

# Compulsory Retirement Among Newly Entitled Workers: Survey of New Beneficiaries

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A VARIETY OF OPINIONS surround mandatory retirement provisions. It can be argued that compulsory retirement policies, together with pension plan coverage, tend to open up jobs for younger workers while assuring some measure of earnings replacement income for the older workers who are forced to retire. Objectivity, predictability, and ease of administration are also seen as advantages of mandatory retirement at specified ages. On the other hand, arguments in favor of a flexible retirement policy focus on the rights of older workers to choose whether to work or retire and on the costs to society of supporting in retirement experienced workers who are willing and able to work. Proponents of flexible policies also point out that retirement benefit incomes usually fall considerably short of preretirement earnings levels for the individual.

The diverse concerns about compulsory retirement practices are reflected in the provisions of the Age Discrimination in Employment Act of 1967, which makes it unlawful for an employer to discharge an employee aged 40-64 solely on the basis of age, unless such provisions are part of a bona fide employee-benefit plan. The law accepts 65 as the age at which mandatory retirement is not unlawful age discrimination.

Past studies by the Social Security Administration showed an increase during the 50's and early 60's in the proportion of retired workers attributing their retirement to compulsory retirement policies. Between surveys made in 1951 and 1963 there was a rise from 11 percent to 21 percent in the proportion of men aged 65 or older on the beneficiary rolls who retired in the preceding 5 years because they reached compulsory retirement age.<sup>1</sup> For women, the comparable figures were 6 percent and 10 percent, respectively.

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<sup>1</sup> Lenore A. Epstein and Janet H. Murray, *The Aged Population of the United States: The 1963 Social Security Survey of the Aged* (Research Report No. 19), Social Security Administration, Office of Research and Statistics, 1967, table 85

Other studies during the 1960's utilized reports from employers or pension plans to investigate the prevalence of various types of retirement policies. A 1961 survey of plants employing 50 or more workers showed that those without pension plans rarely had compulsory retirement provisions.<sup>2</sup> Plants with pension plans were categorized as follows:

Type of policy	Percent
Flexible (no compulsory retirement age) ..	25
Compulsory retirement:	
At normal retirement age (age at which workers are eligible for full pension)	42
At age later than normal retirement age ..	16
Combination of above policies for different categories of workers .....	17

Another study, based on reports by private pension plans filed with the Department of Labor in 1963,<sup>3</sup> grouped pension plans and their participants in the following categories:

Type of retirement policy	Percent of pension plans	Percent of covered workers
No compulsory retirement provisions.....	23	37
Compulsory retirement at stipulated age unless worker is requested or granted permission to continue working.....	59	44
Automatic retirement at stipulated age without exception.....	11	12
Combination of compulsory and automatic retirement provisions for different categories of workers.....	7	7

As the data show, some form of involuntary retirement policy usually accompanies pension coverage, although the specific provisions of such policies vary.

## SURVEY OF NEWLY ENTITLED BENEFICIARIES

The Survey of Newly Entitled Beneficiaries (SNEB), unlike the last two studies mentioned

<sup>2</sup> Fred Slavick, *Compulsory and Flexible Retirement in the American Economy*, Cornell University, 1966, page 19.

<sup>3</sup> Department of Labor, *The Older American Worker: Age Discrimination in Employment*, June 1965, pages 27-29.

above, derived information about compulsory retirement from individual workers—practically all of whom were aged 62–65. The SNEB sample was drawn from social security records of persons initially awarded retired-worker benefits. Persons in the sample were surveyed by mail questionnaire within 6 months after they received their initial awards. The sample universe of initial awardees includes all persons who start drawing retired-worker benefits at ages 62 through 65 and picks up nearly all other insured workers at age 65 when they establish initial entitlement to cash benefits along with hospital insurance under Medicare. The latter group, who establish benefit entitlement but do not start drawing benefits by age 65, receive initial awards in postponed status—that is, benefits are withheld until they meet the social security definition of “retirement.”<sup>4</sup>

Data in this article are based on the sample of persons receiving initial awards during July through December 1969. Since the data are based on a sample, they may differ somewhat from the figures that would have been obtained by surveying every person who received an initial award during the period. Some preliminary estimates of sampling variability of the survey results are given in the Technical Note on pages 13–15.

Of the 547,000 persons awarded retired-worker benefits in the last half of 1969, about 466,000 were wage or salary workers in their most recent job. These workers represented 80 percent of the newly entitled men and 93 percent of the women. As the distribution below shows, 47 percent of these wage and salary workers were still employed at the time of the survey.

Employment and benefit status	Total	Men	Women
<b>Number (in thousands)</b>			
Total.....	547	323	224
Self-employed in most recent job.....	81	65	16
Wage and salary workers in most recent job.....	466	258	208
Total percent, wage and salary workers.....	100	100	100
<b>Employed at time of survey.....</b>			
Benefits payable at award.....	47	51	42
Benefits postponed at award.....	21	18	26
Not employed at time of survey.....	26	33	16
<b>Not employed at time of survey.....</b>			
Benefits payable at award.....	53	49	58
Benefits postponed at award.....	47	41	54
Benefits postponed at award.....	6	8	4

<sup>4</sup> Under the retirement (earnings) test, \$1 in benefits was withheld for each \$2 of annual earnings between \$1,680 and \$2,880, and \$1 in benefits was withheld for each \$1 of earnings above \$2,880, except that a wage earner could receive benefits for any month he did not earn more than \$140.

Those employed included 26 percent with benefits postponed, practically all of whom considered themselves “not retired” at the time of the survey, and 21 percent with payable benefits, most of whom considered themselves “partly retired.” The employed were asked: “Is there a compulsory retirement age at your present job?” and “If yes, at what age?” Practically all the remaining 53 percent—those who had stopped working—considered themselves retired. They were asked: “Was there a compulsory retirement age on your last job?” “If yes, at what age?” and “Did you reach the compulsory retirement age?”

