# What Is Retirement For?

*The Social Security system gave birth to the modern idea of retirement as a golden age of life after work. That concept was never very carefully thought out, and now that it is more than 70 years old it looks ripe for retirement.*

BY W. ANDREW ACHENBAUM

Marking life's transitions is a big business in America. The modern bride and groom take counsel from scads of magazines, consultants, and vendors even before they exchange the golden rings and set off on their honeymoon, spending an average of $26,000 to tie the knot. The celebration of births, birthdays, and graduations keeps entire industries afloat, and even teenagers get to don evening clothes and settle into rented limousines for that all-American rite of passage, the high school prom.

In contrast, the rituals that attend what can be one of life's most significant changes—retirement—tend to be cheap and awkward. The invitation to the "goodbye" party is typically circulated in a corporate e-mail along with all the other digital ephemera of bureaucratic life, with little check boxes where attendees can indicate their menu choices, which, more likely than not, they will pay for out of their own pockets. No longer does the nearly departed get a fancy gold watch or crystal bowl. Instead, party planners buy mugs and gag gifts. For the extravagant, an eight-foot banner reading "Good Luck, Fred!" can be bought on the Internet for $3.99. In giving toasts, the Master of Ceremonies, the Boss, the Spouse, even the Person Retiring need only fill in details in texts available online. The intent is to make the retirement party as upbeat as possible—because no one is really sure how upbeat life after work will be.

The uneasiness surrounding retirement celebrations reflects the fact that sometime during the past couple of decades we lost a shared vision of what retirement is or ought to be. The majority of retirees in the past may not have been handed a gold watch, yet the timepiece still symbolized a certain set of ideas: the steady passage of years spent largely with one employer, and the golden time to come, when all the long-delayed dreams of relaxation and travel would at last be realized. Much of that is gone now. Not only do careers often involve more employers than there are hours in a day, but, in part because of the sheer number of people entering them, the postwork years can now go in any number of directions. In many cases, they're not even postwork.

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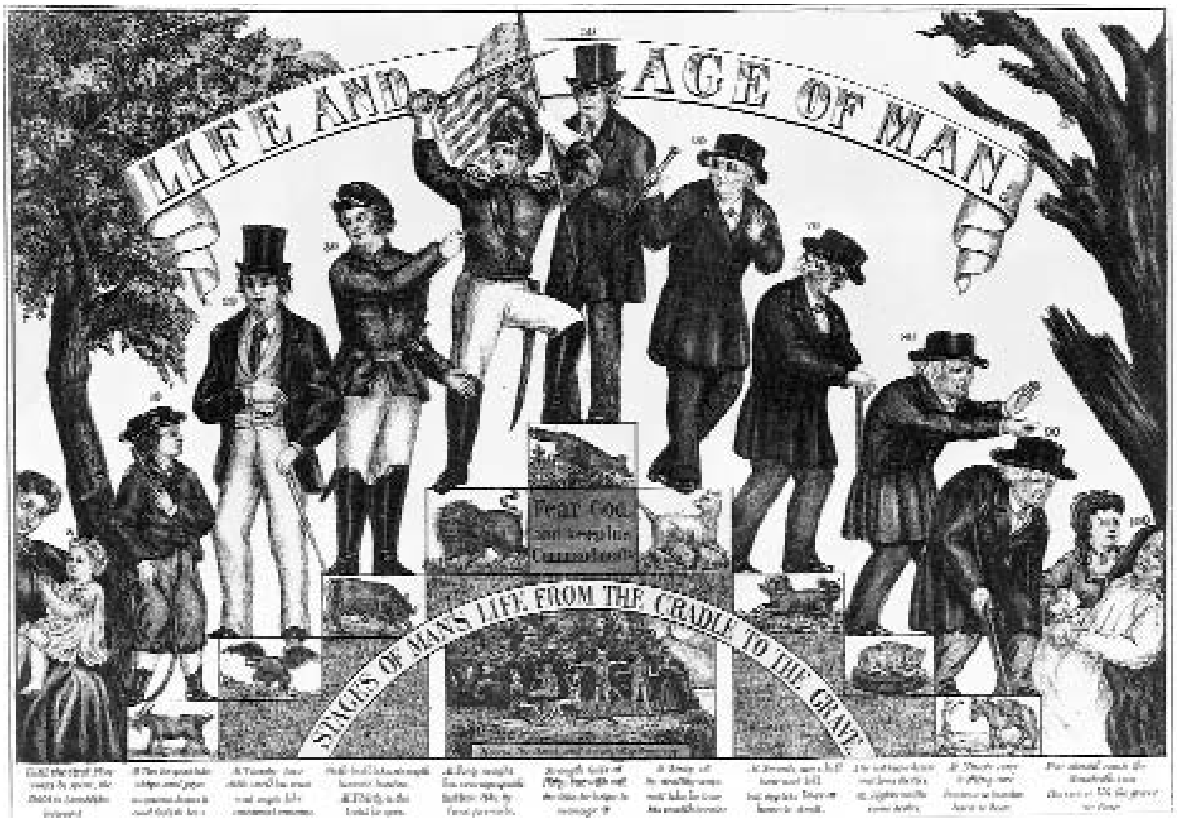


