SOCIAL GERONTOLOGY (350-1)

Obj 1-1. **GERONTOLOGY** is the study of the biological, psychological, and social aspects of aging. Gerontology originated in the late nineteenth century with the science of **senescence** (the aging process). **Financial gerontology** merges the fields of finance and gerontology.

SOCIAL GERONTOLOGY is the subfield of gerontology that focuses on the social aspects of aging.
Social gerontology addresses

1. family relationships,
2. health,
3. elder care
4. economics, ***and***
5. retirement.

Successful aging is characterized by mental acuity, social activity, and freedom from disease and disability.
Successful aging is achieved by setting goals and then participating in activities that support those goals.

Obj 1-2. **FOUR WAYS TO DEFINE OLD AGE:** *[based on the focus of the* ***social*** *gerontologist]*

1. **Chronological age**--refers to the number of years a person has been alive.
   Chronological age is a poor indicator of old age because it is arbitrary ***and*** because it groups people of varying generations into a single category.
   Social gerontologists divide chronological age into three subcategories:
   a. **the young-old**--include people age 65 to 74,
   b. **the middle-old**--include people age 75 to 84, ***and***
   c. **the old-old**--include people age 85 or older.
2. **Social roles**--are expectations or guidelines for people in specific roles, such as widows, retirees, and grandparents. But, taking on a role associated with old age does ***not*** mean a person is old.
   Examples: A woman who gave birth as a teenager can be a grandmother when she is in her 30s. Someone who entered the military at age 18 might retire at age 38.
3. **Functional age**--is based on how people look and what they can do.
   A person becomes functionally old when he
   a develops physical features (gray hair, wrinkles, etc.) associated with aging,
   b can no longer perform the major roles of adulthood, ***or***
   c experiences the normal physical changes associated with aging, such as hearing loss and joint stiffness.
   The three categories of functional capabilities:
   a. **Well elderly**--are healthy, active, and involved in their communities.
   b. **Somewhat impaired elderly**--participate in many activities of life, but are beginning to need help with some activities.
   c. **Frail elderly**--show mental or physical deterioration and depend on others to perform their daily activities.
4. **Subjective age**--is based on how a person views himself.
   Health and activity levels are the most important factors in subjective age identity.
   Often an individual identifies himself as old based on some defining event, such as a broken hip or heart attack, ***but*** many with chronic health problems view themselves as aging successfully.

A COHORT is a group of individuals with a common statistical or demographic factor.
Most studies use **age cohorts** (individuals born during specified periods), but cohorts can also consist of people who enter a specific system at the same time (such as college freshman).
The process of **cohort aging** occurs as each cohort moves from one age category to the next over its life span.
Although cohort and generation are sometimes used interchangeably, social scientists use **generation** to refer to lines of descent from a common ancestor.

<u>THREE FACTORS CREATE COHORT DIFFERENCES IN AGING</u>:

1. **<u>Cohort effect</u>**--Members of a birth cohort share experiences unique to their cohort.
   Five birth cohorts in the twentieth century:
   a. **<u>Swing generation cohort</u>**--was born from 1900 to 1926.
   b. **<u>Silent generation cohort</u>**--was born from 1927 to 1945.
      Members of this cohort grew up during the Depression and tend to be cautious about spending money.
   c. **<u>Baby boomers cohort</u>**--was born from 1946 to 1964.
      Baby boomers came of age during the civil rights movement, the women's liberation movement, and the anti-Vietnam War movement.
   d. **<u>Baby bust cohort</u>**--was born from 1965 to 1976.
   e. **<u>Echo boomers cohort</u>**--was born from 1977 to 1994.
      Echo boomers are the children of the baby boomers.
2. **<u>Compositional differences</u>**--Cohorts vary in terms of demographic factors such as ethnicity, gender, family size, life expectancy, and average age at marriage.
   Size has a significant effect on a cohort's characteristics.
   Example: The baby boom cohort is significantly larger than the silent generation cohort and has faced a more competitive environment for schools, jobs, and houses.
3. **<u>Structural changes</u>**--Traditionally, the elderly were supported by family and the community.
   Social Security benefits increased the financial stability and independence of the elderly.
   Changes in family relationships during the twentieth century include the growth in single-parent households, the increased role of women in the workforce, ***and*** the growing rate of divorce and remarriage with 'blended families'.