### PREVALENCE OF COMPULSORY RETIREMENT POLICIES

Three in 10 of the 466,000 wage and salary workers said there was a compulsory retirement age on their most recent job (table 1). An additional 10 percent didn't know whether such policies existed and the remaining 60 percent said there was no compulsory retirement age on their most recent job. Men more often than women had

TABLE 1—Compulsory retirement policies on most recent job: Wage and salary workers initially entitled to retired-worker benefits, July–December 1969 awards

Type of retirement policy	Total	Men	Women
<b>Total</b>			
<b>Number (in thousands)</b>			
Wage and salary workers on most recent job... Reporting on compulsory retirement policies.....	466 431	258 241	208 190
Total percent.....	100	100	100
With compulsory retirement age.....	30	36	23
No compulsory retirement age.....	60	55	65
Don't know.....	10	8	12
<b>Not employed</b>			
<b>Number (in thousands)</b>			
Wage and salary workers on last job... Reporting on compulsory retirement policies.....	248 226	126 118	122 109
Total percent.....	100	100	100
With compulsory retirement age.....	40	51	27
No compulsory retirement age.....	49	41	58
Don't know.....	12	8	15
<b>Employed</b>			
<b>Number (in thousands)</b>			
Wage and salary workers on current job... Reporting on compulsory retirement policies.....	219 205	132 124	87 81
Total percent.....	100	100	100
With compulsory retirement age.....	20	23	17
No compulsory retirement age.....	71	69	75
Don't know.....	8	8	8

jobs with compulsory retirement policies: for 36 percent of the men, contrasted with 23 percent of the women, a compulsory retirement age was specified on their most recent job.

### Age for Compulsory Retirement

Sixty-five is by far the most common compulsory retirement age, for both men and women. As shown below, among newly entitled wage and salary workers with compulsory retirement provisions on their most recent job, two-thirds reported that 65 was the age for mandatory retirement.

Retirement age	Total	Men	Women
Number (in thousands):			
With compulsory retirement age on most recent job.....	131	88	43
Reporting age for compulsory retirement.....	126	85	41
Total percent.....	100	100	100
Under 65.....	2	1	2
65.....	68	68	66
66.....	1	1	1
67.....	1	1	2
68.....	7	8	4
69.....	(1)	(1)	1
70.....	20	19	21
71 and over.....	1	1	1

<sup>1</sup> 0.5 percent or less

The second most common age for mandatory retirement was 70, with one-fifth of the workers reporting that age. Provisions requiring retirement before age 65 were rarely present on the workers' most recent job.

*Workers who changed jobs within 5 years.*—Since all newly entitled workers were at least aged 62, the current jobs of those still employed could not call for compulsory retirement before that age. For this reason, employed persons who had been on their current job less than 5 years were asked about the retirement policy on their former job.

About 1 in 10 of the newly entitled workers were employed on a job they had held less than 5 years at the time of the survey. These workers who had changed jobs were highly unlikely to have entered jobs with compulsory retirement policies. Only 7 percent had mandatory retirement provisions on their current jobs, but 13 percent had worked under such provisions on their former jobs, as the figures that follow show.

Retirement policy	Total	Men	Women
Number (in thousands):			
Total.....	48	30	18
Reporting on compulsory retirement policies.....	46	29	17
Total percent.....	100	100	100
Compulsory retirement age on current or last job.....	19	22	16
Compulsory retirement age on current job.....	7	6	7
Compulsory retirement age on last job only.....	13	15	9
No compulsory retirement age on current or last job.....	67	66	69
Don't know.....	14	13	15

Because their numbers are small the group of employed persons who recently left jobs with a mandatory retirement age raise by less than 2 percent the proportion of all newly entitled persons who had worked under compulsory retirement policies in recent years.

Only 3 percent of the small group who had recently shifted from jobs with compulsory retirement provisions reported a mandatory retirement age earlier than age 65 on the former job. Seventy-five percent reported that the retirement age had been age 65, and most of the others said it was 70. Clearly, mandatory retirement before age 65 was very uncommon in the recent employment experience of the newly entitled workers.

### Compulsory Retirement and Pension Provisions

Pension coverage is usually present on jobs with a compulsory retirement age, and conversely, jobs covered by a pension plan usually are also covered by compulsory retirement provisions. Four out of 5 of the newly entitled workers with compulsory retirement policies on their most recent job said they were covered by a pension plan (table 2). The proportion was lower for women than for men: 72 percent compared with 84 percent. Three in 5 of the total group covered by pension plans reported their jobs had a compulsory retirement age. This SNEB finding is fairly consistent with the finding of the 1963 Department of Labor study, cited earlier, that about three-fifths of private pension plan participants of all ages had some form of involuntary retirement provisions on their jobs.

*Occupational differences.*—The association between pension plan coverage and compulsory retirement provisions prevails within occupational groups. Professional and technical workers were the most likely to work under compulsory re-

TABLE 2—Pension coverage, by compulsory retirement policies on most recent job: Wage and salary workers initially entitled to retired-worker benefits, July–December 1969 awards

Pension coverage and retirement policy	Total	Men	Women
Total			
Number (in thousands)			
Wage and salary workers.....	466	258	208
Reporting on compulsory retirement policies and pension coverage.....	421	236	185
Total percent.....	100	100	100
Compulsory retirement age and pension coverage.....	25	31	16
Compulsory retirement age only.....	6	5	6
Pension coverage only.....	14	17	9
Neither.....	45	37	56
Don't know.....	11	9	12
With compulsory retirement age			
Number (in thousands)			
With compulsory retirement age.....	131	88	43
Reporting on pension coverage.....	128	86	42
Total percent.....	100	100	100
Covered by pension plan.....	80	84	72
Not covered.....	18	15	26
Don't know.....	1	1	2
With pension coverage			
Number (in thousands)			
Covered by pension plan.....	176	125	51
Reporting on compulsory retirement policies.....	169	120	49
Total percent.....	100	100	100
With compulsory retirement policies.....	61	61	61
No compulsory retirement policies.....	34	34	33
Don't know.....	5	5	5

retirement policies and to have the benefits of pension plan coverage. Service workers and laborers were the least likely to have either pension coverage or mandatory retirement provisions on their most recent job (table 3).

