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A SURVEY OF THE PERCEPTIONS OF PRE-RETIRED OLDER
WORKERS IN SELECTED BUSINESSES TOWARD VARIOUS
ASPECTS OF RETIREMENT WITH IMPLICATIONS
FOR PRE-RETIREMENT EDUCATION

by

Donald W. Swoboda

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Presented to the Faculty of
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In Partial Fulfillment of Requirements
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Adult Education Area

Under the Supervision of Roger P. Hiemstra

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A Survey of the Perceptions of Pre-retired Older
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Aspects of Retirement with Implications
for Pre-retirement Education

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CHAPTER I

INTRODUCTION

General Statement

Retirement is a term which connotes a variety of ideas to persons in our society today. Perceptions toward retirement could be plotted on a continuum from that of a time of anticipated leisure life enrichment, viewed as a reward for dutiful service rendered; to that of a withdrawal from useful society, seen as a penalty for growing old. Much interest has been shown, in recent years, in assisting the retired person to better understand and develop in his new situation in society. However, if the retired person has done little or no planning for retirement living prior to retirement, he may be faced with an undesirable situation burdened with constant frustration and serious problems.

One alternative suggested to help meet the adjustment to retirement is that of pre-retirement planning. The interest in pre-retirement planning appears to be growing, although few studies have attempted to determine the point at which persons should begin to seriously plan for the day they will retire. Speculation ranges from the time at which an individual's work life begins to various points forward to actual retirement.

If education is in fact a life-long continuing process, rather than a kindergarten through high school or college preparation for employment process, it is suggested that educational programs on the aspects of aging, changing life styles through the work life, preparation for retirement and post retirement living must be included in such a process.

Society has placed heavy emphasis on the economic aspects of living, which is reinforced through the formal education system and throughout the remainder of life. Thus, it appears natural to expect that aspects of financial planning be included as part of the continuing educational process mentioned above. To assist in determining the extent of these needs in retirement education, one must attempt to measure the relevant concerns of the people involved.

Problem Setting

The scientific, medical and technological advancements made over the last two or three decades have caused dramatic cultural changes in our society. Never before in our history have so many people lived so long. The problems of these older people are of national concern today.

In the past, only a small proportion of Americans reached age sixty-five; for instance, in 1890 only 3.9 percent of the population were sixty-five or over; by 1963 this group had risen to 9.4 percent. Of those who did reach this age in earlier years, most continued to do work so that no real change in their status resulted.¹

At the end of 1967, there were approximately 19.3 million persons aged sixty-five or over in the United States.² By 1970, 9.9 percent of the total population was over sixty-five,³ and of this group 38.1 percent or slightly over 7.5 million people were 75 years of age and over.⁴

The trend referred to above will continue, however, in the 1970's the rate of increase will be outstripped by the younger segment of our population (age 16-44). Even so, it has been predicted that by 1980, there will be more older men and women, aged 45 and over, outside the labor force living in retirement than there will be working.⁵ Thus, the probability of a continual decline in the traditional retirement age of sixty-five will be high.

Of the many issues facing the retired person such as: finances, living arrangements, mental and physical health, leisure time, etc., the most critical area seems to be that of income adequacy.

As people approach retirement, one of their principal concerns is how to make ends meet after they quit working. Most of them will have less to live on after they retire; and, to make matters even more serious, most of them will be living on a fixed income while the cost of living continues to rise year after year.⁶

Thus it is generally agreed that the older worker today, in many instances, faces a very real adjustment at the time of his occupational retirement. This adjustment may be further complicated by voluntary or forced early retirement, a growing trend.⁷ Brennan, Taft and Schupach concluded, "If

retirement brings with it special problems, early retirement would tend to increase them. . . ."⁸

As pointed out earlier, many segments of our society are becoming increasingly more concerned about the plight of our nation's older members. To reduce the personal crisis of retirement faced by many people, the idea of pre-retirement planning has come about. Only recently has this concept been considered by a large cross-section of our economy. Business and industry, unions, educational institutions and government are all searching for their particular role or responsibility in this issue. It appears that the time has come to stop waiting to see which element of our economy will take the lead in helping workers plan for retirement.

Purpose of the Study

This study was undertaken as a result of the author's failure to identify, in Nebraska, any type of comprehensive pre-retirement planning program offered well in advance of the worker's retirement.⁹ Since the interest in the issue was relatively high among all of the government, business and industry representatives visited, there appeared to be cause for research into the perceptions of those individuals facing retirement relative to their own retirement preparation.

The major purpose of this study was to determine how older workers in Nebraska perceived their own retirement

situation, specifically as related to financial issues, and their general thoughts on pre-retirement planning for these aspects.

