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INSTITUTE OF LABOR AND INDUSTRIAL RELATIONS

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**PREPARING  
WORKERS FOR  
RETIREMENT**

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UNIVERSITY OF ILLINOIS

**BULLETIN**

## EDITORIAL NOTE

The Institute of Labor and Industrial Relations was established in 1946 to "inquire faithfully, honestly, and impartially into labor-management problems of all types, and secure the facts which will lay the foundation for future progress in the whole field of labor relations."

The Institute seeks to serve all the people of Illinois by promoting general understanding of our social and economic problems, as well as by providing specific services to groups directly concerned with labor and industrial relations.

The Bulletin series is designed to implement these aims by periodically presenting information and ideas on subjects of interest to persons active in the field of labor and industrial relations. While no effort is made to treat the topics exhaustively, an attempt is made to answer questions raised about the subjects under discussion. The presentation is nontechnical for general and popular use.

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## *Introduction*

Employers have long been concerned about relations with their employees on the job. Most companies of any size have employee relations, personnel, or labor relations departments responsible for maintaining satisfactory relations with the employees and their representatives. Ordinarily this responsibility is limited to relations with employees at the workplace.

In recent years, however, a number of companies have extended their concern to workers who have been or will be permanently separated from their jobs by retirement. Unions and other groups have exhibited a similar interest. One of the developments growing out of this interest has been retirement preparation programs.

This *Bulletin* is designed to focus on some of the issues raised by this relatively new type of employee-relations program, to discuss the experiences of employers and other groups with these programs, and to stimulate further consideration of the proper role of various groups in pre-retirement planning.

### **IS RETIREMENT PREPARATION NECESSARY?**

Views vary on the need for and the importance of retirement-preparation programs.

*Some companies are convinced that preparing employees for retirement is an important and significant employer function.*

The general personnel supervisor of a large utility employing more than 40,000 workers states:

Retirement planning, in our opinion, is exceedingly important and we are vitally interested in providing the best possible program.<sup>1</sup>

The director of counseling and employee activities of a large metropolitan department store comments:

We believe that Preparation for Retirement is a very vital part of our personnel program. Not only does this program condition older workers to face the problems of later life, but attention to the needs of these people has had a very beneficial effect on our entire personnel.

This opinion is shared by the director of the personnel relations department of an engineering and business consulting firm:

We feel that this over-all subject is most important in the discharge of corporate responsibility to our employees and we are continually seeking new thoughts from surveys and suggestions by our employees.

*Other companies, while recognizing the need for helping some employees adjust to the shift from work to retirement, have not yet arrived at a well defined role for the company or do not see retirement preparation as a major activity for the company.*

This more neutral view is expressed by the president of another large public utility with a work force of nearly 40,000 employees:

Our action has been limited deliberately because honest differences of opinion exist generally about the value, need for, and appropriateness of retirement adjustment programs. . . . We are reluctant to expand our preretirement planning activities until it becomes more apparent that full-scale programs really are needed, and that they can be effective in fulfilling objectives or motives which currently seem in need of more definitive clarification.

A large manufacturer (34,000 employees) also has mixed feelings about the role of the company in preparing its employees for retirement. According to a representative of its department of personnel administration:

While we generally agreed with the arguments for developing a retirement preparation program. . . , we were also aware of the reasons for *not* developing a program. On the negative side, the subject was not generally felt to be an urgent problem and to be done properly it would require definite expenditures of time and effort on the part of the plant personnel departments.

Something less than complete enthusiasm about the need for and value of a retirement-preparation program is contained in the comment of the personnel director of a large eastern utility (25,000 employees):

I think it is a nice thing to do but not really a major project.

*Other companies have considered or experimented with programs but are not convinced that they are warranted.*

Esso Standard Oil Company, which operated one of the most publicized programs, dropped it after a few years. A member of the company's employee relations department reports:

We had a Preparation for Retirement program in six of our operating units

between 1950 and 1954. Some 700 employees who were within 5 years of retirement voluntarily participated on company time. While they reacted favorably, the participants generally agreed that the program was not filling an urgent need. Consequently the program was terminated, and we have no current plans — or requests — to resume it.

A large manufacturer of farm implements (95,000 employees) has given some attention to preparation programs but has not adopted one. The vice president notes:

For the past couple of years I have had some of my staff personnel people follow the available literature in this field, and they have attended some conferences where this question of preparing employees for retirement was the principal subject of discussion. . . . At the present time, [the] company does not have a program in this area, nor do I expect that we will have one in the near future.

Officers of some companies oppose preparation programs in principle, aside from questions of their value or the extent to which they might be warranted. F. B. McConnell, while president of Sears, Roebuck and Company, stated that retirement planning is none of the company's business.<sup>2</sup>

*The range of opinion on the need for and value of retirement-preparation programs is just as broad among leaders of other groups.*

Trade unions, for example, have given relatively little attention to the problem of education for retirement. In a study financed by the National Institute of Labor Education and conducted by the Department of Sociology, Purdue University, the researchers found that only two international and two local unions in their national sample had a specific program under way.<sup>3</sup> In interviews with thirty-five international presidents, education directors, research directors, district leaders, and other union representatives, four main points of view were expressed. One large group was completely unaware of the general concepts of preparation for retirement and presumably had given little or no thought to it. A second large group was interested but did not consider the idea feasible for a variety of reasons.

A minority was definitely opposed to the idea of a retirement-preparation program and considered the notion pure paternalism. A union economist, speaking at a 1951 conference on the older worker, expressed this viewpoint when he said that the actual cause of retirement shock is the loss of employment suffered by the employee who wants to and is able to continue working. He claimed that counseling programs and the like make retirement a formal procedure similar to the practice of retiring old machinery and are only the sugar-coating on a bitter retirement pill that industry has manufactured for its employees. Unions gen-

erally oppose compulsory retirement and, in his opinion, preretirement plans are intended to counter the union drive to abolish it.<sup>4</sup>

The fourth group, also a small one, consisted of those who were actively interested in preretirement planning and wanted to get a program started but believed either that not enough was known about retirement to warrant a program or that they did not know how to implement a plan. A few unions are taking the lead in looking for ways to help their members prepare for retirement, presumably because they are convinced of the need for and the value of retirement preparation. Among them are the United Automobile Workers and the United Steelworkers, on both the international and local levels, and a number of other unions, particularly at the local level. In some areas union representatives participate in community or social service agency programs in the preretirement field.

An encouraging sign for those who believe unions should take a more active role in preparing their members for retirement was the two-day conference on Retirement and Leisure in Industrial Society, sponsored by the Industrial Union Department, AFL-CIO. The conference was called to direct attention to the responsibility of unions in education for retirement and was aimed particularly at those people who plan, administer, and teach in this field. That there is uncertainty regarding the utility of retirement-preparation programs among union leaders, however, was reflected in the opening remarks of Albert Whitehouse, director of the IUD. While recognizing the usefulness of such programs, he pointed out that education for retirement "is not and cannot be the main concern of labor. . . . We can help, but we of labor can't be trapped into believing that something called pre-retirement education is the answer to the problem." He went on to say, "This, then, must point the main goals for labor. Through bargaining and legislation, our job must be the improvement of the physical, financial, and health care of the senior citizen."<sup>5</sup>

Finally, some persons have questioned the effectiveness or appropriateness of retirement-preparation programs conducted by individual companies or unions and have suggested a broader approach. A representative of a midwestern firm comments:

Frankly, we haven't expanded our program because of a growing doubt as to the effectiveness of retirement preparation administered to employees over age 60. During the past year we have been thinking more in regard to community wide education and preparation, using public schools, both for youth education and adult education, our public library and all of the community agencies and resources to carry the message to all ages that there is life after 50 which requires preparation in order to be fully enjoyed and appreciated. Actually, now that we are entering the fifth year of operation under our pension plan with retirement compulsory at age 68, we find that almost all our



employees have worked out for themselves plans for retirement, and those who have more recently retired have been able to make very satisfactory adjustments. It appears that when the time for individual preparation is not too short, our employees, assisted by an ever increasing literature in periodical and book form, are working out this change in their lives just as they worked out earlier changes such as marriage, births, deaths, etc.<sup>5</sup>

Charles E. Odell, director of Older and Retired Workers Department, UAW, sees a great need for retirement-preparation programs and a great opportunity for valuable service to the individual and the community. He believes that the ultimate responsibility for these programs should rest neither with management nor with unions:

Whose responsibility is it to promote and conduct these programs? My feeling is that this is basically a community responsibility which ought to be an integral and continuous offering of the community's adult education program. I believe that neither management nor labor should go on indefinitely providing these services to comparative handfuls of older people when the problem and the need calls for greatly expanded educational opportunities in all lines for middle-aged and older citizens.<sup>7</sup>

While this view does not preclude the issue of retirement preparation from collective bargaining, it emphasizes the values obtained from wider sponsorship. Among the values noted by Odell are (1) availability of the program to the general public rather than only to those who are working for companies or who are members of unions which sponsor programs, and (2) greater opportunity for a professionally led program free from the special pressures and interests of companies or unions.

It is apparent that there is no agreement among individuals or groups who have considered or had experience with retirement-preparation programs. And among those who are generally favorable to the idea, there is little agreement on the proper extent and content of the programs or on who should accept the responsibility for them.

Yet each year more companies, unions, and other groups introduce retirement-preparation programs for their employees or members. A 1950 survey of 355 companies from various size and industrial groupings indicated that 13 per cent had formal or informal preparation-for-retirement programs.<sup>8</sup> Five years later, the National Industrial Conference Board, in a study of preretirement planning, found that 65 per cent of 327 companies surveyed had preretirement programs of some sort.<sup>9</sup>

While these percentages undoubtedly reflect a rapid increase in the number of preretirement programs in industry, the figures are not very meaningful. Some companies, for example, report activities concerned with the administration of a pension plan as retirement preparation. A recent survey of large companies (in general, 2,000 or more employees) tried to overcome this problem by defining preretirement programs to

exclude practices primarily limited to pension administration. When this definition was used, 39 per cent of the 415 companies responding to the mail questionnaire reported that they had preretirement planning programs.<sup>10</sup> The incidence among small companies would certainly be much lower. Although the total number of programs seems to be increasing, they are still found in only a minority of companies. Yet they do affect substantial numbers of workers. Employment in the 415 firms surveyed, for example, approximated five million.<sup>11</sup>

#### WHY THE CONCERN WITH THE PROBLEM?

Sheer numbers of older persons in the population and in retirement has been an important factor in the increased concern with programs to aid workers to prepare for retirement. In addition, some people do seem to find the adjustment to retirement difficult, although the evidence on this factor is conflicting.

#### Changes in Population and Labor Force Status

The increase in the number and percentage of persons 65 and over in the population has been one of the dramatic population changes of this century. Changes that have occurred and those expected in the future are shown in the following table:

Year	Number (in millions)		Per Cent of Total Population	
	1900	3.0		4
1950	12.3		8	
1960	16.6		9	
	Projection <sup>a</sup>		Projection <sup>a</sup>	
	I	II	I	II
1970	19.8	20.6	9.7	9.4
1980	24.3	26.4	10.8	10.2

<sup>a</sup> Projection I is based on low fertility and high mortality assumptions; Projection II is based on high fertility and low mortality assumptions.

Source: U.S. Senate, Committee on Labor and Public Welfare, *The Aged and Aging in the United States: A National Problem*, Senate Rep. No. 1121 (Washington: Government Printing Office, 1960), pp. 12 and 19. Data for 1960 from U.S. Senate, Special Committee on Aging, *New Population Facts on Older Americans, 1960*, Staff Rep. to the Committee (Washington: Government Printing Office, 1961), p. 2.

At the same time that the total number of older people has been increasing, the proportion with jobs has declined. The percentage of males 65 and over in the labor force in 1958 was only half the proportion in 1890, and the proportion of aged females has increased only slightly.



As the following table shows, the decline in labor force participation by the aged has been continuous, except for the World War II period.

Percentage of Those Aged 65 and Over in the Labor Force<sup>a</sup>

Year	Total	Male	Female
1890	39.9%	70.0%	8.5%
1900	37.4	64.9	9.3
1920	32.8	57.1	8.2
1930	31.4	55.5	8.2
1940	22.4	43.3	6.7
1945	28.9	50.0	9.4
1950	26.3	45.0	9.5
1958	21.3	34.7	10.0

<sup>a</sup> U.S. Senate, Committee on Labor and Public Welfare, *The Aged and Aging in the United States: A National Problem*, Senate Rep. No. 1121 (Washington: Government Printing Office, 1960), p. 29.

Part of this decline in labor force participation among the aged is due to the growing number and proportion of the very old, those presumably less employable.<sup>12</sup> As the following table indicates, the increase in the number of people 70 and over in the population has been much more rapid than the increase in the number of people 65 and over.

Percentage Increase in Population, 1930-1959<sup>a</sup>

	Men	Women
65 and over	109.4%	154.3%
65-69	90.3	125.2
70-74	98.5	141.5
75 and over	151.0	206.1

<sup>a</sup> U.S. Senate, Committee on Labor and Public Welfare, *The Aged and Aging in the United States: A National Problem*, Senate Rep. No. 1121 (Washington: Government Printing Office, 1960), p. 12.

The decline in importance of agriculture and the shift to an urban industrial society together with the parallel shift from self-employment to the status of employee for most of the labor force are other important reasons for the declining proportions of the aged with jobs. Industrial employment provides much less opportunity for individuals to control the date of retirement, hours of work, energy devoted to work, and other decisions affecting their status in the work force. In addition, rapid changes in technology tend to make occupations of many older workers obsolete, and these men and women find it difficult to fill new jobs.

The broad coverage of retirement benefits under the Social Security Act and the rapid growth of industrial pensions since World War II have also made it possible for more people to retire. However, the growth of private pension programs in industry has also resulted in an increase in

the number of older persons who are required to retire. Compulsory retirement is much more prevalent among firms with pension plans than among those without.

Population and labor force changes and expansion of both public and private income maintenance programs have resulted in large and increasing numbers of older people in retirement. Of the more than 15 million people aged 65 and over in this country in 1959, about 12 million were not gainfully employed. They were either retired themselves or the spouse of a retired person.

Finally, retirement now lasts for a longer period of time. Tables of life expectancy worked out by Seymour Wolfbein of the Bureau of Labor Statistics indicate that a male aged 60 in 1900 could expect 2.8 years of retirement. In 1955, a 60-year-old male could expect more than twice as many years in retirement (6.7 years), and this number will be 8.2 years in 1975.<sup>13</sup> Looked at another way, a man who retires at age 65, a common retirement age, can expect to live about twelve years in retirement — a period of time equal to more than one-fourth of this working life.

#### **Problems of Retirement**

More older people, fewer job opportunities for them, and a longer retirement period for most — these are not in themselves causes for concern. Combined, however, with the special problems generally associated with old age and retirement, they pose serious social issues which have stimulated interest in preparation-for-retirement programs.

These programs are based on two assumptions:

1. Retirement, which involves a sudden change from the status of employee to retiree, imposes on the individual a set of circumstances and problems with which he will not be able to cope satisfactorily.
2. Programs designed to acquaint workers with and help them prepare for this changed status will increase significantly the chances that retired workers will “adjust” satisfactorily to retirement.

At least two important questions are raised by these assumptions. What are the special problems that retirement brings and how well are retirees able to handle them? Do retirement-preparation programs offer a promising way of aiding workers to make the jump from work to retirement when and if this is a difficult process? Answers to these questions are needed to determine the validity of the assumptions. Our immediate concern is the first question: What are the problems?