**No golf clubs or cruise wear await the elderly in this characteristically grim mid-19th-century depiction of the stages of life.**

Yet the golden-age scenario of retirement was itself a fleeting thing, one of a succession of hazy visions that evolved one after the other as demography, economics, and social trends dictated, usually without any conscious effort by society at large to consider what life in old age ought to be like. As the first baby boomers cross the 60-year threshold this year, the advance guard of a cohort likely to live far longer than their grandparents, that lack of reflection is a luxury we can no longer afford. With its unprecedented personal expectations, its enormous demands on the public weal, and its reservoir of education and skills likely to be needed by a country entering a period of challenge, this generation will force us to face the question: What is retirement supposed to be?

"Retirement" simply did not exist during much of the American experience. In the colonial era and early decades of the Republic, older men labored as long as health permitted. The elderly were a small part of the population; a white baby born in 1800 couldn't expect to live to see its 40th birthday (though those who survived the deadly perils of childhood could expect to live considerably longer). That 90 percent of all Americans worked the land gave elderly farmers certain advantages. Infirmity did not preclude them from exercising authority over their lands, sharing advice and expertise, feeding the livestock, or managing the books. More important, most elders owned the land they farmed, rarely ceding total control until death. If love and filial obligation did not compel their children to care for them, self-interest did. Typically, widows got a third of the property and the rest of the estate. As late as 1850, men between the ages of 70 and 99 held real estate valued on average at what was then a very substantial $2,500, a sum 10 times the value of land held by men in their twenties.

Yet the simplest adversities could have cruel consequences for the elderly. Unwilling to wait for their inheritance, sons moved west. Poor crop yields and land speculation wiped out family farms. Even luminaries were at risk. Thomas Jefferson brushed with bankruptcy several times: Forfeited notes, debts, fluctuations in land prices, and his own preoccupation with establishing the University of

Virginia nearly cost the ex-president his homestead at Monticello. (Presidents James Monroe and Ulysses S. Grant also scrambled to make ends meet after leaving office.)

The professions and crafts provided opportunities for older men. Although the aged made up less than two percent of the population, many "young Men of the Revolution" subsequently held government posts until their eighties. Clergy kept their pulpits for more than five decades. Octogenarian tradesmen and innkeepers were not uncommon; clock makers and silversmiths labored into old age, calling on apprentices to shoulder more and more of the burden. Americans distinguished between vigorous "green old age" and sickly "superannuation."

**IN FORMER TIMES, older people had to rely on the kindness of neighbors and kin, and many entered almshouses.**

The vicissitudes of superannuation diminished the quality of late life. Older people had to rely on the kindness of neighbors and kin, and increasing numbers of the aged poor entered almshouses, bare-subsistence charities operated by local governments where they shared space with delinquents, criminals, and the disabled. Widows became subservient to in-laws, relegated to a single room in the homes they once owned. The economic utility of aging slaves was recorded with frank brutality in a plantation ledger book: "Charley," aged 60, was registered as a quarter-hand.

With few exceptions, work opportunities for older people diminished after the Civil War as the United States metamorphosed into an urban-industrial order, inaugurating a second phase in the history of retirement. The village blacksmith became an anachronism as the craftsman retreated before the new mass-production industries. Semi-skilled workers who were getting on in years could not meet quotas. "The old man today," wrote an economist in 1906, "slow, hesitating, frequently half-blind and deaf, is sadly misplaced amidst the death dealing machinery of a modern factory." To get by, men begged, accepted whatever menial jobs were available, and relied on family for support.

