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Pre-Retirement Practices of Ninety-Seven Companies in the Chicago Metropolitan Area

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**Pre-Retirement Practices of Ninety-Seven Companies
In The Chicago Metropolitan Area**

by

Raymond Michael Maurello

**A Thesis Submitted in Partial Fulfillment of the
Requirements for the Degree of Master
of Social and Industrial Relations
in Loyola University**

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1953

Curriculum Vitae

Raymond Michael Maurelle was born in Chicago, Illinois, November 27, 1923.

He was graduated from De La Salle Institute, Chicago, Illinois, May 28, 1942; from the University of Western Ontario, London, Ontario, Canada, June, 1949, with the degree of Bachelor of Philosophy, Honors.

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PREFACE

As a basis for any policies which might be adopted with respect to pre-retirement programs, it was decided that a survey should be conducted by the author to find out how many industrial firms have established employee pre-retirement programs, how these programs are operated, what activities are included, what is the value of employee pre-retirement practice, and how such activities fit into the entire administration of a company.

Since pre-retirement practices are a very broad field, it was necessary to work within well defined limits. So, naturally, it was necessary to confine this inquiry to employee pre-retirement programs within the Chicago area and its environs. This would include East Chicago, Hammond, and nearby cities in Illinois. Therefore, the large firms which may have small branches here but whose main offices are in other cities are not included. A cross section of many different types of industries has been taken in the hopes of getting a rounded picture of "blue collar" and "white collar" workers in these establishments.

The inquiry proceeded along these lines:

1. Literature on industrial pre-retirement practices

available from libraries as well as from private and governmental organizations in Chicago were reviewed and a bibliography compiled, which is included in this report.

2. Questionnaires were sent to 300 industrial firms. Eight of these were completed by personal interviews.

3. Personal interviews were conducted with personnel directors and pension supervisors of companies who took a more active part in the survey.

The companies to whom a questionnaire was sent were selected in the following manner.

From a list of about 100 manufacturers having fifty or more employees in the Clearing Industrial District, which was supplied by the Clearing Industrial Year Book, only those having over 200 employees were selected in order to give a wider geographical distribution. The rest of the questionnaires were sent to a more select group of companies having upward of 500 employees. We were particularly interested in these larger firms because from these we expected to gather most of our substantiating material.

The questionnaire was not sufficiently detailed to eliminate all margin of error, but objectivity and accuracy have been striven for.

Our personal interviews however, were designed to clarify, verify and augment with detailed information, the

general findings secured from the questionnaires, the basic literature and other sources. These interviews gave us access to confidential information which informants are naturally reluctant to state in writing.

In deference to this reluctance on the part of the cooperating firms, the writer has omitted all references to names and organizations, except in so far as they were already published and already known to the public.

CHAPTER I

INTRODUCTION

A. Statement of the Problem

The objective of this study was simply to determine the present day practices of 300 companies in the Chicago area in regard to pre-retirement policies. No special companies were selected. Naturally many of the larger and more prominent firms were contacted but a good number of the medium and smaller companies received questionnaires. No particular type of industry was stressed. Hence, it was hoped a more complete cross-section of the situation would be garnered.

B. Limitation of the Problem

It must be remembered that this paper treats of pre-retirement practices in industry and not retirement practices alone which would involve merely pensions. The problem is a new one. It is being met in many companies in various ways, but most aspects of these plans center around pension plans and pensioners -- people who have already retired. The concept of pensions enters this paper only in so far as it is part of retirement, i.e., the economic aspect of retiring.

Our idea of pre-retirement policy includes the practices of a particular management in regard to the welfare and benefit of the employee from his very first day on the job right on through his many years of faithful service. More specifically it would encompass the ten years immediately preceeding the normal retirement age since it is at this time that more definite plans should be made for retirement according to each plant's retirement policy and the wish and physical ability of the employee.

C. Definition of Terms

By pre-retirement is meant the years adjacent to retirement. Depending on the normal retirement age of a particular policy it could run from age fifty to age seventy. Ordinarily, it would mean the ten years previous to retiring from work.

Pension plans are the economic aspect of retirement. They are one of the practices set up in a complete or even semi-completed pre-retirement system. Up until very recent they have been considered the pivot around which all else leans. In reality they are the most practical and in many ways the easiest part to fulfill.

Retirement is a rather broad word meaning the withdrawing of an employee from active work. However, there are

various kinds of retirement in use in the work world.

First, there is voluntary retirement. By this type of retiring is understood a procedure whereby an individual worker becomes, on his own volition, separated from the active working force. He does this at his own choosing regardless of his age or physical ability to work.

Then, we have the opposite of voluntary retirement, which is compulsory retirement. Compulsory retirement is the procedure whereby the employee, when he reaches a specified chronological age, say sixty-five, must retire regardless of his ability to continue work. This type of retirement makes pre-retirement practices a veritable necessity.

Automatic retirement is similar to voluntary retirement. It is the procedure whereby workers may, with special permission of the employer, continue to work past a fixed chronological age, such as sixty-five, until another fixed year like sixty-eight at which time they must retire.

Knowing exactly what is meant by these fundamental terms in this issue should obviate all charges of not being precise and clear in stating this problem.

D. Need for a Solution to the Problem

Not all problems in the world or in industry are so pressing as to demand a solution. Some problems are ur-

gent but the solution to them cannot be had too readily. The problem of adjusting older workers to retirement is not a simple one and yet it is not one that is beyond a solution. However, the fact that it is a pressing problem is very well stated by C. Francis Beatty in his speech at Princeton University:

Just as the elder worker has no corner on the problem market neither is any type of problem in his exclusive domain, but certain problems do occur more frequently in older groups....We realize that we are touching on one problem of industry but as we look at some of the vital statistics we see that it is a pressing problem of our present day and age. The general aspects of the place and effects of the elder worker in industry is preoccupying the time and thought of many economists, politicians, and social workers.¹

These are the words of the director of industrial relations of Socony-Vacuum Oil Co., Inc., a firm that is very progressive in the problem of pre-retirement. And he stresses the need for a solution even more strongly in these words:

With an aging population in this country that will number one third over age forty-five by 1950, what industry does and can do will have a decisive effect on the nation's economic health. (We are on the up-beat for having an elder worker in industry.) From industry's sources of production come the wages and salaries and profits and dividends that determine the standard of living we enjoy. If an ever increasing number of older people become consumers and non-producers the source of our nation's wealth may dwindle.²

1 Beatty, C. Francis, Speech, Sept. 13, 1950, P. 1

2 Ibid, P. 1

It will be seen in further chapters that industry has not kept pace with the influx and over-flow of older workers by having full size pre-retirement programs. But managements are not unaware of the situation.

And the current added wound to this already sore spot is the Korean war, which is eating up the cream of our young stock. On August 7, 1952 an announcement was made via the radio, television and newspapers that the one millionth draftee had been inducted into the army. This release came from a Detroit draft board where the draftees had gone through the ceremonies. It is a well known fact and a fore-gone conclusion that not all of those boys come back. Those who do come back do not take their place in the ranks of the regular work population. Our casualty and injured list is enormous. And this does not include those who will come back unable to work because of shock and mental aberrations.

Hence, it would seem that if industry and the unions are going to make a system of arbitrary retirement continue, there will necessarily be a shortage of workers. The use of the older workers must come about and with this, the need for pre-retirement programs of one sort or another.

CHAPTER II

HISTORICAL STATUS OF PROBLEM

A. Status of Older Workers

"This is the best country in which to live long and the worst country in which to grow old. There is a very essential contradiction. We suffer from a dreadful age-phobia. When we get to be thirty and when we tend to get toward thirty-nine, we have a terrible time....This is a country that worships youth...."¹ These are the words of a man well versed in the problem of old age.

Possibly because we are a young country we look for everything young. Unlike the countries of the Orient like China or any of the European countries, there is no deep underlying current of respect for old age. In those countries any sign of old age like white hair, a beard, or a wrinkled brow is considered an outward sign of wisdom and experience. The ancient Greeks did not consider a man ready for real active participation in their city politics until he was in

¹ George Lawton, "Are You Preparing to Grow Old Successfully?" Town Meeting, Town Hall Inc., 1948, p. 19

his fifties.

Today we are more than likely returning to the ancient Inca civilization. It is amazing how our ideas on retirement are so similar to those of the Incas. From eight to sixteen the Inca was a boy playing; from sixteen to twenty he was a coca-picker; from twenty to twenty-five he was a worker; from twenty-five to fifty he was the head of the family and a taxpayer; from fifty to sixty he grew old; after sixty he was "an old man sleeping."²

Modern society still takes it for granted that workers should be forced to retire at age sixty or sixty-five, regardless of their ability to keep on performing their jobs. This arbitrary retirement is unjust, wasteful and wrong. It ignores present day statistics and it is unrealistic in a medical sense. What is more it destroys any human dignity of an older person and robs society of valuable service.

Great work in science, art and world affairs has been done by old men and the trend may be considered to be progressing onward as science and medicine continue their success in geriatrics. Decline in physical ability begins

² Martin Gumpert, "Our Ideas About Retirement," Readers Digest, Nov., 1952, p. 110.

at thirty or forty, yet a man's ability to drive an automobile improves to forty-five, and at sixty-five it is superior to that of the twenties.

Fortunately because of the need for workers and the prevalence of many old people in the work force, some of the more modern and progressive organizations are beginning to recognize the value of their older employees, even after they have reached age sixty-five. Older people in America are beginning to recapture their prestige. They are being considered a valuable part of our whole society.

B. Age Distribution of U.S. Population

TABLE I

AGE DISTRIBUTION OF U.S. POPULATION IN THOUSANDS³

	Up to 19 yrs.	20-44	45-64	65 & over	Total
1947	47,735	54,358	29,377	10,591	142,061
1960	49,075	55,645	34,676	13,978	153,374
Net Change	1,340	1,287	5,299	3,387	11,313

³ Socony-Vacuum Oil Co., Inc., "Survey of Pre-Retirement Practices", Oct., 1949, p. 3.

This forecast indicates that by 1960 there will be a gain of 1,287,000 people within the preferred age group of twenty to forty-four, from which industry gets its recruits. And the census of 1950 shows that there are many old people employed.

