Notes and Brief Reports

Study Of Retirement Policies And Practices In Industry*

Company-initiated early retirement with a pension—practically nonexistent a decade ago—is being used by a growing number of United States companies to reduce the size of their work force.

How widespread has the practice become? According to a survey forming part of the Cornell University study of retirement policies in the American economy, nearly one-fifth of companies with pension plans now use involuntary early retirement, and the practice is likely to increase.

The Cornell study was financed in part by a research grant from the Social Security Administration supplementing an earlier grant from the Ford Foundation. It was conducted by a staff under the direction of Dean John W. McConnell (now President of the University of New Hampshire), of the New York State School of Industrial and Labor Relations at the Cornell campus in Ithaca.

COMPANY-INITIATED EARLY RETIREMENT

That phase of the study concerning company-initiated early retirement was carried out by Theron J. Fields. In 648 usable returns to questionnaires sent to a national sample of 1,326 companies, he found:

—Eighteen percent of all employe ho retired with a pension during the period January 1956, through mid-1962 retired earlier than the normal retirement age provided in the company plan. Of this group, 1 early retirement in 9 was involuntary.

—Nineteen percent of companies with pension plans use involuntary early retirement practices.

Employer-initiated early retirement in the study has a threefold definition: (1) the employee retires before the normal retirement age specified in the pension plan covering him, (2) he receives an immediate benefit, and (3) he retires as a result of his employer requiring or encouraging him to do so and without his having expressed any interest in doing so.

In addition to the data gathered by questionnaire, the investigation encompassed eight case studies. Local installations and headquarters offices of participating companies were visited, and executives, supervisors, and union leaders were interviewed. The researchers found the companies turned to involuntary early retirement as a result of technological changes, closeout of operations, mergers, and production cutbacks. "This means of work-force control was used also to get rid of inefficient older workers," they found. It was also used to improve the company's image in the community since the older worker would depart with a pension that would not be available to a younger laid-off employee.

Where unions were involved, the study found, "management sought and received open or tacit union support" for implementing early retirement programs. Union leaders interviewed in the study "encouraged early retirement by reviewing with the individual employee the income he would receive in retirement as compared to net income he was receiving at work." If the work force must be reduced, the unions felt that the older employee should be retired early as long as his years in retirement before age 65 netted him as much income as he would receive after age 65. The unions developed for the individuals involved data showing net income in retirement from pensions, supplements, and unemployment insurance, taken together, and the savings in income taxes, transportation, etc.

The report stated that the existence of public income-maintenance programs, specifically unemployment insurance and old-age, survivors, and disability insurance, which the early retiree could draw upon, either immediately or subsequently, in addition to his pension, lent support to the planning for early retirement. A followup study of early involuntary retirees showed that the mean total family income in retirement amounted to $4,389. The median and modal total incomes were each $3,000. Most of the early retirees had one dependent. Their mean age at time of retirement was 60.4. Early retirees interviewed indicated they were getting along well in retirement.

The researchers found that implementation of the company-initiated retirement program pro-

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duced problems in some of the plans studied. Supervisors and management sometimes disagreed as to the respective weights to be attached to efficiency and age in selecting or encouraging workers to retire early.

PRERETIREMENT PLANNING

Another part of the research project, conducted by Edwin B. Shultz, produced data on a variety of programs found in private industry that attempt to prepare employees for retirement. Questionnaires were sent to plants concerning their retirement policies and practices and asked whether the plant had a preretirement planning program. Of the 1,601 plants that returned questionnaires, 185 or 11.6 percent reported they had such a program. A followup questionnaire to the respondents who had replied affirmatively produced detailed information for 98 plants, ranging in size from 50 employees to more than 5,000 employees.

Four different methods were reported as being the primary or main methods by which the preretirement planning programs were conducted—personal counseling, distribution of literature, group counseling, and lectures. The survey found much to be desired concerning the effectiveness of personal counseling. The complexity of subjects discussed, the number and length of interviews, and the lack of special training by the interviewers made this method less effective than group counseling.

In general, the study concluded, on the basis of data from both employees approaching retirement age and from the already retired, that the retirees from plants with preretirement programs made a somewhat better adjustment to retirement than those from plants without such programs. The staff urged longitudinal studies, following older employees from their first participation in preretirement programs into early and later years of retirement, to provide more authoritative standards of methods and materials for preretirement programs.

Recent Publications*

SOCIAL SECURITY ADMINISTRATION

DIVISION OF THE ACTUARY. *Disability Applicants Under the Old-Age, Survivors, and Disability Insurance Program, 1962: Selected Data.* Baltimore: The Division, Apr. 1964. 55 pp.

Tabular material on the characteristics of applicants for disability benefits. Limited free distribution; apply to the Division of the Actuary, Social Security Administration, Baltimore, Md. 21235.

GENERAL

BALFOUR, MARSHALL C. "The Population Problem." *American Journal of Public Health and the Nation's Health*, vol. 54, Apr. 1964, pp. 644–648. $1.50.

Relation between the population problem and international promotion of public health programs.

BURGESS, ERNEST W., and BOGUE, DONALD J., editors. *Contributions to Urban Sociology.* Chicago: University of Chicago Press, 1964. 673 pp. $12.

Documents the past 50 years of research in urban sociology.

* Prepared in the Library, Department of Health, Education, and Welfare. Orders for items listed should be directed to publishers and booksellers; Federal publications for which prices are listed should be ordered from the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402.

CLARKE, RAYMOND T., editor. *Working with Communities.* London: National Council of Social Service, 1963. 88 pp. 6s. 6d.

Study of community work in Great Britain.

COEJIC, ZARKO. "Changes in the Social Security Scheme in Yugoslavia." *Bulletin of the International Social Security Association*, vol. 16, Oct.–Nov. 1963, pp. 307–318. 60 cents.

HOPKINS, HARRY. *The New Look: A Social History of the Forties and Fifties in Britain.* Boston: Houghton Mifflin Company, 1964. 512 pp. $7.50.

MASSE, BENJAMIN L. "Making Jobs for the Jobless." *America*, vol. 110, Mar. 21, 1964, pp. 362–364. 30 cents.

Discusses the "flexible work-year."

MILLER, HERMAN P. *Rich Man, Poor Man.* New York: Thomas Y. Crowell Company, 1964. 260 pp. $4.95.

Study of income distribution in the United States.

MORRIS, JOHN W. "Workmen's Compensation: Its Philosophy and Application." *North Carolina Medical Journal*, vol. 25, Apr. 1964, pp. 155–159. $5 a year.

POLLACK, EARL S., and others. "Socioeconomic and Family Characteristics of Patients Admitted to Psychiatric Services." *American Journal of Public Health and the Nation's Health*, vol. 54, Mar. 1964, pp. 506–518. $1.50.

Analysis of preliminary findings of a two-State study.

ROTHBARD, MURRAY N. *America's Great Depression.* Princeton, N. J.: D. Van Nostrand Company, 1963. 361 pp. $8.95.