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Description

This Peabody award-winning 1972 NBC News documentary investigates abuses in the private pension system by telling the stories of several people who say their employers unfairly deprived them of their pensions. After the program aired, Accuracy in Media (AIM), a public interest group, filed a complaint with the Federal Communications Commission (FCC) alleging that NBC had violated the fairness doctrine by presenting just one side to the story. The FCC agreed and ordered NBC to provide coverage of the other side of the story, the first time it had ever made such an order. NBC took the case to the federal court of appeals where the ruling was eventually overturned, 2-1.

Keywords

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Citation

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CHICAGO MANUAL OF STYLE

Transcript

Pensions -- The Broken Promise
Unidentified Man: I-- figured I’d had twenty-three seniority built up, possibly less, up until I was in my forty years sometime at least before I retired and then to look back and see it all flowing away. Everything that you had planned on. Just seems like a waste of time.

Unidentified Woman: There must be thousands of them, maybe millions of them, that’s getting the same song and dance that my husband’s got. When they reach their time for retirement, there is no funds to pay them.

Unidentified Man: This man Hoffa on there retired with a 1.7 million-dollar lump sum pension. And I can’t get three hundred dollars a month out of them on there for my retirement.

Unidentified Man: Where does all this money go that’s been paid into these pensions?
HERBERT DENENBERG: The pension system is essentially a consumer fraud, a shell game and a hoax. As a matter of fact, when you say it’s a consumer fraud, you pay it an undue compliment, because typically we think of consumer frauds in terms of short transactions, the purchase of an automobile, the purchase of a pair of pants. But with the pension system, you really have a long-term contract that may run fifty or a hundred years that’s designed to guarantee the security of our population. Essentially you have an insurance contract that doesn’t perform, you have an insurance contract that can’t be relied on,
you have an insurance contract that can’t be trusted.

STEPHEN DUANE: And I think it’s a terrible thing in this country where men who worked forty-five years have to eat yesterday’s bread. And I don’t want to compete on my old legs with other old men on old legs running down a supermarket aisle to get dented cans and stale bread. I don’t-- it’s not a life I like, it’s not a life I don’t want to look forward to, so I really have nothing to look forward to at sixty-five.

EDWIN NEWMAN reporting:

This is a story about ordinary people with a modest hope to finish their working careers with enough money to live in dignity. That is a modest hope, but it’s one that is all too often not realized. There’s a widely held belief in this country that public disclosure is a good thing, that it inhibits misconduct and helps to keep people honest. That’s why these files are full of pension plans, private pension plans. Under the law, all such plans must submit annual reports on their activities to the Department of Labor. And these reports wind up here, roughly 34,000 of them, in a building in Silver Spring, Maryland, just outside Washington. The Labor Department has the right to audit them, and to a limited extent, where wrongdoing is discovered, the government may prosecute. Also, the reports are available to anybody who asks to see them. But as it works out, that is a meager protection for the twenty-five million Americans who are in private pension plans. There are millions of hopes and dreams in these files. If experience is any guide, very many of the hopes will prove to be empty and the dreams will be shattered and the rosy promises of happy and secure retirement in a vine-covered cottage will prove to be false. Understandably, there is a good deal of bewilderment about this and bitterness among those who find nothing where they thought pension plan payments were going to be. The Labor Department therefore receives, in addition to the annual reports of pension plans, complaints about them and appeals for help. A lot of these are passed along by members of Congress. For example:

LENORE HOFFNER: I understood that I was covered under a very good pension plan to which I did not contribute, it was a hundred percent paid by the company. But it did mean a lot to me, and I had several other job offers, which I refused, I didn’t even consider because I knew I had security to build up for the future.

DUANE: I started when I was nineteen years old.

NEWMAN: Stephen Duane used to be a warehouse foreman for the A&P Supermarket people in New Jersey. Eighteen months ago the A&P closed the warehouse and discharged the men who worked there. Duane lost all his years of pension credits.

DUANE: And at my old age, I would be happy and secure in the pension and the benefits that I thought I had with the A&P.

HOFFNER: At the end of these fifteen years, the company was bought out and the new owners decided to close down the air division. So I had less than a week’s notice and I was let go, as well as everybody else in the air division, with no severance pay, and nothing, absolutely out in the street after fifteen years, with nothing.

