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# Employment Problems Of Older Workers,

by Jack F. Culley  
and Fred Slavick. //

(Information Series No. 1)

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BUREAU OF LABOR AND MANAGEMENT  
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## The Information Series

The present monograph is the first publication in a new series to be issued by the Bureau of Labor and Management under the title "Information Series." The new series has been started because an important part of the literature in the fields of industrial relations and economic security is in the form of pamphlets and other documentary materials that are too highly specialized and ephemeral in nature for most libraries to collect. Yet this material is often the best, and sometimes the only, source of information on new developments in these fields. It is our intention in establishing the new series to thereby provide a means of bringing selected segments of this literature to the attention of persons who might not otherwise have ready access to it.

Publications in the "Information Series" will survey and integrate the findings of previously published research, in contrast to publications in the "Research Series," which will continue to report findings of original research undertaken by faculty members at the State University of Iowa. *Employment Problems of Older Workers* was chosen as the subject for the first publication because of its importance in states, such as Iowa, which have large proportions of their populations in the older age groups. Future publications will review significant research findings relative to other problem areas of importance to Iowa and the nation. The present publication was printed with the financial assistance of the Institute of Gerontology at the State University of Iowa.

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## *Foreword*

One of the major functions of the State University of Iowa is to serve the needs of the people of Iowa and of the nation. The Bureau of Labor and Management is one of the vehicles by which this function is performed. Over the years the Institute of Gerontology has joined with the Bureau in projects which are concerned with the general well-being, social life, education, and economic security of people, particularly the older worker and his family.

This report represents a significant statement of the problems faced by the older worker in the areas of employment, retirement, retirement policies, pre-retirement planning, and employment policies which discriminate against the worker on the basis of age. Attention is directed specifically to the recommendations which are made as a result of the total analysis. (Page 35)

We are pleased to have had this further opportunity to work with the Bureau of Labor and Management and, in view of the recommendations, expect to continue to do so in the future.

W. W. MORRIS, PH.D., *Director*  
Institute of Gerontology  
State University of Iowa

## *Preface*

This monograph was adapted from a report originally prepared at the request of the Labor Subcommittee of the Governor's Commission on Social and Economic Trends in Iowa. It is a discussion of three major problems facing older workers today: first, discriminatory hiring policies which make it difficult for them to find new employment after age 45; second, compulsory retirement policies which ignore their need or desire to continue working; and third, inadequate preparation for retirement, which makes adjustment difficult.

The report summarizes the findings of studies conducted in Iowa and other states in recent years. Co-operation and assistance in the preparation of the report were received from the Institute of Gerontology at the State University of Iowa, the Iowa Federation of Labor, the Iowa Manufacturers Association, and the Iowa State Employment Service. It should be understood, however, that the views expressed in the report are those of the writers and do not necessarily reflect the views of the co-operating organizations.

The report was prepared under the general direction of Fred Slavick, Research Director of the Bureau of Labor and Management, who wrote the introduction and the sections on compulsory retirement policies and preparation for retirement. The undersigned wrote the section on discriminatory hiring policies.

JACK F. CULLEY, *Director*  
Bureau of Labor and Management

## I. INTRODUCTION

The economic security of older workers, that is of individuals 45 years of age and over, depends basically on the extent to which they are able to secure and continue at productive employment, their coverage and benefits under public and private retirement programs, and on their personal savings.

The degree to which productive employment serves as the principal source of income for older individuals is determined largely by (1) their desire to work, (2) their physical and mental ability to work, and (3) the opportunities for employment which are available to them. To a considerable extent, their personal savings and benefit rights under public and private retirement programs are also dependent on their employment after age 45.

The growing proportion of our population in the older age groups, the rising costs of pension and assistance programs, and the social, physiological, psychological, and economic importance of employment in the later years make the subject of employment of older workers one of the utmost importance to the nation, the state, the local community, and the individual.

The older age group represents a significant segment of our population and will continue to grow during the coming decades. For the United States as a whole in 1950, 42.9 million persons or 28.6 per cent of the continental civilian population were 45 years of age or over. The number of persons 65 and over was 12.2 million, or 8.1 per cent of the total.<sup>1</sup> In Iowa in 1950 there were approximately 831,000 persons, or 31.7 per cent of the state's civilian population 45 years of age or more. Of these, 273,000 representing 10.4 per cent of Iowa's total population were 65 or over.

Since 1950 the United States and Iowa populations 45 years of age and over have grown, both in absolute numbers and as percentages of the nation's and Iowa's total populations. By 1956 there were 47.7 million persons in the United States aged 45 and over, or 29.3 per cent of the total. Of these 14.4 million or 8.7 per cent of the total were 65 years and over. In Iowa there were 879,000 persons 45 and over in 1956 (31.9 per cent of the state's total population), of which 305,000 were 65 or more (11.1 per cent of Iowa's total.)

The Bureau of the Census has estimated that by 1970 the United States population 65 and over will number 18.9 million (9.3 per cent of the total) and the Iowa population in the same age group will be 324,000 (11.3 per cent of Iowa's total population).<sup>2</sup> Estimates are not available as to the probable Iowa population in the 45 to 64 age group in 1975.

Projections for the United States for 1975 estimate a population of 63.8 million persons aged 45 or more.<sup>3</sup>

There has been a growing recognition that older workers prefer productive work to retirement and idleness, and that for many older citizens creative activity is a psychological and physiological necessity. Many of those over 45 years of age are physically or mentally incapable of work. For those individuals who are able to work and desire work, however, the necessity of providing the opportunity to work is crucial. Fundamental to any attempts to provide job opportunities for older workers is the maintenance of an expanding economy and full employment for the nation as a whole. While the problems of economic growth and maintenance of over-all full employment is beyond the scope of this discussion, it needs to be emphasized that the solution of the employment problems of older workers is difficult, if not impossible, if the nation is suffering from widespread general unemployment, and the economy is stagnant. Even within an economy of full employment, however, the employment of older workers poses special problems.

Census data indicate that unemployment is more prevalent among older workers. For the full year 1955 average monthly unemployment rates were 2.9 per cent for men aged 25-44, and 3.5 per cent for men 45 years of age and older. Older workers had more spells of unemployment. Thus, 50.9 per cent of the unemployed older men had two or more spells of unemployment during the year, compared to 43.6 per cent of the younger men. Older workers had longer average duration of unemployment. For example, 42.3 per cent of the unemployed older men had been out of work 15 or more weeks compared to 30.1 per cent of the younger men.<sup>4</sup>

The difficulties faced by older workers in obtaining and maintaining employment stem to a considerable extent from (1) the reluctance of employers to hire older workers, and (2) the compulsory retirement of older workers under private pension plans. If progress can be made in inducing employers to maintain an open mind in their hiring policies with respect to older workers, and to base their retirement policies on performance and competence rather than chronological age, it is likely that much will be accomplished in enabling older citizens to remain productive during the later years.

Section II of this report will deal with the problem of hiring policies relating to older workers. Section III will discuss the problem of compulsory retirement. Since for most individuals retirement at some point in their lives is inevitable, Section IV of this report will discuss the role and efforts of industry and unions in helping employees make the adjustment from work to retirement.

## II. DISCRIMINATORY HIRING POLICIES

There is no uniform hiring policy among the nation's employers. Rather, each employer determines his own policy and it may or may not agree with the policies adopted by other employers in the same industry. It may not, and indeed often does not, agree with the hiring policies of other companies in the same community.

Extensive research concerning the hiring policies and practices of employers with respect to age, and the labor force participation of older age groups has been carried out by the United States Department of Labor during the past several years. The findings have been published in a series of reports, and much of the information presented here is based on these studies.<sup>5</sup> While there have been no published research findings concerning hiring practices in Iowa, there is little reason to believe that the hiring policies of Iowa firms differ materially from those of employers in other states. The information on hiring policies and practices in Iowa discussed here was obtained principally from interviews with Mr. George Moore, Director of the Iowa State Employment Service.

### A. Age Restrictions on Job Openings

In a study of 21,386 job openings on file with state employment security offices in seven cities in April, 1956, the United States Department of Labor found that 52 per cent specified age limits of under 55, 41 per cent under 45, and 20 per cent under age 35.<sup>6</sup> It is likely that a similar situation exists in Iowa inasmuch as the Director of the State Employment Service estimates that over half of the job openings filed with his agency specify age limits. It was his belief that Iowa employers are most likely to place age restrictions on white collar jobs, including those in the sales, secretarial, clerical, and professional fields. The inclusion of professional positions in this category is rather surprising since one would normally expect the experience and greater knowledge that come with age to be an asset to the professional person rather than a handicap.