Obj 1-3. **<u>AGEISM</u>** is the stereotyping of and discrimination against people because they are old.
A <u>stereotype</u> is a composite mental picture that attributes specific characteristics to a defined group.
Although a stereotype might incorporate characteristics that describe some members of the group, it fails to recognize the diversity of the group's individual members.
<u>Age discrimination</u> occurs when people provide differential treatment based on others' ages.
Although the federal Age Discrimination in Employment Act **(<u>ADEA</u>)** prohibits employers from firing employees based on their ages, it is hard to prove age discrimination in hiring decisions.
<u>The new ageism</u> refers to the tendency to patronize and to overprotect the elderly.
Television, film, and the print media have, over time, presented more positive depictions of the elderly.

<u>THE AGE DISCRIMINATION IN EMPLOYMENT ACT (ADEA)</u> prohibits employers with 20 or more employees from discriminating against employees and job applicants who are age 40 or older.
It is also unlawful to retaliate against an employer who opposes discriminatory employment practices or files a discrimination charge under the ADEA.
The ADEA applies to state, local, and federal government entities and to employment agencies and labor organizations.
The ADEA applies to any of the terms and conditions of employment, including hiring, firing, promotion, layoffs, pay, benefits, job assignments, ***and*** training.
The ADEA prohibits compulsory retirement (with the exception of certain individuals in executive or high policymaking positions).
An employer may establish an age limit ***if*** age is a **'bona fide occupational qualification' (<u>BFOQ</u>)** reasonably necessary to the normal operation of the business.
Note: Age is only a BFOQ in very limited situations, such as those involving public safety (eg, age limits for pilots and bus drivers).
An individual whose employment rights have been violated can file a discrimination charge with the EEOC.
The law requires an injured party to file a charge with EEOC before a private lawsuit may be filed.
A charge must be filed within 180 days of the violation (300 days if the charge is also covered by a state law).

<u>The Older Workers Benefit Protection Act</u> amends the ADEA to prohibit discrimination against older workers in employee benefits ***and*** employees' nonvoluntary waivers of ADEA rights.

<u>Special rules for employee benefits</u>:

1. **Equal cost exception--**Under the **<u>equal cost or equal benefit rule</u>,** benefits, other than medical expenses, may be reduced for older workers, but ***only*** to the extent that the cost of providing the benefits is no greater than the cost of providing them for younger workers.
   To comply with the equal cost exception, the employer must prove that
   a. the benefit becomes more expensive as workers age,
   b. the benefit is part of a benefit plan that requires the reduction of benefits as workers age,
   c. it spent an equal amount on each of its workers, ***and***
   d. older workers' benefits were reduced only by enough to equalize the costs of benefits.

   Employers can neither reduce medical expense benefits for older workers, nor require older workers to contribute a higher proportion of the cost of benefits than younger employees.
   Under Medicare law, employers must offer ***all*** employees over age 65 (and their spouses over age 65) the ***same*** medical coverage offered younger employees (and their spouses), ***but*** employers can consider Medicare benefits when determining whether equal benefits have been provided.
2. **Offset rules--**The ADEA lets employers make certain offsets against older workers' benefits.
   Employers may reduce
   a. **long-term disability benefits** by those portions of a worker's pension benefits that are based on employer contributions ***if*** the worker chooses to the receive the pension ***or*** has reached the later of age 62 or the plan's normal retirement age,
   b. **severance pay** by the amounts of retiree health benefits or extra pension benefits, ***and***
   c. **pension benefit accruals** if the worker either works past normal retirement age or receives pension payments while still working.
3. **Early retirement--**The ADEA lets employers offer early retirement incentive programs ***if*** participation is voluntary ***and*** the plan is otherwise nondiscriminatory.
   Employers ***may*** offer Social Security supplements to employees who retire before they are eligible for Social Security.
4. **Pension plans--**Employers ***may*** set normal and/or early retirement ages, require a certain number of years of service, ***and*** limit the total amount of benefits.
   Employers may ***not*** stop or reduce accruals based on the employee's age ***or*** exclude employees from participation based on their age when hired.

