervening time before it.

An eastern manufacturer indicated that retirement preparation was not within a company's province:

This type of social work is more properly a function of the public schools or churches and should be available to citizens

approaching retirement age if they elect to avail themselves of such services.

Another manufacturing executive viewed preretirement counseling as a kind of "smoke screen" for inadequate pension benefits, commenting:

Basically, older employees prefer to look forward to adequate retirement income than a lot of psychological gobbledygook. No amount of preretirement counseling will teach a person how to live on a substandard income.

"Paternalism" and "invasion of privacy" were phrases used by several executives in stating their objections to retirement planning. A milling company executive held that the programs violated one of the basic purposes of retirement plans which was "to prevent the subordination of the personal independence and dignity of the individual." Thus, fear of being accused of unwarranted interference in their employees' private affairs, as well as the feeling that the company was not the best qualified agent to take on an activity characterized as "social work," typified the comments of firms opposed in principle to retirement preparation programs.

In companies having retirement preparation programs, many reasons were cited in favor of the activity. In general, these reasons fell into such categories as fostering good employee morale, improvement of human relations, and promotion of favorable public relations. Characteristic of the comments are those which follow. A midwest manufacturer stated:

Why is the program good for us? The most important reason is that it carries out the basic purpose of a pension plan which is to help employees plan and live a successful retirement. We also believe it will enhance our public relations in attracting and enabling us to retain better employees. By the same token, we do not want a disgruntled retiree in the community acting as a "bad-will ambassador." We also believe it will increase the efficiency of the prospective employee during the last five or ten years prior to retirement, with the employee knowing he has solved some of the problems relative to his retirement.

A New England banking official said:

We believe most of our retirements are "successful" retirements and that this is in large part due to our preretirement program. By giving preretirees facts and figures, by alerting them to the need for planning for retirement, and by our voluntary counseling program, we feel we are helping employees to help themselves toward more successful retirement.

A midwest department store executive maintained:

Our preparation for retirement program began in 1952. Not only has it been a great help to retiring associates — helping them to face the future with confidence — but it has taken the dread of later years out of the minds of our older workers.

A midwest manufacturer commented:

We believe that preparation for retirement helps sell retirement and overcomes a reluctance to retire when efficiency has fallen off. It not only helps maintain efficiency of older people by reducing the number of dissatisfied employees but also can have a favorable effect on both employee and community relations.

Another bank officer — this time from California — held:

Preparation of employees for retirement is one of the most sparkling facets of the general idea of the family spirit which, if adopted as a policy, should contribute greatly to employee happiness and job security.

Notable among the comments of company representatives was the fact that many of the same kinds of reasons were given by the managements advocating retirement planning programs and also by those objecting to the activity. While some disapproved on the grounds of "paternalism," others felt that the company had a basic personal responsibility toward its older, long-service employees.

Some managements held that the programs covered subjects on which company personnel could not be expected to be expert. Taking an opposite view, others believed that the company was in the best possible position to offer the services because of the close tie of employer-employee relationships.

The fear that a retirement preparation program eventually might be incorporated in a union contract was one of the reasons cited by managements who disapproved of the activity. On the opposite side, several executives expressed an apprehension that the union would assume responsibility for the program if management did not take the initiative.

Although some representatives believed that the retiring employees' need was for economic security and that the provision of an adequate pension system constituted a firm's major responsibility, others felt that a pension plan missed its objective if those retiring did not accept their employment termination with at least some amount of anticipation and enter into a period of satisfying old age.

While the majority of company representatives approved, at least in theory, of retirement preparation, there is a real question as to

whether they would find a fairly precisely defined program acceptable. Company policy would be a major consideration because each firm has certain established ways of dealing with its employees. The characteristics of the workforce in a company also would be a limiting factor. Some might have sizeable numbers of aging workers while others would have only a handful. In many firms, the aging workers might be concentrated in the hourly-rated classes, while in others, most of the older employees might come from the middle and upper management groups.

Moreover, the cost of a program could be a deterrent. The financial position of some firms permits them to engage in much more extensive personnel activities than other companies can afford. And, too, the financial position of a company can change over time and, as a consequence, may dictate changes in personnel objectives and programs.