About half the men in professional and technical jobs and about a third of those in other white-collar jobs and in skilled blue-collar jobs report pension plan coverage accompanied by compulsory retirement policies. Among service workers and laborers, only about one-sixth of the men had both pension coverage and compulsory retirement provisions on their job.

In each occupational group, about 5 percent of the men reported lack of coverage by a pension plan, even though there was a compulsory retirement age on their job. Pension coverage without compulsory retirement provisions was more common: About 25 percent of the craftsmen and about 15 percent of the men in other occupations reported pension coverage but no mandatory retirement provisions on their job.

Women are clustered in just four of the seven occupational groups—clerical and sales workers (33 percent), service workers (25 percent), operatives (21 percent), and professional and technical workers (11 percent). Except for the professional and technical workers, women in the above occupations were far less likely than men to have pension coverage or compulsory retirement policies on their most recent job. Women in professional and technical jobs come closest to equaling men in the likelihood of having both pension coverage and a compulsory retirement age. Both types of provisions were reported by 44 percent of the women and 50 percent of the men in professional and technical jobs; the proportions reporting pension coverage without mandatory retirement provisions were 12 percent and 17 percent, respectively.

The mandatory retirement age for professional and technical workers is often later than that of other workers. For about one-third of these workers, compared with about one-fifth of the others with mandatory retirement provisions on their job, retirement is not required before age 70 (table 4).

*Industry differences.*—Compulsory retirement provisions are most prevalent in industries characterized by high rates of pension coverage: Transportation, communications, and public utilities; public administration; and, for men, the manufacturing industries (table 5). Of these, the manufacturing sector is by far the largest, employing nearly one-third of the men and one-fourth of the women. Within that sector, industries producing nondurable goods employ the largest proportion of women and show the lowest incidence of compulsory retirement and pension plan provisions for both men and women.

In the remaining industry groups, fewer than half the men and fewer than a third of the women reported pension coverage or compulsory retirement provisions. The largest of these groups is the service sector, which employs about 15 percent of the men and 40 percent of the women and spans a wide range of educational and other professional services, business, repair, and personal service activities (including private household employment). Persons with compulsory retirement policies on their jobs in this mixed group (29 percent of the men and 24 percent of the

**TABLE 3.—Compulsory retirement policies and pension coverage, by occupation of most recent job: Wage and salary workers initially entitled to retired-worker benefits, July–December 1969 awards**

Pension coverage and retirement policy	Total <sup>1</sup>	Professional and technical	Managers and proprietors	Clerical and sales	Craftsmen	Operatives	Service workers	Laborers
Men								
Number (in thousands)								
Wage and salary workers.....	258	20	26	34	59	54	30	30
Reporting on compulsory retirement policies and pension coverage.....	236	19	24	32	55	50	28	27
Total percent.....	100	100	100	100	100	100	100	100
Compulsory retirement age and pension coverage.....	31	50	36	30	36	33	17	13
Compulsory retirement age only.....	5	6	6	4	5	6	6	5
Pension coverage only.....	17	17	18	13	25	18	12	13
Neither.....	37	21	37	45	28	32	47	55
Don't know (retirement age or coverage).....	10	7	4	7	7	10	17	14
Women								
Number (in thousands)								
Wage and salary workers.....	208	23	7	69	3	44	53	4
Reporting on compulsory retirement policies and pension coverage.....	185	21	7	64	3	40	46	4
Total percent.....	100	100	100	100	100	100	100	100
Compulsory retirement age and pension coverage.....	16	44	18	19	27	13	4	3
Compulsory retirement age only.....	6	7	5	6	2	4	7	9
Pension coverage only.....	9	12	14	8	8	14	3	8
Neither.....	56	30	58	52	48	52	76	62
Don't know (retirement age or coverage).....	13	7	5	16	14	16	11	18

<sup>1</sup> Includes those not reporting occupation

women) account for about one-fifth of all workers covered by such provisions.

The compulsory retirement age varies considerably for public and private industry groups. In the public administration group, two-thirds of those covered by compulsory retirement policies did not face mandatory retirement until age 70 or older (table 6). Sixty-five was by far the most common compulsory retirement age in the private sector. The manufacturing industries employed about 4 in 10 workers covered by compulsory retirement policies. Eighty percent of these workers would have faced compulsory retirement at age 65; most of the others reported that retirement

was compulsory at age 68. Workers in the service sector show the greatest diversity in mandatory retirement age: 54 percent reported compulsory retirement at 65, but 36 percent would not face mandatory retirement before age 70.

### PERSONS AFFECTED BY COMPULSORY RETIREMENT

Since 65 is the earliest retirement age generally reported, many of the newly entitled workers aged 62–65 had not reached compulsory retirement age by the time of the survey. Some had

**TABLE 4 —Age for compulsory retirement, by occupation: Wage and salary workers initially entitled to retired-worker benefits, July–December 1969 awards**

Age for compulsory retirement	Total <sup>1</sup>	Professional and technical	Managers and proprietors	Clerical and sales	Craftsmen	Operatives	Service workers	Laborers
Number (in thousands)								
With compulsory retirement policies.....	131	21	12	28	24	28	12	6
Reporting age.....	126	21	12	26	23	27	11	5
Total percent.....	100	100	100	100	100	100	100	100
Under 65.....	2	1	2	( <sup>2</sup> )	3	4	4	4
65.....	68	60	71	71	70	70	60	73
66–67.....	2	3	1	3	1	1	4	1
68.....	7	3	5	5	6	15	4	8
69.....	( <sup>2</sup> )	1	( <sup>2</sup> )	( <sup>2</sup> )	0	0	( <sup>2</sup> )	0
70.....	20	31	20	19	20	9	26	15
71 and over.....	1	2	1	2	( <sup>2</sup> )	( <sup>2</sup> )	1	1

<sup>1</sup> Includes those not reporting occupation.