Industry's needs alone for additional workers by 1960 will approximate 3,000,000, and they cannot be obtained from the preferred group twenty to forty-four. Even the woman population could not take up the slack. No matter who is drafted into work situations, the need for workers will also surpass the actual workers available in 1960, and the ensuing years.

Companies are preparing themselves to accept the inevitable shortage of workers in the preferred group and are realizing the workers must come from the older population. Whereas, before, immigration took care of the labor problem to a large extent by supplying young fresh blood to the work force, that has been curtailed since the middle 1920's. Then too, before men used to work until they died or became physically unable. Now with our government legislation it is possible for workers to quit working after sixty-five and thus become lost to the force.

C. The Aging Population in Relation to Politics

In September 1948, of the 10,790,000 men and women in the United States who were over sixty-five years of age, 2,894,000 were employed, 818,000 of them in agriculture. The remainder, 7,896,000, were living on investments, savings, social security, old age assistance, pensions, charity or relatives. All of the remainder were consumers of national production rather than producers.

It is estimated that the contribution to the national output of the over sixty-five employed group is nearly eleven billion dollars annually. This sum of money is greater than the total of all Federal, State, and Municipal taxes levied for the year 1936 and is somewhat less than twenty-five per cent of the cost of Federal government today. Industry is in danger of losing this even greater output by default, with the increase in compulsory retirement plans.

In 1960, it is estimated that an additional 3,387,000 people will have been added to the over sixty-five group. This addition is greater by two and three-fourths times than the number added during the same period to the population of the preferred employment age group (twenty to forty-four). All told there will be 14,000,000 people over sixty-five years of age and 35,000,000 who have passed the forty-five year

mark. All of the labor force members in these two age groups are conscious of the probability of retirement and of the difficulty of obtaining employment and are deeply concerned about their uncertain personal futures.⁴

If an appreciable portion of the total group were to band together, as did happen in California, the weight of their combined and supporting vote would be a most powerful force. The ultimate cost of supporting this group must come out of national production, i.e., out of industry's income. Therefore, the vital stake in the national problem of what to do about the older worker is industry's. The treatment will have to be vigorous and aggressive, because if a large national political old age movement gets underway, the ultimate result might approximate a political balance of power.

There is another intriguing possibility inherent in the aging population. Conservatism and age are companions. Despite the welfare planners, it is quite likely that the peak of strength of political support for radical changes in our governmental and industrial system has been passed. Preservation of property rights and individual security are of more

⁴ Socony-Vacuum Oil Co., Inc., "Survey of Pre-Retirement Practices," p. 4.

personal importance to the older citizen than indulging in experimental excursions into untried economic byways. If industry can convince an appreciable group of the aging industrial population that it is, in fact, doing something about their uncertain futures, socialistic remedies will wither for lack of support. Not that we are opposed to any governmental plans but it does seem much the better for the individual, industry and the nation at large to have this problem of old age taken care of at the very source.

D. The Issue of Compulsory Retirement

Should a man continue to work all his life? This question leads to the controversial issue of whether or not a man should be compelled to retire. Some do not think it is wise, in general that is, for workers to stay at their jobs beyond the normal retirement age. Without a doubt they do have some agreement when applying their idea to individuals. However, we want to bring out more graphically some important facts about compulsory retirement so as to clarify the issue, especially since it is the core of this paper.

The actual number of people in the over sixty-five labor force in 1960 will depend on the increase of compulsory retirement plans, personal initiative of the retired and the capacity for employment.

There are literally thousands of employer-initiated pension plans today -- three-fifths of which are non-contributory. This number will increase in the future as unions bargain for them aggressively.

It is obvious that there are many advantages to compulsory retirement and many disadvantages. Naturally, the greatest loss is the personal one to the individual employee who finds himself out of work, capable and willing but not employable chronologically, perhaps with no savings and with less than a substantial income from Federal Security, or from his employer or other sources.

In this connection, Sumner Slichter, eminent Harvard economist stabs categorically in a recent article in the New York Times:

The seriousness of the problem of old age security is greatly aggravated by the unwise retirement policies of business. Few people retire voluntary. Most retirements occur against the will of the worker at the decision of the employer. The community would be better off if older persons who were willing to work had jobs and were producing goods. Furthermore, most persons would be happier at work than they are in retirement. For the majority of jobs, the age of sixty-five is too early for retirement. The growing practice of retiring all persons at the age of sixty-five should be decisively halted.⁵

5 Insurance Research and Review Service, Section 21, card no., CR 72

E. How Industry Looks at the Employment of Older Workers

In the interviews and in the written replies received from interested personnel directors the tenor of industry ran without a doubt in favor of the older worker. The Readers Digest almost unfailingly carries an article on the older workers and their plight. And often it is the views of management. It is not true to say that management is indifferent to the issue of the older workers. Mr. Bills of Acme Steel, Mr. Martin of Carson Pirie & Scott, and Mr. Gorby of Marshall Field & Co. are very outspoken about older workers. They could be considered as representative of large progressive firms. Industry does not feel that workers should be shelved at age sixty-five. On the contrary, they are found in their original capacities or in less strenuous tasks. After all there are millions of examples in every industry throughout the length and breadth of the United States which prove the merit and sturdiness of older men. And from the standpoint of good business it would not be wise to overlook or cast aside one of the major groups of work force. Statistics give old age the edge when it comes to working. Older people have less absenteeism, they don't get injured as often or as seriously, they help build company morale, they guide, direct and teach the young recruits, if not directly at least in example and

through association, they know their jobs well and thus there is less waste. The question is clear. Older people are not only a major part of the work force today and especially in the future, but they are a basic element. Industry cannot and will not neglect the staff of production.

In 1950 the late Dr. John J. Wittmer, then vice-president of New York's Consolidated Edison Co. charged:

Industry has been grossly guilty of banishing into retirement men still capable of worth-while economic productivity. We have discarded skill and energy which could very well be utilized in the national economy, and we have crushed the morale and will-to-live of a large portion of our population. Society generally has forced our aged citizens into the degrading position of parasites on society.⁶

F. Labor's Stake in Employment and Retirement

From the foregoing facts we can see that labor's stake in employment and retirement is at an all time high and still on the increase. The working force has expanded by millions since the low depression days. It is simply a question of how long shall a man work these days. Or is he to be considered, like athletes in certain sports, of no use after an arbitrary chronological age. Labor is faced with one of the most subtle problems of employment it has ever had to

⁶ P. Stryker, "When Should Workers Retire?" Fortune, XLVI, 3, 1952, p. 110.

face yet. The abrupt and blunt stop of a man's earning power affects not just him but many others through him.

Much theory and social philosophy can be written into any discussion of the need for an employee-retirement plan. It is true that business pockets a value from the contributions of even the lowliest employee and that when the employee has turned over to business the entire store of the only commodity he has -- his working ability -- and is no longer currently useful to it, he deserves more than perfunctory scrapping. Moreover, such wholesale scrapping by business at large leads to serious economic repercussions, and the hue and cry for government interference.

Business has long recognized the validity of and followed the practice of amortization funds for replacement or retirement of physical properties. Such funds are no more or less than a practice of meeting foreseeable future obligations by installments out of current income. It is an observable fact that physical property begins to approach the inefficiency that comes with old age from the day it is put into use.

Employees become inefficient just as do physical properties. If it is sensible to meet the retirement cost of the latter in advance, it is also sensible to meet the retirement of the former on the same basis.

CHAPTER III

INDUSTRIAL PRACTICES IN RELATION TO PREPARING OLDER WORKERS FOR RETIREMENT

A. Statistical Data of Survey

Number of Companies Responding. Three hundred companies were contacted by questionnaire of which ninety-seven or 32.3 per cent responded.¹ This represents a sizeable core of the work force in the Chicago area. Many of the companies are recognized as important units in their specific industrial fields and are large employers of people. The industries will not be listed in the Appendix because it was thought that, in view of the fact that eight questionnaires were returned without a name, the companies do not mind participating as long as their policies cannot be identified.

The number of returned questionnaires constitutes a representative sample of the group. As would be expected fifty-seven companies or 58.7 per cent of all questionnaires returned came from the large companies. Larger companies,

¹ See Table II, p. 21.

TABLE II
QUESTIONNAIRES ISSUED AND PERCENTAGE RETURNED
ACCORDING TO SIZE OF COMPANY*

Questionnaires	Very Large	***	Large	***	Medium	***	Small	***	All	****
No. Issued	75	25.0	86	28.7	102	34.0	37	12.3	300	100.0
No. Returned Complete	20	37.8	14	26.4	13	24.5	6	11.3	53	100.0
No. Returned Incomplete	9	20.5	14	31.8	9	20.5	12	27.2	44	100.0
Total Number Returned	39	29.8	28	28.9	22	22.7	18	18.6	97	100.0
Percentage Returned		38.6		37.3		21.6		48.3		32.3

* Very large here refers to companies having over 10,000 employees; large refers to companies having over 5,000 and less than 10,000 employees, medium covers companies having from 500 to 4,999 employees; small embraces companies having less than 500 employees.

** % of total issued.

*** % of questionnaires issued

as here understood, would range from five thousand employees to thirty-two thousand employees. It was also to be expected that the larger companies would return their questionnaires completely filled out in detail, since some have pre-retirement programs and also the help to do the task. Yet the smaller companies were not too outdistanced by the larger firms. It is surprising that the returns of the smaller companies should show up as well as they do.

Regarding the completion of the questionnaire thirty-four or 64.2 per cent of the questionnaires returned completed came from the larger companies. Likewise twenty-three or 52.3 per cent of those incomplete came from the larger companies. The smaller companies run more true to form. The high percentage of incomplete returns is due to not having a program, lack of interest in pre-retirement, haste, and oversight. By incomplete returns is meant those questionnaires which did not answer every question or did so only in a cursory manner. This idea is brought out to notify the reader that there will be some variance in a few tables due to this lack of information.

Size of Companies Responding. In view of the fact that our tables will always be divided into four groups it will be well to point out just how the companies that con-

tributed data measure in regard to size and the number of employees they employ.

Of the 555,723 employees covered by the survey, 55.9 per cent were employed by the very large group.² Whereas the large companies totaled thirty-two firms, the very large companies, consisting of giant organizations, far exceed them in employees. Although the questionnaires were aimed at the larger corporations, the medium and small were not disregarded. On the contrary, it was hoped that more of the small companies would reply. According to the table these small firms stand a mere handful in the enormous labor group.