*Experience of Retired People.* Clues to some of the problems have been obtained by simply asking retirees to describe their experiences. Gertrude Samuels reported in the *New York Times Magazine* on some of her talks with people who had gone to St. Petersburg, Florida, in search of a satisfactory retirement life.<sup>14</sup>

The Alexander Andersons, both 74, moved from Zelienople, Pennsylvania, a town of 5,000 people, to St. Petersburg where they rented a furnished two-room flat. Mr. Anderson, a retired carpenter, is almost totally deaf and suffers from dizzy spells. Mrs. Anderson has arthritis. They live in St. Petersburg six to eight months a year for the climate. They must live on \$212 a month. They carry some hospital insurance, "but it doesn't cover but a third of our needs, and if anything happened to us, I don't know what we'd do." In spite of their problems they like this life in their old age and their new friends.

Others are not so satisfied.

The Browns, two brothers and a sister in their sixties, came from Philadelphia where one brother was a cabinet-maker and the other a school board attendance officer. They live next door to another aged sister and her son. The two families sold their homes to come to St. Petersburg. They paid cash, \$17,000, for each of the two three-bedroom homes they occupy, and they live on pensions and savings. Both families are "fed-up."

At their former suburban homes they raised their own vegetables and had an idea they could do the same in Florida, "but the ground is all sand and nothing will grow." One brother said, "The most important thing is that we're not interested in fishing and old peoples' hobbies. We need to be active. Here we just sit around and do nothing. It's boring."

One sister suffers from arthritis and thought it was going to be warm in St. Petersburg all the time. "But the frost sets in, and these houses are not built to withstand the cold weather." She added, "Anyone coming here should rent for six months first, not buy like we did, to see if they like the change. And our family's up there. In a way you can say we're homesick."

A Long Island couple had put most of their life savings into a new home in St. Petersburg and hoped to get jobs to supplement their income. They now are trying desperately to make ends meet. The husband, a 65-year-old builder and construction worker, suffers from heart attacks and high blood pressure. They had been persuaded that life in St. Petersburg would be cheaper and healthier. Now the husband finds that the local labor market is glutted with old people who offer to work for practically nothing in order to hold on to their social security benefits. He has occasionally been driven to repair roofs, which endangers his health, so as not to dip into savings that can see them through for only a year. To help out, his wife has been working part time at a snack bar, bringing home \$30 a week. "If I could just get a repair job here and there," he said, "A lot of people making the change don't realize that you leave all your lifelong friends behind. It's hard to start again."

These cases suggest that the major problems of retirement are in the areas of money income, health, places to live, employment, activities, and social relations (friends, relatives, and other associates).

*The Research Evidence.* In spite of all of the discussion and all of the literature dealing with retirement which has appeared in the last decade, surprisingly little is known about the extent and severity of retirement problems and the ability of retirees to meet them. A good deal of the research evidence is contradictory. Some of the contradictions can be attributed to a lack of consensus of what "adjustment" to retirement means, but there is the additional problem of *measuring* adjustment to retirement, whatever its meaning. If adjustment means a state of happiness or satisfaction in retirement comparable to happiness and satisfaction while working, a number of studies appear to indicate poor personal adjustment is greater among retirees than among persons who are working.<sup>15</sup> On the other hand, the evidence presented in other studies indicates that the majority of retired workers are relatively "well adjusted."<sup>16</sup>

The most ambitious of these studies was undertaken at Cornell University. Through periodic contacts over a five-year period with retired workers from a wide occupational and geographic distribution, an attempt was made to learn how well workers adjusted to retirement and the reasons for good or poor adjustment.

Overall, the data suggest quite emphatically that a high proportion of retirees possess a degree of role flexibility which enables them readily to adapt to a greatly reduced income and to a new life situation. . . . The picture is largely one of successful adjustment.<sup>17</sup>

This study and others, while not conclusive, cast considerable doubt on the image often presented in the literature of the vast majority of older people strongly resisting retirement and largely discontented with it. The Cornell study, incidentally, makes suspect another stereotype concerning retirement—that retirement has an adverse effect on health. The authors conclude:

If any general effect at all can be discerned, it is that retirement leads to an *improvement* in health. As in other studies, we do find a higher incidence of relatively poor health among people who have retired; but it would seem that this can best be understood in terms of poor health leading to retirement and not the reverse.<sup>18</sup>

The issue of how well workers adjust to retirement, however, is not clear cut. Nor are the issues of what factors contribute to good adjustment and which to poor. Researchers have looked to a variety of factors in attempting to identify those associated with retirement adjustment.

One writer concludes:

Such empirical evidence as is available as well as theoretical reasoning indi-

cates that the following factors play a significant part in determining the individual's adjustment to retirement: (a) the reason for retirement (whether compulsory or voluntary); (b) the process of retirement (whether abrupt or gradual); (c) age and occupational status at the time of retirement (whether self-employed or not self-employed); (d) the degree of preparation for retirement; (e) the individual's general relationship to society and changes in the relationship; and (f) the individual's attitude toward his work.<sup>19</sup>

When he tested these factors on retirees living in a Florida trailer park, he found that the retirement process (abrupt or gradual) and the person's orientation toward his work appeared to be related to his difficulty in adjusting to retirement.<sup>20</sup> Interestingly enough, no association was found between retirement income and difficulty.

Havighurst states:

Research has established the fact that activity in a wide variety of social roles is positively related to happiness and good social adjustment in old age and also that a high degree of activity in a given social role is positively related to happiness and good social adjustment.<sup>21</sup>

He suggests that it might be a good idea for employers to encourage their employees over 50 to join groups with interests and aims different from what they have had in the past.

Several studies indicate that there is a positive association between keeping busy and retirement happiness.<sup>22</sup> On the other hand, a survey of retirees from six Cleveland industrial firms found that although "keeping busy" might be good advice for many men, it would not apply to all. The proportion of men having positive attitudes about being retired was greater in the group of retirees who said they had been taking it easy than in the total group. The same study reported that money was the greatest problem of these retirees.<sup>23</sup>

The investigation of retirement adjustment in the Cornell study led to the conclusion that "*as far as anticipatory factors are concerned, the prescription for successfully meeting the challenges of retirement includes a favorable pre-retirement attitude and an accurate pre-conception of retirement.*"<sup>24</sup> Further, "A favorable pre-retirement attitude toward retirement is in large measure dependent upon the expected retirement income."<sup>25</sup>

In a comprehensive review of the available literature on adjustment to retirement, one group of authors found the following as principles which seem to be generally endorsed as essentials of effective preparation for retirement: maintenance of health, development of a well-rounded personality (role flexibility), participation in constructive activities, continuation of human contacts, and gradual retirement.<sup>26</sup>

The reason for retirement, the process of retirement, age and occupational status, degree of preparation for retirement, social roles, the indi-



vidual's attitude toward his work, income, health, activities, preretirement attitude, preconception of retirement—these and others are factors suggested as having a relationship to adjustment to retirement. Neither the relative importance of each nor the prescriptions for translating them into a retirement-preparation program are very clear. An author of the Cornell study, for example, after pointing to a favorable preretirement attitude and an accurate preconception of retirement as important factors, concludes that "it would be presumptuous to suggest one technique or another to achieve these goals, . . . partly because our analysis does not necessarily provide even a hint as to how specific programs should best be implemented."<sup>27</sup>

*What We Know About Retirement Problems.* While a great many questions concerning the adjustment of older people to retirement remain unanswered, we do have a few facts and a few clues to work on.

We know that the number of old people is increasing rapidly (by nearly a thousand a day) and that their life expectancy and retirement-life expectancy is quite long and is increasing.

We know that most of the aged have low incomes and must learn to get along on greatly reduced incomes after they retire. In 1958, three-fifths of all persons aged 65 and over had less than \$1,000 in money income. Another one-fifth received between \$1,000 and \$2,000, and the remaining fifth had over \$2,000. Retirement income, on the average, is probably no more than one-third of income during working years.

We know that most old people do not work for pay. Of the 15.4 million aged persons in December, 1958, only about one in every five (about three million) had a paying job.

We know that most aged women will eventually have to get along without their mate. About 70 per cent of the men 65 and over are married, compared with 36 per cent of the women. About 25 per cent of the older men are widowed, compared with 55 per cent of the women.

We know that the incidence of illness among the aged is greater than among those younger and that they use more hospital care. Days of hospital care used by persons 65 and over are about two-and-one-half times as much as those used by people under age 65.

We know that most of the aged do not have any hospital insurance to help pay for their more lengthy hospital stays. Less than half of those 65 and over have hospital insurance, compared with more than 70 per cent of the total population.

We know that over half of the retired quit work for health reasons.<sup>28</sup>

In addition, we have some clues concerning the problems older people have when they retire and some of the factors related to a satisfactory adjustment. It appears, finally, that while some retired persons find the

adjustment to retirement very difficult, many are able to adapt to it with a minimum of difficulty.

Whatever the problems, a number of groups have instituted programs to aid the worker in preparing for his retirement. What is being done?

## *Types of Company Programs*

Data on the number and kind of retirement-preparation programs in industry indicate only that a substantial proportion of American employers, particularly large companies, have some kind of established program and that this proportion is increasing.

That employers are more active than other groups in developing and sponsoring such programs is, perhaps, to be expected. While an older worker may or may not be a union member or a church member and he may or may not participate in community activities, he is at all times an employee of a firm. He has daily contact over a long period of time with the management of the company. In addition, he might be protected by a private pension plan (collectively bargained or unilateral), and the timing of his retirement might be determined by company policy or decision. These conditions, all part of the employment relationship, plus the concern many companies have for the welfare of their long-service employees, would seem to be factors which might lead to their interest in retirement-preparation programs.

A number of reports, articles, and surveys are available which describe in some detail typical approaches taken by companies who have experimented with retirement-preparation plans.<sup>29</sup> Assuming that the experience of these companies might suggest some useful guides to other interested organizations, the Institute of Labor and Industrial Relations contacted forty-three firms around the country who were identified in published reports as having been involved in retirement-preparation programs for a number of years.

The companies were not selected because they were thought to be representative of companies with such programs but because they might be in a position, on the basis of their experience, to appraise their programs, identify problems, and specify values in their approaches.

The presidents of the forty-three companies were contacted by mail. They were not asked to fill out a standard questionnaire; instead a letter set forth the purpose of the investigation and suggested eight general questions as guides.<sup>30</sup> Each company was asked to respond in its own

way. Responses were received from thirty-six of the forty-three companies, a majority of them prepared by the director of industrial relations or the person in charge of the retirement-preparation program.

The sources must be considered in interpreting the responses. While the respondents were assured that their comments would be held in confidence, most of them were describing programs for which they themselves were responsible. Therefore they were not necessarily the best sources of objective evaluations. Yet many of them were quite forthright, and their answers gave evidence of considerable thought and effort.

The *Survey* companies were asked to describe the main features of their retirement-preparation programs. The answers reveal variation in both approach and content.

As the following tabulation indicates, the most common approach to retirement preparation is through individual counseling. Of the thirty-six companies responding, twenty-one reported that they placed primary emphasis on individual counseling on a regular basis and another seven relied primarily on informal or irregular counseling of individuals. Six companies offered group counseling on a regular basis and three on an occasional basis. All but one also included individual counseling in their programs. The other major features of the programs — reading materials, medical examinations, post-retirement contacts, and gradual retirement — are usually, but not always, offered as a supplement.

#### Main Features of Programs, *Survey* Companies

Individual Counseling (Regular)	21
Informal Counseling	7
Group Counseling (Regular)	6
Group Meetings (Occasional)	3
Reading Materials	13
Medical Examinations	3
Post-retirement Contacts	4
Gradual Retirement	2

Clearly, the majority of the *Survey* companies appear to fit the pattern of approaches used generally by companies which have retirement-preparation programs. Wermel found in his survey of 750 large firms that most of them with retirement-preparation programs used individual counseling or discussion sessions (89 per cent) and about one-quarter employed the group discussion approach either alone or in combination with personal counseling.<sup>31</sup>

While the approach taken by companies to retirement preparation appears to be quite standardized, some important differences are apparent in the details of the programs. A look at some of these differences is of



interest not only for the contrasts that are revealed but also for the emphasis given to the ingredients of the programs.

It should be noted at the outset that comparisons are handicapped by the difficulty of judging what the "paper" programs of companies actually mean in practice. As one of the participants in the *Survey* pointed out:

Although the retirement adjustment programs in industry reportedly are increasing in number and expanding in scope, it would seem there is a vast difference between having a formal program of counseling on the books in Company Headquarters and the carrying out of it effectively in practice.

#### VARIATIONS IN SCOPE

One obvious difference occurs in the scope of the programs. On the one hand are companies which limit their activities to initiating the *idea* that planning for retirement might have some merit. They make staff available to those who might seek help but leave any steps to be taken toward preparing for retirement entirely to the employee.

The personnel director of a company using this approach wrote:

It seems to us that a good needling operation by management was about all we should expect to do in urging people to think through and decide what they want to do after retirement. We do not advise but we give the man full information about money and urge him to work out what he wants to do.

This company conducts one preretirement interview with each employee about three years before normal retirement age. At this session the worker is given information about retirement benefits to which he will be entitled, and he is also handed a brief two-page mimeographed document containing some very general questions concerning his plans (What will you do? How is your health? Where will you live?). The nondirective nature of this approach is illustrated by part of the preface to the document:

No one can tell you how to plan and prepare for retirement as no one knows as much about your affairs as you do. . . . These questions or items are merely suggested to start you thinking about what you are going to do after you retire from [the] Company. If you are all set, you don't need them at all. If you are not all set, maybe they will be of some help.

On the other hand are companies which are much more actively involved both in soliciting the employees' participation in the company's counseling program and in providing a counseling service. This is done in a number of ways, often in combination:

*individual counseling* — a series of scheduled interviews over an extended period of time during which various retirement problems are discussed;

*group discussions* — a company-sponsored course on preparation for retire-

ment or one or more group meetings where various aspects of retirement are discussed by the group under the direction of a group leader or expert; *written materials* — printed information providing details of life in retirement.

#### **Individual Counseling Programs**

A number of *Survey* companies make use of the first of the techniques by scheduling regular personal interviews with employees. Often these interviews are tied in with the administration of the pension plan.

One company, for example, conducts a series of five interviews. The first is held when the employee has been with the company 15 years and has achieved a vested right in an annuity. His benefit status is explained at this meeting, he is "told the importance of early retirement planning," and he is given a booklet titled "You and the Years Ahead." A second interview is held at age 55 when additional information concerning retirement benefits is explained and the employee "is reminded that his normal retirement date is only ten years away." Such subjects as finances, where to live, and benefits are brought up and discussed. The third interview, at age 59, covers the company's Survivor Income Plan and "retirement problems." The employee is also given a copy of the booklet, "Years That Are Yours." The fourth interview is at age 63 and the final one a few months before retirement. These last interviews, like the others, are designed to take care of the necessary details connected with retirement and "to help the individual get as pleasant a start on retirement as possible." Other opportunities for counseling are presented through the medical department, visiting nurses, and the legal adviser.

This program, at least on paper, appears to assign a much more active function to management in preparing employees for retirement than the single "needling operation" discussed earlier. Programs of this type vary in detail from company to company — the number of interviews, at what ages they are conducted, subjects covered, responsibility for the program, and supplementary materials.

#### **Group Discussion Programs**

A number of companies play a relatively active role in preparing employees for retirement by using another technique — group discussions. They may schedule one or more group meetings on company time and property to which all employees of a certain age are invited. Participation is invariably voluntary, but most companies report close to 100 per cent attendance.

These group meetings may take one of several forms. One *Survey* company, for example, conducts what it refers to as a "day-long conference on retirement" for its prospective retirees. Each 64-year-old employee is invited to one meeting where finances, health and nutrition, living

arrangements, and activities are discussed. The aim of the sessions, which are conducted by the various departments of the company, is only to raise questions and to stimulate thinking about retirement. Therefore, no points are pursued in great detail.

