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WORK OPTIONS IMPORTANT FOR MINORITY ELDERS

Among those who could benefit particularly well from greater access to phased or gradual retirement programs—which allow workers to draw on part of their pensions while reducing their work schedules—are lower-income and middle-income elders in certain racial or ethnic groups. Citing official statistics, economist Yung-Ping Chen of the Gerontology Institute at the University of Massachusetts, Boston, said that Social Security is now the only source of retirement income for 37% of elderly African Americans and 38% of older Latinos in the United States.

Chen noted that overall in 2002, only 22% of people ages 65 and older in the United States receive employment earnings, down from 36% in 1962. According to Social Security Administration (SSA) figures, in 2000, all but those in the highest-income quintile of older Americans received merely from 1%–13% of their financial sustenance from earned income, in contrast to 31% of employment income going to the wealthiest quintile of older Americans. “If opportunities for phased retirement were expanded to as large a spectrum of older workers as possible, this policy change could popularize, universalize and democratize a practice that has heretofore been available only to higher-paid white-collar professionals,” Chen said.

He continued, “If older workers are allowed to receive partial pensions as they are paid wages for a reduced amount of work under arrangements for partial retirement, then people could increase their retirement income by lengthening their working years without the strain of full-time work throughout their careers.”

In particular, he said, more flexible work arrangements for older workers could help elders from certain ethnic and racial groups who work in low-income and middle-income jobs.

For example, older Hispanics are especially vulnerable to financial difficulties in retirement. According to a paper published by the National Council of La Raza in August 2004, “How Social Security Benefits the Latino Community” by Eric Rodriguez and Kim Tucker, Latinos are less likely than other groups to receive additional sources of retirement income. For example, the paper cites unpublished data from the Bureau of Labor Statistics Annual Demographic Survey 2002, revealing that Hispanics were much less likely to have pension coverage: In 2001, only 26.3% of Hispanic workers participated in an employer-provided pension plan, compared with 43.2% of all U.S. workers. They also received much less income from assets than non-Hispanic whites. Furthermore, SSA data published in 2001 show that only 26% of older Latinos had income from savings or other assets, compared with 62% of non-Hispanic whites.

Because Latino Americans generally have lower earnings, higher rates of unemployment, longer life expectancies and higher rates of employment disability, and because they are less likely to have retirement income from other sources, they are more dependent on Social Security than other groups, Rodriguez and Tucker noted. Overall, they said, nearly half (47%) of the income for older Latinos came from Social Security in 2000, compared with 38% for whites and 44% for African Americans, according to data from SSA.

For older Latinos who receive Social Security benefits, 74% of their income came from the program in 2000. Social Security was the sole source of income for 29% of elderly Hispanic couples and 45% of unmarried older Latinos. By contrast, Social Security was the sole source of income for only 10% of older white couples and 24% of single white elders in 2000. Furthermore, without Social Security, the

poverty rate of Hispanic elders eligible for Social Security would have more than tripled, from 16% to 55%.

Bringing about a major shift in employment practices and retirement-income arrangements, though, “would require combined efforts by employers, unions, government and older workers themselves, in order to overcome the current policy barriers and ensure that older workers are not exploited,” Chen observed. Existing policy was largely established to prevent people from continuing to work while drawing on their pensions. “Making the necessary changes is not an easy task, but the payoff for individuals and society would be substantial,” he stated. ❖

—*Paul Kleyman*