The location of a company's workforce is still another consideration. Some companies' employment is centralized, but that of others is dispersed over a wide geographical area. Somewhat related to this factor is the matter of corporate mergers. As the trend toward mergers continues, the number of problems connected with integrating policies and programs mounts and so, too, does the dispersion of employment. Whether it is desirable to institute such programs as retirement preparation on a corporate basis or whether they should be developed by the various subsidiaries is a question which confronts many management groups.

These are among the factors which demonstrate the difficulty of offering one specific kind of program which would meet the requirements as they are defined by individual companies. Certain limits, of course, can be set in reference to the objectives, contents, and timing of retirement preparation programs. Sufficient flexibility would have to be provided, however, to enable the managements of individual firms to "tailor" the design to meet their separate needs and to integrate it with broad company personnel policies.

In order to qualify as preretirement planning, the programs should cover a content broader than that stemming from the operation of a retirement system. Furthermore, the activity should begin sufficiently far in advance of retirement to permit employees to benefit from the programs. Certainly anything under a year ahead of retirement would seem to be a token gesture. But whether the program should feature individual or group counseling or a combination of the two, or whether it should consist mainly of the distribution of applicable published materials would seem to be a management prerogative. So, too, would be many other program elements, as, for example, decisions concerning the use of company personnel or the calling upon outside consultants to carry out the activity.

It is well to remember, too, that retirement preparation programs are a relatively new activity. For this reason, there are many schools of thought about the "best way" to undertake them. Essentially, however, during this transition period there needs to be a great deal in the way of experimenting and evaluating program results. It will only be from trying out various approaches and analyzing the effects that supportable theories concerning objectives and techniques can be achieved.

RESPONSIBILITY OF INDUSTRY TOWARD OLDER WORKERS

MARTIN E. SEGAL

The mid-twentieth century problem of the older sector of our population has its roots in the massive changes in our social and economic structures that began a couple of generations ago. Some observers blame it on the advances in medicine, agriculture, and industry that added a decade to the longevity of the average American in the last 30 years. The average child born in 1930, for example, could expect to live 60 years. A child born in 1960 can expect to live ten years longer. This is a remarkable advance, but it is not the cause of our problem.

The problem is rooted in, more than in anything else, certain economic changes and the concomitant social changes.

Years ago, agriculture was the dominant means of earning a livelihood. So agriculture established the prevailing pattern of social living. The farm was operated by a family unit in which every member of the family had a secure place. The child had a place in the working unit; the adults had their places; and the older members of the family also served useful functions. Homes were built and arranged to take care of the total family unit. Even when this family was transplanted to an industrial milieu, the pattern persisted. The schoolboy had chores or an afterschool job; the adults worked in factory or at home; the older persons performed useful household tasks.

But as the percentage of farm families dropped sharply, and America became primarily an industrial society, the pattern of living changed. Even the nature of our houses changed. In most instances, there was no longer any need or place in the family unit for the older

person. The family farm, the family store, the family craft shop is disappearing — where it hasn't already disappeared. Today, the basic enterprise unit is the corporation — which in many cases, views the diminishing efforts of the older worker as a problem of reduced production.

So whose responsibility is the older worker?

Industry acknowledges a share in that responsibility, but it refuses exclusive responsibility.

The problem of the older worker is as much the community's, the government's, and that of other sectors of society as it is industry's. The nation as a whole must ask itself what it owes that large — and rapidly growing larger — sector of the population that appears to be moved out of the mainstream of American life by retirement. However, although the problem is admittedly general, government and the community sometimes drag their feet in facing up to it.

Industry cannot afford to drag its feet.

Industry must seek solutions because the social, economic, political, and psychological costs of not doing so are too great.

Humane considerations alone could move industry to tackle this problem. But let us leave this motivation aside. Let us look at the other factors, factors that can influence the cold figures on a financial statement.

The people in whom this conference is primarily interested number 16 million today. There will be many more tomorrow. Each of these 16 million persons spends about \$1,000 a year on household goods and services alone. That's \$16 billion. It's true that 80 percent of them have money incomes below \$2,000 a year, and only 5 percent have money incomes over \$5,000 a year, but the total is enormous, and it will grow. Social Security benefits will continue to increase Congress by Congress — either because of political expediency, need, or both. And we haven't begun to tap the tremendous reserves of private pension plans. Every year more and more people retire with industrial pensions to augment their Social Security benefits. This is a rich market, constantly growing richer. No industry, from basic chemical to amusements, can afford to alienate it or pass it by.