<sup>2</sup> 0.5 percent or less

TABLE 5.—Compulsory retirement policies and pension coverage, by industry of most recent job: Wage and salary workers initially entitled to retired-worker benefits, by sex, July–December 1969 awards

Pension coverage and retirement policy	Total <sup>1</sup>	Forestry, fisheries, agriculture	Mining and construction	Manufacturing				Transportation, communications, utilities	Trade	Finance, insurance, real estate	Services	Public administration
				Total	Wood, metal, etc	Food, textiles, etc	Chemicals, petroleum, etc.					
Men												
Number (in thousands)												
Wage and salary workers.....	258	9	29	82	47	22	12	22	33	15	40	20
Reporting on compulsory retirement policies and pension coverage.....	236	7	26	77	44	21	12	21	31	14	36	19
Total percent.....	100	100	100	100	100	100	100	100	100	100	100	100
Compulsory retirement and pension coverage.....	31	4	15	43	47	32	50	53	9	33	23	41
Compulsory retirement only.....	5	1	2	7	6	10	5	9	2	5	6	7
Pension coverage only.....	17	4	29	19	18	27	12	15	13	11	14	20
Neither.....	37	86	45	22	19	28	26	14	65	46	45	20
Don't know (compulsory retirement age or coverage)	10	6	9	8	11	5	8	9	11	4	12	13
Women												
Number (in thousands)												
Wage and salary workers.....	208	2	2	48	14	28	6	6	41	9	82	10
Reporting on compulsory retirement policies and pension coverage.....	185	1	1	44	13	26	5	6	37	9	73	10
Total percent.....	100	(?)	(?)	100	100	100	100	100	100	100	100	100
Compulsory retirement and pension coverage.....	16	(?)	(?)	17	30	11	15	54	6	20	17	29
Compulsory retirement only.....	6	(?)	(?)	6	6	6	8	11	4	5	7	5
Pension coverage only.....	9	(?)	(?)	13	16	15	12	7	8	7	12	13
Neither.....	56	(?)	(?)	46	38	51	41	9	69	55	60	41
Don't know (compulsory retirement age or coverage)	13	(?)	(?)	17	17	16	20	14	15	13	9	13

<sup>1</sup> Includes those not reporting industry.

<sup>2</sup> Based on less than 50 sample cases

stopped working before the mandatory retirement age on their last job; others were still employed and had not yet reached the compulsory retirement age on their current job.

The 36 percent of the men who reported compulsory retirement provisions on their most recent job comprised about 14 percent who retired before the mandatory age, 9 percent who retired when they reached the compulsory age, and 12 percent

who were still employed and subject to compulsory retirement on their current job (table 7). Thus, the total proportion of newly entitled men in wage and salary jobs who might ultimately face mandatory retirement would fall between 9 percent (those already retired at the compulsory age) and 21 percent (those already retired plus those still subject to compulsory retirement on their current jobs).

TABLE 6.—Age for compulsory retirement, by industry: Wage and salary workers initially entitled to retired-worker benefits, July–December 1969 awards

Age for compulsory retirement	Total <sup>1</sup>	Forestry, fisheries, agriculture	Mining and construction	Manufacturing				Transportation, communications, utilities	Trade	Finance, insurance, real estate	Services	Public administration
				Total	Wood, metal, etc	Food, textiles, etc	Chemicals, petroleum, etc					
Number (in thousands)												
With compulsory retirement age.....	131	(?)	5	51	29	13	8	17	7	8	29	13
Reporting age.....	126	(?)	4	49	28	13	8	16	7	8	28	12
Total percent.....	100	(?)	100	100	100	100	100	100	100	100	100	100
Under 65.....	2	(?)	6	2	1	4	2	2	2	1	2	2
65.....	68	(?)	59	79	74	86	86	73	92	93	52	27
66-67.....	2	(?)	(?)	1	1	1	2	7	2	(?)	2	2
68.....	7	(?)	1	13	18	5	8	3	1	2	3	2
69.....	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	1	(?)	1	1
70.....	20	(?)	34	4	5	3	3	15	3	4	36	62
71 and over.....	1	(?)	(?)	(?)	(?)	5	(?)	(?)	(?)	(?)	2	4

<sup>1</sup> Includes those not reporting industry.

<sup>2</sup> Not shown where base is less than 1,500

<sup>3</sup> 0.5 percent or less

TABLE 7.—Compulsory retirement provisions on most recent job, by employment status: Wage and salary workers initially entitled to retired-worker benefits, July–December 1969 awards

Retirement policy and employment status	Men			Women		
	Total	Not employed	Employed	Total	Not employed	Employed
Number (in thousands)						
Wage and salary workers on most recent job.....	258	126	132	208	122	87
Reporting on compulsory retirement policies.....	241	118	124	190	109	81
Total percent.....	100	100	100	100	100	100
With compulsory retirement age.....	36	51	23	23	27	17
Stopped working.....	24	51	15	15	27	17
Reached compulsory retirement age.....	9	18	4	4	8	2
Stopped before compulsory age.....	14	30	11	11	19	6
No response.....	1	3			1	
Still employed.....	12		23	(1)		17
Compulsory retirement at 65.....	6		11	7		9
Compulsory retirement 66-69.....	2		4	4		2
Compulsory retirement at 70 and over.....	4		8	3		6
No compulsory retirement age.....	55	41	69	65	58	75
Don't know.....	8	8	8	12	15	8

<sup>1</sup> 0.5 percent or less

For 23 percent of the women, mandatory retirement policies were in effect on their most recent job: about 11 percent who retired before the mandatory age on their last job; 4 percent who retired when they reached the mandatory age; and 7 percent who were subject to compulsory retirement on their current job. The total proportion of newly entitled women who might ultimately face compulsory retirement would therefore fall between 4 percent and 11 percent.

