

# A short history of retirement



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**L**ast month, I attended a branch retiree dinner in the Midwest where each recently retired letter carrier was given an opportunity to speak to the group. Some told entertaining anecdotes about co-workers, some imparted words of wisdom, and some shared their aspirations. I was particularly struck by one comment. The retired carrier said his goal was to draw his CSRS annuity for more years than he had to work to achieve it. That got me thinking about the concept of retirement in American society. So I did some research.

The advent of age-related retirement, involving guaranteed regular income at the end of a career of working, is a relatively new development. The idea, however, has been around

much longer. Revolutionary War political activist Thomas Paine once proposed a program that included a £10 annual payment to every person aged 50 and older, funded by a 10 percent inheritance tax, to guard against poverty in old age. The first major American pension law provided income to disabled Civil War veterans and their widows and orphans starting in 1862. By 1906, that law had been amended so that age was made a sufficient qualification for benefits. While almost all Civil War veterans were receiving pensions by the early 1900s, they constituted only a tiny fraction of the aged population.

Prior to passage of social safety-net laws early in the 20th century, poverty was the common lot of industrial workers who grew too old to continue working. Employers routinely dismissed workers who became disabled through injury or age, with no thought of severance pay, pensions, disability benefits, or other income. Studies have shown that during the Great Depression of the 1930s, the estimated poverty rate among senior citizens exceeded 50 percent.

The Great Depression generated an intense debate in America about the role of government in organizing society and the interests of structuring it in a more just way. One prominent issue in that debate involved financial security for the aged. Supporters of change argued that justice required that something be done about the fact that a most of the elderly were living in poverty. Opponents argued that government involvement in creating social safety nets was communism.

Diverse proposals were offered to address the problem of elderly poverty. The Townsend Plan proposed a \$200 per month payment to every citizen over the age of 60, funded by a 2 percent national sales tax, and with the requirement that the entire amount be spent within the United States within 30 days of receipt. The EPIC (End Poverty In California) plan would have paid \$50 per month to every California resi-

dent aged 60 or over, provided they had lived in the state for more than three years. The Ham and Eggs plan was another California proposal that would have paid \$30 every Thursday to every unemployed citizen over the age of 50.

These and other proposals had serious traction. For instance, the Ham and Eggs plan was defeated in a California referendum vote, but narrowly—1,143,670 to 1,398,999.

**The Social Security Act, passed in 1935, was the program** that actually made it into law in the depths of the Great Depression. It followed the 1920 enactment of the Civil Service Retirement System. The two are similar in a number of ways. Both guarantee a set income after a specified age, based on years of employment and amounts of earnings. Both are funded by the injured workers themselves and their employers. Both have annual cost-of-living adjustments. Both have successfully operated for close to a century. And both have succeeded in creating a more just society, by ensuring that most working people do not live in poverty at the end of their careers.

CSRS and Social Security are similar in another way. Both

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(along with FERS) have been under attack in recent years. Proposals to increase employee contribution rates during working years while at the same time reducing benefit rates during retirement years have been made by legislators with the same mindset as those who opposed passage of the Social Security Act in 1935.

**I hope that retired letter carrier achieves the goal of** drawing his retirement for more than the 30 or 40 years he worked to earn it. I know that the NALC remains committed to working for economic justice for its retirees and for its actively working members—and that includes working to protect CSRS, Social Security and FERS.

**NALC Retirement Department  
Toll-free number: 800-424-5186**

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