Kinds of Industries Responding. It is very natural now to want to know what kinds or types of industries are included in this study.³ Many types of industry were contacted with a stress on no particular type. As can be seen from the table, except for food companies and machinery companies in the manufacturing group, no other type is too highly represented. In the non-manufacturing group only transportation and wholesale and retail companies stand out. However, employee-wise there is a noticeable dent in the work force among some of these non-manufacturing industries. Other than those few types

2 See Table III, p. 24.

3 See Table IV, p. 26.

TABLE III
DISTRIBUTION OF COOPERATING COMPANIES BY SIZE
SHOWING NUMBER AND PERCENTAGE OF EMPLOYEES

Size of Companies	Number of Companies	Per Cent	Number of Employees	Per- Cent
Small (Under 500)	18	18.6	6,653	1.2
Medium (500-5,000)	22	22.7	98,986	17.8
Large (5,000-10,000)	32	32.9	139,665	25.1
Very Large (10,000-over)	25	25.8	310,119	55.9
Total	97	100.0	555,723	100.0

of industry that seem to turn the trend in their favor, there is a rather wide distribution of types of industries.

Number of Workers in Various Types of Industry. Having sixty-eight firms or 61.2 per cent in the manufacturing group may seem to show a leaning toward them. In reality it shows up the fact that Chicago is a very definite manufacturing city. Even though manufacturing exceeds the non-manufacturing in number by more than two to one, as far as employees go the margin of difference is only a little more than 100,000 employees.⁴ The reason for the close range in employee population is due to the transportation companies that hire many people. Even without transportation, the banks and department stores are usually employers of large groups of white collar workers.

Length of Service of Workers. Just how long some of these men have served the companies studied ranges from five to fifty-four years. The greater part of the work population is centered in the ten, fifteen, and twenty year bracket.⁵ It may again be worthwhile to point out that the heavy population in all groups of the ten to twenty years of service employees does indicate the heavy increase of the work

4 See Table V, p. 27.

5 See Table VI, p. 29.

TABLE IV

**MANUFACTURING COMPANIES INCLUDED IN SURVEY
BY TYPE OF INDUSTRY**

Manufacturing	Companies		Employees	
	No.	Per Cent of Total	No.	Per Cent of Total
Building Materials	1	1.0	1,151	.2
Chemicals, Drugs, etc.	4	4.1	10,350	1.9
Electrical Equipment	5	5.2	5,101	.9
Foods, Dairy, etc.	13	13.4	41,550	7.5
Instruments and Tools	7	7.2	8,716	1.6
Machinery	10	10.3	104,342	18.8
Meat Packing	2	2.1	29,619	5.3
Metals	6	6.1	42,441	7.6
Paper	3	3.0	12,016	2.2
Petroleum	5	5.2	59,837	10.8
Printing, Publishing	2	2.1	1,754	.3
Rubber	1	1.0	2,681	.5
Steel	2	2.1	18,439	3.3
Textiles	2	2.1	652	.1
Other	5	5.2	1,331	.2
Manufacturing Sub-Total	68	70.1	339,980	61.2

TABLE V

**NON - MANUFACTURING COMPANIES INCLUDED IN SURVEY
BY TYPE OF INDUSTRY**

Non-Manufacturing	Companies		Employees	
	No.	Per Cent of Total	No.	Per Cent of Total
Banks	4	4.1	4,126	.7
Insurance	4	4.1	33,315	6.0
Public Utilities	3	3.1	18,000	3.2
Transportation	7	7.2	104,189	8.8
Wholesale-Retail	8	8.3	54,892	9.9
Other	3	3.1	1,221	2.2
Non-Manufacturing Sub-Total	29	29.9	215,743	38.8
Grand Total (Tables IV and V)	97	100.0	555,723	100.0

force in and after the war. The thirty to forty years' of service group should have more members except for the compulsory retirement at age sixty-five and also for the great influx of women into industry during the war, who will have retired at age sixty under compulsory retirement programs and will not have had many years of service, since they started late.

Number of Employees at Retirement Age. The number of employees retiring in 1952 is oddly enough not very large despite the compulsory retirement age of sixty-five in many companies. There are many reasons for our present statistics.⁶ First, many firms permit their older workers to continue in employment even after sixty-five. Secondly, many firms do not have knowledge of retiring employees until three months before retirement and hence could give us only a rough estimate. Thirdly, many firms studied here are the type that do not have a compulsory retirement age and they are the ones which control almost half of the employee population. Hence, our Table VII is not too indicative of the number of retiring employees.

Various Kinds of Retirement in Industries. There are many different misconceptions about the retirement ages

⁶ See Table VII, p. 30.

TABLE VI

NUMBER AND LENGTH OF SERVICE OF EMPLOYEES STUDIED
FROM FIVE TO FIFTY YEARS

Size	Years of Service							Total
	5	10	15	20	30	40	50	
Very Large	20,982	107,669	102,006	70,115	8,587	612	37	310,119
Large	14,453	40,110	21,234	35,010	28,119	708	40	139,665
Medium	28,330	49,460	8,112	2,998	66	20	0	98,986
Small	3,653	1,500	994	451	81	0	0	6,653
All	67,418	198,739	132,346	109,574	36,853	1,340	77	555,723

TABLE VII
NUMBER OF EMPLOYEES PAST NORMAL RETIREMENT AGE

	Very Large	Large	Medium	Small	All
Number of Employees Past Normal Retirement Age	3,613	2,102	1,467	93	7,275
Total Number of Employees	310,119	139,665	98,986	6,653	555,723
Percentage of Employees Past Normal Retirement Age	1.2%	1.5%	1.4%	1.4%	1.3%

among employees. Basically, there are three different kinds of retirement. The first is compulsory retirement. It is obligatory on everyone. One must retire upon reaching a certain age.

Then there is automatic retirement. It allows a person to work beyond a fixed age limit to another arbitrary age, such as sixty-eight or seventy. Then the worker must retire.

The third type is voluntary retirement. This means that an employee may quit working whenever he wishes, regardless of his chronological age.

TABLE VIII

KINDS OF RETIREMENT IN INDUSTRIES STUDIED

Kinds of Retirement	Very Large	Large	Medium	Small	All	%
Compulsory	15	8	7	1	31	32
Automatic	3	10	12	8	33	34
Voluntary	7	14	3	9	33	34
Total	25	32	22	18	97	100

Thus, although it would seem from the table⁷ that large companies favor compulsory retirement, it is not necessarily true in view of the power of unions. The table seems to indicate that the issue of retirement age is about even. In reality this is not so because some of the employers of large groups of manpower do not have compulsory retirement.

But the issue is not just retiring a person at age sixty-five or seventy. He may have many fruitful years ahead of him. We are primarily interested in preparing and adjusting older workers to retire. And this adjustment must be physical, financial, and emotional regardless at what age he retires.

Various Retirement Ages in Companies. Having spoken of the types of retirement we shall now consider the retirement ages used by companies. Here we find that retirement at age sixty-five is prevalent among large companies. Table IX shows that thirty-one out of forty-five favor retirement at age sixty-five. But again we must bear in mind the extraneous factors involved. The sixty-eight and seventy year limit is increasing.

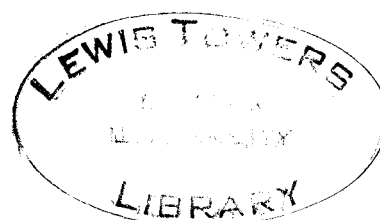
7 See Table VIII, p. 31.

8 See Table IX, p. 33.

TABLE IX
VARIOUS COMPULSORY RETIREMENT AGES IN COMPANIES
ACCORDING TO SIZE

Size	Age 65	%*	Age 68	%*	Age 70 & over	%*	Total Companies	%*
Very Large	16	35.6	6	22.2	3	12.0	25	25.8
Large	15	33.3	9	33.4	8	32.0	32	33.0
Medium	11	24.4	6	22.2	5	20.0	22	22.7
Small	3	6.7	6	22.2	9	36.0	18	18.5
All	45	100.0	27	100.0	25	100.0	97	100.0

* Per cent of total in age group



Types of Pre-Retirement Programs in Operation. And

now we come to one of the basic facts studied in this thesis. We shall find in Table X⁹ items concerning how many of the ninety-seven firms studied have pre-retirement programs and the type of program in effect.

It leaves no doubt in one's mind that this is something new. Even in the large companies the meager percentage of 9.3 shows that only nine out of ninety-seven have a formal plan. The word formal, in this instance, need not mean that it be highly systematized. Actually it only requires that a company has a plan that rises beyond the formal establishment of a pension plan, and is not followed in a haphazard fashion. The fact that certain procedures are followed in a pre-determined manner would give evidence of a formal plan.

Sixty-eight per cent of all the companies had no program whatsoever. However, it is to be noted that twenty-three per cent of the companies had informal plans. By informal program is meant any and all practices that a company might use in its own particular way for its own particular need, especially for medium and small size companies. It could and does vary with the individuals and companies involved.

9 See Table X, p. 35.

TABLE X

KINDS AND PER CENT OF COMPANIES HAVING PRE-RETIREMENT
PROGRAMS ACCORDING TO SIZE

Program	Very Large		Large		Medium		Small		All Com- ies	
	No.	%*	No.	%*	No.	%*	No.	%*	No.	%*
Tabulated	25	25.8	32	32.9	22	22.7	18	18.6	97	100.0
No Program	18	72.0	20	62.5	14	63.6	9	50.0	66	68.0
Formal Program	3	12.0	3	9.4	1	4.6	2	11.1	9	9.3
Informal Program	4	16.0	9	28.1	7	31.8	7	38.9	22	22.7
Total	25	100.0	32	100.0	22	100.0	18	100.0	97	100.0

* Per cent of total

It will be different from the plans in other companies. However, the one common denominator will be the striving through one practice or another to help the worker adjust himself previous to the day of retiring.

B. Preparation of Older Workers to Retirement

It is this writer's view that man is composed of three parts -- body, mind, and soul. He is not a piece of machinery and should not be treated as such, but as a human being. Man cannot be isolated from his mind, nor his mind from his body. What affects one part, of necessity affects the entire person. Therefore, if we are to help man, we must look at him in his entirety.