It is tempting to draw comparisons between SNEB data and earlier survey results to see whether the rise in compulsory retirement provisions reported between the 1951 and the 1963 surveys of the aged has continued. Unfortunately, the unique sample design of the SNEB survey does not yield estimates of compulsory retirement rates comparable with those of the earlier cross-sectional surveys of the aged. The available data do suggest, however, no dramatic difference between the rate of compulsory retirement among aged retirees in 1963 and the rate of actual and potential compulsory retirement for the younger group of newly entitled workers in 1969.

#### SELECTED CHARACTERISTICS OF THE RETIRED

Newly entitled wage earners who had stopped working or "retired" by the time of the survey account for about 50 percent of the men and nearly 60 percent of the women wage earners in the SNEB sample. Most of these who had stopped working were early retirees. Of the retired, about

half the men and a fourth of the women left jobs which had provisions for compulsory retirement (table 7). Those who said they had reached the mandatory age usually had claimed benefit entitlement at age 65 (table 8). The larger groups, who said they stopped working before the compulsory age or who reported no compulsory age on their last job usually claimed benefit entitlement before age 65.

#### Retirement Benefit Income

Retirement benefit income includes social security benefits in addition to retirement pensions from private group plans or from public retirement systems covering Federal, State, or local government employees, military personnel, or railroad workers. As shown earlier, jobs that have compulsory retirement provisions usually provide pension coverage under one of the above types of systems. Nearly three-fourths of the men and half the women who reached the mandatory retirement age on their last job were receiving a pension at the time of the survey (table 9). Those who retired before the mandatory age were as likely as those who reached it to be receiving a pension. Public pensioners were concentrated among those who stopped before the mandatory age, reflecting the high rates of pension coverage and late compulsory retirement ages in the public sector.

Retirees who left jobs that didn't have compulsory retirement provisions had much lower pen-

TABLE 8.—Age at entitlement, by compulsory retirement policies on last job: Wage and salary workers who stopped working and were initially entitled to retired-worker benefits, July–December 1969 awards

Age at entitlement	Men					Women				
	Total <sup>1</sup>	With compulsory retirement age on last job			No compulsory retirement age	Total <sup>1</sup>	With compulsory retirement age on last job			No compulsory retirement age
		Total <sup>2</sup>	Reached compulsory retirement age	Stopped before compulsory retirement age			Total <sup>2</sup>	Reached compulsory retirement age	Stopped before compulsory retirement age	
Number not employed (in thousands).....	126	60	22	35	48	121	30	8	20	62
Total percent.....	100	100	100	100	100	100	100	100	100	100
62-64.....	73	65	23	91	77	82	77	38	92	84
62.....	46	40	7	61	50	67	53	7	73	71
63.....	14	13	3	19	14	8	11	4	13	8
64.....	13	12	13	11	13	7	13	27	6	5
65 and over.....	28	34	76	9	22	18	24	62	8	16
65.....	23	31	73	6	16	13	22	56	7	11
66 and over.....	5	3	3	3	6	5	2	6	1	5

<sup>1</sup> Includes those who did not know or did not report on compulsory retirement age.

<sup>2</sup> Includes those who did not report whether they reached compulsory retirement age

sion receipt rates. Only a third of these men and a tenth of the women received pensions in addition to their social security benefits.

The pensions usually available to persons who retire from jobs with compulsory retirement provisions make an important contribution to their retirement incomes. Earlier SNEB findings also show that pension recipients generally receive higher social security benefits than nonrecipients do.<sup>5</sup> Both these factors contribute to the differ-

ence in median amounts of retirement benefit income between retirees with and those without compulsory retirement provisions on their former jobs. Men who retired from jobs with compulsory retirement policies had a median retirement benefit income of \$3,380, compared with \$1,640 for men whose former jobs did not have such a policy (table 10). For women, the comparable medians are \$1,870 and \$890, respectively.

As shown earlier, pension coverage along with compulsory retirement features are most common in professional and managerial occupations and in skilled blue-collar jobs. Consequently, retirees

<sup>5</sup> Virginia P. Reno and Carol Zuckert, "Benefit Levels of Newly Retired Workers," *Social Security Bulletin*, July 1971

TABLE 9 — Pension receipt, by compulsory retirement policies on last job: Wage and salary workers who stopped working and were initially entitled to retired-worker benefits, July–December 1969 awards

Pension receipt	Men					Women				
	Total <sup>1</sup>	With compulsory retirement age on last job			No compulsory retirement age	Total <sup>1</sup>	With compulsory retirement age on last job			No compulsory retirement age
		Total <sup>2</sup>	Reached compulsory retirement age	Stopped before compulsory retirement age			Total <sup>2</sup>	Reached compulsory retirement age	Stopped before compulsory retirement age	
Number not employed (in thousands)										
Total.....	126	60	22	35	48	122	30	8	20	62
Reporting pension receipt.....	125	59	21	34	48	121	30	8	20	62
Total percent.....	100	100	100	100	100	100	100	100	100	100
Receiving a pension.....	53	74	73	74	32	21	54	49	56	10
Private.....	40	59	66	54	23	13	35	45	30	6
Public.....	14	17	9	22	9	8	20	5	26	4
Both.....	1	2	2	2	( <sup>3</sup> )	( <sup>3</sup> )	1	1	1	( <sup>3</sup> )
Not receiving.....	47	26	27	26	68	79	46	51	44	90

<sup>1</sup> Includes those who did not know or did not report on compulsory retirement age

retirement age  
<sup>3</sup> 0.5 percent or less.

