DOCUMENT RESUME

ED 220 724 CE 033 969

AUTHOR	Anderson, Kathryn H., Ed.; And Others
TITLE	Retirement Policy: Planning for Change. Information Series No. 242.
INSTITUTION	ERIC Clearinghouse on Adult, Career, and Vocational Education, Columbus, Ohio.
SPONS AGENCY	National Inst. of Education (ED), Washington, DC.
PUB DATE	82
CONTRACT	400-81-0025
NOTE	67p.
AVAILABLE FROM	National Center Publications, National Center for Research in Vocational Education, 1960 Kenny Road, Columbus, OH 43210 (IN242, $5.75).
EDRS PRICE	MF01/PC03 Plus Postage.
DESCRIPTORS	Adult Education; Career Choice; Educational Planning; Employment Practices; *Federal Legislation; Labor Force; Labor Problems; *Labor Supply; Occupational Mobility; *Older Adults; Preretirement Education; Program Design; *Public Policy; *Retirement; *Retirement Benefits; Vocational Education; Vocational Education Teachers

ABSTRACT

This compilation of four papers examines past and current retirement policies for the elderly and the implications of these policies for labor supply job choice, and educational planning for the elderly. The first paper, by Jennifer Warlick, presents a review of past federal policies on retirement and a discussion of proposed policy changes. Richard Burkhauser, in the second paper, focuses on the effect of retirement policies on labor force participation and labor supply behavior; recommendations of three presidential commissions on work-related issues are discussed. The third paper, by Tabitha Doescher and John Turner, analyzes job choice and the effect of pension policies on occupational mobility. In the last paper Alan Sheppard discusses the need for vocational educators to design effective programs to support and retrain the elderly during this period of transition. Finally, conclusions drawn from the four papers are presented: (1) federal policies affecting the elderly have never been coordinated and program goals never specified; (2) business and government policies penalize older people who want to work; and (3) policies have generally overlooked vocational education as an important support for the elderly. An extensive bibliography concludes the document. (CT)

ED222724

RETIREMENT POLICY:

PLANNING FOR CHANGE

INFORMATION SERIES NO. 242

Kathryn H. Anderson
Editor
Vanderbilt University

Jennifer L. Warlick
University of Notre Dame

Richard V. Burkhauser
Vanderbilt University

Tabitha A. Doescher
U.S. Postal Service

John A. Turner
U.S. Department of Labor

N. Alan Sheppard
Virginia Polytechnic Institute and State University

The ERIC Clearinghouse on Adult, Career, and Vocational Education
The National Center for Research in Vocational Education
The Ohio State University
1960 Kenny Road
Columbus, Ohio 43210

1982

THE NATIONAL CENTER MISSION STATEMENT

The National Center for Research in Vocational Education's mission is to increase the ability of diverse agencies, institutions, and organizations to solve educational problems relating to individual career planning, preparation, and progression. The National Center fulfills its mission by:

- Generating knowledge through research
- Developing educational programs and products
- Evaluating individual program needs and outcomes
- Providing information for national planning and policy
- Installing educational programs and products
- Operating information systems and services
- Conducting leadership development and training programs

For further information contact:

Program Information Office
National Center for Research in Vocational Education
The Ohio State University
1960 Kenny Road
Columbus, Ohio 43210

Telephone: (614) 486-3655 or (800) 848-4815
Cable: CTVOCEDOSU/Columbus, Ohio
Telex: 8104821894

FUNDING INFORMATION

Project Title:	ERIC Clearinghouse on Adult, Career, and Vocational Education
Contract Number:	NIE-C-400-81-0025
Educational Act Under Which the Funds Were Administered:	41 USC 252 (15) and PL 92-318
Source of Contract.	U.S. Department of Education National Institute of Education Washington, D.C. 20208
Contractor:	The National Center for Research in Vocational Education The Ohio State University Columbus, Ohio 43210
Executive Director:	Robert E. Taylor
Project Director:	Juliet V. Miller
Disclaimer:	This publication was prepared pursuant to a contract with the National Institute of Education, U.S. Department of Education. Contractors undertaking such projects under government sponsorship are encouraged to express their judgment in professional and technical matters freely. Points of view or opinions do not, therefore, necessarily represent official National Institute of Education position or policy.
Discrimination Prohibited:	Title V of the Civil Rights Act of 1964 states: "No person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal assistance." The ERIC Clearinghouse project, like every program or activity receiving financial assistance from the U.S. Department of Education, must comply with these laws.

This publication was prepared with funding from the National Institute of Education, U.S. Department of Education, under Contract No. NIE-C-400-81-0025 . The opinions expressed in this report do not necessarily reflect the position or policies of NIE or the Department of Education.

TABLE OF CONTENTS

Page

LIST OF TABLES v

FOREWORD vii

EXECUTIVE SUMMARY ix

INTRODUCTION 1
by Kathryn H. Anderson

WANTED: A COMPREHENSIVE NATIONAL RETIREMENT POLICY 3
by Jennifer L. Warlick

The Need for a Comprehensive Retirement Policy 3
Federal Statutes and Programs Defining Retirement Policy 5
Current Policies as a Blueprint for National Retirement Policy 12
Conclusion 15
Notes 16

EFFECTS OF ACTUAL AND ANTICIPATED POLICY CHANGES ON RETIREMENT 19
by Richard V. Burkhauser

Thirty Years of Program Growth and Labor Supply Reduction 19
Economic Analysis of the Retirement Choice 21
Retirement Reform Proposals 26
Conclusion 28

PENSIONS, JOB MOBILITY, AND PRERETIREMENT PLANNING 29
by Tabitha A. Doescher and John A. Turner

Retirement Income Plans 29
Pension Features Affecting Labor Mobility 31
Pension Plans and Individual Employment Decisions 33
Conclusion 36

NEW DIRECTIONS IN RETIREMENT POLICY: IMPLICATIONS FOR VOCATIONAL EDUCATION 39
by N. Alan Sheppard

Introduction 39
The Problem 39
Characteristics of Older Workers and the Design of Vocational Training Programs 40

CONTENTS (Continued)

Page

Vocational Education and Older Adults—Current Perspective 42
The Role of Vocational Education in Serving Older Adults 43
Implications for Vocational Education 44
Issues Surrounding Vocational Education for Older Adults.............................. 46
Summary and Conclusions.. 47

CONCLUSION 49
by Kathryn H. Anderson

REFERENCES 51

LIST OF TABLES

Page

TABLE 1. FEDERAL PROGRAMS DEFINING RETIREMENT POLICY 11

TABLE 2. PROGRAM EXPENDITURES AND WORK EFFORT, 1950 TO 1980 20

TABLE 3. WORK EFFORT OF WOMEN FROM 1950 TO 1980 AT DIFFERENT AGES......... 21

TABLE 4. LABOR SUPPLY ANALYSIS OF OLD AGE AND SURVIVORS INSURANCE 23

FOREWORD

The Educational Resources Information Center Clearinghouse on Adult, Career, and Vocational Education (ERIC/ACVE) is one of sixteen clearinghouses in a nationwide information system that is funded by the National Institute of Education. One of the functions of the Clearinghouse is to interpret the literature that is entered into the ERIC database. This paper should be of particular interest to adult education, career education, and vocational education practitioners and decision makers; to preretirement planners; to individuals involved in aging programs at local, state, and national levels; and to personnel directors in business and industry.

The profession is indebted to Kathryn H. Anderson, Vanderbilt University; Jennifer L. Warlick, the University of Notre Dame; Richard V. Burkhauser, Vanderbilt University; Tabitha A. Doescher, U. S. Postal Service; John A. Turner, U. S. Department of Labor; and N. Alan Sheppard, Virginia Polytechnic Institute and State University, for their scholarship in the preparation of this paper.

Dr. Anderson is Assistant Professor of Economics at Vanderbilt University. Previously she served as a Postdoctoral Fellow, Economic Growth Center, Yale University. Her research interests include the areas of applied labor economics and demographic economics. Currently, she is engaged in a study of health and retirement decisions among the elderly in the United States.

Dr. Warlick is Assistant Professor of Economics at the University of Notre Dame. From 1976-1979, she served as an economist in the Office of Income Security Policy, U. S. Department of Health, Education and Welfare, where she was responsible for the formulation and evaluation of policy regarding social insurance and income maintenance for the aged and disabled. From 1979-1982, Dr. Warlick was an Assistant Professor of Economics and Research Associate at the Institute for Research on Poverty, the University of Wisconsin. Her current research focuses on the effects of the Social Security Disability Program on the labor supply of older workers and on the impact of raising the normal retirement age under Social Security.

Richard V. Burkhauser is Assistant Professor of Economics and a member of the Institute for Public Policy Studies at Vanderbilt University. He has written extensively on the economic effects of government programs. In 1982, he coauthored *Disability and Work: The Economics of American Policy* (Johns Hopkins Press), coedited *A Challenge to Social Security: The Changing Roles of Women and Men in American Society* (Academic Press), and published articles in the *American Economic Review* and the *Journal of Political Economy*.

Dr. Doescher is currently Principal Economist with the Office of Economics, Planning Department, U. S. Postal Service. Prior to joining the Postal Service, she was employed as an economist with the Pension and Welfare Benefit Programs, U. S. Department of Labor. Much of Dr. Doescher's research focuses on women in the American work force, in particular the relationship between female fertility, labor force participation, and occupational choice. In addition, Dr. Doescher is involved in studies of the Postal Service labor force.

Dr. Turner works for the U.S. Department of Labor doing research on social security and private pensions. Formerly he was employed by the Social Security Administration. He has published articles in the *Journal of Political Economy*, the *American Economic Review*, *Economic Inquiry*, the *National Tax Journal*, and *Public Finance Quarterly*. His research interests include life-cycle labor supply effects of Social Security and private pensions, the effect of inflation on private pensions, and Social Security financing.

Dr. Sheppard serves as Associate Professor of Education and Coordinator of the Northern Virginia graduate program in vocational and technical education, Virginia Polytechnic Institute and State University. From 1972-1980, Dr. Sheppard served as Staff Director of the Federal Council on the Aging, U. S. Department of Health, Education and Welfare. He has written and published widely in numerous scholarly journals, monographs, and textbooks.

Recognition is also due to Carl S. Brache, the University of Michigan; to Joseph F. Quinn, Boston College; and to Sandra Pritz and Jill F. Russell, the National Center for Research in Vocational Education, for their critical review of the manuscript prior to its final revision and publication. Susan Imel, Assistant Director at the ERIC Clearinghouse on Adult, Career, and Vocational Education, coordinated the publication's development. She was assisted by Sandra Kerka and Catherine Thompson. Catherine Smith and Carmen Smith typed the manuscript, and Janet Ray and Marilyn Deal served as word processor operators. Editing was performed by Janet Kiplinger of the National Center's Editorial Services.

Robert E. Taylor
Executive Director
The National Center for Research
in Vocational Education

EXECUTIVE SUMMARY

This compilation of four papers examines past and current retirement policies for the elderly and the implications of these policies for labor supply, job choice, and educational planning for the elderly. The first paper, by Jennifer Warlick, presents a review of past federal policies on retirement and a discussion of proposed policy changes. Richard Burkhauser, in the second paper, focuses on the effect of retirement policies on labor force participation and labor supply behavior; recommendations of three presidential commissions on work-related issues are discussed. The third paper, by Tabitha Doescher and John Turner, analyzes job choice and the effect of pension policies on occupational mobility. In the last paper Alan Sheppard discusses the need for vocational educators to design effective programs to support and retrain the elderly during this period of transition. Finally, conclusions drawn from the four papers are presented: (1) federal policies affecting the elderly have never been coordinated and program goals never specified; (2) business and government policies penalize older people who want to work; and (3) policies have generally overlooked vocational education as an important support for the elderly. An extensive bibliography concludes the document.

Literature relating to the topic of retirement policies and their implications for labor supply, job choice, and educational planning for the elderly can be found in the ERIC system under the following descriptors: *Older Adults; *Retirement; *Retirement Benefits; Adult Education; *Labor Supply; Career Choice; Educational Planning; *Federal Legislation; Labor Force; Occupational Mobility; Vocational Education Teachers; Program Design; Vocational Education; Labor Problems. Asterisks indicate descriptors having particular relevance.

INTRODUCTION

Kathryn H. Anderson
Vanderbilt University

Since the Great Depression, the federal government has taken an active role in promoting the welfare of individuals who are elderly. Prior to the introduction of the Social Security system, a large cohort of young and middle-aged workers was able to support (through public assistance) a much smaller cohort of the elderly. The elderly were encouraged to retire from the labor force while still productive, in order to make jobs available to an underutilized youth population. Responsibility for care of the elderly was shifted from the family to the government.

The long-range implications of these government policies were never fully analyzed, largely because the population changes that occurred after World War II were not anticipated. After World War II, people found that they could afford to start or augment their families, and the United States population bulged. Continued economic growth and expanding employment opportunities for women in the 1960s, however, created an environment less conducive to rearing large numbers of children. The market wages of women rose relative to the market wages of men, and women of all ages increasingly chose marketplace work over full-time housework; as a result, women desired smaller families. The effect of employment on desired family size, as well as improvements in birth control technology, caused fertility rates to decline. The population began to age as a result of fewer births and the improved health of the elderly. Today, the average life expectancy is seventy-three years, and the percentage of the total population aged sixty-five and over is expected to increase from 10 percent in 1976 to almost 20 percent by the year 2025.

The aging of the population is not a trivial matter. A smaller base of workers is being asked to maintain, or even increase, the welfare level of a bulging elderly population. Under such a scenario, a question is raised as to whether it makes sense to encourage productive elderly Americans to accept early retirement. The costs borne by the young and middle-aged working populations may be considered too large. Perhaps national policies for the elderly need to be refocused to consider the new realities of changing demographics and improvements in health.

The purpose of this publication is to examine past and current policies regarding the elderly, and the implications of these policies for labor supply, job choice, and educational planning for the elderly. The publication contains four papers, each focusing on a different aspect of the policy issue.

In the first paper, Jennifer Warlick presents a review of past federal policies towards retirement and a discussion of proposed policy changes. Past federal policies have responded to particular problems; no comprehensive, unified retirement policy has ever been formulated. Inconsistencies and overlap among policies have resulted in a plethora of costly programs and an inefficient approach to welfare maintenance.

In the second paper, Richard Burkhauser focuses on the effect of retirement policies on labor force participation and labor supply behavior. The most striking fact presented is that the

participation rate of men aged sixty-three to sixty-five has declined from 80 percent in 1950 to 52 percent in 1980. The Social Security system bears much responsibility for this dramatic change in behavior. Burkhauser notes that, given the increased length of life and the slow rates of population growth projected for the future, policies should encourage, not discourage, labor force participation. He also discusses the recommendations of three presidential commissions on work-related issues.

In the third paper, Tabitha Doescher and John Turner analyze job choice and the effect of pension policies on occupational mobility. In an environment of slow labor force growth, removal of barriers to occupational and job mobility encourages older workers to remain in the labor force and results in a gradual transition toward total retirement. Barriers to mobility include the vesting arrangements under company pension plans. Current changes in the tax laws that allow individuals to deduct $2,000 per year for contributions to Individual Retirement Accounts should lessen the impact of strict vesting arrangements and encourage job transition.

Finally, Alan Sheppard discusses the need for vocational educators to design effective programs to support and retrain the elderly during this period of transition. The elderly can and should continue to be productive workers. Rather than encouraging the elderly to retire, we should encourage them to prolong their work lives through programs emphasizing retraining, and educational and employment opportunities.

WANTED: A COMPREHENSIVE NATIONAL RETIREMENT POLICY

Jennifer L. Warlick
University of Notre Dame

The United States is without an explicit statement of national retirement policy. Four major pieces of federal legislation, the oldest dating back to 1935, and a handful of tax provisions authorize more than 130 programs for the aged and form the essence of national retirement policy.[1] But these separate pieces of legislation did not evolve into, and do not represent a systematic attempt to develop a comprehensive retirement policy. For the most part, they are responses to the exigencies of their times.[2]

During previous periods of a prosperous economy and seemingly unlimited resources, the absence of a national blueprint for policy toward the aging was not especially problematic. More recently, however, public attention has been brought to focus on existing policy by a series of events, including the threat of an insolvent Social Security system, the aging of America, and the desire to slow the growth of government spending to reduce large deficits. These events have raised significant questions about our national policy toward aging: What are the rights of the elderly to work? Should the government subsidize retirement prior to age sixty-five, encourage and facilitate increased labor force participation among those sixty-five and older, or assume a position of neutrality? What level of income support should be provided and to whom? What other services should be provided at the expense of the public? What roles should the public and private sectors and the family play in the provision of retirement income and services? How should the cost of these policies be allocated between the aged and the nonaged, the rich and the poor?

The purpose of this chapter is to review current legislation and programs for the aged to determine if they provide adequate answers to these questions. This review reveals that policies regarding a single issue are sometimes inconsistent and contradictory across the separate pieces of legislation. Moreover, many of these important questions are not addressed directly and consequently their answers must be inferred. These findings are explained by the failure of policymakers to assign priority to the goals of retirement policy and coordinate alternative strategies to their attainment. They also highlight the tendency of the policy process to react to, rather than anticipate, questions of retirement policy.

The organization of this chapter is as follows. The first section elaborates on the need for a unified, comprehensive retirement policy. A brief description of the major federal statutes and programs defining current retirement policy follows. Readers familiar with these statutes and programs may omit this section without loss of continuity. In the final section the implications of current policy for the questions just raised are analyzed. A brief conclusion follows.

The Need for a Comprehensive Retirement Policy

The need for a unified, consistent, and comprehensive retirement policy may never have been greater than at present. The national economy has grown sluggish in the face of

persistently high interest and inflation rates. Labor productivity has declined, and unemployment levels have risen to their highest point since the Great Depression. The federal budget deficit has swollen to record levels, displacing inflation and unemployment as public enemy number one. In an effort to relieve budgetary pressures, federal programs are being slashed. Hardest hit are the means-tested income transfer and employment training programs (Aid to Families with Dependent Children, Food Stamps, CETA jobs). But these budget cuts, which threaten to undo a decade of war on poverty, fall most harshly on the nonaged poor (Danziger in press). Thus far, stiff public resistance to proposals to trim the Social Security program has spared this and other federal programs for the aged from the budget scissors. That the aged can maintain this special status is questionable, however. Between now and the end of the century, the population sixty-five and over is expected to increase by 40 percent. Around the year 2010 the size of the elderly population will virtually leap forward as the baby boom reappears as a senior boom. In 1976, one of every ten Americans was sixty-five or older, but by the year 2030, this rate will rise to one in five (Siegel 1979). More important, the ratio of workers to retired citizens is expected to rise from six to one today, to three to one by 2030 (Califano 1978).