#### 1. *Contradictory Practices*

The federal studies found that age restrictions are most common on job openings in the clerical, sales, unskilled, professional, and managerial fields.<sup>7</sup> The same is generally true in Iowa, although strangely enough Iowa employers seldom place age restrictions on job openings for common labor, where the physical demands could be expected to be heavy. This does not seem to hold true, however, for farm labor in Iowa. The Employment Service reports a discernible trend toward specifying age

limitations on agricultural job openings in this state. The agency has no explanation for these developments other than that they seem to be part of the national paradox in which employers agree on the one hand that their older workers are their best employees, and, on the other hand, restrict older workers from consideration for new job openings.

## 2. *Age a Greater Obstacle for Women*

The employment problems of women are intensified by their greater rate of increase in the population and by their increasing participation in the labor force. Women outnumbered males in the total population by one million in 1955, and are expected to outnumber them by over three million in 1975. More important, however, women 45 and over are expected to outnumber their male counterparts by 5.5 million in 1975. The efficient use of our human resources requires the provision of additional job opportunities for the growing number of older women, although the problem is somewhat diminished by the fact that fewer older women are seeking employment today than are younger women. Thus, for example, in its study of seven areas the Labor Department found that women constituted one-third of all the job seekers, with two-thirds of these being under 45 years of age.<sup>8</sup>

The seven-area study also disclosed that older women job seekers were less successful than younger women, as well as less successful than older male job applicants. This was true despite the fact that the female applicants had more schooling and reported fewer physical handicaps, and that older women workers made fewer job changes than younger women workers. Clerical and unskilled occupations had the most restrictive age limitations for women, while skilled and semiskilled occupations were least restrictive. It was only in the service occupations that upper age limitations appeared earlier for women than for men; the men beginning to experience difficulty in the age range from 45-54, while it began in the 34-44 age range for women.<sup>9</sup>

The entrance of women into factory jobs was given a great impetus by World War II, and the trend has continued. One study found that half of the older women job applicants were last employed in factory jobs.<sup>10</sup> It should be noted in this connection that studies of the relationship between age and productivity of both men and women employed in footwear and clothing plants showed but little variation prior to age 54; and that while production fell off after that age, the decline was not of serious proportions. In fact, women in the 55-64 age group in the footwear plants performed as well as any of the younger groups of women.<sup>11</sup>

## 3. *The Position of Organized Labor*

It is an accepted fact that employees of longest service are generally

avored in union contracts. Since many of the long-service employees are also the older workers in the company, it can be seen that in this respect organized labor protects the job rights of the older worker. It does this, to a considerable extent, through such measures as seniority rules and contract provisions against arbitrary discharge. Such provisions are of greater benefit to the employed older worker than to the unemployed older worker, however, and some union policies that would normally function on behalf of the older worker when employed sometimes have the opposite effect when he is unemployed. For example, unions have traditionally favored a uniform wage rate and opposed employer efforts to downgrade older employees who could no longer meet minimum production standards.<sup>12</sup> This policy of the union leaves the employer with three alternatives: keep the man on his old job at full scale, try to find other employment for him, or separate him. By custom, older workers often end up in custodial jobs or on the plant protection force. This is unfortunate since many could continue on skilled production jobs, if the employer were permitted to reduce their hourly pay rate in proportion to their reduced productive capacity.

Not all unions oppose the downgrading of older workers as a matter of general policy. Some union contracts include provisions which require that the union be notified in advance of such action, or that its prior approval be secured. Others provide that a minimum rate be set, and that no one be paid below this rate. A few unions specify the percentage of the work force that may be in downgraded positions at any given time, or designate certain jobs, such as watchman and guard, which shall be filled exclusively by older workers. Such provisions often apply to newly hired older workers as well as to persons already on the payroll. Occasionally, contracts are found which ban discrimination on the basis of age.<sup>13</sup>

The role of the union in negotiating health and welfare plans has been of particular importance to the older worker, since he has benefited from the protection of medical and surgical insurance, group life insurance, and pension programs which he might not otherwise have had because of physical or financial reasons. He has at the same time suffered from the fact that employers with collectively bargained welfare programs are more reluctant, rightly or wrongly, to hire older workers (see below). The expression "rightly or wrongly" is used to describe the employer's position because experts on such matters have declared that the cost of private pension and insurance benefits ought not to be considered a real obstacle to the employment of older workers. Whether the employer's position be right or wrong, it does exist, and the union's success in pro-

moting benefit programs has thus become a mixed blessing for older workers as a group.

#### 4. *Implications of Age Discrimination*

In order to appreciate the possible consequences of continuing to practice age discrimination on a broad scale one needs but recall that ours is an aging population. While the population of the country doubled in the period from 1900 to 1955, the number in the 45-64 age group tripled, and the 65-and-over age group quadrupled. This phenomenal growth in the numbers of older persons in relation to the rest of the population is expected to result in the adding of some 360,000 workers, aged 45 and over, to the nation's labor force each year from 1955 until 1975. If we are to provide employment for them, it is estimated that we must develop another 7.2 million jobs over the twenty years.<sup>14</sup>

Figures comparable to those given above for the nation as a whole are not available for the state of Iowa, which has one of the highest proportions of older persons in its population of any of the states. We know, too, that an increasing proportion of Iowans will be employed in industry rather than agriculture in the future. The predominantly agricultural economy has had a much greater capacity to absorb older workers than has been demonstrated to date by the predominantly industrial economy. Iowa shares with the rest of the nation a responsibility to provide profitable employment for these people. The alternative is to support them through higher taxes.

#### B. *Some Common Misconceptions Concerning the Older Worker*

Employers give a variety of reasons for not hiring older workers, but the two most common are inability to maintain production standards and failure to meet physical standards. These and other reasons are discussed in the following paragraphs. No significance should be attached to the order in which they are presented. The material is adapted from Professor Culley's article, "It's Good Business To Hire Older Workers," which appeared in the *Iowa Business Digest*, Spring Number, 1957.

##### 1. *"He Is Putting in Time Till He Can Retire," or "He Is a Job Hopper"*

Contrary to the opinion held by some employers, researchers have found that only a small proportion of older workers look forward to retirement. A substantial proportion look upon themselves as being younger than their chronological age would suggest, and consider themselves young enough to continue working on past normal retirement age. For example, in a sample survey of 846 industrial workers conduct-

ed in 1952-1954 by researchers at the University of California, 43 per cent of the men 50 years of age or older said that they expected to continue working as long as they were physically capable of doing so. Even more significantly, only one out of four of these older workers expressed any active interest in retiring and expected to do so voluntarily.<sup>15</sup>

The charge that the older worker is a job-hopper is refuted by survey findings which show that once the older person gets a job, he holds onto it longer and quits less than half as often as the younger persons. Researchers in the Labor Department studies concluded that dependability is one of the outstanding characteristics of older workers and noted that one of the employers interviewed in the course of the survey preferred having at least one older person in each working group because of the stabilizing influence he exerted on the younger members.<sup>16</sup>

### 2. *"He Has a Know-It-All Attitude and Resents Younger Supervisors"*

Older job seekers may attempt to hide their fear of a new job with its strange faces and unfamiliar routines by adopting an over-aggressive attitude, or by pulling into themselves and becoming timid in a job interview. One study found such extremes of conduct most often in those over 60, some of whom seemed to have an almost insurmountable fear of the unknown.<sup>17</sup> Placing older persons with others of their own age group has been found helpful and, according to another study, may result in more harmony and better production.<sup>18</sup>

The charge that older employees resent younger supervisors undoubtedly applies to some individuals, but should not be applied to older workers as a group. Significantly enough, one research team found that it is the supervisors as a group who most resent the older workers.<sup>19</sup>

### 3. *"He Has an Inflated Idea of his Salary Worth"*

Some older workers do make unrealistic demands as to wages, location, working conditions, and other terms of employment; while others undersell themselves in interviews with potential employers. Men who have been in the same jobs for many years, and those who have had long associations with but one employer, are most likely to be inept at selling themselves to new employers. They may also have too much pride to accept work at a lower level or at considerably reduced pay. Employers, wary of a morale problem, may be equally reluctant to hire them for less skilled jobs paying less money than their previous jobs. The fact that almost half of those who find new employment are required to accept lower pay does constitute a major obstacle to the employment of older workers.

#### 4. *"He Is Excessively Absent from Work and Is Prone to Injury on the Job"*

Company personnel records show that older persons are very dependable from the standpoint of attendance. One recent study of attendance data for 4,000 production workers in footwear and clothing plants found that attendance indexes by age groups varied so slightly as to justify the conclusion, for the plants surveyed, that there was almost no relationship between attendance rates and age.<sup>20</sup> In this study employers in seven cities reported that their older workers consistently had less absenteeism and were much more apt to stay on the job.

