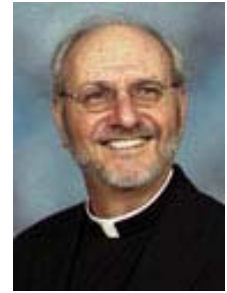


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Keeping Retirement Dependable

Behind the counters of fast food restaurants more seniors are selling burgers alongside teenagers. At supermarkets, growing numbers of graying workers bag the groceries and collect the carts from the parking lot. Older workers have become an essential part of the retail and service sectors of the U.S. economy--some by choice, some by necessity.

Americans are living longer. In 1900 the average life expectancy boasted only 49 years and most working people died while still employed. Life expectancy currently has jumped to 77 years, and children born today face a fifty-fifty chance of living to 100. Given the increased longevity of the population, when should a worker retire?

Prior to the beginning of the 20th century most people worked until they died. Most farmed for their livelihoods and experience brought wisdom. Work also made people feel productive and connected to family and friends. When workers moved from farm to factory, advancing age became a liability because production depended on speed, agility and strength.

However, the question of age and work fell under social scrutiny during the Great Depression of 1929. With unemployment hovering around 25 percent, Franklin Roosevelt's New Deal sought a program to replace older workers

in industry with younger workers who sat idle. Social Security, created in 1935, guaranteed a steady, though meager, flow of income and marked the beginning of a nationalized retirement plan for older workers. Still, with the average retirement age at 70 during the 1930s, not many workers enjoyed more than a few years of leisure after quitting employment.

Social Security together with a pension and personal savings formed a three-legged stool for retirement. In decades after World War II companies lured the best workers with significant pension plans while wages rose with a growing economy. The golden years for workers with strong unions showed a rising standard of material living and the promise of an adequate stream of income during retirement.

That steady retirement income came for many workers from defined benefit pension plans that delivered a fixed monthly check. Employers favored defined benefit plans because these plans built loyalty and increased productivity, and by the mid-1980s they covered 40 percent of the U.S. work force.

However, with the economic changes in the 1980s--declining unions, a shrinking manufacturing sector and diminishing loyalty and job security--new economy companies like Microsoft never adopted the plans, choosing instead to

The Catholic Conference of KY (CCK) is an agency of the Catholic Bishops, established in 1983. It speaks for the Church in matters of public policy, serves as liaison to government and the legislature, and coordinates communications and activities between the church and secular agencies. There are 388,000 Catholics in the Commonwealth. The Bishops of the four dioceses of KY constitute CCK's Board of Directors.

attract qualified workers with 401 (k)-type programs known as defined contribution plans. These plans establish tax-deferred individual accounts for workers and shift retirement pay-out from the fixed monthly check to a one-lump accumulated sum. The value of the accounts fluctuates with the financial markets and adds risk to the retiree outliving the benefits.

So, when should a worker retire? The three legs of the retirement stool-Social Security, a pension and personal savings-all look short. National personal savings peaked at \$480 billion in 1982, but now has slid to \$103 billion-down nearly 80 percent. Of the 48 million families holding 401 (k) account balances, the median value of their savings today amounts to

\$27,000-not a great nest egg. And Social Security?

The question is not when to retire, but how to retire. A person of faith best reflects the common good by fighting for reliable social insurance, not risky privatized accounts. That steady flow of income, simple but adequate, will allow seniors to volunteer for service projects, engage in civic activities, or care for creation. By keeping an income floor underneath retired workers, seniors won't be forced to repeat continually, "Want fries with that order?"

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