



Research Dialogues

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Coming Of Age In Academia: A Study of Retired Faculty in the United Kingdom and the United States

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This issue of Research Dialogues presents a summary and analysis of the results of a recent survey of retired university faculty from two academic institutions in the United States and two institutions in England. The survey responses provide a great deal of information regarding economic and psychological aspects of life in retirement and the transition from work to retirement among faculty members. The study also provides some unique information on cross-national differences in retirement outcomes. This article was prepared for Research Dialogues by Suzanne S. Taylor, Ph.D., executive director, American Association of University Professors, University of Rhode Island Chapter.

Introduction

Today, university faculty retire into a world full of uncertainties and fast

changes. Perhaps no other profession would seem better suited to accepting change and moving into the new world of the "old." Professors are trained to do research, to schedule their own lives, and to try to understand the world about them. They have a special gift for learning and applying what they learn.

In 1984, TIAA-CREF surveyed some 1,500 of its annuitants, finding a generally high level of satisfaction with life in retirement among the respondents.¹ In stark contrast, in the Employee Benefit Research Institute's (EBRI) 1997 Retirement Confidence Survey, some 24 percent of the American retirees surveyed reported that their standard of living was worse in retirement than it was at the end of their working career. Additionally, other recent Retirement Confidence Surveys (conducted from 1993-1998) have consistently found that only 20 to 25 percent of Americans of all ages were confident that they would have enough money to live comfortably in retirement. EBRI researchers and others have suggested that studying the European concept of retirement might be helpful as we in the United States consider pension policy reforms. A typical belief is that "[m]any European countries are decades ahead of [the United States],"² in terms of pension policy, implying that European citizens may have a better and more satisfying retirement than Americans.

To better understand how faculty manage in what Shakespeare called the "Seventh Stage of Life" and to compare the

experience of retired British faculty with that of retired American professors, the author of the present article designed and conducted a survey of retired university professors in the Spring of 1998.³ The survey included retirees from the Universities of Bath and Sussex in England, and the Universities of New Mexico and Rhode Island in the United States. Surveys were sent directly to retired faculty in the United States, while the Universities Superannuation Scheme (USS) Limited pension system managed the distribution of surveys to retired faculty in England. The overall response rate for this survey was a remarkably high 51 percent (the response rate was slightly higher in the UK than in the U.S.), indicating unusually strong interest and willingness to participate among respondents. In addition to responses to survey items with multiple-choice type answers, many of the returned surveys also contained extensive, unsolicited commentary.⁴

The information presented in this article focuses on data from the survey relating to six major aspects of retirement: (1) demographic characteristics of retirees, (2) their involvement with work, (3) their living arrangements, (4) their lifestyle, (5) their finances, and (6) their preparation for and satisfaction with retirement. The initial survey results described in this article indicate that retired American professors fare at least as well in retirement as their counterparts in England. For example, more Americans report a high level of satisfaction in retire-

ment than do the British; however, there is very little cross-country difference in measures of satisfaction in retirement: 98 percent of respondents from the University of New Mexico, 97 percent from the University of Rhode Island, and 94 percent in England reported being either reasonably satisfied or very satisfied with retirement. It is more difficult to interpret the implications of survey results regarding financial well-being across countries. For example, about two-thirds of American respondents reported receiving the same or higher money income in retirement as before retirement, while only one-third reported this in England. However, a larger fraction of the English (85 percent) reported owning their home mortgage free, indicating that they have less debt in retirement.

In the tabulations, charts and discussion that follow, survey results from the English Universities of Bath and Sussex have been combined and listed as "UK." Both English universities have exactly the same pension plan, and it was sometimes difficult to determine which survey responses came from which university, as mailings were handled entirely by the pension sponsor. The University of Rhode Island is denoted "URI" and the University of New Mexico is "UNM."

Pension Programs in the United States and the United Kingdom

Perhaps one of the major reasons that faculty are doing well in retirement is that their pension plans are adequate and, in many cases, more than adequate. The types of pension plans used at the universities differ. The one used in England is a defined benefit plan, and, as previously mentioned, it is the same for both the University of Bath and the University of Sussex. The pension is provided by the Universities Superannuation Scheme (USS) Limited and is administered from Liverpool, England. There is also a national, government-sponsored social security system in England, but in general, it does not provide as much pension income as the U.S. Social Security system. The

English government does, however, provide a wider range of social benefits than U.S. Social Security, the foremost of which is universal health care coverage. Faculty in England and at these two universities in the United States contribute to both the government-sponsored social security programs and their university-provided pension plans.

In England, a contribution of 6.35 percent of salary is required for participants in the USS pension plan. In addition, the English universities now contribute 14 percent of salary to the USS pension plan.⁵ At UNM, pension plan contributions from professors are 7.6 percent of salary, while the university contributes 8.65 percent. For UNM's defined contribution plan, which began in 1991, the University remits only 5.65 percent of payroll to either TIAA-CREF or VALIC (the two approved plan sponsors). The extra 3 percent is forwarded to the state Educational Retirement Board to offset lost contributions from those not participating in the state plan. At URI, the faculty contribute 5 percent of salary and the state contributes 9 percent to the university retirement plan.

At UNM, the defined benefit plan for current retirees is provided by the state. The pension benefit in this plan accrues at the rate of 2.35 percent of final average salary (calculated as the average salary in the highest consecutive five years of the employee's career—usually the last five years) per year of service. There is no cap on the number of years of service that can count toward the final pension. This is considerably more generous than the UK plan, where government limits on the level of benefits normally equate to a capping of service at 40 years.⁶ Since 1991, new UNM professors may choose either the state defined benefit plan or an alternate defined contribution plan. Most are choosing the defined contribution plan, which provides more portability than the state plan.⁷ Portability is not a major concern in England, since the one pension plan covers 270 universities, making it possible for participants to con-