These numbers are important for two reasons. First, the sheer increase in the absolute size of the aged population indicates that federal expenditures must grow significantly if current programs are to be maintained.[3] Second, they imply that an ever increasing share of the federal budget will be committed to the aged. Expenditures for the aged accounted for only 13 percent of total federal outlays in fiscal year 1960. This share had risen to 31 percent by fiscal 1979 and is projected to reach 40 percent by 2025 (Califano 1978; Samuelson 1978). Although there have been no formal proposals to impose a maximum legal limit on this share, the stage is set for what might be termed an era of zero-sum politics of aging (Hudson 1978). To date, the growing demands for more spending for the aged have not been accompanied by an assertion that other groups should receive less. If, however, resources do not expand in step with demand and if attempts to meet the demand are made, then the share of federal expenditures flowing to other groups will unavoidably decrease. The favored position that the elderly have enjoyed as a policy constituency will dissolve as widespread sympathy for their situation gives way to fiscal pressures and younger age groups compete to increase their share of national output (Hudson 1978; Schuck 1979; Schulz 1980).

Aware of the potentially undesirable social and economic consequences of an aging population, the nation's experts in the field of aging have attempted to avert a crisis through careful analysis and planning. As is typical of this policy area, not one but several governmental commissions were created: the President's Commission on Pension Policy, the National Commission on Social Security, the 1979 Advisory Council on Social Security, the Universal Social Security Coverage Study Group, and the Social Security Task Force on the Changing Roles of Men and Women.[4] As their names imply, the focus of these commissions was on retirement income policy. In several instances, they addressed identical policy issues but recommended different courses of action. Unfortunately, neither the Congress nor the Reagan administration saw fit to provide a forum at which the merits of the various recommendations might be discussed and their differences reconciled.

While retirement income goals and issues dominated the special commissions, a broader spectrum of retirement issues was aired at the 1981 White House Conference on Aging. The Conference brought together persons of vastly different backgrounds and persuasions who were loosely tied by a common interest in aging, but who retained their loyalties to specific subgroups of the aged and their causes. As a consequence, the Conference failed to produce a unified blueprint for comprehensive national retirement policy. Thus, despite the many hours devoted to questions of retirement policy over the past several years, we are no closer to an explicit statement of priorities than we were five years ago. We have not significantly advanced our

understanding of the ways in which each component of current retirement policy complements or contradicts another or of their cumulative impact on the behavior of individuals.

Federal Statutes and Programs Defining Retirement Policy

The Social Security Act of 1935

The cornerstone of United States retirement policy is the Social Security Act. Separate titles of this single piece of legislation authorize the Old Age, Survivors, and Disability Insurance (OASDI) programs (Title II), the Supplemental Security Income (SSI) program (Title XVI), Medicare (Title XVIII), Medicaid (Title XIV), and social services (Title XX).[5]

Old Age and Survivors Insurance (OASI). The original Social Security Act was passed in 1935 and created a program of old age pensions for retired workers known as Old Age Insurance (OAI) and a federal-state system of unemployment insurance. Although the financial circumstances of the elderly were a motivating concern, of greater concern was the high unemployment rate among able-bodied prime age men. OAI was viewed as a way of inducing older workers to retire, thus freeing up jobs for younger workers (Altmeyer 1968; Schulz 1980). The original act has been amended subsequently to provide survivors' and dependents' benefits (OASI 1939); to provide insurance against the economic consequences of disability (OASDI 1956); and to extend coverage to classes of workers initially excluded.[6] Today, 90 percent of the working population is covered by Social Security and the majority of those not covered are government employees with other pension coverage (Munnell 1977).

To be eligible for retirement benefits, a worker must have worked in covered employment for a required number of calendar quarters.[7] Workers satisfying coverage requirements are entitled to basic retirement benefits at age sixty-five. Workers may elect to receive benefits as early as age sixty-two, but the benefits are reduced, reflecting the fact that they will be paid over a longer period of time. The reduction is actuarially fair for most workers; that is, the present value of all future benefits is the same at any age of first receipt between sixty-two and sixty-five.[8] A worker may also elect to delay receipt of benefits until age seventy-two if he or she continues to work. In this event, benefits are increased for each year between ages sixty-five and seventy-two that benefits are not drawn, but the increment is less than actuarially fair; such individuals cannot hope to recoup foregone benefits over their remaining lifetimes.[9]

Retirement benefits are based on the average of annual earnings up to a maximum over the worker's lifetime. This average is indexed to median wages for the covered population in the year the individual reaches age sixty. The indexing is designed to compensate for general increases in real wages that would otherwise give an advantage to younger workers. Once average index monthly earnings (AIME) are calculated, the full retirement benefit, known as the primary insurance amount (PIA), is determined by application of a benefit formula specified by law. The benefit formula is progressive: the percentage of AIME replaced by benefits declines as average earnings rise.[10]

The adequacy of retirement benefits so determined is frequently judged by standards based upon the concept of replacement rates, that is, the percentage of preretirement earnings replaced by PIA. The implicit goal is maintenance of preretirement standards of living. AIME is commonly taken as the measure of preretirement earnings, although other definitions, such as the average of the highest five years of earnings, are sometimes employed. Congress adopted the replacement rate standard in its 1977 amendments to the Social Security Act that made basic changes in the way average earnings and benefits are calculated. Target replacement rates for

hypothetical low, average, and maximum wage earners were set at 56, 43, and 29 percent respectively. Schulz et al. (1974) argued that these targets are too low and that the appropriate replacement rate for a middle income worker is in the range of 65 to 70 percent. Fox (1979) estimated actual replacement rates with data from the Retirement History Survey and found that the average replacement rate for retired couples was only 68 percent of its target level.

Benefits actually received may not equal the PIA for several reasons. As noted previously, benefits are reduced for early retirement and are increased for delayed retirement. Similarly, benefits are decreased if a worker earns above specified limits. The provision that limits the earnings a worker may receive and still be entitled to retirement benefits is known as the retirement test. Espoused by the original legislation, this provision is specifically intended to encourage older workers to retire from their jobs by dramatically increasing marginal tax rates on earnings.[11] If credits for delayed retirement were actuarially fair, the earnings test would not achieve its desired affect. Older workers choosing to remain at work would be compensated for the loss of current benefits by an equivalent increase in future benefits. But, because delayed retirement credits are not actuarially fair, the work test appears to have pronounced effects on work decisions (Burkhauser 1980).

Social Security benefits are increased if the worker is married or has dependent children. Noncontributory benefits equal to one-half of the retired worker's benefit are available to spouses (the vast majority of whom are women) and to each child under age sixteen, except that the total family benefit may not exceed 175 percent of the worker's PIA. In addition, a minimum benefit is provided to workers who would be eligible for only very low benefits on the basis of their earnings records, and a larger special minimum is available to workers holding low wage jobs for many years.[12] A special "age seventy-two" benefit is also available to persons attaining age seventy-two before 1972 who do not satisfy normal coverage requirements but have spent some time in covered employment (U.S. Department of Health, Education and Welfare 1978).

Benefits are financed by a payroll tax shared by employee and employer on earnings up to a specified maximum.[13] These contributions flow directly as benefits to the retired population (pay-as-you-go funding). Surplus contributions are placed in trust funds. Total reserves are equal to less than one year's disbursements. Thus, unlike private insurance programs, OASI is unfunded; it does not maintain reserve funds sufficient to meet its obligation to current workers.

Supplemental Security Income. Supplemental Security Income (SSI) is a federal program of guaranteed cash assistance to the aged, blind, and disabled. It was enacted by Congress in 1972 and implemented in January 1974, replacing the states' programs of aid to the aged, blind, and disabled. To be eligible, an aged individual must be at least sixty-five years old and have income and assets less than specified limits. The size of the benefit to which an individual is entitled is determined by subtracting other income received by the individual from the SSI guarantee. The amount of the benefit decreases as other income rises. Not all kinds of income are counted in this procedure. Specifically, the treatment of earnings under SSI is similar to that under OASI. After an initial disregarded amount ($780 annually), each additional dollar of earnings reduces benefits by $0.50. Social Security benefits, other government cash transfers, and all other types of income (in significant amounts) offset SSI benefits dollar for dollar. Thus, SSI is truly an income supplement available only when income from other sources is inadequate to ensure minimal consumption standards. Benefits are totally divorced from earnings histories and are financed entirely out of general revenues. Approximately $2.6 billion in SSI benefits were transferred to an average monthly caseload of 1.8 million aged persons (9 percent of the aged population) in 1980.

Medicaid. Medicaid is a joint federal-state program established in 1966 to encourage and enable each state, at its option, to furnish medical assistance to low income people. Coverage is not restricted to aged persons but may include members of families with dependent children, the blind, and the disabled. The program is state administered, and each state establishes its eligibility criteria and the range of services covered within federal guidelines and subject to federal review. In a majority of states, aged persons receiving SSI are automatically eligible for Medicaid. In sixteen states, however, the aged must qualify for medical assistance by spending on medical care that portion of their income that is in excess of the medical assistance standard. The federal share of a state's Medicaid payments is derived from a formula based on the state's per capita income. The federal share currently ranges from 50 to 83 percent and averages 54.5 percent nationwide. The federal share is financed from general revenues on an open-ended basis. Approximately 3.4 million persons aged sixty-five and over received medical services valued at $6.4 billion in fiscal year 1977. Medicaid is the major source of public funds for long-term, nonacute institutional care. In 1980, almost half of all Medicaid expenditures were for long-term care (U.S. Department of Health and Human Services 1982).

Medicare. Medicare was enacted in 1965 and implemented on July 1, 1966, as a federal insurance program to protect the aged from the high costs of health care. Rather than providing direct medical care, the program reimburses for care received from private sector providers. There are two parts to the program: Hospital Insurance (HI or Part A), which is financed by a compulsory, earmarked payroll tax on employers and employees (1.3 percent each in 1981); and Supplemental Medical Insurance (SMI or Part B), which is financed through individual premium payments ($11 monthly in 1982) and contributions out of general revenues.

HI covers all persons sixty-five or over who are entitled to either OASDI or railroad retirement benefits, or who reached age sixty-five before July 1966. Aged persons not satisfying either of these conditions may enroll by paying a premium rate actuarially determined to meet the expected cost of their protection. Nearly 25 million Americans aged sixty-five and over were enrolled in HI in 1979. The primary benefit under HI is inpatient hospital services. Other benefits (home health care and skilled-nursing services) are furnished only after the patient has been hospitalized for three days. Beneficiaries are required to pay an inpatient hospital deductible ($204 in 1981) for each period of hospitalization and to share the cost (co-insurance) of extended hospital care (beyond sixty days), posthospital extended care in a skilled-nursing facility, or home health services. Reimbursements for more than 11 million claims totalled almost $17 billion in 1979 (U.S. Department of Health and Human Services 1982).

SMI is a voluntary program open to all persons sixty-five years and older with minor exceptions. Insured services include physicians' services, outpatient hospital services, home health services, diagnostic X-ray and laboratory tests, rental of durable medical equipment, and similar nonhospital services. Over 24 million aged persons were enrolled in SMI in 1979. As in HI, the beneficiary pays a deductible ($60 annually) for all services plus 20 percent of the reasonable charges for insured services beyond the first $60. SMI reimbursements, paid to the beneficiary or the health care provider, equalled $7.3 billion in 1979. By law, SMI premiums charged to participants cannot increase by more than the annual cost-of-living adjustment to OASI benefits. But SMI reimbursements have grown at a faster rate than general prices in the past several years. To meet the program's obligations and maintain its trust fund, the share of SMI reimbursements financed through general revenues was increased significantly, from about 50 percent in 1972 to 68 percent in 1979 (U.S. Department of Health and Human Services 1981).

Title XX Social Services. In 1974 the Social Security Act was amended (Title XX) to establish a uniform and comprehensive process of planning for social services. Although other legislation directing the provision of social services existed at the time (most importantly the Older

Americans Act of 1965, to be described later) and was unaltered by the 1974 Amendments, Title XX represents the first attempt to establish a comprehensive, national social services program. The target population under Title XX is not restricted to the elderly but includes all age groups of the United States population. Similarly, income eligibility requirements are loosely drawn to allow provision of services to all individuals and families with incomes up to 115 percent of the state's median income; that is, more than half of each state's population is eligible. Moreover, certain services (e.g., protective services and information and referral) are available to all persons without regard to income. To ensure that the needs of the elderly poor are not pushed aside, however, each state is required to provide at least three services to SSI recipients.

Twenty-five categories of services are funded through Title XX. Those most relevant for the aged include adult day care, home management, homemaker chores, meals, transportation, and information and referral. Only one of these categories, homemaker chores, is among the five categories receiving the highest proportions of total Title XX allocations (17 percent in 1980). The greatest allocation, not relevant for the aged, was 22 percent for children's day care (Gilbert, Specht, and Lindeman 1981). Although Title XX established a compulsory system of social services reporting (SSRR), data are not reported by age of the recipient. This makes it impossible to determine precisely how many elderly persons receive services and what impact these services have on their well-being. A five state case study conducted by the Urban Institute (Benton, Field, and Millar 1978) suggested that the elderly, through state and area agencies on aging, have secured their fair share of expenditures (in the range of 15 to 20 percent):

> In general, it appears that the elderly comprise either a comparable or larger portion of the services population than of the general population and are receiving either a comparable or larger proportion of Title XX service expenditures than would be suggested by their proportion of the state's population. (p. 97)

This analysis was flawed by its failure to control for the level of need among different age groups, however.

At the time it was created, Title XX was unique for the procedures it established to distribute federal funds among the states and for the high degree of discretion it gave to the states in deciding how these funds would be spent. Under Title XX, states are required to submit a Comprehensive Annual Service Plan (CASP) for federal review. Upon approval of the CASP the states receive block grants based upon their population size. The initial (1975) federal appropriation for Title XX services was $2.5 billion. Although this amount had increased only slightly to $2.7 billion in 1980, funds actually spent increased significantly over the period. In 1975 only seventeen states were spending at their ceilings, in contrast to forty-one states in 1979. Total combined state and federal spending for services provided by Title XX rose from $2.8 billion in 1976 to $4.2 billion in 1980. Allocations are financed from general revenues (Gilbert, Specht, and Lindeman 1981).

Older Americans Act of 1965

The Older Americans Act of 1965 is a legislative omnibus designed to provide assistance to the states for community planning and development of new or improved programs and services to aid elderly persons.[14] The Act, as amended in 1973, represents one of the first large-scale, federally-sponsored efforts at social planning. Annual appropriations for the Act, which is administered by the Administration on Aging within the U.S. Department of Health and Human Services, equaled $500 million in fiscal 1978 and are totally financed from general revenues (Binstock 1978). The Act has spawned a comprehensive array of services including home care,

transportation, nutrition programs (e.g., meals-on-wheels), leisure programs, protection against crime, legal services, educational programs for the elderly, and research and training in careers evolving around aging and the aged. These services are generally available to all aged persons requesting them, although some effort is made to give priority to those with the greatest economic and social need. The Act is based on the principle of partnership among older citizens, community agencies, and state and local governments, with appropriate assistance from the federal government. Consequently, the programs funded by the Act are implemented by a national network on aging consisting of six hundred area agencies, one thousand senior centers, nine thousand nutrition program sites, and hundreds of public and voluntary service and planning organizations.

This organizational structure has been both praised and criticized. In its favor, it is credited with generating and maintaining ongoing grassroots support for the Act and its programs. Its critics point out that the combination of fixed appropriations and a sprawling, decentralized bureaucracy has created an environment of competition in which agencies' energies are devoted to self-preservation and self-promotion, rather than to the problems of the aged. Moreover, they argue that a lack of coordination among agencies has led to a proliferation of programs without a sense of priorities. They conclude that "no one problem of the many toward which the act's programs are directed could be solved through the present pattern, even if funding were drastically increased." Rather, "the act creates the cruel illusion that a variety of problems will eventually be solved" (Binstock 1978, p. 59).

Age Discrimination in Employment Act

Unlike the legislation described up to this point, the Age Discrimination in Employment Act (ADEA) does not authorize the spending of federal funds for income support for the elderly or for the provision of services. Rather, the purpose of this act is to prohibit discrimination in employment on the basis of age.[15] The original legislation enacted in 1967 was the culmination of a three-year study, mandated by the Civil Rights Act of 1964 and conducted by the U.S. Department of Labor, that clearly documented widespread discriminatory practices in both private and public employment against older workers.[16] Protection was initially extended to persons aged forty to sixty-five, but the upper age limit was amended in 1978 to seventy for nonfederal employees, with several exceptions, and eliminated altogether for federal employees.[17] Under the Act, employers, employment agencies, and labor unions are prohibited from using age as a qualifying criterion in such matters as hiring, job retention, compensation, and other matters of employment. Practices specifically prohibited include use of employment-related advertisements that indicate any preference, limitation, specification, or discrimination based on age; use of age as a basis for screening or referring persons for employment; and mandatory retirement.

ADEA is a manifestation of the belief widely held by the American public that those who are capable of working beyond sixty-five should be permitted to do so. It is not clear, however, that the ADEA has significantly decreased employment discrimination against older workers. Certain blatant practices, such as newspaper advertisements discouraging older applicants, have been effectively eliminated, but ADEA's effect on more subtle actions such as wage and promotion policies is much more difficult to measure.

Employee Retirement Income Security Act of 1974

Approximately 40 percent of all wage and salary workers in the United States (27 million) are covered by private pension plans. An additional 6 percent (3 million) participate in deferred

profit-sharing plans.[18] The majority of workers not covered are employed by small businesses in the service, wholesale and retail trade, and construction industries. For a variety of reasons related to the unstable and insecure financial status of many small businesses, it is unlikely that the percentage of the labor force with private pension coverage will increase significantly in the future (Schulz 1981).

Due to a variety of existing requirements and lack of portability, pension coverage does not guarantee eventual receipt. Findings from the Social Security Administration's Retirement History Survey indicated that only 72 percent of male and 55 percent of female retirees who were covered by a pension on their longest or most recent job actually received pension benefits (Thompson 1978). Unlike OASI, the calculation of benefits under private pension plans may, but need not be, earnings related.[19] Some private pensions are integrated with OASI, reducing plan benefits by amounts equal to 50 to 75 percent of Social Security benefits (Schulz 1980). The percentage of preretirement earnings replaced by private pension benefits is generally lower than under Social Security. A study of defined benefit plans in 1974 found that replacement rates for workers with thirty years of service ranged from 15 to 34 percent with an average of 25 percent (Schulz, Leavett, and Kelly 1979).

Prior to the passage of the Employee Retirement Income Security Act (ERISA), multiple problems surrounded the design and administration of private pensions: reserve funds were mismanaged and misused; benefits were not protected against inflation and were frequently inadequate; vesting provisions were often nonexistent; portability of vested pensions was rare; survivors' benefits were largely nonavailable; and workers commonly lost all rights to benefits when plans terminated as a result of plant closure or bankruptcy. ERISA seeks to solve some but not all of these problems. Its primary goal is to increase the probability that private pension promises will be fulfilled. Thus it establishes a variety of regulations in the areas of participation, vesting, funding standards, and reporting and disclosure.[20] In addition it establishes plan-termination insurance and allows for Individual Retirement Accounts (IRA). Employees covered by single employer plans that terminate with insufficient funds are eligible to receive up to $750 monthly in retirement income under plan-termination insurance. Under the IRA provisions, employees not covered by private pension plans are allowed to set up personal individual retirement plans with annual tax deductible contributions of up to 15 percent of earned income up to $1,500 a year (Schulz 1980). Recent legislation (Economic Recovery Tax Act of 1981) extends IRA rights to all workers regardless of other pension coverage and raises the maximum annual contribution to $2,000.