Just as this group spends more and more money each year on the products of industry, so does it increase in political power each year.

We have to keep in mind that while only half of the total population has the right to vote, virtually 100 percent of our seniors are available to cast ballots. In the last presidential election only about 60 million persons voted. Less than 5 million votes could have changed the course

of the 1956 election. You can see what effect a 16 million vote bloc—or a substantial portion of it—could have.

Nor is it far-fetched to think of the older voters as a potential bloc. Between 2 and 2½ million persons over 64 already belong to—and pay dues to—organizations that claim to speak for all older citizens. Most of these organizations function as lobbies, seeking legislation favorable to the older citizens. Their activities can be important not only to their constituents, but to every individual and corporate taxpayer.

The psychological aspects of the problem are just as important as the economic and political, and may be even more direct. In addition, they operate both in the plant, before retirement, and in the community after retirement. Every efficient manager knows that production is strongly affected by plant morale. He knows that a troubled employee is a less productive employee. He knows that a worried employee is far more likely to have or cause accidents. He knows that the disaffected employee, particularly if he is an old-timer, can be a source of trouble in an entire department.

Three, four, or five years before retirement, the older worker begins either to look forward to his retirement, or to dread it. It is quite important to his employer whether he looks ahead with pleasure or with dread. The preretirement worker imagines, in most cases, that his post-retirement problems will be largely financial. Inevitably, retirement means a cut in take-home pay. And as he stewes over this problem, it grows.

Starting with money worries, the older worker may move ahead to worry about his removal from purposeful, productive life. This breeds resentment, and the resentment is often focused on the corporation. So he lets it all out to his shopmates, to the younger employees working beside him. The resentment spreads.

This doesn't always happen. But it happens often enough to create production and morale problems in a great many industrial units.

If this is the mood in which a man retires, he probably will continue his grumbling after retirement. I might point out that studies have shown a marked relationship between a worker's attitude toward retirement and his ability to adjust to retirement. And as the inevitable problems of retirement begin to plague him, the unhappy retiree's grumbling will become louder.

This will affect the reputation of his former employer, it will affect recruitment of new employees, it will affect sales, it will affect in-plant morale. If a corporation's retired employees are not partisans of the company, if they go about the community saying they have been misused, that company is in trouble.

On the other hand, if retired workers feel good about their former employers they will speak up for the company in public places and elsewhere where favorable comment is helpful. Eventually, this will be reflected in profit and loss statements.

These are some of the hard—and often cold—facts about industry's responsibility toward older workers. In effect, they show that the proper understanding of the problems of older workers, and intelligent efforts to meet these problems, can increase human happiness, thereby increasing community good will. No company has too much of that ingredient in its inventory.

Most proposals which purport to answer the problems of the older worker deal with his financial situation. A look at bills in this area thrown into Congressional and legislative hoppers proves this. They deal with increases in Social Security benefits, with aid in meeting medical costs, with money for specialized housing, and so on. These are important. I do not want to underestimate the money problem or the bills offered to resolve it.

But this is not enough. Medical advances, often extended to workers through employee welfare programs, are saving and extending lives. It is past time to ask ourselves the next question: What are we saving them for? Are we saving people from death and disability merely to sentence them to an added ten years of empty, sterile old age? Or are we saving them for productive, happy, later years?

The answer is already indicated by the changing popular image of the retired worker. Years ago, the mental picture of the retired employee was of an old man in a rocking chair, cane by his side. If he was doing anything, he was waiting for death. Today's image is different. Retirement is pictured today as an alert, active couple mounting an airplane ramp or a steamship gangplank, about to fulfill a lifelong dream.

These are the popular images. How close are they to reality? What is needed to change the retired worker from a chair-bound old man into a consuming, producing, contributing citizen?

The companies with which I am connected have been dealing with these problems for many years, and from different viewpoints. We have learned some things by studying the more than 750 pension and welfare programs, covering more than four million individuals, with which we have a professional relationship. We have learned more by providing preretirement and post-retirement counseling through pension programs covering more than 300,000 employees. The answers we have come up with have had to be widely inclusive because these programs cover workers ranging from seamen to news service editors, from laborers to skilled mechanics. I can best indicate what we have learned

by describing the program we have evolved to help meet the older worker's most important problems.

