CHAPTER 2

Neoliberalism and the Future of Retirement Security

Larry Polivka

ABSTRACT

The main questions addressed in this article are: (a) what is the economic status of current retirees and the projected status of future retirees; (b) how does the status of current and future retirees vary by race, gender, socioeconomic status, and age; (c) what are the major forces responsible for trends in retirement security over the last 40 years and the future; and (d) what policy changes are most needed to ensure adequate retirement income and healthcare. The article draws on the available literature to show that while most retirees are economically secure, a growing number, especially among minority and women retirees, are increasingly at risk of being worse off in retirement than they were when working. The main reason for the erosion of retirement security is the shift from defined benefit (DB) private pension plans with guaranteed benefits to defined contribution (DC) plans with benefits determined by the investment decisions of workers and the performance of equities markets. DC plans on the whole do not provide benefits comparable to those historically provided by DB plans. The second major reason for declining retirement security is rising health and long-term care costs that are outstripping the incomes of most retirees. These trends are discussed in the context of neoliberal capitalism and the rise of the corporate or what Wolfgang Streeck calls the Consolidation State. The final section describes policy initiatives

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needed to end the erosion of retirement security which is largely dependent on a qualitative strengthening of Social Security and major improvements in Medicare.

INTRODUCTION

The financial status of current and future retirees has been a topic of debate and a considerable body of research for several years. The debate has become more urgent since the financial collapse in 2008, the Great Recession that occurred from 2008 until 2010, and the historically slow recovery that followed. Most analysts of retirement security, as shown in the first section of this chapter, tend to conclude that current retirees are on the whole doing reasonably well in maintaining their preretirement standard of living. At the same time, however, a substantial percentage of retirees with low income work careers, which includes many minority and women retirees, are facing financial shortfalls that put them at greater risk of declining incomes and even impoverishment in retirement.

These concerns are based on research into current trends in retirement savings and other indicators of financial security in retirement. The first section of this chapter summarizes the latest research on the financial status of current retirees and the major reasons for the erosion in financial security for many future retirees.

The second section of the chapter discusses the origins of these growing threats to retirement security in the neoliberal political economy that displaced the system of managed welfare state capitalism in the late 1970s and early 1980s. This analysis draws on the theory of the Hayekian Consolidation State developed by the German sociologist Wolfgang Streeck (2014, 2016). Streeck's theory of the role of the state as it has evolved over the last 40 years provides a coherent framework for critiquing neoliberalism as it directly impacts current workers and future retirees through state policies and programs that threaten to erode financial security for future retirees.

The final section of the chapter discusses policy initiatives needed to reverse the negative effects of neoliberalism in both the public and private sectors on workers and their prospects for a financially secure retirement.

ECONOMIC SECURITY OF CURRENT AND FUTURE RETIREES

The growth of inequality in the United States over the last 40 years is reflected in the inequality of retirement savings among working age Americans, most of whom have no retirement savings. The total value of 401(k) and Individual Retirement Accounts (IRAs) reached $16.9 trillion in 2017, but this retirement savings wealth is concentrated in the top income quartile, especially the top 10% of earners. Only 4% of working age Americans have any retirement account assets. These workers have three times the annual income of those without retirement account assets. Even among workers who hold retirement accounts, the average account holder has an account balance of only $40,000. Among those workers age 55 to 64 with retirement accounts, 68% have account balances equal to less than one time their annual incomes, which is far below the 7 to 10 times annual income that most experts in retirement finances recommend to ensure economic security in retirement (Bond & Rhee, 2019).

Thirty-five percent of workers age 55 to 64 have no private retirement account savings or DB pension coverage from a current or past job, which is the main reason the median retirement account balance of older workers (55–64) is only $15,000. Half of all low-income older workers (less than $40,000 annually) have neither retirement savings nor a DB pension. Even among workers with retirement accounts, the savings is extremely low with a median account balance of only $92,000. For this group of workers, more than half are projected to be able to draw retirement income of *less than 15% of their preretirement income* (Brown, Saad-Lessler, & Oakley, 2018; Ghilarducci, Papadopoulos, & Webb, 2017).