The impact of ERISA on private pension security has not been fully determined. With regard to its funding provisions, Weiss (1976) concluded that ERISA is not likely to alter preexisting conditions significantly because the rules are irrelevant (they apply only to defined-benefit plans) or are already being followed. Despite the fact that ERISA mandates that pension plans subject to its provisions give workers an opportunity to elect a 50 percent joint and survivor option covering some of the preretirement years, significant problems remain in the provision of survivors' benefits. Many plans require workers to pay for survivors' protection; others have no automatic preretirement or retirement death plans; still others limit death benefits to those eligible for early retirement. Although ERISA was not intended to affect the percentage of workers covered by private pensions, it may have produced a marginal reduction in coverage. Some plans, primarily those of small businesses, have been terminated because of the increased administrative burdens and costs associated with ERISA's reporting and disclosure provisions. Vesting and early retirement appear to be two areas positively affected by ERISA. A 1979 study of major pension plans found that between 1974 and 1978, 72 percent of the plans sampled had liberalized retirement formulas, 44 percent had lowered age and service requirements, 28 percent had raised benefits given to early retirees, and nearly all had provided vesting (Frumpkin and Schmitt 1979). Federal programs for the elderly are summarized in table 1.

TABLE 1

FEDERAL PROGRAMS DEFINING RETIREMENT POLICY

Program	Year Enacted	Purpose	Source of Funding
1. Old Age, Survivors, and Disability Insurance (OASDI)	1935	Old age pensions for the retired; unemployment insurance	Federal payroll tax
2. Supplemental Security Income (SSI)	1972	Cash assistance to the aged, blind, disabled	Federal general revenues
3. Medicaid	1966	Medical assistance to low income people	State administered but federal share of funds from general revenues
4. Medicare	1965	Health insurance for the elderly	Payroll tax, general revenues, and individual premium payments
5. Title XX Social Services	1974	Comprehensive national social services program	Federal block grants to states through general revenues
6. Older Americans Act	1965	Social planning; developing community programs for the elderly	General revenues
7. Age Discrimination in Employment Act (ADEA)	1967	Prohibits discrimination in employment on basis of age (up to 70)	Not applicable
8. Employee Retirement Income Security Act (ERISA)	1974	Establishes IRAs; regulates private pension plans	Not applicable

Tax Policy

The aged are eligible for a number of tax advantages not available to the general population. Most important, Social Security and railroad retirement benefits are exempted from federal, state, and local income taxation. The federal tax code also provides for a double personal exemption for persons sixty-five years and older, a one time exclusion from gross income of the gain (up to $125,000) from the sale of the principal home for persons fifty-five years and older, and a nonrefundable Retirement Income Tax Credit. The tax credit may be claimed by persons sixty-five years and older, or by persons under sixty-five who receive a taxable pension or annuity from a public retirement system (U.S. Department of the Treasury 1981).

In addition to special federal legislation, all states now have favorable property tax laws for the elderly. The most common forms of property tax relief are circuit breakers, homestead credits and exemptions, and deferral of taxes until death or sale of home (Fairholm 1978).

Several additional federal tax provisions applicable to the general population have special significance for the aged because the types of income involved account for a relatively high proportion of their total income. These include the exemption of interest on state and local bonds and the exclusion from adjusted gross income of both cash and in-kind transfers (e.g., SSI, Medicare benefits).

Because special provisions are quite numerous and because they are in the form of exclusions and deductions rather than credits, any one of them is usually redundant for all but a minority of high income elderly (Moon and Smolensky 1978). A 1973 study (Surrey) found that nearly half of the federal tax assistance to the aged went to the small percentage with incomes above $10,000.

Current Policies as a Blueprint for National Retirement Policy

Viewed collectively, do these statutes and programs provide adequate answers to the pressing issues confronting us today? Are they consistent, or at least compatible? Do they add up to a reasonable policy?

Consider the right of the elderly to work. There is widespread public support for the proposition that older workers should be allowed to work as long as they are able and wish to do so, and available evidence suggests that older workers are as productive as younger workers in all but a few jobs. This view collides with a second in the policy arena, however; the number of available jobs is limited and older workers remaining on the job displace younger workers. Policy reflects rather than resolves the tension between these opposing views. For example, the ADEA prohibits mandatory retirement of federal employees at any age, but limits this prohibition among nonfederal employees, who are the vast majority of the labor force, to those less than seventy. Social Security allows beneficiaries to continue working without penalty only as long as earnings do not exceed specified limits. But the limits are set at levels that are less than 40 percent of the earnings of a full-time worker earning the average wage. Such workers must reduce their hours and become part-time workers if they wish to avoid a reduction of benefits. Many jobs do not offer this flexibility. Those continuing to work full-time and earning above the exempt amount face stiff marginal tax rates that can reach as high as 96 percent for persons also receiving SSI (Taussig 1975). Social Security further discourages work by offering actuarially reduced benefits to persons retiring early, and by failing to increase the benefits of those who would delay retirement beyond normal retirement age by a comparable amount. The availability of SSI completely compensates for the actuarial reduction among low income workers. The tax benefits

available to the elderly also encourage retirement. While tax provisions allow the exemption of transfer income (Social Security and SSI) and property income (via the Retirement Income Tax Credits), they give no preferential treatment to earnings, thereby creating an incentive for aged persons to substitute non-employment income for earnings (Moon and Smolensky 1978). On balance, it appears that although public policy espouses the right of the elderly to work, it provides significant incentives to leave the labor force at or before age sixty-five in order to provide jobs for younger workers.

Income support policy is anchored by the consensus that no aged individual should lack the means to attain minimal consumption levels. Minimum consumption is defined by the combined value of benefits from SSI, Food Stamps, Medicare, and Medicaid, which equalled $3,010 or 86 percent of official poverty lines in 1979 (Smeeding 1981). Beyond this minimum, retirement policy does not make an explicit statement regarding what constitutes adequate retirement income. An answer to this question can be inferred by examining replacement ratios of representative beneficiaries, but the inferences so obtained are misleading, due to the fact that existing policies strike an uneasy compromise between the competing principles of earnings replacement and adequacy. This compromise is most evident in OASI. The earmarked nature of the payroll tax and the use of a worker's earnings history to determine benefits identify OASI with traditional pension systems, but provisions such as the progressive benefit formula, the retirement test, and survivors', dependents', and minimum benefits are social welfare mechanisms designed to redistribute income within the present system. Thus, OASI attempts to operate simultaneously as a pension system and a welfare system.

As such, OASI's record to date is remarkable. From an insurance perspective, most of its beneficiaries have received more in benefits than they paid in. Burkhauser and Warlick (1981) estimated that 70 percent of all retirement benfits paid in 1972 were not founded in contributions but rather represented a large intergenerational transfer from current workers to retired workers and their dependents. The magnitude of this transfer is largely explained by the fact that, since its inception, Social Security had paid benefits to retired workers as though they had spent their entire work lives in covered employment, a policy made possible by the pay-as-you-go funding system of Social Security. As a welfare program, Social Security disbursed $80 million in benefits to 22 million aged families in 1978, reducing poverty among the aged by 63 percent (Warlick 1982). Moreover, Danziger (1977) estimated that OASI reduces the degree of income inequality among the aged by one-third. Even so, inherent tension between the dual goals of earnings replacement and social adequacy constrains its achievements in both areas. Replacement rates for middle and high wage earners are lower than they would be in the absence of OASI's redistributive mechanisms. As a welfare program, OASI is target inefficient, since 40 percent of its benefits are paid to persons whose pretransfer incomes exceeded poverty lines in 1978 (Warlick 1982). Moreover, any attempt to raise benefits to help the aged poor must in practice be accompanied by a general increase in benefits. This makes the cost of aiding the poor higher than it need be (Pechman, Aaron, and Taussig 1968).

Several alternatives that would separate the two functions of Social Security have been proposed (Munnell 1977). In general, these alternatives advocate two-tier systems in which the bottom tier resembles an expanded SSI program or a universal uniform payment ensuring minimal income, and the top tier provides earnings-related benefits according to a proportional formula. These proposals have been rejected on the grounds that they make aid to the poor too visible and that their replacement ratios are too low.

Existing policy is fairly explicit regarding who shall be entitled to benefits from public programs. Entitlement solely on the basis of age is allowed only for a few programs providing social services under the Older Americans Act. Otherwise, entitlement is based on the dual

criteria of age and labor force attachment (OASI), or age and demonstrated need (SSI). Rejection of the use of age as the sole eligibility criterion (e.g., the Townsend proposal) reflects a preoccupation, peculiar to American policy, with the disincentives for work associated with unconditional transfers (income effects) and the desire to target limited resources to those with greatest need.

Turning to the question of what services should be provided to the elderly at the expense of the public, the current agenda of public programs toward the aged has been described as "truly incredible" for its inclusion of "virtually every aspect of human existence" (Binstock 1978). These programs imply responsibilities to the aging for health care, nutrition, supportive and leisure services, housing, transportation, protection against crime, legal services, home repair, tax rebates, help in getting jobs, and protection against discrimination in employment. Despite this seemingly all-inclusive agenda, well-defined policy is conspicuously absent in the area of long-term care. The need for a system for long-term care is unmistakable; the probability that a person reaching the age of sixty-five will be institutionalized at some time during the remainder of his or her life is one in four. With the passage of Medicare and Medicaid, the government officially recognized its responsibility to protect the elderly against the economic consequences of poor health, but its record in the provision of long-term care is deficient. Designed to meet the acute needs of the aged, the vast majority of Medicare reimbursements are for two services, inpatient hospital care and physicians' and other medical services (91 percent in 1979). Total reimbursements for skilled nursing and home health care are negligible in comparison (1 and 2 percent respectively) (*Social Security Bulletin* 1982). Medicaid, the benefits of which are available only to those with poverty-level and near poverty-level incomes, is the chief source of federal funds for long-term care, accounting for 85 percent of these expenditures (Iglehart 1978). Officials acknowledge that long-term care policy is inadequate, relying almost exclusively on the traditional and high-priced medical model, which views physicians as the key decision makers and places patient care in the hands of skilled professionals. They admit readily that the potential for a less formal and possibly less costly system of community and home health care is largely unexplored, primarily because neither Medicare nor Medicaid cover elements of home health care except those that involve skilled nursing. Here, as elsewhere, critics are divided in their opinions about how resources should be allocated among these alternate care systems.

The growth of public expenditures for the aged during the past decade has stimulated discussion regarding the relative responsibilities of the public and private sectors and of the family in the provision of retirement income and services. Critics worry that public policies have displaced intrafamily transfers and discouraged personal savings. For example, SSI reduces the benefits of aged persons living in homes headed by persons other than a spouse by one-third, discouraging extended family living arrangements. But a radical redistribution of responsibilities seems unlikely. Although Congress has been willing to enact legislation that encourages private saving for retirement (IRAs), promotes the formation of private pension plans (tax deductibility of employer's contributions and accruing interest), and secures the financial integrity of existing private pension plans, it has chosen not to mandate compulsory private pension coverage.

Shifting responsibility from the government to the families of the aged is an idea that has been oversold, according to some critics. Consider the issue of long-term care. Some participants in the aging forum argue that policies should be based on the presumption that families accept the primary responsibility for their aged members. Others counter that as the numbers of very old increase, there simply will not be families available to provide home care. Because children of octogenarians will themselves be in their sixties and nearing retirement, expectations that they will be able to assume an expanded role as care providers are unrealistic. Thus, rather than "resurrecting as a panacea the role our families might and should play" in the provision of long-term care, these critics urge policymakers to devote their energies to improving the quality and efficiency of our institutional care system (Sheppard 1978).

The allocation of the costs of supporting the aged is a consequence of the methods chosen to finance the various programs and, in the case of OASI, the decision to pay benefits in excess of the actuarially fair value of contributions. A regressive payroll tax places the burden of program costs on the working population (particularly the working poor), who are predominantly nonaged. General revenue financing spreads these costs more evenly across the working and retired populations and the rich and the poor. OASI, which accounts for 80 percent of federal spending for the aged, is financed with a payroll tax, as are Part A and portions of Part B of Medicare. (Note that if OASI benefits were actuarially fair, the total cost of these benefits would fall to the recipient, even under a pay-as-you-go funding system, so long as successive generations of workers honor the implicit contract between generations.) The greater share of Part B Medicare, Medicaid, SSI, and all services provided with funds authorized by Title XX and the Older Americans Act is financed from general revenues that are primarily obtained from the working population. The choice of a payroll tax to finance OASI is explained by the insurance principles underlying this program. The means-tested programs (SSI and Medicaid) are financed with general revenues to achieve maximum redistribution from the rich to the poor. The decision to finance Medicare with a combination of payroll tax and general revenue funds and the decision to finance social services with general revenue funds appear to be explained by politics rather than logic. Collectively, these financing methods imply that the nonaged bear the overwhelming burden of policies for the aged.

Several alternative financing mechanisms would shift a greater share of the cost of OASI to the aged: insurance bonds (Buchanan 1968); general financing; and a value-added tax. These alternatives have been debated before Congress and rejected, not on the grounds that the current allocation of costs between nonaged and aged is optimal, but because they threaten the image of Social Security as an insurance program (Schulz 1980).[21] Thus, having assigned a position of secondary importance to the cost allocation question, current policy does not provide a direct answer.

Conclusion

It has been argued here that the United States lacks an explicit, comprehensive national retirement policy. This situation is reflected in the fact that formulation of existing policies did not follow a master blueprint, but instead evolved through time as specific problems demanded resolution. As a result, these policies resemble imperfect pieces of a puzzle which, when placed together, form an incomplete picture flawed by gaps and overlaps. To their credit, it can be said that existing policies collectively address the most important needs that would be included in a comprehensive national retirement policy: income support, health care, housing, services required for daily living, and rights to employment. But these needs are not coordinated or assigned priority, and consequently contradictions, competition, and conflicts arise.

The premise underlying this argument is that better results could be achieved without additional resources if policies were designed in a more comprehensive, coordinated fashion. Not all participants in the aging forum accept this premise. For example, Binstock (1978) argued that it is unlikely that existing inefficiencies in the delivery of health care and social services could be significantly decreased through a national design. Moreover, he asserted that OASI is inefficient only in that an occasional mistake in the computerized system for issuing checks occurs. Right or wrong, these arguments serve the useful purpose of questioning the adequacy of efficiency gains as sufficient motivation for a comprehensive national retirement policy. Are there additional potential benefits of such a policy?

It seems clear that the shape of national retirement policy will change with the future. As Hudson (1978) observed, the confluence of rapidly rising budgetary changes for existing policies, a notable improvement in the income position of the aged population, and an increase in competitive pressures from other social welfare constituencies "appear likely to alter political assumptions and policy outcomes in the aging policy arena" (p. 48). What is not clear is whether or not policy changes will be coordinated and targeted to the purpose of consistent retirement policy. More likely, they will reflect the demands of public opinion upon the political system. In the absence of comprehensive policy, ad hoc policies may proliferate, adding to existing inefficiencies and inconsistencies. Thus, at a minimum, a comprehensive national retirement policy is of value as a shield for policymakers from political pressures and the demands of self-interest groups that cause policies to deviate from their central purposes. More optimistically, its formulation might force resolution of current conflicts and inconsistencies for the betterment of the welfare of both the aged and nonaged.

Notes

1. The four major pieces of legislation are the Social Security Act of 1935, the Older Americans Act of 1965, the Age Discrimination in Employment Act of 1967, and the Employee Retirement Income Security Act of 1974.

2. Binstock (1978) elaborated this theme, charging that

> our public policies are relatively symbolic responses to demands which are made upon the political system. As such, these responses—like the 134 federal programs benefiting the aging—are politically functional for our public officials in that they set a record of concern for the demands that have been made and thereby cool off the demands. Through this style, an overwhelming array of programs is proliferated but few, if any, problems are solved. (p. 61)

3. Eight federal programs account for most of the spending for the aged—Social Security, Medicare, Medicaid, Supplemental Security Income, Civil Service Retirement System, military retirement, and the Railroad Retirement System. In 1978, these programs disbursed total benefits equalling $112 billion. Projections reveal that this total will more than triple in real terms to $350 billion by the year 2010, and will then almost double ($635 billion) by the year 2025 (Califano 1978). Medicare and Medicaid will be leading these increases, as actuaries expect real spending for these programs to increase twice as fast as increases in Social Security to ten times their current levels in the year 2025 (Iglehart 1978, p. 25).

4. The President's Commission on Pension Policy was mandated by President Carter to evaluate national goals for retirement income. The National Commission on Social Security was created by Congress in 1977 to "conduct a complete study, review, and investigation of all aspects of Social Security and related programs, and to develop a blueprint for the kind of system that would best serve this nation in the future" (National Commission on Social Security 1981, p. 4). The 1979 Advisory Council on Social Security was charged with reviewing all aspects of the Social Security program, particularly financing, the benefit structure, universal coverage disability insurance, and the treatment of women and families. The Universal Social Security Coverage Study Group's mission was to examine the feasibility and desirability of mandating Social Security coverage for federal workers and for noncovered employees of state and local governments and private nonprofit organizations. The Social Security Task Force on the Changing Roles of Men and Women studied proposals to eliminate dependency as a factor in entitlement to Social Security spouse's benefits and to eliminate sex discrimination under the Social Security system.

5. Detailed descriptions of these programs can be found in U.S. Department of Health, Education and Welfare (1978) and U.S. Congress (1974).

6. Compulsory coverage was extended to certain farm and domestic workers (1950), a majority of the self-employed (1954), members of the uniformed services (1956), Americans employed in the United States by foreign governments or international organizations (1960), physicians (1965), and ministers (1967). Coverage is elective for certain groups of workers at the discretion of the employer and/or employee: state and local government employees not under a state or local government retirement system, members of a religious order who are subject to a vow of poverty, employees of nonprofit organizations, and firemen and policemen (U.S. Department of Health, Education and Welfare 1978).

7. The definitions of a quarter of coverage and the number of such quarters required to satisfy eligibility requirements have been subject to change through time. Prior to 1978, a quarter of coverage was defined as a calendar quarter in which the workers earned at least $50 in covered employment. Since 1978, one quarter (up to a maximum of four) is credited for each $250 of wages paid during the calendar year. The number of quarters required varies by age at present but will eventually reach a maximum of forty. The current age variation is necessary to allow older workers who entered the labor market prior to the creation of Social Security to establish eligibility (Schulz 1980).