Studies of the relationship between age, and number and severity of industrial accidents show that older workers have fewer accidents, on the average, though they are apt to be off work somewhat longer following a disabling injury. This finding is contrary to a widely held belief that older workers are more subject to accidents and raise the cost of workmen's compensation insurance. Corson and McConnell report that accident frequency rates are generally lower for older workers as a group, and suggest that "there is no clear evidence that the employment of older workers raises workmen's compensation costs."<sup>21</sup>

#### 5. *"He Is Too Set in His Ways"*

It seems customary in our society to think of older persons as being set in their ways. We fortify this belief by quoting the old saying, "You can't teach an old dog new tricks." Employers show something of the influence of this notion when they refuse to hire even one older job applicant on the ground that all older workers resist change, object to criticism, lack versatility, are unwilling to accept new ideas, and resent transfer from one job to another. Here again, the charges may have validity when applied to particular individuals. They are unrealistic, however, when applied to older workers in general. Actually, differences among individuals are likely to vary more widely than differences among the "norms" for the several age groups.<sup>22</sup>

Surveys made of occupational changes among workers aged 45 and over who have been placed on new jobs by state employment security offices disclose that almost 40 per cent change occupation, and close to 60 per cent change industry.<sup>23</sup> Such facts show that most older workers are willing and able to make considerable adjustment in their work patterns and deserve to be considered on individual merit. This means considering them in terms of ability to meet the requirements of the job, rather than on the basis of chronological age alone.

#### 6. *"He Is Either Unskilled or Semiskilled"*

It is true that many older job applicants have had less years of schooling than younger applicants. One study found that only two out of three of those aged 45-64 had completed elementary school as compared with five out of every six under the age of 45. On the other hand, it was found that, among the manual occupations, the degree of skill rises with age. In Detroit, for example, three times as many of the older as of the younger applicants were skilled. In its study of seven cities, the Department of Labor found that workers over 45 years of age were concentrated most heavily in the skilled and service occupations. Being skilled was helpful in finding new employment. On the other hand, youth still had its advantage, for the younger skilled worker found new employment much sooner than his older counterpart.<sup>24</sup>

#### 7. *"He Cannot Meet Company Physical Requirements"*

Older persons naturally find it more difficult to pass strict pre-employment physical examinations. In examining this aspect of the older worker problem the Labor Department found that one in every ten workers under the age of 45 reported physical handicaps. The proportion of those with disabilities increased with age, being one in seven among the 45-64 age group and one in four for those 65 and over.<sup>25</sup> This ought not be as big a drawback to the hiring of older workers as it might seem at first glance, however, for it is unlikely that the high physical standards many companies are now demanding of all new employees are actually required for the successful performance of all of the jobs in those firms. It is much more likely that many of the jobs could be filled satisfactorily by men whose blood pressure, hearing, sight, co-ordination, and the like, do not measure up to the company's inflexibly high standards. Convincing prospective employers that they should reduce minimum physical standards on selected jobs is an extremely difficult proposition. Federal and state employment security agencies recognize a responsibility in this connection, however, and urge their local offices to make greater efforts to persuade employers to hire older workers whenever possible.

#### 8. *"He Cannot Meet Company Production and Quality Standards"*

Inability to maintain normal production standards was the reason given most often by employers answering a Labor Department questionnaire on reasons for limiting the hiring of older workers. The seeming importance of this reason led the Labor Department to issue its

special bulletin disclosing the results of a study of the relationship between age and work performed. The study was based on an analysis of actual performance data taken from company records. The results were not conclusive, but they did show that in eight manufacturing plants studied, output per man-hour remained generally stable through age 54 and declined only slightly for the 55-64 age group. Much more significant than the difference in average output among groups were the differences in output among persons in the same age group; it often happened that a person in an older age group had a higher output than a person in a younger age group doing comparable work.<sup>26</sup>

#### 9. "He Boosts Company Pension or Group Insurance Costs"

The growth of company pension plans and of various forms of group insurance has placed additional obstacles in the path of the older job applicant. He is now told by a potential employer that a compulsory retirement age policy limits the remaining years of service he could give, and he would either not qualify for a pension in those few years or the premium cost would be prohibitive. Employers who use such arguments are ignorant of the facts or are using pension costs as a convenient though invalid excuse for age discrimination.

Pension and insurance experts have reported that costs for such programs need not stand in the way of a traditionally sound personnel policy of hiring on the basis of ability to do the job. While it is true that hiring younger employees enables the employer to spread his ultimate pension costs over a longer period of time and compound the return on the invested funds over a longer period, there are countervailing factors which operate in the opposite direction so that the real and ultimate costs of a program may not be much greater for the newly hired older worker. Much depends on the terms of the pension plan and on future developments which are likely to affect the costs for the younger man over his longer period of working life than for the older man over his shorter period.<sup>27</sup>

Most private pension plans in operation today provide benefit amounts which are related to length of service, to levels of current or future earnings, or to both. In such plans it does not necessarily follow that the current cost of providing for future pension benefits is substantially higher for older workers entering the plan, since the benefit formulas generally result in *lower benefit payments for the older worker because he will have a shorter period of service before retirement*. Moreover, if the pension benefits are related to future earnings such as the last five, last ten, or highest five years of earnings, a probable cost advantage in hiring older workers arises from the fact that at 30 or 35

years of age the employee has a much greater chance to increase his future earnings (on which the pension will be based) than does the employee hired at age 50 or 55. In addition, the probability of higher general real earnings as a result of continued increases in national output per man-year is stronger over the longer period for the younger man. Another factor tending to lower the relative costs of pensions for older workers is the fact that as life expectancy increases, as it is likely to do, the individual aged 35 today will live more years after reaching age 65 than will the individual who is 50 years old today. As a result, the 35-year-old will collect his pension for a greater number of years than will the 50-year-old.<sup>28</sup>

In addition to holding misconceptions concerning the relative cost of providing pensions for older workers, many employers are fearful of creating an unfavorable public impression at the time when older workers with few years of service are retired with little or no pension. Employers are also concerned with the psychological effect retirement under such circumstances might have on men in the plant, particularly those who had worked closely with the persons in the above category and who might feel that they were being treated shabbily by the company. Much of the justification for the above fears, however, has been removed by the broadened coverage and increased benefits under the Federal Social Security Act. Such increased coverage and benefits, along with the trend toward earlier and fuller vesting of previously acquired pension rights mean that a modest supplementary pension such as could be earned in ten years or less under most pension formulas ought not to subject the employer to unfavorable criticism.<sup>29</sup> A part of the answer to the problem involves educating the public to the service being performed by the employer who is willing to utilize the services of all able-bodied workers for as long as they care to work.

As regards the cost of other forms of insurance, such as workmen's compensation, sickness and accident insurance, and group life insurance, which are commonly thought to soar when older persons are hired, it has been suggested that the employer lump all insurance costs, including pensions, into a benefits "package" and examine the cost of each in terms of the total package cost. Insurance experts believe, for example, that if maternity care for dependents is included, the cost of benefits other than pensions may be less for the man of 55 than for the man of 35.<sup>30</sup>

#### 10. *"The Company Has Too Many Older Workers"*

Any company that looks to the future is bound to be concerned about the age level of its work force. It is easy to understand the position of the

employer who, finding that he has an overbalance of older employees, declines to hire still more. He is in an entirely different position from that of the employer who refuses to hire any older person on the sole ground that 90 per cent of the firm's janitors are over 65. Compartmentalized thinking restricts job prospects for older men to certain custodial or service occupations and prevents many older persons from continuing at their regular work or at some other skilled occupation for which they are still qualified despite their age.

### C. Possible Remedies for Age Discrimination

Any remedy that might be suggested must result in the removal of unjustifiable age restrictions on job openings. In general, recommendations along this line involve either voluntary action or legislative action.

#### 1. *Voluntary Action*

The ideal solution would find employers and the unions voluntarily revising their policies in order to make it easier to hire older workers and to retain them on the payroll as long as they desired and were able to work. Basically, it is a problem of convincing the employer and the union that it is in their long-run best interest to take such action, a conclusion which may or may not be justified by the facts in every case. The federal government is presently undertaking studies of the productivity of older workers in selected industries. Obviously, such studies cannot be financed for every industry in this country. However, for firms in those industries in which studies are undertaken, and in which the results demonstrate conclusively that the productivity of older persons compares favorably with that of younger persons, the case for the hiring of older workers will be greatly strengthened. Similar studies should be undertaken in major Iowa industries.