Other companies conduct a series of group meetings. Each spring, one *Survey* company invites all employees who will retire during the following twelve months to a series of eight group discussions on the subject of retirement. The discussions are led by a member of the training section of the Personnel Division or, for some subjects, by a qualified expert. After the leader has briefly summarized the subject, "the meeting enters a general discussion . . . in which all participate, and in which answers are given to any questions arising therefrom." A typical eight-week course includes an orientation meeting followed by sessions on health, financial adjustment, the pension plan, social security and unemployment insurance, retirement activities, psychological aspects of retirement, and company retirement policies and procedures.

Still other companies take a different approach to the group-discussion method by sponsoring a preretirement course after hours and under the direction of an outside agent. An example is the retirement-planning course developed at the University of Chicago. One *Survey* company has offered this course to its employees and their wives since 1954, and a number of others also use it. The course is made up of eleven one-and-one-half-hour meetings led by an instructor obtained from the University. It is made available to all employees nearing retirement age, and attendance is strictly voluntary. Source material consists of a series of study booklets prepared by the University, and the course is conducted "by group discussions based on the booklets, the instructor's lecture, and the participants' experiences."

A growing number of private consulting firms appear to be entering this field. They are prepared to offer a "package" to companies who prefer not to develop their own programs.

#### **Written Materials**

Written materials on retirement are available in abundance and in variety, and many companies use them alone or in combination with other retirement-preparation techniques. Some materials are developed by outside organizations and sold in bulk to companies who want to make them available to their employees. Others are developed by the companies themselves, either because of dissatisfaction with available materials or because they feel the information should be tailored to their own work forces.

No attempt will be made to describe these materials in detail, but

characteristic types should be noted. One is a series of "messages" to prospective retirees designed to bring to their attention items judged to be important for them to consider in preparing for their retirement. One *Survey* company developed its own series of five "Retirement Planning Letters" which it sends periodically to employees after age 60. The letters deal with planning, health, income planning, activities, and where to live. A few *Survey* companies use the *Notes for After Fifty* series of the National Association for Mental Health, Inc. It consists of a series of six "messages" on "Planning for Your Later Years," "Improving and Keeping Your Health," "Slowing Down and Enjoying It," "Making the Most of Your Abilities," "Preparing to Live on Less," and "You, Your Home, Your Family and Friends."

A second type might be called the "newspaper" communication. Many companies run articles dealing with retirement and news of activities of the company's retired employees in the company paper, with the objective of providing useful information or suggesting ideas to prospective retirees. Several *Survey* companies subscribe to *Retirement Planning News* (The Retirement Council, Inc.), a monthly news magazine, for each employee for a few years prior to his retirement and sometimes after retirement. The *AARP News Bulletin* and *Modern Maturity* (both published by the American Association of Retired Persons), although not used by any of the *Survey* companies, are similar publications.

Finally, there are booklets, some developed by the companies themselves and others by outsiders. Of these, the one most commonly used by *Survey* companies is *Look Forward to Your Retirement*, published by the Chamber of Commerce of the United States.

Regardless of format, however, the written materials tend to have a number of things in common. Two in particular stand out — the nearly universal emphasis given to the value of planning and the almost irresistible temptation to give advice.

*How Important Is Planning?* Is planning the secret to a happy and satisfactory retirement? Most of the materials made available to prospective retirees suggest that it is. According to the Chamber of Commerce booklet, *Look Forward to Your Retirement*, "Sound advance planning, for the most part, can assure you of a varied, interesting life after your regular job ends." The first of a series of letters sent to prospective retirees by one *Survey* company tells them, "Early planning will help you make a pleasant and easy adjustment to a new way of life."

All publications do not claim this much for retirement planning. Most, however, see planning, if not the magic potion, as an essential ingredient of successful retirement. This idea is summarized by the director of a retirement-preparation program in discussing such programs in industry:

Some organizations have done a great deal in this field; others are only beginning — but whether the effort has been great or small, all agree that successful retirement requires thoughtful planning. . . .

The importance of planning long before retirement is often stressed. A guide used by one *Survey* company states:

You can't start too early on retirement planning. Experts agree that preparation for retirement should be a continuing activity from the time an employee first goes on the pay roll. And executives who are now retired emphasize the advisability of an early start on retirement preparation: Preparation for retirement, they say, is fully as important as preparation for a career in business or a profession.

This emphasis on planning is also carried over into other aspects of retirement-preparation programs. A number of *Survey* companies, for example, mention the effect the program has on stimulating planning as a measure of its success. And the Swift and Company manual, *Retirement Counseling and Communication Program*, in introducing the company's program to those who will be administering it, emphasizes that "the general theme must be maintained throughout the interviews that successful retirement is only accomplished by *planned* retirement."

Claims made for planning as a key to successful retirement contrast with the research evidence available on the relationship between planning and adjustment to retirement. The findings of the Cornell study suggest, for example, that having retirement plans is only indirectly related to retirement adjustment.<sup>32</sup> Until the evidence is a little clearer that planning is a significant factor in retirement adjustment, the claims for it might be more modest.

*Advice to the Aged.* Written materials on retirement preparation are also inclined to stress advice. Headings in *Look Forward to Your Retirement*, the Chamber of Commerce booklet, are "Watch your diet," "Stay fit," "Keep from worrying," "Get adequate medical care." "Enjoy friendships," "Develop hobbies," "Take part in community activities." This list is not unusual, nor is it exhaustive.

Some of the advice is undoubtedly good, some is useless but harmless, and some is very questionable. Suggestions on hobbies fall in the questionable category. Material used by one *Survey* company advises prospective retirees,

In order to be a whole person and have an outlet for creative abilities we should all have hobbies. . . . You should have at least one hobby that makes use of hand skills. You will be amazed at the satisfaction you will derive from these skills.

This same piece ends up with another popular bit of advice: "Prepare to retire *to* new activities, rather than *from* work." The new activities apparently are hobbies, community activities, and/or part-time jobs. As



Geneva Mathiasen has pointed out, most older people do not find hobbies a satisfactory substitute for employment, many older people cannot be used in the usual community activities, and their opportunities for employment are not great.<sup>33</sup>

Some written material is more restrained and carefully points out that the intent is not to give advice but to supply information that might be useful. One company, however, after stating clearly that "we can't tell you what to do in your own case. We can only outline some of the things you may wish to think about, with the hope that these brief comments will be useful to you," then proceeds to give the advice on hobbies quoted above.

The practice of giving advice on retirement raises a number of questions. One is whether people near retirement or already retired need advice. Undoubtedly some do, but there is no evidence that the proportion is great. On the contrary, most older people apparently are able to adjust to the change brought on by retirement rather easily on their own. Furthermore, it would seem to be a more reasonable assumption, if one is to be made, that people who have been running their own affairs successfully for four or more decades will be able to continue to do so even after retirement. If they have not been able to arrange their affairs successfully during their working lives, it's not likely that all the advice in the world at retirement will greatly alter the pattern.

Second is the question of who the experts are who are to give the advice. If the position is accepted that not very much is really known about what makes for successful adjustment to retirement, then it follows that there is little basis on which valid advice can be given. If a person has a specific problem which can be clearly identified, it *might* be appropriate, of course, for a qualified person to advise him. But it is at least questionable whether there is much general advice that will contribute significantly to the better adjustment of old people to retirement.

Third is the question of the consequences of giving advice that doesn't work. On a subject on which so little is known, the incidence of cases in which the advice turns out to be wrong is likely to be quite high, and a company, or any other organization, may not find it advantageous to be identified with such suggestions.

The consequences of distributing poor advice in printed form are probably not as serious as they might be in a personal counseling program. It will be recalled that the most common type of retirement-preparation program among *Survey* companies is individual counseling. The *Survey* did not go specifically into the question of whether and to what extent "counseling" means "advice-giving." Some of the companies obviously made an effort not to give advice on specific problems. Swift and Com-

pany, in the manual of instructions for interviewers, urges the counselors to assist the employee with any specific problem he faces — but only if he wants such assistance. At the same time, the interviewer is cautioned that he “should not be in the position of telling the employee what he should do” and that he “should . . . suggest the alternative courses that are available to the employee.” Because advice given in an interview is much more personalized than that distributed in printed form, the risk of being identified as the cause of an unfortunate decision by a retiree is probably greater.

The scope of different programs has been discussed at length because it involves one of the key decisions in establishing and administering a retirement-preparation program. A company may choose, on the one hand, to confine its program to a “needling operation,” or it may commit itself to a deep involvement in the personal affairs of employees on the other. Perhaps most companies will wish to settle somewhere in the middle. Whatever the case, the decision should be made with full understanding that it will have a great effect on the character of the program and quite different implications.

#### **VARIATIONS IN DESIGN**

The discussion of the techniques used by companies in their retirement-preparation programs raises another question: On what basis do they choose one plan rather than another? Although this question was not approached directly in the *Survey*, a number of clues are available in the descriptions the companies gave of their programs. Apparently there were two general grounds for making a selection — one practical and one philosophical.

Some companies obviously made a choice on the basis of what seemed feasible. The plan of one *Survey* company, for example, was strongly influenced by the decentralized nature of the company’s operations. The company has about 500 units around the country which range in size from five to more than 5,000 employees. The management, which wanted to adopt only one program, selected individual counseling because there are not enough prospective retirees in some units to hold a class or group meeting. In this program, counseling is done by the employee’s supervisor or plant manager, and such control as there is rests with the industrial relations department.

Herman Seinwerth, manager of industrial relations for Swift and Company, in describing the Swift program to the Mayor’s Commission on Senior Citizens (Chicago), pointed to another practical reason for adoption of an individual counseling program. In considering what type

of program the company should introduce, he and his staff looked at a great deal of available retirement-planning material, analyzed surveys and research reports, and examined programs of other companies. While they found some information which was useful, they were

convinced that there was no one program that we could adopt more or less as a package for use with our people. We concluded that a program would have to be designed to fit our own particular set of circumstances — the type of pension plan in effect for our employees, their financial levels, our practices in handling pre-retirement details, etc. Looking back on this, we feel that this was one of the wisest decisions we made. I would caution others who are thinking about inaugurating a retirement planning program for the first time, to carefully weigh the pros and cons of adopting a packaged program which someone else may be using or advocating, and measure this carefully against the development of a program to fit their particular company situation.<sup>34</sup>

As an aid in reaching the decision on whether to use a classroom or individual approach to retirement counseling, they surveyed a sample of their pensioners all over the country to find out what kinds of problems they faced when they retired.<sup>35</sup> On the basis of the wide variation in attitudes and desires, likes and dislikes, in the amount of planning the retirees had done, and other results of the survey, they concluded "that the individual counseling approach would be more desirable in our case than a group approach."<sup>36</sup> Incidentally, they found many of their pensioners doing without necessary medical care, and a by-product of the survey was the introduction by Swift of hospital-medical-surgical insurance coverage for their pensioners.

That particular considerations affected the decisions of a number of *Survey* companies is suggested in statements like the following:

The major requirement for a successful Retirement Preparation Program in a company like ours, which is highly decentralized with approximately 150 locations around the country, is simplicity in administration and emphasis on the employee's part in retirement preparation.

This company uses a series of retirement-planning letters.

Our experience since 1943 has led us to conclude that many of the publicized approaches are not practical for us.

The Company has decentralized its operations into a number of independent operating components. Accordingly, no two programs designed for counseling of employees are alike.

Other *Survey* companies expressed the belief that one approach is inherently better than others:

We think the individual personal interview should be the basic feature of any program. This might be supplemented to an advantage by group meetings, by articles in the house organ, and other special reading material.

I would think the most important single feature [of our program] is that it is on a personal basis.



While the problem is one which involves a great number of people, we have never treated the transition to retirement as a "mass problem." It is true that there is a mass effect, but the problems are those of individuals and we believe they should be solved individually.

Because the source of the third quotation is a company whose philosophy and goals in this field appear to be better defined than those of most, it might be helpful to look a bit more closely at its ideas:

Our philosophy starts with the premise that retirement is a condition of employment. All newly employed persons are given an opportunity to decide whether or not they want to join our contributory Annuity Plan. Having reached a decision, they sign either a subscriber's or a non-subscriber's card. Printed on each of these cards is the statement that retirement is mandatory at age 65. From this initial phase to retirement, we have made a deliberate effort to instill in all our employees the philosophy of accepting retirement as a normal stage of life. We further believe the company is obligated to make available, during the employee's entire working life, the facilities which will enable him personally to plan his own retirement program.

Some details of the program are outlined to illustrate a consistent approach to a problem within the framework of specific objectives:

1. Retirement plans are explained in an indoctrination class in which each new employee receives booklets on the company's various benefit programs.
2. Each employee is furnished an annual statement on his status under the foregoing plans. Through these he is provided the facts which enable him to be aware of what his financial condition will be at retirement.
3. Upon completion of 20 years of service, each employee is contacted regarding his selection of primary and contingent beneficiaries under the 20-Year Survivorship Benefit Plan, and if the employee desires, a company representative will assist him in reviewing his annuity, insurance, and savings programs.
4. Every employee under age 45 may receive at his own request a free physical examination every two years, and after age 45 every year. After age 60, the examinations become more sharply pointed to his physical condition for retirement and some of the problems he will face.
5. Employee clubs throughout the company provide facilities for the development of hobbies.
6. The company makes another contact at age 60 to explain options available under certain benefit programs and extends an invitation to review his total financial position in order to help him determine what selection to make.
7. Each employee knows that upon retirement he will have life insurance and hospital-surgical insurance for both his wife and himself.
8. Annual 20-Year-Club dinners provide an opportunity for employees with long service to meet with annuitants and discuss mutual problems and conditions encountered in retirement.
9. Each year after retirement, each annuitant is visited personally by someone from his "line" organization on a "friendly informative basis." A written

report is made about him covering his health, general living condition, and whether there are any problems requiring special attention. He also continues to receive employee publications.

The company believes that

our program provides facilities that will encourage the older worker to attain a state of financial, physical and emotional well-being sometime prior to retirement, which meets our overall objective of encouraging the employee to develop personal initiative in solving his own retirement problem.

Somewhat different objectives might require quite different approaches. The program of the Prudential Insurance Company, for example, apparently was adopted because of a conviction that some retirement matters, such as finances, can best be handled on an individual basis and other problems lend themselves to discussion. Paul W. Stewart, Director of Special Services for Prudential, points out the nature of some special advantages which accrue from group meetings:

In every group there are those who look forward to retirement, those who are apprehensive about it and those who have neither one nor the other feeling about it. Over a series of meetings, talking among themselves, discussing the various aspects of retirement, there builds up, in my opinion, a feeling of confidence toward taking this new step along life's highway which if it existed previously, has been strengthened and if it did not exist before, has been awakened. . . .

We have been told again and again by employees that they have looked forward to retirement with much more confidence as the result of these discussions. This is so easy to understand, is it not? We like to know that others are in the same boat with us—we take comfort and encouragement from those who are braver or better prepared and even find ourselves giving comfort and encouragement to others.

Reflected in his words is the feeling that the group discussion approach has values which contribute to retirement preparation in a way that is not possible in individual counseling or through distribution of reading materials.

One *Survey* company, when considering whether it should establish a retirement-preparation program and if so, what type, asked present and soon-to-be retirees whether they favored help from the company in planning for retirement, what aspects of retirement should be covered in a preparation program, and in what ways help or information should be made available. On the basis of its findings the company established a program which relies exclusively on printed materials. Although a majority of the respondents preferred this method, a substantial number also expressed preference for individual or group discussions.