<sup>2</sup> Includes those who did not report whether they reached compulsory



TABLE 10.—Amount of retirement benefit income, by compulsory retirement policies on last job: Wage and salary workers who stopped working and were initially entitled to retired-worker benefits, July–December 1969 awards

Amount of retirement benefit income	Men					Women				
	Total <sup>1</sup>	With compulsory retirement age on last job			No compulsory retirement age	Total <sup>1</sup>	With compulsory retirement age on last job			No compulsory retirement age
		Total <sup>2</sup>	Reached compulsory retirement age	Stopped before compulsory retirement age			Total <sup>2</sup>	Reached compulsory retirement age	Stopped before compulsory retirement age	
Number reporting (in thousands).....	119	57	21	33	46	107	27	8	18	54
Total percent.....	100	100	100	100	100	100	100	100	100	100
Less than \$1,000.....	14	4	3	4	22	54	20	10	24	64
1,000–1,499.....	15	9	5	11	21	19	18	16	20	21
1,500–1,999.....	19	15	20	12	24	9	16	28	12	8
2,000–2,499.....	7	7	6	8	7	5	10	15	8	4
2,500–2,999.....	7	8	13	5	6	3	10	9	10	1
3,000–3,999.....	14	19	17	19	10	4	11	10	12	1
4,000–4,999.....	10	15	15	16	6	2	7	8	7	1
5,000–7,499.....	11	17	15	18	4	2	7	5	6	( <sup>3</sup> )
7,500–9,999.....	2	4	3	5	( <sup>3</sup> )	( <sup>3</sup> )	1	0	1	0
10,000 or more.....	1	2	4	2	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	0	1	0
Median amount.....	\$2,180	\$5,580	\$3,180	\$3,480	\$1,640	\$960	\$1,870	\$1,940	\$1,760	\$890

<sup>1</sup> Includes those who did not know or did not report on compulsory retirement age

<sup>2</sup> Includes those who did not report whether they reached compulsory

retirement age

<sup>3</sup> 0.5 percent or less

who left jobs with compulsory retirement provisions show higher preretirement earnings than do those without compulsory retirement provisions on their former jobs. For men, median earnings were \$7,880 for those with compulsory retirement policies and \$5,830 for those without such policies on their former jobs (table 11).

Retirement meant a considerable income loss for practically all of the retirees. Second pensions

usually helped to lessen the financial impact of retirement for those who left jobs that had compulsory retirement features. For about half the men who left jobs with compulsory retirement provisions, retirement benefit income replaced at least 40 percent of their preretirement earnings (table 12). For nearly half of those who left jobs without compulsory retirement provisions, retirement benefits amounted to less than 30 percent of

TABLE 11.—Amount of last earnings, by compulsory retirement policies on last job. Wage and salary workers who stopped working and were initially entitled to retired-worker benefits, July–December 1969 awards

Amount of earnings on last job	Men					Women				
	Total <sup>1</sup>	With compulsory retirement age on last job			No compulsory retirement age	Total <sup>1</sup>	With compulsory retirement age on last job			No compulsory retirement age
		Total <sup>2</sup>	Reached compulsory retirement age	Stopped before compulsory retirement age			Total <sup>2</sup>	Reached compulsory retirement age	Stopped before compulsory retirement age	
Number not employed (in thousands)										
Total.....	126	60	22	35	48	121	30	8	20	62
Reporting last earnings.....	112	55	19	32	44	97	25	7	17	52
Total percent.....	100	100	100	100	100	100	100	100	100	100
Less than \$1,000.....	4	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	6	12	2	2	1	14
1,000–2,499.....	6	1	1	1	10	28	7	2	9	33
2,500–4,999.....	18	9	9	9	22	36	33	44	30	40
5,000–7,499.....	32	35	35	34	30	15	35	30	36	9
7,500–9,999.....	22	27	24	28	18	6	16	13	16	3
10,000–14,999.....	13	20	21	20	9	2	6	7	6	1
15,000 or more.....	5	8	10	8	5	2	2	2	1	1
Median earnings.....	\$0,760	\$7,880	\$7,880	\$7,920	\$5,830	\$3,130	\$6,380	\$5,090	\$5,450	\$2,690

<sup>1</sup> Includes those who did not know or did not report on compulsory retirement age

<sup>2</sup> Includes those who did not report whether they reached compulsory

retirement age.

<sup>3</sup> 0.5 percent or less.

TABLE 12.—Retirement benefit income as a percent of last earnings, by compulsory retirement policies on last job: Wage and salary workers who stopped working and were initially entitled to retired-worker benefits, July–December 1969 awards

Earning replacement rate (percent)	Men					Women				
	Total <sup>1</sup>	With compulsory retirement age			No compulsory retirement age	Total <sup>1</sup>	With compulsory retirement age			No compulsory retirement age
		Total <sup>2</sup>	Reached compulsory retirement age	Stopped before compulsory retirement age			Total <sup>2</sup>	Reached compulsory retirement age	Stopped before compulsory retirement age	
Number not employed (in thousands)										
Total.....	126	60	22	35	48	121	30	8	20	62
Reporting on retirement benefit income and last earnings.....	108	53	19	32	41	86	24	7	16	45
Total percent.....	100	100	100	100	100	100	100	100	100	100
1-9.....	3	2	2	3	3	2	2	2	2	1
10-19.....	11	8	6	9	15	7	8	3	10	6
20-29.....	21	14	14	15	29	24	20	17	22	28
30-39.....	17	19	24	17	15	25	26	30	25	28
40-49.....	16	20	18	21	12	25	15	18	12	13
50-59.....	11	14	16	12	8	13	12	14	10	7
60-69.....	8	11	12	10	4	6	7	8	7	4
70-79.....	3	5	3	6	1	3	4	2	4	2
80-89.....	3	2	3	2	3	3	3	2	3	3
90-99.....	1	1	1	2	1	1	1	2	1	2
100 or more.....	6	3	2	3	8	9	3	1	3	10
Median ratio (percent).....	59	45	42	45	50	57	58	59	56	57

<sup>1</sup> Includes those who did not know or did not report on compulsory retirement age

<sup>2</sup> Includes those who did not report whether they reached compulsory retirement age

the amount they had been earning before they retired.

### Retirement Preference and Ability to Work

Many of the compulsory retirees wanted to retire when they did, but more than half said they did not (table 13). Only about one-fourth of the men and one-sixth of the women who reached compulsory retirement age said they had health problems that would prevent them from working regularly. The good health enjoyed by most of those compulsorily retired and the income loss associated with retirement may help explain their reluctance to leave their jobs.