Considerable proof already exists to support the contention that older workers have better safety and attendance records than young workers. These and other desirable attributes of older workers which can be supported by proof acceptable to prospective employers should be more widely disseminated throughout American industry. In Iowa, an agency of the state government might be given the specific responsibility of making these facts known to Iowa employers. The Iowa State Employment Service is the logical choice since it has the most experience in this field.

Labor unions should review the seniority provisions in their contracts with an eye to liberalizing any that may adversely affect the employment of older workers. More specifically, unions might join with management in developing lists of jobs that could be removed from the

normal operation of the seniority system and reserved for the assignment of older workers. Admittedly there are some difficult problems involved in any attempt to relax long-standing seniority rules, but they should not be considered insurmountable.

Greater efforts should be made to include vesting provisions in private pension plans. The inclusion of such provisions in all or most plans would do much to reduce employer concern with the inadequacy of pensions earned during limited years of service.

Employers could do more along the lines of tailoring jobs to meet the changing capacities and qualifications of aging employees. Some firms have set up special departments in which tailored jobs are concentrated for older workers. Other firms believe it best to scatter such jobs throughout the shop. Under both plans the older worker benefits by having a job, the employer gains the services of a skilled and loyal worker, and the community has another worker rather than another dependent or beneficiary.

Some authorities claim that automation places a premium on experience and know-how, two characteristics frequently associated with older and more experienced personnel. It is wishful thinking, however, to picture older workers stepping into newly automated jobs as a matter of course. The limited experience to date indicates that there is usually some training or re-training necessary before older persons can be successfully placed in such jobs. The few adult education programs that have been developed for this specific purpose are a combination of vocational education and job counseling. A pilot program along this line might well be considered for one of the industrial centers in the state.

The impression should not be given that Iowa is currently doing nothing for its older workers. The Iowa Employment Service, with the encouragement and support of the Bureau of Employment Security of the United States Department of Labor offers special counseling services for workers 45 and over who apply to its local offices. Its summary report for the month of May, 1958, for example, showed that initial counseling interviews were held for 61 persons 45 and over, 5 of whom were 65 or over. Other figures reported for this period showed that about 30 per cent of all job applicants were 45 or over, while more than 42 per cent of all placements came from this age group.

During the course of its normal contacts with employers the Employment Service carries on a continuous effort to induce employers to eliminate hiring age limits, and feels that some progress in this direction is being made. If greater progress is to be made more needs to be known concerning the dimensions and specific nature of the problem in Iowa. Research is particularly needed to learn more concerning the industries

and occupations in which discrimination is greatest, and the most effective educational means and media for bringing to the attention of employers the positive benefits of employing older workers.

## 2. *Legislative Action*

The federal government and the states of Massachusetts, Pennsylvania, and New York have enacted legislation outlawing age discrimination in employment. The federal legislation applies only to government employment, and states that "no part of any appropriation hereafter contained in this or any other Act shall be used to pay the compensation to any officers or employees who establish a requirement of maximum age for entrance into positions in the competitive civil service." There is a proviso, however, which states that no person who has reached 70 should be appointed in the competitive civil service on other than a temporary basis. While there is no national legislation on this subject, the Special Staff on Aging of the Department of Health, Education, and Welfare compiled a list of nearly 500 bills of interest in the field of aging that had been introduced in the first session of the 85th Congress.<sup>31</sup> The number of such bills is in itself evidence of the growing concern about this problem.

Since 1937 the state of Massachusetts has had a statute which forbids an employer to dismiss from employment or to refuse to employ any person between 45 and 65 years of age because of such age. Persons employed in domestic service or in farm labor are excepted. Employers are required to keep records of the ages of all employees and must furnish sworn copies to the Commissioner of Labor and Industries on demand. Failure to co-operate is punishable by fine of between \$25 and \$200. Persons who feel they have been discriminated against because of their age may appeal to the Commissioner and, if still not satisfied, to the Superior Court.

Discrimination because of age is also unlawful under the provisions of the Massachusetts Fair Employment Practice Act, as amended in 1950. The aggrieved person is given the option of resorting either to the general law described in the preceding paragraph or to the procedure afforded under the Fair Employment Practice Law. The latter provides for a hearing before a member of the Commission Against Discrimination, judicial review of the order of the Commission, and power to punish for contempt of court. Employers, employment agencies, and labor unions subject to this Act are required to post notices describing these provisions. Principal features of the Act are those that forbid any statement by the employer that implies a limitation because of age of the applicant for employment, and limitations on the employer's right to

inquire into the date of birth or the age of an applicant. Exceptions are made where age is a bona fide occupational qualification, or when it is necessary to satisfy the provisions of either state or federal minimum age statutes, or when it is necessary to check evidence for honesty or a criminal record.

Massachusetts has a Division on Employment of the Aging within its Department of Labor and Industries. The Division works with employer and employee organizations, with private social work organizations, and with governmental departments on all matters relating to the rehabilitation and employment of the aging. The Division has the advice and assistance of a Council on Employment of the Aging. The Council works with the Assistant Commissioner in charge of the Division to accomplish the following functions:

- a. Develop through research and education a program to eliminate age as a barrier to employment;
- b. Institute a program to encourage employers to hire the aging;
- c. Compile for industry a list of jobs for which the aging have been found particularly suitable;
- d. Conduct studies on utilization of aging manpower in industry;
- e. Develop a sound program for expanding the work of the aging at home and in sheltered workshops;
- f. Develop a sound program in the rehabilitation and training of the aged;
- g. Develop a sound program for the community employment of the aging;
- h. Help to prepare the aging for retirement; and
- i. Recommend to the general court such legislation as it deems advisable for the employment of the aging.

Pennsylvania's Fair Employment Practices Act became effective November 28, 1955, but its provisions relating to discrimination on account of age did not become effective until July 1, 1956. Like the legislation in Massachusetts, the Act prohibits any employer, employment agency, or labor organization from discriminating against an individual because of his age. The law is not restricted to discrimination in hiring but also includes discrimination with respect to compensation, tenure, conditions or privileges of employment if the individual is the best able and most competent to perform the services required. Penalties include fines of up to \$500 and/or imprisonment for not more than thirty days.

New York is the most recent state to add an age provision to its anti-discrimination law. The new proviso became effective July 1, 1958, and like the legislation in Massachusetts and Pennsylvania it is intended to prohibit discrimination in employment on account of the individual's

age. Unlike the other two, however, the New York law is careful to distinguish between discrimination because the individual is "under" age, as opposed to discrimination because the person is "over" age. For example, it is illegal to advertise for an accountant under 35, but it is legal to advertise for one over 35. Another difference involves the definition of the term "age." Massachusetts and New York include those between 45 and 65, while Pennsylvania includes those between 40 and 62; however, New York permits any person with a grievance based on age to file a complaint.

There is little factual evidence to support the claims either of those who advocate laws against discrimination or of those who oppose them. A review of the annual reports issued by state commissions on discrimination reveals a much greater reliance on persuasion than on fines and other penalties. The reports are quite modest in their claims for success, acknowledging that it is impossible to measure the extent to which the legislation has reduced discriminatory practices in their states, but generally expressing confidence that the laws have had some beneficial effect in reducing the number of overt discriminatory practices.<sup>32</sup> The least that may be said for them is that they may persuade the employer and the labor union to review their practices in this regard with an eye to eliminating the more objectionable ones.

### III. COMPULSORY RETIREMENT POLICIES

Prior to the widespread adoption of private pension plans by American industry, employers generally found it difficult to justify a policy of automatically terminating employees who reached a given age. The relatively low level of Federal Social Security benefits unsupplemented by private retirement benefits meant that automatic termination of employees at a given age would not only cause extreme financial hardship in most cases, but would result in strong union and employee opposition, and much public criticism.

During the past decade pension plans financed and administered by employers and unions have expanded greatly. At the end of 1956 an estimated 15.2 million employees were covered under more than 15,000 private retirement plans.<sup>33</sup> The vast majority of these were established during and since World War II.<sup>34</sup> With the institution of private pension plans and the gradual liberalization of Federal Old Age and Survivors Insurance, the compulsory retirement of employees upon reaching the "normal retirement age" (65 in most cases) has become commonplace. Thus, for example, the National Industrial Conference Board in a survey of 327 companies with pension plans found that 158 companies employing over 66 per cent of the employees had mandatory retirement policies with few or no exceptions.<sup>35</sup> Of 100 collectively bargained pension plans covering approximately 3.3 million workers studied by the Bureau of Labor Statistics in 1957 and 1958, slightly over half included compulsory retirement provisions.<sup>36</sup>

A survey of retirement policies of selected Iowa firms by Mr. James T. Murphy, formerly Research Assistant in the Bureau of Labor and Management of the State University of Iowa, indicates that compulsory retirement is quite common in this state.<sup>37</sup> A questionnaire concerning retirement policies was sent to all Iowa firms employing more than 250 persons. The 135 questionnaires mailed yielded usable responses from 67 firms employing 70,289 persons. Of the 67 firms whose replies formed the basis for this study, 50 indicated that some or all of their employees were covered by a company or union sponsored pension plan in addition to Federal Old Age and Survivors Insurance. In the remaining 17 firms, employees were covered only by OASI.

