



Looming Retirement Shortfalls for Formerly Incarcerated Men

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Much has been written about the difficulties that ex-offenders face when they leave prison – with much of the focus on possibilities for ex-prisoners to re-enter the labor market. As Harvard University sociologist Bruce Western has found, formerly incarcerated men who rejoin their communities often find themselves barred from steady employment; and the effects of joblessness or underemployment are made worse when former prisoners are barred from receiving government benefits such as subsidized housing, Food Stamps, or student loans. However, researchers have not as fully explored what happens after these previously incarcerated men age out of the labor force: What effect might their previous struggles in the labor market have on their preparation for old age? My work examines this question, probing the later-life effects of the difficulties previously incarcerated men face in accumulating wealth and obtaining employer benefits. My work also poses ethical issues regarding whether Americans want to take into account the special problems former prisoners face preparing for retirement.

Expected Sources of U.S. Retirement Support

Every society faces the challenge of how to make sure that the aged still have access to the basic goods and services that they need to live healthy and productive lives. Following the Social Security program launched in the 1930s, the United States has taken a "three-legged stool" approach to providing a decent quality of life for citizens who have aged out of the workforce. Social Security pays out a base retirement income; employers contribute to pensions; and individuals often also amass personal retirement savings. This combination is how the country typically expects its citizens to support themselves in retirement, but clearly it does not work well for men who leave prison with hardly any assets and severely limited access to jobs that would offer them eventual retirement pensions.

Incarceration Worsens Gaps in Wealth and Pension Coverage

Research examining the savings of ex-offenders and comparing their wealth to the holdings of never-incarcerated individuals finds that – on average – the ex-offenders have much less wealth. Specific data for men in the pre-retirement age range of 47 to 56 from the nationally representative 2012 National Longitudinal Survey of Youth reveal that formerly incarcerated men have about one-eighth the wealth of never-incarcerated men. The former prisoners have an average of \$34,696, much less than the \$299,506 average for never-incarcerated men. Moreover, median wealth among the formerly incarcerated is only about \$600, indicating that half of all ex-offenders have very minor savings. Data from the National Survey also show that only about 38% of ex-offenders have employers who have provided pension plans, versus 70% for men who have never been incarcerated. Given that employer pensions provide an important source of income for retired people in the United States, even formerly incarcerated men who have escaped the fate of their peers and managed to secure better paying jobs will encounter problems down the road if they have never had

access to a pension plan or have had only limited access.

If elderly formerly incarcerated men cannot support themselves through retirement by traditional means, how can they survive? Six hundred dollars is not a lot of personal savings, and even the mean value for wealth – \$34,696 – is not that much when translated into multiple years' worth of consumption in retirement. Basing calculations on the 2016 federal poverty line for an individual at \$11,367, a retired ex-offender with average wealth could only support himself for three years before his net wealth shrank to \$0.

If former prisoners end up penniless, public budgets may need to account for the costs of supporting them. The numbers likely to be in dire poverty may grow, due to the dramatic increase in incarceration that the U.S. experienced from the 1980s and 1990s. In fact, Bureau of Justice Statistics show that U.S. incarceration rates roughly *tripled* during this period. In the near future, therefore, growing numbers of formerly incarcerated men with extremely low levels of wealth and no pensions are going to enter old age, creating societal dilemmas never seen before.

Research Should Illuminate Both Economic and Moral Concerns

Research on the general population has already sparked growing concern about the adequacy of Americans' retirement savings, but my research casts new light on the acute old-age challenges that will be faced by growing numbers of formerly incarcerated men. How will the country respond? Americans who have never been incarcerated may ask: who cares if ex-offenders have little in the way of retirement savings? Is that not a further consequence for their having broken the law earlier in life? Although the impulse to approach the problem this way may be understandable, ethical reflection suggests that America's aging people have certain rights no matter how their earlier lives unfolded. The real question is whether Americans will be willing to provide special assistance to formerly incarcerated people, to keep them from living their final days in dire poverty.

No matter the answer, these men are going to age out of the workforce, and only thoughtful policy solutions will lessen the strain on public budgets their care will inevitably create. More research is clearly needed to divine what the impact will be on public programs such as Supplemental Security Income, or how Social Security might be revised to better support men who have spotty work histories due to spans of imprisonment. City governments may have the most at stake, as research has shown that many ex-offenders return to live in urban areas.

The proper role of government toward a subgroup that once violated laws is an important moral question that cannot be fully answered by economic data. But the moral issue deserves as much attention as empirical patterns. If public programs are to function properly and survive the impact of a rapidly increasing population of impoverished older men who have been to prison, then policymakers need to invest in both research and moral reflection. Research can help illuminate paths to economic stability for ex-felons re-entering society, both during working years and in old age. Research can also highlight ethical questions and help citizens and officials grapple with the moral imperative to ensure the basic wellbeing of all elderly people.

Read more in Ngina Chiteji, "Behind Bars and Behind on Preparation for Retirement: Incarceration, Wealth Accumulation and Readiness for Retirement – Wealth Comparisons among Middle-Aged Men," New York University Crime, Law and Deviance Workshop, September 2015.