Such surveys may have some value in indicating how employees or retirees feel about different approaches, but they have the obvious weakness of depending on relatively uninformed opinions. Presumably it is

difficult for those surveyed to express preferences for types of programs about which they know little and with which they have had no experience. If surveys are to be used, they might better focus on the kinds and extent of problems retirees have, and they should be carefully developed, administered, and interpreted.

Of course there may be many other reasons for a company's deciding upon a particular approach to retirement preparation. Some companies follow the lead of others who have a program which seems to be working effectively. Some choose on the basis of the wishes and preferences of those who are setting up the program or who will be responsible for administering it. There is not, after all, a great deal of information or research data that can be used as a basis for a decision.

### VARIATIONS IN CONTENT

Content of typical retirement-preparation programs has been mentioned in parts of the previous discussion. In general, programs of *Survey* companies covered finances and financial planning, maintenance of health, activities and how to occupy time, where to live, and the importance of planning.

Wermel's findings on subject-matter of preretirement programs are similar:<sup>37</sup>

Subject	Percentage of Companies Including It
How to figure retirement income	83%
Use of leisure time	69
Financial planning and family budgeting	56
Ways of adding to retirement income	53
Finding new work activities	47
Housing and living arrangements	45
How to live with health problems	43

Mere lists, however, tell very little about content. If a company uses any written materials, as most of the *Survey* companies do, its program might include all of the subjects. But whether the subject is actually covered depends upon how good the materials are, whether they are read, and if read, whether they are understood.

Companies using the discussion technique can, perhaps, make more certain that most of the subjects receive some attention.

In individual counseling, however, whether or not a subject formally listed as included in the program receives much notice depends upon how the program is administered. For example, descriptions of some programs emphasize that problems are discussed with an employee *only*

if he wishes to discuss them. This might mean that they are discussed only if the employee brings them up. Also, persons responsible for conducting interviews often have major responsibilities elsewhere in the company; therefore, they may be reluctant to initiate discussions in some areas on their own or they may handle a question in a perfunctory manner.

These and other reasons make it difficult to judge what the range of topics actually is. The author's interviews with the persons responsible for individual counseling programs of two large Chicago companies led to the impression that in spite of the inclusion of a number of other subjects in their "official" programs, in most cases only money matters were discussed in the counseling interviews.

Finances, or financial preparation for retirement, is one topic which appears to get quite thorough treatment in the programs of almost all *Survey* companies. In some cases it is the only subject included. In part this emphasis on financial matters is based on the interest or assumed interest of the participants. Also, some people feel either that the company is not competent to deal with other matters or that it is not appropriate for it to do so. The comment of the vice-president of one *Survey* company illustrates these points:

We make the actual figures available to the employees, having found that they are not particularly interested in the theories or the philosophies of retirement. Those who need help to find other work or to rearrange their financial or family affairs may ask advice of us regarding capable counseling. We try to put them into the hands of those individuals or agencies who we feel will be most useful to them. We are pretty well satisfied that counseling by us beyond the most objective factual degree is not advisable.

Other companies stress financial planning because they are convinced of its critical importance for satisfactory retirement. Although Prudential also includes other areas in its program, it tries to make certain that its employees give adequate consideration to possible money problems:

We believe that the basic purpose of a retirement preparation program is to ease appreciably the transition from active business life. We believe that this transition is appreciably eased if the retirant has prepared himself for the inevitable change in the level of his income. . . . Therefore, we see [a] major requirement for a successful program to be that it provides over an extended period an accurate foreknowledge of the amount of retirement income to be expected. . . .

The program designed to meet these objectives is described as follows: Our program provides, during the entire active service of each employee, for a triennial statement concerning benefits under the retirement plan. The statement shows the amount of pension actually accrued to date and the estimated amount of pension and of social security to be paid on normal retirement date. Admittedly of little interest in the early, young years of

service, these statements create great interest and assume great importance as the employee grows older. It is not possible for an employee to be other than well aware, well in advance, and frequently reminded of his income level upon retirement. The interview five years in advance of normal retirement date drives the point home, being a full-scale interview concerning retirement benefits. Only the most improvident will reach normal retirement age without having fully considered the financial future.

None of the *Survey* companies gives such widespread coverage to any other area, although many of them include other subjects in their total programs.

The medical departments of a few *Survey* companies provide opportunities for effective preparation for good health in retirement. An example noted earlier is the firm which offers biennial physical examinations for employees under age 45 and annual examinations for those over 45 who request them. The company pointed out that after the employee reaches age 60, the examination focuses sharply on physical problems he might face in retirement.

To the extent that such examinations help to maintain good health as the employee ages and to identify and prevent disabling diseases, they make a significant contribution toward preparation for retirement. Health, along with finances, is a major problem of older people.

Other problem areas are not quite so obvious nor are they as easily handled — which may account in part for the variations in scope, design, and content of retirement-preparation programs. A company's philosophy, its attitude toward preretirement planning, and what it hopes to accomplish also influence what it might consider as essential requirements for a successful program.

## *What Are the Essential Requirements?*

Each *Survey* company was asked: What do you see as the major requirement for a successful retirement-preparation program? Lack of agreement that one or even a few factors might be the keys to success reflects perhaps the variety of motives, experiences, and philosophies of the responding companies as well as circumstances surrounding the initiation and development of the programs. The relative newness of the programs and the lack of well-defined objectives on the part of many companies also may have contributed to the lack of consensus.

An attempt is made in Table 1 to group the responses in such a way



as to reflect the variation in emphasis. Seven factors are identified: acceptability, adequacy, time, planning, attitude, content, and method. Since the table is not meant to show quantitative differences but only to illustrate what appear to be different factors of importance to a retirement-preparation program, the reader is warned against misinterpretation.

First, the table shows only the number of times a response was given. It does *not* show the number of companies which gave the response. Thus, one company might mention four items it considered important, and all of them might fall into one factor classification. The four items would be added to the one factor, but this would reflect the view of only one company. Second, although the items fit into categories fairly well, the nature of some was such that they could fit into more than one category. Assignments were matters of judgment, and in one case the decision was made to list an item under both the time and content factors.

TABLE 1. Major Factors for a Successful Program  
(Number of times various items mentioned)

ACCEPTABILITY	ADEQUACY	TIME	PLANNING
1. Program acceptable to employees 4	1. Competence of speakers 2	1. Sufficient time before retirement 1	1. Program should stimulate planning 4
2. Cooperation and/or acceptance by departments 2	2. Worthwhile guidance 1	2. Avoidance of last-minute "crash" program 1	2. Generate action before retirement 2
3. Acceptance by top management 2	3. Answer questions raised 1	3. Accurate income data long before retirement 3	3. Stimulate thinking toward suitable activities 1
	4. Adequate income or benefits available 2		4. Develop recognition of need for planning 1
	5. Competence of counselors 1		
	6. A high quality program 1		
	7. Training of supervisors 1		
	8. Knowledge of the people 1		
	9. Confidence in counselors so that real problems are discussed 1		
	10. Adequate counseling 1		
8	12	5	8

The table is designed only for easy reference. What the *Survey* companies considered most important for a successful program can best be shown by noting comments which illustrate each of the factors.

### ACCEPTABILITY

Five *Survey* companies gave acceptance by employees, by top management of the company, or by both as a major factor in a successful retirement-preparation program. One of them said, for example:

An important requirement for a successful retirement program is management's sincere belief that such a program is worthwhile, and willingness to devote the necessary time, effort, and expense to it. Equally important is acceptance on the part of employees.

Presumably the argument is that if the first condition is absent, the program will be administered in a perfunctory and, therefore, ineffective fashion because those individuals directly responsible will not have the

TABLE 1. Major Factors for a Successful Program  
(Number of times various items mentioned) — (Concluded)

ATTITUDE		CONTENT		METHOD	
1. Stimulate acceptance of retirement	4	1. Make "figures" available because no interest in theories or philosophy of retirement	1	1. Individual and/or group counseling opportunities	4
2. Maintain a constructive attitude up to retirement	1	2. Give accurate picture of retirement	1	2. Simplicity in form	2
3. Facilities to aid in emotional conditioning to retirement	1	3. Prevention of crippling disabilities	1	3. Not intrude in personal affairs	1
4. Promote a realistic facing of retirement	1	4. Accurate income data long before retirement	3	4. Objectives and methods employed	1
5. Favorable atmosphere or relations to employees	1	5. Advanced opportunity to discuss retired life	1	5. Automatic retirement	1
		6. Clearly explain the redtape of retirement	1	6. Emphasis on employee participation	1
		7. Amenities of situation observed	1	7. Long-range, informal, non-publicized method of gradual retirement	1
		8. Suitable orientation material	1	8. Must be voluntary	1
		9. Financial preparation	1	9. Adequate and timely 2-way communication between supervisor and employee	1
				10. Fit our circumstances	1
	8		11		14

incentive to give the program the attention necessary to do a superior job. In the absence of the second condition, acceptance by employees, it could be argued that employees, either because of suspicion of the motives underlying the program or lack of confidence in its value, will fail to cooperate or participate fully.

If acceptability by the parties is an essential requirement for a successful program, at least two questions become important.

First, how does the management of an enterprise become convinced of the importance and value of a retirement-preparation program? None of the *Survey* companies commented directly on this question, but discussions with a number of industry people responsible for preparation programs suggest that, as in the case of any program under consideration, the management must be convinced that there is a serious problem that affects the company and that something can be done about it.

The representative of one *Survey* company felt that his company's program resulted from a recognized need. Retirees had problems, particularly financial, which they sometimes brought to the company. As the number of retirees increased, the management became convinced that it was important to the company that these former employees be relatively satisfied with retirement life. Their satisfaction had a public relations value to the company and, as one representative pointed out, there might also be political implications. It was suggested to the top management, "If retirees are dissatisfied they'll be voting for things like the Forand Bill. Is that what you want?"

Of some significance as a motivating force in initiating preparation programs is the relationship between retirement preparation and administration of a pension plan. Apparently it is convincing to some managements that the objectives of the pension plan cannot be realized unless retirees are relatively satisfied with retirement. In support of this argument one company representative pointed out that retirees should have a proper understanding and perspective of the company-financed pension. It is up to the company to get across the idea that the pension is not intended to provide for all of the economic needs of the retiree and to get it across early enough so that the employee will have time to make provision for other income when the time for retirement arrives.

Motivations for initiating preparation programs and the conditions under which top management is willing to support them are difficult to pin down. Are the arguments presented above valid or are they rationalizations for decisions made for other reasons? The arguments may seem remote, but they might be real. It should be noted that they are based on a number of assumptions which are not yet entirely beyond question. Evidently the companies assume that retirees have serious problems which



they may attribute in some way to the policies of the company, and the managements believe that the programs which have been developed can contribute significantly to the alleviation of these problems.

A second question is raised by the contention that acceptance by employees is an important requirement for a successful program: How is this acceptance gained? *Survey* companies offered little comment on this point. There appear, however, to be at least two problems involved. One is the danger of misinterpretation by employees of the intent of the program. One *Survey* company began its group counseling with 64-year-olds, for example, to avoid the fear that the company was conditioning people for early retirement. The other problem is to develop a program that will meet the needs of employees and be perceived by them to be of some value. The needs of employees and the value of the program are, in turn, related to the adequacy factor.

#### **ADEQUACY**

Ten *Survey* companies gave as a major requirement for a successful program the quality of the program or the adequacy of pension or other benefits available to retirees. As the items listed in Table 1 suggest, an adequate or quality program was generally thought of in terms of the competence of counselors or speakers and worthwhile guidance or information. Occasionally this concept was coupled with an emphasis on the adequacy of benefits available to retirees. One company expressed the view, for example, that

retirement cannot be satisfying nor successful unless it is financially feasible. Therefore, financial preparation seems the most important. It is only when this problem has been successfully faced that the other facets of retirement can be realistically approached.

That the success of a retirement-preparation program is dependent upon the quality of the program would appear to be obvious. Certainly few would argue that the competence of speakers and counselors is not an important consideration. A more important question, however, is what goes into a quality program. Leaving aside questions of content for a moment, the following appear to be key questions:

Who does the counseling?

What are the qualifications of counselors?

What controls are exerted over the quality of programs?

Most of the *Survey* companies administered their programs through their employee benefits or employee services departments or through industrial relations, personnel, or employee relations departments. In describing their counseling, many spokesmen referred to interviews con-

ducted by an "industrial relations representative" or "personnel representative." In a few cases there was an indication that interviewing was done by the "retirement counselor" and in some instances by the worker's "supervisor." It seems that in many cases, if not in most, administration of the program is in the hands of people whose major responsibilities lie elsewhere. Often this responsibility is partly the administration of the pension plan. It seems reasonable to assume that the competence of these people, so far as retirement preparation is concerned, is mainly in the area of pension administration, and their "counseling" is primarily confined to imparting to the employee information about his pension or other benefit rights.

Some of the *Survey* companies did provide those responsible for administering the program with a "guide book" which outlined topics to be covered and offered suggestions on both how to approach and conduct the interviews and the kind of information to be covered. Beyond this there was little evidence of attempts to train counselors or interviewers for their task. Apparently their qualifications are determined largely by the efforts exerted by the counselors to prepare themselves for the job.

Methods of controlling the quality of the programs vary both with the type of program and with the nature of the organization. A program confined mainly to group discussions under the leadership of the person responsible or an "outside expert" is much easier to control than one utilizing individual counseling conducted by department supervisors. Similarly, a program in a single-plant firm is easier to manage than one in a company with a large number of plants scattered over the country. There was little evidence that many of the *Survey* companies went to very great lengths to control quality. Hardly any of them, for example, had used any formal system for evaluating the effectiveness of their program.<sup>38</sup> This apparent lack of attention to effectiveness suggests that most companies do not yet view a retirement-preparation program as a major element in the management of the company.

#### **TIME**

A number of companies, as well as many writers on the subject of retirement, have expressed the view that preparation for retirement must begin well in advance of the retirement date if it is to be of any value. Among *Survey* companies, about one-third began their programs of interviews or group meetings at age 60 or five years before normal retirement. Three companies ran their programs over all or most of the employees' working lives; the remainder were equally divided between those that began later than age 60 and those that began earlier.

Five *Survey* companies judged time to be of the essence in a successful program. One, for example, referred to its belief that "the interests of both employee and employer are best served when such a program can be developed on a long-range informal, non-publicized method of gradual adjustment through the employee's entire working life." Another conducted a survey in which its retired people were asked at what age they thought retirement planning should begin. Three-fourths of those responding said it should begin at age 45 or earlier. Only 3 per cent thought it should start as late as age 55. A third *Survey* company pointed to the problem of motivating its employees "to begin some realistic thinking about their retirement planning when they reach about the age of 50."

Apparently there is somewhat of a dilemma over timing. On the one hand is a concern that preparation be initiated early and on the other the difficulty in getting young or even middle-aged employees interested in the subject. In part the solution lies with what conception is held of the meaning of preparation for retirement.

One possible conception, for example, is that of the company which advocates a "long-range, informal, non-publicized method. . . ." The emphasis here is on the provision of the necessary tools and the establishment of an environment in which the employee is encouraged "to develop personal initiative in solving his own retirement problem." This company stresses three aspects of retirement preparation: (1) Older workers are offered every possible assistance in detecting and preventing crippling disabilities that attack the aging. (2) Facilities are provided that will aid in the emotional conditioning of employees to the period of their retirement. (3) The tools are furnished by which employees are able to evaluate their personal financial conditions.

With this informal approach, the company attempts to avoid the problem of motivating employees to participate. Rather it tries through routine administration of programs of medical examination and provision of information on retirement benefits and other topics to gradually condition them for the changes that take place when retirement occurs. The program gives major responsibility to the employee to work out his own problems without exposure to a formal "preparation program."

