society as a whole because it may tend to encourage an inefficient allocation of resources.

A retirement conditional pension promise is a very blunt instrument for management's use in screening out inefficient employees. So long as the retirement is optional, not mandatory, the initiative rests with the employee.

Early retirement is likely to have a greater economic appeal to those employees who are still highly productive and who have good outside employment alternatives—those management would most like to retain.

Before offering an early retirement option, employers should carefully assess not only the dollar costs of the plan, but also the pattern of economic incentives it will establish for individual employees. Unless youth and vigor is a requirement of the organization, there would seem to be little merit in an early retirement option. Even when a requirement for youth does exist, an early retirement program can imperfectly serve the organization and society.

TABLE 1.—AVERAGE 1966 ANNUAL INCOMES OF SURVEY RESPONDENT POPULATION, BY RANK, EDUCATION LEVEL, AND RETIREMENT AGE

[Full time and self-employed only]

Grade and education [1]	1966 average annual income by retirement age								
	Less than 44	44 to 45	46 to 47	48 to 49	50 to 51	52 to 53	54 to 55	Over 55	All ages
0-5:									
LTBS	$11,110	$10,910	$9,600	$8,650	$8,830	$8,890	$10,940	$8,390	$9,810
BS	12,310	10,630	10,880	10,260	10,060	10,230	(2)	(2)	11,130
MBR	15,720	14,350	13,630	11,880	12,080	11,250	11,250	(2)	14,520
MAR	10,000	8,640	8,750	(2)	(2)	(2)	(2)	(2)	9,130
Ph. D	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	15,050
0-6:									
LTBS	(2)	14,170	16,530	11,250	12,190	9,550	10,140	12,920	12,280
BS	14,730	13,390	12,030	11,220	11,220	10,280	11,280	12,190	11,440
MBR	20,270	17,640	15,670	14,260	12,330	12,490	11,350	13,040	14,660
MAR	(2)	(2)	11,670	9,350	7,380	8,630	8,570	(2)	9,070
Ph. D	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	14,110
0-7: All	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	12,920
0-8: All	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	13,630

[1] Education: LTBS—Less than a bachelor's degree; BS—Bachelor's degree or some work toward a master's degree; MBR—Master's degree awarded before military retirement; MAR—Master's degree awarded after military retirement; and Ph. D—Ph. D degree.
[2] Number of observations too few to provide meaningful data.

Source: Lenz, op. cit., p. 83.

TABLE 2.—PERCENT OF SURVEY RESPONDENTS WHO HELD CIVILIAN EMPLOYMENT FOR 3 OR MORE MONTHS AND WERE CURRENTLY EMPLOYED FULL TIME, BY GRADE, EDUCATION LEVEL, AND RETIREMENT AGE

Grade and education [1]	Percent holding full-time employment by retirement age								
	Less than 44	44 to 45	46 to 47	48 to 49	50 to 51	52 to 53	54 to 55	Over 55	All ages
0-5:									
LTBS	93.4	90.7	86.5	84.0	79.0	70.4	75.1	50.0	85.3
BS	96.9	95.0	94.0	89.0	91.1	96.2	90.9	64.3	93.9
MBR	98.8	98.2	100.0	100.0	100.0	(2)	(2)	(2)	97.4
MAR	100.0	92.0	100.0	90.0	100.0	(2)	(2)	(2)	96.8
0-6:									
LTBS	100.0	100.0	70.6	94.1	80.0	84.4	66.7	65.0	81.5
BS	88.9	95.2	94.2	86.4	80.3	79.4	74.6	75.0	83.5
MBR	98.4	96.5	95.5	90.7	88.7	78.7	79.3	90.0	89.4
MAR	(3)	(3)	92.3	83.3	97.1	83.6	87.5	(2)	87.6

[1] Education: LTBS—Less than a bachelor's degree; BS—Bachelor's degree or some work toward a master's degree; MBR—Master's degree awarded before military retirement; MAR—Master's degree awarded after military retirement.
[2] Number of observations too few to allow meaningful percentage expressions.

Source: Lenz, op. cit., p. 174.