In dealing with the worker as a human there is one element that governs his whole life -- security. This security comes in three forms -- physical, financial and emotional adjustment. Let us discuss each one individually and see how it is dealt with in various companies.

Physical Security. Most companies have recreational programs, health plans, doctor's and nurse's care, and safety campaigns. These are all intended to help the physical welfare of the employees. One company has a rather unique activity in an old timer's soft ball game which is held each year. It is an event in which all the older workers take part and

look forward to with much anticipation: All the participating players are over sixty. The average age was about sixty-eight. There is no doubt that recreational activities combined with a good medical and safety program contribute to the worker's general health and physical well-being.

Financial Security. Practically all the companies today possess some sort of pension plan for their employees. And added to the companies' benefits is Old Age Survivors Insurance. These two combined are supposed to take care of the financial need of the employee when he reaches the normal retirement age. (Not one company responded without indicating that they had a pension plan. Some, of course, had elaborate systems of pension. Not a few firms also had both contributory and non-contributory plans, plus health insurance, profit sharing and bonuses. Most of them had contributory pension plans. In a case where there was more than one plan the employee had a choice of participating in either the contributory or non-contributory pension plan. Many firms distributed handbooks in which the worker could figure out his own benefits at the normal retirement age. If an employee leaves the firm prior to retirement, he usually receives nothing from non-contributory pension plans. Without a doubt the workers are

taken care of to a limited extent by pensions. In many cases these benefits were in addition to Social Security benefits making the financial aspect of retiring even that much more impressive. But the significant idea in this aspect is the blunt truth that the benefits going to a pensioner do not amount to much. It is obvious to all that the high cost of living demands a fair size wage. Ordinarily, even the best pension plan will only give a man about half of final earnings. Of course, pension income relies far heavily on years of service, contribution of worker and company, and dollars earned in past years for its value. Still the rough average of all the plans centered very closely around half of the pensioner's final earnings at age sixty-five with thirty years of service.

Thus we can see that pensions are not the panacea to retirement. Money, as always, is a great help but never the last word. And where there is not enough money, other ways must be had in meeting the problems. It is a recognized fact that mere pensions would not be able to take care of a man and his wife, if he tries to live as he did before retirement. The body cannot live without food and the mind often makes the body sick through worry over money matters. For these reasons, emotional security is necessary for man.

Emotional Security. Man as an intellectual being

is a very delicate being. He is capable of the highest ideals, the most burning love, and the deepest hate. Man runs the whole gamut of emotions. They can make him or destroy him. Basically, man must get from his job, from money, from his family and from his environment, understanding, recognition, satisfaction, and a feeling of belonging. These all come about in varying degrees for various individuals. This is the work of pre-retirement programs. Before a man leaves after serving a company faithfully, and in good measure, he should come away prepared to face the inevitable day of retirement and all its problems and evils. And a worker can face that day if he has physical security -- his health, financial security -- adequate income -- emotional security -- the realization in thought and deed that he belongs to the group and has everything to continue to live for. If only one of these things is lacking, and especially the idea of still being useful, the pensioner goes out into the world of non-workers less a man because he will never feel that he fits in the world situation any longer.

In order for us to age successfully we need to still belong to the community, to be important in it, to contribute to its work in life. We need a job or an activity to replace our own jobs. It may be part time, it may or may not bring in money, but it must bring in

self-respect. We need friends. We need a modest income. We need a modest degree of health. We need a half-dozen forms of creative self-expression.¹⁰

C. Pre-Retirement Activities

From the results of the survey as shown in Table XI¹¹ there are many methods which industry uses to promote the general welfare of the employee. These activities arrange themselves in three groups: economic activities, personal adjustment activities, and physical activities. Whether they use the whole array of fringe benefits or just some, the benefits are the same. One personnel director stated in a letter, "Any and every activity no matter how small helps the worker and creates a bond of friendliness and trust."¹²

And yet another man, the director of industrial relations of a large public utility wrote in his letter:

This company has no pre-retirement program, nor does it foresee adopting one in the near future. While our mind is not closed to the subject, we are far from being convinced that this sort of paternalism is a proper function or responsibility of industry, and, indeed, borders on an invasion of the individual's privacy.¹³

Others in replying criticized the use of some activ-

10 George Lawton, "Are You Preparing to Grow Old Successfully," Town Meeting, XIV, no. 9, Town Hall, Inc., New York, 1948, p. 10.

11 See Table XI, p. 41.

12 Personal letter

13 Personal letter

TABLE XI

ACTIVITIES AND THEIR FREQUENCY IN PRE-RETIREMENT PROGRAMS
BASED ON THE RESPONDING COMPANIES ACCORDING TO SIZE

Activity	Very Large		Large		Medium		Small		All	
	No.	% of 25	No.	% of 32	No.	% of 22	No.	% of 18	No.	% of 97
<u>Economic</u>										
Savings Plans	20	80.0	23	71.9	13	59.1	0	0	56	57.7
Profit Sharing Plans	23	92.0	19	59.4	19	86.4	11	61.1	72	74.2
Thrift Plans	15	60.0	18	56.2	10	45.5	0	0	43	44.3
Credit Union	24	96.0	26	81.2	17	77.3	0	0	67	69.0
Company Stock Purchase	9	36.0	6	18.7	11	50.0	8	44.4	34	35.0
Employee Discounts	20	80.0	28	87.5	13	59.1	16	88.8	77	79.3
Incentive Plans	12	48.0	19	59.4	4	18.1	0	0	35	36.0
Suggestion Systems	16	64.0	14	43.7	3	13.6	1	5.6	34	35.0
Employee Store	5	20.0	3	9.4	0	0	0	0	8	8.2
Annuities and Life Insurance	21	84.0	26	81.2	20	90.9	7	38.9	74	76.2

TABLE XI (CONTINUED)

ACTIVITIES AND THEIR FREQUENCY IN PRE-RETIREMENT PROGRAMS
BASED ON THE RESPONDING COMPANIES ACCORDING TO SIZE

Activity	Very Large		Large		Medium		Small		All	
	No.	% of 25	No.	% of 32	No.	% of 22	No.	% of 18	No.	% of 97
<u>Personal Adjustment</u>										
Interviews	23	92.0	30	93.7	20	90.9	3	16.6	76	78.3
Hobby Shows	15	60.0	11	34.4	2	9.1	0	0	28	28.8
Personnel Counseling	19	76.0	17	53.1	16	72.7	8	44.4	60	61.8
Articles in Paper	21	84.0	18	56.2	5	22.7	0	0	44	45.3
Service Clubs	23	92.0	29	90.6	17	77.3	1	5.6	70	72.1
Budget	7	28.0	4	12.5	1	4.5	0	0	12	12.3
Educational Programs	19	76.0	11	34.4	7	31.8	0	0	37	38.1
<u>Physical</u>										
Dinners, etc.	24	96.0	30	93.7	20	90.9	9	50.0	83	85.5
Awards	24	96.0	28	87.5	17	77.3	10	55.6	79	81.4
Gradual Lessening of Work	8	32.0	3	9.4	4	18.1	2	11.1	17	17.5
Vocational Training	2	8.0	1	3.1	0	0	0	0	3	3.1
Assignment to Lighter Work	8	32.0	2	6.3	1	4.5	1	5.6	12	12.3
Arts and Crafts Activities	16	64.0	9	28.1	3	13.6	0	0	28	28.8
Contacts with Annuitants	20	80.0	19	59.4	13	59.1	8	44.4	60	61.8

ities because they are not part of retirement, but belong to another phase of administration. This we grant. However, none of these activities really stands alone. They affect man in more areas than one. Naturally, our prime concern is the use of any activities toward the adjustment of older workers. This would include many activities extending from the very first day of employment to the time of retirement. The concentrating of directly applicable pre-retirement activities would be the ten years previous to retirement. These activities are in addition to pensions and Old Age Survivors Insurance. Unfortunately, not all the companies reported in full. Some either forget or did not take the time to indicate what their companies have. To be sure, the large firms do have more activities and fringe benefits. In fact, some have a few activities not listed in our Table XI. It is worthwhile to note that in this whole list every aspect of man is taken care of. Let us then analyze the table according to three groups of activities: economic, personal adjustment, and physical.

Economic Activities. As far as the economic activities are concerned we have already mentioned that they are quite prevalent in all the companies reporting. The plans

whereby people are aided to save their money seems to be a fairly easy way to give economic security. All of the economic plans are either for saving money or making added money.

Personal Adjustment. The second type of activities are designed to help the employee adjust himself to retirement. Hence, they like to keep articles on retirement constantly before the eyes of the worker. It makes them think and makes them take the initiative in this momentous cross-road of life. Naturally, nothing is better than the story of a man retiring after thirty years of service. This kind of example impresses the other worker.

Then there is the counseling program. The purpose of this is to give advice, information and help to the retiring employees. This is probably the most invaluable technique because then each worker can be given individual attention which he wants and needs. His problems are not like those of previous pensioners. Many have interviews with the employers but few have them very often. Most of them take place usually three months before retirement.

Probably the most typical pre-retirement activities are making the budget and educational programs. Budgeting is going over the assets of a worker and pointing out how

his income will line up with his expenses after he goes on pension. Educational programs take in talks by well-known experts in various fields allied to retiring, movies or matters pertaining to living, health, income, saving, earning money, and hobbies. Education would also include books, pamphlets and any other literature dealing with the subject of retirement. This would entail making available these things to the worker. Naturally, only the larger firms could go into this minute detail of preparation. But it still shows how thorough and adequate such programs would be for the people involved.

Physical. These activities are more tangible and possibly more practical. However, they are not the more prevalent. The awarding of pins, plaques, certificates or gifts at a dinner in honor of retiring pensioners does much to give him stature and prestige. Most people like outward signs of recognition for service well given. They are considered physical activities because they are for the moment and the glory usually dies with time. They do for the time help the worker at the time.

Arts and crafts are activities that are more subtle. They are designed to create abilities, skill and interests in many things so as to give the retiring worker something

at which to devote his spare time. Usually the worker carries the skills learned from arts and crafts right into his retirement years. For the man who does have interests in such activities thus has an outlet for his leisure time. It is easy for him to spend enjoyable hours doing something he likes.