If, however, preparation for retirement is thought of primarily in terms of classes, meetings, or individual counseling sessions at which retirement preparation is discussed as a problem the worker should be concerned with, motivating the worker to participate at a relatively young age is likely to be difficult. A worker in his forties, whose resources may be strained to support a spouse or to send children to college, may find it hard to give attention to even as concrete a subject as retirement income, much less to the more vague question of what he will do or where he will live when he retires.

Clearly, it is important that on some questions, particularly that of financing retirement, planning should begin fairly early. There is little that most 60-year-olds, for example, can do about improving their retirement income. It is possible, however, that the provision of the necessary tools and a helpful environment might be a more fruitful approach to younger workers than attempts to solicit participation in a formal program.

#### **PLANNING**

The representative of one *Survey* company stated: "The basic philosophy for our preretirement planning program has been to stimulate the employee to think about his needs and then plan to satisfy them." The previous discussion of the nature of retirement-preparation programs indicated that the *Survey* companies attached some importance to stimulating their employees to plan for retirement in advance. In addition, much of the literature used by companies also emphasizes the crucial role of planning. Yet only eight of the *Survey* companies mentioned the importance of encouraging planning as essential to a successful program.

There is no clear evidence of a relationship between making plans for retirement and satisfaction with it,<sup>39</sup> but a number of studies do indicate a positive relationship between retirement income and satisfaction. Therefore, to the extent that a preretirement program stimulates planning and action on the part of employees to improve their retirement income, it might result in more satisfied retirees.

#### **ATTITUDE**

Eight *Survey* companies believed that an essential objective of any preretirement program was to help employees develop a favorable attitude toward retirement. Apparently they hoped to achieve this goal by (1) imparting information which would give an accurate description of what retirement life was like, or (2) dispelling fear or concern the worker might have about retirement and creating a positive attitude toward it.

An objective of one *Survey* company's program was "to give each prospective annuitant a picture of the problems he is apt to face when he retires." Another said that the program "should make the employee look forward to retirement with anticipation and not with dread." A third company gave a somewhat different twist to the idea:

While we have not formalized objectives of our program, it could probably best be expressed as an effort to repel the fear of retirement from the employee and to establish an attitude which will enable him to maintain a constructive attitude toward his work right up to the period of retirement.

There is some basis for the contention that the attitude of the worker

prior to retirement is an important factor in his adjustment. The Cornell study found, for example, that a favorable preretirement attitude and an accurate preconception of retirement contributed to a successful retirement and, further, that a favorable attitude is in large measure dependent upon the expected retirement income.

Granting the importance of the attitude factor still leaves the question of how best to bring about the desired attitude. In response to the question of what they considered the main accomplishments of their programs, about one-fourth of the *Survey* companies indicated that their programs resulted in changed attitudes toward retirement or provided an accurate picture of what retirement life would be like. One company, for example, believed that its program "has prepared the employee for retirement to the extent that he now looks forward to the time when he will retire." Another company found employees in its retirement classes "like the exchange of ideas and the stimulus to realistic planning for retirement. They find that they come away with a better understanding of the problems and opportunities of retirement." A third company reported: "We have been told again and again by employees that they have looked forward to retirement with much more confidence as the result of these discussions."

These comments suggest that preparation programs may result in a favorable change in attitude. Although it is not entirely clear what specifically brings about this change, a number of *Survey* respondents attribute it to (1) the presentation of accurate information about finances and the problems and opportunities of retirement, or (2) the exchange of ideas among prospective retirees and the mutual support which this exchange of ideas and plans provides. Further, the preparation program can remove misconceptions or unwarranted concerns the employee might have about such things as his pension, how to apply for Social Security benefits, or other matters.

#### **CONTENT**

Among the six *Survey* companies who stressed the content of preparation programs as a key factor, financial preparation was the subject most often specified as essential. By financial preparation they meant providing employees with information on retirement income well before the time of retirement. The only other specific subject mentioned as important was a periodic medical examination designed to prevent crippling disabilities in old age. Most other comments were general, referring to such aspects as giving the employees an opportunity to discuss retired life in advance and providing suitable orientation materials.

Although retirement financing receives the most widespread and in-



tensive treatment from most companies in their preparation programs,<sup>40</sup> other important areas of retirement living often are included — health, housing, and use of leisure time. Breckinridge suggests that an ideal program should cover, through individual counseling:<sup>41</sup>

finances

health — the worker's strengths and weaknesses and his family's health situation as they affect finances, housing, place of residence, activities, and family relationships.

activities — what will substitute for the job? What can he afford? How can former friends be replaced?

living arrangements — what changes are desirable or necessary?

family relationships — changes in patterns in retirement and the role of children or dependents

Although there is almost universal agreement that programs which include information on retirement financing are of substantial benefit to prospective retirees, it is not quite so clear how much employees benefit from information on other areas or whether coverage of them is critical to retirement adjustment. Most *Survey* companies give some attention to most areas, but few consider all of them essential parts of a successful program.

#### METHOD

*Survey* companies named method more often than any other factor as the most essential requirement for a successful preretirement program. However, there was little unanimity among the twelve companies selecting this factor on what was important about the way a program was conducted. Some stressed the individual approach; others recommended both individual counseling and group discussions. Some emphasized the importance of the environment or climate in the whole area of employer-employee relations; others stressed simplicity or informality. One company pointed to compulsory retirement as essential to a good program; others at least mentioned it as important. Some felt that it was necessary to obtain voluntary participation in the program or not to intrude in the personal affairs of the workers. Finally, one company indicated the importance of fitting the program to the particular circumstances of the firm:

. . . We were convinced that there was no one program that we could adopt more or less as a package for use with our people. We concluded that a program would have to be designed to fit our own particular set of circumstances — the type of pension plan in effect for our employees, their financial levels, our practices in handling pre-retirement details, etc.

Perhaps this statement is the key to interpreting the variety of opinions. Each company may incorporate its preretirement program into its general



employee relations scheme so that its program makes the most sense for its "own particular set of circumstances." However, the programs of most companies are only a few years old. The great growth in private industrial pensions has come mainly in the 1950's and preretirement programs, for the most part, followed the adoption of pensions. In many instances, companies started with a limited program and are still experimenting to find the best approach for their own objectives.

It is of some significance that so many companies, in spite of their limited experience, did stress the importance of method. It suggests that other managements might be wise to proceed cautiously as they plan and establish new preretirement programs. How to introduce the program to employees and how to gain acceptance of it are two important challenges.

The *Survey* companies were asked to comment on some questions closely related to method: To what extent and how long before retirement do you attempt to sell your program to prospective retirees? Have these attempts been successful?

The answers revealed few, if any, firms which made extensive efforts to sell employees on participation. A few respondents indicated that no attempt is made. Others replied that they carefully explain to an employee that the purpose of the program is to help him if he chooses to be helped. One said that his company tries to describe its group meetings attractively, by letter and personal interview.

Many of the companies have individual counseling programs consisting of annual or periodic interviews (usually connected with an explanation of the employee's pension rights and options) which were automatic, so that there is no problem of soliciting participation. Several respondents, however, pointed out that matters other than the employee's status under the pension plan were discussed only if the subject was initiated by the employee and it was clear that he was willing to discuss it. One of these companies expressed the belief, for example, that "retirement planning never should be forced on an employee. There should be an initial interview to determine just how receptive he is to the subject and only then pursue the areas of his interests."

Companies which use group discussions often hold them on company time and property, and this device undoubtedly encourages attendance. One firm, which held a series of eleven group meetings in the evening on the employees' own time, reported, however, that obtaining participation was a problem. From experience over a two-year period, the management concluded, "It appears that success might depend on the amount of push a plant might want to give to the program." Only a very few companies indicated any problem of suspicion of the program, either on the part of employees or the union.

There appears to be little in the experience of the *Survey* companies that would suggest any need either for extensive publicity about the programs or for positive steps to encourage participation. One company, it will be recalled, agreed that "the interests of both the employee and employer are best served when such a program can be developed on a long-range, informal, *nonpublicized* method of gradual adjustment through the employee's entire working life."<sup>42</sup> With respect to employee acceptance, one company representative contended that the best publicity is that which comes from operating a useful program:

We are proceeding on the theory that, if we can demonstrate to people who are approaching retirement that we can be of use to them by giving them accurate information about things that are important to them, if our supervisors and counselors are quick to recognize when an employee would like to talk about his retirement hopes and fears and will be a good listener, our reputation for being helpful will slowly spread and the success of our counseling will increase.

#### SUMMARY

The discussion of essential requirements of a successful preretirement program reveals wide differences of opinion. The differences, however, may not be as great as they seem. Many companies, while not mentioning certain aspects of preretirement programs as essential, gave attention and even emphasis to these items in their general discussions. More important than any agreement, or lack of it, on the essential characteristics of preretirement programs is a recognition that all of the factors — acceptability, adequacy, time, planning, attitude, content, and method — deserve careful and continuing attention.

## *What Are the Benefits to the Company?*

Why do companies undertake to help employees prepare for retirement? Are there any benefits accruing to the company which justify the expense and time involved, or do companies engage in these programs because "it's a nice thing to do"?

In order to gather some opinions on possible advantages or risks, the *Survey* companies were asked: What do you see as the major benefits to the company in having a program to help employees prepare for retirement? What do you see as the major danger, if any?

A number of companies did not answer the first question at all, and it

could be assumed that they saw no particular benefits. Some companies answered in terms of benefits they saw accruing to employees. Possibly they inferred that because retirees benefit from these programs that certain unspecified values transfer to the company—perhaps something that might be called “good will.” Or they may have meant that there are no other benefits that could be identified. A few respondents commented specifically that assessment of company benefits was difficult. Two said they were unable to identify positive values: “I am not sure whether there are any major benefits to the Company” and “I think it is a nice thing to do but not really a major project.”

Other companies apparently considered their program as an obligation toward their long-service employees rather than as a plan to benefit the company. As one *Survey* firm explained, “The Company’s interest in the above program is based on a desire to see our people get the most out of retirement. After years of faithful service, we think they deserve it.”

A majority of the *Survey* companies, however, did mention positive values which, in their opinions, justified company concern and investment of resources. An attempt is made in Table 2 to classify these answers. Most of the responses fall into one of two categories—administrative or employee relations values. Smaller numbers are included in categories labeled public relations or efficiency values. Those listed under “other values” are responses which indicate doubt whether there are any benefits to the company or do not specify direct benefits.

#### **ADMINISTRATIVE VALUES**

Eleven *Survey* companies saw the value of preretirement programs primarily in terms of facilitating other company programs, usually the administration of a pension plan or the administration of a retirement policy.

The companies who saw their programs serving as instruments to aid in reaching the objectives of their pension plans expressed this idea in a number of ways. For one company it meant getting credit for providing a good pension:

It should go without saying that if a company has a good retirement program, it should strive to get as much credit as reasonably possible in return for providing this costly benefit. It has been our experience that employees who are prepared for retirement do genuinely appreciate this benefit.

For another company the preretirement program was an essential part of its pension program: “The \_\_\_\_\_ Company believes its liberal employee pension plan will be defeated if the individual alumnus is going to have an unhappy frustrated old age.” This company went on to explain that it felt that if it could help its people approach retirement

TABLE 2. Major Benefits (and Dangers) to Company

ADMINISTRATIVE VALUES	EMPLOYEE RELATIONS VALUES	PUBLIC RELATIONS VALUES
1. Voluntary acceptance of retirement or helps sell retirement	2	1. Better relations with annuitants 1
2. Expels fear of retirement	1	2. Better community relations 4
3. Helps fulfill or implement objectives of pension plan	3	3. Good public relations 2
4. Overcomes resentment to being retired	2	
5. Enables both employee and management to plan for future	1	
6. Orderly or earlier retirement of superannuated employees	2	
7. Indirectly aids in recruitment of personnel	1	
8. Forces company to prepare replacements for retiring employees	1	
	13	
		15
		7

aware of the adjustment problems they might face, they might plan for retirement in advance and, perhaps, avoid later disappointments. Another company viewed its preretirement program as an extension of its concern for its employees already reflected in its pension plan:

Basically, helping the employee to prepare for retirement is an implementation to the Company pension plan. If you care enough about your people to set up a plan for helping to finance their retirement, it follows that you should also care enough to provide opportunities for individuals to receive the maximum benefits from their retirement years.

All three of these companies, and others who made similar comments, appear to feel that if they can do something to help employees experience a satisfactory retirement, the main purpose of their pension plans will be fulfilled and the company will benefit. The precise nature of this benefit is not usually spelled out. One company elaborated, however, by saying that "properly counseled employees frequently talk favorably with potential employees and this acts as an inducement to others to want to

TABLE 2. Major Benefits (and Dangers) to Company — (Concluded)

EFFICIENCY VALUES	OTHER VALUES	DANGERS			
1. More effective performance or maintains efficiency of employees	2	1. Planning ahead for later years	1	1. No major danger	3
2. Maintains constructive attitude toward work	1	2. Results in good attitude about life in retirement	1	2. Danger of being interpreted as paternalistic	3
3. Decided effect on the way they work prior to retirement	1	3. Helps people get most out of retirement	1	3. Danger of too stereotyped an approach	1
4. Increases skills of supervisors in other areas of work	1	4. Difficult to estimate	2	4. Danger of using too hard a sales pitch	1
		5. Feeling of security it gives employee before retirement	1	5. Counseling beyond factual degree not advisable	1
		6. Ease the transition to retirement	1	6. No danger if voluntary	1
		7. Some doubt about their value	1	7. Danger of anticipating retirement so much employee loses interest in present job	1
		8. Probably no major benefits — just a nice thing to do	1	8. No danger because we give no advice	1
				9. Danger that counseling can be too directive	1
				10. Employees might feel they are being forced out too soon	1
	5		9		14

become employed by a company that provides these valuable benefits.” In other words, happy retirees aid indirectly in recruitment of new workers. But if pensions do not result in satisfied retirees, are the companies wasting their money? The argument in favor of a preretirement program to supplement the administration of a pension plan implies that if companies are going to spend large amounts of money for pensions, they should at least be “buying” satisfied retirees.

The benefits associated with a preretirement program in the administration of a retirement policy seem more clear. The companies felt that the programs help to dispel the fear of retirement or resentment of it.

Some companies with flexible (not automatic for all employees at a fixed age) retirement policies contended that a retirement-preparation program promoted or encouraged voluntary acceptance of early retirement. For this to be a benefit to the company, of course, it must be assumed that retirement at an age earlier than an employee would choose without some stimulation is advantageous to the company. For one



*Survey* company, the advantage is the "earlier retirement of employees with a limited work potential." Others spoke of early retirement making possible more rapid advancement for young workers with ability.

Companies with automatic or compulsory retirement apparently view their preretirement programs as a device for gaining employee acceptance of forced retirement at a fixed age. Since these companies see advantages in compulsory retirement (simple to administer, easy to understand, orderly replacement of superannuated employees, etc.), it is to their advantage not to have employees disgruntled or resentful of the policy. Comments reflecting this point of view are numerous:

The major benefit to our Company is that we have overcome the resentment that certain employees had when they "discovered" at about age 64 that they were being considered for retirement. . . . We feel that our program has minimized these resentments and enabled both management and the employee (equally important) to plan for the future.

We . . . attempt to create a climate of opinion that is favorable to retirement. . . . These factors tend to establish retirement as a positive goal to be achieved rather than as a negative status to be avoided. . . . Through these means we hope to develop employee recognition and acceptance of eventual retirement and the need to plan for retirement.

