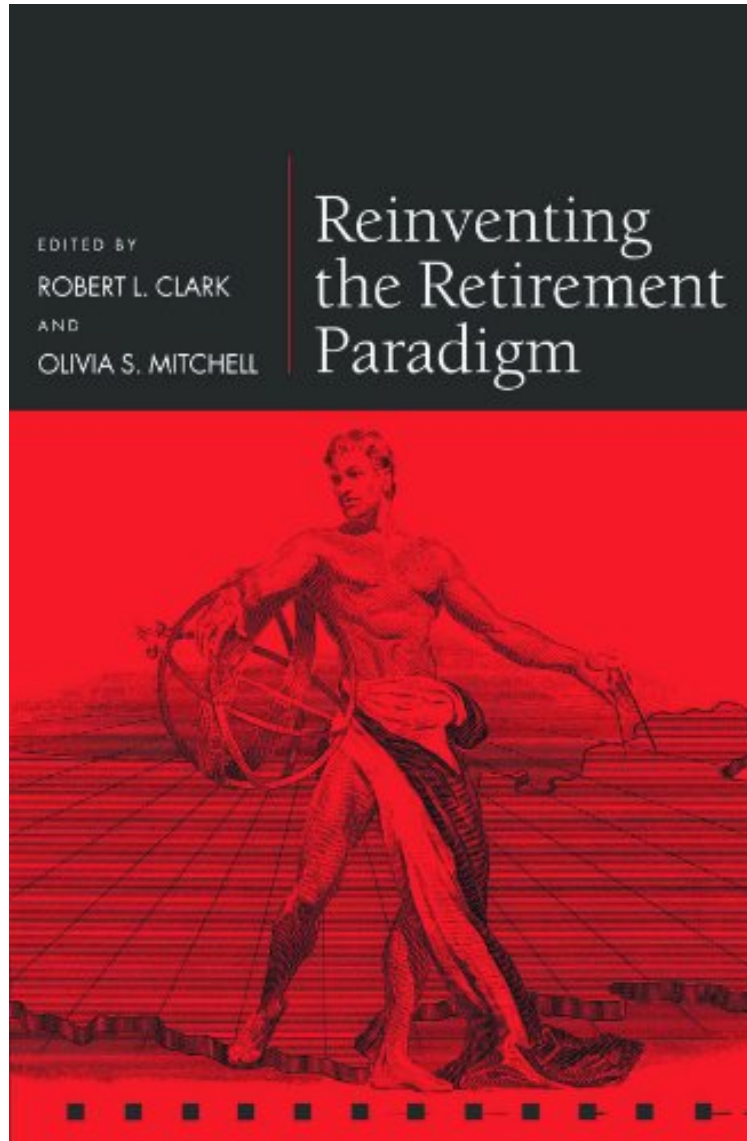


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1 of 1 people found the following review helpful. Journal of Pension Economics and Finance reviewBy Pension Research CouncilJournal of Pension Economics and Finance (2008), 7:369-370 Cambridge University PressCopyright copy; 2008 Cambridge University Pressdoi:10.1017/S1474747207003368Reinventing the Retirement Paradigm. Robert L. Clark and Olivia S. Mitchell eds. Oxford University Press, 2005, ISBN 0-19-928460-1, 312 pages.Debra S.