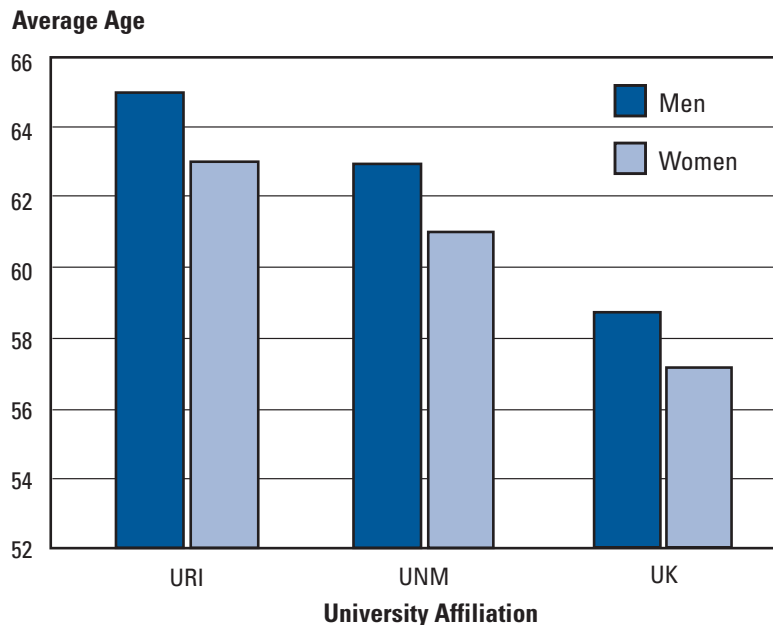
tinue in the USS pension plan at a wide range of English universities.⁸

At URI, some retirees have a defined benefit pension, some receive income from the defined contribution pension, and some have both. In 1967, the state phased out the defined benefit plan, allowing those currently enrolled to stay in if they wished, but making it mandatory for all new hires to join the defined contribution plan funded through TIAA-CREF. Today, less than 1 percent of active faculty are in the defined benefit plan. Still, those who have been retired from URI the longest will have some income from the state defined benefit plan, while more recent retirees will have only the defined contribution plan.

Health insurance in retirement is provided for all state employees at UNM and URI. In Rhode Island, however, those who enrolled in the defined contribution plan were not provided retiree health insurance until July of 1998. In England, retiree health insurance is not a concern, as a national health service provides universal health coverage. At URI, retiree health insurance coverage does not include prescriptions or dental insurance, as it does in New Mexico. In both states, "Medigap" coverage is available to augment Medicare. In the United States, the Medicare insurance provided to those over 65 does not include prescription drugs or dental insurance, although, as mentioned above, it is provided by the state plan in New Mexico. Furthermore, an additional monthly premium of \$45-\$50 is charged by Medicare for ("Part B") coverage of physician services, hospital outpatient care, and other such services.

Questions on health insurance were included in the survey, and more discussion of how this affects retirement is planned in a subsequent study. It is difficult to know the extent to which spending on health care affects the adequacy of retirement income at this time. It is also quite difficult to determine whether there is a relationship between well-being in retirement and the type of pension plan in which the retiree participates. Of course, if the

Figure 1
Average Age at Time of First Retirement, by Gender and University Affiliation



defined benefit plan is generous and has an adequate cost of living adjustment, the pensioner will do well. If the defined contribution plan provides high returns—which will depend on the financial management of the plan, the performance of the financial markets, and individual investment choices, as well as the level of contributions to the plan—the results will also be sanguine.

The Nature of Retirement

Age at retirement In general, retirement occurred at younger ages for the English respondents than for Americans (Figure 1). The Figure also shows that women faculty retired from the universities at earlier ages than their male counterparts in the United States and in England. On average, American women retired two years earlier than American men, while in England, women retired 1.6 years earlier. The oldest respondents to retire were faculty from URI, where the average retirement age for men was 65 and for women it was 63. At UNM, the average retirement age for men was 63 and for women 61. The average age of retirement for men in the UK was

58.7; for women, it was 57.1. Retirement ages in the United States ranged from 49 to 73, while in England, retirement ages ranged from 33 to 70. In both countries, retirement at the very early ages is likely to be the result of individuals choosing to retire because of ill-health or disability.

In the UK, faculty retired some six or seven years earlier than those in the United States. Faculty from the United States may have timed their retirement to coincide with their eligibility for Social Security, which, for almost all of these retirees, occurred at age 62, when 80 percent of the age-65 Social Security benefit became payable. Differences in pension benefits may have contributed to relatively earlier retirements at UNM as compared with URI. Many UNM employees felt that after about 30 years of service, the after-tax amount of the UNM defined benefit pension would almost equal their after-tax income from salary. At an unlimited accrual rate of 2.35 percent per year, the benefit would in fact equal 100 percent of their before-tax salary at roughly 42.5 years of service. Of course, if salaries continue to increase in each year of employment, then potential pension ben-

efits would increase further. (From 1995 to 1998, however, there were very minimal pay increases for faculty at UNM).

In England, the USS has recently equalized its “normal” (full-benefit) retirement age to be 65 for both men and women. In the English equivalent of social security, which is called the “state pension,” the normal retirement age will remain 60 for women and 65 for men until the year 2010, followed by a 10-year transition period towards the 65:65 status. A large number of retirees reported retiring at age 60 or 65. Many in England may have confused these “normal” retirement ages for mandatory retirement ages, or, like many Americans, may have timed their retirements to coincide with these ages. Others noted that when they requested to remain at their jobs after the normal retirement ages, there was no problem in doing so.⁹

Most respondents have been retired from 7 to 11 years. Those at URI are, on average, the oldest, with the average age at the time of the survey being 75.5 for men and 73 for women. The average length of retirement is ten and a half years; the longest is a male respondent who has been retired for 32 years. For those in the UK, the average ages of male and female UK respondents are 67.4 and 66, respectively. The average length of retirement is 8.5 years; the longest is 24 years. The men range in age from 50 to 86 and the women from 35 to 85. At UNM, the average age of the retired men is 70 and of retired women 67.5, the average length of retirement is 7 years, and the longest is 25 years. The men at UNM range in age from 51 to 94 and the women from 48 to 86.

Marital status More than twice as many retired men (84 percent) as women (41 percent) reported that they were married. Only 11 percent of the men surveyed said they were not married, while 4 percent were widowed, and 1 percent did not respond to the question. Of the women, 5 percent were widowed and 51 percent reported that they were not married. Figure 2 presents these data graphically.

The Decision to Retire

Voluntary versus forced retirement

Almost all faculty reported that they chose to retire voluntarily.¹⁰ Of those who indicated they did not retire by choice, the largest fraction (16 percent of those surveyed) were from England. In the U.S., only 7 percent at URI and 4 percent at UNM reported that retirement was not by choice. Among women, only one at URI said she was forced to retire, while two women at UNM and four women in England reported not retiring by choice.

Discussions with some retired faculty in the UK, as well as the comments on survey responses, offer some insight as to why some English faculty felt pressured to retire sooner than they might have preferred. A large number of those in England (roughly one-third) wrote that working conditions were unpleasant, due in great part to what they called "Thatcherism" and the lack of support for higher education. Their comments generally indicated that rather than continuing to put up with harassment and other difficulties, they opted to retire. Additionally, the continuation of the early retirement incentive and the generous lump-sum pension settlement (three times the annual amount of the pension) often made it financially profitable to leave. Figure 3 shows that a large number of the respondents in the

UK cited the early retirement incentive as a reason for retiring.