DUANE: When a time came to talk about the pension, we were-- well, we were staggered. We did have books, but nobody took-- bothered in looking at the books, you feel that you’re going to be pensioned and that’s it. So when they finally told us that the men had to be fifty-five years and over to collect the
pension, I was the big loser. I had a brother the same time as me down there, we were the big losers. Thirty-two years of our life was given up and we have nothing—nothing absolutely to show for it.

NEWMAN: Duane discovered what a lot of other people have, that it’s not easy for a man in his fifties to find a new job. He wound up as a laborer in another warehouse, where he has to compete with much younger men. But no matter how hard Duane works, it’s almost certainly too late for him to start building pension credits again.

DUANE: It’s a terrible experience, an experience I would never like to see anybody else go through. That is why I feel so deep about this pension, so that future men won’t feel like I do. You wake up in the middle of the night in a cold sweat knowing all your work, all your life has gone down the drain. I was just a number. Number seventy-two was my number. No Steve Duane, nor a worker. I worked— I remember I had seventeen years, with only four days out. But what does that mean to them? It means nothing. They just turn you out into the street because it’s an economy move. I personally wrote a letter to the president of the A&P, not yelling at him, I wanted to discuss with him. Some kind of moral obligation, just me and him. How does he feel? How does he put his head on a pillow, knowing that you have men walking the streets? I-- I don’t know, it’s very-- It’s a deep emotional thing with me. Sometimes I’m ahead of it, sometimes I’m not. That’s my feeling about the thing.

RALPH NADER: We’ve come across, in our questionnaires and other surveys, some of the most tragic cases imaginable, where people who’ve worked twenty-five, thirty years and just for-- just because of a tiny quirk in the pension plan’s fine print, they don’t get anything.

DENENBERG: When you get to be sixty-five, you’re out of work and you need a source of money, and that’s what a pension plan is supposed to do. Unfortunately, it’s woefully inadequate. Over half the people have nothing at all from pension plans. And those that do typically have only a thousand dollars a year. So even if you have social security, most pension funds are inadequate.

SAM ZAGORIA: And there are a lot of people who just believe because something is printed and because they’ve heard some glowing words about it, that that means it’s a lead pipe thing, that they’re actually going to have it when they need it. It may not be so.

NEWMAN: Many employees form their ideas about pensions by reading the slick brochures that their company or union gives them. Most of these booklets do make a pension seem a sure thing. The many restrictions and exclusions are buried in fine print or concealed by obscure language. The Senate Labor Committee has been looking at these brochures as part of its general study of the pension problem. Senator Harrison Williams is chairman of the committee.

Sen. HARRISON WILLIAMS (D – New Jersey): We have-- I have all kinds of descriptions of plans here and all of them just suggest the certainty of an assured benefit upon retirement. Here’s a man-- this was from a brewery, sitting relaxed with a glass of beer and checks coming out of the air. Well, you see, this gives a false hope, a sense of false security.

NEWMAN: Senator, the way private pension plans are set up now, are the promises real?

WILLIAMS: The answer is, they are not.

NEWMAN: So you want to get some reality behind the promise, Senator?

