

### No Force Needed

Fred Kilbourne's career odyssey ("Working Overtime," July/August 2001) was interesting, but his circumstances are atypical. Because of good health and education, Fred may happily work into old age—whatever that means. Most Americans, however, seem to have a different view. Apparently they can't wait to retire, as evidenced by decades of decline in the average retirement age (although this figure appears to have stopped declining around the mid-1990s). Seniors may eagerly say how willing and able they are to work—perhaps because this is the politically correct response—but when they actually held jobs, they retired as soon as they could afford to do so. Millions of people with physically demanding or otherwise unpleasant jobs are more than ready to retire at 60 or so.

Employers, fearful of age-discrimination suits, claim never to coerce older



workers to leave the labor force. On the other hand, these same employers offer seemingly endless early-retirement windows and other inducements to get older workers to "choose" retirement. This behavior is clearly inconsistent with a de-

sire to retain older workers. The fact that younger workers are often more energetic, more enthusiastic, stronger, and certainly cheaper may be just coincidental.

The government has taken some steps to encourage later retirement, particularly raising Social Security's normal retirement age (NRA) and eliminating the retirement earnings test at NRA and above. Most workers are not expected to change their retirement behavior as a result of these changes, but then their monthly benefits will be reduced, reflecting greater early-retirement reduction factors and the loss of delayed-retirement credits (except for workers who forgo receiving benefits by not filing for them—a rare occurrence). These effects will ultimately make Social Security benefits less adequate, especially at the oldest ages when opportunities to supplement benefits through earnings are the least.

In any case, government policy in a democracy should follow the people's wishes, rather than attempting to force movement in the opposite direction. Employees seem to accept and employers seem to encourage retirement at a relatively young age. Should the government advocate anything else? Inevitable demographic changes over the next 20 to 30 years may create market forces that change retirement behavior. But the government doesn't need to force these changes, which will happen on their own if they happen at all.

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### Lloyd's View

I don't use the word astonished very often, at least not in connection with an article in an actuarial magazine. But that is exactly how your lengthy piece in the May/June 2001 issue, "Name Game: Trouble in the House of Lloyd's," left us here at Lloyd's of London.

Several leaders of the American Names Association were quoted extensively in the article. No one from Lloyd's, however, was offered a chance to rebut. We have communications staffs in both London

and New York. Your readers would have profited greatly by hearing our explanations and viewpoint.

The article is also flawed in its perspective. It downplayed the enormous significance of the Jaffray case last fall, which effectively negated the efforts of the so-called non-paying Names, as well as the fact that the U.S. Supreme Court and Congress have backed, repeatedly, the British courts' jurisdiction in this matter.

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### Security Tax

Mr. Klieber's own words say it all (Letters, "Stealing From Ponzi to Pay Paul," September/October 2001). "... Under both systems (i.e., the current system or an individual retirement account system) Social Security's solvency depends on the ability of the active workers to make the necessary payments. Whether those payments take the form of taxes to redeem or pay interest on government bonds in the Social Security trust funds or investments to purchase stocks and bonds in Social Security individual accounts is immaterial." Quite clearly Mr. Klieber sees no difference between paying taxes and investing in a private account. If we can convince enough Americans to believe in Mr. Klieber's economic model, we could easily fix Social Security and all the other divisive economic issues we face. All those who ascribe to Mr. Klieber's "my government will take care of me" model can pay all of their discretionary income to the U.S. government by investing in taxes. Since Mr. Klieber went on to say how simple and understandable his model is, he can surely recruit enough Americans to foot the entire U.S. tax bill. For the rest of us, we would just subject ourselves to investing in private corporate America, which Mr. Klieber describes as the real "gigantic Ponzi scheme."

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