Table I shows the prevalence of discretionary, automatic, or mandatory retirement policies in the 50 Iowa firms with private pension plans. The definitions of "discretionary," "automatic," and "mandatory" are those used in the National Industrial Conference Board Survey noted above, and are as follows:

1. The company permits the employee, upon reaching normal retirement age, to continue working as long as he is reasonably efficient and is physically able to perform his duties. This policy is designated as *discretionary* retirement.

2. The employee is automatically retired when he reaches a specific age unless he receives management approval to continue working or management requests him to remain because he has unusual skills or his services are essential. This is designated as *automatic* retirement.

3. The employee must retire when he reaches a specific age, with few or no exceptions allowed. Some authorities designate this policy as "compulsory retirement", while others use the terms "mandatory retirement." In this study, these two terms are used interchangeably. *Mandatory*, however, is the more popular designation at the present time.<sup>38</sup>

Of the 50 firms, 24 per cent (12 firms) had a policy of mandatory retirement at age 65 for all employees; 18 per cent (9 firms) had an automatic policy at this age, and 18 per cent (9 firms) had a discretionary policy at age 65. Twenty-six per cent (13 firms) had hybrid policies in the sense that retirement is discretionary for some employees in the firm and automatic or mandatory for others. (See Section B of Table I.) The differentiation in many cases is between salaried and hourly workers and between union and non-union personnel. Several miscellaneous policies, for all employees of a particular company are shown in Section C of Table I. These miscellaneous policies accounted for 14 per cent or 7 of the replying firms. All told, the survey of Iowa firms indicated that 21 of the 50 replying firms which had pension plans had a mandatory retirement policy for one or more classes of employees. Of the 17 replying firms with no private pension plan (i.e., those having only OASI coverage), all had a discretionary retirement policy. Thus,

TABLE I  
Prevalence of Discretionary, Automatic, or Mandatory Retirement  
Policies in 50 Iowa Companies with Private Pension Plans  
and OASI Coverage\*

PRACTICE REGARDING RETIREMENT	COMPANIES		NUMBER OF EMPLOYEES	PER CENT OF TOTAL EMPLOYEES
	Number	Per Cent		
TOTAL COMPANIES	50	100.0	70,298	100.0
A. For all employees:				
MANDATORY at age 65	12	24.0	9,980	17.2
AUTOMATIC at age 65	9	18.0	7,730	11.0
DISCRETIONARY at age 65	9	18.0	9,430	13.3

TABLE I Continued

PRACTICE REGARDING RETIREMENT	COMPANIES		NUMBER OF EMPLOYEES	PER CENT OF TOTAL EMPLOYEES
	Number	Per Cent		

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B. Differentiation among employees:				
Automatic at age 65, for salaried employees; no policy for hourly employees	1	2.0		
Discretionary at age 65 and mandatory at 70 for office employees; no policy on production employees	1	2.0		
Discretionary at age 65 and mandatory at 68 for union members; mandatory at 65 for non-union employees	1	2.0		
Mandatory at age 65 for management personnel; discretionary at age 65 for all other salaried personnel; automatic at age 68 for all hourly employees	1	2.0		
At age 65, mandatory for salaried employees and discretionary for union-hourly employees	1	2.0		
At age 65, automatic for salaried employees; discretionary for hourly employees	1	2.0		
Mandatory <i>by</i> age 72 for production and maintenance employees; no policy for others except in poor health	1	2.0		
Automatic at age 65 for factory employees (mandatory at 68 if extended); automatic at 65 for management personnel (no limit to extensions)	1	2.0		
Discretionary at age 65; mandatory at 70 for union-factory employees; no policy on office workers	1	2.0		
Discretionary at age 65 for union employees; automatic at 65 for non-union employees	1	2.0		
Mandatory at age 65 for office employees; discretionary at 65 for union employees	1	2.0		
Automatic at age 68 for all personnel except top executives	1	2.0		
Automatic at age 68 for office, factory, and supervisory personnel, except supervisory personnel must transfer to non-supervisory jobs at age 65	1	2.0		

TABLE I Continued

PRACTICE REGARDING RETIREMENT	COMPANIES		NUMBER OF EMPLOYEES	PER CENT OF TOTAL EMPLOYEES
	Number	Per Cent		
C. Miscellaneous, for all employees:				
Discretionary at age 65; mandatory at age 70	1	2.0		
Discretionary at age 65; automatic at 68; mandatory at 70	1	2.0		
Automatic at age 68	1	2.0		
Automatic at age 70	1	2.0		
Discretionary at an unspecified age	1	2.0		
No specific policy	1	2.0		
Policy not yet determined	1	2.0		
B plus C .....			34,092	48.5

\*Source: James T. Murphy, *Retirement Policies of Selected Iowa Firms* (unpublished), 1957, pp. 9-10.

21 of the total of 67 replying firms (31 per cent) had mandatory retirement policies for one or more classes of employees.

The National Industrial Conference Board Survey indicated a higher incidence of mandatory policies. Of the 327 firms employing 4,099,111 people in the NICB Survey, 158 had a mandatory policy for all employees, and an additional 37 firms had hybrid policies which involved mandatory retirement for certain classes of employees. (See Table II, p. 26.) Thus, a total of 195 companies out of 327 (60 per cent) had a mandatory retirement policy for one or more classes of employees.<sup>39</sup>

#### A. Reasons for and Implications of Compulsory Retirement

There is little doubt that the indiscriminate forced retirement of employees reaching a given age still causes financial hardship for many individuals despite public and private retirement benefits. In addition, compulsory retirement results in important losses of production to the nation and poses serious social and psychological problems for the individual. The issue of compulsory versus flexible retirement stems from the fact that flexible retirement policies, while desirable from the point of view of the nation and the individual employee is, in the view of many business leaders, not necessarily consistent with the objectives and needs of the individual *business enterprise*.

While the business enterprise feels itself under obligation to assume some degree of responsibility for the economic welfare of its superannuated employees who can no longer contribute fully to its needs, it is also under constant pressure to maintain a vigorous and dynamic work force and keep open its lines of promotion as an incentive for younger employees. To maintain a vigorous and dynamic work force while meeting its responsibilities to long service employees, business enterprise has utilized the formal pension plan. As Helen Baker has pointed out,

Most company annuity plans have been based on a compromise between the individual's goals and needs and company objectives. They offer the employee a degree of security in his old age, partly as a reward for continued satisfactory service over a long period of time and partly to make sure he will be ready to relinquish his job to a younger man when his efficiency declines. An annuity is both a reward for long service and a purchase of accumulated seniority rights.<sup>40</sup>

Much of the value of a pension plan to a company is lost, however, if individuals who are no longer fully competent choose not to retire voluntarily. Ideally, of course, a company would seek to retain its older but able and productive employees, while retiring only those whose competence no longer measured up to company requirements. The problem arises from the fact that with our present knowledge of personnel administration and human relations it is extremely difficult in practice to implement this type of "weeding out" policy.

Thus, a study of company retirement policies by Princeton University's Industrial Relations Section in 1952 indicated that employers who favor mandatory retirement do so because they believe it is easier to administer a pension program with a definite retirement age than one based on any other criteria. Further, they believe a mandatory policy to be essential to the maintenance of an efficient work force and reasonable promotional opportunities for younger men. Employers agreed without exception however, that 65 was not a scientifically determined best age for retirement. Rather, its widespread use in private pension plans prior to enactment of the present Social Security Act combined with its use in the latter made it a common age to settle upon in determining retirement policy.<sup>41</sup>

The problems which companies seek to avoid through consistently applied forced retirement were divided by the Princeton Study into two principal types: "(1) those resulting from the need to modify present jobs or find new jobs for workers unable to continue at their usual work, and (2) those involved in a determination of when and on what basis individual employees should be forced to retire." Employers were concerned that controversy on either of these two points might well cause a

**TABLE II**  
**Comparable Data of the Iowa and**  
**National Industrial Conference Board Survey<sup>x,y</sup>**

	IOWA SURVEY		NICB SURVEY	
Total Companies Replying to Questionnaire .....	67		327	
Total Employees Covered .....	70,298		4,099,111	
	Companies	Per Cent	Companies	Per Cent
<i>Type of Retirement Policy</i>				
MANDATORY	12	17.9	158	48.3
AUTOMATIC	12	17.9	50	15.3
DISCRETIONARY	21	31.4	80	24.5
HYBRID (which includes, in many cases, mandatory or automatic policies)	15*	22.4	37**	11.3
No stated policy	7***	10.4	2	.6
<i>Age of Retirement</i>				
<i>For All Employees</i>				
Mandatory at 65	12	17.9	111	33.9
Automatic at 65	9	13.4	****	****
Discretionary at 65	12	17.9		
Discretionary at some other date	9	13.4		
Automatic at some other date	3	4.5		
<i>Hybrid</i>				
See Table I for particular ages	15	22.4		
No Policy	7	10.4		

\*Taken from James T. Murphy, *Retirement Policies of Selected Iowa Firms* (unpublished), 1957, p. 23.