This rather bleak perspective on private sources of retirement security for current American workers does not change qualitatively by counting individual net worth. Over 76% of American workers fail to achieve conservative retirement savings goals. Growing income and wealth inequality over the last 50 years has played a major role in this divergence in retirement savings and the future of retirement security (Brown et al., 2018; Ghilarducci et al., 2017).

A recent analysis found that financial asset inequality has increased among Baby Boomers since 2004, as the wealthiest 5% of them saw their share of financial assets grow from 52% in 2014 to 60% in 2016, from 68% to 75% among the top 10% wealthiest and from 86% to 91% among the top 25% wealthiest. In other words, the wealthiest quartile of Baby Boomers own more than 90% of the financial assets for its cohort. On the other hand, the percentage of assets owned by the bottom 50% decreased from a meager 3% to 2% between 2004 and 2016 (Bond & Rhee, 2019). This growing asset inequality shows no sign of abating as these levels of asset concentrations have been reached among Millennials and Generation X at younger ages than the Boomer generation. This trend is especially evident among Millennials, among whom the wealthiest quartile owned 87% of their cohort's financial assets in 2016, which is two decades younger than when the Boomers hit that mark (Brown, 2018). These trends reflect the growth of income and wealth inequality since the 1970s and tax incentives for retirement savings and employer-based retirement plans that advantage more affluent workers (Miller, 2019).

According to a 2019 report from the Economic Policy Institute (Morrissey 2019b), the growing inequality in retirement security reflects a broken retirement system (see Figure 2.1).

> The shift from traditional defined benefit (DB) pensions to 401(k)-style defined contribution (DC) plans was an experiment that failed, widening the gap between retirement haves and have-nots. Families at the 90th percentile in the savings distribution had $320,000 or more saved in retirement accounts in 2016, more than triple what they had in 1989. Meanwhile, the median family (at the 50th percentile) had only $7,800 in 2016, and has lost ground since the Great Recession. (Morrissey, 2019a)

> Roughly half of private-sector workers do not participate in employer retirement plans. In most cases because they have no choice. Though many people will participate in employer-based plans at some point in their lives, spotty contributions to DC plans—combined with high fees and other leakages from these plans—mean that half of U.S. households are likely to see a sharp decline in their standard of living after retiring, especially since Social Security benefits have also been cut back. (Morrissey, 2019a; Munnell, Hou, & Sanzenbacher, 2018a)

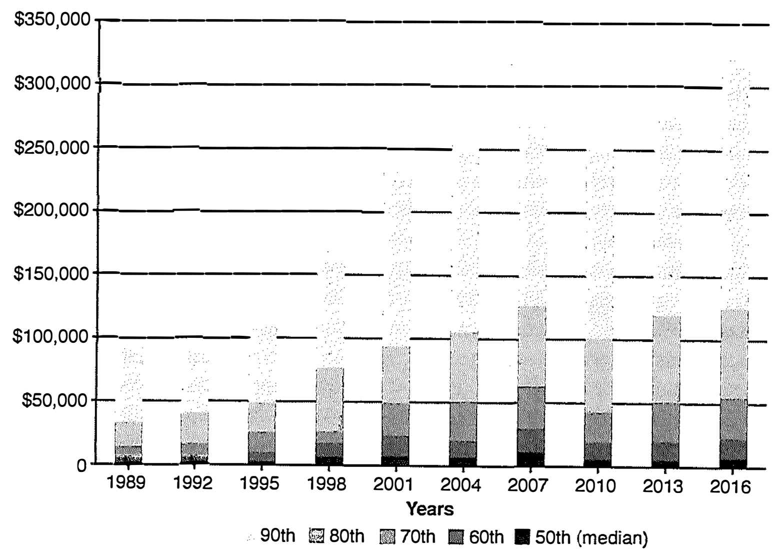

FIGURE 2.1 Retirement account savings of families age 32 to 61 by savings percentile, 1989 to 2016 (2016 dollars).