<u>STATE AND LOCAL LAWS</u>--Many states and localities have anti-discrimination laws, which could provide extra protection against discrimination.
The agencies responsible for enforcing those laws are called **<u>Fair Employment Practices Agencies (FEPAs)</u>.**
Work sharing agreements between EEOC and FEPAs avoid duplication of the workers' efforts while still protecting the worker's rights under both federal and state laws.

Unasked Obj. **<u>TEN MYTHS (AND TRUTHS) ABOUT AGING</u>:**

1. **Most retirees are lonely and depressed--**Most retirees are active and satisfied with their lives.
2. **Most senior citizens are poor--**More than 88% of people age 65 and older have incomes above the poverty level.
3. **Most older people are disabled--**Older people spend more than 80% of their lives free of disability.
4. **People become more mellow as they age--**Personality is stable and does not change with age.
5. **Almost one-third of senior citizens live in nursing homes--**Fewer than 5% of people age 65 or older live in nursing homes.
6. **Senior have a great deal of political clout--**Politicians do not typically consider the needs of seniors when deciding to support policies, ***but*** senior organizations have been able to prevent major cuts in Social Security benefits.

7. **Most Americans retire at age 65--**The majority of workers exit the workforce by age 62.
8. **In the past, older parents often lived with their children and grandchildren--**Three-generation households have ***never*** been common in the United States.
9. **The elderly are isolated from their families--**Most seniors have regular contact with family members and see at least one child once a week.
10. **Welfare programs are designed only for the poor--**Social Security and Medicare are considered welfare programs.
    Together, they account for more than one-half of all federal welfare spending.

Unasked Obj. ***THE POLITICAL CLIMATE FOR FUNDING INITIATIVES FOR OLDER ADULTS--***
Old-age policies and programs constitute over one-third of the federal budget.
During the past 50 years, the political climate has been sympathetic to the needs of older Americans and has viewed the elderly as deserving recipients of government resources.
However, as America ages and as the demands of the elderly population increase, citizens have started to question the fair distribution of resources and the legitimacy of benefits to the elderly.

Obj 1-4. **DAILY MONEY MANAGERS** help clients manage their routine money affairs.
Money managers pay routine bills, balance checkbooks, make bank deposits, organize bank records, maintain tax documents, deal with creditors, manage medical insurance claims, ***and/or*** provide referrals to lawyers, tax and investment counselors, social workers, and health care providers.

ELDER LAW ATTORNEYS provide legal counsel and representation for older clients.
Elder law integrates legal planning with other planning needs.
Elder law attorneys specialize in trust and estate planning, Medicaid and Medicare planning, conservatorship and guardianship, probate, age discrimination, disability planning, housing issues, ***and/or*** elder abuse.

Obj 1-5. **THE FIELD OF SOCIAL GERONTOLOGY:**
1. **Chronological age**--Although chronological age does ***not*** accurately pinpoint old age, financial services professionals must be aware of age-related requirements for Social Security, Medicare, and IRA withdrawals.
   When using government statistics that group people aged 65 and older into a single category, the financial services practitioner should distinguish between the young-old and the oldest-old.
2. **Subjective age**--A financial professional should tailor discussions to a client's subjective age. Many clients have self-images significantly younger than their chronological ages.
3. **Social roles**--Social roles are factors in clients' product needs.
   Example: A grandparent might want to subsidize his grandchild's education.
4. **Functional age**--The onset of disability creates certain financial and health-care needs.

SIX WAYS SOCIAL GERONTOLOGY APPLIES TO FINANCIAL SERVICES PRACTICES:
1. Planners who understand aging are better able to serve their clients.
2. Planners must recognize the need to distinguish between the young-old and the old-old.
3. Social roles are more important than age in influencing the needs for financial products.
4. Functional age (rather than chronological age) is the major driver in determining the need for financial products and services.
5. Communication should be tailored to the client's subjective age.
6. Cohort experience influences how a client views financial professionals and services.