However, the three most important physical activities are only recently coming to the fore. Vocational training is a big help. Many men do go into different types of jobs after retirement. Assignment to lighter work is not so uncommon. It is not too difficult to shift a man to less strenuous activities. As one employer of a small firm put it. There are always jobs that require more skill and more experience rather than strenuous activities. Gradual lessening of work is a little more complicated and takes more time on the part of management. Its one bad feature lies in the fact that it does not recognize individual ability of older workers.¹⁴

A well-known company has a rather unique plan for adjusting older people to retirement. Most people object to the loss of income that would occur. Here is how this company combats this attitude. When an employee reaches age sixty-five and is permitted to continue working, he must take a one

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month's leave of absence without pay during the first year, two month's leave of absence without pay during the second year until finally the employee does not come down to the office at all since he would be making more money by staying home and collecting his pension. In other words, it is one more form of gradual retirement.

As an example take the case of an employee making \$4800 per year at age sixty-five with a retirement income available to him of \$2,400 per year. If this employee is permitted to continue with the company for three more years, his annual wage would be \$4,400 during his sixty-sixth year, \$4,000 during his sixty-seventh year and \$3,600 during his sixty-eighth year. The actuarial equivalent of a \$2,400 retirement income at age sixty-five is about \$3,000 at age sixty-eight. If we further assume that this employee will be entitled to a primary social security benefit of \$1,020 per year, we can see that this employee will have a greater income at age sixty-eight if he retires than if he continues to work.¹⁵

Roughly we have explained the various important pre-retirement activities in Table XI. It is unfortunate that these activities are not more in practice in the indus-

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tries of the Chicago area. What purpose do such practices serve? To answer this question let us quote the reasons which this same personnel director gives for using these changes in administrative procedures.

By handling post-normal date cases in this manner, we are trying to help these employees become adjusted to living on a little less income each year, and perhaps of greater importance, to wean them away from their work with the hope that they will find other things of interest to occupy their time. Also during the progressively longer leave of absence periods, younger men will have the opportunity to gradually take on more responsibilities...the company will be able to retain the skill, training and experience of the older employees and do so on an equitable and non-discriminatory basis.¹⁶

What could be of more value than the ideas of a progressive company such as this. In one paragraph this personnel director has shown the purpose, practice, and aims of a pre-retirement activity. If one activity, such as they began, can hope to do all these things, surely a more extensive program could go even further and accomplish much more both for the employee and the employer.

D. Methods of Informing Employees of These Activities

Very closely allied to this phase of the problem is the methods that are used by companies to promote their pre-retirement program. That is, the way they go about making

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sure that the news about the different activities which they offer for the benefit of the employee actually gets to him and is understood by him. This is not such a simple matter in companies that have several thousand employees. But they all use the same technique. And as is seen from Table XII,¹⁷ the employee handbook, the newspaper, the magazine, the bulletin, boards and posters are the most common ways. Usually these bring the ideas to the mind of the workers. Actually, there is nothing like personal contact to instruct and inform the worker, but this is difficult in the large firms. The small companies do not see the need and do not have the wherewith in money or help to cope with these problems. One firm summed up their attitude and ideas about pre-retirement activities very well in the following declaration:

Our pension arrangements are "tailor-made" to fit the individual case and circumstances. When an employee with twenty-five or more years of service, decides to retire, the Board of Directors at the request of the Treasurer considers the employee's service record, contribution to the company's progress, his financial circumstances, etc., and votes a monthly stipend to bring income, with social security, to an amount ranging from \$100 to \$250 per month, depending upon his domestic situation, his social status, past monthly earnings rates, etc. The overall amount (including social security) varies with the economic situation that prevails, and

17 See Table XII, p.

TABLE XII

METHODS OF PROMOTING PRE-RETIREMENT PROGRAMS

	Very Large No.	Large No.	Medium No.	Small No.	All No.	% of all 97 companies
Bulletin Boards	25	30	21	15	91	93.8
Pension Bulletins	19	25	16	3	63	64.9
Newspaper	21	30	13	0	64	65.9
Magazine	18	26	12	0	56	57.7
Letters	21	29	20	16	86	88.6
Group Meetings	11	7	13	9	40	41.2
Personal Contact	20	28	20	13	81	83.5
Public Address	9	11	6	0	26	26.8
Employee Handbook	24	30	21	8	78	80.4
Posters	14	11	10	1	36	37.1

cases are sometimes reopened to allow for increased living costs, etc. Each case is considered strictly on its merits. This is practical as we generally have only four to seven active pensioners a year. Most employees do not retire until well past sixty-five -- in one case age seventy-two. With modern machinery there are not really many physically strenuous jobs in paint production. Older workers generally progress to jobs where knowledge, experience, and skill are the chief requirements. Hence, our high average length of service (nineteen and one-half years).¹⁸

This indeed is a human way but not an economical way of looking at any problem in industry. It can hardly be argued that there is here a handling of older workers as to their financial, physical and emotional security. None of us would expect a small industry to do other than as shown by our example. Tailor-made programs are what every industry would like. This is just what all the frills of the administration are aimed toward -- giving the worker a better work environment.

Letters and personal contact are the most predominant methods of communication in Table XIII, but they really are not quite so imposing as they may seem. Usually, these are written in the year or three months previous to retirement. The letters usually call for the employee to come in and see a certain interviewer or the pension advisor. It is

¹⁸ Personal letter.

here then that some employees get their first real knowledge of their retirement benefits. But coming as late as it does, one is apt to doubt its true value.

TABLE XIII

FREQUENCY OF COUNSELING RETIRING EMPLOYEES
TEN YEARS PREVIOUS TO RETIREMENT

	Very Large		Large		Medium		Small		All	
	No.	%	No.	%	No.	%	No.	%	No.	%
Every Year	7	28.0	5	15.6	2	9.1	2	11.1	16	16.5
Sometime Before Retirement	10	40.0	15	46.9	11	50.0	13	72.2	49	50.5
Three Months Prior to Retirement	8	32.0	12	37.5	9	40.9	3	16.7	32	33.0
Total	25	100.0	32	100.0	22	100.0	18	100.0	97	100.0

* % of total

The other means like posters, notices on bulletin boards, articles in magazines and slips in pay envelopes are not too important because they are on the impersonal level. People have a tendency to think that something they read or hear pertains to the other worker unless directed specifically at them. However, they do have merit and are used rather

intensively throughout the larger firms.

Employee handbooks are very prevalent in industry.

Several companies sent the author as many as three handbooks -- the kind they give to their employees. One book always dealt with pensions, and another always dealt with pre-retirement income; the third dealt with profit-sharing plans. Most of the companies distributed two handbooks; one handbook contained various points of information on the pension plan and on social security; the other handbook dealt with the problem of retiring and how this problem was met economically in the concern. Among these companies five had separate plans for the salaried and hourly workers. A different book was given out and the items were different. All of these booklets were in detail and very clear and concise. Some were even done in simple charts and graphs with pictures and drawings. All in all, they are very informative and helpful to the worker. But they should be coupled with personal counseling.¹⁹

The best possible means of promoting understanding of retirement and all the problems it brings is done by personal contacts and interviews. This, as we see from Table XIII

¹⁹ See Appendix, p.

does not occur frequently enough since 32.9 per cent of companies call the pensioners in about three months before the date of retirement. At this late stage of a worker's career precious little can be said or done to adjust him to the inevitable day of retiring. Yet the table shows that over half do it sometime during the year before retirement. Having a yearly conference with employees calls for close contact with workers. Still the small firms do not show any trend in that direction. Some feel that a personnel man is always ready to serve their needs as well as gripes so that if they want information they will come in for it. Too early a contact on this subject is thought to bear pressure on the worker and make him feel resentful as though management were invading his private life. These are only half true and call for expert counseling in this particular field.

Responsibility of Management. This brings us to a rather controversial aspect of retirement. Whose is the responsibility of retirement? Is it management's duty to see that people who are to retire have made provisions for it and will be able to take care of themselves? Some say it is. Others say it belongs to the individual to watch out for himself. The following survey shows that management generally looks upon this problem as a combination of the employee's

and the employer's efforts.²⁰ C. Francis Beatty, Director of Industrial Relations, at Socony Vacuum Oil Co. states:

In this connection I have accepted the fact that over the working life of an employee with a single employer there takes place a subtle transfer of moral responsibility from himself to his employer for his well being and security. I am not saying this is right or sound but it has been accepted as a condition by many influential minds of our time, in business and government. Try as we might to return to other times when self-help was the accepted practice the trend has been towards depending upon others, either the employer or the government. Our government policies and practices have intensified this trend.²¹

But not all think in this same vein. Mr. Marion Folsom, Treasurer of Eastman Kodak Co. had this answer to give in a radio discussion:

...I don't know whether it is entirely the responsibility of industry. I mentioned that industry is now giving more attention to finding jobs for older persons and trying to help them prepare for retirement. But your question would apply just as much to schools and the individual himself, the middle aged man so that he can prepare himself for his old age, and I don't think it is entirely the responsibility of industrial concerns.²²

A discussion of this issue could continue on endlessly and many other prominent industrialists could be quoted. But with fifty-three out of ninety-seven reporting that the

20 See Table XIV, p. 55.

21 C. Francis Beatty, Speech, p. 3.

22 Marion B. Folsom, "Are You Preparing to Grow Old Successfully?" Town Meeting, Town Hall Inc., 1948, p. 15.

TABLE XIV
UPON WHOM RESPONSIBILITY OF RETIREMENT FALLS

Responsibility Falls	Very Large	Large	Medium	Small	All	Per cent of Total Companies
On Worker and Management	16	19	10	8	53	54.6
On Worker	2	8	6	4	20	20.6
On Management	4	4	1	4	13	13.4
On Community	1	0	0	0	1	1.0
On Management and Community	0	0	2	0	2	2.1
On Government	1	1	1	2	5	5.2
Not Checked	1	0	2	0	3	3.1
Total	25	32	22	18	97	100.0

responsibility lies with management and the worker and nine stating that the responsibility is management's, there is little doubt that most agree that something should be done by management to help workers to adjust themselves to their old age.

This is more than just a plain problem. There is much talk about it. We are living in an age where benefits to employees are very common. Some of the medium and smaller companies who failed to fill out the questionnaire completely did make it a point to answer that question. Possibly they wanted to make their views known. None of these favored management responsibility, not even jointly.

