

# *Conflict or Consensus?*

*Generally, federal and state policies continue to provide older persons, as a group, with special benefits simply because they are old—not because they are needy. For 50 years, the government has gradually expanded benefits for older persons. But now we are approaching a crossroads. In the not too distant future, decision makers may have to stop expanding benefits—and then perhaps even cut back.*

*As the elderly population swells in numbers and grows more expensive for taxpayers, the differences among the elderly are becoming clearer. Some want to retire, others to work. Some feel entitled to special treatment, by their families and their country; others favor self-reliance.*

*In three ways, policies are evolving which may be in conflict—or at least may reflect a lack of consensus among policymakers and even among older persons.*

**Work vs. Retirement:** Should federal policy encourage retirement or employment after age 65? Federal law prohibits discrimination in employment against persons aged 40 to 70. Two federal programs also help persons 55 or over who want to work. But these policies pale in impact next to the federal Social Security program, which basically encourages a person to retire at age 65.

**Age vs. Need:** Where does the “right” to a benefit begin—at a certain age or under a certain income? Currently, only one of every 10 dollars in federal funds goes to older persons because they are poor; the rest goes on the basis of age and past work experience. Robert Clark takes the view that age remains an appropriate eligibility condition for Social Security. Phillip Longman takes a contrasting view.

**Attracting Retirees: Tax Benefit or Burden?** Should North Carolina try to attract retirees to the state through tax breaks? The state ranks seventh in attracting retirees and has four of the seven major tax breaks used by states for older persons. How does an influx of retirees affect a county’s budgetary needs—the demand for new services and for new taxes?

# Work vs. Retirement

**Form W-4**  
Department of the Treasury—Internal Revenue Service  
**Employee's Withholding Allowance Certificate**

(Rev. January 1983) OMB No. 1545-0010  
Expires 8-31-85

1 Type or print your full name \_\_\_\_\_

Home address (number and street or rural route) \_\_\_\_\_

City or town, State, and ZIP code \_\_\_\_\_

2 Your social security number \_\_\_\_\_

3 Marital Status  Single  Married  
 Married, but withhold at higher Single rate

Note: If married, but withhold at higher Single rate, spouse is a \_\_\_\_\_

4 Total number of allowances you are claiming (from line 5 of the "Worksheet on page 2") \_\_\_\_\_

5 Additional amount, if any, you want deducted from your pay \_\_\_\_\_

6 I claim exemption from withholding because (see instructions and check boxes below that apply):  
 a  Last year I received an official income tax refund and I expect to own an income tax withheld, AND  
 b  This year I do not expect to own an income tax withheld, AND  
 c If you entered "EXEMPT" on line 6, do you have a right to a full refund of income tax withheld, AND I am entitled to claim the exempt status? \_\_\_\_\_

7 Employee's signature \_\_\_\_\_

8 Office code \_\_\_\_\_

9 Employer identification number \_\_\_\_\_

Date \_\_\_\_\_ 19 \_\_\_\_\_

Delatch along this line. Give the top part of this form to employer; keep the lower part for your records.

## Federal Policy Promotes Retirement

by Bill Finger

**I**n 1978, Morris Karpen retired as president of his own sheet metal manufacturing business. "Two months of doing nothing was enough to send me to the nuthouse," remembers Karpen, now 68. "So I decided to start a small business." From Weaverville, North Carolina, just north of Asheville, where Karpen built a 75' by 175' plant, he carved out a national market for special-order, fire-resistant steel doors. But this time around, profits don't absorb Karpen's attention as much as passing on his knowledge to younger workers.

"Twenty-one of us just went to China," says Karpen, referring to a trip sponsored by SCORE, the Senior Corps of Retired Executives. "We were helping (the Chinese) to set up small businesses." Karpen came away from China with as much as he gave. "It's like the Chinese say," smiles Karpen, white socks and cuffs of blue work pants falling over his wing tips. "I want to use the brains of the old people to teach the young."

Karpen is doing just that. He has trained all 15 workers in his plant on the sheet-metal machinery he designed himself. And he believes in hiring older workers as well. "Older workers can be a steadying influence," says Karpen, nodding toward Walter Ray Tipton, 58.

Tipton has recently completed a year-long apprenticeship program, sponsored by the Buncombe County Employment and Training Office, at Karpen Steel Products. Last year, that office got jobs for 14 workers like Tipton,

persons 55 or over and below federal poverty income guidelines. The Buncombe County office administered funds for the program—which paid roughly half of Tipton's salary—through the federal Job Training Partnership Act (JTPA). The JTPA includes a mandatory "3 percent set-aside" for older workers.<sup>1</sup> Last year, some \$67 million in JTPA funds came into North Carolina—\$1.3 million of it designated for older workers.<sup>2</sup>

Mary Joan Ferrell, 49, coordinates the older worker program for the Buncombe County office. "My thing is not 'older is better,'" says Ferrell, "but that older workers will be on the job as long as a younger person." As the working population ages, Ferrell believes employers of all sorts must "draw on these older people."