Nearly two-thirds of all retirees looked forward to retirement, with more doing so in the U.S. than in the UK. At both URI and UNM, 68 percent of the respondents looked forward to retirement; in England, only 59 percent looked forward to retirement. This is not surprising, given that 16 percent of the UK respondents reported that they did not retire by choice. Of all respondents, 17 to 19 percent were "neutral" about the idea of retirement. A few actually disliked the idea of retiring: 7 percent at URI, 8 percent at UNM and 13 percent in the UK. Approximately 6 to 8 percent, overall, were uncertain how they felt about retiring.

When asked "if you could do it again, would you still retire at the same age, a younger age, or an older age", over three-quarters of all those surveyed said they would again retire at the same age (80 percent gave this response at URI and UNM, while relatively fewer, 70 percent, said so in England). Of the English respondents, 14 percent said they would prefer to retire younger and 13 percent at an older age. In the United States, those who wanted to retire younger made up 7 percent at UNM and 4 percent at URI. Although they were the oldest to retire, some 16 percent at URI would have liked to retire at an older age, while only 11 percent at UNM wanted to retire at an older age.

Reasons for choosing retirement Figure 3 summarizes the data regarding the reasons for retirement. Nearly half of those in the U.S. felt their income was sufficient to retire, while only a quarter of those in the UK felt that way. For almost half of those at UNM, the age at which they retired coincided with their planned retirement age, while at URI and in the UK, slightly less than a quarter retired at the age at which they had planned. When asked if one of the reasons they retired was due to reaching the mandatory age, relatively more in the UK (16 percent) responded affirmatively as compared with those at UNM (9 percent) and URI (6 percent).

About a third of all retirees reported leaving their faculty positions to do other things than work (42 percent at UNM, 31 percent at URI and 25 percent at Bath and Sussex). A similar fraction of respondents reported that they just "felt it was time to retire" (44 percent at URI, 35 percent at UNM and 21 percent in the UK). As mentioned previously, faculty at URI were, on average, the oldest to retire and perhaps, therefore, the least likely to work after their retirement. This would be consistent with the data above showing that many at URI reported retiring because "it was time to retire" or because they wanted to do other things. The smaller percentage of faculty in the UK who reported leaving their positions for activities unrelated to work or because they felt it was time to retire may reflect

Figure 2
Marital Status Among Retirees

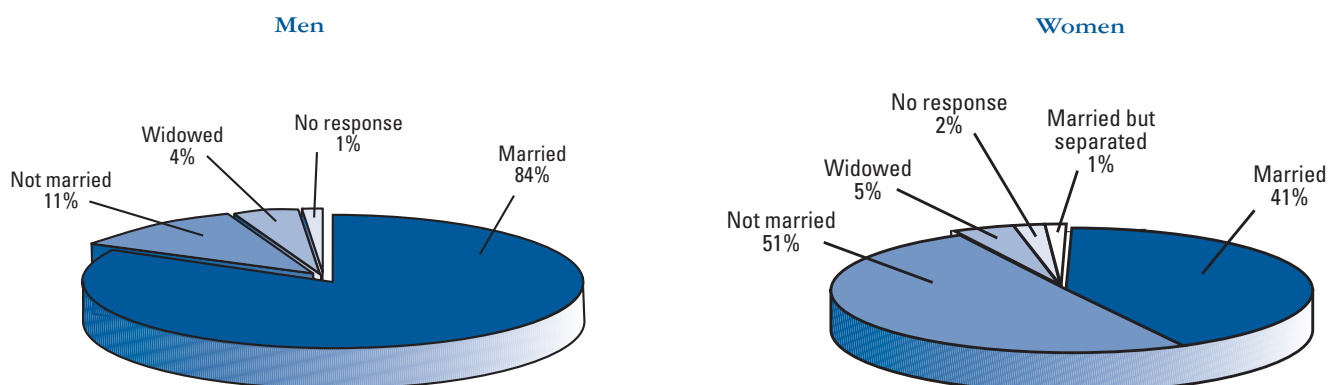
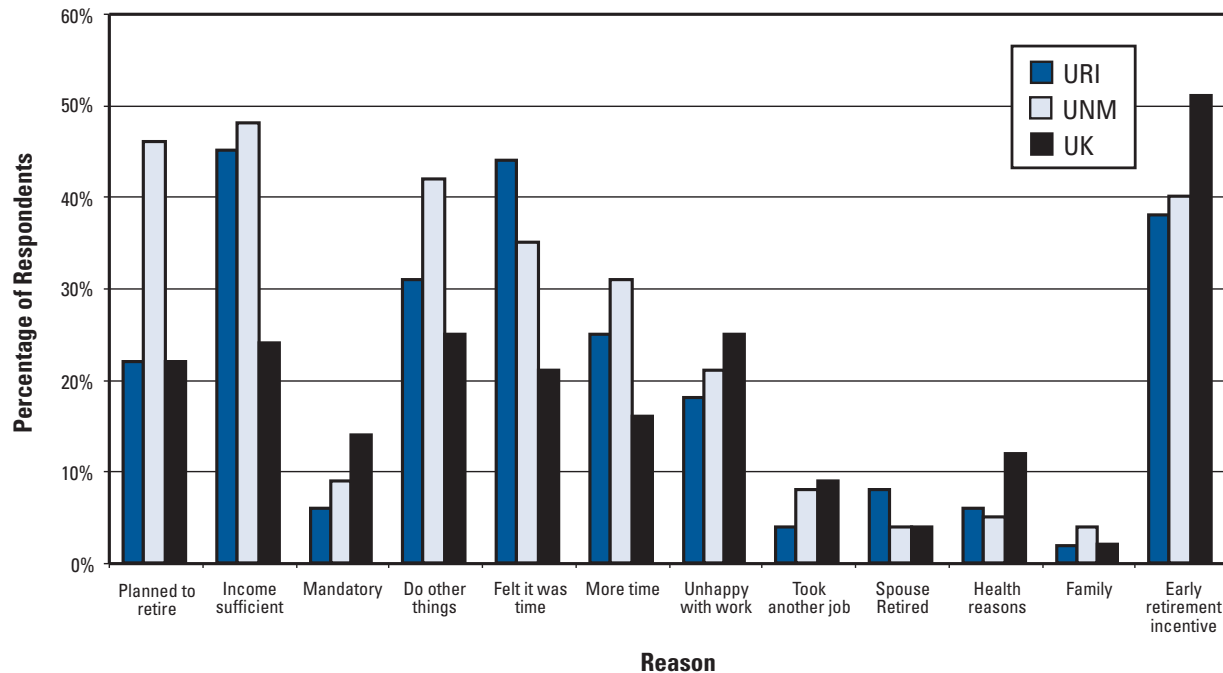


Figure 3
Reasons Given for Retirement, by University Affiliation



their relatively younger ages at retirement, as well as the fact that 16 percent did not retire by choice.