8. Benefits are reduced by approximately 6.67 percent for each year of early receipt, so that an individual retiring at age sixty-two receives a benefit equal to 80 percent of that to which he or she would be entitled at age sixty-five.

9. The current delayed retirement credit is equal to 3 percent per year.

10. The benefit formula for those reaching age sixty-two in 1981 is 90 percent of the first $211 of AIME, plus 32 percent of AIME over $211 and through $1,274, plus 15 percent of AIME in excess of $1,274. The AIME dollar amounts in this formula are automatically adjusted for annual increases in average wages.

11. Beneficiaries between the ages of sixty-five and seventy-two can earn $5,500 in 1982 without affecting the amount of their benefits. The amount of exempt earnings for persons under sixty-five is $3,960. Benefits are reduced by $0.50 for each $1.00 of earnings above the exempt amount. The retirement test is not applicable for persons aged seventy-two or greater. The 1981 Amendments to the Social Security Act lower this age limit to seventy, effective January 1983 (Svahn 1981).

The marginal tax rate that a Social Security beneficiary must pay on earnings above the exempt amount is equal to the benefit offset rate (50 percent) plus the Social Security payroll tax (6.65 percent) plus federal, state, and local income taxes. Assuming the worker's earnings place him or her in the lowest federal income tax bracket and that no state or local taxes are paid, the lowest marginal tax rate would be 70.65 percent.

12. The Social Security Amendments of 1977 froze the minimum benefit for future beneficiaries at $121 monthly. Although the 1981 amendments eliminated the minimum benefit altogether effective February 1982, subsequent legislation reinstated the minimum for current beneficiaries.

13. Employees are required to make contributions to Social Security in the form of payroll taxes currently levied at a rate of 6.65 percent on annual earnings up to a maximum of $29,700. Employers match this contribution. The contribution rate is the sum of separate contribution

rates for the three types of insurance provided by OASDI: 4.7 percent for OASI, .65 percent for disability insurance, and 1.30 percent for health insurance. Collected contributions are allocated to the respective insurance programs accordingly (U.S. Department of Health and Human Services 1982).

14. For a comprehensive description of the Older Americans Act of 1965, see U.S. Department of Health, Education and Welfare (1976b).

15. Concise summaries of the legislative history and provisions of the ADEA can be found in Stone (1980) and Schulz (1980). For a critique of ADEA see Haneberg (1980).

16. The study found that 50 and 25 percent of all available jobs were closed to applicants over age fifty-five and forty-five respectively (Schulz 1980).

17. The law does not apply where age is a bonafide occupational qualification reasonably necessary to the normal application of a particular business. Employers are also allowed to offer fewer fringe benefits than otherwise when hiring older workers because it is more costly to provide such workers with equivalent pension benefits.

Two groups of employees, university professors and high-level executives, were denied extended protection from mandatory retirement to age seventy under the 1978 Amendments. In both cases, the need to ensure promotional opportunities, particularly for women and minorities, was cited as a motivating factor for the exemption.

18. A deferred profit-sharing plan is a plan in which the company's contributions are based upon business profits. Profits are credited to employee accounts to be paid at retirement or at other stated dates or circumstances (Schulz 1980).

19. Three major ways of calculating benefits can be identified:

(1) dollar amount times service—benefits are determined by multiplying a specified dollar amount by the number of years of employed service credited under the plan.

(2) combined service and earnings formula—benefits are based on the employee's earnings over a specified period of employment years of service.

(3) money-purchase arrangements—periodic contributions are set aside according to a predetermined, or agreed upon formula. Pensions are paid out based on the accumulated funds in individual employee accounts. (Schulz 1980)

20. See Schulz (1980) for a description of the major provisions of the Act.

21. The strength of the insurance principle is well illustrated here. Even in the midst of a financial crisis, Congress is not willing to appropriate general revenue funds to OASI despite the fact that more than half of the benefits it pays out represent a large intergenerational (welfare) transfer.

EFFECTS OF ACTUAL AND ANTICIPATED POLICY CHANGES ON RETIREMENT

Richard V. Burkhauser
Vanderbilt University

Three decades of unprecedented growth in the size of government social welfare programs have had major effects on American workers and their families. The social "safety net" developed during this period has substantially reduced wage losses associated with the onset of disability or old age. While it is generally agreed that such programs have substantially reduced the incidence of poverty, the efficiency costs imposed by the disincentives and regulations implicit in these programs, as well as the level of taxes required to finance them, are now a major subject of controversy. Evidence of this concern in the public policy arena is reflected in the reports of three major study groups commissioned during the Carter administration—the Advisory Council on Social Security (1980), the National Commission on Social Security (1981), and the President's Commission on Pension Policy (1981)—and in the 1981 announcement by the Reagan administration of a new National Commission on Social Security Reform whose recommendations will be presented in 1982.

In this chapter, the evidence of growth in social welfare expenditures and the parallel decrease in labor force participation by men at older ages is presented. Empirical studies that have attempted to link these phenomena are then discussed and policy options likely to be considered with regard to them over the next decade are reviewed.

Thirty Years of Program Growth and Labor Supply Reduction

Table 2 compares social welfare expenditures between 1950 and 1980 with the labor force participation rates of men in those years. Social welfare expenditures grew from $14 billion or 5.3 percent of the gross national product (GNP) in 1950 to $317 billion or nearly 14 percent of the GNP in 1979, an increase of over 160 percent in the relative size of program expenditures. Program growth over this period was dominated by Social Security or Old Age, Survivors, Disability, and Health Insurance (OASDHI). In 1950, only $.8 billion or 0.3 percent of the GNP went to OASDHI. In 1980, the figures were $154 billion and 5.9 percent respectively. Today, Social Security comprises over 40 percent of all government social welfare expenditures.

Table 2 also shows another major change in the United States over the last thirty years—the tremendous exodus of older men from the work force. Labor force participation rates for 1950 and 1960 indicate that while the decline in labor supply of men aged sixty-five and older has been steady over the last thirty years, the decline in labor supply has escalated substantially for men between the ages of fifty-five and sixty-five only since they became eligible for disability and early Social Security in the 1960s. Between 1950 and 1960, the labor force participation of men aged fifty-five, sixty, and sixty-three remained relatively constant. Between 1968 and 1980, however, their participation rates fell 8, 13, and 27 percent respectively; thus, in 1980, nearly one-half of all men aged sixty-three were no longer in the labor force. For men aged sixty-five and over, job exodus was even greater. In 1950, the majority of men aged sixty-five and sixty-eight

TABLE 2

PROGRAM EXPENDITURES AND WORK EFFORT, 1950 TO 1980

Year	Social Welfare Expenditures[b] (billion)	Social Welfare Expenditures / GNP	OASDHI Expenditures (billion)	OASDHI / GNP	Age (Labor Force Participation Rates) 55	60	63	65	68	70
1950	14.1	5.3	0.8	0.3	90.7[a]	84.7[a]	79.8[a]	71.7[a]	57.7[a]	50.0[a]
1960	34.3	6.9	11.0	2.2	92.8[a]	85.9[a]	77.8[a]	56.8[a]	42.0[a]	37.3[a]
1968	70.9	8.6	28.7	3.5	91.9	84.8	71.9	53.4	37.5	30.2
1970	94.0	9.8	36.8	3.8	91.8	83.9	69.4	49.9	37.7	30.2
1972	129.9	11.8	48.2	4.4	90.7	82.1	66.5	45.2	33.8	27.1
1974	165.5	12.2	66.3	4.9	88.1	79.0	59.3	39.8	27.7	23.5
1976	239.7	14.7	90.4	5.5	87.1	75.5	55.7	36.6	26.7	22.4
1978	289.9	14.2	117.4	5.8	85.8	74.4	52.2	36.3	28.7	21.7
1980	317.3[c]	13.9[c]	154.0	5.9	84.9	74.0	52.3	35.2	24.1	21.3

SOURCE: Burkhauser and Turner 1982. Reprinted by permission.

[a]Based on adjusted U.S. Bureau of the Census labor force participation data. The adjustment is based on the ratio of Current Population Survey and census figures for 1970.

[b]Social welfare expenditures include all social insurance, public aid, health and medical, veterans (except education), housing, and other social welfare programs. These figures are based on data from social welfare expenditures under public programs (U.S. Dept. of Health and Human Services).

[c]Preliminary unpublished 1979 figures (U.S. Dept. of Health and Human Services).

remained in the work force, as did 45 percent of men aged seventy. By 1980, labor force participation rates were 35, 24, and 21 percent, or, over the period, rates fell by 48, 56, and 52 percent, respectively.

The labor force participation status of women over the same period is presented in table 3. From 1950 to 1960, work effort of women increased dramatically. From 1960 to 1970, further increases occurred, but by smaller amounts. The thirty-year peak for labor force participation of women aged sixty, sixty-three, sixty-five, and sixty-eight was 1970. Only for those aged fifty-five did work effort exceed the 1970 high in the following decade.

TABLE 3

WORK EFFORT OF WOMEN FROM 1950 TO 1980 AT DIFFERENT AGES

	Age (Labor Force Participation)					
Year	55	60	63	65	68	70
1950	27.9[a]	23.1[a]	19.1[a]	16.3[a]	11.4[a]	8.1[a]
1960	42.5[a]	34.7[a]	26.1[a]	20.3[a]	14.6[a]	11.7[a]
1968	50.4	43.5	30.3	21.0	14.3	10.7
1970	52.6	44.0	31.9	22.1	15.0	12.2
1972	50.7	43.2	30.8	21.6	15.4	9.5
1974	50.9	40.8	26.0	18.9	12.0	9.0
1976	50.2	41.6	27.2	19.1	12.6	8.8
1978	53.1	42.0	28.4	19.5	12.6	9.5
1980	52.8	41.3	28.4	20.8	14.5	9.0

SOURCE: Current Population Survey

[a]Based on U.S. Bureau of the Census labor force participation data.

A comparison of tables 2 and 3 provides evidence of the convergence of work effort of older men and women. This is true of those aged fifty-five, where a 71.8 percentage point difference in labor force participation rates (between 90.7 for men and 27.9 for women) has been reduced by over half to 32.1, and for those aged sixty where the reduction was from 61.6 to 32.7. In both cases, this convergence was primarily due to substantial increases in work effort of women and moderate decreases in the work effort of men. The convergence at older ages where Social Security and private pension contributions begin was even greater, and was primarily due to substantial reductions in the work effort of men combined with moderate increases in the work effort of women. For the ages sixty-three, sixty-five, sixty-eight, and seventy, the difference in labor force participation rates has fallen from 60.1, 55.4, 46.3, and 41.9 to 23.9, 14.4, 9.6, and 12.3, respectively, between 1950 and 1980.

Economic Analysis of the Retirement Choice

Economists argue that the Social Security program affects the retirement decision of workers in two important ways. First, the very existence of retirement income, which can be taken at a given age, will provide workers with the option of leaving their jobs and accepting benefits at that age. For workers who do not fully anticipate these benefits or who face imperfect capital markets, the income or wealth impact of such a pension increases the likelihood of job exit and retirement at that age.

Second, the Social Security system either explicitly or implicitly reduces the compensation received for work performed at older ages. Social Security has an earnings test so that those with wage earnings lose $0.50 in benefits for every $1.00 of earnings above a certain maximum. This loss in compensation is well known. The second way Social Security affects compensation is less obvious. Those who delay benefit acceptance and continue working receive reduced compensation for work to the degree that the wealth value of Social Security falls. If continued work were rewarded with increased yearly Social Security benefits that fully compensated workers for delaying acceptance, Social Security would be neutral with respect to the timing of benefit acceptance. It would encourage or discourage the acceptance of these benefits and subsequent job separation at any particular age only to the extent that any other unit of wealth affects such a decision. However, when Social Security wealth changes with the timing of acceptance, net compensation for additional work is affected.

This wealth effect can best be understood by thinking of Social Security benefits as an annuity the lifetime value of which is the discounted sum of its monthly payments. The wealth value of this asset is sensitive to the age at which benefits begin. If monthly benefits increase sufficiently to increase the lifetime annuitized value of the plan even when its acceptance is delayed, then the plan rewards additional work and provides an incentive for continued work similar to an increase in wages. If the wealth value falls, however, when benefits are delayed, it discourages future work.

Table 4, taken from Danziger, Haveman, and Plotnick (1981), summarizes the principal empirical studies of labor supply responses to Social Security through 1980. The great majority of these studies finds that Social Security has caused reduced work at older ages; the actual size of this effect, however, is far from clear. For instance, Pellechio's (1978a) results argued that Social Security is the dominant reason for the fall in work effort by older men, while Gordon and Blinder's (1980) results argued that its effect is relatively minor. Hurd and Boskin (1981) (whose findings are not included in table 4) support the Pellechio view, arguing that unexpected changes in wealth, caused by the legislated boosts in Social Security benefits in the early 1970s, would fully explain the fall in labor force participation rates of those sixty to sixty-four between 1969 and 1973.

TABLE 4

LABOR SUPPLY ANALYSIS OF OLD AGE AND SURVIVORS INSURANCE (OASI)

STUDY	POPULATION ANALYZED	DATA SOURCE[1]	DEPENDENT VARIABLE	PROGRAM VARIABLES[2]	SPECIFICATION	RESULTS[3]
Transition to Retirement						
Boskin (1977)	White married men, age 61-65	PSID, 1968-72	Prob. of change between work and retirement, or among these states and semi-retirement	Estimated annual benefit, work test	Logit, multinomial logit	Benefits have large effect on prob. of retiring
Boskin and Hurd (1978)	White men, aged 62-65, working in 1969 and not on welfare	RHS, 1969 and 1971	Prob. of change from work to semi- or full retirement	Estimated annual benefit, work test	Nonlinear 2SLS	Benefits raise prob. of moving to full retirement
Reimers (1977)	Men, aged 57-59 or 60-62 in 1969, not retired	NLS	Prob. of retiring, or of expecting to retire in 1969-71	Eligibility for OASI; annual benefit; replacement rate	OLS	OASI reduces prob. of retiring or expecting to retire
Burkhauser and Quinn (1980)	Men, aged 62-64 working in 1973, not self-employed or public employee	RHS, 1973 and 1975	Prob. of quitting one's job and, if so, prob. of retiring	SSW, change in SSW by delaying quit until 1975	OLS, logit	SSW has insignificant effects; a + $1,000 change in SSW raises prob. of quitting 0.03 but does not affect prob. of retiring
Retirement Status						
Quinn (1977)	White married men, aged 58-63, not self-empl., farmer, or very ill	RHS, 1969	Prob. of being fully retired (0 hrs worked)	Eligibility for OASI	OLS, piecewise OLS, logit	Eligibility raises prob. of retirement 0.035 for healthy men, 0.278 for men with health limitation
Pellechio (1978a)	Married men, aged 60-70, not covered by public retirement plans	1973 Exact Match File	Prob. of being retired	SSW	Probit	SSW signif. increases prob. of being retired for men age 62-70
Gordon and Blinder (1980)	White men, not self-employed, aged 58-67	Pooled RHS, 1969, 1971 and 1973	Prob. of being retired	Ratio of SSW to full income	Maximum likelihood	Coefficient of SSW-full income ratio is statist. signif., but economically unimportant

TABLE 4 (Continued)

STUDY	POPULATION ANALYZED	DATA SOURCE[1]	DEPENDENT VARIABLE	PROGRAM VARIABLES[2]	SPECIFICATION	RESULTS[3]
Clark and Johnson (1980)	Intact married couples husband aged 58-63 in 1969	RHS, 1969, 1971 and 1973	Prob. of being retired	Eligibility for OASI and SSW of both persons	Logit, simultaneous estimates for husband and wife	Own eligibility raises prob. of being retired but own SSW does not; wife's prob. affected by husband's SSW
Other						
Pellechio (1978b)	As in Pellechio (1978a) but aged 65-70 and worked in 1972	1973 Exact Match File	Annual hrs. worked	SSW, work test	Probit and OLS to handle nonlinear constraint	Work test reduces hrs by 151 (8 percent), SSW reduces hrs., but not statist. signif.
Hall and Johnson (1980)	Married men or single women, working and aged 58-63 in 1969	RHS, 1969	Planned retirement age (4 categories)	Individual's and, for males, spouse's eligibility for OASI	Multinomial logit	Expected eligibility encourages early retirement plans
Kotlikoff (1979)	Men, aged 45-59, not self-employed	NLS, 1966	Planned retirement age	SSW less present value of past and expected future taxes; ratio of benefits lost if full-time worker to full-time earnings	OLS with selection term; probit	OASI not related to planned age of retirement
Burkhauser (1980)	Men, aged 61, eligible for OASI	1973 Exact Match File	Prob. of accepting benefits at age 62	SSW	Probit	At the mean, raising SSW $3,000 increases prob. of acceptance .027; elasticity is 1.4

SOURCE: Danziger, Haveman, and Plotnick 1981. Reprinted by permission.

[1]PSID - Panel Study of Income Dynamics
RHS - Retirement History Survey
NLS - National Longitudinal Survey
[2]SSW - Social Security Wealth (present value of futu e OASI benefits)
[3]Unless otherwise noted, all results here are statistically significant

The vast differences in the estimated size of the Social Security effect across studies are caused by the use of different dependent variables. Quinn (1977), for instance, used complete exit from the labor force in his definition of retirement, while Burkhauser and Quinn (1980) used retirement from a specific job. Other studies (Boskin 1977; Boskin and Hurd 1978) used change from full-time work to part-time work. Because the earnings test begins only after some amount of earnings occurs, Social Security is likely to be more important in the move out of full-time work than in the marginal change from some time in the work force to complete exit from the market.

A more important reason for the differences in the empirical values found by these studies is the mixed use of private pension information. Too often, empirical work has concentrated on the effects of Social Security on labor supply and has not considered the effect of private pensions. While estimates vary, it appears that private pension beneficiaries have increased from fewer than 2 million in 1960 to as many as 9 million in 1979. Today, more than 64 percent of full-time male workers in the private sector with more than one year of service are covered by private pensions (Schieber and George 1981).

Burkhauser (1979), using data on the United Auto Workers' pension system, showed that auto workers were quite sensitive to changes in the wealth value of their pensions in determining whether or not to leave their jobs. Burkhauser and Quinn (1980) looked at the effects of both Social Security and private pensions on job exit. They showed that economic considerations have an important effect on the decisions of older workers to remain in or to leave their jobs. They found that the greater the earnings of a worker, the less likely he or she is to leave the job. More important, however, they showed that changes in both pension wealth and Social Security wealth affect this decision. If a pension is not neutral with respect to the age at which it is taken, then changes in the present discounted value of that pension will change the rewards paid for work and, more important, affect the work decision. Gordon and Blinder (1980) also found that private pensions have an important effect on retirement. Rather than relying on dummy variables to represent eligibility for benefits, all three studies were able to estimate explicit values for pension loss.