WILLIAMS: Exactly. We don’t want just these golden general descriptions of what can be expected
under the plan. We want clear and precise and understandable description of the reality. The worst example that I’ve seen is this description that is wholly unintelligible to anybody but an advanced lawyer. NEWMAN: “If an employee makes the election provided for--” is that the one? WILLIAMS: Yes. NEWMAN: “If an employee makes the election provided for in subparagraph two of paragraph B of this section six, his monthly pension as determined under either section three or subparagraph one of paragraph A of section four, whichever applies, shall be reduced by the percentage set forth in paragraph C of this section six, as if the employee has made the election provided for in subparagraph one of paragraph B of this section six, and shall be further reduced actuarially on the basis of the age of the employee and his spouse at the time such elections shall become effective. The sex of the employee and the spouse and the level of benefits payable to the employee’s spouse in excess of the level of benefits in the election provided in subparagraph one of paragraph B of this section six.” Well maybe I didn’t read it very well. WILLIAMS: Well, of course you understand it, though? NEWMAN: Perfect. DENENBERG: It’s almost an obstacle course, and the miracle is when someone actually collects with the plan. There have been studies that indicate that most people won’t collect. I think we need controls of the same type that we apply to insurance companies. Your money should be funded so it’s going to be there at age sixty-five. Today it’s almost a miracle if it’s there at age sixty-five. You have to go to work for an employer, you have stay with him, you have to stay in good health, you have to avoid layoffs, you have to take your money, turn it over to the employer, hopes that he invests it safely and soundly, you have to hope that when you’re aged sixty-five that your employer is still around, and he’s not likely to be in terms of the high mortality of business. So there’s almost a sequence of miracles which you’re counting on. Sen. RICHARD SCHWEIKER (R – Pennsylvania): In one study made by our subcommittee, of fifty-one pension plans, covering 6.9 million workers since 1950, 92 percent of the workers in these plans left without any benefits whatsoever. Workers are losing their pension rights when their companies go bankrupt, merge with other companies, or simply go out of business. Workers are losing their pension rights when they are forced to leave one job to find another. We will hear testimony from five retired employees at Horn & Hardart, men and women, in their sixties and seventies, who have worked an average of forty years or more for the company. Today, they are retired and forced to keep working because the company has hit financial difficulty and has had to give up its pension plan. Former Horn & Hardart Employee #1: They call me into the office, they say, “Grimes, it’s almost about time for you do go out.” I say, “Is that so?” Well, I said, “Go out for what?” I heard of people retiring, I mean, but they say, “Well, you know, everybody got to retire.” I said I didn’t know this. I said, “I’m not ready to retire. I have no money.” I said, “I owe money everybody in Philadelphia,” which I did. I said I’m trying to send my-- and-- and I told them, “I’m not ready to retire.” Former Horn & Hardart Employee #2: They made me retire, on account of the age. They call me in and I went and Mr. Dongee was the man over the place at the time. And he said, he figured up what I would get, and I have to take note, other compensations, I got fifty dollars and forty-eight cents a month.
Former Horn & Hardart Employee #1: They claimed that this plan would make us financially independent as long as with our social security and what other income we might have saved. They said that this plan you will not have to worry about anything. Then all of a sudden, they said, “We can’t pay you anymore because the funds have run out and we have to sell some property in order to recuperate and get some olds funds into this benefit.

SCHWEIKER: And then that was the cutoff in October of ’71 when they went bankruptcy?

Former Horn & Hardart Employee #2: That’s right. As Mr. Grimes said, they stopped and then started it again. And they finished it in November, 1971 and that was it. I don’t get anything at all, nothing at all, for all of those years.

Former Horn & Hardart Employee #3: When I retired in ’66, I was getting fifty-five dollars in pension money. I could make it with that with my social security.

SCHWEIKER: Had you expected to get a full pension for the rest of your life?

Former Horn & Hardart Employee #3: Yes. At the time the pension plan was established, we got literature stating what we were going to get and I was satisfied with my-- at that time I was satisfied with social security-- I thought I could-- I knew I could sort of make it like that. But when it collapsed, I collapsed with it.

SCHWEIKER: I have here a booklet, it’s called “Horn & Hardart Retirement Pension Plan.” I assume that this was something that was passed out to the employees, and no doubt you all have one, and I’m sure that it spells out what you expected to get in terms of your benefits. I think it’s significant on the inside, back cover, it says, “Happy retirement to you when your turn comes.”

NEWMAN: This was the Baldwin-Lima-Hamilton Heavy Equipment plant near Philadelphia where thirteen hundred men used to work. They were the sort of people who thought security was important and they had passed up bigger wage increases in favor of a better pension plan. When the plant closed in April, many of the men discovered their pension rights had disappeared.

Unidentified Man: I’ve heard a lot of guys say, the only reason I stayed with it, for my pension. Now there is no pension. So in order to have all this go down the drain, let's face it, it affected every one of us in one way or another.

Unidentified Man: What's going to happen to me? Here I am. I'm now fifty-nine years old. When people get up in age and the bottom drops out, like what happened to us, it's a crime.

Unidentified Man: After thirty years and I've got nothing. I mean, it's gone down the drain, thirty years of service. Now I can make up-- I can get up into another place and I'll get fifteen years, but that's not going to amount to anything. So there goes my future plans. I mean, I figure, well, I'd like to put the boys through college, but what can I do now? I'm afraid to.

Unidentified Man: A younger person does have some chance to do it but at my age, you've made that round, there's no more. In other words, I missed the pension here by about four months.

Unidentified Man: Everybody was just relying on a pension and if they knew today all the stuff, they would have never stayed there as long.