Other reasons mentioned for retiring include a desire to spend more time with family, unhappiness with work, a desire to retire when their spouse did, a desire to help with other family responsibilities, health reasons, and the early retirement incentive. As previously mentioned, over half of those who retired in England took advantage of the early retirement incentive, while only 40 percent did so at UNM and 38 percent at URI. To what degree the incentive influenced the decision to retire is difficult to determine, as many respondents reported more than one "reason for retiring." Health was not frequently cited as a reason for retirement, but twice as many in the UK cited this as a reason than did those in the United States. Only a few respondents reported retiring because their spouse had retired.¹¹ Less than 10 percent of respondents reported retiring to take another job, with twice as many doing so at UNM and the UK as compared to URI.

Work After Retirement

For the purpose of this survey, "retirement" means leaving full-time employment at the university while eligible to collect a pension or utilize accumulated retirement assets. It was clear from the questions asked that initially those accepting formal retirement from their university did not expect to perform work for pay after their retirement. Yet many more did work for pay after retirement than had expected. Slightly less than half of the retirees, 46 percent, expected to work, but more than two-thirds, 69 percent, actually did work at some point after retirement. Many respondents reported that work came easily and that numerous unexpected opportunities presented themselves. Only a quarter of those at URI expected to work after retirement, but in actuality, some 56 percent did work after retirement. At UNM, 43 percent expected to work, while 69 actually worked. In England, expectations came a little closer to reality, as 57 percent expected to work after retirement, and 75 percent actually did.

Of those who reported doing some work, 82 percent worked part-time and 17 percent full-time, with 1 percent indicating they did both or were self-employed. Figure 4 illustrates the differences in reality versus expectations.

Those who are presently working constitute over a third of the retirees (44 percent at UNM, 42 percent in the UK, and only about half as many, 22 percent, at URI). As noted, relatively fewer URI respondents expected to work in retirement (roughly 25 percent). The average retirement age at URI was the highest of the four universities, and it is possible that age differences may explain why fewer URI retirees both expected to work and actually did work after retirement. URI retirees were also more likely to report "pursuing other activities" or "feeling it was time to retire" as reasons for retirement; this may also have been a factor in their expectations and choices regarding work in retirement.

Kinds of work Teaching is the most common type of work performed by retired faculty, with 41 percent of all

retirees saying they have taught after retirement. In England, some may contract to teach part-time at a reduced salary with no pension reduction. At UNM, faculty could teach part-time and receive up to a quarter of their previous salary. At URI, no such specific incentive is offered, but teaching is permissible part-time as long as compensation does not exceed a

5.72), which was also the highest average time spent volunteering among any group of men or women at the universities. Nonetheless, there were fewer disparities in time spent between men and women at UNM and in England. At UNM, time spent volunteering ranged from 8.72 to 8.88 hours a week for men and women respectively, and in the UK women spent

church assistance, 16 percent; cultural events, 11 percent; civic work, 9 percent; helping the elderly, 8 percent; and helping the poor, 5 percent.

Activities in Retirement

Gardening and/or home improvement appeared to be the most active pursuit of faculty in retirement. Over 65 percent reported this on the list of possible activities suggested in the survey. A somewhat larger percent reported that reading was really their major activity, with 78 percent saying so. Slightly more faculty from the UK ticked off gardening than did those at URI (65 percent in the UK versus 62 percent of those at URI), while only 55 percent listed gardening as a major activity at UNM. Inasmuch as more than 70 percent of all the retirees still live in the same house they did before retirement, their gardens and homes would still be in need of attention. Perhaps they now have more time and interest in these activities than before retirement. A few respondents, however, said they were tired of large gardens and wished to have smaller yards.

Travel was also high on the list as a

Slightly less than half of the retirees, 46 percent, expected to work, but more than two-thirds, 69 percent, actually did work at some point after retirement.

certain dollar limit determined by the state, which today is about \$10,000. Of course, in the United States, Social Security also has an earnings limit for those under age 70 that effectively triggers a reduction in benefits if exceeded.

The second most common type of work reported came under the category of other professional work: 29 percent of respondents reported work of this type (30 percent of UK respondents reported doing this type of work, followed by those from New Mexico, 23 percent, and URI with 21 percent). The third most common type of work was retail or semi-professional; consulting was fourth. Surprisingly, writing was in last place, with only 2 percent overall saying this was paid work.

Volunteer work Unpaid work seemed to occur much more infrequently than work for pay, as the average time spent in volunteering was equivalent to about one day a week. At URI, far more women than men reported volunteering, some 88 percent versus 62 percent of the men. At UNM, 70 percent of women reported volunteering, as did 56 percent in the UK. Averages for both women and men volunteers are 68 percent at URI, 62 percent at UNM and 56 percent in the UK. The women volunteers at URI spent almost 3 hours more a week at service than their male counterparts (9.54 in contrast to

roughly one hour a week more than their male counterparts in volunteer activities (7.65 hours per week versus 6.25 for men).

