



New Ways to Happier Retirement

Industry is discovering countless ways of easing the problems of "life after 65."

by Lawrence Galton

NOT LONG AGO, a machinist in a Stamford, Conn., plant got word that his anniversary vacation, three months with pay, was due. He'd been expecting it and had been poring over Florida real-estate ads. Now, with his wife, off he went to St. Petersburg. Would this be the place where they could settle down happily after he retired in 1960? They'd find out by living there, actually pretesting it, for three months.

This anniversary vacation plan—which provides three-month paid vacations every fifth year after 25 years on the job—has helped more than 100 employees of the Connecticut firm since its inception in 1950. Not only has it enabled many to try "dream" retirement places for their later years, it has given all of them long-enough periods of freedom from job responsibilities to provide a "feel" of what retirement really will be like. It has helped them to think about how they'll spend this period, and to make plans and develop hobbies.

It typifies something new and noteworthy in American industry.

Each year now, half-a-million Americans—almost 10,000 a week—face retirement. We've come a long way from the days of blithe ignorance about the so-called "golden leisure" years. We know now that retirement is no automatic gateway to happiness, that for most retirees in the past, it has meant automatic unhappiness, a sudden wrenching period of readjustment, full of problems.

Today business is trying to help solve these problems. Going far beyond the old "give him a watch and a fond farewell" attitude, it is intent on doing as much as possible to make retirement a happier and richer experience for former employ-

ees. You see the new attitude at work everywhere.

A Kalamazoo, Mich., drug firm, as a little "extra," gives each retiring employee a guest card good for lunch in the company cafeteria so he'll feel welcome to come back at regular intervals and renew friendships.

A Milwaukee life-insurance company gets out a monthly magazine for its retired people, with stories of their role in the company's growth, articles on leisure-time ideas and other subjects they may find useful, and a periodic list of their addresses for the exchange of holiday greetings and visits. Object: to maintain not only a company tie with the retired, but a social tie among the retired employees themselves.

THESSE ARE MINOR yet helpful grace notes. There are many major chords, too. In Morton Grove, Ill., a machinery firm now adds to its other benefits a hospital and surgical policy for each retiring employee and his wife—fully prepaid by the company and good for the rest of their lives.

It's precisely during retirement, when a couple can least afford long or frequent hospitalization yet when the need is most likely to arise, that such protection is most difficult to get. Even when it's available, premiums are often prohibitive.

Medical expenses, of course, are only one financial problem of retirement, a problem greatly increased by inflation. Now many companies are trying to solve it with more liberal and flexible retirement-income plans.

A large aircraft company has just added an escalator clause to its pension system. Payments will be linked to what dollars can actually buy as

shown by the Consumer Price Index.

A Texas oil-producing firm has added a stock-bonus plan. Each month, the company contributes 10 percent of each worker's salary to buy the company's stock on the open market. The stock purchases, plus the dividends from them, are credited to each worker's account.

The company claims that upon retirement, a typical 30-year employee who has been earning \$450 a month can expect to receive a \$225 monthly pension and \$162.50 a month from Social Security. But he also will own stock worth, with dividends, an estimated \$42,700 and monthly dividends from that may amount to \$214. Thus, his total income may come to \$601 a month—even more than he earned while working. If inflation continues, chances are that both the value of his stock and his dividends will go up.

In hundreds of big companies today, there are profit-sharing plans to increase retirement benefits. Now a relatively small Midwest optical firm with fewer than 300 employees has developed a plan which tops many of the largest ones in benefits and could, the company believes, serve as a model for all small companies.

Under the plan, each employee contributes 2 percent of his pay up to a maximum contribution of \$200 a year. That's so the plan isn't overloaded in favor of high-salaried executives. In return, the company contributes 20 percent of gross profits before taxes.

Each employee's interest in the fund grows at the rate of 5 percent yearly. At the end of 10 years, half of what's in his account is his. At the end of 20 years, all of it is.

Meanwhile, however, if he should die before the 20 years are up, everything in his account will be paid to his beneficiaries. So, in effect, the fund is an insurance policy. It's also a credit union: employees can borrow from it, and 50 have financed home mortgages through the fund, helping themselves and, through their interest payments, adding to the fund.

A secretary now has an \$8,000 account on a total salary contribution of just \$500. A 40-year-old shop worker has \$12,000 and, at the age of 58, will have at least \$60,000. A department head who rose from messenger boy has \$41,000 and, if he works until 65, will have at least \$150,000.

Even before retirement, in their active years with good earnings, many people can't make ends meet. A Michigan appliance company decided to give employees courses on family-income management, down-to-earth information on how to set up realistic family budgets.

Now it's providing such courses in the plant not only for employees, but for their wives, too, since they handle much of the family spending. In the process, the wives get detailed information on company benefit and retirement plans so they can help their husbands plan for the future.

PERHAPS one of the most important new developments is the concept of "gradual retirement." In a growing number of companies now, when a man reaches retirement age, no longer is he automatically pushed aside. He can, if he wishes, go on working on a systematically decreasing basis.

In the year after he reaches 65, he can work 11 months; the next year, 10; and in the following

years a lesser time until at the age of 68 or 70 it is more to his advantage financially to retire.

Here is how the plan operates in a Chicago company, one of the first to adopt it. A man earning \$4,800 annually can retire with a pension of \$2,400 but if he wishes to stay on the job he may do so for three more years. With 11 months' work in the first year, his earnings will be \$4,400. In the next year, with 10 months' work, he'll earn \$4,000. In the third year, for nine months he'll get \$3,600.

Now, when he retires at 68, because he is three years older and therefore has a shorter life expectancy, his pension is increased 26 percent to \$3,024 a year—instead of \$2,400. With his Social Security benefits, his income now will be more than he could earn by continuing to work.

Gradual retirement has advantages for both company and worker. For the employer, it provides a few extra years' service from skilled veterans. During months when the older men are off, young men can try out on their jobs, and the company can determine their ability.

For the older worker, gradual retirement satisfies the ambition to go on working a little longer and also helps to ease the adjustment to living on less income. Moreover, it helps wean him away from work while giving him gradually increasing time to find other interests.

Still another significant new development centers around what are called "semi-retirement" plans. Their common aim is to put back into harness elderly workers who are unhappy when turned out to pasture, but to make the harness comfortable, to suit the employment to the years.

One of the first was started 10 years ago by a

Sheboygan, Wis., machinery firm which opened a small branch plant in Lake Wales, Fla. To Florida from Wisconsin, the firm sends any retiring employees who wish to go.

There, they can work just four hours a day, morning or afternoon, as they choose. They can buy homes, enjoy the climate and recreational opportunities, and live well with their pensions supplemented by earnings from their half-time job, and with the satisfaction of still doing useful work.

No longer experimental, the plan has delighted elderly employees. Many who started half-time careers 10 years ago are still happily engaged in them. And the plan has proved profitable to the company, too.

So well has it worked, in fact, that the Florida branch plant has become a kind of "industrial farm." From Wisconsin the company now sends promising young employees to work alongside the skilled elderly veterans, acquiring the knowledge to do a better job when they return.

Says the company's president, "I think we're going to see many industries setting up branch operations in mild climates where they can utilize highly skilled retired workers. When companies retire people at 65, it's usually because they figure they aren't up to working full-time any more. By letting them work four hours a day, you meet a great personal need in their lives and also take advantage of their skill and experience."

ANOTHER semi-retirement plan, also distinctive in its way, was started a few years ago by a Northern businessman who, after retiring to Holly Hill, Fla., found he wasn't happy idle. He opened

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