Unidentified Man: Yeah, but George, do you realize that there's so many people, working people under the impression that they've got a pension coming they don't even realize it they could be in the same fix as
what we are.
Unidentified Man: And they’re lulled into a complacency in which they don’t realize that this can happen. They think, oh, I’m doing all right, I’ve got my paycheck and I’ve got a pension but he didn't read the fine print.
Unidentified Man: Well, we felt that way ourselves two years ago.
Unidentified Man: This is where I thought I had it. I thought when I reached the age of sixty-five or even sixty-two, I'd have approximately forty-five to forty-seven years with the company. And I could turn around and retire at six dollars a month for every year of service.
Unidentified Man: As the years went on, that figure would have increased.
Unidentified Man: I lose faith in a government that allows things like this. Not long ago I was in New York and I saw that inscription on the Statue of Liberty. And it sounded wonderful, you know. Give us your tired and so on. But what it actually said was, give us your labor, get these honkies here where we can put them to work for nothing. That’s what it amounted to.
NEWMAN: An employee becomes much more expensive to a company once he has been vested, that is guaranteed a pension. This man, Alan Sorenson, says he helped to prove that point in a study he did for a large department store chain. After the study was made, so Sorensen says, the company got rid of many long service employees before they could achieve vested pension rights. Sorenson himself was transferred out of company headquarters winding up in Salt Lake City as a store manager, that is Sorenson was a store manager until he was fired last year after twenty-two years of service. He now works as a check-out clerk in this Salt Lake City store. Sorenson told us he had been only a few months away from his vested pension rights.
ALAN SORENSON: I definitely feel that I was terminated because I was approaching an age where I would have vesting and they had terminated so many long service employees just prior to terminating me that it all seemed to fall into a very definite pattern.
Interviewer: And the reasons you were given for being let go, how did they seem to you?
SORENSON: They seemed very shallow. Because my past record was such that it was above reproach. I had never had a serious shrinkage in the total time that I had been a store manager. Within the last two or three years before I was terminated they terminated a great many store managers with long service with the company.
Interviewer: People who would be approaching the--
SORENSON: Approaching the age of vesting and retirement. See, by terminating these people before they reached age sixty-five, this cuts their pension benefits back drastically.
EARL SHROEDER: Up in Chicago, I worked for twenty-four years for the Kelly Nut Company.
NEWMAN: Earl Schroeder was a corporate executive in a company that had been taken over by a large conglomerate. Several other executives had been fired and Schroeder was worried about what promised to be a substantial pension. He was only six months away from his vested pension rights.
SCHROEDER: -- a retirement plan at age sixty by having put twenty years’ service with the company. I had put in my twenty years, in fact twenty-four years with the company, put I did not have the age requirement of sixty. I was called from my office to a lunch with one of the executives of Kelly Nut
Company, Corn Products Company, our vice president for finance. And informed that henceforth I would no longer be with the company. And I said, “Walter, what do you mean?” He says, well, “Earl, I hired you twenty-four years ago, today I'm firing you.” “Why?” “Well, we decided you're too good for the company. And we have no other spot for you.” I was at the time assistant secretary of the company, the secretary of the company he was lopped off at thirty years' service. I had a warehouse manager in Albany, Georgia, Howell Free, who was lopped off two months before he would be vested in the plan. He had his time, he had his age, this poor individual became so ill and upset over it that he shot himself, took his own life.

NEWMAN: Driving a truck in Chicago wears a man down fast, so the truck drivers have always been concerned about pensions. And in most respects, the pension programs run by the Chicago teamsters union locals are among the best. Benefits are generous and a teamster can retire as early as age fifty-seven. Many feel that after twenty or thirty years behind the wheel, retirement can't come soon enough.

PHIL MARTINEZ: When I was young, I was like a bull, I thought I was big and tough. Then I started in the taxicabs, driving a cab. You sit. Your kidneys, your back, your head, everything just goes. When you get older, same thing, only worse.

Unidentified Man: Every truck driver I think thinks forward to the day that they're going to retire. And if you got the seniority, you think you're well established. You're not thinking about somebody cutting, shooting you down or something. About cutting your pension off.

NEWMAN: The trouble is, every teamster local in the Chicago area runs its own pension plan. And it's common practice for a man to be forced to transfer from one local to another, every time he changes jobs. From driving to the loading dock, for example. Or from loading to checking weigh bills. Or from an outside to an inside job. Sometimes, different groups of teamster members working for the same company or even in the same garage will be in different teamster locals. A teamster must have twenty years of membership in one local to draw a pension. His pension rights are not portable. He cannot take them with him from one local to another. A lot of drivers don't know that until it's time for them to retire. And when they do find out, they can't understand why it should be so.

Unidentified Man: When they started up this pension plan, I don't think they were strictly honest with the people. I mean, with the people, I mean the truck drivers. They didn't come out in detail and say, you got to have twenty years in this local only that you can get a pension.