Preparation of Older Workers to Retirement. Since it seems to be an obligation of management to prepare the employee for the inevitable date of retirement, it will be interesting to note what they deem as the necessary preparation for retirement. As was stated, man being a component of three distinct parts, the stress of one to the lack of the other will not satisfy him outwardly or inwardly. Nevertheless, Table XV indicates that industry is very backward in this respect.²³ The stress is definitely on financial security.

23 See Table XV, p. 57.

what with pensions, and social security; this element of man has been taken care of to a noticeable degree. Physical security rates second and it too receives much attention through the recreation and activity programs, and the health and safety programs. It is emotional security which, though not being neglected, is not stressed sufficiently. In this it must be remembered that the industry could and did sometimes check off two aspects. Some even checked all three as part of their preparation toward retirement. Naturally, most of them had to admit that they only prepare individuals for economic security.

TABLE XV

TYPE OF SECURITY FOUND IN PRE-RETIREMENT SURVEY

	Very Large	Large	Medium	Small	All
Economic Security	20	26	19	13	78
Physical Security	23	29	17	9	78
Emotional Security	7	4	2	1	14
Total	50	59	38	23	170

The best means of treating the emotional aspect of retirement is through counseling by trained psychologists. In-

directive counseling is in vogue at present as the best means of getting to the problems that disturb a man. One of the large cigarette firms in the South thinks so much of counseling that they not only have a full time counselor, but also a chapel in the plant where many may go and leave their worries and come away refreshed. The counselor is also the minister of the chapel. His chief comment is that people come in and talk and by so doing help themselves solve their problems, or muster courage to face the onslaught of life.

Value of Pre-Retirement Program. The climax to any study is the value of having done it.²⁴ Probably the best way of finding out the value of pre-retirement is by observing what the results of the survey showed. Ordinarily the writer's opinion or statement would hardly be suitable proof of the value of this new procedure in personnel administration. It was not an easy thing for the people who run it to pin down, but by and large from their own observations they were able to state quite openly that they find any type or form of a pre-retirement a big value. First of all people always are better disposed toward a company that helps them help themselves. Those few words "help them help themselves" are the key to its

24 See Table XVI, p. 59.

TABLE XVI
VALUE OF PRE-RETIREMENT PROGRAMS BASED UPON COMPANY
OPINION

Opinion	Very Large	Large	Medium	Small	All	Per Cent of Total
Valuable	11	19	10	3	43	44.3
No Value	8	6	6	2	22	22.7
Don't Know	6	7	6	13	32	33.0
Total	25	32	22	18	97	100.0

value. The ordinary man recognizes his dependency and will go out for the people who make him more of a man. Quite a number returned an answer of "don't know." The writer thinks they are forgetting to take into account those intangible benefits which do not come in the form of dollars and cents.

Working upon the data given in Table XVII,²⁵ it follows now to see what are some aspects of management that have been helped by the use of formal or informal pre-retirement programs. The response to this question in the questionnaire was very high. Let us note that the answers are from companies having a compulsory retirement pension plan to those having a flexible retirement plan, all studded with various fringe benefits and activities. Companies were allowed to indicate as many procedures of personnel administration that their pre-retirement plans directly or indirectly helped. Many are intangible benefits and are only the observation and opinion of personnel directors.

Personnel Procedures Aided by Pre-Retirement Activities. The biggest benefit is less absenteeism with ninety-three. The worker is more dependable. Likewise labor turnover is almost nil with older workers. They have no great

25 See Table XVII, p.61.

TABLE XVII

PERSONNEL TECHNIQUES HELPED BY PRE-RETIREMENT PROGRAM

Techniques	Very Large	Large	Medium	Small	All	% of 97
Employee Morale	21	28	20	18	87	89.7
Labor Turnover	22	30	21	16	89	91.8
Efficiency	13	18	6	15	52	53.6
Productivity	9	21	8	10	48	49.5
Loyalty to Company	20	11	18	14	63	64.9
Better Company & Labor Relations	24	13	4	3	44	45.4
Good Will Among Community	8	6	5	19	28	28.9
Less Absenteeism	23	31	20	19	93	95.9
Opportunity to Advance	6	10	9	13	38	39.2
Job Stability	20	13	7	6	46	47.4
Job Satisfaction	24	18	11	8	61	62.9
Confidence in Company	11	26	16	17	70	72.2
Financial Value To Company	6	9	4	2	21	21.6

tendency to change their jobs. It would not be fair to say that all these men are dissatisfied with their jobs and companies and only stay because they cannot go elsewhere. All these benefits work hand in hand as we can judge from the high employee morale response. The feeling of security that a man gets from these benefits cannot but bolster his morale toward work and the company.

The problem of retiring is widely recognized by all classes of workers. Even the younger man has a touch of fear in growing old and losing his job and his income. In every one of the surveys taken by "Insurance Research and Review" during the war, asking service men what qualities they would look for in a job "security" was ranked at the top or close to it.²⁶ Service men meant security of job tenure, and they meant future security, i.e., retirement security. In the intelligent job seeker security of job is a prime factor.

Hence, it is not surprising to find job satisfaction and job stability rating high among the benefits. Loyalty to the company also is among them in rank. This is only more proof to the data found by "Insurance Research and Review."

So after all is said and done, it is really not a mere fancy of the imagination which shows that there are very

26 Insurance Research and Review, card CR-2.

definitely certain advantages in having older workers. If for nothing else their example, experience, advice and conservative attitude provides a soothing balm to the impetuous nature of youth.

In closing the chapter on pre-retirement practices in industry as observed by a survey, it can be seen that not all has been included. Many more items could have been surveyed. However, with the newness of this practice it may have confused the issue. As it was there were a number of companies who did not respond entirely, those who did not understand the nature and scope of the study, and those who objected to such paternalistic tendencies. All in all, the study has shown that much is yet to be done. Maybe the smaller companies will follow the good example started by some of the major industries in the Chicago area and elsewhere.

CHAPTER IV

FINDINGS AND RECOMMENDATIONS

Pre-retirement practices are not really new. In one form or another they have been in practice in big and small companies under various headings. The trend to stress some very typical pre-retirement activities is beginning to take momentum. There is a general awakening on the part of industry to the fact that older people are here to stay so they might as well be used for their own good, for the benefit of industry and for the sake of the nation.

There are different retirement ages. They range from sixty to seventy. However, there are several companies that have age sixty-eight and seventy as compulsory retirement age. Where there are strong unions, there usually is no compulsory retirement age. In comparison smaller companies allow their older employees to continue to work.

Among the three kinds of retirement there seems to be even distribution in the companies studied. This is not true because many companies have compulsory retirement for the white collar workers at sixty-five, whereas the blue

collar workers can continue to work. The most equitable form of retirement seems to be automatic retirement. This is fair to both employee and employer.

Almost four-fifths of the entire work force population belongs to the ten to twenty years of service group, meaning that from 1960 to 1980 these men will be in need of pre-retirement activities. The need is definitely now in industry and even more so in years to come.

The range in years of service is staggering. It ranges from a few years to over fifty years. The number of these employees not having over thirty years of service would be even greater if it were not for compulsory retirement. People are also retirement conscious because of Social Security and contemplate retiring sooner than they ever did before.

Only nine out of forty-seven companies have a formal pre-retirement program. And twenty-two out of ninety-seven have informal programs. Some of these informal are in their beginning stages, while others are far advanced almost to the verge of being called formal plans. There seems to be some doubt in several personnel directors' minds as to what constitutes a formal program. In other words there are a lot more companies who do have a good pre-retirement program, but they are not considering many of their other activities as

part of it. The major portion of these having no program belong to the small and medium companies. Here again, there is a question as to their understanding of pre-retirement programs.

Most companies consider preparing employees for retirement to extend to monetary security. Unknowningly, they do give physical security by their related activities of recreation, health and safety programs. Little attention is given to the inward turmoil that may be besetting the employee at retirement. Small companies have the best chance to help the worker to emotional adjustment because they have more opportunity for personal counseling and they are in a better position to give recognition for years of service.

Personal adjustment activities are found mostly in the very large and large firms. They require more time, more people and more money for successful operation.

Almost all the companies have some of the physical activities, like dinners, luncheons, awarding of pins, plaques, gifts, etc. Only the really progressive firms have the other physical activities of assignment to lighter work, vocational training and gradual lessening of work load. This calls for much more careful planning.

Arts and crafts are another item on the agenda of

large firms. It is one group of activities that has a dual purpose in so far as it helps to create interests in avocations to be used later on as a means of occupying spare time and possibly earning money.

The method of informing the employee about retirement activities is undoubtedly very thorough in the large companies. However, the small company because of its proximity to the workers probably has even better results at less expense.

In the best plan there is bound to be a flaw. Even with all the activities some companies still do not have personal contact. Forty-nine out of ninety-seven companies have a counseling interview with the pensioner some time before the date of retirement. And this may be anywhere from a year before to three months before. The frequency of the interviews during the year are not regular. Most have merely one interview during the year. Others have two. Very few companies start from age sixty and work upward.

Although the weight is on the side of management as to the responsibility for pre-retirement programs, there is a definite agreement throughout the issue that the worker and employer should work together on such programs. Among the workers and employers there is the idea of helping the worker

help himself.

Pre-retirement programs do have a value. Forty-three out of ninety-seven companies reported in this way. Any procedure that helps the employer will more often than not come back in numerous intangible ways. And these intangible things still make for successful business.

There exists a tremendous interest in pre-retirement on the part of the big and small firms. This is especially true of the companies having developed and broadened in the last ten or fifteen years. They want to know more about who have these programs and how are they operating them.

Recommendations:

To provide better pension plans for employees, contributory plans should be worked out so that there will be a greater accumulation in the fund at retirement.

Companies employing over one thousand employees should seek to create greater personal contact with employees through a counseling program.

More information should be distributed in pamphlets and booklets and distributed among the workers at various periods in employment.

A greater variety of pre-retirement activities should be incorporated in the large companies so as to reach

out to the different interests and needs of the workers.

Management and employees should get together on the subject of pre-retirement so as to map out a more equitable plan that will take into consideration the individual differences of older workers.

More attempts should be made to help the older workers prepare for retirement when, either they must retire because it is compulsory, or they do not want to or cannot work at their jobs any longer. Especially should there be help to prepare the worker in his emotional attitude.