Source. Data from Morrissey, M. (2019a). *The state of American retirement savings—How the shift to 401(k)s has increased gaps in retirement preparedness based on income, race, ethnicity, education, and marital status.* Economic Policy Institute.

The growing reliance on personal retirement accounts is a major reason retirement inequality has increased since the 1980s. The 401(k) system has failed the three basic tests that determine the effectiveness of any retirement programs. According to Morrissey (2019a):

> The 401(k) system fails on all three counts. Too little money is going into 401(k) plans, mainly because many workers do not have the option to participate in a plan at work or earn too little. And money leaks out before retirement in the form of high fees, loans, and withdrawals. Finally, these plans do not pool risk, so contributions need to be much higher to ensure that participants do not outlive their savings. (Morrissey, 2019a)

The erosion of retirement security in the United States is a function of several variables that have not worked to the advantage of most Americans for almost four decades including stagnant wages, increasing debt, the decline of DB pension plans and increasing healthcare costs. These trends have increased the level of financial risk likely to confront retirees in the future, especially those already facing greater financial risks in retirement. Minorities, women and younger workers have much less in retirement wealth assets and as a result are at substantially greater risk of falling short financially in retirement.

African Americans and Hispanics have only a fraction of the median net wealth of White Americans (Munnell, Hou, & Sanzenbacher, 2018b). The ratio of median net wealth of White Americans to African Americans has increased from 4.7 in 2007 to 7.2 in 2016, and for Hispanics the ratio increased from 3.1 to 5.4. These changes reflect the disproportionate impact of the Great Recession and the loss of housing values and wealth, including home foreclosures, on minority families and individuals (Brown & Oakley, 2018; Hou & Sanzenbacher, 2019; Johnson, Mudrazija, & Wang, 2016; Munnell et al., 2018b; Rhee, 2013a). The ratios for household earnings is much less though still significant at 1.8 for both African Americans and Hispanic Americans in 2016. The fact that minorities have so much less net wealth is largely a result of the highly discriminatory, even predatory practices by the real estate and financial services industries toward minority communities in the sale and rental of housing (Taylor, 2019). These practices have made it historically difficult for minorities to achieve housing-based wealth, which is the principal source of accumulated wealth for working and middle-class families. Minorities are also disproportionately the target of exploitative practices in the housing rental markets virtually everywhere in the United States (Taylor, 2019).

In an analysis that focuses more narrowly on comparative retirement wealth, Hou and Sanzenbacher (2019) found that though the gap between White and non-White households is not as great as the gap in total household wealth it is still very substantial as shown in Figure 2.2.

These data clearly indicate the overriding importance of Social Security benefits in compensating for the absence of other sources of retirement wealth which are far more available to Whites than minorities. Without Social Security and to a lesser, but very significant, extent Medicare and Medicaid, African Americans, and Hispanics would have far less retirement wealth than Whites.

In her study of racial disparities in retirement security in the United States, Rhee (2013b) found that 62%and 68% of African American and Hispanic working age households do not own retirement accounts compared to 37% of White households and that these gaps persist across age groups. She also reports that three out of four African American households and four out of five Hispanic working-age households have less than $10,000 in retirement savings compared