We start by analyzing the nature of the change in lifetime patterns that is involved in retirement.

During the first years of life, the young child's world is circumscribed by an all-powerful and all-protecting mother and father. Then, for 12 to 16 years, the school sets the pattern of living. For the next 40 to 45 years, the job determines where the worker lives, how well he lives, what he does. Finally, usually about 65, there is another basic change in the mode of living—coming at a time when physical and emotional resiliency are diminishing.

To expect the average person to accommodate to such a marked change in income, in interests, in pattern of days, in physical condition, without careful preparation is to expect the impossible. Such a radical change must be understood and prepared for.

That's why we believe that retirement counseling is necessary. And that's why retirement counseling is being increasingly accepted by industry as an expression of its responsibility for the older worker.

This is what we do to help the older worker prepare for retirement, and then adjust to it. In saying we, I refer to Retirement Advisors, Incorporated, a company I head—a company that receives its best ideas and judgments from an advisory committee of distinguished authorities, including Caltech's own Professor Wermel.

The first requirement is to make the older worker aware, diplomatically, that he will have problems, to tell him what these problems will be, and to help him toward individual solutions to these problems. RAI starts its program five years before retirement. Every three months a new booklet presents one problem and its possible solutions. The problems include:

How to make ends meet on retirement income?

Should the retired worker move to another house, or area, or state?

What health problems are specific to older persons?

Will relationships with wife, with grown children, with grandchildren change after retirement?

What can the retired worker do with all that suddenly acquired leisure?

Is travel a possibility, and where?

How to use leisure constructively rather than waiting for time to pass?

How to use savings most effectively?

Who can help me with these problems?

The list is long, very long. And the problems are involved. That is why RAI starts five years before retirement, and gives the preretired worker three months to think about each problem category.

But even if this works out ideally, it will not answer all the problems that will arise after retirement.

Particularly in the early years of retirement, new problems arise every day. But new answers to these problems come to the fore almost as quickly. RAI brings the new problems and the new solutions together and reports them to retired workers in a monthly newsletter. Both the preretirement booklets and the post-retirement newsletters are distributed in the name of the sponsoring employer or pension program, thus identifying the help given with the employer or organization that made it possible.

The third part of the RAI program involves personal answers to individual problems sent in by workers and retired persons receiving the service.

All this is invaluable in preparing the older worker for retirement and helping him meet its problems. But there is another equally valuable factor. We receive hundreds and hundreds of letters from older workers. Most ask specific questions, although a fair number write only out of loneliness and friendliness. But every letter, whether explicitly or implicitly, says "I'm glad I'm remembered," "thank you for this tie to the world in which I spent most of my life." We have learned that it is essential to make the retired person feel that he still belongs, that he is still remembered, that he is still respected, if he is to have a decent retirement. He doesn't want to think that he has been junked like a piece of outworn machinery.

It is industry's responsibility to offer the belonging, the remembrance, the respect.

There is another aspect of this problem, perhaps more pertinent to industry's responsibility to itself rather than to industry's responsibility to older workers. Like so many other important things, it has to do with timing. I am convinced that retirement counseling is becoming a natural part of every retirement program.

Intelligent management would like to play an affirmative role in the lives of their employees. However, during the past 25 years management has frequently been in the position of resisting what its employees see as affirmative changes. That is, management has often resisted increases in pay, improvements in hours, increases in Social

Security, increases in mandatory minimum wages, and similar items. As a result, many employees see management as agreeing grudgingly to improvements, and only when forced by government or unions.

On the other hand, the area in which management can act unilaterally, with regard to employee relations, is restricted. But the restrictions do not bar retirement counseling. This makes retirement counseling an ideal vehicle for providing a needed, positive service, and for establishing an affirmative image, voluntarily and without duress.

Rephrasing the title of this talk, I would say that industry has a major responsibility toward older workers, although it is not an exclusive responsibility. Industry's responsibility is to help workers retire gracefully, willingly, and with confidence in their future. This requires continuing guidance to enable retired workers to live useful, productive lives.

I believe industry will meet this responsibility for the benefit of its employees, the employers, stockholders, the community, and the nation as a whole.