<sup>y</sup>Information on the National Industrial Conference Board Survey is taken from F. Beatrice Brower, *Retirement of Employees*, pp. 8-9.

\*Nine of these firms have a mandatory policy for a certain class of employee.

\*\*All of these firms have a mandatory policy for a certain class of employee.

\*\*\*Five of these apply to firms having only OASI coverage.

\*\*\*\*The remainder of the data are not strictly comparable.

deterioration in their firms' employee relations and union relations. They also emphasized the lack of easily measured and non-controversial criteria for the determination of deterioration of ability to work at acceptable efficiency.<sup>42</sup> Surveys by the National Industrial Conference Board and Tuckman and Lorge indicated much the same type of reasoning on the part of companies with compulsory retirement policies.<sup>43</sup>

While a non-discretionary compulsory retirement policy permits the company executive to avoid the above problems, it poses a number of others, some of them of national importance. An obvious problem is the loss of income sustained by the retired employee who has no other means of supporting himself and his family. If his pension is inadequate he must rely upon relatives, friends, and social agencies for relief until he can find another job. If he cannot find new employment because of his age he ceases to be a productive member of society. Thus, a personal problem becomes a national problem, and a personal loss becomes a national loss.

America cannot afford to waste its manpower resources. Yet it seems intent on doing so through the growing adoption of inflexible employment policies that exclude older job applicants and force the retirement of able employees.

### B. Needed Research

Employers who recognize the economic and social costs of forced retirement at a specific age, but who must also cope with day-to-day problems of administering a flexible retirement policy face a real dilemma. The resolution of this dilemma lies in developing criteria for retirement which are sufficiently convincing so as to enable the business enterprise to administer a flexible retirement policy without endangering the morale of its work force, disrupting its labor relations, or being labeled "hard hearted" or "unfair" by the community. Research to develop such criteria is urgently needed.

The surveys discussed above indicate that many companies do not follow a policy of automatic or compulsory retirement. Of these, some make a real effort to retire only those incapable of maintaining the required level of performance. Information concerning the approaches and experience of companies currently making a sustained effort to distinguish between employees for forced retirement purposes would be of great importance in developing more general objective and convincing criteria for retirement. Personnel officers, industrial psychologists and engineers, union officials, and industrial physicians associated with such companies have had to face daily the problems resulting from attempts to administer a flexible retirement policy. The knowledge and

experience of such individuals should be tapped. During the past several years significant work along this line has begun, and some results have recently been published, thus providing an excellent foundation for further research in this direction.<sup>44</sup>

Research should be carried out by means of (1) an examination of procedures used in administering flexible retirement programs, (2) intensive field interviews with company and union personnel responsible for administration of pension plans, and (3) interviews with employees to whom the flexible policies have been or shortly will be applied. An attempt should be made to integrate information obtained through these methods with existing knowledge from the fields of psychology and psychological testing, industrial medicine, physiology, industrial engineering, personnel administration, and labor relations, with a view to delineating and describing in a systematic manner the nature of the problems to which flexible retirement gives rise, the retirement criteria and procedures which have provided the best solutions to these problems, and the applicability of specific retirement policies, procedures, and criteria in varying economic and industrial situations.

#### IV. PREPARATION FOR RETIREMENT

Despite the fact that industry, the community, and the individual have much to gain by the continued employment of older workers, it may not be feasible in many cases for employees to continue to work beyond the normal retirement age. This may be due to significant declines in the the health or competence of aged employees, to the inability of particular firms to continue to employ individuals beyond normal retirement age, to temporary declines in the general level of employment, or to technological changes which make it difficult to retain or retrain older employees. In many instances employees genuinely desire to retire in order to have more leisure. Moreover, even though the future may see progress in increasing the possibilities of employment for older workers, there will come a time for most individuals when retirement is inevitable, though this may be a number of years beyond age 65.

The past several decades have seen much interest and research concerning the economic, social, physical, and psychological problems of aging and retirement. It has been generally recognized that the basic changes in one's way of life brought about by retirement pose serious problems of adjustment for the individual. Among the important problems faced by individuals upon retirement are maintenance of income; discovery of new occupations or social roles; finding opportunity for social contacts, companionship, and affection; maintenance of health; and procurement of suitable living arrangements. For many individuals retirement becomes a period of bewilderment, confusion, and frustration as they seek to retain or find useful roles, social contacts, and security.<sup>45</sup>

With the rapid growth of industrial retirement plans in the past ten years, and the inclusion of compulsory retirement provisions in many of these plans, there has been an increasing interest on the part of American industry and labor organizations in problems faced by their pensioners. As a result, a small but growing number of American companies and unions have undertaken programs aimed at helping their employees and members prepare for retirement.

It is not possible to generalize concerning the motivation behind such company programs, and opinions vary even among company executives as to whether such programs aimed at helping individuals prepare for retirement are legitimate and useful activities for American business enterprise. Many companies are undoubtedly motivated by enlightened self-interest in the sense that they feel they cannot afford to disregard the retirement problems of their former employees. As one company has stated,

A defeated, apathetic attitude on the part of retired individuals soon permeates the community and it isn't very long before members of the community point to the company from which Jones was retired with such statements as, "they certainly killed poor Jones retiring him like that." The cumulative adverse effect of such reaction is obvious.<sup>46</sup>

Other companies may establish programs largely for altruistic reasons, while some may do it merely because "it is the thing to do" if they are to keep up with the Jones Company. It seems likely, however, that programs to help employees bridge the gap from active working-lives to retirement can make a positive contribution in helping to solve some of the post-retirement problems faced by older workers, provided they are carefully related to the needs, desires, and capabilities of the particular individuals, are voluntary on the part of employees, and are within the competence and resources of the particular organizations instituting them.

#### A. Current Programs for Retirement Preparation

The actual number of companies and unions having some type of retirement adjustment program is not known. Nor is a great deal known concerning the content of such programs. Independent surveys indicate, however, that the number of programs in operation is growing. A 1950 survey by the Equitable Life Assurance Society found that of 355 companies questioned, 13 per cent had retirement indoctrination programs.<sup>47</sup> Of 70 companies responding to a questionnaire by Tuckman and Lorge in 1950 concerning retirement practices, 26, or 37 per cent, indicated that they had formal or informal programs.<sup>48</sup> A study in 1952 by Edwin Shields Hewitt and Associates, an independent consulting firm in the employee benefits field, indicated that approximately 54 per cent of 657 companies studied had programs of pre-retirement counseling, and the study by the National Industrial Conference Board published in 1955 found that 65 per cent of the 327 companies surveyed had some kind of pre-retirement counseling.<sup>49</sup> A survey by Professor Walter Corrie, formerly of the State University of Iowa's Institute of Gerontology, found that of 73 Iowa companies responding to a questionnaire on pre-retirement practices, 30 indicated they had some type of program.<sup>50</sup>

Unions too have become interested in developing pre-retirement programs for their members. One example is, "A Series of Forums to Help You Get the Most Out of Retirement," a service of the national AFL-CIO Community Services Committee in co-operation with the Community Chest and Council of Hennepin County, Michigan, and the

local AFL-CIO Community Services Committee. The Lansing, Michigan, AFL-CIO Industrial Union Council also has a program, and the Upholsterers International Union has inaugurated a counseling program conducted by the University of Michigan.<sup>51</sup> District 31 of the United Steelworkers Union and the University of Chicago sponsor a program entitled, "Your Pension and Retirement Days." This program consists of 12 to 14 weekly meetings of three hours duration built around a series of discussion topics, each of which covers a major retirement problem.<sup>52</sup> Other unions which have been active in this field are the Amalgamated Clothing Workers and the United Automobile Workers (AFL-CIO).

