

personnel, for example, need not rely upon their salaries for total income and do not present the employer with problems of the nature discussed.

c. Higher Costs of Fringe Benefits Are Not a Significant Problem

Before this survey was undertaken the opinion was expressed that the added cost of fringe benefits for older age groups would be a significant deterrent to hiring older applicants. This view has not been substantiated. Costs of fringe benefits are generally not a factor working against the older applicant. In fact, many survey respondents seemed unaware that fringe benefit costs might be affected by employee age. Actually the cost of fringe benefits is related to the average age of the work group covered. For most companies interviewed, however, this average is unlikely to increase significantly as a result of hiring older persons, because the work group covered is large enough to "insulate" the average. Where employees are covered by union programs, employers contribute an equal amount for every hour worked by each union employee regardless of his age and thus are not directly concerned with actuarial factors. Several companies reported an increase in fringe benefit costs because of advancing employee age but only one company considered this increase to be a penalty rather than simply a cost of preferring older employees. Furthermore, it is apparently considered by many companies that a reasonable increase in costs of a fringe benefit program would represent only a small part of total compensation costs.

Added pension costs specifically are not a consideration in hiring older applicants. All of the companies interviewed have pension plans which relate to years of service and most of these plans require a minimum number of prior service years for each participant. This requirement, coupled with a mandatory retirement age or cessation of service credits at 65, generally excludes from the plan those new workers 50-55 and older. Consequently the addition of older workers is not a significant problem with respect to company pension costs.

5. Social Considerations

Up to this point, the types of difficulties discussed--experience, physical capabilities, mental flexibility, wage and fringe costs--have been closely related to the economics of hiring the older job applicant. There are also certain important social considerations which affect the position of the older applicant. While certain of these considerations have an economic impact, employers seem to consider them as