Used this way, the preretirement program tends to serve as a propaganda device and presumably requires a stressing of the attractive aspects of retirement to stimulate acceptance of the plan. This comment is not meant to suggest that many, if not most, retirement-preparation programs are not operated with the best interests of the employees in mind; yet this approach does run the risk of painting an overly optimistic picture of retirement for some individuals. It seems to depend on the assumption that the result of the pension and preretirement programs will be satisfied retirees. If the assumption proves false, there is risk of unfortunate kick-backs. On the other hand, if the preretirement program serves the purpose of stimulating preparation for a satisfactory retirement life, both company and pensioner benefit.

#### **EMPLOYEE RELATIONS VALUES**

Eight *Survey* companies believe one of the major benefits to their companies of a retirement-preparation program is improved employee relations. Most commonly, these companies expressed the nature of this benefit in terms of improved morale or appreciation of the concern the company shows for its employees.

According to one respondent, "The employee morale over-all is improved. It shows that the company does care about its older employees." Another indicated, "Greatly enhanced appreciation on the part of retired employees results from their being fully prepared for retirement *in*



*advance.*” Similarly, a third listed as one of the major benefits “an appreciation of the Company’s solicitous attitude toward those employees who are about to end a long and worthwhile career with the Company. Help eliminate the feeling that retirement is nothing more than kicking old timers out the door.”

It is not easy for an outsider to evaluate contentions that retirement-preparation programs have a substantial favorable effect on employee relations. To this observer, however, it does not seem likely that these programs by themselves would have any important impact. As a small element in a good over-all personnel or employee relations program, retirement preparation probably makes some contribution. But other personnel matters — the level of wages and fringe benefits, the quality of supervision, the handling of grievances, and so on — surely are much more important. If these are unsatisfactory, it is certain that an employee will not be deluded by any help he receives from the company in preparing for his retirement.

#### **PUBLIC RELATIONS VALUES**

Favorable company or community relations, a benefit noted by half a dozen *Survey* companies, is a value similar to employee relations. One of the companies summed up the proposition by saying: “We believe that when employees are better prepared for retirement, they are happier as annuitants and live longer. This makes for better company relations with employees, annuitants and the community.” Another company, stating the point more succinctly, noted: “From a selfish point of view, one could say that employees who make their retirement years a satisfying and happy period speak well for the Company and its efforts.” Other companies noted the negative aspects of dissatisfied employees by suggesting: “An employee who has refused to make plans and feels bitter toward the company is a poor public relations man.”

That preretirement programs contribute to a favorable public image of a company can be accepted only as an article of faith. Satisfied retirees undoubtedly do speak well of their company, and this is beneficial to the employer. The extent of the contribution of a preretirement program to retirees’ satisfaction is less clear. Again, it would appear that it is only one, and probably a minor, factor in creating favorable public relations.

#### **EFFICIENCY VALUES**

A few *Survey* companies felt that their preretirement programs led to improved performances by their older workers. In the view of one company,

The value of this counseling program to the Company seems to us to lie in the development of a feeling of satisfaction and security in the employee which increases his feeling of identification with the Company and enhances the effectiveness of his performance.

The efficiency argument rests on a two-fold assumption — that preretirement programs lead to more satisfied employees and satisfied employees are more productive. Many researchers have attempted to establish a relationship between morale or satisfaction and productivity, and some, in fact, have suggested that the relationship might be inverse. The morale-productivity relationship is at least questionable, and the relationship between preretirement programs and efficiency remains to be tested.

#### **DANGERS IN RETIREMENT-PREPARATION PROGRAMS**

Do companies run any risks in operating programs designed to help employees prepare for retirement? Most *Survey* firms did not think so. The few who saw any danger at all in preretirement programs for the most part mentioned only the risk of being charged with paternalism.

Companies sensitive to this apparently felt it could be avoided. One company commented:

A major danger which can occur in this counseling area is that the charge of "paternalism" may be levelled at the Company. Retirement counseling programs should be employee-centered and skillfully administered to avoid this risk.

Another company saw the risk in terms of misunderstanding:

The major danger in this type of program is probably one of misunderstanding. The employee might misconstrue the employer's purpose and think that the company is meddling in his private affairs. The company must explain very carefully that its purpose is to help the employee if he *chooses* to be helped.

A number of companies pointed to their own programs as being free from risks because they gave no advice to employees about what they should do in retirement or how they should prepare for it. Several *Survey* companies went to considerable lengths to make sure that they did not become involved in the personal affairs of their employees. Some pointed out that their programs were designed merely to provide the tools and the environment in which the worker could most easily make his own preparation for retirement. In a number of cases such programs consisted mainly of explaining the retirement policy and the benefits to which the employee would be entitled.

One *Survey* company referred to the risk of giving poor advice: "We think that the major danger would be to advise individuals of things to

do which might not work out satisfactorily. Also, to paint a picture for them of everything fine and rosy with no problems." Another company indicated its awareness of possible unfavorable results by concluding: "We are pretty well satisfied that counseling by us beyond the most objective, factual degree is not advisable."

#### **SUMMARY**

There are obviously a variety of factors which motivate companies to institute retirement-preparation programs. For some, preretirement programs are a fulfillment of what they see as a company obligation to do whatever is possible to aid employees in their adjustment to retirement. Others see their programs as a device to overcome resistance to the retirement policy or as an aid in reaching the objectives of the pension plan. Some claim improved employee or public relations result from their programs, and a few see benefits in improved employee performance. Although most of the positive values claimed for the company appear to be more intuitive than proven, few companies see any major risk in conducting preretirement programs.

## *Evaluation of Retirement-Preparation Programs*

No data are available on which to base any but the most subjective evaluation of benefits of retirement-preparation programs to the companies. It seems a reasonable judgment, however, that the benefits are relatively minor but, from the companies' point of view, they may be well worth the small investment of time and money typically put into the programs.

Only a very few efforts have been made to survey retired workers with regard to the influence of preretirement education or counseling on their adjustment to or satisfaction with retirement. Available data are contradictory, and the studies suffer from serious limitations of methodology and coverage. Most evaluative studies have been confined to measuring the extent of participation in and satisfaction with preretirement programs and the effects of various approaches on such factors as the workers' knowledge of retirement, attitude toward it, and planning for retirement. Few studies have attempted to evaluate the impact of preretirement programs by measuring employees' adjustment after retirement.

Evaluation of retirement-preparation programs with respect to their

effect on workers' adjustment to retirement must rely, therefore, primarily on evaluations or impressions of companies and others who have some experience with them.

The *Survey* companies were asked: Do you have any way of evaluating the benefits of your program to the retirees? If so, how do you determine the impact of the program on them? Have you found that your program makes adjustment to retirement easier for your retirees?

Most companies have no procedure for evaluating the effectiveness of their programs. Five *Survey* firms had, on at least one occasion, surveyed some of their retirees by mail questionnaire and one company had conducted interviews with employees who had participated in a pilot preretirement class. These surveys were in all cases limited to questions designed to test the attitude of retirees toward or satisfaction with the company's program. They were not objective tests of the effects of the program on the adjustment of the workers to retirement. The retirees were asked such questions as: Did you find the program helpful? What subjects covered in the program did you find most helpful? Were there subjects not discussed which you think should have been discussed? Were there any parts of the program that you did not understand? Invariably the answers were complimentary: The retiree enjoyed the program and found it helpful. There was nothing in the program which he did not understand and there were no subjects which were not covered adequately. The sessions on financial planning were most useful.

Most of the *Survey* companies were aware that surveys of this type have limited value. Nevertheless, they found them of some use. One company concluded, for example, that "the use of the confidential questionnaire, notwithstanding the limitations inherent in this type of information-seeking, has convinced us that our program is helpful to our people in making the transition to retirement."

Another *Survey* company, which employed an outside agency to conduct a one-shot survey of its retired workers, reported that the responses indicated "that in about two-thirds of the cases our retirees felt that our Retirement Planning Letters were helpful to them."

A few *Survey* companies which used group discussions or preretirement classes conducted end-of-the-course surveys. One concluded that their "surveys have shown that employees like the exchange of ideas and the stimulus to realistic planning for retirement. They find that they come away with a better understanding of the problems and opportunities of retirement." One serious limitation of this kind of survey is that it measures at most the effect of the program on preretirement attitudes, not the retirement adjustment of the worker. If one assumes that there is a relationship between preretirement attitude and retirement adjust-

ment or satisfaction, an assumption that there is some reason to believe is valid, one could also assume, from these surveys, that preretirement programs have some beneficial results.

Most of the companies which used any type of survey reported favorable reactions, both to the particular program the worker was involved in and to retirement in general. According to one, "People who have retired tell us how helpful the meetings were and how they reduced the apprehension felt toward retirement." Another said,

We feel that most of our retirees have made a good adjustment and are really happy in their retirement. We have a program where they visit us once each month and have lunch here at the company. We also receive many letters from those who have scattered throughout the country. When they visit us they look healthy, happy, and they tell their former fellow workers that things are okay. I believe it is a safe statement to make that we wouldn't be able to permit these people to visit us month after month if they weren't happy.

It is difficult to say how much confidence should be placed in these informal postretirement contacts as a device for evaluating retirement-preparation programs. The shortcomings are obvious. It is not known, for example, whether or not those heard from are a representative sample of all retirees. It is entirely possible that only those retirees who are relatively satisfied with retirement bother to go back to the company for visits or to write letters. The same thing could be true of those who respond to mail questionnaires. All of these devices can, with justification, be used as indicators of the effectiveness of preretirement programs, but conclusions relying on such information should be reached only with caution.

Other *Survey* companies based their judgments about the effectiveness of their programs on a variety of indirect tests. A few referred to such indications as increasing numbers of voluntary or early retirements, improved health and job attitudes, more willingness to discuss retirement plans, and more people planning ahead for retirement. Others relied on reports from supervisors as to how well the programs were going.

Tests of this kind are "straws-in-the-wind" rather than objective indicators. If a company has more voluntary and early retirements, for example, there could be a number of contributing factors. One certainly could be more favorable attitudes toward retirement resulting from preretirement programs. But they could also result because early retirement became financially feasible for more workers. Even if early retirements are attributed to the preretirement program, does it automatically follow that these retirees will adjust well to and be satisfied with retirement?

Finally, a substantial number of *Survey* companies indicated they had neither formal nor objective tests of the effectiveness of their programs. They, as well as other companies, evaluated their programs, if at all, by what they "felt" or "believed" the program was accomplishing. One



company noted, "We have no formal evaluation program regarding our retirees. *We do feel that*, as a result of this program, the individual's adjustment to retirement has become somewhat easier."<sup>43</sup> Another cautioned,

We do not set ourselves up as experts in this field and should not be quoted as such. Instead, based on an intimate knowledge of our company and employees and their needs, *we believe* we can apply logic and judgment and thereby create a climate of receptivity to retirement in many of our older employees.<sup>44</sup>

These, then, are the data available on which retirement-preparation programs must be evaluated. They provide neither a very firm basis on which to judge the programs in general nor the criteria for discriminating between types of approaches.

The *Survey* firms, almost to a company, were satisfied with their own preretirement programs. Few had made any significant changes and few had any plans for substantial modifications. One company had dropped its program after five years of experience, not because of unfavorable experience but because "the participants generally agreed that the program was not filling an urgent need."

When asked, "Are you generally satisfied with the results of your program for preparing employees for retirement?" no *Survey* company gave a negative response. Generally, they considered the main accomplishments to be creation of a more favorable attitude toward retirement, stimulation of planning for retirement among employees, education of employees to the benefits of the pension plan, and helping employees to help themselves.

How well do these programs meet the major problems of retired people? Even a tentative answer is risky. At least in the eyes of those people responsible for the administration of retirement-preparation programs, they do have some positive effect on the adjustment of employees to retirement. Until more objective data are available, this conclusion cannot be successfully challenged.<sup>45</sup> Since definitive research results are not likely to be available for some time, the most reasonable policy approach would appear to be one in which a company proceeds with caution on the basis of this assumption.

## *What Others Are Doing*

Industrial corporations are, by far, the most common sponsors of retirement-preparation programs. However, in a few instances, labor



unions and community organizations have developed and conducted programs to aid workers to prepare for retirement.

#### UNION PROGRAMS

That retirement-preparation programs are only a very minor function of trade unions in this country was conclusively demonstrated in a recent survey of international and local unions. Among 145 respondents to a mail questionnaire (62 international and 83 local unions), only two internationals and two locals indicated that they were doing any preretirement education for their members.<sup>46</sup> There are probably other union programs in progress, but the total number is very small.

The best known union programs are those of the United Steelworkers of America and the United Automobile Workers of America.

The Steelworkers, at their Eighth Annual Convention in 1956, passed a resolution which stated:

We recognize that the provision of a pension for our members who retire still leaves unanswered many problems. We recommend that the officers of the union seek to develop programs to make comfortable, enjoyable, and fruitful the lives of pensioners.

Later that year President David J. McDonald appointed Nathan E. Cowan to head a Committee on Retired Workers, the function of which was to stimulate the formation of local committees and to provide them with useful information. In the first issue of a periodic newsletter, *The Senior Steelworker*, in March, 1959, the committee indicated that its purpose was "to supply our Local Unions with regular and up-to-date information of the many developments and changes taking place involving the interests of Senior Citizens."<sup>47</sup> Among other things, the newsletter reports activities of various local retired-workers committees.

The Committee on Retired Workers also has developed a *Manual on Retired Workers*. According to President McDonald's foreword, it "is designed to help keep you informed as to the rights of retired workers and the various facilities and services available to them. It is intended to give Local Union Committees on Retired Workers, Union Counselors, Staff Representatives and other responsible parties maximum information to help with a variety of problems that confront the retiree." The manual, which includes sections on income sources, medical and hospital care, education for pensioners, recreation, housing, and legal aid, is set up in loose-leaf form so that new materials can be added easily.

The Steelworkers Union, in cooperation with a university, also has worked out a preretirement course designed to cover, over a ten-week period, the following topics:

Understanding the Problems of the Older Person  
Why Do People Work?  
What About Money?  
Making Money After Retirement  
Good Eating — Good Health  
Your Body Grows Older  
Personal and Social Relations  
Family, Friends and Living Arrangements in Later Years  
Where to Live in Retirement  
The Union and the Retirement Member  
Where Do We Go From Here?

This program is described briefly in the "education" section of the *Manual on Retired Workers* and local retired-workers committees are invited to seek the national committee's assistance if they wish to organize a preretirement course for their membership.

Topics included in this program, except for "The Union and the Retirement Member," are very similar to those usually covered in industry-sponsored retirement-preparation programs. It does not necessarily follow, of course, that the content or emphasis is the same. The explanation of the need for retirement preparation in the *Manual on Retired Workers*, however, has a familiar ring:

The abrupt transition in conditions and environment resulting from retirement can be and frequently is a severe shock to the older man. For that reason, men approaching retirement age should be prepared for retirement. They should be made to realize what lies ahead of them in the way of physical changes, reduced income and reduction of social contacts. They should be taught how to minimize the effects of these changes on their well-being. They should be taught how to capitalize on their increased leisure in the achievement of improved community and national standards.

The likelihood of being able to accomplish the goals suggested in the quotation is questionable, and the approach has a paternalistic tone similar to that noted in policy statements of a number of industry programs. In fact, it sets forth objectives far beyond those of many industry-sponsored programs.