Significance of the Study

The meaningfulness of any research effort may be likened to beauty being in the eye of the beholder, significance is in the mind of the reader. The writer, as a firm believer in the need for practical research, found the selection and design of this effort to be extremely meaningful. It is hoped that for the companies cooperating in this project some valuable practical information might be gained to better serve the welfare of their employees; and thus, provide some degree of meaningfulness for the individuals themselves who cooperated in this study.

Naturally every beginning researcher would hope that his effort would, in some way, benefit the whole of society in his particular endeavor. The probability of this happening in any single research activity is no doubt infinitely small, if probable at all; however, this is not the expectation for this study. It is hoped that the findings of this study may be utilized in such a way as to benefit those responsible for designing programs and further research in pre-retirement planning and will have proved significance if it offers assistance to the retirement preparation of older workers.

Research Problem Restated

The research problem may then be restated as a study to determine the perceptions of older workers on selected financial aspects of retirement and on pre-retirement planning relative to these aspects.

The following questions will serve as guides in developing and conducting this study:

1. How adequate do older workers think their retirement finances will be?
2. What proportion of their pre-retirement income do older workers perceive as adequate for retirement?
3. Whom do older workers see as responsible for finances of retirees?
4. How large a role do older workers believe that children should play in the retirement finances of older persons?
5. What do older workers perceive as the responsibility of the government for the finances of retirees?
6. Do older workers believe that present retirees should have larger retirement incomes?
7. Would pre-retired older workers be willing to make increased social security payments in order to increase the income of present retirees?
8. Would pre-retired older workers be willing to make increased social security payments in order to be assured of higher retirement income for themselves?
9. Whom do older workers see as the most influential spokesmen or leaders in improving financial conditions of retired people?

10. Do older workers see a need for pre-retirement planning?
11. Whom do older workers see as responsible for providing pre-retirement planning education and assistance?
12. What point in their work life do older workers believe pre-retirement planning should begin?

Limitations of the Study

This study is limited to the extent that the data collected to help solve the particular problem were objectively analyzed. An additional limitation of this research project is that of cost. Hiemstra pointed out that "in many cases where it seems that the quality of the data should be improved, the cost is the constraint."¹⁰

The data collected were further limited by the respondents ability to understand and react to the individual questions asked, and by the degree of influence the cooperating firms' representatives had over the respondents. The former was dealt with in pre-testing the instrument; however, the latter was difficult to control except to stress uniformity of directions given by the researcher to the company representatives.

This study was further limited to Nebraska manufacturing firms employing at least 200 persons located in the metropolitan areas of Omaha and Lincoln.

Definition of Terms

For the purposes of this study, following are some terms and their definitions:

Older Worker. The term older worker is used and defined primarily by the United States Department of Labor as those members of the labor force 45 years of age and over. The maximum age of this group is generally 64 since age 65 is most generally known as a worker's retirement age. Age 45 is normally considered slightly past the midpoint of normal working life, and workers 45-64 generally have many special problems unique to any other age group in the labor market.¹¹

Cooperating Firm. This term refers to those manufacturing firms randomly selected, as discussed in the sample selection section, and agreeing to cooperate with the researcher as determined by the study design.

Retirement. No specific age is fixed for the term retirement as used in this study. Rather retirement, as used here, means that point in a worker's life at which his or her continuous occupational activity terminates, either voluntarily or involuntarily.

Outline of the Study

Chapter II of this study will present a review of selected literature relative to the current situation on

retirees, the trend toward early retirement, interest in pre-retirement planning, types of pre-retirement planning programs offered and the apparent results of pre-retirement planning.

Chapter III will describe the design of the study including the following: 1) The type of study utilized. 2) The selection of the study sample. 3) The development of the survey instrument. 4) The data collection and interpretation procedures.

Chapter IV contains the presentation and discussion of the data collected.

Chapter V of this study will present a brief summary of the findings, conclusions and policy recommendations of the researcher based on the findings, and offer some suggestions for further research relative to this topic.

PREVIEW

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¹David A. Peterson, "Financial Adequacy, Retirement, and Public Policy: A Study of the Perceptions of Older Americans," (Unpublished Doctor's Dissertation, University of Michigan, 1969), p. 2.

²Lenore E. Bixby, "Income of People Aged 65 and Older: Overview from 1968 Survey of the Aged," Social Security Bulletin, Vol. 33, No. 4, April, 1970, p. 6.

³Herman B. Brotman, The Older Population Revisited, First Results of the 1970 Census, Number 2 of Facts and Figures on Older Americans. Washington, D.C.: Administration on Aging, U.S. Department of Health, Education and Welfare, 1971, p. 5.

