



CNN IN THE MONEY (TRANSCRIPT EXCERPT)

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JACK CAFFERTY, CNN ANCHOR: Welcome to the program. I'm Jack Cafferty. Coming up on today's edition of IN THE MONEY, your tax dollars at war. It's the third anniversary of the invasion of Iraq. We'll take a look at what's it's costing and whether the price is going up. Plus, green acres. Most Americans think the economy is doing great, even though the president's ratings are in the basement. See if the country is riding as high as it thinks it is.

And need versus greed. Meet an author who went cold turkey on frivolous shopping. We'll find out if a year without impulse buys is a year without much joy. Joining me today, a couple of IN THE MONEY veterans. "Headline News" correspondent Jennifer Westhoven and Money.com managing editor Allen Wastler. . .

WASTLER: Here's plan A, you save as much money as you need to retire comfortably, which means most of us are counting on plan B instead. That unusually means working somewhere beyond retirement age. But a report out from the Census Bureau shows senior citizens quitting the workforce even earlier than 50 years ago. We wanted to find out if that means plan B is a bust. Dr. Michael Smyer is going to help us figure that out. He's the director of the Center Of Aging and Work at Boston College. Professor thanks you so much for joining us.

Dr. MICHAEL SMYER, DIRECTOR, CENTER OF AGING AND WORK: Thanks for having me.

WASTLER: So what about that census report? Why are all the older folks bagging out of the workforce earlier?

SMYER: Well, the census report is a good report as far as it goes. The problem is it's looking in the rear-view mirror rather than looking ahead. But a labor force participation rates have changed a lot over the last 50 years. Starting about 20 years ago, there's been a different change. And that is people staying in the labor force longer than we had anticipated.

WESTHOVEN: I found that hard --

SMYER: And the reason for that -- I'm sorry.

WESTHOVEN: No, go ahead.

SMYER: The reason for that is pretty straightforward. A couple of things have changed. One is the mandatory retirement age has changed in the mid-1980s and second, the sort of contract between employers and employees changed as we shifted from defined benefit to defined contribution pension plans.

WESTHOVEN: I found it a little hard to reconcile these numbers. The census report saying that now only one in five people who are 65 and over working. It used to be one in two. If all these people aren't working, we hear so much about the high cost of health care, how much it's going to cost, how much you have to save for retirement. But these people -- are they a little better off than maybe we thought they were?

SMYER: Well, I think when we talk about older workers; we need to think about three groups. One is those who need to work because they need either the income or the health care benefits, and that's about a third of older workers.

A second group is those who want to work because they want to maintain social contact or feel that they are making some kind of social contribution. And that's about another third and then another third of those who are a little bit of both. For example, I have a friend who

was a first grade teacher for many years. She retired after 30-some years and now she wants to go back to work part-time, in part because she wants social connection, but also she wants the health care benefits.

CAFFERTY: What about the kinds of jobs that are available to older workers who choose to work beyond the traditional retirement age? Have they changed? Are they getting any better? Are they getting any worse? What about opportunities?

SMYER: Well, I think employers have caught on to the fact that it's in their best interest to make a variety of flexible options available to older adults. They have looked at the demographics and they know they may be facing two shortages. One is just a shortage of workers in general and the other is a shortage of technical capacity or lost knowledge, if people retire in large numbers. So many employers are finding a variety of ways to give people choices.

So for example, Borders Books has a seasonal option. They call their passport option. You can work in a Border's in one part of the country and if you want to spend your winters in Florida, for example, you can work out an arrangement to work part of the year there.

CAFFERTY: What are the implications in terms of the society for people who have not saved enough for retirement and then in the back of their mind are saying, well, I'll just work longer? All of a sudden, health problems crop up; something happens they are not able to do that. The economic implications of the vast numbers of baby boomers, some of who could fall victim to this kind of thing would seem to be not insignificant.

SMYER: Well, it's a really good question. Health is a big issue. But one thing we know from the census report and other reports is that old age is not the same as it used to be. That 65 in terms of health is not what it used to be. And people are staying healthier much later in life. Even those at age 85 and above, a majority is still in good health.

But when you have a health problem that drives all sorts of other things, including your ability to work, but also your concerns about economics. But for older workers facing the work or flexible work part-time work decision, health will not be a big issue until very late in life.

WESTHOVEN: All right. Michael Smyer, thank you so much for joining us. We hope that a lot of people who are able who are retired are able to find those types of part-time jobs that you've been talking about.

In today's "Life After Work" segment, extreme retirement. If you think wrapping up your career means laying low, not for a Georgia couple. Tosh and Bruce Hopkins they are flying high, thanks to some smart financial planning. . . .