The United Automobile Workers of America, through its Older and Retired Workers Department, has in recent years experimented with several programs designed to meet the special needs of older workers. Its program, under the direction of Charles E. Odell, emphasizes a broadening of community services. To this end, the union seeks the cooperation of many community groups. In Odell's view, "We need to conduct a widespread and penetrating program of public education which empha-

sizes that retired workers can be assets and not liabilities when they are afforded an opportunity to develop and maintain active and productive roles in our society."<sup>48</sup>

One of the major efforts of the Older and Retired Workers Department has been the establishment of Activities or Drop-in Centers in Detroit and forty other communities. Drop-in Center services consist of "organized programs of education and recreation, and systematic attempts to acquaint them [retired workers] with the facilities and resources of the community which are available to them when they have individual and family problems."<sup>49</sup>

The UAW hopes "to achieve a broadening of community services for retired workers through Activities Centers and through information, counseling and referral services."<sup>50</sup> All of its local unions have been asked to organize standing committees on retired workers, and the international hopes that these local groups will work with other unions in the community and with local agencies such as the Community Chests and Welfare Councils.

To demonstrate further "what can and should be done to provide workers with services they need," the UAW plans to build and operate a Model Retired Workers' Activities Center in Detroit. The union expects to seek the cooperation of the Mayor and City Council, local colleges and universities, and the community welfare council in financing and staffing the Model Center, and to use it to train UAW personnel and other community leaders so that similar centers can be set up in other locations.<sup>51</sup>

In addition to postretirement aids to older persons, the UAW also has experimented with preretirement education. The assistance of the University of Chicago was obtained in preparing materials. Because the union was not able to depend upon outside leadership on a continuing basis, it invited the Institute of Labor and Industrial Relations at the University of Michigan and Wayne State University "to offer a leadership training program to determine the feasibility of training and using leadership from among its own ranks."<sup>52</sup> Arrangements were made with the Division of Gerontology of the University of Michigan to conduct a nineteen-week leadership training program for twenty-five union leaders from nine Detroit locals. Hunter concluded that the program was successful enough to warrant a recommendation "that UAW continue to train local union personnel as discussion leaders and/or coordinators for preretirement education programs."<sup>53</sup> The union reports that a number of locals in the Detroit area have undertaken their own programs as a result of the leadership training program.

The UAW view, as expressed by Odell, is that "something positive

needs to be done to help our older members prepare for retirement. We therefore plan to seek, through collective bargaining, the development of joint (and by joint, I mean management-labor-community) retirement preparation programs.”<sup>54</sup>

The thinking and activity of these two unions are much farther along than most. However, others have given some attention to retirement problems. The Upholsterers’ International Union of North America, for example, cooperated in a pilot study of preparation for retirement conducted by the Division of Gerontology of the University of Michigan in 1955.<sup>55</sup> Also, the Community Services Department, AFL-CIO, is attempting to stimulate preretirement education programs on a community level by seeking to interest communities in approaching and dealing with the problems through public education. It has, for example, assisted in the development of adult education courses open to all persons in a community.

As indicated in the first section of this *Bulletin*, the views of labor union leaders vary all the way from being opposed to any programs of retirement preparation (other than obtaining pensions, medical benefits, and higher wages for union members) to accepting and promoting these programs in their unions. A majority accepts the idea of retirement-preparation programs as a “good thing,” but most unions either do not give it a high priority, do not have the resources or personnel to develop and maintain a program, or do not know how to go about developing one.

Their views also differ as to the approach that should be taken. The question was discussed in two workshops at the IUD Conference on Retirement and Leisure in Industrial Society. One group concluded that “the objective should be to help each individual help himself in planning” and that “better understanding of union and community resources is needed, so that they will be combined into a total program.” A program of “life extension” education with a status equivalent to agricultural extension was one of the suggestions. At the other workshop some thought the best approach would be to negotiate provisions for retirement preparation in the union agreement, although they realized that such provisions probably would be a long time in coming. The general feeling was that retirement-planning programs should be union- rather than community-oriented because the participants would be more at home with their own work associates. It was also felt that where the company was willing to work with the union on joint programs that this would be desirable.

Barriers to a very rapid expansion seem to be greater for union-sponsored programs than for those conducted by business enterprises. Problems of personnel and resources are probably more serious for unions than for companies, and many unions undoubtedly feel that other more

important issues — higher wages, employment security, better pensions, medical care for both working and retired members — should take precedence over preretirement education. So long as these issues persist, retirement preparation is not likely to receive widespread consideration or support. Further, the problem of obtaining participation is probably greater for unions than for companies. Companies, whether they use individual counseling or group discussions, can conduct them on company time and, sometimes, in connection with the administration of their pension programs. It may be that postretirement services, such as the UAW Drop-in Centers, offer more possibilities for union activity than preretirement education.

### COMMUNITY PROGRAMS

Some preretirement education programs are sponsored by community organizations and conducted on a community-wide basis. A university is often a cooperating agency. Grand Rapids, Michigan, for example, has had a group discussion and study program, "Aging in the Modern World," for a number of years. The University of Michigan extension service conducts the program, using materials developed by the University's Division of Gerontology. A preretirement education program is offered to all interested persons in Columbus, Indiana, in which an adaption of the materials developed at the Industrial Relations Center of the University of Chicago is used.<sup>56</sup> Libraries, adult education departments in public school systems, universities, churches, YMCA's, and other voluntary agencies also have sponsored community retirement-preparation programs.

A number of writers have suggested the desirability of sponsorship or, at least, cosponsorship of retirement-preparation programs by community organizations. Charles Odell, for example, is among those who envision community programs of a much wider scope than those now being conducted by industry and labor. He suggests:

It is entirely possible that we could develop in the United States in the next decade or two an entirely new and exciting field of educational services known as "Life Extension Education." By "Life Extension Education" is meant the provision of formal and informal education and guidance services to the middle-aged and older people seeking new meaning in their lives and better ways of living with an increasing amount of free time brought on by shorter hours of work and retirement. The need and the opportunity is so great for this type of educational program that it is safe to predict that it could emerge on a scale comparable to other federal and state aided programs in the fields of agricultural extension, homemaking and vocational education.<sup>57</sup>

Even if one were to agree on the extent of the "need and the opportunity," and they have by no means been conclusively demonstrated, the priority to be given to such a program is far from settled. Odell recog-



nizes this problem when he notes the difficulty of obtaining financing for such programs. Dislocations of middle-aged and older workers resulting from changing technology, automation, plant closings and relocations call for substantial community efforts at all levels, and it could be argued that if expansion of adult education is required, the need is likely to be greater for "adult vocational education" than for education for finding "better ways of living with an increasing amount of free time brought on by shorter hours of work and retirement." Most preretirement programs are on a much more modest level than Odell suggests for "Life Extension Education." Any proposals to expand them substantially inevitably will be challenged by persons giving higher priority to other needs.

## *Future Developments in Retirement-Preparation Programs*

Professionals concerned with the development of the retirement-preparation field do not agree on the extent of the need for preretirement programs or the form they should take. Nor is there consensus among those who have had experience in operating programs. This is understandable, particularly in an area where the problems are comparatively new. Only recently have significant numbers of older people had the opportunity, or been forced, to live a substantial part of their lives away from the work place. Only recently has any effort been made to prepare these people for the adjustment in their living patterns. Experience with formal preretirement programs is very limited, and there is not as yet any established or accepted pattern on which programs could or should be operated.

### **PROGRAM PROPOSALS**

Nevertheless, there have been preretirement programs — industry-, union-, and community-sponsored — for a number of years. There is a quantity of materials — books, articles, films, recordings — which can be used as aids in the development and operation of retirement-preparation programs. There have been demonstration or pilot programs which have had more or less success in attracting the participation of older people. And there has been some research which has indicated immediate effects of these programs — attitude changes, acquisition of information, and the



development and implementation of plans for retirement.<sup>58</sup> All of this information should be useful in the development of new programs or the revision of existing ones.

In addition, there have been numerous proposals and recommendations for the expansion of retirement-preparation programs. Some are detailed suggestions for sponsorship and operation of programs by groups not now actively involved in them. Breen and Marcus, for example, in their report of the survey of preretirement education among labor unions, recommended a five-point program for unions.<sup>59</sup> Others are more general proposals for expanding the objectives of retirement preparation. Hunter, for example, points out that most existing programs are limited to *problems* of old age and their solution. He suggests that "there is ample justification for their continuation in this format as long as they reduce anxiety, create anticipatory attitudes toward retirement, increase understanding of what to expect, and encourage the individual to make maximum use of personal and social resources for adapting to changing circumstances."<sup>60</sup> He concludes, however, that "it would be most unfortunate . . . were a preoccupation with the problems of old age to preclude other objectives and other considerations." The "other objectives" are those of "stimulating people to change old roles and to learn new ones" and of exploring "the possibility of creating an environment in which the older individual has the opportunity to practice these roles."<sup>61</sup>

Obviously these objectives require more than the few counseling sessions or group discussions found in most existing retirement-preparation programs, and any effective attempts to attain these objectives would require investments of time, money, and talent far beyond what has so far been committed.

Finally, a number of observers have noted the difficulty of overcoming, with any form of retirement-preparation program, the habits and patterns of living developed over many years. Elon H. Moore, in considering the relationship between successful retirement and preparation for it, concludes:

In all this discussion of preparation for retirement it is essential to realize that what we arrive with at 60 or 65 is what we have been building for many years. . . . By 60, if we possess it, we have brought the "wealth of Indies" a long way. We then suffer the penalty or reap the reward of the kind of person we were becoming over six decades of living. If we have not prepared for retirement by then, a rough road ahead is to be expected.<sup>62</sup>

What we "arrive with at 60 or 65" is, of course, a product both of the individual's own efforts and the culture of which he is a part. There may be cultural factors, such as increased education, improved living standards, more leisure, travel opportunities, and exposure to more ideas, people, and things which will equip the retiree of the future with better tools with

which to reap the benefits of retirement. Or there may be special approaches to middle-aged and younger people that might be useful in preparing them for their later years. Clark Tibbitts and Wilma Donahue have developed a study-discussion program, *Aging in Today's Society*,<sup>63</sup> designed to "help individuals assess basic needs, capacities, outlooks, interests, and conceptions of self and to identify experiences which might further the growth and development of personality and lead to new useful and creative roles."<sup>64</sup> The program was developed on the "assumption that deliberate cultivation of role flexibility at middle age may stimulate growth and diversification of goals which will be bulwarks against the deprivations of old age."<sup>65</sup> A test of the effectiveness of programs such as this, however, will be a long time in the future.

### **A MODEST APPROACH**

Present evidence is insufficient, of course, to justify any recommendations with respect to retirement-preparation programs. As one group of authors has pointed out,

Agreement on the specific direction which preparatory effort should follow has not been reached because retirement has not yet had time to develop a system of conduct norms for the various classes of the retired or their associates: thus there is no set of established directions or expectancies.<sup>66</sup>

On the other hand, many companies and other organizations have been conducting retirement-preparation programs for a number of years, and most of them report satisfactory and useful results, whatever method of evaluation they use. Further, in an area as new as this one, there is justification and ample room for cautious experimentation.

On the basis of experience with retirement-preparation programs, studies that have been conducted in the field, and what is known about the problems of retirement, the following points might be worth consideration:

#### *1. Recognition of the Complexity of the Retirement-Adjustment Process*

Perhaps the first principle of retirement-preparation programs should be a recognition of the complexities that might be involved in an individual's adjustment to retirement. Materials used by a good many companies give advice about how to retire successfully and list the values of planning, but the subjects are treated rather superficially. As Donahue and others have pointed out,

There is . . . insufficient stress on the fact that human need satisfaction is likely to result only from a constellation of adjustments. Needs can be met efficiently only if capacities and opportunities are brought into an interplay which is meaningful to the individual and acceptable to his associates. Meaningfulness of a specific retirement conduct can be gathered only from an

understanding of the familial and subcultural setting in which he lives. Preparation for retirement which is unrelated to these two frames of reference will encounter many difficulties which might be avoided.<sup>67</sup>

If due concern is shown for these complexities, unnecessary involvement in the personal affairs of the worker as well as oversimplification of the "solutions" to his retirement problems might be avoided.

## 2. *Maintenance of Physical Well-Being*

Health as well as economic problems may force an older person to limit his activities. It is well established that more older people suffer from chronic ailments and disabling diseases than persons in other age groups in the population. On the average, therefore, an older person may be faced with increasing medical expenses as well as physical confinement.

Two approaches to the health problem are possible — one anticipatory and one remedial. There are several reasons why a program of regular physical examinations for older workers is worth consideration, particularly by business firms, as a "preventive" device. Values of such examinations lie in identifying diseases and possible disabilities before they become serious and advising the worker on proper health care. Further, a company itself would benefit from maintaining a work force as free as possible from disabling illnesses. In addition, early identification of such illnesses or disabilities would make a significant contribution to the retirement life of older people.

A number of *Survey* companies make available periodic physical examinations to their older employees, in some cases in connection with the retirement-preparation or counseling programs. Workers could, of course, arrange for regular physical check-ups with their own physicians, but there is an unfortunate tendency for many people to visit their doctors only when they are ill.

The remedial approach, which is not an alternative but is an additional possibility, is not technically a part of a retirement-preparation program in the usual sense. A few companies do provide paid-up health or hospitalization insurance for retired employees, and unions have pressed in collective bargaining for expanded medical care benefits. Like a pension, health insurance is important, if not critical, to a reasonably satisfactory retirement life. The United States Chamber of Commerce, motivated at least partly by the fear of participation by the federal government in the medical financing field, has recently urged its members to provide health insurance, at company expense, for retired workers. Whatever the motive, the objective would appear to be desirable. The financing of unexpected and prolonged medical care is, perhaps, the risk of old age least well provided for. Only a minority of people 65 and over are covered by any kind of prepaid health insurance. Individual policies, although they are

becoming more available to older people, are relatively expensive. A serious illness, for many older people, can be financed only by going on public relief — not a very attractive alternative.

The underwriting of prepaid health insurance means, of course, a substantial additional cost to the employer. But if there is any merit at all to the benefits cited for a company in a retirement-preparation program — improved morale, better employee and public relations, and so on — these benefits would appear to apply doubly to prepaid health insurance for retired workers.

### 3. *Maintenance of an Adequate Standard of Living*

A basic part of any retirement-preparation program is provision for adequate retirement income. It is folly to talk of preparing employees for retirement if there is no opportunity to provide them with adequate incomes. In addition, there appears to be merit in the idea of keeping employees informed of their status under a pension or annuity program during their working careers. A number of *Survey* companies conducted biennial or triennial conferences with each employee to review his pension status. The value of such conferences is premised on the belief that workers who are kept informed of what their pensions will be can plan their own finances to provide for an adequate level of income upon retirement.

Other techniques or approaches might be used which would aid the worker in his financial preparation for retirement. The importance of prepaid health insurance has already been discussed. In addition, some companies use savings and government-bond-purchase programs or investment counseling as supplementary aids. These and other techniques are valuable if they alert the worker to the necessity for financial planning far enough in advance of retirement so that he will have time to initiate and develop financial arrangements to meet his expected needs. No financial program delayed until the last few years of an employee's working life has any chance of providing adequate income for a retirement period which may last ten or twenty or more years.

### 4. *Development of a Retirement Attitude*

A number of studies have indicated that a favorable preretirement attitude and an accurate preconception of retirement are important factors leading to successful adjustment to retirement. Further, studies have also indicated that retirement-preparation programs can have a favorable effect on preretirement attitudes. It follows, therefore, that retirement-preparation programs which provide accurate information about retirement life and which point to the positive values of retirement might contribute to a satisfactory adjustment from work to retirement. There has

been little study of the relative effectiveness of various techniques, however, and a discussion of them must necessarily be largely speculative.