Respondents cited community assistance most often as the type of volunteer work that they did, with 27 percent of those responding to the question reporting this as one of the areas in which they volunteered. Cited next in frequency was helping with education, checked by 18 percent of those responding to the question. Next in frequency were the following: Other or not specified, 17 percent;

Figure 4
Respondents who Expected to Work after Retirement and who Actually Worked after First Retirement

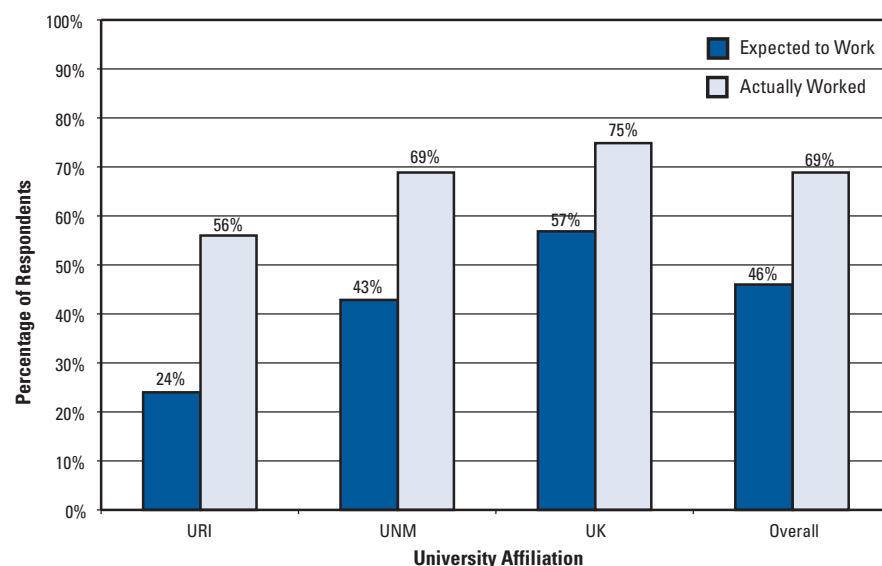
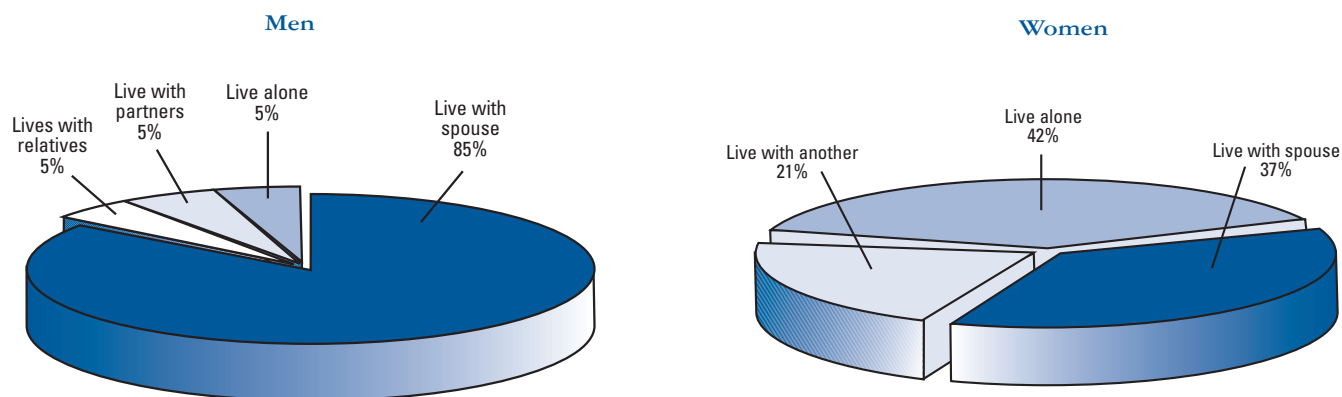


Figure 5
Household Structure Among Retirees



reported retirement activity, especially at UNM, where 70 percent of respondents listed it. Only 58 percent in the UK and 64 percent from URI reported travelling as an activity. Activities with friends came next in importance, with 50 percent of all respondents citing this as one of the major ways they spent their retirement time.

With respect to retirement clubs, the most involved were those at URI with 13 percent checking this activity, 8 percent ticking it in the UK and 7 percent checking it at UNM. Religion was also at about the same percentage rate of involvement with 17 percent indicating their participation in religious activities.

Housing preference and shared housing Of the 580 who responded to the question (a 97 percent response rate) of whether they would prefer to stay in their current home or move, 89 percent said they preferred to stay, 93 percent from URI, 88 percent from the UK and 87 percent from UNM.

Figure 5 shows data on the household structure among the respondents. While only 5 percent of the men said they lived alone, eight times as many women reported living alone, 42 percent. Some 21 percent of women reported they lived with another individual, while 37 percent reported they lived with their spouse (this is roughly the same fraction who indicated that they were married). While 85 percent of the men reported living with their spouse, another 5 percent said they lived with spouse and children and/or relatives, and another 5 percent said they lived with partners. Overall, comparing men and women, a larger fraction of men reported living with another person.

Relatively more men live alone in England and New Mexico, where 13 and 12 percent, respectively, reported living alone in contrast to only 5 percent of those at URI. Reasons for this may be attributed to their marital status. Of the retired female faculty in England, some 58 percent reported living alone. At UNM, only 35 percent of the women lived alone, with almost half (48 percent) living with their spouse. At URI and in the UK, only a third reported living with their spouse.

Most of the respondents, 70 percent, still live in the same home they lived in before retiring, with little or no variation across the four universities.

Sports were not far behind: 47 percent from UNM, 42 percent at URI, and 36 percent in the UK report being involved athletically. Creative activities ranked fifth, with 44 percent reporting this as a type of interest pursued. Hobbies ranked sixth with 40 percent at URI and the UK and 37 percent at UNM.

Professional and educational activities ranked seventh and eighth respectively, averaging a 30-percent response from all four institutions. Professional activities were listed by 21 percent in the UK, 23 percent at URI, and by 32 percent at UNM. Following closely together were civic activities and retirement clubs. Civic activities had involvement ranging from 17 percent at URI and 13 percent at UNM to only 9 percent in England.

Living Arrangements

Home ownership Almost everyone owned their own home, with 98 percent in England owning their own home, 95 percent in New Mexico and 93 percent in Rhode Island. Quite a few of the homes are mortgage free, with 72 percent responding they did not have a mortgage, 22 percent saying they did, and only 6 percent not responding at all to the question. Not only were the British the largest percent of homeowners, but they were also the least likely to have a mortgage, with 85 percent responding this way. Those in the U.S. were more likely to have a mortgage, although 76 percent did not at URI and 65 percent did not at UNM.

Living in the same house as when they retired Most of the respondents, 70 percent, still live in the same home they lived in before retiring, with little or no variation across the four universities. Those who moved at retirement were few, constituting only 11 percent from URI, 14 percent in the UK and a few more at UNM, 20 percent. A few more moved after retirement, with 15 percent doing this at URI, 14 percent doing so in England and less in New Mexico, 9 percent, possibly due to having moved at retirement rather than later.