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⁵Ewan Clague, Balray Palli and Leo Kramer, The Aging Worker and the Union, Employment and Retirement of Middle Aged and Older Workers. Prepared for the National Institute of Industrial Gerontology, National Council on the Aging, (New York: Praeger Publishers, 1971), p. 14-18.

⁶Woodrow W. Hunter, Preparation for Retirement, Division of Gerontology, The University of Michigan, Ann Arbor, 1968, p. 24.

⁷Paul M. Feine, "Early Retirement is Coming," Dynamic Maturity, May, 1972, p. 9.

⁸Michael J. Brennan, Phillip Taft and Mark B. Schupach, The Economics of Age, (New York: W. W. Norton & Company, Inc., 1967), p. 231.

⁹This conclusion was made prior to the design of this particular study, based on personal inquiries made of the State Department of Labor, the Nebraska Commission of Aging and other state and local agencies with knowledge of this type of concern.

¹⁰Roger P. Hiemstra, "Educational Investments and Economic Growth: A Case Study in Continuing and Community Education," (Unpublished Doctor's Dissertation, University of Michigan, 1970), p. 11.

¹¹This definition was developed from two major sources: Visits with representatives of the U.S. Office of Labor representatives in Nebraska, and from The Pre-Retirement Years, a longitudinal study of the labor market experience of men, Manpower Research Monograph No. 15, Vol. I & II, U.S. Department of Labor Manpower Administration, 1970.

PREVIEW

CHAPTER II

SURVEY OF SELECTED LITERATURE

Introduction

The point must be made clear at the outset that income adequacy during retirement is not the only consideration to be faced by the older worker; nor is it, in many cases, the major issue. However, the facts, as will be pointed out, show that the issue of income adequacy of retired persons does have a major impact on the life style and standard of living of these people. This impact appears even more important when included with other retirement issues, such as health, housing, leisure activity, social activity and others. Retirement may be said to be a social or social-psychological event as well as an economic event. However, it is generally thought that improvement in an individual's economic security for retirement will tend to reduce, in some degree, the negative effects associated with departure from the formal work force.¹

This chapter will present a review of some of the relevant literature which relates to the situation retired and nearly retired persons face in our society today. This discussion will be presented in terms of the current economic

situation of retirees, the trends toward early retirement, the growing interest in pre-retirement planning, types of programs being offered and the apparent results of pre-retirement planning.

Current Situation of Retirees

The plight of retired Americans is not a new phenomenon, nor is it a problem which is easily solved. The President's task force on aging concluded that, "the Nation's 20 million citizens over 65 are so diverse a group that no generalization can fully describe them."² What the task force was saying was that simply because persons reach their sixty-fifth birthdays, they do not immediately fall into a homogeneous category stereotyped as elderly. Rather they continue to be individuals with unique combinations of mental, physical and psychological characteristics, who have particular desires and needs regardless of their chronological age.

One of the real problems which face a large number of retired persons is that of limited or inadequate income. Much concern relative to this issue has been expressed by both government and business at many levels. In 1968 President Nixon stated:

. . . the financial picture among older Americans. . . is a picture which badly needs improving. It is simply unacceptable in America that a large segment of older Americans have incomes below the poverty line. It is unacceptable that the aged should be the one group in the country where poverty is increasing today.³

National concern for income adequacy among the aged was further illustrated by the U.S. Senate Special Committee on Aging as reported in its study of the economics of aging.

A most distressing fact--a disgrace in a Nation pledged to an all-out war on poverty--is that there was an increase in both the number and the proportion of aged poor between 1968 and 1969. In 1969, there were approximately 4.8 million people aged 65 and older who were living in poverty, almost 200,000 more than in 1968. They represented 19.7 percent of all persons 65 and older in 1969, an alarming rise from the 18.2 percent found for 1968. Alarming, too, was an increase in the number of poor aged 60 through 64.⁴

A major study of persons 65 and over conducted by the Social Security Administration in 1968 pointed out two specific findings relevant to this review. Of the 15.8 million household units surveyed, slightly more than 50 percent of the units were aged 73 or over, and 44 percent of the units were classified as poor, with an additional 11 percent designated as near poor.⁵ These findings tend to add support to the contention that retirement incomes are less than adequate for a large portion of our nation's retired persons, and that more people are living longer than ever before. The occurrence of these two findings taken together leads to the assumption that income adequacy will tend to deteriorate with age, especially for those persons with inadequate incomes at or near the beginning of their retirement.

Peterson reported high rates of perceived income inadequacy indicated by retirees in two separate studies.