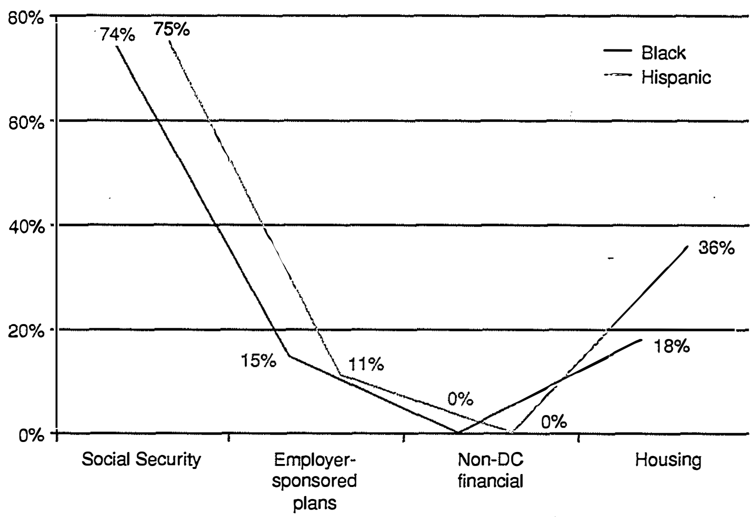

FIGURE 2.2 Wealth for Black and Hispanic households in the middle quintile relative to White households, 2016.
Note. Cases where the typical minority household has negative housing or non-DC financial wealth appear as 0.
Source. Data from Hou, W., & Sanzenbacher, G. T. (2019). *Measuring racial/ethical inequality in retirement wealth.* 21st Annual SSA Research Consortium Meeting, August 1 & 2, 2019.

to 50% of White households. A study by Unidos USA and the National Institute on Retirement Security found that among Hispanic households with retirement savings, they have only one third the average savings of White households and less than 1% of Hispanic households have savings equal to or greater than their annual income (Brown & Oakley, 2018).

A significant part of these differences in retirement savings can be accounted for by differences in educational attainment. As Hispanics continue to increase their attainment levels over the next several years, their ages and savings are likely to grow and bolster their retirement savings, though a substantial gap with White households are also likely to remain (Johnson et al., 2016).

Although the gaps in retirement savings between women and men are not as great as those along racial and ethnic lines, they are still very substantial putting more women at greater risk than men of experiencing retirement income shortfalls. A study by Brown, Rhee, Saad-Lessler, and Oakley (2016) found that among women with retirement savings the median value in women's Defined Contribution (DC) accounts was onethird less than the median amount in the accounts held by men and that the median household incomes of women age 65 plus was 26% less than income for men. Women who are widowed, divorced, and over age 70 rely on Social Security benefits for most of their income. Women age 65 and older are 80% more likely than men to be living in poverty and women age 75 to 79 are three times as likely as men to be impoverished. Even as more women enter retirement with greater savings generated by rising incomes during their working years, these gaps, including a substantially greater rate of impoverishment, are likely to persist well into the future.

Retirement security varies by age group with younger cohorts, especially Millennials, already experiencing worrisome shortfalls in retirement savings. A recent study by Brown (2018) found that 66.8% of working Millennials have no retirement savings and that according to a consensus of financial experts, only 5% of them are saving at sufficient levels for a financially secure retirement. One reason for these shortfalls is that only half of working Millennials whose employers offer a retirement plan actually participate in them. Participation rates vary considerably by race/ethnicity and gender with only about 20% of Hispanic Millennials participating in available employer plans compared to 41.4% of Asian male Millennials and 40.3% of Millennial White women (Brown, 2018). These data indicate that younger workers may be at greater financial risk in retirement than current retirees and even more dependent on Social Security and other public programs, including Medicare and Medicaid, than Boomer and Generation X retirees.

The threats to retirement security facing younger works are being generated by several economic, social, and demographic trends that have emerged over the last several decades, including the precipitous decline of employer sponsored DB pension plans, the increases in Social Security's full retirement age from 65 to 67, stagnating employment and median wages for men, which reduce retirement benefits and the capacity of workers to save, and a sharp decline in median household wealth after 2007 (Johnson, Smith, Cosic, & Wang, 2017). These trends are offset to some extent by the greater extent to which Generation X and Millennial women have worked in their 20s and 30s and earned higher incomes than women in previous cohorts. Further, a substantially higher percentage of Millennial men and women have 4-year college degrees than earlier cohorts. Even with these positive trends, however, a higher proportion of Generation X and Millennials than Boomers will experience a decline in their living standards after retirement due to the more negative trends like the sharp decline in workers participating in DB plans and the falling Social Security income replacement rate (Brown, 2018).