The effect of pension plans on work is not limited to those individuals aged sixty-five and older. Hatch (1982), using data from the Bureau of Labor Statistics' Level of Benefit Study, found that 57 percent of workers with pensions have a "normal retirement age" prior to age sixty-five.* In 1960, two out of three plans required company consent for early retirement, but that requirement is now found for only 6 percent of all workers. Hatch found that early retirement at age fifty-five or less was possible for nearly 75 percent of the workers in her sample. Clearly, the opportunity to take a pension prior to age sixty-five has increased for workers, but more important, there is some evidence that, like Social Security, pension plan rules encourage early pension acceptance and job exit for many workers. The Bankers Trust Company study (1980) of the one hundred largest pension plans found that more than 90 percent of the plans provided a greater than actuarial equivalent benefit for retirement at the earliest possible age. Hatch, using her wider sample, found most pension plans continue to encourage fifty-five-year-olds to work, but by age sixty, the actuarial adjustments were such that half provided incentives to retire; by age sixty-two, 70 percent of workers were encouraged to retire in this way.

Burkhauser and Quinn (in press) used Retirement History Survey data to look at the age earnings profiles of workers aged fifty-nine through sixty-five. They compared earnings with and

*There is no single age of normal retirement and pension plan definitions of "normal" retirement vary. Here "normal retirement age" means the age at which no actuarial reductions in benefits occur. In addition, in some plans, it could mean that the "normal" rather than the "early" benefit factor formula is used in conjunction with years of service.

without the change in the wealth value of a pension. When the effect of the change in wealth associated with nonactuarially fair pension plans is considered, the earnings of those with pensions tend to increase between ages fifty-nine through sixty-one but fall significantly thereafter. Greater dispersion around the medians was measured, however. Even though the median person gains wealth between ages fifty-nine and sixty-one, a substantial percentage of people lose.

Detailed information necessary to measure accurately the overall effect of pensions on work behavior is not available in the micro-data sets currently available. These preliminary findings, however, suggest that the private pension system has played an important role in reducing work effort at older ages. Like Social Security, private pensions have affected work effort, not only by increasing wealth at older ages, but also by tilting benefits so that such wealth would fall for those who stayed at work.

While the great majority of economic studies reported here emphasize the choice nature of the retirement decision, bad health clearly limits this choice. In fact, earlier reports argued that health was the dominant cause of early retirement and that economic choice variables were not as important. (See, for instance, U.S. Department of Health, Education and Welfare 1976a and 1976c.) This view was most recently articulated by Hsiao (1980). One criticism of the Pellechio (1978a, 1978b) and Burkhauser (1980) results is that they were unable to control for health. Nevertheless, most of the other studies had at least self-reported health information, and, while health was found to be an important factor in the retirement decision, economic variables were also significant. Only Boskin (1977) found health to have no effect on retirement. Hall and Johnson (1980) concluded from their review of the literature that many previous studies of retirement have overestimated the importance of health, but they still found that health status mattered in their analysis.

A final factor thought to limit the choice of retirement age is mandatory retirement. The 1978 Amendments to the Age Discrimination in Employment Act raised from age sixty-five to seventy the minimum age at which most workers can be forced to retire from their jobs solely because of age. This restriction on an employer's use of age as the only criterion for employment was an attempt by Congress to reduce the incidence of age discrimination and thereby reverse the labor force trends reported in table 2.

The U.S. Department of Labor was asked to provide Congress with a study of the effects of the change in this Act on the work effort of older men. (See U.S. House of Representatives 1981 for the interim report of this study.) As part of that study, Burkhauser and Quinn (1980) found that changes in the work effort of men aged sixty-five and over caused by raising the minimum mandatory retirement age from sixty-five to seventy will be relatively small. They speculated that, while this change in the law will give those who choose to remain at work the opportunity to do so, the great majority of such workers will choose not to continue working. A major factor in this choice is the penalty that non-neutral private pensions and Social Security cause. Once again, economic incentives are found to affect behavior significantly. Similar results were also found by Clark, Barker, and Cantrell (1979); Halpern (1978); and Wertheimer and Zedlewski (1981).

Retirement Reform Proposals

In order to appreciate the degree of controversy surrounding retirement policy in the United States, it is important to understand how the present situation developed. That is, how did Social Security become the largest single government program expenditure next to defense with virtually no political criticism, and why is it now the center of controversy? Once this is

understood, we can explore policy options with respect to Social Security, government regulation of private pensions, and mandatory retirement.

One answer to the first question is that throughout the history of the system, benefits received by cohorts of retirees have been far greater than those that could have been earned by their own and their employers' prior contributions alone. The fact that each cohort gained from the system has facilitated the perpetuation of the myth that Social Security is a system based on insurance principles. The reality is that without continual increases in Social Security tax rates, the cross-generational transfers inherent in this pay-as-you-go program will no longer be sufficient to provide all contributors within an age group with a promise of a pension at least equivalent to that which they would receive under a fully funded, wage-related system.

This problem becomes more acute as either real productivity or population growth slows. These two features of today's economy put an even greater burden on the current working population to fulfill the promises made to the current retired population. The political reality is that Social Security will never again enjoy the degree of support it had in the past. Now a decision to increase benefits to some will mean real losses to others. (For a fuller elaboration of this view, see Derthick 1979; Ferrara 1980; and Stein 1980).

Social Security was developed in an era of mass unemployment, and a major justification for its creation was to encourage older workers to leave the labor force. As the previous section showed, not only has the increase in Social Security benefits accomplished this goal, but the earnings test, together with a payment system that penalizes those who postpone acceptance of benefits, has also encouraged workers to retire. Most economists have long argued against these last two antiwork aspects of Social Security. As we approach the end of this century and the beginning of the next, however, the costs associated with such lost human resources will greatly increase. The decline in birth rates makes it clear that programs that drive workers away from productive work will become increasingly costly to maintain. The passage of the 1977 Amendments to the Age Discrimination in Employment Act is a first political response to this cost. The end to the earnings test, an increase in benefits to those who postpone retirement, the taxing of Social Security benefits, or even a postponement to age sixty-eight of eligibility for such benefits may be argued for on income-distribution grounds, but some or all must occur because each would reduce the negative effect of Social Security on work.

The reports of the three recent commissions on Social Security and pension policy each discussed these work-related issues. The Advisory Council (1980) concluded that, on average, 83 percent of current Social Security benefits would be taxable if these benefits were treated in the same way as private pension benefits. Estimating the taxable proportion of Social Security benefits in the same way as the taxable proportion of private pension benefits would create measurement and administrative difficulties. For this reason, the Advisory Council argued that 50 percent of Social Security benefits should be included in the total tax base. The President's Commission on Pension Policy (1981) argued that Social Security and private pension benefits should be treated equally with regard to tax liability, while the National Commission on Social Security (1981) argued for no change.

The Advisory Council (AC) recommended the retention of the earnings test but an increase in the earnings maximum for those aged sixty-two through sixty-four. The President's Commission (PC) argued that the earnings test should be fully removed while simultaneously taxing Social Security benefits. The National Commission (NC) not only called for the retention of the earnings test but for a return to its use for those aged seventy to seventy-two. The NC would negate its effect, however, by creating an income tax credit for those who continued to work. The advantage of such a scheme is that it would be paid out of general revenues rather than by the Social Security trust fund.

The most controversial work-related proposal of these commissions concerned changing the age at which Social Security benefits should first be paid. The AC, by a narrow majority, recommended that an increase in the normal retirement to age sixty-eight be considered for implementation by the year 2000. Both the NC and AC recommended such a change by much greater majorities. (See Salisbury 1981 for a full discussion of the recommendations of these three commissions.)

The political power of the elderly will and should be a factor in deciding whether the carrot and the stick approach is used to increase work at older ages, but some combination of these proposed prowork amendments will emerge. The Social Security myth developed in the 1940s cannot be sustained because its increasing cost to society makes change inevitable.

It must be recognized that Social Security policy is only one aspect of total retirement policy. Both Social Security and private pension plans are stacked against work at older ages. Private pensions in which the wealth value falls past some age will create incentives to retire from that job; hence, the recent change in the mandatory retirement age is unlikely to affect retirement greatly. This might change dramatically if the Employment Retirement Income Security Act (ERISA) or the Age Discrimination in Employment Act were interpreted so that employers were required to pay the actuarial equivalent of normal retirement benefits to an employee who continues to work beyond the normal retirement age. Burkhauser and Quinn (1982) offered preliminary evidence that age-neutral pension plans would have increased work effort in manufacturing industries for men aged sixty-two to sixty-four in 1973 by over 10 percent in 1975. Predictions based on changes of this nature in ERISA are clearly preliminary. Better data on individual pension plans are needed to measure the change in pension wealth that such a law would induce.

Conclusion

There has been a major change in the work effort of older men over the last three decades. Our current retirement policy has played an important part in this change. As our society has become more wealthy, it is perfectly reasonable for workers to spend part of this additional wealth on leisure activities. As we move into the next century, however, well-established population trends appear likely to make such leisure increasingly costly. Many of the antiwork biases in our current system were developed in an era of massive unemployment and are no longer appropriate influences on policy for modern times. The debate in the 1980s will center on the most equitable way to change a system created in the 1930s so that workers will once again have a reason to stay in the labor force in old age.

PENSIONS, JOB MOBILITY, AND PRERETIREMENT PLANNING

Tabitha A. Doescher*
U.S. Postal Service
and
John A. Turner*
U.S. Department of Labor

In 1979, retirement pension plans covered over 35 million Americans between the ages of twenty-five and sixty-four (Schieber and George 1981, p. 41). Despite this coverage, not all of these workers will receive pension benefits upon retirement; many pension plans have restrictive features which can result in the loss of pension benefits when workers change jobs. Observers estimate that between 1980 and 1982, 6.7 million covered workers will change jobs, resulting in 4.6 million of them losing some or all of their future pension benefits (Schulz et al. 1980).

Because of the potential loss of benefits, decisions about job change are an important aspect of preretirement planning. This chapter describes the existing system of pension plans and discusses the relationship between these plans and individual job change decisions.

Retirement Income Plans

Workers can finance their retirement years through a variety of retirement income plans. Participation in one or more of these plans, however, depends on employment choices prior to retirement. Jobs differ with respect to the availability of a retirement income plan and (if such a plan is available) its characteristics. The availability of a retirement income plan is called *coverage*.

Social Security, employer-sponsored pension plans, and individual pension plans offer retirement income to American workers and their families. Since Social Security covers more than 90 percent of all United States workers (U.S. Department of Health and Human Services 1980, p. 84), the option to choose a job without Social Security coverage is unavailable to most workers. For this reason, Social Security receives only limited consideration in this chapter.

The seven types of pensions discussed in this chapter all receive favorable tax treatment. Neither the contributions paid into pension funds by employers nor the earnings on accumulated assets in these funds are taxed as current income to the employee. (Employee contributions, however, are not deductible from current taxable income.) Pension benefits funded by employers are taxable upon receipt. These tax rules benefit individual taxpayers by deferring income taxes. Since workers are usually in a lower tax bracket after they retire, these rules further benefit taxpayers through the deferral of income.

*The material presented in this chapter is solely the responsibility of the authors and does not necessarily represent the position of the U.S. Postal Service or the U.S. Department of Labor.

Employer-Sponsored Pension Plans

The majority of pensions received are from employer-sponsored pension plans rather than individual plans. Employer-sponsored pension plans include private pensions, Keogh plans, tax-deferred annuities, state and local retirement plans, federal retirement plans, and the Railroad Retirement System.

Employer-sponsored pensions are categorized as either defined benefit or defined contribution plans. The former type of plan specifies either the level of benefits received upon retirement or the method of determining the benefits; it does not specify the amount contributed by the employer or employee. Defined contribution plans, on the other hand, specify the level of contributions, but not the level of benefits.

Private pensions. Private pensions include the retirement funds and deferred profit-sharing funds of corporations, unions, multiemployer groups, and nonprofit organizations. Approximately 30 million employees, or 50 percent of the 59.7 million full-time private wage and salary workers employed in May 1979, were covered by retirement plans (Beller 1980, p. 1). Most of these workers were covered by defined benefit plans. All private sector workers covered by private pensions are also covered by Social Security.

Private pension coverage differs by industry. Industries with high rates of labor turnover and industries dominated by smaller firms have low levels of coverage. The construction industry, for example, has a high rate of labor turnover (42 percent in the first quarter of 1974) and a low pension coverage rate (56 percent in May 1979), while the financial sector has a low turnover rate (16 percent in the first quarter of 1974) and a high coverage rate (72 percent in 1979). In addition, the nonunion sector has lower coverage than the union sector. In 1979, of all nonagricultural workers aged twenty-five to sixty-four with one or more years of service, 60 percent of nonunion workers and 88 percent of union workers were covered by pensions (Schieber and George 1981, pp. 37-39).

Keogh plans. Keogh plans extend to the self-employed the tax advantages of private pension plans. Self-employed individuals may establish Keogh plans for themselves if they also cover all their full-time employees with at least three years tenure. In 1978, deductions for Keogh plans were claimed on 0.6 million individual income tax returns (American Council of Life Insurance 1980, p. 11).

Contributions to defined contribution Keogh plans are limited to 15 percent of earned income, up to a contribution limit of $15,000 annually. Under some circumstances, contributions can be higher in defined benefit Keogh plans.

Tax-deferred annuities. Because many nonprofit organizations argue that they cannot afford to provide pension plans, the Internal Revenue Code permits nonprofit organizations and public schools to purchase tax-deferred annuities, which are simpler to administer, on behalf of their employees. The purchase price of these annuities is not treated as current taxable income to the employees.

Tax-deferred annuities are defined contribution plans; the employer may contribute up to 25 percent of the individual's earned income, minus contributions to the employer's pension plan, to a tax-deferred annuity. Legally, the employer, not the employee, makes the purchase; in practice, the employer usually deducts the purchase price of the annuity from the employee's before-tax salary. In 1979, 1.6 million people contributed to tax-deferred annuities with life insurance companies (American Council of Life Insurance 1980, p. 14). Social Security coverage for workers in nonprofit firms is an option of the employer.

State and local retirement plans. More than 90 percent of full-time employees of state and local governments are covered by government pensions (Schieber and George 1981, p. 41). Most jurisdictions have more than one plan: usually there is one for general employees, one for teachers, and one for police and fire fighters.

Although employees of state and local governments are not required to participate in Social Security, they may do so at their employer's option. In 1979, 72 percent of state and local government workers were covered by Social Security (American Council of Life Insurance 1980, p. 30).

Federal retirement plans. The majority of federal civilian employees are covered by the Civil Service Retirement System (CSRS). In 1979, the CSRS covered roughly 2.7 million workers (American Council of Life Insurance 1980, p. 25). Civilian jobs in the federal government are not covered by Social Security. Members of the armed forces are covered by both the Uniformed Services Retirement and Survivor Benefit System and by Social Security. All federal plans are defined benefit plans.

Railroad Retirement System. Administered by the federal government as a defined benefit plan, the Railroad Retirement System covers all railroad employees. Although it excludes railroad employment from Social Security, the Railroad Retirement System is closely linked to Social Security through a financial interchange. Railroad employment has declined fairly steadily for the past twenty-five years. In 1979, half a million workers were covered (American Council of Life Insurance 1980, p. 28).

Individual Pension Plans

Individual Retirement Accounts. Because they have no connection with a particular job, Individual Retirement Accounts (IRAs) differ from other pension plans. Since the enactment of the Economic Recovery Tax Act of 1981, all workers, even those covered under other pension plans, can establish their own IRAs. IRAs are defined contribution plans in which workers can contribute annually up to $2,000 ($2,250 with a nonworking spouse) or 100 percent of earned income, whichever is smaller. Contributions to IRAs receive tax treatment similar to that received by employer contributions to private pensions, except that the Social Security payroll tax must be paid on the IRA contribution. Employees can transfer lump sum distributions received from a pension, such as that sometimes received when changing jobs, to a rollover IRA without paying taxes on the pension at that time. In 1978, deductions for IRAs were claimed on 2.4 million individual income tax returns (American Council of Life Insurance 1980, p. 11).

Pension Features Affecting Labor Mobility

Even though a job may be covered by a particular pension plan, this does not guarantee that a worker in that job will receive pension benefits upon retirement. A major factor contributing to a worker's loss of pension is job change. Before workers receive full rights to pension benefits, they must satisfy certain requirements. Most retirement programs require employees to be a certain age and to have worked for the employer for a specific amount of time before they are eligible to participate in that program. Workers changing jobs before satisfying these requirements will not receive any pension benefits from their employment even though their job was covered by a pension. Frequent job changes can result in covered workers being unable to fulfill the service requirement for participation in a pension plan.

Pension plans differ in their age and service requirements for plan participation. As stipulated by the Employee Retirement Income Security Act (ERISA), the age and service requirements for participation in private pensions cannot require the employee to be more than age twenty-five and have more than one year of service, or be more than age twenty-five and have more than three years of service if the plan provides full and immediate vesting.* Workers who do not meet these requirements can be legally excluded from participating in a pension plan. Keogh plans may require three years of service but may not have an age requirement. Plans of tax exempt educational institutions under some circumstances may require employees to be age thirty before they can participate. While the Civil Service and military retirement plans do not have age or length of service requirements, some state and local government plans do. IRAs do not have age or service requirements.

Once workers qualify as participants in a pension plan, they begin to accrue benefits. However, workers who change jobs before full vesting are not entitled to receive those benefits upon retirement. The employee's contribution vests immediately, but in most pension plans, the employer's contribution does not.

Private pension plans are required by ERISA to have at least 50 percent vesting after ten years of service and full vesting after fifteen years. Workers with 50 percent vesting who change jobs retain the rights to half the benefits they would have earned over the same period had they not changed jobs until full vesting. More than 75 percent of private pension participants who have worked more than ten years are fully vested, but less than half of participants with six to ten years are vested (Schieber and George 1981, p. 30). Because of less than complete vesting, workers aged twenty-five to thirty-four and aged forty-five to fifty-four who are covered by a private pension have, respectively, an 85 percent and 55 percent probability of losing pension credits at the time of job change (Schulz et al. 1980, p. 116).

Except for plans covering police and fire fighters, state and local plans generally vest after ten years (Tilove 1976). Most federal civilian retirement plans vest after five years. IRAs and Keogh plans vest immediately.

Although the military retirement plan does not provide vesting until twenty years of service, there is no minimum age requirement to receive benefits and those benefits are not lost if the individual takes a civilian job. (Private pensions generally require retirement from that job or industry for receipt of benefits.)

In some situations, fully vested participants in defined benefit plans can suffer a loss of benefits from changing employers. Because of the way in which pension benefits are computed for vested workers in defined benefit plans, the expected value of pension benefits earned over a period of time is frequently lower for vested employees who have switched jobs than for employees who have remained. An employee who switches jobs usually does not qualify for cost-of-living adjustments after leaving the firm. The vested benefits of most terminated employees in defined benefit plans are thus eroded in value by inflation. This situation does not arise in defined contribution plans since federal law requires such plans to pay the same interest on plan assets to former as well as to current employees.