Unidentified Man: As far as I'm concerned, with the amount of years that I have with the company, I should get a full pension. I've got my twenty years with the company, but you got ten years over here, I got eleven years over here.

Unidentified Man: It's the same thing on there as you would put money in one bank and then go on the west side and put another part of your money into another bank on there and when it comes time to draw it out down there, they tell you, we're sorry out there. You put your money in two banks. We refuse to give it to you. This is the same principle. I have money in two different locals.

Unidentified Man: Almost twenty-one years with one outfit and I can't see why one local can't get together with the other local which I'm in and there's nothing to it, this one has to give me half, the other one gives me half and they make a whole out of it. All right, so what's hard about that?
Unidentified Man: You go down to the unions, you beg, you talk to the people, they give you deaf ear. “Now, we’ll take care of it, yeah, we’ll take care of it.” But they don’t.

Unidentified Man: The union was to me a brother. And that they wouldn't sell me down the river. They wouldn't deprive me of something on there that was paid for that I was looking forward to by little technicalities on there.

MARTINEZ: They're taking away by lying to the men, they're taking away by pulling out the fine print in their pension programs. They're taking away by keeping the men ignorant of these pension programs, of these pension rules.

Unidentified Man: You cannot change unions. So what do you do then? If you can't change unions, if you have to get another job and you have to go in another union, what are you going to do then? Do you start all over again? Are you going to go ahead and build up time, time, time? You can't do it.

Interviewer: What are your plans for the future?

Unidentified Man: I have no plans. What can I do? I'm just going to have to live out my time and do the best I possibly can with what little bit we get from social security.

Unidentified Woman: And what we have in the bank.

Unidentified Man: That's all I can look forward to. Nothing else.

MARTINEZ: You've got people driving those trucks that are as high as sixty-eight years old. Sixty-eight years old, driving a seventy-two or seventy-three thousand pound unit. With such commodities as explosives, jet fuels, gasolines, oils, plastics, sixty-eight year old man driving this truck. They're not going to last. Somebody's going to get killed. They should have been pensioned about ten or twelve years ago.

Unidentified Man: That's the way I figured it was going to be. And that's the way we all figured. All the old timers, we figured that if we put in twenty or twenty-five years, when we retired, we would get a pension.

MARTINEZ: But no, because they got cheated they still have to work. But can you imagine a sixty-eight year old man on an interstate with anywhere from seventy-two to seventy-four thousand pounds coming at you?

NEWMAN: The flaws in the private pension system hurt middle class and working class people most. Rich people don't need pensions and the very poor never build up any pension rights they can lose. People don't get the pensions they expect for many reasons. One is that most plans require you to work in the same place for twenty-five or thirty years or more. Other people lose their pensions because the plan runs out of money. At this moment the Coal Miners Fund is operating in the red and the Railway Retirement System is running an annual deficit. It's also common for workers to get smaller pensions than they expect, partly because many plans treat highly paid executives much better than lower and middle level employees. Women get the worst treatment. They seldom work in one place long enough to qualify. And the wife of a pensioner usually gets nothing after her husband dies. What's wrong with the system is most evident to the social workers helping the aged and to a few labor leaders who take an interest in retirement problems.

VICTOR GOTBAUM: In the United States we have a magnificent ability to cover up our own diseases, especially the disease of big business. Pensions in the private area are a mockery. They're a national
disgrace. We know this.

Unidentified Man: The place where it gets very difficult is with your fairly average middle income, middle class person, who arrives somewhere between sixty-two and sixty-five at retirement, finds their income cut sometimes as much as seventy percent. These are the folk that I think have the most difficult time. They're sometimes our most difficult client because they're bitter, they're resentful. Our society being what it is, they've postponed thinking about old age and its problems. And all of a sudden, they find themselves old and poor.

EDWARD KRAMER: These people feel who worked all their lives, and let's say they worked thirty-five, forty years, and many of them have worked for one employer for all these years, are, they feel that now that they've retired, they're going to live a better life. They won't have to get up early in the morning. They won't have to work and they'll be able to do all the things that they couldn't do when they were working. And then they find themselves in the position that they have no money, they have no friends. And they live in squalor and they can't do these things. So what-- they've really been cheated, cheated by the pension system, cheated by social security, cheated by their employer and they feel very angry at themselves because I think in the back of their mind, they knew this was going to happen. They knew that when the day came that they would retire, they would be worse off than when they were working. But they're afraid to admit it.