There should be more hiring of older workers and the shifting of these older workers into less strenuous types of work with the lessening of the work period in either hours, days, weeks or months.

Since most workers still prefer to work after reaching sixty-five, some provisions very definitely should be made to adjust the plans to the abilities of the worker.

Because of the wasting of human talent there will be increasingly, re-examination of policies of compulsory retirement. Since the vigor of an organization is paramount, no modification will be wise if it clogs the paths of promotion and keeps in high office men who are past their prime.

In a situation where a company cannot hire or give

part time employment to older workers, companies should help by means of their pre-retirement counseling programs, the individual to plan for this eventuality by encouraging civic welfare work, creative hobbies, and other pursuits which can be pursued on a part or a full time basis.

Companies having a flexible retirement age report that most workers continue to work beyond the age at which they are eligible for retirement benefits. In few of these cases will the worker increase his pension through continued work. This matter should be given some thought so as to make it more profitable to retire.

Together with the National Labor Management Manpower Policy Committee we urge business and industry to use older workers since they comprise the largest potential source of labor. We recommend the compulsory retirements be relaxed and older workers encouraged to stay on the job. This should not be done in a compromising or begrudging way, but rather as a definite part of the company's policy which will carry on into the future and which will not conflict with other policies and administrative procedures. Ability, rather than age, should be the basis for selecting employees and determining when they should retire.

The proposed plan for preparing employees for retire-

ment of Kraft Foods Company serves as an excellent example to show the aim, purpose, scope and activities of a pre-retirement program.¹

1 See Appendix II, p. 80.

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APPENDIX I

QUESTIONNAIRE

Instructions: Please check and return this questionnaire, as it refers to the pre-retirement program of your company.

Company _____ Type _____

1. Number of Employees Male Female

Factory Workers _____
Office Workers. _____
Executives. _____
Total Employees _____

2. Does your company have a pre-retirement program? Yes _____ No _____
Do you sponsor it? (Financially) _____
Do you direct it? (Leadership) _____
Do employees control it? _____

3. Kind of program? ---- Formal _____ Informal _____

4. Kind of retirement program?
Compulsory _____ Voluntary _____ Flexible _____

5. What is your compulsory age retirement?
60 yrs. _____ 65 yrs. _____ 68 yrs. _____ 70 yrs. _____

6. Describe the present form of administration of your pre-retirement program. Check the description which most nearly corresponds to your set-up.

Personnel Director _____ Pension Officer _____ Company Officer _____
Retirement Board _____ Trade Union _____ Employee Committee _____
Employer-Employee Committee _____ Other _____

7. Check the method you use to keep the employees informed of the pre-retirement program offered in your company.

Bulletin Boards _____ Pension Bulletins _____ Newspaper _____
Magazines _____ Letters _____ Group Meetings _____
Individual Contact _____ Public Address System _____

8. Has your pre-retirement program established a friendly feeling between employer-employee, which otherwise might not be present?

Yes _____

No _____

9. Does your company find any relation between your recreational, educational, and fringe benefits and your pre-retirement program?

Yes _____

No _____

10. Recognizing industry as an economic institution, upon whom would you place the responsibility of retirement?

On worker _____ On management _____ On community _____

On the government _____ Part on community, part on management _____

11. What aspects of preparing a person for retirement does your company include?

Economic Security _____ Physical Security _____ Emotional Security _____

12. What is the approximate age range of your employees? _____

13. How many of your employees are ready for retirement this year? _____

14. What is the length of the service range? _____

15. What is the potential retirement income of near-retirement employees in the \$5,000 or less wage bracket?

Maximum amount _____ Minimum amount _____

16. The following is a list of pre-retirement activities. Please check those used in your company.

- (1) Savings & profit sharing pension plans for thrift:

_____ Credit Union
 _____ Company stock purchase plans
 _____ Thrift plans
 _____ Profit sharing plans

_____ Employee purchase discounts
 _____ Incentive plans
 _____ Suggestion systems
 _____ Employee stores
 _____ Annuities & insurance

(2) Interviews - some period before retirement

_____ How often per year?

(3) Hobby shows to stimulate interest in avocation _____

(4) Personal counseling on retirement finances and potential activities.

Frequency of counseling _____

Who does the counseling _____

Which of the following does counseling deal with:

Employee's physical condition _____

His attitude toward work _____

His personal preparation for eventual retirement _____

His hobbies and interests _____

The probability of living to retire _____

Explanation of annuity and insurance benefits _____

Standard of living and budgeting _____

(5) Articles in House Organs _____

(6) Service Clubs:

Name of it _____

Number enrolled in it _____

(7) Working out detailed budget _____

(8) Participation in educational programs:

Movies _____ Lectures _____ Reading Material _____

Discussions _____ Meetings of old-timers _____

Talks by prominent professional and business men _____

(9) Dinners, luncheons, etc. at time of retirement_____

Awards: Pin_____Certificate_____Monetary_____

Plaque_____Gift_____

(10) Gradual diminishing of work load with increasing time off as retirement approaches _____

(11) Vocational training for different work _____

(12) The assignment of pre-retirement workers to a lighter work _____

(13) Arts and crafts activities _____

(14) Contacts with annuitants _____

17. Which of the following seems to have been helped by a pre-retirement program?

Morale_____Labor turnover_____Efficiency_____

Productivity_____Loyalty to company_____

Better company and labor relations_____

Good will among the community_____Less absenteeism_____

Opportunity to advance_____Job stability_____

Confidence in company_____Job satisfaction_____

Financial value to the company_____

APPENDIX II

OUTLINE OF KRAFT FOODS CO. PRE-RETIREMENT PROGRAM

**PROPOSED PROGRAM
FOR
PREPARING EMPLOYEES
FOR RETIREMENT**

October 2, 1951

OUTLINE OF PROGRAM

Preparing Employees for RetirementI. Annual Interviews

1. Beginning at age 60, an employee shall be interviewed by Plant, Branch, or Office Manager (or the Personnel Manager) once a year, preferably in the month in which the employee's birthday occurs.

2. The purpose of the interview shall be:

A. To give the employee some of the information he will need to intelligently prepare for retirement.

(1) Tell him what income he will receive at retirement from Kraft plans and Social Security.

(2) Answer his questions about the pension and annuity plans, group life insurance, and hospital and surgical insurance.

B. To encourage his attention to the inevitability of retirement and the need for preparing for it.

(1) Tell him that retirement age is 65 compulsory for all employees.

(2) Encourage him to start making his plans NOW.

(3) Suggest that he use the budget sheet to find out whether or not the known income from all existing sources will support the standard of living he expects to maintain at retirement.

a. If expenses will exceed income, point out need for reducing expenses or getting additional income.

(4) Find out what plans he has made for activity after retirement (such as hobbies, another job, going into business, etc.). Try to help him look at these plans objectively. Don't advise or "expert"; it's HIS problem.

- C. To find out if employee is physically or emotionally qualified for present job and to make transfers when possible and in the employee's interest.

II. Printed Material

1. In the first interview the employee will receive the Kraft booklet.
2. In the second interview the employee will receive "My Time is My Time."

III. Liaison After Retirement

1. All retired employees will be placed on the Kraftsman mailing list.
2. Retired employees will receive the deluxe Christmas box assortment every year.
3. Retired employees will be invited to participate in employee activities, clubs, and associations.

It is recommended that the Pension Estimate be given to each employee once a year (preferably in the month in which his birthday occurs), by his immediate superior.

If this procedure is followed, the "Preparation for Retirement" interviews commencing at age 60 will not be a sudden shock to the employee but a natural transition from the annual explanation of the items on the Pension Estimate form.

PENSION ESTIMATE

FOR _____

Date: _____

LOCATION _____

We are frequently asked this question: How much have I contributed to date toward my Retirement Annuity and what total income may I expect at retirement? In order to give you this information, we have prepared the following statement of your account showing total contributions to date; the additional benefits you may expect to accumulate before retirement; and an estimate of your total pension at age 65 from Kraft, the Hancock Insurance Company and Social Security:

1. You have contributed toward your Retirement Annuity to the first of this year \$ _____
2. Estimating a continuation of last year's income to age 65, you will add to the above approximately \$ _____
3. This would give you total contributions of \$ _____
4. Your annual annuity at age 65 from the Hancock Insurance Company will be equal to $1/3$ of your contributions, or \$ _____
(This will have been purchased by your contributions plus additional funds provided by the Company averaging more than $1\frac{1}{2}$ times the total shown on Line 3.).
5. Your past Service Credit, purchased by the Company, if you were eligible and joined the plan when it started March 1, 1941 \$ _____
6. Primary Federal Old Age Benefits, purchased equally by yourself and the Company, to be paid by the Government \$ 960.00
7. If you will have fifteen (15) or more years of service at age 65, and are a member of a group covered by Plan A. Kraft will add, at no cost to you \$ _____

8. Your estimated total annual pension at age 65 will be about

\$

The above pension, at retirement, may be increased by any one or more of the following:

1. Higher income from Kraft.
2. Social Security for your wife, if she is 65 or over. (In this case, add $\frac{1}{2}$ of Line 6.)
3. Social Security benefits for any other eligible dependents. If you have such dependents, check the law for details.

Estimates are projected on the basis of continuous service with Kraft to normal retirement date. Any changes resulting from early retirement, resignation, leaves of absence, etc. will, of course, affect our figures. Under such circumstances, this statement is void, and your final benefits will be governed by the details of our Pension Plans.

KRAFT FOODS COMPANY
4/1951

The following is an outline of a proposed Kraft booklet on the subject of employees' retirement.

This booklet is a message from Kraft defending the company policy of compulsory retirement at age 65; encouraging the employee to make plans for retirement; and giving him some suggestions and counsel on the general subject of retirement.

OUTLINE OF KRAFT BOOKLET ON
SUBJECT OF
EMPLOYEES RETIREMENT

Purpose: To encourage employee to accept the inevitability of retirement and the need for preparing for it.

Over-all Theme -- Get started with your plans NOW -- don't put it off.

I. What is retirement?

1. Freedom from routine -- freedom to do as you please.
2. Opportunity for further achievement -- to enjoy work in leisure and relaxation -- to serve your family, self, community, church, etc., in ways you could not serve during your working career.