Finally, interruptions in employment under a pension plan, caused by plant shutdowns, layoffs, and leaves of absence, can result in the loss of earned pension benefits. In general, private pension and Keogh plans may not recognize as a break-in-service any breaks shorter than one year. Breaks-in-service do not cause loss of pension rights for IRAs or the CSRS.

*The term *vesting* refers to employees' legal rights to their accrued benefits.

Pension Plans and Individual Employment Decisions

While workers can finance their retirement years through a variety of pension programs, participation in these programs depends on employment decisions prior to retirement. Individual workers should consider pension plan coverage and pension plan features when making decisions about job choice and job change. In selecting jobs, individuals who want to maximize their lifetime income often think in terms of putting together a lifetime package of benefits. Assuming the individuals are choosing between jobs that are of equal interest to them, they should attempt to achieve the best match between their expected job tenure and the availability and characteristics of the pension plans that are associated with different jobs. Individuals who have a high probability of making a job change are less likely to accept a job offering a pension. However, once such a job is taken, the potential loss of pension rights will tend to decrease the probability of a job change.

The Effect of Pensions on Job Choice

Because pensions impose a penalty on switching jobs, workers who have a high probability of job change are less likely to be attracted to a job because of a pension. If workers expect either to drop out of the labor force for long periods of time or to switch jobs frequently, they may prefer jobs that offer higher wages rather than pensions. Workers can invest some of their current income in an IRA; this will enable them to save money for retirement while taking advantage of the favorable tax treatment offered by IRAs.

Only one study to date has investigated the effect of job mobility on pension coverage. Dorsey (forthcoming), using the May 1979 Current Population Survey, performed a regression analysis of pension coverage with job tenure as an explanatory variable. He found a highly significant positive effect of job tenure on the probability of being covered by a pension. This result indicates that frequent job changers are less likely to take jobs that are covered by pensions. However, as Dorsey noted, this effect may in part be the outcome rather than the cause of pension coverage, since being covered by a pension tends to reduce job mobility.

If mobile workers do accept jobs offering pensions, they tend to favor jobs with pension plans that impose the least cost to switching jobs. Certain types of pensions are more compatible with job change. Workers who expect to change jobs may favor pension plans with low service requirements and rapid vesting, or they may favor plans with delayed vesting and low benefits. In addition, pensions offered by large nationwide companies, as well as the federal government, and pensions sponsored by multiemployer groups and nationwide unions provide workers with numerous opportunities to retain pension rights while switching employers or geographic locations.

There is considerable variability in the probability of a worker either dropping out of the labor force or switching employers. In general, women tend to experience a considerable amount of intermittent labor force participation. In a study of five thousand families, Corcoran (1979, p. 223) found that 36 percent of the white women in the sample interrupted their labor force activity with at least one period of twelve or more months out of the labor force. Women with this pattern of work experience can lose their pensions because of a break-in-service or because of inadequate job tenure for vesting.

Younger workers and workers with lower levels of education and job tenure are more likely to change jobs. Men under age twenty-five with less than three years of job tenure have a predicted probability of job change within a year of 26 percent. The predicted probability of men aged fifty to sixty-four with eleven years of job tenure is 1 percent (Schulz et al. 1980, p. 116).

These patterns of job mobility may explain in part patterns of pension coverage. Women are less likely to be covered by pensions than men, but the longer their job tenure, the more likely that both men and women will be in jobs covered by pensions.

The Effect of Pensions on Job Mobility

In addition to their effect on job choice, pension plans affect job mobility. By manipulating pension plan features, employers can use pensions as a device for controlling both the tenure of their employees and the age of their work force. In general, employer-sponsored plans restrict job mobility among employees at some ages but encourage job mobility at other ages.

Individual pension plans, which are not employer sponsored, are neutral with respect to job change. For example, IRAs do not affect job change decisions. Because these plans vest immediately and because employees retain their rights to the invested assets, workers do not receive lower benefits with a change in employment. Neither do IRAs favor retirement at a particular age: a worker can receive IRA benefits at age fifty-nine and one-half and can continue working with no loss of benefits.

The role of pensions in inhibiting job mobility. By increasing the cost of changing employment through loss of pension benefit rights, some pension plans inhibit job change. According to economic models of job mobility, a worker will be deterred from changing employers if the discounted expected value of remaining with the current employer exceeds the discounted expected value of existing alternatives. In calculating these expected values, the worker considers the anticipated stream of wage payments and pension benefits emanating from both current and alternate jobs. Pension eligibility thus plays an important role in a worker's job mobility decisions.

Using the National Longitudinal Survey of Mature Men, a panel survey of men who were aged forty-five to fifty-nine in 1966, Parnes and Nestel (1975) found that the probability of quitting a job is significantly decreased by the existence of a private pension plan. Mellow (1980) confirmed this finding: using the 1966, 1967, and 1969 installments of this survey, he found that, without pension eligibility, the probability of quitting is 0.087, while with eligibility the probability of quitting is 0.05, a decrease of 57 percent.

Mitchell (1982) further explored the relationship between job mobility and the availability of a private pension plan with the Quality of Employment Survey, a panel study that included both males and females surveyed in 1973 and again in 1977. As part of her investigation of the impact of fringe benefits on job mobility, she found that a male worker with a pension plan is 10 percent less likely to quit his job than his counterpart without a pension plan. (The differential probability of quitting rises to 15 percent when job tenure is removed from the equation.) For females, however, the effect of pensions on quits is never statistically significant. Mitchell attributed this lack of impact to three factors: married women are usually covered by their husbands' pension; married women typically receive higher benefits from their husbands' plans than from their own; and women usually receive lower salaries and spend less time in marketplace work, so that expected pension benefits are lower for women than for men.

Bartel and Borjas (1977) explored the relationship between job mobility and the existence of private pension plans in their examination of the determinants of quitting for job-related reasons (dissatisfaction with wages, hours, working conditions, type of work; difficulty in getting along with employer or fellow employees; finding a better job) and quitting for personal reasons (dislike of location or community; health or family reasons). Using the National Longitudinal

Survey of Mature Men (1966-69), they found that the availability of a pension had a strong negative effect on job-related quits, but did not affect quitting for personal reasons. In their study, white men with private pensions were 67 percent less likely to quit for job-related reasons than white men employed in jobs that did not offer pension coverage. Although the existence of a private pension plan reduced quits for personal reasons by 36 percent, this finding is not statistically significant. (Introducing job tenure into the analysis reduced the effect of pensions on the probability of quitting; the impact on quitting for job-related reasons, however, is still negative and significant.)

Thus, there is strong empirical evidence that the existence of private pension plans inhibits job mobility at some ages. Workers have different characteristics, however, and plans have different features, so it is reasonable to expect that the relationship between job mobility and pension plans is more complex than the above findings indicate.

In evaluating the anticipated financial stream of pension benefits, the worker contemplating a change in employers will be concerned with both the value of the benefits and the probability of receiving these benefits. These depend on characteristics of the worker (e.g., age, job tenure, salary) and the features of the employer-sponsored plan (e.g., vesting provisions, level of benefits). Therefore, job mobility decisions should reflect both worker characteristics and plan features.

For example, workers of different ages may respond to the existence of a pension plan in different ways. Mitchell (1982) investigated this hypothesis. Examining the interaction of age and the existence of a pension plan (she did not control for vested status or early retirement incentives), she found that for males the probability of quitting decreases with age but that the effect was insignificant; for females the same effect was found and it was significant. One possible explanation for the weak results for males is that Mitchell did not take into account variations in pension plan features. By manipulating the features of pension plans, employers can control to some degree both the age of their work force and the tenure of their employees.

Schiller and Weiss (1979) examined whether variations in pension plan characteristics, including vesting features, are significant determinants of firm attachment. They used a data set that includes pension plan characteristics for 133 large firms from a U.S. Department of Labor file on pension plans, and earnings and employment data for individuals who work or have worked for these firms from Social Security Administration earnings records. Although a number of their results were insignificant, Schiller and Weiss found that for young male workers the implicit loss associated with a job exit significantly restrained the decision to change jobs. Stringent vesting requirements increased the probability that these workers will switch jobs: as the typical age of vesting rose, the probability of job change before that age also rose.

Employers may further control the tenure of their employees by requiring employee contributions to the pension plan. Taking the form of a payroll deduction and found in both private and public plans, contribution requirements may both alter the value of future benefits and act as a reminder of the existence of pension coverage, thereby reducing worker mobility (Kolodrubetz 1976, p. 154). However, employee contributions vest immediately, lessening the negative impact on job mobility. Schiller and Weiss (1979) found a negative effect on job mobility when workers are required to make contributions.

Some employers use defined benefit plans to discourage job mobility just prior to retirement. Defined benefit plans are frequently based on the high three or high five years of salary. This type of benefit formula discourages job change immediately before retirement when inflation is raising salaries. For example, the CSRS does not index the wage base used in computing federal

pension benefits. Workers who left the government before they were eligible for retirement benefits would find that the wage base used in computing their pensions was eroded by inflation.

A second way in which defined benefit pension plans can discourage job change is by causing the pension benefit to increase rapidly for work at older ages. This is common practice designed to encourage older workers to remain at work until a particular retirement age (Hatch 1981).

The role of pensions in encouraging job mobility. Pensions frequently attempt to encourage workers to switch jobs or to retire once they reach a particular age. To maintain a youthful work force, pension plans for military, police, and fire department employees generally provide "retirement" benefits at vesting after twenty or twenty-five years of service. These benefits are not lost if these workers take other jobs. The average military retiree, for example, currently "retires" at age thirty-nine (U.S. Congress 1978, p. 6). The majority of pension plans, however, do not encourage job change or retirement until workers are aged sixty or older (Burkhauser and Turner 1982).

Sometimes pension plan features can unintentionally encourage worker mobility. For example, once workers are vested, they may feel they have the financial freedom to switch jobs. Schiller and Weiss (1979) found that among men aged forty-five to fifty-four each additional dollar of vested benefits increases the probability of job change by 0.002 percentage points.

An unintended effect of prohibiting Social Security coverage for federal workers is that those workers may be induced to change jobs near retirement. Federal workers aged fifty-five and older who have thirty years of federal service, and federal workers aged sixty and older with twenty years of service, are eligible for a federal pension upon leaving federal employment even if they take a private sector job. Social Security provides high benefits relative to contributions for workers covered by it for the minimum number of years. Federal workers can receive these benefits by switching into private sector employment near retirement. However, empirical analysis by Burtless and Hausman (1981), using a sample of men and women aged fifty-four to sixty-one who were federal employees at the end of 1976, did not show a large shift of federal workers into Social Security-covered employment. They urged caution in interpreting this result because their measure of the gains from working in Social Security-covered employment was imprecise.

Conclusion

By deferring a portion of employee compensation until retirement, pension plans provide workers and their spouses with a source of retirement income. However, employers can use the pension system as well: by establishing standards for pension eligibility and pension receipt, they can control the tenure and age distribution of their employees. These features tend to affect labor mobility.

With the exception of features that encourage early retirement, the pension policies of many employers inhibit the job mobility of workers. Although employees may choose jobs that offer an ideal match between their individual characteristics and the job's wage and pension features, there is considerable evidence that the existence of a pension plan deters worker mobility.

Legislation enacted over the last ten years has had the effect of easing some of these restrictive features. ERISA, passed in 1974, limited the age, service, vesting, and breaks-in-service restrictions for private pension plans and Keoghs. By liberalizing these restrictions, ERISA decreased the cost to workers of changing jobs.

ERISA also created IRAs. Before IRAs were permitted, governmental policy in effect granted private employers a monopoly on the provision of pensions with favorable tax treatment. A private sector employee could not receive favorable tax treatment on a pension without working for an employer who provided a pension. IRAs now provide all workers, even those who are covered by other pension plans, with a private source of retirement income. Because of limits on allowed annual contributions, IRAs are not fully competitive with private pensions. However, the creation of IRAs diminished the importance of the restrictive features of employer-sponsored pension plans. While workers may still lose employer contributions to a pension fund when they change employers, they can receive a tax advantage through the purchase of an IRA. IRAs thus limit the impact of employer-sponsored pensions on job mobility.

Future easing of pension restrictions could limit the impact of pensions on job mobility even further. For example, federal legislation requiring full vesting after five years rather than after fifteen years (the current allowable maximum) would reduce the cost to workers of switching employers. However, a government policy that significantly restricted employers in this way might considerably reduce the number of firms providing pensions. Alternatively, raising the contribution limit on IRAs would aid worker mobility while enhancing competition between IRAs and other types of providers of pension benefits.

NEW DIRECTIONS IN RETIREMENT POLICY: IMPLICATIONS FOR VOCATIONAL EDUCATION

N. Alan Sheppard
Virginia Polytechnic Institute and State University

Introduction

The nation's persistent double-digit inflation and general economic uncertainties are causing many older Americans to put off their retirement or return to work after retiring (Harris 1979; Kieffer and Flemming 1980).

Labor economists seem uncertain whether the recent pattern is only a temporary one related to the current recession and high rate of inflation, or whether it reflects a reversal of an eighty-year decline in the age at which Americans retire from active employment. There appears to be growing statistical evidence, however, that the proportion of American men over fifty-five years of age who remain on the job has begun to rise again after declining for decades (Harris 1979; Lindsey 1980; National Committee on Careers for Older Americans 1979; Sheppard 1979).

This chapter on implications of changes in retirement policies examines training and retraining opportunities during preretirement, retirement, and postretirement years, and focuses on what can be done to increase participation of older workers in the work force. What is an older worker? Although federal antidiscrimination law uses age forty as the dividing line between younger and older workers, the Bureau of Labor Statistics (BLS) considers an older worker to be one aged fifty-five or older (*The Future of Older Workers* 1980). In considering training or retraining opportunities, educators need to think in terms of two groups of older workers. There are those in the preretirement stage who may be considering second careers, and there are those in the retirement or postretirement stages who wish to reenter the labor force. Both groups include individuals who desire training or retraining opportunities in order to be employed in meaningful, satisfying jobs.

The Problem

Millions of older people are in retirement—either voluntarily or involuntarily. They represent an enormous untapped resource of paid, self-employed, and volunteer workers. Many want to have new careers. The results of the Harris (1975) survey of 21 million Americans aged sixty-five and over clearly show the following.

Older People Want to Work

Of persons over sixty-five and not working in any capacity—

- 2.2 million feel they have specific skills that no one will give them a chance to use,

- 3 million are interested in learning new skills, and
- 4 million would like to work and be paid for it.

Older People Want to Volunteer

- 4.5 million people over sixty-five are now serving as volunteers, and
- another 2.1 million would like to do volunteer work but have not done so.

Despite the above statistics, the notion is widely held that older people want to quit work. Indeed, statistics showing that a large number of people take early retirement are frequently cited to support this contention. Some people do want to retire early; others, however, wish to work as long as they can. Still others would like to go on working, but with greater flexibility in hours or days of activity. Some would like to continue in their present jobs; others would like different jobs in the same organization or occupational area, or, at least a lighter, less demanding work load. Still others want to do something different. Most want to be judged on the basis of individual capacities and personal desires irrespective of age (Kieffer and Flemming 1980). There is a growing recognition of a need for more options for older people to be trained, to have obsolete skills upgraded, to serve as volunteers, or to keep active in other useful ways.

The number of people in the United States aged sixty-five and over is projected to increase from about 25 million (in 1981) to more than 31 million in the next twenty years (White House Conference on Aging 1981). The death rate in the over sixty-five age group has dropped 14 percent in the past decade, resulting in a life expectancy of fifteen years at age sixty-five and ten years at age seventy-four.

Due to a number of factors, individuals in their preretirement years are also considering remaining in the work force past their normal retirement time. These factors include—

- increased longevity,
- better health,
- uncertain economic conditions such as inflation and possible changes in Social Security benefits,
- more interesting work due to higher educational levels,
- increased use of alternative work patterns such as flextime and part-time jobs. (*The Future of Older Workers* 1980)

Although some of these individuals will continue to work in their current positions or occupations, many will wish to change jobs, necessitating training or retraining.

Characteristics of Older Workers and the Design of Vocational Training Programs

Collectively, the leading studies (Donahue 1949; Griew 1964; Sheppard 1971; Webber 1971; Winter 1975) on various characteristics of older workers support the conclusion that chronological age alone is a poor indication of work ability. Health, mental and physical

capacities, work attitudes, and job performance are individual traits at any age. Indeed, measures of characteristics in different age groups usually show many older workers to be superior to the average worker in the younger group and many of the younger ones to be inferior to the average older person.

In applying knowledge of the characteristics of older workers to training programs, Britton (1970) suggested observing three precautions. The first precaution is that one should remember that not all older workers are the same. Older workers differ from each other at least as much as they differ from younger workers. Secondly, differences between the performance of older persons as compared to younger ones are often small. Moreover, even when differences between ages are significant statistically, they often are of little or no importance in actual performance on a job. A third precaution in thinking about characteristics of workers over forty is that many of the changes in learning ability and performance that are reported to occur with age occur later than was previously believed. When this fact is considered, the differences often are of little consequence in thinking about workers in the forty-five to sixty-four-year-old group.

Much of the research utilizes a broad definition of the older worker group that includes all those forty-five years old and over. Thus, data based on the forty-five and over group can actually conceal vital distinctions that need to be made between workers aged forty-five and those aged sixty-five and over.

A cautionary note is in order. A number of the researchers warn that most standard tests of capacity and characteristics penalize older workers, whose experience, judgment, and dependability might, in practice, compensate for the slower reactions and educational deficiencies that at times cause them to do poorly on tests. Furthermore, young competitors of the older worker are more accustomed to taking tests. Thus, research based on such tests tends to demonstrate the unfavorable aspects of aging more frequently and more conclusively than the improvements that occur.

On the basis of extensive research, certain job features that are likely to become problems for older workers include—

1. inadequate lighting, source of glare;
2. design features causing prolonged stooping, bending, stretching, and so forth;
3. close visual or intense auditory activity;
4. speed of work not under operator's own control (pacing);
5. continuous heavy work, especially in hot environment;
6. low distribution of rest pauses. (Griew 1964)

As indicated previously, one of the most generally observed characteristics of older workers is that they tend to work more slowly than younger persons (Birren, Riegel, and Morrison 1962; Sonnenfeld 1978). Whatever the reasons for this tendency—neurological, physiological, or psychological—it follows that vocational training programs should allow older workers to work at their own pace rather than to succumb under the pressure of highly structured time schedules. Also, a concern often expressed by those responsible for designing training programs is the evidence that older individuals have less physical strength and visual and auditory acuity. Relatively few jobs, however, require great physical strength, making this characteristic one of

relatively small importance. A well-designed vocational training program should assist older adults in performing more effectively by demonstrating ways to compensate for minor physical disadvantages (e.g., increasing illumination and using larger print materials for those who have trouble seeing, and seating those with hearing difficulties close to the trainer).