GOTBAUM: They don't eat meat. It's soup. It's lower economic. When they go into the supermarket, something a you discover is that they're special hunters. Their housing situation is an atrocity. We know this. We've now discovered them so we're trying to build housing for the aged. And there's a thrust in this direction. The aged poor. Well, there's not enough housing, there's not enough housing for the aged poor. So that, you'll find that the ghettos, interestingly enough, fascinating area, the ghettos are composed mainly of the black and Puerto Rican poor and then you will find spotted throughout aged whites as well as the black and Puerto Rican. This is integration of the poor, integration based on lower economic status.

KRAMER: They're kind of waiting around. See, what we've done in our country is create God's waiting rooms all over the country. In Miami, New York and Boston, and Los Angeles, and Philadelphia, where old people kind of wait around for the day to come when they're going to die.

Unidentified Man: We're living too long. In some area if we could just disappear, it would be very nice to the community at large. But we are not disappearing, we're still here. And we're growing older and older. The age now are ninety and ninety-five is not too uncommon. Even a hundred is not too uncommon. And the result is this, that we have made no plans to retire.

Unidentified Man: You can't make it on social security, maybe after that twenty percent increase we can. Far as I'm concerned, if you had just say a hundred and half more a month, we could make it pretty good. But now when a bill comes up, you gotta figure how you're gonna meet it. See, if the car breaks down for a hundred dollars, you gotta start skimping or go to the bank-- you got two, three hundred left in there and draw one of them out. And that's like pulling teeth.

Unidentified Woman: We'll get by, we'll just have to get by, we'll have to eat less. If we had any indebtedness at all, we'd never make it. Makes you feel bad and a lot of times you just sit there and think, at my age, what am I going to do, where am I going to go? What's going to happen? You know, you can't
say anything.

Unidentified Man: The average person, elderly person who lives on social security, old age assistance and perhaps some money they've been able to save, income runs about a hundred and eighty dollars a month. They've literally got to watch every nickel and penny.

KRAMER: Going to a movie is a big expense, taking a bus to a clinic to visit a doctor is a big expense, buying a new pair of shoes is a big expense, getting ill and having to get medicine is a big expense. This is where, if there was an adequate pension system in the United States along with social security, some of these problems could be avoided.

NEWMAN: Retired people like to live in places that are warm and cheap. There are towns in California and Florida where more than half the adult population is retired. Years ago, older people lived with their working age children. Now, in our mobile society, the elderly have taken to living in trailer parks filled with other retired people. That means retirement is a lot more expensive than it used to be. And the elderly are complaining much more about needing money. The average retired person depends on social security for most of his income, so the big day is the third of the month, the day the social security checks arrive.

Unidentified Man: Everybody's out, they're standing at the door for the mailman, they grab this little check and they haul off to the bank with it. And we get in line up there to get your check. And we try to let it go till the next day because it takes too much of your time standing there. And then you run off to the grocery store. And the grocery stores all run big sales. On the day they're going to have this-- you can get yourself a steak, if you're lucky, for a dollar and a half. But the retirement's not-- unless you can adapt yourself, it's not for the lively person, somebody that's sickly, he can't enjoy it, there's nothing to enjoy about it. But if you can prepare yourself to accept a quiet life and you and your wife figure what you want to do with yourself during the day, then you can make it. We have fishing and take an umbrella and a couple of chairs and go down to the beach and sit there for the early part of the day before it gets too hot and then we come back and turn the air conditioner on, spend the afternoon in the house. We have a couple of friends around here we visit with, but it's nothing exciting. And you don't have the money to get exciting, I mean, the wife likes to go and I would love to go too but you can't afford to drop ten or twenty dollars. You go down to these restaurants, none of them have a meal less than three dollars. But they got some beautiful malls and one thing and another, you can loaf around in, air conditioned. We went in one yesterday, Ma's I think it was, and my wife pulled about four bolts of material out and help them up and "How do you like this?" and I go through the routine, it's a little lout, or a little conservative and she throws them back in the pile and walks on. And the girls follow her around and put them in. But that keeps them busy, you know, they got something to do. I imagine all these old people do that, I don't know.