Ferrell has helped older persons who need to work to find jobs as secretaries and switchboard operators, sheet-metal workers and library supervisors. Visits to four of these persons on the job showed why workers like Madelyn Webber can be valuable to employers.

"It was a blessing to me," says Webber, a 58-year-old switchboard operator, between phone calls at the First Commercial Bank in Asheville. After her husband died of a heart attack, Webber tried to find a job on her own. "People wouldn't talk to me," says Webber. "Then my daughter saw an ad in the paper about helping get older individuals back into the work force. I knew I was better off working so I went to see Mary Joan."

Across downtown Asheville, at the county office building, another 58-year-old woman, Louise Britt, echoes Webber. "Mary Joan helped me out, helped me realize that it wasn't just me (not being able to get a job)." From a room adjacent to the county office law library, Britt answers the switchboard for all calls coming to the Buncombe County information number. She monitors the library, helps with research requests, and reshelves law books.

"At my age, I don't know if I'd ever have gotten another job," says Britt, juggling calls during an interview. "Working keeps you out among people, more aware of your appearance, and up to date." Britt and Ferrell lock arms and hug shoulders as the visit ends. "It keeps you younger," adds Britt.

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*"Our misconception of the capabilities of the elderly has often limited our vision and influenced our public policies. As a result, government often creates programs and policies which deter rather than encourage older people from living a full and productive life."*  
—Walter Mondale

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People like Britt, Webber, and Tipton are at work, in large part, because federal policy has recognized the importance of older workers. This policy is evident in three main ways: through the Job Training Partnership Act's 3 percent set-aside; through Title V of the Older Americans Act, called the Senior Community Service Employment Program; and through the Age Discrimination in Employment Act. The JTPA program, explained above, is basically a training program in conjunction with the private sector. The Service Employment Program, by contrast, is a job subsidy program.

The Service Employment Program is designed to encourage the transition of older workers to the unsubsidized job market and to provide part-time employment to low-income older persons.<sup>3</sup> The program pays minimum wage or slightly higher for persons 55 or older who meet federal poverty income guidelines (\$2,625 for an individual or \$3,525 for a family of two for a six-month period). The person must work for a non-profit agency. The Title V funds often go for elders working at local councils on aging and "senior centers" (see pages 10-13 for more on the Older Americans Act).

Also in North Carolina, the Employment Security Commission (ESC) helps older people to take advantage of ESC job placement services. Each of the 84 local ESC offices has a designated specialist for older workers, says Bob Campbell, the state ESC's public information director. Recently, the ESC and the Division of Aging combined forces on a slide/tape show to encourage employers to hire older workers. The two agencies are now considering more extensive cooperative efforts, adds Campbell.

The Age Discrimination in Employment Act (ADEA), as amended by Congress in 1978, addressed employment issues for persons aged 40 to 70.<sup>4</sup> The law protects applicants and employees of these ages from discrimination in hiring, promotion, discharge, pay, fringe benefits, and other aspects of employment. So as not to

Maxine Atherton, 81, of Pinehurst writing book on "Fishes" at her microcomputer.



Courtesy: The Pilot, Southern Pines

discriminate against older workers, the law also raised the mandatory retirement age (for most employees) from 65 to 70.

In North Carolina, the state equal employment law covers discrimination based on age.<sup>5</sup> In addition, state agencies and local political subdivisions must provide equal job opportunities for persons aged 40 to 70.<sup>6</sup> Finally, in 1984, the General Assembly abolished a mandatory retirement age for state employees (except for some school personnel).<sup>7</sup>

In theory, the ADEA and state law represent major steps forward in protecting older workers. In practice, older workers often face subtle forms of discrimination—as Louise Britt and Madelyn Webber found while looking for work in Asheville.