Unquestionably, a concern many employers have about older people working is the conception that they cannot or do not want to work a full day, or that they suffer from some handicap, in short, that they are unemployable. According to Gartner (1969), "far more jobs are 'unpeopleable' than people are unemployable" (p. 2). Certainly there are those who cannot and should not work, but there are a great many training activities that can be structured and restructured around the vocational education concept to permit elderly persons to engage in them as a meaningful way to become trained or have present job skills updated.

Vocational Education and Older Adults—Current Perspective

The declaration of purpose of the Vocational Education Act, as amended, is to authorize federal grants in vocational education

> so that persons of all ages in all communities of the State . . . will have ready access to vocational training or retraining which is of high quality, which is realistic in the light of actual or anticipated opportunities for gainful employment, and which is suited to their needs, interests and ability to benefit from such training. (U.S. Congress 1977, Section 101, P.L. 94-482)

Obviously, older persons are not excluded from the purpose of the Act. However, nonexclusion is not synonymous with statutory inclusion by specific reference. In Section 110, national priority programs are addressed directly to the handicapped and disadvantaged, including those with limited English-speaking ability, and designated set-asides of the state basic grant allotment are to be used to meet their employment and training needs. The elderly, however, are not mentioned per se as warranting a national priority program, nor are they specifically addressed as a target population in any other part of the statute. There are but two indirect references to older persons in the entire Act. Federal funds are authorized to be used for

> the establishment of vocational resource centers to meet the specific needs of out-of-school individuals, including individuals seeking second careers, individuals entering the job market late in life, handicapped individuals, individuals from economically depressed communities or areas, and early retirees. [U.S. Congress 1977, Vocational Education Amendments 1976, Section 134 (a) (6)]

The 1976 Vocational Education Amendments also permit states to use vocational education funds

> to encourage outreach programs in communities for youth and adults giving consideration to special needs such as, but not limited to, aged, young children, school-age parents, single parents, handicapped persons, educationally disadvantaged persons. [U.S. Congress 1977, Section 150 (b) (D)]

As shown, the first authorized use allows for setting up resource centers for counseling to serve early retirees. The second focuses primarily on developing life-coping skills in persons of all ages, rather than on providing employment and training services for older persons. While older persons are included in general categories of the statute as "individuals seeking second

careers" or "unemployed adults," or even "adults," the Act does not specifically address the needs of older persons to upgrade their job skills so that they might continue to make a productive contribution to society.

Despite the lack of clearly marked support for vocational education for older persons, educational programs and related services for older persons have increased substantially over the past decade. Furthermore, a growing number of older persons are taking advantage of these programs and services. Nonetheless, compared to other age groups, elderly persons continue to be underrepresented in educational programs, especially vocational and technical education programs.

Vocational education is purported to be for persons of all ages in all communities. Yet, despite its statutory purpose, vocational education is primarily a program at the secondary level of education. As such, the concern is for preparing program enrollees in grades twelve and below for full-time paid employment. Conversely, the majority of the elderly do not hold full-time paid jobs and thus many feel they do not warrant as much preparation and training as their younger counterparts.

To date, relatively little data exist about the participation of older adults in vocational education. The Vocational Education Data System (VEDS) mandated by P.L. 94-482 makes no provision for the reporting of vocational education program enrollments nor, for completions, by age categories. Likewise, state plans for vocational education vary considerably with respect to information regarding services to older adults. In short, few state plans include programs targeted specifically to meet the training and employment needs of older Americans.

The Role of Vocational Education in Serving Older Adults

An extensive review of the literature and related research indicates that very little research on the subject of vocational education and aging or the relationship between vocational education programs and needs of older Americans has been conducted (Charters 1980; Sheppard 1975; Sheppard 1979).

The Age Discrimination Study conducted in 1977 by the U.S. Commission on Civil Rights found that discrimination on the basis of age in the delivery of federally supported services and benefits existed to some extent in each of the federal programs studied. Two of the recommendations resulting from the study centered on vocational education opportunities for older adults. These were—

1. that the U.S. Office of Education (USOE), based on state and local needs assessment data, develop appropriate technical assistance to assist state vocational education agencies to work effectively with its grantees to develop vocational education programs and activities to attract and to meet the needs of older persons;

2. that failure of the state vocational education agencies to respond to this initiative be regarded as a violation of the Age Discrimination in Employment Act and appropriate steps be taken to apply sanctions recommended in the report. (U.S. Commission on Civil Rights 1977)

In response to these recommendations, the U. S. Office of Education in 1980 awarded a contract to CONSERVA, Inc., a national research firm, to implement a project geared to the identification of issues surrounding the role of vocational education in serving the employment-

related training needs of older persons. This effort was oriented toward establishing (1) a knowledge base upon which future program development can build and (2) current policies and practices affecting the delivery of vocational education services to older persons. Reports issued as a part of the project include *Education and Training for Older Persons: A State of the Art Summary Report* (Salkin and Britton 1980); *Education and Training for Older Persons: A Planning Paper* (Drewes 1981); and *Identification of Issues Relating to the Role of Vocational Education in Serving Older Persons* (Drewes and Nerden 1981).

Motivated by the situation and circumstances prior to the release of these reports, Sheppard (1975) conducted the only major study of secondary and postsecondary vocational educators on various attitudinal measures, role perceptions, available resources, and competencies for working with older persons. Several of the key questions that served as a guide to the investigation included: Why hasn't vocational education made a more substantial impact on behalf of older Americans? Does vocational education, in fact, have a role to fulfill? Do current vocational education programs offer realistic opportunities for older people who want to work in order to survive? What are vocational education's goals for future programs to serve the aged?

While these questions cannot be answered within the scope of this chapter, they—and many others—must be answered soon if vocational educators are to anticipate their future effectively. Central to answering these questions, of course, are the perceptions of individual vocational educators. What do they think about offering programs for the aged?

The vocational educators in Sheppard's sample appeared concerned with the problems of the elderly and felt that their problems should be a concern of vocational education as a profession. They were somewhat unconvinced as to the suitability of present programs of vocational education for older people. Similarly, these vocational educators were unsure of their potential ability to provide service to the elderly, and they perceived their resources to be less than optimal. They felt overwhelmingly that service to the aged has not been, and is not now, a high priority item within vocational education.

Finally, the survey revealed that there were not a large number of vocational education programs specifically designed for the aged in operation at the time, nor were any definite plans in existence for future offerings. Where programs did exist, they were likely to be in the areas of agriculture, crafts, and business, and tended to be adult education programs that the elderly were eligible to attend at no cost or on a reduced fee basis.

Implications for Vocational Education

In their various positions of responsibility (teachers, administrators, curriculum specialists, counselors, and others), vocational educators have many opportunities to promote and provide services for the aged.

One of the most important services is to increase the ability of older persons to assume second careers. Factors such as changing technology and changes in skill requirements that force a second career on an individual can no longer be overlooked. Neither can increased longevity and the potential for extended working years.

The need for satisfactory careers following retirement is a major problem for older Americans. In many cases, this need is an outgrowth of the need for income. In others, it may be a need for validation of worth, for physical and intellectual stimuli, or for a feeling of accomplishment. Employment and career opportunities for the aged can be enhanced by—

1. offering vocational training or retraining for older persons reentering the labor force and to older persons whose skills have become obsolete,

2. providing short-term training to develop or enhance employability skills and attitudes,

3. providing vocational and career counseling services,

4. developing job placement activities that may facilitate the transition from subsidized to unsubsidized employment, from voluntary to paid employment, from unskilled to skilled job, or from part-time to full-time employment,

5. actively recruiting older workers, who may have dropped out of the official and visible unemployed population because of job discouragement,

6. providing, when appropriate, careful referral coupled with accurate job assessment to place older workers in positions commensurate with their abilities,

7. identifying and developing nontraditional occupations oriented to older persons,

8. placing those who are engaged in supplemental income activities at home in touch with some individual or group that can help them to produce quality items and to find markets for their products or services,

9. utilizing older persons as volunteers. Although there may be little or no monetary reward, volunteerism is a viable second career option for many older Americans.*

Other general implications follow, based upon this essential beginning point. Vocational educators must learn more about the process of aging, the needs of older people, and their immense contributions to American society. They should make an effort to do the following:

- Become knowledgeable about employment and volunteer programs that have been developed specifically to aid the older worker, for example: Title III, Section 308 of the 1978 CETA Amendments; local senior employment programs that may operate as components of the League of Older Americans, Inc., or an area agency on aging; professional or trade association programs; Forty-Plus Clubs that now have offices in major cities; labor union employment services; and groups such as the Foster Grandparents Program, the Service Corps of Retired Executives (SCORE), Senior Companion Program, and the Retired Senior Volunteer Program (RSVP).

- Utilize the experience and expertise of older persons to work with young adults and youth. Many older people are in a position that makes it possible for them to serve as volunteers. They need the psychic compensation that comes from such work. Yet, they are often ignored because they are considered too old. Learn how and where older people in the local community may volunteer their services. Don't overlook centers for the handicapped, vocational and technical schools, hospitals, Indian reservations, and Job Corps centers.

---

*Project ASSERT, which uses retired technicians as volunteers to strengthen postsecondary occupational education in Ohio, is a good example of using retired older people. Project ASSERT was conducted by the National Center for Research in Vocational Education at The Ohio State University. (See Warmbrod and Eisner 1979a, 1979b.)

- Try to understand what it is like to be old and unemployed. Forced unemployment is one of the nation's biggest concerns. The problems of unemployment among the youth of this nation are well known. Unemployment is just as vicious, traumatic, and victimizing to the elderly.

- Contact employers in the community to determine where the capabilities of older people may be utilized effectively in part-time, temporary jobs.

- Investigate the possibility of a job bank in the local community for older persons. This system should match skills of the individual with someone who has a need for the particular skill and who is willing to pay for it.

- Work for more legislation that permits employed or unemployed older persons to be trained or retrained for employment, so as to provide greater economic security for the individual and greater productivity for the nation.

- Become knowledgeable about educational opportunities for older Americans in the local community and state. Get vital information from the city or county board of education and the state department of education. An agency on aging in each state and in more than fifty-five substate areas is available to plan as well as coordinate services to help carry out the objectives of the programs. The state agency will give information on educational opportunities offered by the state's organizations, senior centers, schools, and colleges.

- Utilize vocational and technical education classes also as a means for providing opportunities for social interaction and leisure pursuits or recreational activities that will help older persons avoid boredom and social isolation.

- Make older people aware of job-hunting techniques.

- Push for an adult title in the next reauthorization of the Vocational Education Act. Such a title should provide for the delivery of vocational education programs, services, and activities for the purpose of developing job skills and updating and upgrading existing skills for all adults (including older Americans) according to their needs, interests, and ability to benefit from such training. The inclusion of a separate title will signal that it is the intent of the country to make the development of employment-related skills for all adults a national priority.

Issues Surrounding Vocational Education for Older Adults

A primary issue surrounding the provision of training for older adults involves the allocation of training resources. Should scarce federal training dollars be allocated to the elderly who have few years left to work and whose retraining is less likely to pay off in the long term? To answer this question, an analysis of all costs and benefits of training programs must be undertaken.

One overlooked benefit of education programs is tax dollars saved if the elderly continue to participate in the labor market. As the population ages, there will be fewer workers to support those in retirement. If current recommendations for changes in Social Security are implemented, benefits may be delayed or reduced, meaning that individuals will reevaluate their retirement decisions. A choice to remain retired implies lower income and the need of many of the elderly for welfare. A choice to work, encouraged by training programs, can reduce federal transfer payments because individuals can adequately support themselves.

A second, often overlooked benefit is related to changing demographics. Future productivity needs of the country may require extended work lives, especially as the pool of younger workers diminishes. Training programs for the elderly can accommodate this need.

Another issue surrounding training for older workers involves social needs. As knowledge of adult development has increased, it has become evident that individuals continue to grow and change throughout their life spans. No longer do persons expect to remain in one occupation for their entire working lives. Also, due to increased life expectancy and better health, many individuals wish to remain on the job past the normally accepted retirement age of sixty-five. They wish to retain the satisfaction, identity, contacts, and so forth that they derive from their paid employment.

When all social costs and benefits are adequately analyzed, cost-benefit comparisons can be useful in allocating scarce resources efficiently to improve the condition of the elderly.

Summary and Conclusions

Vocational education programs have not been specifically designed for older people. Consequently, participation rates are practically nonexistent. Although many adult education courses in vocational-technical education are generally open to older persons, elderly people do not participate to any great extent.

To change this situation, vocational educators must join other disciplines in seeking to expand the public's understanding of the abilities and needs of the elderly. Vocational educators will have to examine the realities of recruiting elderly persons if this population is to be served adequately. And, of course, training for vocational educators themselves is needed if effective programs are to be designed and implemented.

Yet, these essential tasks are dependent upon a more basic one: vocational educators must begin to examine seriously their own attitudes toward older people and their programs' potential to serve the aged adequately. They must begin to view elderly people as having the ability to grow and develop, as being appropriate to include in vocational education activities, as being desired clientele.

Finally, deciding to retire is an important and difficult choice. Vocational education can help many older persons "retire to" rather than "retire from" and make a valuable contribution to prolonging their usefulness and independence. It seems clear that the problems of older workers must be considered by public policy. The creation of public policy that will not put on the shelf people still capable of making significant contributions to the productive capacity of the nation is needed.

CONCLUSION

Kathryn H. Anderson
Vanderbilt University

During the last fifty years, primary responsibility for care and maintenance of the elderly has shifted from the family to the government. Institutions and programs affecting the elderly have concentrated on three social issues: (1) improving health status, (2) reducing poverty, and (3) ending discrimination. To a large extent, these programs have been successful in achieving these goals. The health of the elderly has improved; life expectancy has increased from 59.7 years in 1930 to 73 years in 1980. Social Security has reduced poverty among the elderly by 63 percent (Warlick 1982) and reduced income inequality by one-third (Danziger 1977). Finally, mandatory retirement rules are no longer enforceable in the private sector at age sixty-five, allowing a significant percentage of the elderly to continue working.

The costs of these successes have been large. Expenditures on the aged are currently over 30 percent of total federal expenditures. If current levels of real per capita expenditure are maintained, the share will rise above 40 percent in the next century. A shrinking work force is being asked to transfer a larger percentage of its income to a growing nonworking population. Reluctance to support additional transfers is evidenced by opposition to further tax increases at the federal and local levels. If tax dollars cannot be raised to maintain the current standard of living of the elderly, then policies must be redirected to reduce outlays.

The papers presented in this volume have addressed the issue of preretirement planning by examining current and past policies and institutions affecting the elderly, and the impact of policies on behavior. Several conclusions can be drawn from the material presented.

First, federal policies affecting the elderly have never been coordinated and goals of federal programs specified. Instead, programs evolved in response to specific problems. As a result, overlap and conflict exist among federal programs. The Age Discrimination in Employment Act, for example, purports to eliminate discrimination in the employment of the elderly, but this policy conflicts with a Social Security system that penalizes workers who do not retire at age sixty-five. Federal retirement policy is inefficient, and cost-effectiveness has not been a primary concern. However, if future pro grams are formulated in a more cohesive fashion, goals specified, and costs relative to benefits analyzed, the welfare of the elderly can be sustained more efficiently.

Second, business and government policies penalize work at older ages. Actuarially unfair private pension plans and the Social Security system reduce the wealth value of retirement benefits if individuals work beyond age sixty-five; most elderly workers choose not to bear this cost of additional work. This large withdrawal from the labor force is occurring simultaneously with improvements in health and technology that have raised the productivity of elderly workers. This loss in productivity due to early retirement is an additional cost of retirement policies that must be reduced as we enter the next century.

Finally, policies have largely overlooked one important area of support for the elderly—vocational education. Few programs have been developed that are geared to retraining retirees

for new jobs, improving occupational mobility, and providing job information. If government and business policy is reformulated to encourage rather than discourage labor force participation among older adults, then vocational educators have an important role to play in developing efficient and effective educational opportunities for the elderly.

Existing policies regarding the elderly have clearly raised the standard of living of older adults. Future policies, however, must be coordinated to acknowledge the aging of our population as well as improvements in productivity of the elderly. Older adults can and should continue to contribute to our economy. Adjusting policy to these changing realities will benefit young and old alike.

REFERENCES

Advisory Council on Social Security. *Social Security Financing and Benefits: Report of the 1979 Advisory Council.* Washington, DC: Advisory Council on Social Security, 1980.

Altmeyer, A. *The Formative Years of Social Security.* Madison, WI: University of Wisconsin Press, 1968.

American Council of Life Insurance. *Pension Facts: 1980.* Washington, DC: American Council of Life Insurance, 1980.

Bankers Trust Company. *Corporate Pension Plan Study: A Guide for the 1980's.* New York, NY: Bankers Trust Company, 1980.

Bartel, A., and Borjas, G. "Middle-Aged Mobility: Its Determinants and Consequences." In *Men in the Pre-Retirement Years*, edited by S. Wolfbein. Philadelphia, PA: Temple University Press, 1977.

Beller, D. *Patterns of Worker Coverage by Private Pension Plans.* Washington, DC: U.S. Department of Labor, 1980.

Benton, B.; Field, T.; and Millar, R. *Social Services: Federal Legislation vs. State Implementation.* Washington, DC: The Urban Institute, 1978.

Binstock, R. "Federal Policy Toward the Aging—Its Inadequacies and Its Politics." In *The Economics of Aging: The Economic, Political and Social Implications of Growing Old in America*, edited by R. S. Frank and J. T. Hubbard. Washington, DC: The Government Research Corporation, 1978.

Birren, J.; Riegel, K.; and Morrison, D. "Age Differences in Response Speed as a Function of Controlled Variations of Stimulus Conditions: Evidence of a General Speed Factor." *Gerontologia* 6 (1962): 1-18.

Boskin, M. "Social Security and Retirement Decisions." *Economic Inquiry* 15 (1977): 1-25.

Boskin, M., and Hurd, M. "The Effect of Social Security on Early Retirement." *Journal of Public Economics* 10 (1978): 361-77.

Britton, J. "Training and Counseling of the Older Worker." *Journal of Employment Counseling* 7 (1970): 137-141.

Buchanan, J. "Social Insurance in a Growing Economy: A Proposal for Radical Reform." *National Tax Journal* (December 1968): 368-395.

Burkhauser, R. "The Pension Acceptance Decision of Older Workers." *Journal of Human Resources* 14 (1979): 63-75.

Burkhauser, R. "The Early Acceptance of Social Security: An Asset Maximization Approach." *Industrial and Labor Relations Review* 33 (July 1980): 484-92.

Burkhauser, R., and Quinn, J. "The Effect of Changes in Mandatory Retirement Rules on the Labor Supply of Older Workers." Presented at the National Bureau of Economic Research Conference on the Economics of Compensation, Cambridge, Massachusetts, November 1980.

Burkhauser, R., and Quinn, J. "The Effect of Pension Systems on Work Effort." In *Financial Retirement Incentives in Private Pension Plans*, edited by J. Storey. Washington, DC: The Urban Institute, 1982.