The obsolescence of the older worker is one reason the period around 1890 marks the beginning of the long-term trend toward the withdrawal of the elderly from the work force. In that year, about two-thirds of men aged 65 and older were still in the labor force—roughly the same proportion found today in developing countries such as Brazil and Mexico. By 1920, that number had dropped to 56 percent, and by 1940 it was down to 42 percent. Today it is 27 percent.

It is probably more accurate to describe most of these turn-of-the-century elderly as "not working" rather than "retired" in any modern sense. Few had resources beyond what they had saved themselves, and while successful merchants, farmers, and professionals might amass significant assets, many others did not. A few skimpy corporate pensions were paid, but they were offered as much as departure incentives designed to promote business efficiency as expressions of altruism. Yet it was significant that many leaders of the era's new big corporations felt that they could not afford to be heartless. Older workers were kept on as floor sweepers and in other menial jobs, if perhaps only for the sake of workforce morale, and the corporate interest in pensions arose in part out of a desire to find a better way to deal with what had become a growing burden. The American Express Company broke the ground in 1875, when it began to pay small sums to workers past 60 who were willing to quit.

One large group did receive outside support during this period. By 1893, a million aging Union Civil War veterans and their widows were receiving military pensions from the federal government, an expense that consumed 42 percent of the federal budget. Technically, the beneficiaries were required to show some war-related disability, but the program was increasingly liberalized until Congress declared in 1906 that any veteran 62 or over qualified. Yet even as European nations were establishing broad-based social insurance schemes for the elderly, beginning with Germany in 1891, Congress refused to consider military pensions a precedent for creating a pension system for veterans of industry. The federal pensions died out as the veterans did.

In 1940, Ida M. Fuller of Ludlow, Vermont, drew the nation's first Social Security check. The retired bookkeeper lived to the age of 100, eventually drawing $22,888.92 in benefits after having contributed $24.75 to Social Security.

The pension movement spread slowly: In 1918, only one of every 100 retired workers received any support from corporations or unions. Indeed, labor unions were generally indifferent or even hostile to the nascent pension movement among liberal reformers. Many labor leaders feared that pension contributions would reduce wages or that employers offering pensions would win more worker loyalty than the unions.

Yet there were advantages to life in the booming industrial cities. Wages were higher there than they were on the farm, and they began rising fairly rapidly in real terms toward the end of the 19th century, allowing many workers to save enough to purchase a home while avoiding the heavy labor that comes with farm life. And many city dwellers were able to retain some of the virtues of close-knit rural life. In ethnic enclaves, younger kin helped their elders secure part-time employment, and they shared family resources during economic downturns.

At the elite level, age had definite advantages. Old men dominated most of the nation's institutions, from corporations to the Protestant churches. A series of reforms in the nation's capital after 1880 established the seniority system in Congress, putting more power in the hands of gray-haired legislators. When World War I broke out, nearly half of the nation's millionaires were over 60, as were 56 percent of what one business journalist dubbed the "men who control America."

A third and more recognizably modern era of retirement was born of crisis. The Great Depression struck an America equipped with only the most rudimentary safety net, and the cataclysm struck the aged with particular brutality. Old-age unemployment exceeded even the appalling national averages, driving many middle-class senior citizens into poverty. Bank failures, business bankruptcies, and 19,000 farm foreclosures took an especially heavy toll on the assets of older people. Families helped as much as they could, but couples put their children's interests above the needs of their parents. Once deemed a minor problem, old-age dependency now seemed a crisis requiring dramatic intervention.

"We can never insure one hundred percent of the population against one hundred percent of the hazards and vicissitudes of life," Franklin Delano Roosevelt declared as he signed the Social Security Act in 1935, "but we have tried to frame a law which will give some measure of protection to the average citizen and to his family against the loss of a job and against a poverty-ridden old age." (The system's architects considered a variety of ages from 60 to 75 as the magic threshold of retirement, fixing on 65 after consulting actuarial tables and budget projections, looking at other nations' retirement systems, and putting a finger to the political winds.) Social Security checks made a difference in the lives of ordinary Americans, who on average were living longer than their grandparents. Ida May Fuller, the first Social Security beneficiary, contributed $24.75 to the system during her last two years of work; between 1940 and her death in 1975, she collected $22,888.92.