Influences on decision where to live Over a third of all those responding said their choice of where to live after retirement was influenced by proximity to the uni-

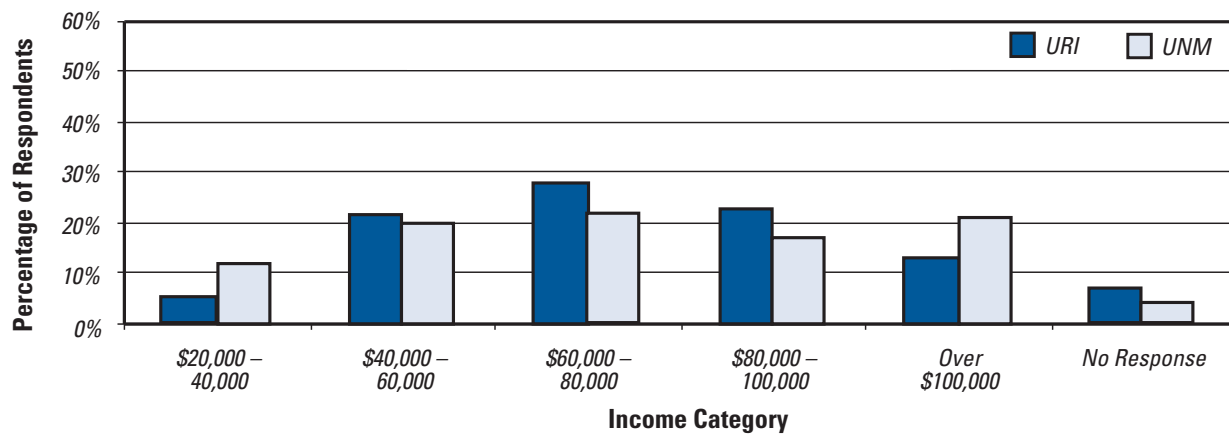
versity. In the U.S., the addresses of those retired from URI indicate that 87 percent live in Rhode Island. Among the UNM respondents, 72 percent live in the Albuquerque area, and another 12 percent live elsewhere in the state of New Mexico. Responses from the UK revealed that at least 64 percent lived near the university from which they retired, specifically, 31 percent lived near the University of Bath, and 33 percent lived near the University of Sussex. Living elsewhere in England were 17 percent. It was not possible to determine from postmarks where the remaining English faculty lived. Those indicating they had a problem (such as access to transportation, adequate medical facilities, too big a house, etc.) with their current living arrangements were fairly

small, ranging from 8 percent in New Mexico to 13 percent in England, with those from Rhode Island at 9 percent.

Finances

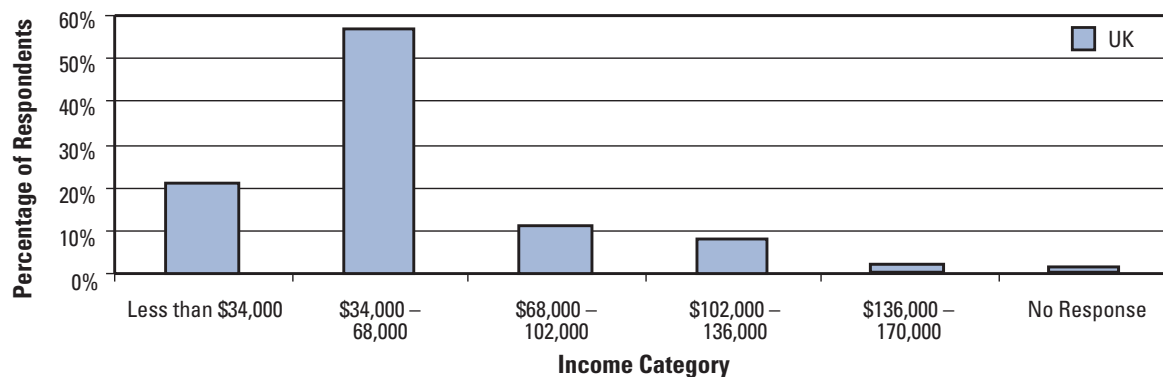
A surprising number of retired faculty members reported household income of more than \$100,000. The highest percent come from the University of New Mexico, some 22 percent, with 13 percent from URI and 9 percent from the UK. The relatively larger fraction of high income respondents at UNM is probably because this university is the only one of the four schools that has both a law school and a medical college. Figures 6a and 6b show data on the income categories among the retirees in the United States and in the UK, respectively.

Figure 6a
Income Categories for Respondents at U.S. Universities



Note: 2 percent of respondents at UNM reported income of less than \$20,000.

Figure 6b
Income Categories for Respondents in the UK



Note: English pounds converted to U.S. dollars at the rate of 1.7 pounds per dollar.

Table 1
Reported Sources of Income
(Percentage of Respondents at each Institution with each Type of Income)

Type of Income	University		
	UK	UNM	URI
University's DB Pension	100%	94%	59%
TIAA-CREF DC Pension	—	29	60
Interest and dividends	79	58	67
National pension	63	75	91
Employment	41	44	27
Royalties/rental property	23	27	25
Additional/supplementary pension	19	36	35
Other pension (SERPS,PPP)	18	—	—
Liquidation of other financial assets	9	7	12

Notes: TIAA-CREF income among UNM faculty is likely to be a result of employment at other universities. SERPS and PPP income for UK respondents is from non-university employment. "National pension" refers to Social Security in the U.S. and the English universally paid minimum provision in the UK. In both the UK and United States, the percentage of respondents receiving income from the national pension of less than 100 percent may be a result of age requirements for eligibility.

What is also surprising, however, is that a large proportion of those retired from the English universities have incomes less than \$34,000, whereas only 12 percent at UNM and 5 percent at URI are in the \$20,000 to \$40,000 range.¹² A small number, 2 percent, at UNM receive less than \$20,000, which means that the greatest disparity in income is at UNM, where retirement income ranges from less than \$20,000 to well over \$100,000. Overall, most respondents receive between \$40,000 to \$80,000, with 53 percent at URI and 43 percent in New Mexico within this range. In England, 57 percent receive between \$34,000 to \$68,000.

Sources of income A wide variety of income sources are utilized by retirees. Table 1 shows what fraction of the population of respondents reported income of several different types at each of the universities. At UNM, the principal source of income is the state defined benefit pension plan, provided by the Educational Retirement Board of New Mexico. At URI, some retirees receive their pension totally from the state of Rhode Island, some entirely from TIAA-CREF, and some from a combination of the two. (More retirees receive their pension from TIAA-CREF than from the state.)

The fact that fewer URI retirees

reported receiving income from current employment than those in the other universities is consistent with the fraction of those who reported currently working.