The JTPA, Older Americans Act, and Age Discrimination in Employment Act affirm the value of employing older workers. Yet major federal policy in effect *functions in just the opposite way: to encourage workers to retire*. “Existing federal policies both facilitate and encourage retirement through the provision of retirement income and other policies that reduce the rewards for working,” begins a Congressional Budget Office (CBO) report.<sup>8</sup> The CBO report identifies three main areas where federal policy encourages older persons to *quit working*: mandatory retirement at age 70; features of the Social Security system that provide disincentives for continued work by older persons;<sup>9</sup> and existing provisions in private pension regulations.<sup>10</sup>

The amount of money spent to help people like Madelyn Webber and Walter Ray Tipton *find jobs* is a mere drop compared to the sea of federal money spent to help people *in retirement*. In fiscal year 1982, the CBO study points out, federal spending on retirement income for persons 65 and over accounted for *19 percent of the total federal budget*—nearly one of every five federal dollars—more than \$130 billion. “This

spending has increased in recent years not only because of the growing size of the elderly population, but also because of increased benefits, expanded coverage, and *more earlier retirements*” (emphasis added).<sup>11</sup>

The CBO study analyzes federal policies that affect retirement within the context of federal budget deficits and the growing number of older persons. The preface of the report includes the traditional CBO disclaimer: “In accordance with CBO’s mandate to provide objective and impartial analysis, this paper contains no recommendations.” Despite this disclaimer, the very structure of the report emphasizes the hazards of federal policies that promote retirement rather than work. “The Congress might wish to consider policy changes that would encourage older persons to continue in, or reenter, the work force,” advises the report.<sup>12</sup>

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*“Ours seems to be  
the only nation on  
earth that asks its  
teenagers what to  
do about world  
affairs and tells its  
golden-agers to go  
out and play.”*

—Julian F. Grow

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Advocates of older persons rally around Social Security above all other causes. Any effort by Congress to restrict benefits (curbing cost of living increases, stiffening income

**Table 1. How Federal Programs and Policies Affect Older Workers**

Encourage Employment	Encourage Retirement
1. Job Training Partnership Act	1. Social Security (retirement portion)
2. Title V, Older Americans Act (Senior Community Service Employment Program)	2. Employment Retirement Income Security Act (ERISA)
3. Age Discrimination in Employment Act	3. IRA deduction in tax code (indirectly)

## ***Assumptions About Older Workers***

*In 1983, the Institute of Lifetime Learning, part of the American Association of Retired Persons (AARP), released a booklet promoting the value of the Job Training*

### **Assumption**

1. Productivity declines.
2. Attendance is poor.
3. Learning capacity is obsolete.
4. Intellectual functioning decreases.
5. Compared to younger workers, older workers are not worth the investment to train.
6. Motivation decreases.
7. Accidents on the job increase.

*Partnership Act for older workers. The booklet, called "Training Older Persons for Employment," included common assumptions about older workers with the AARP's findings about these assumptions. The chart below summarizes this work by the AARP's Institute of Lifetime Learning.*

### **AARP Finding**

1. No consistent pattern exists to demonstrate superior productivity in any age group.
2. Older workers' attendance is as high or better than younger workers' attendance.
3. Little evidence exists to suggest any significant change in learning capacities.
4. Intelligence remains constant for most persons until at least age 70.
5. Employees aged 20-30 stay with a company an average of 3.4 years; those aged 50-60 stay an average of 15 years.
6. Older workers demonstrate greater job satisfaction, less stress on the job, and fewer admissions to psychiatric treatment.
7. Older workers have fewer accidents in situations that require judgment based upon experience and expectation of hazard.

restrictions) prompts an outcry, not only from the Washington-based advocacy groups but from every corner of America. Nearly one of every nine Americans depends upon a Social Security check for a part of his monthly income.

These same advocates, however, espouse the *vitality* of older persons, the fact that a person's abilities should not be judged by age alone but rather by health, vigor, and ability to work. Should government policies encourage work—or should they encourage retirement—at age 65?

If Social Security is a sacred cow, take a closer look at this ecclesiastical pasture—at employer-controlled pensions and at "the good life" of retirement. While The Employment Retirement Income Security Act (ERISA) does regulate private pensions, it permits private pensions "certain latitudes that can create work *disincentives* when an employee reaches the age of pension eligibility," says the CBO study.<sup>13</sup> Usually, for example, a person must quit working in order to receive pension benefits. In other words, federal pension laws generally require a person to *quit* working in order to get his pension check—even if he wants to *keep* working.

In recent years, the financial industry has promoted retirement as "the good life." Banks, brokerage houses, and others compete for IRA (Individual Retirement Account) accounts, annuity plans, and other investment income. The

IRA deduction in the tax code, indirectly, has contributed to this new wave of promotion.<sup>14</sup> Ads promise that you can afford the \$1 million ranch from your IRA if only you would start saving now. The inducement through the tax code to save might help the economy in a number of ways (building up capital rather than spending, etc.). But the IRAs have also resulted in the promotion of "retiring in style"—rather than continued work for those who are healthy and have some contribution to make to the economy.