Burkhauser, R., and Quinn, J. "The Effect of Pension Plans on the Pattern of Life-Cycle Compensation." In *The Measure of Labor Cost*, edited by J. Triplett. Cambridge, MA: National Bureau of Economic Research, Conference Services on Research in Income and Wealth, in press.

Burkhauser, R., and Turner, J. "Labor-Market Experience of the Almost Old and the Implications for Income Support Programs." *American Economic Review* 72 (May 1982): 304-308.

Burkhauser, R., and Warlick, J. "Disentangling the Annuity from the Redistributive Aspects of Social Security." *Review of Income and Wealth* 17 (1981): 401-421.

Burtless, G., and Hausman, J. A. *"Double Dipping": The Combined Effects of Social Security and Civil Service Pensions on Employee Retirement.* Working Paper Series No. 800. Cambridge, MA: National Bureau of Economic Research, November 1981.

Califano, J. "U.S Policy for the Aging—A Commitment to Ourselves." In The Economics of Aging: *The Economic, Political and Social Implications of Growing Old in America*, edited by R. S. Frank and J. T. Hubbard. Washington, DC: The Government Research Corporation, 1978.

Charters, M. *Vocational Education for Older Adults*. Columbus, OH: The National Center for Research in Vocational Education, The Ohio State University, 1980. (ERIC Document Reproduction Service No. ED 187 347).

Clark, R.; Barker, D.; and Cantrell, S. *Outlawing Age Discrimination: Economic and Institutional Responses to the Elimination of Mandatory Retirement. Final Report.* Administration on Aging Grant No. 90-A-1738. Raleigh, NC: North Carolina State University, September 1979.

Clark, R., and Johnson, T. *Retirement in the Dual Career Family.* Final Report for the U.S. Social Security Administration. Raleigh, NC: North Carolina State University, 1980.

Corcoran, M. "Work Experience, Labor Force Withdrawals, and Women's Wages: Empirical Results Using the 1976 Panel of Income Dynamics." In *Women in the Labor Market*, edited by C. Lloyd and C. Gilroy. New York, NY: Columbia University Press, 1979.

Danziger, S. "Income Distribution and Social Security: Further Evidence." *Social Service Review* 51 (1977): 179-84.

Danziger, S. "The Distribution of Income: An Account of Past Trends and a Projection of the Impacts of the Administration's Economic Program." Hearings before the Joint Economic

Committee of the Congress of the United States. Washington, DC: U.S. Government Printing Office, in press.

Danziger, S.; Haveman, R.; and Plotnick, R. "How Income Transfers Affect Work, Savings, and the Income Distribution." *Journal of Economic Literature* 19 (1981): 975-1028.

Derthick, M. *Policymaking for Social Security*. Washington, DC: The Brookings Institution, 1979.

Donahue, W. "Changes in Psychological Processes with Aging." In *Living Through the Older Years*. Proceedings of the Charles A. Fisher Memorial Institute on Aging. Ann Arbor, MI: University of Michigan Press, 1949.

Dorsey, S. "A Model and Empirical Estimates of Worker Pension Coverage in the U.S." *Southern Economic Journal*, forthcoming.

Drewes, D. V. *Education and Training for Older Persons: A Planning Paper*. Washington, DC: Office of Vocational and Adult Education, U.S. Department of Education, 1981. (ERIC Document Reproduction Service No. ED 204 596).

Drewes, D. V., and Nerden, J. T. *Identification of Issues Relating to the Role of Vocational Education in Serving Older Persons. Final Report*. Raleigh, NC: CONSERVA, Inc., 1981. (ERIC Document Reproduction Service No. ED 204 598).

Fairholm, G. *Property Tax Relief Programs for the Elderly: A Review of Current Literature and Policy Implications for Virginia*. Richmond, VA: Virginia Center on Aging, Virginia Commonwealth University, 1978.

Ferrara, P. *Social Security: The Inherent Contradiction*. San Francisco, CA: Cato Institute, 1980.

Fox, A. "Earnings Replacement Rates of Retired Couples: Findings from the Retirement History Study." *Social Security Bulletin* 42 (1979): 17-39.

Frumpkin, R., and Schmitt, D. "Pension Improvements Since 1974 Reflect Inflation—New U.S. Law." *Monthly Labor Review* 102 (1979): 32-37.

The Future of Older Workers in America: New Options for an Extended Working Life. Scarsdale, NY: Work in America Institute, Inc., 1980. (ERIC Document Reproduction Service No. ED 193 480).

Gartner, A. *The Older American: New Work, Now Training, New Careers*. Paper presented at the 18th Annual Southern Conference on Gerontology, Greensville, FL, January 1969. (ERIC Document Reproduction Service No. ED 072 198).

Gilbert, N.; Specht, H.; and Lindeman, D. "Social Services Planning Cycles: Ritualism or Rationalism." *Social Service Review* 55 (1981): 411-418.

Gordon, R., and Blinder, A. "Market Wages, Reservation Wages, and Retirement Decisions." *Journal of Public Economics* 14 (1980): 277-308.

Griew, S. *Job Redesign*. Employment of Older Worker Series, No. 1. Paris, France: Organisation for Economic Cooperation and Development, 1964.

Hall, A., and Johnson, T. "The Determinants of Planned Retirement Age." *Industrial and Labor Relations Review* 33 (1980): 241-54.

Halpern, J. "Raising the Mandatory Retirement Age: Its Effect on the Employment of Older Workers." *New England Economic Review* (May-June 1978): 23-35.

Haneberg, R. "Is ADEA Another ERISA?" *Risk Management* (August 1980): 25-34.

Harris, L., and Associates. *The Myth and Reality of Aging in America*. Washington, DC: National Council on Aging, 1975. (ERIC Document Reproduction Service No. ED 118 871)

Harris, L., and Associates. *1979 Study of American Attitudes Toward Pension and Retirement: A Nation-wide Survey of Employees, Retirees and Business Leaders*. New York, NY: Johnson and Higgins, 1979.

Hatch, S. *Financial Retirement Incentives in Private Pension Plans*. Report to the U.S. Department of Labor. Washington, DC: The Urban Institute, September 1981.

Hatch, S. "Pension Plans Provisions that Directly Affect Retirement Age Choice." In *Financial Retirement Incentives in Private Pension Plans*, edited by J. Storey. Washington, DC: The Urban Institute, 1982.

Hsiao, W. "Testimony before Committee on Ways and Means." Washington, DC: U.S. House of Representatives, Series 96-116, 96-2, September 10, 1980.

Hudson, R. "Political and Budgetary Consequences of an Aging Population." In *The Economics of Aging: The Economic, Political and Social Implications of Growing Old in America*, edited by R. S. Frank and J. T. Hubbard. Washington, DC: The Government Research Corporation, 1978.

Hurd, M., and Boskin, M. *The Effect of Social Security on Retirement in the Early 1970's*. Working Paper Series No. 659. Cambridge, MA: National Bureau of Economic Research, April 1981.

Iglehart, J. "1978. The Cost of Keeping the Elderly Well." In *The Economics of Aging: The Economic, Political and Social Implications of Growing Old in America*, edited by R. S. Frank and J. T. Hubbard. Washington, DC: The Government Research Corporation, 1978.

Kieffer, J., and Flemming, A. "Older Americans: An Untapped Resource." *Aging* (November-December 1980): 2-11.

Kolodrubetz, W. W. "Characteristics of Workers with Pension Coverage on the Longest Job." In *Reaching Retirement Age*. Social Security Report No. 47. Washington, DC: Office of Research and Statistics, Social Security Administration, U.S. Department of Health, Education and Welfare, 1976.

Kotlikoff, L. "Testing the Theory of Social Security and Life-Cycle Accumulation." *American Economic Review* 69 (1979): 396-410.

Lindsey, R. "Older People, Hard Hit by Inflation, Are Delaying Retirement." *The New York Times*, August 17, 1980.

Mellow, W. "A Multinomial Logit Model of Labor Turnover." *Journal of Economics and Business* 32 (Spring-Summer 1980): 227-234.

Mitchell, O. S. "Fringe Benefits and Labor Mobility." *Journal of Human Resources* 17 (Spring 1982): 286-297.

Moon, M., and Smolensky, E. "Income, Economic Status and Policy Toward the Aged." In *Income Support Policies for the Aged*, edited by G. Tolley and R. Burkhauser. Cambridge, MA: Ballinger Publishing Co., 1978.

Munnell, A. *The Future of Social Security*. Washington, DC: The Brookings Institution, 1977.

National Commission on Social Security. *Social Security in America's Future: Final Report of the National Commission on Social Security*. Washington, DC: National Commission on Social Security, 1981.

National Committee on Careers for Older Americans. *Older Americans: An Untapped Resource*. Washington, DC: Academy for Educational Development, 1979. (ERIC Document Reproduction Service No. ED 174 754).

Parnes, H., and Nestel, G. "Middle-Aged Job Changers." In *The Pre-Retirement Years: Five Years in the Work Lives of Middle-Aged Men*. Volume 4. Manpower Research Monograph No. 15. Washington, DC: U.S. Department of Labor, 1975. (ERIC Document Reproduction Service No. ED 108 052).

Pechman, J.; Aaron, H.; and Taussig, M. *Social Security: Perspectives for Reform*. Washington, DC: The Brookings Institution, 1968.

Pellechio, A. *The Effect of Social Security on Retirement*. Working Paper Series No. 260. Cambridge, MA: National Bureau of Economic Research, July 1978a.

Pellechio, A. *The Social Security Earnings Test, Labor Supply Distortions and Foregone Payroll Tax Revenue*. Working Paper Series No. 272. Cambridge, MA: National Bureau of Economic Research, August 1978b.

President's Commission on Pension Policy. *Coming of Age: Toward a National Retirement Income Policy*. Washington, DC: President's Commission on Pension Policy, 1981.

Quinn, J. "Microeconomic Determinants of Early Retirement: A Cross-Sectional View of White Married Men." *Journal of Human Resources* 12 (1977): 329-346. (ERIC No. EJ 167 191).

Reimers, C. "The Timing of Retirement of American Men." Unpublished Ph.D. dissertation, Columbia University, 1977.

Salisbury, D., ed. *Retirement Income and the Economy: Policy Directions for the 80's*. Washington, DC: Employee Benefit Research Institute, 1981.

Salkin, M., and Britton, M. D. *Education and Training for Older Persons: A State of the Art Summary Report*. Washington, DC: Office of Education, U.S. Department of Health, Education and Welfare, 1980. (ERIC Document Reproduction Service No. ED 204 597).

Samuelson, R. "Busting the U.S. Budget—The Costs of an Aging America." *National Journal* 18 (1978): 256-260.

Schieber, S., and George, P. *Retirement Income Opportunities in America: Coverage and Benefits Entitlement*. Washington, DC: Employee Benefit Research Institute, 1981.

Schiller, B. R., and Weiss, R. D. "The Impact of Private Pensions on Firm Attachment." *Review of Economics and Statistics* 61 (August 1979): 369-380.

Schuck, P. "The Graying of Civil Rights Law: The Age Discrimination Act of 1978." *Yale Law Journal* 89 (November 1979): 27-93. (ERIC No. EJ 225 535).

Schulz, J. *The Economics of Aging*. Belmont, CA: Wadsworth Publishing Company, Inc., 1980.

Schulz, J. "Pension Policy at a Crossroads: What Should Be the Pension Mix?" *Gerontologist* 21 (1981): 46-53.

Schulz, J.; Borowski, A.; Kelly, L.; Spector, W.; and Leavitt, T. *Private Pension Policy Simulations*. Waltham, MA: Brandeis University, 1980.

Schulz, J.; Carrin, G.; Krupp, H.; Peschke, M.; Sclar, E.; and Van Steenberge, J. *Providing Adequate Retirement Income—Pension Reform in the United States and Abroad*. Hanover, NH: New England Press for Brandeis University Press, 1974.

Schulz, J.: Leavett, T.; and Kelly, L. "Private Pensions Fall Far Short of Preretirement Income Levels." *Monthly Labor Review* 102 (1979): 28-32.

Sheppard, H. "The Emerging Pattern of Second Careers." In *New Perspectives on Older Workers*. Kalamazoo, MI: The W. E. Upjohn Institute for Employment Research, 1971. (ERIC Document Reproduction Service No. ED 102 392).

Sheppard, H. "The Economics of Population, Mortality and Retirement." In *The Economics of Aging: The Economic, Political and Social Implications of Growing Old in America*, edited by R. S. Frank and J. T. Hubbard. Washington, DC: The Government Research Corporation, 1978.

Sheppard, N. A. *A Survey and Analysis of Attitudes, Available Resources, Capabilities and Potentials of Serving the Aged in Vocational Education*. Blacksburg, VA: Virginia Polytechnic Institute and State University, 1975. (ERIC Document Reproduction Service No. ED 112 093).

Sheppard, N. A. *Educational Opportunities for Older Persons: A Review*. Information Series No. 170. Columbus, OH: The ERIC Clearinghouse on Adult, Career, and Vocational Education, The National Center for Research in Vocational Education, The Ohio State University, 1979. (ERIC Document Reproduction Service No. ED 181 192).

Siegel, J. "Prospective Trends in the Size and Structure of the Elderly Population, Impact on Mortality Trends, and Some Implications." U.S. Bureau of the Census, *Current Population Reports*, Series P-23, No. 48, pp. 7-22. Washington, DC: U.S. Government Printing Office, 1979.

Smeeding, Timothy M. "In-kind Transfers and the Elderly." Paper presented at the special session on Economics and Aging, November 8, 1981, at the 34th Annual Meeting of the Gerontological Society of America, Toronto. Mimeographed.

Social Security Bulletin 45 (1982): Table M-43, p. 63.

Sonnenfeld, J. "Dealing With the Aging Work Force." *Harvard Business Review* 56 (November-December 1978): 81-92.

Stein, B. *Social Security and Pensions in Transition*. New York, NY: The Free Press, 1980.

Stone, J. "Age Discrimination in Employment Act: A Review of Recent Changes." *Monthly Labor Review* 103 (1980): 32-36.

Surrey, S. *Pathways to Tax Reform—The Concept of Tax Exemptions*. Cambridge, MA: Harvard University Press, 1973.

Svahn, J. "Omnibus Reconciliation Act of 1981: Legislative History and Summary of OASDI and Medicare Provisions." *Social Security Bulletin* 44 (1981): 3-24.

Taussig, M. "The Social Security Retirement Program and Welfare Reform." In *Integrating Income Maintenance Programs*, edited by I. Lurie. New York, NY: Academic Press, 1975.

Thompson, G. "Pension Coverage and Benefits, 1972: Findings from the Retirement History Study." *Social Security Bulletin* 41 (1978): 3-17.

Tilove, R. *Public Employee Pension Funds*. A Twentieth Century Fund Report. New York, NY: Columbia University Press, 1976.

U.S. Commission on Civil Rights. *The Age Discrimination Study*. Washington, DC: U.S. Commission on Civil Rights, 1977.

U.S. Congress. Joint Economic Committee. *Handbook of Public Income Transfer Programs: 1975*. Paper No. 20 in Studies in Public Welfare Series. Washington, DC: U.S. Government Printing Office, 1974.

U.S. Congress. *Vocational Education Act of 1963, as Amended, Public Law 94-482, enacted October 12, 1976*. Washington, DC: U.S. Government Printing Office, 1977.

U.S. Congress. Congressional Budget Office. *The Military Retirement System: Options for Change*. Washington, DC: U.S. Government Printing Office, 1978.

U.S. Department of Health and Human Services. *Social Security Bulletin: Annual Statistical Supplement, 1977-79*. Washington, DC: Social Security Administration, U.S. Department of Health and Human Services, 1980.

U.S. Department of Health and Human Services. *Health Care Financing Program Statistics. Medicare: Health Insurance for the Aged and Disabled, 1975*. Washington, DC: Health Care Financing Administration, U.S. Department of Health and Human Services, 1981.

U.S. Department of Health and Human Services. *Social Security Bulletin, Annual Statistical Supplement, 1980*. Washington, DC: Social Security Administration, U.S. Department of Health and Human Services, 1982.

U.S. Department of Health, Education and Welfare. *Almost 65: Baseline Data from the Retirement History Survey*. Washington, DC: Social Security Administration, U.S. Department of Health and Human Services, 1976a.

U.S. Department of Health, Education and Welfare. *Older Americans Act of 1965 as Amended and Related Acts*. Bicentennial Compilation. Washington, DC: U.S. Government Printing Office, 1976b. (ERIC Document Reproduction Service No. ED 153 166).

U.S. Department of Health, Education and Welfare. *Reaching Retirement Age: Findings from the SNEB, 1968-1970*. Washington, DC: Social Security Administration, U.S. Department of Health and Human Services, 1976c.

U.S. Department of Health, Education and Welfare. *Social Security Handbook*. Washington, DC: U.S. Government Printing Office, 1978.

U.S. Department of the Treasury. *Tax Benefits for Older Americans*. Washington, DC: U.S. Government Printing Office, 1981.

U.S. House of Representatives, Select Committee on Aging. *Abolishing Mandatory Retirement: Implications for America and Social Security of Eliminating Age Discrimination in Employment*, Series 97-283, 97-1. Washington, DC: U.S. Government Printing Office, August 1981. (ERIC Document Reproduction Service No. ED 210 540).

Warlick, J. *Should Welfare to the Aged be Increased?* Madison, WI: Institute for Research on Poverty, 1982.

Warmbrod, C. P., and Eisner, H. R. *Operating a Retirees Volunteer Program in Postsecondary Institutions: A Resource Handbook*. Leadership Training Series No. 61. Columbus, OH: The National Center for Research in Vocational Education, The Ohio State University, 1979a. (ERIC Document Reproduction Service No. ED 181 234).

Warmbrod, C. P., and Eisner, H. R. *Project ASSERT (Activity to Support the Strengthening of Education through Retired Technicians). Final Report*. Columbus, OH: The National Center for Research in Vocational Education, The Ohio State University, 1979b. (ERIC Document Reproduction Service No. 181 233).

Webber, I. "New Roles for Older People: A National Challenge." In *New Careers for Older People*. A report on the Twentieth Annual Southern Conference on Gerontology. Gainesville, FL: University of Florida, 1971.

Weiss, R. "Private Pensions: The Impact of ERISA on the Growth of Retirement Funds." In *Funding Pensions: Issues and Implications for Financial Markets*. Federal Reserve Bank of Boston Conference Series, Vol. 16. Boston, MA: Federal Reserve Bank of Boston, 1976.

Wertheimer, R., and Zedlewski, S. *The Direct Effects of Mandatory Retirement Age Limits on Older Workers*. Washington, DC: The Urban Institute, 1981.

White House Conference on Aging. *Older Workers: Industry's Opportunity*. Washington, DC: White House Conference on Aging, Office of Public Affairs, 1981.

Winter, D. "Sizzling Sixties." *Manpower* 7 (1975): 2-3.