DwyerStony Brook UniversityWe are continually exposed to threats of crises from rising dependency ratios and proposals for reform based on often narrowly defined potential inefficiencies in existing practice. The average consumer of such dialogue is left perplexed regarding what he should expect from public and private benefit plans. This volume clarifies what we have learned from years of discussion and brain-storming. Specifically, the book recognizes that much of what we observe in the labor market today is the consequence of economic and political success. For example, the book shows that people are working less and living longer, as they can afford more retirement and consumption in retirement. The authors describe a labor force that has evolved both technologically and culturally. Reductions in costs of information and mobility have changed the employer-employee relationship and increased turnover. As women have entered the labor market in growing numbers, this has created more complex family structure and needs. Consequences of this changing labor market include labor shortages, inflation, and changing preferences with more weight on the utility of work and leisure. This motivates the premise for this book, namely that an updated retirement paradigm is needed to match the needs of an evolving labor market. The volume shows how key economic agents are contributing to this new retirement paradigm. For instance, government plays a central role in redefining social insurance, social assistance, and regulation. Firms can also influence behaviors through policies including flexible hours, phased retirement, elder care programs, incentives to keep workers in the labor force longer, pension reform, and improving employee financial literacy. The book also looks at how globalization has impacted the new paradigms, with case studies including Sweden's multi-pillar system, Japan's move from defined benefit to defined contribution plans, and Canada's relatively successful reforms. The internationalization of retirement policy as we move toward global labor standards will be important in shaping our paradigm. The discussion begins with an introduction and overview, followed by two chapters that focus on the private pension market. These are well written, insightful, and complete in presenting the pension story, and set up a discussion of the need for reform by offering an historical evolution and rationale. The next section emphasizes the importance of changing labor market incentives to promote longer working lives and ease the burden of a growing dependency ratio. After a summary of labor force and benefit take-up trends, there is a discussion of the potential for phased retirement and more job flexibility so people can work longer. In an interesting chapter, Abraham and Houseman use the Health and Retirement Study to show that for those who want to cut hours and gradually retire, this often translates into having to change jobs altogether. A later chapter by Hutchens and Papps, which probably should have followed next, offers additional exploration of potential barriers to phased retirement by asking employers how they perceive the option of accommodating work preferences of their aging labor force. From this we learn that the culture and technology of work can and must be updated as demographics change. For instance, telecommuting could easily serve as a mechanism to prolong the work life, an idea that would complement the notion of subsidizing elder care as described by Mulvey and Nyce. The final section of the book brings in experiences from other countries, so as to highlight the importance of finding global responses toward global aging. Sunden's work on Sweden is especially interesting, given that country's success in reforming its pension structures. This timely new book provides a significant contribution by summarizing the key issues facing us in our ongoing objective to prepare the nation for the challenges posed by an aging population. The volume does a nice job telling the labor market story as it pertains to markets relevant for the transition into retirement, historically and into the future. It is a good read for the layperson, policymakers, and analysts, and it will be useful to a wide audience.

This book explores how rising pension and healthcare costs, along with workforce aging, are affecting pension and retirement planning around the world. Many middle-aged workers now realize that they will have to work longer than intended, as they begin to recognize that their retirement resources will be inadequate to finance retirement consumption. Volatile capital markets, rising medical-care costs, and low saving rates make retirement behavior and policy a moving target. Olivia Mitchell, executive director of The Pension Research Council at Wharton, and Robert L. Clark, Professor of Business Management and Economics at North Carolina State University, explore these themes with colleagues, touching on a diverse set of issues ranging from employment trends to pension accounting and investment, to retirement system overhaul. They illustrate how employers are actively reformulating the meaning of work and retirement, seeking to encourage more people to work longer than ever before in the face of projected labor shortages. At the same time, public and private trust in traditional pension offerings is rapidly eroding, as companies alter, amend, and terminate their conventional plans in the face of poor investment performance and new methods of pension accounting. Experts from the UK, the US, Japan, Sweden, and Canada offer international perspectives on the evolving institutions of retirement practice. This book provides readers a range of insights and strategies not available in other volumes, and it represents an invaluable addition to the PRC/OUP series. It will be particularly valuable for managers working toward more efficient pension plans; to scholars and policymakers seeking to maximize pension design and effectiveness; and to actuaries and tax specialists concerned with pension regulation. The Pension Research Council at the Wharton School of the University of Pennsylvania was founded 50 years ago to encourage research and teaching on pensions and retirement security. Council projects address the long-term issues that underlie contemporary concerns and seek to broaden public understanding of these complex arrangements through research into their social,

economic, legal, actuarial, and financial foundations of privately and publicly-provided benefits.