

per month) for an individual and \$2,628 per year (\$219 per month) for a couple were increased to the following figures, payable in July 1975<sup>2</sup>:

	<i>Annual</i>	<i>Monthly</i>
Individual living in own home --	\$1,892.40	\$157.70
Couple living in own home -----	2,839.20	236.00

---

## Research Grants Studies

---

Section 1110 of the Social Security Act provides for a cooperative research grants program. The grants given by the Social Security Administration (SSA) under this program are to non-profit organizations for research in the broad area of social security. A report on a recently completed grants project is summarized below. The BULLETIN plans to publish similar summaries as the projects are concluded.

\* \* \*

### WORK AFTER RETIREMENT: SOME PSYCHOLOGICAL FACTORS

The proportion of older men in the national labor force has been decreasing steadily, an occurrence that has been attributed to the increased availability and adequacy of retirement income. If money were the only determinant of continued employment, it should be found that only the poorest men continued to work. This is not the case. Studies have shown that persons at occupational levels associated with higher incomes are most likely to continue to work at a later age.

G. L. Maddox and G. G. Fillenbaum of the Center for the Study of Aging and Human Development at Duke University used SSA Research

<sup>2</sup> Individual and couples living in another's household and receiving support and maintenance have the benefit level reduced by one-third. The "essential person" payment also rises with the automatic increase, since it is based on the difference between the amounts payable to an individual and to a couple. The Federal SSI guarantee for the institutional population is not affected by the automatic increase.

Grant No. 56047 to study what factors, other than financial need, contribute to work after formal retirement. They focused their investigation on social and psychological factors.

Data were obtained initially from university faculty and later from middle and upper level industrialists. The data indicate that the individuals who continued to work had a greater personal dislike of retirement, a stronger commitment to work, and the personality characteristics that may sustain work commitment and improve the possibility of getting a job later.

The university faculty selected for this study were healthy men who were subject to mandatory retirement. They had no financial problems and anticipated none after retirement. Information was sought in five areas: attitudes toward and plans for retirement, commitment to work, certain personality variables (extent of field dependence, self-perceived ability to work, and those related to getting a job), and peer influence.

### Findings

At least 75 percent of the faculty group continued some form of paid employment after retirement. Area of expertise was strongly related to continued work: nearly all in the sciences, about half in the social sciences, and none in the humanities had worked for pay in retirement. It was difficult for the researchers to compare those who continued to work with those who did not because so many had continued employment. The data suggest that those who continue to work may, after retirement, have better health and carry greater financial burdens, without necessarily having financial problems.

While in the abstract those who continue to

*The final report of this completed research grants project is in the Social Security Administration Library, 571 Altmeyer Building, 6401 Security Blvd., Baltimore, Md. 21235, and in the Library of the Office of Research and Statistics, Room 320-0, Universal North Building, 1875 Connecticut Ave., N W, Washington, D C. 20009. Copies of the reports may be obtained through interlibrary loans. (Also in these libraries are copies of more than 50 other research grants projects that have been completed since 1963. A list of these projects appeared in the May 1974 BULLETIN.)*

work consider retirement an appropriate social arrangement, they express greater personal dislike of it than do nonworkers, and they are more likely to make firm plans for continued employment. They tend to draw their friends from among their work colleagues and to remain actively involved in their work and work-related activities until retirement—and then beyond. Achievement values (desire for upward mobility) are high for those who do and those who do not work and both groups share similar personality characteristics.

A mutually reinforcing interaction may exist among factors related to work after retirement. Greater involvement in work may be associated with increased contact with younger colleagues and may lead to a greater aversion to retirement, to plans to continue to work, to continued active involvement in work, and to the maintenance of work-affiliated activities. This in turn may result in improved work opportunities later.

The high rate of postretirement employment among faculty may be a result of the unusual continued access they have to their regular work environment—a common faculty privilege. To examine this possibility, the investigators queried retired and retiring middle and upper level industrialists in the same geographic area about their continued access to work-related facilities. Among the industrialists, a quarter had continued access but it did not permit them to continue their preretirement jobs.

The personal minimally structured interview used to gather data from faculty was converted to a structured questionnaire and mailed to the industrial sample. Among the industrial respondents who had not yet retired, slightly more than half intended to continue working. Of those who were retired, half had done paid work since retirement.

Although caution is required because of the small sample size, the psychological factors related to continued work among faculty were also found to be important for these industrialists. Like faculty, industrialists who wished to continue working expressed a more intense aversion to retirement and had a stronger commitment to work. Work was reportedly their most important activity and interest, surpassing friends and leisure. Work was closely integrated into their lives and other pursuits were turned to work-

related ends. Unlike faculty members, however, industrialists showed personality characteristics that, in studies of blue collar workers, have been found to increase the likelihood of obtaining a job: they had exceedingly high achievement values and a younger view of self.