Persons who left their jobs before they reached the mandatory retirement age were the most likely to have wanted to retire when they did. The opportunity to draw a pension before the mandatory retirement age may explain the high proportion who retired willingly. Health problems often influenced their retirement decisions: 44 percent of the men and 21 percent of the women reported they were unable to work regularly.

Retirees whose jobs did not have compulsory

retirement provisions were the least likely to have wanted to retire when they did, and they had the highest incidence of health problems. Nearly 60 percent of these men and nearly 40 percent of the women said that they were unable to work regularly.

### SUMMARY

Of the 466,000 wage and salary workers initially awarded retired-worker benefits in the last half of 1969, 36 percent of the men and 23 percent of the women reported a compulsory retirement age on their most recent job. Data from this survey confirm findings of past studies that compulsory retirement provisions usually accompany pension plans and rarely exist in the absence of pension coverage. Compulsory retirement provisions in conjunction with pension coverage were most common among professional and managerial workers and skilled blue-collar workers. Sixty-five was by far the most common and generally the earliest age for compulsory retirement in the private sector. Seventy was the most common compulsory retirement age reported by employees in public administration.

TABLE 13.—Retirement preference and ability to work, by compulsory retirement policies on last job: Wage and salary workers who stopped working and were initially entitled to retired-worker benefits, July–December 1969 awards

Retirement preference and ability to work	Men					Women				
	Total <sup>1</sup>	With compulsory retirement age			No compulsory retirement age	Total <sup>1</sup>	With compulsory retirement age			No compulsory retirement age
		Total <sup>2</sup>	Reached compulsory retirement age	Stopped before compulsory retirement age			Total <sup>2</sup>	Reached compulsory retirement age	Stopped before compulsory retirement age	
Number not employed (in thousands).....	126	60	22	35	48	121	30	8	20	62
Total percent.....	100	100	100	100	100	100	100	100	100	100
Wanted to retire.....	45	53	42	63	36	34	50	37	56	33
Did not want to retire.....	51	42	52	36	63	61	46	58	41	64
Preference not reported.....	4	3	5	1	2	5	4	5	2	3
Number reporting on work limitations (in thousands).....	121	57	21	34	47	114	28	8	19	60
Total percent.....	100	100	100	100	100	100	100	100	100	100
With work limitation.....	55	45	31	54	62	43	27	19	31	45
Can't work.....	28	19	10	26	39	22	12	5	15	25
Can work occasionally.....	18	16	14	18	20	12	7	10	6	12
Can work regularly.....	4	6	5	6	4	3	5	3	6	3
Not reporting.....	5	4	3	4	4	5	4	2	4	5
No limitation.....	46	55	69	46	38	57	73	81	69	55

<sup>1</sup> Includes those who did not know or did not report on compulsory retirement age.

<sup>2</sup> Includes those who did not report whether they reached compulsory retirement age.

At the time of the survey, the workers with compulsory retirement provisions on their most recent wage and salary job consisted of three groups. The largest was made up of those who retired before the compulsory age (14 percent of the men and 11 percent of the women). Next in size was the group still subject to such provisions in a current job (men, 12 percent; women, 7 percent). Making up the smallest group were those who retired at the mandatory age (9 percent and 4 percent).

Retirees whose former jobs had compulsory retirement provisions usually had higher preretirement earnings and better retirement income prospects than did other retirees. Those who retired before the mandatory age were as likely as those who reached it to be receiving a pension. About three-fourths of the men in each group had a pension in addition to social security benefits. Pension income together with social security benefits amounted to at least 40 percent of the preretirement earnings for about half the men in each group. Those who retired before the mandatory age often had health problems that limited their ability to work, and most of them said they wanted to retire when they did. Those compulsorily retired were usually free of work limiting health problems, and most of them said they did not want to retire when they did.

## Technical Note

The estimates presented here are based on data from the Survey of Newly Entitled Beneficiaries, which is one of the surveys undertaken by the Social Security Administration to study the retirement process. Data collection and tabulation operations were conducted by the Bureau of the Census. The selection of the sample from social security records was performed by the Social Security Administration.

### Survey Design

*Population.*—The SNEB universe consists of all persons initially awarded retired-worker benefits during each month between July 1968 and June 1970. To receive an initial retired-worker benefit award, an individual must: (1) be at least 62 years old; (2) have earned retired-worker insured status from his own covered work experience; and (3) have filed a claim to establish his entitlement to retired-worker benefits. Disability beneficiaries, whose benefits are automatically converted to retired-worker benefits at age 65, are excluded from the SNEB Universe.

*Sample design.*—The sample for SNEB was selected by means of a two-stage design. The first

stage was the selection of a single primary sampling unit (PSU) from each of 100 strata by appropriate probability procedures. The selection of the PSU's was made by the Bureau of the Census as one of several combinations of the basic 357 PSU design of the Current Population Survey.<sup>1</sup> Each PSU comprises a single county or group of counties (town or group of towns in the New England States). Twenty-one of the PSU's used in the first stage consist of the counties comprising the 21 largest metropolitan areas. Each of these self-representing PSU's is identical to its stratum. The remaining metropolitan areas were grouped into 33 strata and one PSU (a single metropolitan area) selected from each stratum. The remaining counties not in metropolitan areas were grouped into 46 strata, and one PSU was selected to represent each such stratum.

The second stage of the sampling process was the monthly selection of new beneficiaries to whom questionnaires would be mailed. These are individuals who had been awarded retired-worker benefits for the first time during the preceding month and who resided in a sample PSU.

*Sample size.*—The size of the SNEB sample was originally set at about 3,200 cases per month, or 1 in 27 of the persons receiving retired-worker benefit awards each month. From July through December 1969 the sample was reduced to about 1,500 cases per month.