Industry and union pre-retirement efforts consist of various planned educational programs and retirement conditioning practices. Those organizations with the most fully developed pre-retirement programs have established formal educational sessions for employees approaching retirement. Some programs utilize individual counseling, while others are established on a group participation basis.

Retirement planning programs cover three principal areas—financial, emotional, and physical preparation for retirement.<sup>53</sup> Among the topics covered in these three main areas are medical aspects, social legislation, legal problems (wills and estates), mental hygiene, travel, religion, hobbies, family adjustments, housing and living arrangements, geographical location, gainful employment, education, community activity, "what others have done," recreational interests, and insurance. In conducting the pre-retirement counseling programs, companies generally utilize professional personnel workers. Sometimes certain specific problems are handled by counselors who are specialists in particular fields. Group programs may utilize specialized counselors from within or outside the company, such as lawyers, ministers, physicians, psychologists, and educators.

Programs may be established for specific groups such as employees who reach a certain minimum age, those within a specified number of years of retirement, certain designated work groups only, workers and supervisors separately, or the prospective retiree and his spouse. They are sometimes designated for the entire work force. Company programs begin at various points of time in the employee's career, in some cases commencing as much as ten years prior to the individual's normal retirement date. Usually, pre-retirement interviewing begins anywhere from half a year before retirement to the period just prior to retirement. Some students of the problem believe that starting a program ten years prior to retirement is sound, and that formal efforts should increase in frequency year by year. Generally, participation in pre-retirement pro-

grams is voluntary, thereby avoiding the "captive audience" or paternalism stigma.<sup>54</sup>

One of the best known industry programs for preparing employees for retirement is that of the ESSO Standard Oil Company. It has been described by Boyle as follows:

Esso conducts a discussion program for small groups (10-15) whose retirement is about a year off. It has three principal objectives:

1. To give each prospective annuitant a picture of the problem he is likely to face when he retires.
2. To stimulate organized thinking toward suitable post-retirement interests and activities.
3. To generate some action on plans before actual retirement.

Its five meetings have titles indicating the subject matter of each session: (1) What is Retirement? (2) Retirement and Your Health; (3) Planning for Retirement; (4) What Others Have Done; and (5) Round-Table of Plans.

Attendance is voluntary and on company time. An informal atmosphere is fostered. Conference leaders utilize cartoon-charts, graphic aids, blackboards, leader's outlines, and question and answer periods. Participants are given a notebook and a copy of *How to Retire and Enjoy It*, by Ray Giles. Each participant is encouraged to develop his own personal plan for retirement activity.<sup>55</sup>

Where companies do not desire to establish formal employee counseling or group discussion programs, or where employees do not evidence interest in such formal procedures, industry and labor can still make a contribution to retirement adjustment by encouraging various types of manual arts and hobby programs. These often lead to successful and sometimes profitable retirements and help build a backlog of interests to which the employee may turn to after he has retired. The Bell Telephone System, for example, has a permanent hobby committee which provides a counselor for any hobby if sufficient interest is shown. Consolidated Edison of New York also fosters numerous hobby clubs.<sup>56</sup>

Another type of activity helping employees prepare for retirement is that involving health education, including periodic physical examinations. The survey of 76 companies by Boyle indicated that approximately 45 per cent of the companies queried had health maintenance programs as preparation for retirement. He found that in the absence of other planned retirement conditioning efforts, a company's normal medical program plays an extremely important role. Often it is the only retirement preparation function provided in a company.<sup>57</sup>

In many cases preparation for retirement is limited to the distribution of printed materials such as the series of seven booklets prepared originally for General Motors by John Willard Reed entitled *My Time Is*

*My Time*. These emphasize the need for long-range preparation for retirement, and essentially are a series of "do-it-yourself" manuals on various aspects of retirement planning. McKesson and Robbins distributed to all its employees a brochure entitled *Life Begins at 65*, and Thompson Products has sent its employees a brochure, *Retirement Is What You Make It*, which deals primarily with financial matters and suggests things which may be done to start shaping one's own retirement plan. Company house organs sometimes approach the problem directly and are also used for the indirect impact of stories about retired employees and their successes.<sup>58</sup>

#### **B. Preparation for Retirement Programs Among Iowa Firms**

The recent exploratory survey by Walter S. Corrie, Jr., formerly of the State University of Iowa's Institute of Gerontology, indicates a substantial interest among Iowa firms in programs aimed at preparing employees for retirement. Professor Corrie mailed questionnaires to 153 Iowa companies in all parts of the state which employed 150 or more people. Of the 153 firms questionnaired, 73 or 47.9 responded.<sup>59</sup>

Thirty of the responding firms indicated that they had a pre-retirement counseling program at the time of the survey (February, 1957). While some 30 companies indicated that they had some type of program, 58 out of 69 firms indicated they felt there was a need for pre-retirement counseling in industry, some going so far as to say they felt it was a "must" or an "absolute necessity."

Among the Iowa firms engaging in retirement preparation activity, the area most often covered by the programs was the financial aspects of retirement. This concern is apparently uppermost in the minds of aging employees. Acquainting employees with what they can reasonably expect is one step toward acceptance of established standards. Next in importance in the subjects covered by Iowa programs was the problem of health, and third was the subject of employment after retirement. Corrie felt these offerings were in response to the wishes of the employees. Only 11 firms attempted to cover the psychological adjustments of retirement in their programs, and only 9 companies provided counseling on legal matters such as deeds, wills, contracts, insurance, and similar subjects.

Most of the Iowa firms had very limited programs. Twenty-seven firms had individual counseling with the older workers on a voluntary basis. Along with the individual counseling, some firms handed out printed materials. Four of the companies held periodic meetings in the course of which their counseling was conducted, two companies held lectures on retirement, while only one company made use of audio-

visual aids. One company said it used a combination of all of the foregoing methods of counseling.

In his questionnaire, Professor Corrie requested the firms to evaluate their own programs. In response to his request for a self evaluation, 24 firms indicated they were pleased with the operation of the programs. Six firms felt their programs were not functioning properly, primarily because the programs were not being carried out consistently or on a planned basis, or were not started early enough in the employee's career.

Those companies which were pleased with the operation of their programs felt that much of the success was due to the fact that the counseling was done on an individual basis, giving the individual an opportunity to ask a more personal type of question pertaining to his own circumstance.

In response to Professor Corrie's question as to what made for a successful pre-retirement counseling program, a number of firms replied as follows:

(1) Regular reviews at set intervals with the individual at an early enough date to allow time to work on some of his retirement problems. Informal discussions on all phases recommended. Make available to him facilities to discuss his problems with someone as his retirement date nears. Provide what assistance you can in an effort to solve his retirement problems.

(2) The employee must be genuinely interested. The program must be sincere and presented with the attitude of helpfulness and not the idea of compelling retirement. The persons conducting the conference and interviews must be mature individuals who have the liking and respect of the employee.

(3) (a) It should be tailored to fit the company involved; (b) It should be introduced tactfully; (c) It should be continuing and progressive; (d) It should include the employee's spouse; (e) It should consist of general group meetings followed by individual conferences; (f) It should have an effective means of follow-up and evaluation.<sup>60</sup>

### C. Additional Information and Discussion Needed

While all segments of American industry may not be agreed as to the appropriateness and value of pre-retirement programs, the increasing number of aged in our population, the need of older workers for guidance in planning for their post-employment years, and the great potential contribution which industry can make in providing such guidance indicate that there is a need for more information concerning what industry is currently doing in this area, and an exchange of ideas concerning practice and experience. It is through such exchange of ideas

that the best features of the various types of programs can be understood and put into operation.

Professor Corrie's survey indicated that there is very little communication or discussion among Iowa firms in regard to pre-retirement programs. Only 3 companies out of 73 who responded to his questionnaire indicated that they knew of any other company in their field or in a closely related field that had a pre-retirement counseling program.

A number of public and private agencies in Iowa are concerned in one way or another with problems of the older worker. To the extent that such agencies, either singly or in co-operation with one another, could sponsor conferences, institutes, or meetings dealing with pre-retirement practices (as well as with other matters relating to older workers), an opportunity would be provided for companies and unions to meet and exchange ideas concerning practice and experience.

The Bureau of Labor and Management of the State University of Iowa already sponsors a wide variety of short courses, institutes, and conferences for Iowa employers and unions which deal with industrial relations subjects of widespread interest. Conferences dealing with pre-retirement programs could be planned by the Bureau for the benefit of groups interested in developing programs of their own. Similarly, the Institute of Gerontology of the State University of Iowa is much interested in retirement problems, and might be able to develop conferences in the field of pre-retirement planning, possibly in co-operation with the Bureau of Labor and Management.