In the two upper level occupations examined, while the psychological factors appear to be similar, the extent of continued employment is not. A smaller proportion of industrialists worked, and they worked to a lesser extent. When they worked, it was either for a firm with which they had had close contact or they became self-employed.

### Some Conclusions

The basic differences in the job structure of faculty and industrialists suggest that, in addition to psychological factors, job constraints also need to be considered in understanding work after retirement. Jobs may differ in the extent to which they are portable—that is, not restricted to a particular setting. Assuming that jobs can be classified by extent of portability, then (other things being equal) the person with the more portable job should have an easier time continuing to work.

Environmental factors such as general availability of jobs, knowledge about them, and restrictive hiring practices should be considered along with psychological and job factors. Combined consideration of the three factors should lead to better predictions about continued employment at later ages.

### Effect of System of Retirement

Preretirement and postretirement behavior and adjustment are affected by different types of retirement systems. Data from faculty and industrialists are not always in agreement. In general, it appears that among faculty flexible (negotiated instead of automatic) retirement systems are associated with preretirement planning, particularly for recreational activities, and a more positive attitude toward retirement. Also among faculty a flexible scheme seems to result in better adjustment after retirement. Possibly

a flexible system leads to an increased awareness of the reality of retirement and consequently to the realization that basic decisions must be made well before that event.

The system of retirement can be readily manipulated, it appears to have a noticeable effect on the retiree, and yet investigations in this area are lacking. Further study on the effects of different systems of retirement deserves encouragement.

---

## Social Security Abroad

---

### New Private Pension Law in the Federal Republic of Germany\*

At the end of 1974, the Parliament of the Federal Republic of Germany passed a pension reform law that became effective on January 1, 1975.<sup>1</sup> Somewhat similar to the recent United States law on private pensions—the Employee Retirement Income Security Act of 1974—the German law regulates standards for vesting and termination insurance in the case of shutdown of sponsoring firms.<sup>2</sup> It provides for the first time regulations to govern private pension plans through the establishment of statutory minimum requirements. In the past, the Government's only role was through the insurance law regulating those types of plans operated through or in the form of insurance companies. The law also sets up a reinsurance mechanism.

The aim of the reform is to deal with three specific problem areas: (1) the absence of vesting, (2) benefit integration (the offset effect of indexed social security benefits on unindexed private pension benefits), and (3) the imbalance between

\* Prepared by Max Horlick, Comparative Studies, International Staff, Office of Research and Statistics.

<sup>1</sup> For background, see Max Horlick and Alfred M. Skolnik, *Private Pension Plans in West Germany and France* (Research Report No. 36), Office of Research and Statistics, 1971.

<sup>2</sup> Vesting refers to the guarantee provision in pension plans ensuring that an employee who terminates his employment before eligibility for regular retirement will retain his pension credits accrued from the employer's contributions.

retirement-age provisions under the public and the private programs (for the former, flexible provisions beginning with age 63; for the latter, age 65).

### Background

Private pension plans cover about 80,000 firms with more than 12 million workers or about 60 percent of the wage and salary workers. Actual benefits paid out amounted to 2.5 billion marks in 1972.<sup>3</sup> For the social security system's old-age, disability, and survivors' program, expenditures reached 66 billion marks in that year.

Germany has three main types of company plans. The most prevalent is the "balance-sheet reserve plan," which includes about 70 percent of the workers covered by private pension plans. Under this method, the employer can set up on his books an internal reserve to cover the expected benefits (either by a transfer from profits or by establishing an account for each worker). He continues, however, to use the actual funds for regular company operations. There is no segregation of funds from the general assets of the employer. Under this type of plan, before the new law, the worker risked the loss of entitlement if he left or was laid off before retirement. In addition, the fate of the benefits depended upon the welfare of the individual firm.

A second type is the separate pension fund, similar to the pension trust funds in the United States. This kind of fund can be arranged by one or more firms. About 10 percent of the workers covered by pension plans came under such a system. Many of the separate pension funds are found in multiemployer plans—frequently those covering a branch of industry in a particular area, such as chemicals or banking in one individual city. They have been used primarily for white-collar workers. The employee is granted a legal claim to benefits.

The third type is the provident or support fund. Although such funds number in the thousands, they are generally small in size and cover an estimated 10 percent of the workers under private pension schemes. Employees do not have a legal right to the pensions.

<sup>3</sup> One U.S. dollar equaled 3.202 deutsche marks as of December 1972.