The programs of firms (and unions) are often designed to fit a particular form of organization and type of employee. One *Survey* company, for example, tried to create an attitude that retirement was a part of the life cycle by emphasizing, from the day a worker was employed, that retirement at a fixed age was a condition of employment and by providing facilities which encouraged him to prepare for his own retirement. Whether retirement is compulsory or flexible, a company should be able to provide an environment in which its retirement policy is clear to its employees and in which an employee can anticipate when and how the policy will affect him. And, whatever its organization and employee-relations policies, a company also should be able to formulate a retirement-preparation program which fits its personnel and organizational policies and practices.

Beyond these very general guides, it would be presumptuous to suggest specific approaches. Techniques of retirement preparation are largely untested. It is an area in which caution should be exercised but where experimentation with new ideas should be welcomed.

#### **WHOSE RESPONSIBILITY?**

Arguments have been advanced which suggest, alternatively, that the responsibility for retirement-preparation programs should rest with management, with unions, with the community, or with a combination of the three. It can be argued that a company is the proper sponsor because nearly all workers are employees of some company and the greatest coverage can thus be obtained. It is further suggested that preretirement programs can most easily be conducted in conjunction with the administration of a pension plan.

On the other hand, it can be argued that unions are the logical sponsors of retirement-preparation programs because they are committed to advancing the interest of workers and the union leadership is in a better position to know the needs of workers. Further, in some situations where union members work for many small employers, no one of them can effectively administer a program and union-sponsorship may be the only solution.

Alternatively, it has been suggested that the need for coordination of retirement preparation with the provision of community facilities for the aged and the public concern for general welfare argue for community-sponsored programs. In each case, it can also be argued that there are benefits to the sponsoring agents that could, or should, be taken advantage of.



At the present stage of development of retirement-preparation programs, it seems unnecessary to make an issue of who should accept responsibility for them. It is entirely possible that different aspects of retirement preparation might tend to rest with different groups. Developments might be such, for example, that aids to financial preparation will be provided primarily by companies in connection with the administration of private pension plans. In some cases unions and companies may develop joint programs. Should the drop-in center develop further as a facility to aid retirement adjustment, it might be more commonly sponsored by unions. General education for aging might be expanded through the public school system and adult education agencies.

Whatever the sponsorship and whatever the techniques and approaches used in retirement-preparation programs, the warning expressed by Wayne Thompson merits careful consideration:

To be sure, society has a largely unfulfilled responsibility to provide a context within which older persons may find a satisfactory life; but this responsibility should not be exercised in a way which undermines the dignity of the individual by well-meaning, but nevertheless stifling, overconcern, management, and manipulation.<sup>68</sup>



## Footnotes

1. Unless otherwise indicated, this and following quotations are from personal correspondence. The correspondence arose from a survey of forty-three companies with experience with retirement-preparation programs. See pp. 19-20 for a description of the survey.
2. Perrin Stryker, "When Should Workers Retire?" *Fortune* (September, 1952), p. 160.
3. Leonard Z. Breen and Philip M. Marcus, *Preretirement Education Among Labor Unions in the United States* (Lafayette: Department of Sociology, Purdue University, November, 1960). Data were obtained from 145 respondents to a mail questionnaire sent to 796 national and local unions.
4. Reported in Temple University, *Age Barriers to Employment: Proceedings of the Second Conference on the Problem of Making a Living While Growing Old*, 1953, p. 336.
5. AFL-CIO, Industrial Union Department, *Retirement and Leisure in Industrial Society, Conference Summary*, December 2-3, 1959 (Washington: The Federation, 1959), pp. 1-3.
6. The National Committee on the Aging, *Current Developments in Preparation for Retirement* (May, 1958), pp. 7-8.
7. Charles E. Odell, "The Role of Labor in Retirement Preparation Education," *Adult Leadership* (May, 1960), p. 32.
8. Geneva Mathiasen, ed., *Flexible Retirement — Evolving Policies and Programs for Industry and Labor* (New York: Putnam, 1957), p. 118. For other surveys of companies having retirement-preparation programs, see also Jacob Tuckman and Irving Lorge, "Retirement Practices in Business and Industry," *Journal of Gerontology* (January, 1952), pp. 82-86, and Edwin Shields Hewitt and Associates, *Company Practices Regarding Older Workers and Retirement* (Libertyville, Illinois: 1952), pp. 10-15.
9. National Industrial Conference Board, *Retirement of Employees: Policies, Practices, Procedures*, Studies in Personnel Policy, No. 148 (New York: The Board, 1955), p. 32.
10. Michael T. Wermel, "The Role of Management in Retirement Preparation Programs," presented at the Annual Meeting of the American Association of University Teachers of Insurance, Washington, December 29, 1959, p. 5 (mimeographed). For a full presentation of the results of this study see Michael T. Wermel and Geraldine M. Beideman, *Retirement Preparation Programs: A Study of Company Responsibilities* (Pasadena: Industrial Relations Section, California Institute of Technology, April, 1961), 194 p.
11. *Ibid.*, p. 4.
12. Labor force participation is much lower for persons 70 and over than for those 65-69 (22.9 per cent compared with 47.1 per cent in 1959 for males), and the rapid growth of this older age group tends to cause lower labor force participation for the group 65 and older as a whole. Even for the younger

- old people, attachment to the labor force seems to be declining. While 59.8 per cent of males aged 65-69 were in the labor force in 1950, only 47 per cent were in the labor force in 1959. U. S. Senate, Committee on Labor and Public Welfare, *The Aged and Aging in the United States: A National Problem*, Senate Rep. No. 1121 (Washington: Government Printing Office, 1960), p. 28. Percentages in the labor force for years prior to 1950 are not available.
13. *Ibid.*, p. 32.
  14. The following cases are taken from Gertrude Samuels, "Inquiry into the Sunset Years," *The New York Times Magazine*, March 20, 1960, pp. 30-31 ff.
  15. For a list of such studies, see Wilma Donahue and Clark Tibbitts, eds., *The New Frontiers of Aging* (Ann Arbor: University of Michigan Press, 1957), ft.8, p. 189.
  16. See, for example, L. C. Michelon, "The New Leisure Class," *American Journal of Sociology* (January, 1954), pp. 371-378; Special Surveys, *They Tell About Retirement: A Special Survey of Retired Men in Cleveland* (Cleveland: Special Surveys, 1952).
  17. Gordon F. Streib, Wayne E. Thompson, and Edward A. Suchman, "The Cornell Study of Occupational Retirement," *Journal of Social Issues* (Vol. XIV, No. 2, 1958), p. 13.
  18. Wayne E. Thompson and Gordon Streib, "Situational Determinants: Health and Economic Deprivation in Retirement," *Journal of Social Issues* (Vol. XIV, No. 2, 1958), p. 25.
  19. G. Calvin Hoyt, "The Process and Problems of Retirement," *The Journal of Business of the University of Chicago* (April, 1954), p. 164. Studies of Aging and Retirement, Research Reprint Series No. 47, Industrial Relations Center, University of Chicago.
  20. *Ibid.*, p. 168.
  21. Robert J. Havighurst, "Flexibility and the Social Roles of the Retired," *The American Journal of Sociology* (January, 1954), p. 309. Studies of Aging and Retirement, Research Reprint Series No. 31, Industrial Relations Center, University of Chicago.
  22. See, for example, Charles P. Boyle, "Helping Employees Adjust to Retirement," *Personnel* (March, 1953), p. 451, and Robert Havighurst and Ruth Albrecht, *Older People* (New York: Longman's, Green, 1953), p. 54.
  23. Stanley L. Payne, "The Cleveland Survey of Retired Men," *Personnel Psychology* (Spring, 1953), pp. 81-110.
  24. Wayne E. Thompson, "Pre-Retirement Anticipation and Adjustment in Retirement," *Journal of Social Issues* (Vol. XIV, No. 2, 1958), p. 42.
  25. *Ibid.*, p. 43.
  26. Wilma Donahue, Harold L. Orbach, and Otto Pollak, "Retirement: The Emerging Social Pattern," in *Handbook of Social Gerontology*, Clark Tibbitts, ed. (Chicago: University of Chicago Press, 1960), pp. 394-396.
  27. Thompson, *op. cit.*, p. 43.
  28. For a summary of these as well as other characteristics of the aged, see Wilbur J. Cohen, *Basic Information on the Aged*, reprinted from U. S. Senate, Committee on Labor and Public Welfare, *Hearings before the Subcommittee on Problems of the Aged and Aging*, June 16, 1959 (Washington: Government Printing Office, 1959).
  29. See, for example, Helen Baker, *Retirement Procedures under Compulsory and Flexible Retirement Policies* (Princeton: Industrial Relations Section, Princeton University, 1952), Research Report Series No. 86, Chap. 5; Edwin Shields Hewitt and Associates, *Company Practices Regarding Older Workers and Retirement* (Libertyville, Illinois: 1952); Elizabeth Breckinridge, *Effective Use of Older Workers* (Chicago: Wilcox and Follett Company, 1953), Chaps. 7, 8 and 10; "Helping Workers Plan for Retirement: A Five Step Program" (Reprinted from *Swift News*), in *Management Review* (January, 1956),

- pp. 56-57; Maurice F. Ronayne, "Preretirement Counseling Programs: Six Different Approaches," *Public Personnel Review* (July, 1958), pp. 206-210; E. B. Shultz, "Selective Retirement and Preretirement Counseling in the TVA," *Industrial and Labor Relations Review* (January, 1959), pp. 206 ff; National Committee on the Aging, National Social Welfare Assembly, *Current Developments in Preparation for Retirement* (May, 1958).
30. See Appendix for a copy of the letter.
  31. Wermel, *op. cit.*, p. 12.
  32. Thompson, *op. cit.*, p. 43.
  33. Geneva Mathiasen, "Pre-Retirement and Retirement Aid and Counseling" in *Age Barriers to Employment: Proceedings of the Second Joint Conference on the Problems of Making a Living While Growing Old*, September, 1953 (Philadelphia: Temple University, 1953), pp. 328-329.
  34. Herman W. Seinwerth, "The Retirement Counseling and Communications Program of Swift and Company, April, 1959" prepared for Mayor's Commission for Senior Citizens, Chicago, p. 5.
  35. The survey was conducted by an outside agency.
  36. Seinwerth, *op. cit.*, p. 9
  37. Wermel, *op. cit.*, p. 13.
  38. See section below on "Evaluation of Retirement-Preparation Programs."
  39. See p. 25.
  40. See pp. 31-32.
  41. Breckinridge, *op. cit.*, p. 198.
  42. Italics added.
  43. Italics added.
  44. Italics added.
  45. A number of authors have, however, seriously questioned the value of retirement-preparation programs. See, for example, Charles Perrow, "Are Preretirement Adjustment Programs Necessary?" *Harvard Business Review* (July-August, 1957), pp. 109-115, and G. Hamilton Crook and Martin Heinstejn, *The Older Worker in Industry* (Berkeley: Institute of Industrial Relations, University of California, 1958), p. 81.
  46. Breen and Marcus, *op. cit.*, pp. 14-15.
  47. United Steelworkers of America, Committee on Retired Workers, *The Senior Steelworker* (Pittsburgh: The Union, March, 1959), p. 1.
  48. C. E. Odell, "The UAW Program for Older and Retired Workers," in AFL-CIO, Industrial Union Department, *op. cit.*, p. 33.
  49. *Ibid.*, p. 24.
  50. *Ibid.*, p. 24.
  51. *Ibid.*, p. 24.
  52. Woodrow W. Hunter, *Leadership Training for Pre-retirement Education* (Ann Arbor and Detroit: Institute of Labor and Industrial Relations, University of Michigan — Wayne State University, and Division of Gerontology, University of Michigan, 1960), p. 1.
  53. *Ibid.*, p. 14.
  54. Odell, "The UAW Program . . .," *op. cit.*, pp. 24-25.
  55. Woodrow W. Hunter, "Report of a Study of Preparation for Retirement of Older Workers Covered by the Upholsterers International Union Health and Welfare Fund and Recommendations for Future Programs" (Ann Arbor: Division of Gerontology, University of Michigan, 1956), 35 pp. (mimeographed).
  56. Breen and Marcus, *op. cit.*, p. 10.
  57. Odell, "The Role of Labor . . .," *op. cit.*, p. 15.
  58. See Woodrow W. Hunter, "Pre-Retirement Education," *Geriatrics* (November, 1960), p. 798. Reprint Series 16, Institute of Labor and Industrial Relations, University of Michigan — Wayne State University.

59. Breen and Marcus, *op. cit.*, p. 43-44. See pp. 9-10 for further discussion of this study.
60. Hunter, "Pre-Retirement Education," *op. cit.*, p. 799.
61. *Ibid.*, p. 799.
62. Elon H. Moore, *The Nature of Retirement* (New York: Macmillan, 1959), p. 80.
63. Clark Tibbitts and Wilma Donahue, *Aging in Today's Society* (New York: Prentice-Hall, 1960).
64. Donahue, Orbach, and Pollak, *op. cit.*, p. 395.
65. *Ibid.*, p. 395.
66. *Ibid.*, p. 394.
67. *Ibid.*, p. 396.
68. Thompson, *op. cit.*, p. 45.

## Appendix

UNIVERSITY OF ILLINOIS  
Institute of Labor and Industrial Relations  
704 South Sixth Street, Champaign, Illinois

March 1, 1960

Mr. J. B. Adams, *President*  
ABC Corporation  
Chicago, Illinois

*Dear Mr. Adams:*

The Institute of Labor and Industrial Relations has in preparation a bulletin dealing with the subject of *Preparation of Employees for Retirement*. The purpose of the bulletin is to make available in a single source information, ideas, and opinion on this subject that might be useful to employers or other groups interested in setting up a retirement training program. The bulletin is being prepared by Professor Walter Franke, a member of our faculty.

In looking at the materials available on the subject of preparation for retirement, we have found descriptions of or references to the programs of a number of companies for helping employees prepare for or adjust to retirement life. These companies have all now had a number of years of experience with some type of retirement preparation program.

Thus our letter to you. Your company is one of those experimenting in this relatively new area of employee relations. Although some information concerning your program is already available in published form, we would like to obtain an appraisal of your program now that you have had a number of years of experience with it. Your experiences and those of other companies would be of use and benefit to others considering programs in this area.

Because the programs of different companies vary so much, we have not prepared a standard questionnaire for all companies being contacted. Rather, we would appreciate it if you would identify the problems and emphasize the values as you see them in your program. The following questions, however, suggest aspects of retirement preparation programs that we are particularly interested in.

1. What are the main features of your retirement preparation program?
2. What do you see as the major requirement(s) for a successful retirement preparation program?
3. What do you see as the major benefits to the company in having a program to help employees prepare for retirement? What do you see as the major danger, if any?

4. Do you have any way of evaluating the benefits of your program to the retirees? If so, how do you determine the impact of the program on them? Have you found that your program makes adjustment to retirement easier for your retirees?

5. To what extent and how long before retirement do you attempt to sell your program to prospective retirees? Have these attempts been successful?

6. Have you made any major changes in your retirement preparation program since it was started? If so, what are these changes and why were they made?

7. Have you considered any major changes in your program which you decided not to institute? If so, why did you decide against these changes?

8. Are you generally satisfied with the results of your program for preparing employees for retirement? If not, why not? If yes, what do you consider to be its main accomplishments?

You may wish to comment on other aspects of your retirement preparation program. By all means do so. Your critical appraisal of company-sponsored retirement preparation programs from any point of view would be welcomed.

We hope that you will feel free to give a frank and critical evaluation of the results of your retirement preparation program or such programs in general. Be assured that your remarks will be held in confidence. We will not identify information you provide by your name or the name of your company unless you desire that we do so and specifically authorize it.

Thank you very much.

Sincerely,  
MARTIN WAGNER  
Director



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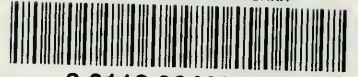








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