The Iowa Manufacturers Association and the Iowa Federation of Labor might serve not only as clearing houses for information dealing with pre-retirement practices, but might also be interested in including pre-retirement activities as a subject for their own meetings and conferences.

Various public agencies such as the departments of Social Welfare, Public Health, and Education, and Division of Vocational Rehabilitation might be approached to ascertain the relationship of pre-retirement programs both to their own activities and to the needs of older people which such programs can help to fulfill.

## Footnotes

1. The United States and Iowa civilian population figures for 1950 and for 1956 are taken from *Current Population Reports, Population Estimates*, Series P-25, No. 172, Bureau of the Census, U.S. Department of Commerce.
2. *Current Population Reports, Population Estimates*, Series P-25, No. 160. The 1970 projections include members of the armed forces stationed in the United States.
3. *Current Population Reports, Population Estimates*, Series P-25, No. 123.
4. U.S. Congress. Senate Committee on Labor and Public Welfare. *Studies of the Aged and Aging—Employment—Selected Documents*, Supplement to Volume IV, January, 1957, pp. 14-15.
5. *Job Performance and Age: A Study in Measurement*, Bureau of Labor Statistics Bulletin, No. 1203, September, 1956.  
*Older Workers Under Collective Bargaining, Part I, Hiring, Retention, Job Termination*, Bureau of Labor Statistics Bulletin, No. 1199-1, September, 1956.  
*Older Workers Under Collective Bargaining, Part II, Health Insurance, and Pension Plans*, Bureau of Labor Statistics Bulletin, No. 1199-2, October, 1956.  
*Pension Costs in Relation to the Hiring of Older Workers*, Bureau of Employment Security Publication No. E150, September, 1956.  
*Older Worker Adjustment to Labor Market Practices: An Analysis of Experience in Seven Major Labor Market Areas*, Bureau of Employment Security Publication No. R151, November, 1956.  
*Counseling and Placement Services for Older Workers*, Bureau of Employment Security Publication No. E152, September, 1956.
6. *Counseling and Placement Services for Old Workers*, pp. 3, 28.
7. *Ibid.*, pp. 29-30.
8. *Older Worker Adjustments to Labor Market Practices*, pp. 9, 30.
9. *Counseling and Placement Services for Older Workers*, pp. 4-5.
10. *Older Worker Adjustment to Labor Market Practices*, p. 31.
11. *Job Performance and Age*, pp. 25-26.
12. Melvin K. Bers, *Union Policy and the Older Worker*. Berkeley: Institute of Industrial Relations, University of California, 1957, p. 35.
13. *Older Workers Under Collective Bargaining, Part I, Hiring, Retention, Job Termination*, pp. 1-10.
14. *Older Worker Adjustment to Labor Market Practices*, p. 7.
15. G. Hamilton Crook and Martin Heinsteins, *The Older Worker*. Berkeley: Institute of Industrial Relations, University of California, 1958, pp. 34-35.
16. *Counseling and Placement Services for Older Workers*, pp. 47-48.
17. *Ibid.*, p. 45.
18. Wayne K. Kirchner and Marion D. Donnette, "Attitudes Toward Older Workers." *Personnel Psychology*, Summer, 1954, p. 257.
19. *Ibid.*, p. 264.
20. *Job Performance and Age*, p. 36.
21. John Corson and John McConnell, *Economic Needs of Older People*. New York: The Twentieth Century Fund, 1956, p. 64.
22. *Pension Costs in Relation to the Hiring of Older Workers*, p. 2.
23. *Counseling and Placement Services for Older Workers*, p. 62.
24. *Older Worker Adjustment to Labor Market Practices*, pp. 17-18.
25. *Ibid.*, p. 18.
26. *Job Performance and Age*, pp. 1-2, 25-36.
27. *Pension Costs in Relation to the Hiring of Older Workers*, pp. 23-24.
28. *Ibid.*, pp. 11-12.
29. *Ibid.*, p. 23.
30. *Ibid.*, pp. 20-22.

31. *Summary of Bills of Interest in the Field of Aging Introduced in the First Session, 85th Congress*. Prepared by Special Staff on Aging, Department of Health, Education, and Welfare, October, 1957.

32. For example, see report on "The Massachusetts Law Against Age Discrimination in Employment," in *Brightening the Senior Years*. Albany: New York State Joint Legislative Committee on Problems of the Aging, 1957, pp. 95-101.

33. Alfred Skolnik and Joseph Zisman, "Growth in Employee Benefit Plans," *Social Security Bulletin*, Vol. 21, March, 1958, pp. 9-10.

34. For a discussion of the evolution and characteristics of private retirement plans in the United States see Corson and McConnell, *op. cit.*, Chs. 9-11.

35. F. Beatrice Brower, *Retirement of Employees, Policies-Procedures-Practices*, Studies in Personnel Policy, No. 148. New York: National Industrial Conference Board, 1955, pp. 7-8.

36. Walter W. Kolodrubetz, "Characteristics of Pension Plans—An Analysis of the Principal Provisions of 100 Selected Pension Plans under Collective Bargaining, Winter 1957-58," *Monthly Labor Review*, Vol. 81, August, 1958, pp. 845, 852-853. For additional data concerning the prevalence of compulsory retirement provisions see, Bankers Trust Co., *A Study of Industrial Retirement Plans* (1956 Edition), New York, pp. 10-12. See also, Evan Keith Rowe, "The Older Worker—Insurance and Pension Plans," *Monthly Labor Review*, Vol. 80, January, 1957; Edwin Shields Hewitt and Associates, *Company Practices Regarding Older Workers and Retirement*. Libertyville, Ill., 1952, pp. 23-29.

37. The information on retirement policies among Iowa firms, and the comparison with the National Industrial Conference Board Survey given here are taken from Mr. Murphy's original manuscript (unpublished), *Retirement Policies Among Iowa Firms*. A summary of Mr. Murphy's manuscript was published by the Institute of Gerontology of the State University of Iowa as a supplement to the June, 1958, issue of its Bulletin, *Adding Life to Years*.

38. Brower, *op. cit.*, p. 7.

39. *Ibid.*, p. 8.

40. *Retirement Procedures under Compulsory and Flexible Retirement Policies*. Princeton: Industrial Relations Section, Princeton University, 1952, p. 8.

41. *Ibid.*, pp. 11-12.

42. *Ibid.*, p. 12.

43. Brower, *op. cit.*, pp. 10-16; Jacob Tuckman and Irving Lorge, "Retirement Practices in Business and Industry," *Journal of Gerontology*, Vol. 7, January, 1952, pp. 82-84.

44. Mathiasen, Geneva (Editor), *Flexible Retirement—Evolving Policies and Programs for Industry and Labor*. New York: G. P. Putnam's Sons, 1957.

45. Clark Tibbets, "Retirement Problems in American Society," *American Journal of Sociology*, Vol. 49, January, 1954, pp. 303-304. For a more extended treatment of retirement problems see Ruth S. Cavan, Ernest Burgess, Robert Havighurst, and Herman Goldhammer, *Personal Adjustment in Old Age*. Chicago: Social Science Research Associates, 1949.

46. As quoted in Charles P. Boyle, "Helping Employees Adjust to Retirement—I. A survey of Pre-Retirement Practices in Industry," *Personnel*, Vol. 29, November, 1952, p. 262.

47. As cited in Mathiasen, *op. cit.*, p. 118.

48. Tuckman and Lorge, *op. cit.*, pp. 82-86.

49. Edwin Shields Hewitt and Associates, *op. cit.*, pp. 10-15; Brower, *op. cit.*, pp. 31-36.

50. "Pre-Retirement Counseling Programs in Iowa Business and Industrial Firms," *Adding Life to Years*, Bulletin of the Institute of Gerontology, State University of Iowa, Supplement to issue of February, 1958.

51. Mathiesen, *op. cit.*, p. 130.

52. *AFL-CIO Education News and Views*, Vol. 3, February, 1958, pp. 3, 15.
53. Much of the following discussion is taken from Charles Boyle's "Helping Employees Adjust to Retirement—I. A Survey of Pre-Retirement Practices in Industry." Mr. Boyle's article is based on his survey of retirement practices among 76 firms.
54. *Ibid.*, pp. 270-272.
55. *Ibid.*, p. 273.
56. *Ibid.*, p. 266.
57. *Ibid.*, pp. 266-267.
58. Mathiasen, *op. cit.*, p. 128.
59. The following discussion of pre-retirement practices is a summary of Professor Corrie's findings as they appeared in "Pre-Retirement Counseling Programs in Iowa Business and Industrial Firms."
60. *Ibid.*, p. 5.

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