NEWMAN: The crux of the matter now is that increasing numbers of Americans are reaching retirement age, they should not be expected to live in poverty or near poverty or a cut or two higher, lead a drab, penny-pinching sort of existence. Nor, obviously, is that anything the rest of us would want to look forward to. The refrain that runs through what we've been hearing is a kind of incomprehension. What emerges over and over again is that these people played the game. They did what Americans are expected to do, they worked and met their obligations. But at the end of their working lives, they found that they were in trouble. Put simply, they did not have enough money. The pension plans that they thought were
going to take care of them didn't. Now, it may be that some of them did not save as much money as they might have. The urge to consume in American life is very strong. Also inflation played its part and maybe they were careless about what the pension plans they were in actually could do. In any case, at the end of their working lives, they feel cheated and cast aside.

President FRANKLIN D. ROOSEVELT (File Footage): This social security measure gives at least some protection to fifty millions of our citizens who will reap--

NEWMAN: Most people didn't have any sort of steady retirement income until the first social security law was passed. Social security was to take care of working people when they got old. At least that was the impression given by this government publicity film but no one who ever had to live on social security alone has ever considered the monthly benefit to be enough. It was enough perhaps where people also saved money for their old age, or got help from their children. The private pension system really got started when wage controls were put into effect during World War II. Fringe benefits were exempt from controls and since labor and management couldn't talk about much else, they began to negotiate pension plans. Companies also started using pension plans as a way to keep skilled employees. The idea was that a man would not be tempted to look for another job if he had a paid retirement to look forward to. Today labor unions consider pension benefits to be part of the wage package, higher income workers now want more assurance that they'll actually get their pensions. Lower income workers think they have a right to better pensions than they get now. For that matter, major league baseball players struck last spring for improved pensions. In New York, not long ago, angry municipal workers paralyzed the city by opening drawbridges and blocking highways. They wanted their pensions improved to match the gains made by policemen and firemen. And by some workers in private industry. If there is a pension crisis, it is, at least, in part, a crisis of rising expectations. Another crisis of sorts involves the vast amounts of pension fund investments. James Hoffa was convicted of criminally mishandling pension fund investments. So was the leader of a Chicago barber’s union. Pension funds have outgrown the laws regulating them. No government agency has enough staff or authority to control them. The Justice Department's labor section believes it's common for the pension money to be incompetently or dishonestly invested.

RICHARD BENVINISTI: Well, we've prosecuted cases involving embezzlement of pension funds, misuse of pension funds, for the personal benefit of the labor union officials who are charged with administering these funds. We've also prosecuted cases involving the receipt of kickbacks by pension fund employees and trustees for the granting of loans and for the use of this pension fund money.

BENJAMIN SCHENCK: It could be something as simple as using the money to buy a new vacation home for one of them, or it could be the more complex, more subtle situations where the money in the trust fund is for example, loaned to the employer, to build him a new factory or loaned to the union to finance a new recruiting campaign.

CHARLES RUFF: We have no real idea of how much fraud there may be in the pension plan area. But you're talking about an institution, the pension plan area, generally, that deals in hundreds of billions of dollars. And when you have that much money involved, the federal government ought to take a more active role than it does.

DENENBERG: We regulate insurance completely. We regulate the agent, the contract, reserve, the
policies, the sales technique, the investments, we regulate insurance companies from birth to death. And yet we have a gigantic pension system, almost the size of the insurance industry, a hundred and fifty billion dollar business that's essentially unregulated. Can you imagine what would happen if we would let insurance companies do whatever they wanted to? We can't even protect the public with full regulation in insurance, but essentially we have a pension system which is precisely an insurance plan and which is almost unregulated.

NEWMAN: This is where most of the pension money now goes. To Wall Street, to be invested. It's estimated that private pension fund assets now amount to something like a hundred fifty-three billion dollars. The way they're growing, they very likely will amount to two hundred fifty billion dollars by the end of this decade. Pension funds are now the largest institutional investors in the country. They've passed the mutual funds and there is no end in sight. Typically, the management of pension fund money is handed over to banks, mostly very big banks. Banks for the piling up of pension fund money. A few banks may administer significant and even controlling amounts of the common stock of very big corporations. An example: More than ten percent of such companies as IBM, Ford, IT&T, J.C. Penney, Westinghouse, and Boise-Cascade is held by three banks. Fifteen percent of Trans-World Airlines is held by two banks. Morgan Guaranty Trust and Chase Manhattan.

Unidentified Man: We remain confident beyond 1973 on--

NEWMAN: There is so much pension fund money to invest, that just finding productive uses for it can be a problem. This is something few outsiders see, an investment meeting at Bankers Trust Company in New York.

Unidentified Man: One of our major concerns is to protect our accounts against risk, risk being defined as underperforming the market in a down market which it is true we do nor forecast. My question is, how do you think the chemical stocks would fare in the event we do have a weak market over the next six months?

