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CBL CAPSTONE PROJECT

Part 1: Reflection

Volunteering at Hamlet Village is not the most interesting or glamorous placement, but my time spent there over the past four years has taught me a lot about who I am and how I want to lead my life. Hamlet Village is a retirement community in Chagrin Falls, Ohio. They provide independent living, assisted living, and skilled nursing care for the elderly. The quaint setting provides the perfect backdrop for a retiree.

Hamlet Village depends on their volunteers to keep the elderly engaged in the community. As a volunteer, I often played board games, chatted with the elderly, or helped organize offices. Again, on the surface this does not seem particularly rewarding, but, in fact, I have learned many lessons and helpful life tips. All of the older people I met wanted to give me advice on school, marriage, occupation, and politics. They imparted these many lessons as if I was one of their own grandchildren. Since I lost my grandfather at the age of five, I loved getting advice and hearing all of the fun stories the elderly had to tell me.

I became close with one man in particular. For privacy’s sake, I will call him John. Just three short years ago, John was living in Chicago and living an active lifestyle as a seventy-two year old. He started to feel extremely tired and sick, so he went to the hospital expecting to leave with a prescription at most. Unfortunately, three days later, John was diagnosed with pancreatic cancer. His daughter living in Solon suggested he receive his treatment at the Cleveland Clinic and live with her. He did not want to impose, but he accepted her offer and went through eighteen chemotherapy treatments
and nine radiation treatments. He is now in remission and living at Hamlet Village. We met while completing the largest crossword puzzle I have ever seen. He stood out because he knew all of the answers within seconds while most of the other residents just scratched their heads and adjusted their glasses. I sat and talked to him for an hour after we finished the puzzle and he told me his life story. John impacted me mostly because I was so amazed by how brave and open he was when telling his story. He told it in this nonchalant, happy-go-lucky kind of way that surprised me and made me feel a bit uncomfortable at times.

The many stories that I have heard over my many hours at Hamlet are the most rewarding part of the whole experience. I love getting a weekly dose of sage advice. I have also learned some valuable life skills like how to stack chairs efficiently and carry multiple plates at a time. I am extremely grateful that I was pushed to commit to Hamlet Village as a freshman. My hours of service have not gone to waste.
Part 2: Research

The United States Retirement System

The retirement system in the United States is extremely complicated because there are millions of different ways adults deal with retirement. There are all different kinds of combinations of Social Security, private retirement plans, and personal savings that make up a retiree’s income. When it comes to assisted living, there are many options that the elderly can utilize. Retirement is one of the most hotly debated topics of the moment because it really comes down to the economics of the system. Many economists argue that the retirement system needs revamping. In comparison with other countries, our structure for retirement gives the least amount of cushion for the retirees.

According to the Brookings Institution, retirees are having a very hard time achieving financial security. Theresa Hamacher claims, “The average American retiree receives about 40% of income from Social Security. Another 20% comes from private retirement plans, which increasingly are likely to be defined contribution plans and individual retirement accounts, rather than traditional pensions. The remaining 40% of retiree income comes from personal savings outside of retirement plans and from earnings.” This breakdown of income sources is very different from that in other countries. In most developing countries, around seventy percent of their incomes is tax-supported. Their system creates a more significant cushion for the retirees to fall back on, creating a larger problem for the government. The United States is in a generally better place with regard to their retirement system than other developing countries.¹

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The Brookings Institute also points out that “the U.S. has a laissez-faire retirement system, which implicitly assumes that everyone learn about life expectancies, investment returns, tax planning and sustainable withdrawal rates.” The U.S. expects a lot of personal independence from its retirees. While liberty to manage your retirement how you want is a positive attribute of the system, it can be very complicated and can creep up on many adults before they are ready to live without a steady income from their job.

Hamacher has four suggestions for policymakers to consider that would improve the efficiency of the retirement program so that more of the retirees are financially secure. Her first suggestion is “Universal Coverage” which means that “all workers should have access to a retirement plan through their place of employment” and employers would just have to connect their payroll systems to a financial institution. The second suggestion is “Mandatory Participation” which means that “workers would be automatically enrolled in the plan available to them at a minimum contribution level—unless they take action to opt out.” The third suggestion is “Professional investment allocation” which states, “all plan contributions would be invested in a balanced fund that invests roughly half its assets in stock, unless participants expressly choose another investment vehicle.” Her last suggestion is “Limitations on lump-sum withdrawals” which would “help retirees convert assets into a steady income stream, half of the account balance in an IRA or 401(k) at retirement would be put into a life annuity, providing full protection against longevity risk.” Clearly, retirement requires a certain level of competency and responsibility that not all United States citizens have, so these suggestions would mainstream saving so that
it is less of a hassle. These suggestions would improve the retirement system because the elderly would feel more financially secure and would rely less on the government aid.  

CNBC emphasizes the difference between the US retirement benefits and those in other wealthy nations in their article, “Among Rich Nations, U.S. Retirement System Needs Work”. It is hard to compare different countries effectively due to the many possible variables such as different public and private benefit programs, the age citizens leave the workforce, and pension reforms. However, economists still say that the United States is generally less generous than other wealthy nations with their retirement benefits. According to Jonathan Gruber, a professor at the Massachusetts Institute of Technology, “There’s a much richer support network in Europe than there is [in the U.S.].” The Organization for Economic Cooperation and Development, OECD, places U.S. support for retirees below the average in many different categories. “The OECD report also measures gross pension wealth—the value of lifetime flow of retirement income—and found that average-earning men in member countries received 9.6 times annual earnings, while women, because of longer life-expectancy rates, received 11.1 times annual earnings.” In the United States, men were far below that average with 5.8 times annual earnings and women were at 6.8.  

There are many other areas where the United States falls short internationally with regard to retirement benefits, and it is time for policy makers to reassess the overall program with help from professional economists.

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Works Cited
