

most recent benefit level, the average social security award to an early retiree male was about \$1,000 per year. For males not retiring early, the average benefit award was about \$1,350.²⁴

Second, there is the loss in real output arising out of the consequent reduction in the labor force. Evidence indicates that most workers prefer the monetary and psychological benefits of employment to retirement at present levels of private and public pensions. Those workers who desire and are able to work without adversely affecting the productivity of others can keep up total output and keep down the "burden" of supporting the nonworking portion of the population.²⁵

Third, by institutionalizing age 60 as the initial eligibility age for social security, Congress may, in effect, be setting a guideline which would tend to push the average age of retirement in the United States lower. This phenomenon was clearly evident following the establishment of social security and the eligibility age at 65 in the thirties. And the recent establishment of eligibility at age 62 may in part be responsible for the problem about which we are now concerned. Reducing the eligibility age encourages employers, for example, under pressure from younger workers to force more workers into retirement and to be more reluctant or unwilling to hire and, where necessary, to train older workers.

5. SIMULATION ANALYSIS OF RETIREMENT TRENDS

In order to show the possible effects on retirement income of lowering the social security eligibility age, pension income distributions for 1980 are projected using the simulation model described in section I. Three projections are made, each based upon different assumptions regarding the trend of retirement rates for males. Tabulations are also presented of projected pension income by age of retirement.

5.1 *Early retirement simulations*

Projection I was a hypothetical construct. It assumes no change over time in the age 45 and above male retirement rates, maintaining retirement rates at the level existing in 1960.²⁶ It also maintains the 1960 situation regarding male eligibility for social security (i.e., benefits available only at age 65 or over with no early retirement at reduced benefits possible).

The attempt is to simulate a situation which would approximate what might have happened if the social security system had not changed. Of course, this presumes that the necessary economic measures (i.e., appropriate monetary, fiscal, and labor force policies) would be taken so as to provide jobs for workers in satisfactory employment.²⁷ The resulting retirement before age 65 would, therefore, be due to personal preference for leisure over work or problems of health, and

²⁴ Social Security Bulletin, vol. 30 (June 1967), table Q-6.

²⁵ This burden includes, in addition to pensions and other income maintenance programs, the costs of social services required to reduce and to deal with the psychological shock of retirement affecting many workers.

²⁶ Stuart H. Garfinkle, "Tables of Working Life: Length of Working Life for Men," U.S. Bureau of Labor Statistics Bulletin 1001 (Washington: U.S. Government Printing Office, 1950); Stuart H. Garfinkle, "The Length of Working Life for Males, 1900-60," Manpower Report No. 8 (Washington: Government Printing Office, 1964), table A.

²⁷ By satisfactory employment is meant employment in jobs at earnings levels close to the workers' peak earnings.