II. Need for planning

1. Planning your retirement is YOUR job. You can get help from others, but YOU must make the plans and decisions.
2. Don't put off until retirement occurs.
3. Longer you think and plan for retirement, the better adjustment you will probably make.
4. Consider all factors before you make up your mind.

III. How to make financial plans

1. Estimate what your living expenses will be when you retire, based on the standard of living you expect to maintain.
2. Find out how much income you will get from Kraft plans, social security, and other sources.
3. If estimated expenses cannot be met by retirement income, consider ways of increasing income or reducing expenses.
 - (a) Check with your insurance agent to find out how

you can change your insurance to provide more income or less expense after retirement. For example: You may not need as much life insurance protection at 65:

- (1) Insurance may be surrendered for cash.
 - (2) Insurance may be converted to paid-up protection.
 - (3) May convert to guaranteed life income.
- (b) Many people convert part of their homes to rental property to provide additional income at retirement.
 - (c) If your home is too expensive to maintain, and you do not wish to convert part of it to rental property, maybe you should consider selling it and moving into a less expensive home.
 - (d) Buy savings bonds and arrange maturity dates to fall after retirement.
 - (e) Start now to improve your management of money.
 - (f) Remember that living expenses generally go down when you retire; less income tax; no children to support; work expenses stop; less clothing expenses; home repairs cheaper because can do most of work yourself.

IV. How to take care of your health

1. Get enough sleep.

As we grow older, we usually require less sleep. There's no hard-and-fast rule about the number of hours of sleep you should get; find out how much you need to feel good and get that much.

2. Watch your eating.

If you're beginning to "expand in the middle", cut out the high calory foods and don't fill the plate so full. Take your doctor's advice on diet.

3. Moderate smoking and drinking.

4. Periodic physical examination.

5. Moderate exercise.

Exercise according to your age and requirements.

6. Look at the bright side.

Those who look at the bright side, who have a better perspective (clergymen, teachers, scientists) live longer. (Don't be ashamed to "get religious": it may give you the tranquility and peace you will need in your retirement years.)

V. Stay active

1. Retired worker brings several assets to retirement: skill, wisdom, place in the community, freedom from pressure, better judgment and mental capacity (it is now believed that we do not reach full mental maturity until after the age of 60), etc.
2. Keeping active through hobbies, business, outside interests, etc., keeps the mind from paying too much attention to itself and to the body.
3. At any age we must be active -- have a feeling of achievement, belonging, and usefulness -- to be happy. Prior to retirement your job filled all or most of these needs. Start now to learn more about the active things you plan to do after retirement.

BUDGET SHEET FOR EMPLOYEES NEARING RETIREMENT
(Part of Kraft Booklet)
Kraft Foods Company

INCOME AT AGE 65

1. Kraft Retirement Plans:		
Annuity Plan		\$ _____
Pension Plan		\$ _____
2. Social Security Old Age Benefits		
For self		\$ _____
For wife		\$ _____
3. Rents from property:		
Gross rent		\$ _____
Less taxes, repairs, etc.		\$ _____
Net income from rental property		\$ _____
4. Investment income		\$ _____
5. Savings account income		\$ _____
6. Savings bonds maturity		\$ _____
7. Annuity income:		
For self		\$ _____
For wife		\$ _____
8. Other Retirement income:		
_____		\$ _____
_____		\$ _____
Total income at retirement:		\$ _____

LIVING EXPENSESAt PresentWhen You Retire

Rent	\$ _____	\$ _____
Taxes	_____	_____
Interest on Loans	_____	_____
Property Maintenance	_____	_____
Insurance	_____	_____
Gas, Electricity, Telephone.	_____	_____
Fuel	_____	_____
Food	_____	_____
Clothing	_____	_____
Recreation	_____	_____
Health Care	_____	_____
Transportation	_____	_____
Church and Charities	_____	_____
Motor Car	_____	_____
Other	_____	_____
<hr/>		
Total	_____	_____

APPENDIX III

This booklet was prepared for General Motors Corporation by John Willard Reed for distribution to employees in General Motors.

It covers the general subject of retirement, cites examples of men who have made successful retirement plans and generally is intended to arouse the employee's interest in retirement planning.

It is particularly effective Because the booklet is written by a person who has retired successfully.

The number of people age 60 in any one location may be so small that an extensive training program to help the plant, branch, or office managers to do an effective job in the annual interview would not be practical.

The following checklist is for the interviewer's guidance in preparing for the annual interview and for his use in conducting the interview.

**INTERVIEWER'S CHECKLIST
for
ANNUAL RETIREMENT INTERVIEW**

The purpose of the annual interview is to help the employee make sensible plans for his retirement years. To achieve this goal in the interview, the employee should be encouraged to talk freely about his plans for retirement. However, this is not a forced interview where the employee must give information or receive assistance. If the employee wants no help, has made (or thinks he has) adequate plans for retirement, it is not the purpose of the interview to force counsel or guidance upon him.

1. Prepare before starting the interview.

You should study the pension estimate form, the budget sheet, the Kraft retirement booklet and the "My Time is My Time" booklet series before starting the interview. This advance study provides a basis for planning the interview and may point out the areas which require special attention.

2. Provide proper surroundings for the interview.

No one wants to talk confidentially about himself when other people are listening. If at all possible, interviews should be conducted in a private office. If this is out of the question, choose a quiet spot with a minimum of distractions and interruptions.

3. Put the employee at ease.

Make the employee feel welcome. Give him a comfortable chair -- one that does not face an electric light or window. Explain the purpose of the interview and let him know that you will give him all the time it is required to accomplish this purpose.

4. Cover all the areas in the interview.

The preparation for retirement interview is intended to: (1) give the employee information he needs to prepare for retirement; (2) to encourage the employee's attention to the inevitability of HIS preparing for retirement and (3) to find out if he is physically and emotionally qualified

for his present job so that a job transfer can be made when possible and in the employee's interest.

5. Let the employee talk.

This is the cardinal rule of interviewing. The interview is a fact giving and fact finding process. Much of the information needed to conduct a good interview must come from the employee; he has these facts and should be encouraged to talk and voice them. Remember that you have one factor in your favor: The employee will be talking about his favorite subject, namely, himself. If you conduct yourself properly, you should have no trouble covering all the areas of the interview.

6. Take enough time for the interview.

Never hurry an interview. Some people are not rapid conversationalists. Particularly in the first interview, the employee may have difficulty in discussing his plans for retirement, mostly because he probably hasn't made any concrete plans.

7. How to handle resistance.

The employee may become defensive or antagonistic. He may tell you that he thinks the Kraft compulsory policy is unfair; or that the pension he will receive at retirement isn't enough to live on; or that he has made all of his plans and doesn't need any help from you. DON'T ARGUE. The simple method is to let the employee talk, try to drop the question, and come back to it later in the interview, if advisable. If the employee is adamant, don't force him to talk about his plans for retirement; merely give him information contained in the pension estimate and all other handouts.

THE INTERVIEW

I. Explain Company Policy

1. Tell the employee that it is Kraft policy that all employees, (including managers and executives) must retire at age 65. Don't try to justify the policy but make it plain to the employee that this plan applies to ALL people.

2. Tell the employee that this interview is also a part of Kraft policy because Kraft wants to help employees make a satisfactory adjustment when they leave the Company at age 65.
3. Tell him his exact date of retirement.

II. Explain Kraft Pension Plans

1. Plan A

At no cost to the employee, the company provides a pension equal to \$4 x the years of Kraft employment the employee will have at age 65, but not more than \$100. From this is deducted the employee's primary old age benefit purchased by the employee's Social Security payroll deductions and company contributions to the employee's old age benefit fund. Here are two examples:

Years of Service at Age 65				Assuming Soc. Sec. Kraft Pension Gross Pension Old Age Benefit is: Under Plan A			
25	x	\$4	=	\$100 less	\$80	=	\$20
20	x	\$4	=	80 less	\$65	=	15

2. Plan B

Kraft and the employee purchase an annuity for the employee. The easiest way to figure out how much annuity the employee gets at age 65 from Plan B is this: For every \$36 that he contributes, he receives \$1 per month at age 65. (This is made possible only because Kraft contributes an average of approximately \$1.50 for every dollar that the employee contributes.)

3. Give him his copy of the Pension Estimate form and go over each item in detail so that he understands each amount. (You will have to study this form thoroughly before the interview so that you can explain it.)

III. Answer His Questions About the Group Insurance Plan, Hospital and Surgical Plan, and the Pension Plans

You will have to read the booklets and get your questions answered while you are getting ready to conduct this in-

terview: If, however, the employee asks questions that you are unable to answer, make a note of them and be sure that you get the answers for him.

IV. See If His Income at Retirement Will Meet His Living Expenses at Retirement

1. Give him the Kraft booklet and ask him to turn to the budget sheet on page_____.
2. Suggest he complete the budget sheet in detail so that he will know in advance whether he will have enough money at retirement to support the living standard that he expects to maintain. If the employee wants to complete the budget sheet during the interview, help him with it. If not, suggest that he take it home and work it out with his wife.

This is a good time to point out to the employee that living expenses generally go down after retirement: less income tax, work expenses stop, less clothing expenses, etc.

V. Talk With Him about His Plans for Activity After Retirement

Try to get the employee to talk about his plans for activity after retirement. If he hasn't made any plans, point out the importance and advantages of early planning. If he has made plans, find out what they are. If they are incomplete, or obviously inadequate, suggest ways of organizing his planning. **DON'T BE TRAPPED INTO GIVING ADVICE!** You are not a retirement expert -- and even if you are, retirement planning is the **EMPLOYEE'S** job, not **YOURS**.

The following may help you in handling this phase of the interview.

1. Another Job?

If he plans to work elsewhere, what kind of work?... what company...What experience does he have for this kind of work?... how many hours a day does he plan to work?

2. Going into business?

What experience does he have?...Capital?...is competition too keen?...has he talked to anybody who knows this business?...suggest Chamber of Commerce, U.S. Department of Commerce, local bank, etc., as possible sources of information and advice.

3. Hobbies?

What are they?...how much of his time will they occupy?...are they expensive?...will he make money on them?...

4. Church, civic, or fraternal organizations?

Is he now active in any of these groups?...if active, does he plan to take a more active part?...if not now active, suggest that it might be good to start now.