Composition of retirement income At URI, Social Security makes up an average of 22

In the United States, more than two-thirds are receiving more or the same amount of income in retirement as they earned before retirement.

percent of retirement income for the respondents, and at UNM it is a similar 20 percent. In England, the equivalent state basic pension¹³ constitutes only about 13 percent of total income. At UNM, the defined benefit university pension represents some 44 percent of retirement income, while in the UK, the USS Pension constitutes about 54 percent of total income. Thus, for the universities that provide a defined benefit pension for at least some current employees, these plans and Social Security account for about two-thirds of retirement income (64 percent at UNM, and 67 percent in the UK).

Because some of the older URI respondents receive income from both the state defined benefit plan and from TIAA-CREF, it was difficult to determine

the fraction of total income attributable to pensions. Averaged across all URI respondents, the retirees said that 23 percent of their income came from the state defined benefit pension, and 30 percent from TIAA-CREF. TIAA-CREF income, along with the payments from the defined benefit plan and Social Security, would therefore average no less than either 45 or 52 percent of income, but may in fact be more.

Interest and dividends were the third largest source of retirement income for all four institutions. Income from interest and dividends accounted for 13 percent of income in the UK, 11 percent at UNM, and 12 percent at URI. Income from employment made up a generally smaller average fraction of income, amounting to 12 percent in the UK, 10 percent at UNM, and only 3 percent at URI.

Supplemental pensions such as Additional Voluntary Contribution plans, Individual Retirement Accounts, tax-deferred annuities, and supplemental retirement annuities/plans constituted only 4 percent of all income at all four universities. Royalties and rental income

made up a similar fraction. Hardly anyone was using principal from savings, stock accounts, or retirement accounts, as only 2 percent reported this from URI, 1 percent in England and less than three-tenths of a percent from UNM.

Table 2 shows how retirement income relates to preretirement income. In the United States, more than two-thirds are receiving more or the same amount of income in retirement as they earned before retirement. In England, only 16 percent said their income exceeded that before retirement, while 17 percent said it was the same. It may be that it takes less income to live satisfactorily in England in retirement than it does in the United States. Another possible explanation may be expenses for health care services,

Table 2
Income Levels in Retirement Versus Preretirement
(Percentage of Respondents at each Institution)

Income Level in Retirement	University			
	URI	UNM	UK	All
More than preretirement level	36%	35%	16%	26%
About the same as preretirement level	27	33	17	25
More than 75% of preretirement level	15	15	15	15
50% to 75% of preretirement level	15	9	34	22
Less than 25% of preretirement level	0	1	1	1
No response	6	1	4	4
Total	100	100	100	100

Note: Percentages may not sum to 100 because of rounding.

which are the fastest growing expense in retirement for those in the United States, in spite of Medicare or other retiree health insurance.

Financial status since retirement When asked “[c]ompared to when you retired, how do you feel your overall financial situation in general is now?”, 81 percent in England said their overall financial situation was the same or better in retirement than it was before, with 93 percent from UNM and 92 percent from URI saying it was at least as good in retirement. Only 45 people in England, some 16 percent of respondents, reported worse financial status after retirement than before. (This fraction is the same as the fraction of individuals in the UK who report being forced to retire.) As for the United States, only 5 percent reported doing financially worse in retirement. These data are shown in Figure 7.

Satisfaction with Retirement and with Planning for Retirement

Table 3 shows that almost all retirees from all four universities reported being either very satisfied or satisfied with retirement. Over 97 percent of the respondents from URI and UNM said they were satisfied or reasonably satisfied with retirement, while 94 percent of those in the UK responded the same way. Most satisfied seem to be those from

UNM, where 76 percent of respondents felt very satisfied with retirement. At URI, 68 percent said they were very satisfied with retirement, and in the UK, 62 percent said so.

Further evidence of satisfaction came from the question that asked “[d]id you have to make changes to your life style since retirement?” Only 18 percent of those from the UK said yes, with 14 percent from UNM and 10 percent from URI saying so.

With regard to the adequacy of their

preparation for retirement, close to 60 percent of those in the U.S. felt that their planning for retirement was thorough, while only 44 percent thought so in the UK. Nonetheless more than 90 percent from all four institutions were satisfied with the preparations they had made for retirement. Although thorough planning may result in satisfaction with retirement, a large fraction of those who were not satisfied with their planning were also very satisfied in retirement. This may mean that at least to some extent, others

Figure 7
Current Financial Status Relative to Preretirement Financial Status

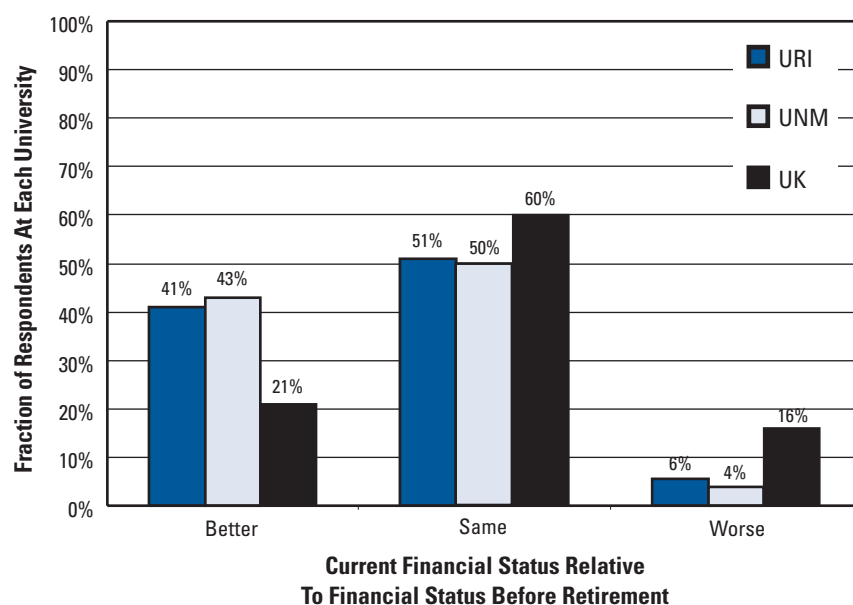


Table 3
Satisfaction with Retirement at this Point in Time
(Percent of Respondents at each Institution)

University and Satisfaction Level	Men		Women		All	
	Num.	Pct.	Num.	Pct.	Num.	Pct.
At URI						
Very satisfied	55	65%	19	79%	74	68%
Reasonably satisfied	29	34	3	13	32	29
Not satisfied	0	0	1	4	1	1
No response/uncertain	1	1	1	4	2	2
Total	85	100	24	100	109	100
At UNM						
Very satisfied	130	76%	34	79%	164	76%
Reasonably satisfied	39	23	7	16	46	21
Not satisfied	2	1	0	0	2	1
No response/uncertain	1	1	2	5	3	1
Total	172	100	43	100	215	100
In UK						
Very satisfied	152	63%	19	53%	171	62%
Reasonably satisfied	76	32	13	36	89	32
Not satisfied	6	3	2	6	8	3
No response/uncertain	6	3	2	6	8	3
Total	240	100	36	100	276	100
Overall						
Very satisfied	337	68%	72	70%	409	68%
Reasonably satisfied	144	29	23	22	167	28
Not satisfied	8	2	3	3	11	2
No response/uncertain	8	2	5	5	13	2
Total	497	100	103	100	600	100

Note: Percentages may not sum to 100 because of rounding.

have done their planning for them. Their satisfaction was perhaps also related to the overall adequacy of their finances and their ability to manage the transition into retirement. Planning may not always be necessary—but if adequate retirement income and assistance were not readily available, satisfaction in retirement would almost certainly decrease.