*Data collection.*—Questionnaires were mailed to sample persons by the end of the month following their benefit awards. A second questionnaire was mailed to persons who did not respond to the first mailing within 2 weeks. A third questionnaire was sent by certified mail to those who did not respond within 4 weeks. These three mailings yielded about a 75-percent response. The second and third mailings were omitted for the December 1969 sample to avoid overlap with the 1970 decennial census.

Starting with July 1969, mail responses were screened clerically for completeness of response to income questions. About two-thirds of the incomplete income reports were rectified by telephone follow-up. The remainder were included in the

personal interview follow-up. This follow-up was conducted at the end of each calendar quarter. In addition to all respondents whose incomplete income reports were not corrected by telephone, the follow-up included a 50-percent random sample of persons who did not return the questionnaires or whose questionnaires were returned by the Post Office as undeliverable. (For the December 1969 sample, only a 25-percent random sample of nonrespondents was selected for personal interview.) Nonresponse cases selected for personal interview were weighted to include cases not chosen for the follow-up sample.

*Noninterview adjustment.*—The personal interview follow-up produced an effective response rate of about 92 percent, after allowing for the weighting of the follow-up cases (table I). To meet the minimum acceptance criteria for an adequate response, the sample person had to indicate his employment status. If not employed, he had to give a reason why he left his former job. The 8 percent who did not provide an adequate response include 6 percent who refused to participate in the survey.

In order to represent the nonrespondents, the originally assigned weights were adjusted by multiplying them by the reciprocal of the response ratio. To allow for possible variations in response rates, this adjustment was made for 12 sex, residence, age-at-entitlement, and payment-status groups separately for each calendar quarter of data.

### Sampling Variability

Since the SNEB estimates are based on a sample, they may differ somewhat from the figures that would have been obtained if every person initially awarded retired-worker benefits during the last 6 months of 1969 were included in the survey. In this survey, as in others, the results are also subject to errors due to response and nonreporting.

The standard error measures the sampling variability of estimates—that is, the variations that occur by chance simply because a sample of the population rather than the population as a whole is surveyed. The chances are about 68 out of 100 that an estimate from the sample would differ by less than the standard error from the results

<sup>1</sup> For details on the Current Population Survey sampling procedures, a description of PSU's, stratification, and selection of first-stage units, see the Bureau of the Census, *The Current Population Survey—A Report on Methodology*, Technical Paper Number 7.

TABLE I—Response before and after personal interview follow-up,<sup>1</sup> July–December 1969 awards

Status of the questionnaire	Before personal interview follow-up <sup>2</sup>		After personal interview follow-up <sup>3</sup>	
	Number	Percentage distribution	Number	Percentage distribution
Total sample.....	9,636	100	9,636	100
Questionnaires with adequate response.....	6,953	72	8,829	92
Questionnaires without adequate response.....	426	4	663	7
Undeliverable.....	102	1	15	( <sup>4</sup> )
Deceased.....	44	( <sup>4</sup> )	76	1
Refusal.....	196	2	564	6
Failed quality check.....	<sup>5</sup> 82	1	7	( <sup>4</sup> )
Miscellaneous.....	2	( <sup>4</sup> )	2	( <sup>4</sup> )
Questionnaires not returned.....	2,257	23	144	1

<sup>1</sup> Does not reflect telephone and personal interview follow-up of inadequate income responses

<sup>2</sup> After a maximum of three mailings for July through November and a single mailing for December.

<sup>3</sup> Undeliverable and nonresponse sample cases are weighted to include cases not chosen for the follow-up sample

<sup>4</sup> Less than 0.5 percent

<sup>5</sup> Estimated

based on the same procedures for the entire population. The chances are about 95 out of 100 that the differences would be less than twice the standard error.

*Estimated percentages.*—The standard error of an estimated percentage depends on the size of the percentage and the size of its base. Table II presents a rough approximation of standard errors of estimated percentages for the survey period July–December 1969. Linear interpolation applied to the base or the percentage or both may be used to calculate the value of a standard error not specifically shown. For example:

In table 1, of the 241,000 men who reported on the presence of compulsory retirement policies on their most recent job, an estimated 36 percent said their

job had a compulsory retirement age. By interpolating from table II, the standard error of this estimate is approximately 1.0 percent. The chances are 68 out of 100 that if the whole population of initial awardees were surveyed this proportion would fall between 35 and 37 percent. Furthermore, the chances are 95 out of 100 that the proportion would fall between 34 and 38 percent.

If it is necessary to compare two percentages to determine whether they differ by a statistically significant amount, the standard error of the difference can be approximated as the square root of the sum of the squares of the standard error of each of the percentages. For example:

The proportion of the 241,000 men who reported on the presence of compulsory retirement policies on their most recent job is 36 percent and the comparable proportion for women is 23 percent. By interpolating from table II, the standard error of each proportion is approximately 1.0 percent.

The sum of the squares of the two standard errors is 2.0 and the square root, the standard error of the difference is 1.4 percent. Since the actual difference of 13 percentage points is much greater than twice the standard error of the difference, it is extremely likely that the difference is significant.

TABLE II—Rough approximations of standard errors of estimated percentages of persons or married couples (68 chances out of 100), July–December 1969 awards

Size of base	Estimated percentages						
	2 or 98	5 or 95	10 or 90	20 or 80	30 or 70	40 or 60	50
5,000.....	2.0	3.1	4.3	5.7	6.5	7.0	7.1
10,000.....	1.4	2.2	3.0	4.0	4.6	4.9	5.0
25,000.....	.1	1.4	1.9	2.5	2.9	3.1	3.2
50,000.....	.6	1.0	1.4	1.8	2.1	2.2	2.3
100,000.....	.4	.7	1.0	1.3	1.5	1.6	1.6
150,000.....	.4	.6	.8	1.0	1.2	1.3	1.3
200,000.....	.3	.5	.7	.9	1.0	1.1	1.1
250,000.....	.3	.4	.6	.8	.9	1.0	1.0
300,000.....	.3	.5	.6	.7	.8	.9	.9