Few profited as much as Ms. Fuller, but Social Security served its purpose, making it possible for older people to leave the work force assured of a floor (not necessarily carpeted) to support them. For many, the carpeting came from private pension plans, which proliferated during World War II, when Congress conferred tax advantages on corporations that offered them, and were extended to ever-larger numbers of Americans after labor unions took up the cause in the late 1940s. The incidence of old-age poverty fell from 50 percent in 1935 to 15 percent four decades later. As Social Security benefits increased and coverage expanded, and as private pensions kicked in and the nation as a whole entered an era of remarkably steady and widespread prosperity, middle-class workers envisioned a new golden age of retirement ahead.

On New Year's Day 1960, the first day of an explosive decade in American history, real estate entrepreneur Del Webb opened the doors to his daring gamble that the newly retired masses were ready for something different from the somnolent precincts of Florida. He billed Sun City, Arizona, as a place where people "55 and better" could pursue "an active new way of life." He need not have worried about the response: One hundred thousand people came the very first weekend to explore the new world Webb promised. Webb wasn't the only person with a sense that there was something new in the way Americans were approaching life beyond work. Two years before Sun City began rising in the Arizona desert, Ethel Percy Andrus had founded the American Association of Retired Persons, the colossus now known simply as AARP.

In the decade of heightened social concern that began when Sun City was born, old age suddenly came into focus as a status in need of greater protection. Medicare was created to provide health care; Medicaid covered institutional care for the aged poor. In retrospect, both are crowning achievements of the decade's many social reforms. The Older Americans Act (1965) created opportunities for retirees to volunteer their talents in the community. The Age Discrimination in Employment Act (1967) protected older members of the work force—though ironically it didn't apply to people over 65 until amended 10 years later. A "gray lobby," now consisting of 100 interest groups, formed a coalition to demand more benefits in addition to greater entitlements for senior citizens. Election-year politics in 1972 resulted in a 20 percent increase in Social Security benefits, henceforth pegged to an automatic cost-of-living adjustment.

Not surprisingly, given the diversity of U.S. citizens over 65, some segments of the older population were more privileged than others. The poverty rate of older women was roughly double that of older men. Aged Hispanics and African Americans tended to be poorer than aged whites; they also had less access to health and other social services. Nor was "retirement" uniformly celebrated. Some sociologists described it as the "roleless role"; union leader Walter Reuther once rather bleakly described retirees as "too old to work, too young to die." In 1968, nearly half of Americans over 55 surveyed by the Social Security Administration said they preferred not to retire—many because they could not afford to.

But for the vast middle class, life after work promised dazzling possibilities. No longer as dependent on their children to make ends meet, older Americans retired earlier and earlier. Seniors hit the road. "Snowbirds" wintered in the Sunbelt; some of their contemporaries became residents year-round. Florida developers beckoned older folks to what they called "the land of sunshine, the state of dreams." Modest apartments for seniors gave way to condominiums and age-gated communities with state-of-the-art recreational amenities and health care facilities. Political leaders in California, North Carolina, Texas, and other warm-weather states took senior-citizen issues especially seriously, because the older residents who were drawn to those states voted regularly and had the time and tenacity to mobilize support for their causes. It seemed that the day might come when we would have to abandon red and blue America for a new model: hot and cold.

With enhanced status, the image of retirees changed. Some senior citizens were deemed pitiable and desperate, to be sure, but this rising cohort of "golden agers" aroused so much envy that, in the mid-1980s, the media decried them as "greedy geezers." Contributing to the new attitude was a growing recognition of the fiscal challenges posed by Social Security and Medicare as the senior population grew. Journalist Phillip Longman warned that youth were "born to pay" for their parent's profligacy. Speaking in terms of generational injustice, other pundits observed that the interests of white, leisured senior citizens were being pitted against the needs of minority children and youth and their underemployed or jobless mothers. Social Security, the nation's most successful social welfare program, became less a sacred cow than a golden calf.

For better or worse, as the first baby boomers celebrate their 60th birthdays this year, they are destined to begin creating a fourth era of retirement. It is not just the looming crises of Social Security and Medicare that ensure the end of the "golden age" of retirement. The shrinkage of younger age cohorts means that the nation will need to turn to older workers if the economy is to remain globally competitive. About 12.4 percent of the U.S. population is already over the age of 65, and within the next two decades this proportion will rise to 20 percent.