Commentary and Advice

The last question on the survey was posed at the suggestion of someone who was unhappy with the way he had been treated by his colleagues since retirement. He suggested that I ask “[h]ave you been treated differently since retirement? If so, in what way?” While there were many interesting answers, some as long as a page(!), the responses did not show overwhelming unhappiness with the treatment after retirement. Less than a quarter of

retired faculty felt they had been treated differently, ranging from 21 percent at UNM, 18 percent in the UK, to 15 percent at URI.

Some who said they had been treated differently commented that it was inevitable that they would be so treated. Others expressed happiness at not being bothered with the various problems of their former employment. Others said they “had joined the elder population” and that they had expected to be treated somewhat differently, but were not annoyed by the way they were treated. One helpful bit of advice was that because feelings of sudden unimportance may come with retirement, it takes effort, thought, and action to set ego aside and find other ways to be “important.”

Responses to one other question provided some advice for future retirees: That question asked: “If there were one lesson you learned in retirement that would help those planning now for retirement, what

would that be?” Answers focused on three areas of advice: finances, overall retirement style and relationships. With respect to finance, the general (but perhaps obvious) advice was to start saving early and have enough money on which to retire. The second area of advice was to have something to retire *to*, not *from*, and always retire to something new, never just retire from something. The third bit of advice concerned relationships. Here, emphasis was placed on the need to develop new friends and to expect social readjustment. One professor said, “Think of retirement as just changing your job description.” Another said, “It’s easier to plan for retirement and to live on retirement income than you think. Just do it.”

Conclusions

The survey results show that university retirees are generally happy, healthy,

productive and financially solvent. Their pensions appear to be adequate and to provide a solid foundation for a satisfactory retirement. Epitomizing Margaret Mead's advice on flexibility (as espoused by her daughter, Mary Catherine Bateson, an academic who came of age in the 60's), these professors are discovering new ways to come of age in retirement.

It is, however, important to note that retired academics may be the exception rather than the rule with regard to satisfaction in retirement, as their career paths have typically provided almost continuous employment in the same field, often with the same employer, with generous pension provisions. For those in other professions in the modern workforce, change of employment and career may occur every 5 to 10 years and often much sooner. Life in the academy, too, is becoming more modern, and one can only hope that future retirees will be as fortunate in retirement as their predecessors.

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Nancy Murphy; and Interns Pete Gingras and Elke Sutt.

Endnotes

- 1 Mario A. Milletti, *Voices of Experience: 1,500 Retired People Talk about Retirement*, TIAA-CREF, 1984.
- 2 Richard V. Burkhauser and Dallas Salisbury, eds., *Pensions in a Changing Economy*, EBRI, Washington, D.C. and National Academy on Aging, Syracuse University, Syracuse, NY, 1993, p. 18.
- 3 The only other previous cross-national study of retired faculty appeared very recently, but was based on research conducted some 18 to 20 years ago. The study was qualitative, and examined retired faculty from the University of Iowa, two liberal arts colleges in the Midwest, and the Universities of Liverpool and Manchester in England. See Lorraine T. Dorfman, *The Sun Still Shone: Professors Talk about Retirement*, University of Iowa Press, 1997.
- 4 We plan to further analyze the data from this survey in an additional, future report. This report will include a detailed analysis of responses to the open-ended survey items.
- 5 Prior to January 1, 1997, the university contribution had been 18.55 percent.
- 6 After 40 years of service with a final average salary of £40,000, the annual pension at retirement would be £20,000 with a one-time lump sum payment of £60,000. The USS pension benefit is indexed to inflation (as is the University of New Mexico's DB pension).
- 7 UNM's Personnel Division reports that 90 percent of new hires have chosen the defined contribution plan instead of the state's defined benefit plan.
- 8 As of March 31, 1997, the 270 institutions comprised all of the "old" UK universities (i.e., all those established prior to 1992), including the constituent schools and colleges of the Universities of London and Wales, all the colleges of the Universities of Oxford and Cambridge, and 124 other institutions. As of the same date, there were 26,100 retired pensioners and a total of 133,200 members, and the USS held fund assets in excess of £13.5 billion.
- 9 The English pension plans do provide some increases in benefits for those who remain employed after the normal ages.
- 10 Until 1994, URI and UNM had mandatory retirement policies that required tenured faculty to retire at age 70. In 1986, when Congress amended the ADEA to outlaw the use of mandatory retirement at any age in most jobs, an exception was made for tenured professors, police officers, and firefighters. Congress allowed the exception for professors to lapse in 1994. See Clark, Robert L. and P. Brett Hammond, "To Retire or Not? Examining Life after the End of Mandatory Retirement in Higher Education," *Research Dialogues*, no. 58 (December 1998).
- 11 In one notable case, a woman wrote that although she had retired early (in her mid-50's) because her husband had "wanted to travel," that was not the end result. Now regretful of her decision, she explained that her husband had changed his mind about traveling, preferring to stay home instead to meditate and study Zen with his new found mistress, a graduate student.
- 12 In converting pounds to dollars it was not possible to use the exact same dollar categories, as is shown in the relevant charts.
- 13 "State Basic Pension" is the term most commonly used to describe the English "equivalent" to our Social Security. The amount received is dependent on one's contributions to the National Insurance Class 1. As of 1997-98, the contribution required was based on earnings equal to or more than a lower earnings limit of £62 a week. The amount paid in 1997-98 for a single person was £3,247.40 annually, or £62.45 per week. (As described in Chapter 3, *The Which? Guide to Pensions* by Jonquil Lowe, Consumers Association, Which? Ltd., London, 1997.)



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