People need to have the option of working as long as they are healthy and can contribute. But federal policies—especially Social Security incentives—encourage retirement more heavily than work. Until policymakers and advocates of older persons can resolve this contradiction, many older persons will find, as economic and social consultant Harvey Shapiro puts it, "Their later years are like their earliest ones: They find society unwilling to entrust them with any meaningful tasks."

Many retirees, of course, prefer—even relish—their leisure. As the wife of a recently retired agricultural extension agent explains, "The push with our children and my husband's job is over. Our income is adequate, and we have looked forward to retirement—to travel, to take things a little easier. It's a time in our sixties to enjoy our retirement before any serious aging problems."

There are two groups of older persons now—those who are able, and want to retire; and those who want to continue to work, for financial reasons or simply because they like to work. Certainly, persons should have the freedom to choose which of these camps they fall into—favoring retirement or work.

What seems in conflict, however, is the federal policy of promoting retirement—at tremendous cost to taxpayers—while giving only piecemeal attention to promoting work for older persons. Those who want to retire certainly have that right. But they have the responsibility of recognizing the impact their retirement has on

the society as a whole. Not only does the Social Security price tag continue to soar, but the wisdom and experience of work-force veterans are lost to the next generation as well.

Fortunately for Buncombe County, Louise Britt landed a job, even at age 58. And the First Commercial Bank in Asheville now has a reliable switchboard operator in 58-year-old Madelyn Webber, instead of younger women who kept quitting. As Morris Karpen reminds us, maybe we do have something to learn from the Chinese. Maybe we should use the brains of the old to teach the young—on the job, not just on a front-porch rocker. □

*History is replete with examples of people who continue to use and enhance their creative gifts into very old age. Verdi composed his "Ave Maria" at eighty-five. Pablo Casals played the cello, conducted orchestras, and taught up to the time of his death at ninety-six. Ralph Vaughan Williams composed his eighth and ninth symphonies in his eighties. Grandma Moses took up painting at the age of seventy-seven and continued to do her quaint and appealing work to the end of her life at ninety-nine. Michelangelo worked on his sculptures virtually until the day of his death at eighty-nine.*

*Arthur Fiedler vigorously conducted the Boston Pops orchestra in his eighties, and Arthur Rubinstein at eighty-eight received tremendous ovations for his piano*

*concerts. Will Durant, with the collaboration of his wife, Ariel, wrote five volumes of the massive ten-volume History of Civilization between the ages of sixty-nine and eighty-nine.*

*You may say these are unusually gifted and exceptional people, and you would be right. But they give proof that creativity, freshness of ideas, and the power to enrich one's society and culture need not vanish with old age.*

*Professor [Archibald] MacLeish points out—and I agree—that creativity in one's later years does not fall like manna from heaven. It requires an abiding interest in life and a conviction that we can continue to grow, learn and create to the very end of our days.*

*—Alice Van Landingham*

#### FOOTNOTES

<sup>1</sup>29 USC 1501 et seq.

<sup>2</sup>An excellent background resource on the Job Training Partnership Act, as it applies to older workers, is *A Practitioner's Guide for Training Older Workers* by Brenda Lester, National Commission for Employment Policy, 1522 K Street, N.W., Suite 300, Washington, D.C. 20005, 1985. This 213-page research guide contains a wealth of information on older workers in general, including a valuable annotated bibliography.

The \$1.3 million is 3 percent of the JTPA Title IIA funds coming into the state, which totaled about \$43 million.

<sup>3</sup>42 USC 3056 et seq.

<sup>4</sup>29 USC 631.

<sup>5</sup>NCGS 143-422.2.

<sup>6</sup>NCGS 126-16.

<sup>7</sup>Chapter 1019 of the 1983 Session Laws (2nd Session,

1984, SB14).

<sup>8</sup>*Work and Retirement: Options for Continued Employment of Older Workers*, Congressional Budget Office, 1982, pages 4 and xv.

<sup>9</sup>42 USC 402.

<sup>10</sup>29 USC 1001 et seq., especially section 1056.

<sup>11</sup>*Work and Retirement*, page xiii.

<sup>12</sup>*Ibid.* In addition, see other resources that explore this issue: Herbert S. Parnes, editor, *Policy Issues in Work and Retirement*, the W. E. Upjohn Institute for Employment Research, 1983; the journal *Aging and Work*; and Robert L. Clark and David T. Barker, *Reversing the Trend Toward Early Retirement*, American Enterprise Institute, 1981. 1981.

<sup>13</sup>*Work and Retirement*, page 30.

<sup>14</sup>26 CFR 1.219-1 ("Deduction for Retirement Services"), August 1980.