At the same time, old age is lengthening. At the dawn of the golden age, in 1950, Americans who reached age 65 could look forward to almost 14 more years of life. Today's 65-year-olds can expect to live, on average, more than 18 years longer, and to enjoy better health. And most Americans retire several years before the magic age of 65. The nation cannot afford to underwrite two or three decades of leisure for mature workers capable of contributing to our collective prosperity. And many older Americans, given the gift of extra years, will not want to spend all of their remaining good years at play.

Whereas a century ago obsolescent elders were a problem, now older workers are a part of the solution to the anticipated shortage of competent employees. In the current decade, some 400,000 Americans per year will turn 65; during the next decade, that number will rise to 1.4 million. But we have yet to create all the institutional mechanisms that would make "retirement" flexible enough to meet the demands of an aging society. A report last year by the Conference Board, an organization of large corporations, noted that "the maturing work force is often seen as an issue to be dealt with instead of a great opportunity to be leveraged," and it urged employers to wise up. Yet some pathways to "unretirement" are already in place. Companies give older workers flexibility, offering part-time jobs, seasonal work, and on-call tasks to veteran work-

**Since the mid-20th century, affluence and good health have given many Americans a shot at improvising the good life in retirement havens such as Sun City, Arizona.**

ers who can serve as mentors and role models. Some firms have designed creative work arrangements, "repotting" senior employees, offering job-sharing options, or relying on the Web so that projects can get done at home. Education and retraining can enrich the lives of older people even as they prepare them for new work.

Changes the baby boomers and their immediate elders are already making suggest that their experiences as a group in their sixties and beyond will be more variegated than those of any previous group of retirees. Many will have the opportunity to re-create the golden age on a grander scale, not only by drawing on their own accumulated resources, but with the help of what will be the greatest intergenerational transfer of wealth in U.S. history, as the children of postwar affluence inherit some $7 trillion—assuming the costs of caring for their aging parents or some economic catastrophe don't exhaust the loot. Experience so far suggests that many of these affluent (as well as many not-so-affluent) retirees will not choose simply to take to their deck chairs if their health allows them to remain active. Even today, older Americans are eagerly starting fresh careers, working part time, consulting, dipping in and out of full-time employment, or seeking out other new work arrangements. Baby boomers can also be expected to succeed their parents as volunteers in religious, educational, and civic institutions because in middle age they are already contributing significant amounts of time while working and raising families.

**MANY OF TOMORROW'S affluent and not-so-affluent fresh retirees will not choose simply to take to their deck chairs.**

For some, work in their later years will be a necessity rather than a choice. Not only poor people, but middle-class folk who were the victims of collapsing pensions, corporate takeovers and outsourcing, and a job market that makes it hard for displaced middle-aged workers to get back on track, may be compelled in some cases to stay in the labor force full time. Yet shocking numbers of gainfully employed Americans are likely to find themselves still laboring in their sixties and seventies because of their own failure to save for the future. Among those American families headed by people aged 55 to 64 that have any savings at all apart from equity in their home, the average total is only $78,000. A stake three or four times that size is generally considered essential to sustain a modest retirement.

The Conference Board's survey of older workers captures the new mixture: Fifty-five percent of the employees said they were not planning to retire because they still found their jobs interesting, while 75 percent said that financial concerns were a factor that would keep them working.

Still, the markets for upscale retirement communities, continuing education, travel, and other trophies of a comfortable retirement remain extremely strong. Retirement as a predictable phase of life is a creation only of the last century, and as each successive aged cohort has grown larger, a phenomenon that always defied easy generalization has grown increasingly difficult to characterize. Now more than ever, however, we need to form a clearer collective conception of what retirement ought to be.

A decent standard of living, freedom from discrimination, and the best possible health care have come to be seen as the necessary foundations for life "after work." In the past, having enough money, loving kin and friends, and healthful attitudes and habits made superannuation fruitful. Poverty, isolation, and debility not only resulted in old-age vulnerability; they also diminished the capacity of senior citizens to grow, to share, and to be satisfied. In the 21st century, we may return to older notions of a "green old age," as growing numbers of seniors who retain their energy and health find additional fulfillment in new forms of work without the rat race. ■