Unidentified Man: Jerry, I was just talking this point over--

NEWMAN: Critics of the big banks claim that they stick too much to safe investments in big corporations. The bankers insist that their industry is competitive and that all banks seek the highest return with the least risk. Bankers and critics agree that the trust fund investing industry has grown tremendously. The institutions managing trust funds have become so big that they often prefer to trade large blocks of stocks among themselves by computer, rather than using the stock exchange. Pension fund money has become so important to the economy that nobody knows what would happen if the system were to be drastically changed. Incorporated in social security, for example. Ralph Nader opposes that. Nader wants to take pension funds away from the banks and have the government set up a new set of institutions, responsible only to the pensioners. Other critics would concentrate on insuring pension benefits and making it possible to take pension rights from one job to another. But almost everybody agrees that some changes are needed.

RALPH NADER: I think time is running out on the private pension systems. And if its abuses continue to pile up, and if its enormous popular disappointments begin to be more and more revealed, it might collapse of its own weight, and social security will have to take up the slack.
RUSSELL HUBBARD: Over a good number of years, the track record is excellent. It's unfortunate that every now and then some of the tragic cases make the newspapers and the headlines. But it's a question of perspective and balance. When you consider that there are thirty million people covered by the plans, that there are five million people receiving about seven billion dollars in benefits. I think that's pretty good record. That's not to say that there aren't a few remaining loopholes that need closing but we ought to make sure that we don't throw out the baby with the wash water.

GOTBAUM: The solution in the wealthiest country in the world is not do what they've been doing in terms of pensions. You fund a pension. You fund it on the basis of a man's ability to live. You tie it into cost of living. The wealthiest country in the world ought to be able to do it.

KENNETH ANDERSON: You must remember that the corporation has set this plan up voluntarily. They have not been required by law to set it up.

Interviewer: Is it a gift from the employer to the employees?

ANDERSON: That's what it amounts to.

DENENBERG: I say it's the employee's money and I think that is the economic fact of life and I think in terms of the morals of the problem and in terms of the economics of the problem, that anyone would conclude that it does belong to the employee and yet it's not being used for his benefit.

ANDERSON: These pension plans are a part of a fringe benefit package. Like hospitalization insurance and so forth, but it's still a voluntary thing on the part of the corporation.

GOTBAUM: So, all I can say is my God how can you hold to that view? Do you mean, people are supposed to starve, that people are supposed to live on a subsistence money because they are not unique, and that, by the way, is the same attitude that gives top management stock options, gives them retirement after a small serving period whereas the middle worker, the lower economic worker takes a terrible beating.

SCHWEIKER: What we're proposing to do a little bit what was done with the bank failure problem. We didn't go in and take over the banks but we did, by means of insurance and federal deposit insurance corporation come in and guarantee that no depositor would lose his savings under a certain point. And I think that's what we're saying here, that once a worker has put in eight years' time, once he's reached a certain age, once his company's reached a certain point, then he doesn't lose it, regardless of what happens to his company or the country.

MARTINEZ: What are they waiting for? What the hell are they waiting for? Do they have to give us a certain quota, a certain number of people that have to be victims? Do they have to give us a certain amount of money? How many billions must it take before they do something about this? How many people have to starve? How many people have to lay on the sidelines and just hope and pray. How much misery do they want before they actually act upon it?

NEWMAN: This has been a depressing program to work on but we don't want to give the impression that there are no good private pension plans. There are many good ones, and there are many people for whom the promise has become reality. That should be said. There are certain technical questions that we've dealt with only glancingly, portability, which means, being able to take your pension rights with you when you go from one job to another. Vesting, the point at which your rights in the pension plan become established
and irrevocable. Then there's funding, the way the plan is financed so that it can meet its obligations. And insurance, making sure that if plans go under, their obligations can still be met. Finally, there's what is called the fiduciary relationship, meaning, who can be a pension plan trustee? And requiring that those who run pension funds adhere to a code of conduct so that they cannot enrich themselves or make improper loans or engage in funny business with the company management or the union leadership. These are matters for Congress to consider and, indeed, the Senate Labor Committee is considering them now. They are also matters for those who are in pension plans. If you're in one, you might find it useful to take a close look at it. Our own conclusion about all of this, is that it is almost inconceivable that this enormous thing has been allowed to grow up with so little understanding of it and with so little protection and such uneven results for those involved. The situation, as we've seen it, is deplorable. Edwin Newman, NBC News.