These are two of the major reasons the National Retirement Risk Index (NRRI) developed by the Center for Retirement Research (CRR) shows that the replacement rate will fall over the next several decades with an especially detrimental impact on Millennials in retirement (Munnell et al., 2018a).

The percentage of future retirees whose standard of living may be adversely affected by retirement income shortfalls could be even higher than currently projected by the NRRI model, depending on the financial risks they experience during retirement. The most critical risk is likely to be rising out-of-pocket medical expenses, especially for those over age 80, which is projected to be a rising percentage of future retirees. In fact, the 85+ population is the fastest growing part of the U.S. population and is expected to remain so for several more decades. A study by McInerney, Rutledge, and King (2017) found that the 75+ population paid about 20% of their income to cover out-of-pocket medical expenses. A study by Jones, De Nardi, French, McGee, and Kirschner (2018) estimates that the average age 70+ household will pay about $100,000 in total for out-of-pocket medical expenses and the top 5% of spenders will pay almost $300,000 in out-of-pocket costs. High out-of-pocket medical care expenses are not the only source of financial risk facing retirees as they grow older. A 2019 CRR report (Rutledge & Sanzenbacher, 2019) concludes that:

> The takeaway from these studies seems similar to those on out-of-pocket expenses: the financial threat posed by cognitive decline is smaller today than it may be in the future. So far, cognitive decline has affected the finances of some individuals, but far from a majority. The mitigating factor seems to be having a source of help, and most people have it. However, in the future, having such assistance will be more important, as less income comes from Social Security and traditional pensions and more comes in a lump sum that is more vulnerable to fraud. In addition, tomorrow's retirees will have fewer children to support them than their parents did, and children are a primary source of financial management assistance. (Rutledge & Sanzenbacher, 2019)

Although consumer debt is not as great a threat to retirement security as rising out-of-pocket healthcare costs, the shift from DB pensions to DC plans and the declining wage replacement capacity of Social Security, it is important to recognize that consumer debt in the 65+ population rose by 250% between 2001 and 2016 and could become a major financial risk for retirees within a few years (National Council on Aging [NCOA], 2018). This risk could be made more serious by increasing numbers of workers entering retirement carrying high debt loads, especially mortgage, credit card, and student debt (Sass, 2018).

The future of retirement security is shaped by several factors, including the wage stagnation that has occurred over the last several decades, especially for workers in middle and lower income groups, growing inequality, which is a result of wage stagnation for most workers and the huge growth in income and wealth gains of the top 1 to 10%, and the steady growth of the costs of housing, education, and healthcare. The medical cost burden for the 65 and older population is projected to increase steadily over time if costs grow at the intermediate rate projected by the Medicare Trustees in 2009 (Johnson & Mommaerts, 2010). According to the authors' projection model results, median out-of-pocket costs will more than double in constant 2008 dollars, from $2,600 in 2010 to about $6,200 in 2040 and 10% of the 65+ population will spend more than $14,000 out-of-pocket in 2040. Although median household income for the age 65+ population is projected to grow during this period, from $26,800 in 2010 to $34,600 by 2040, it is a much slower rate of growth than is projected for healthcare costs.

The growing gap between increases in medical care costs and retirement income will cause the percentage of income spent on medical care to grow from 10% at the median in 2010 to 19% in 2040. The percentage spending more than 20% of their income on medical care will increase from 18% in 2010 to 35% in 2035 and 45% by 2040. They also project that if employers eliminate all retiree health benefits, a trend already well underway, by 2040, the percentage spending over 20% will grow to 52%. If these projections prove to be accurate medical care spending will consume 60% of the real growth in retiree incomes between 2010 and 2040.

These projected increases in medical costs will create especially difficult circumstances for lower income retirees. The median out-of-pocket spending for healthcare among the 65+ population with annual incomes in the bottom 20%

will grow from 21% in 2010 to 39% by 2040, while the increase for those in the top 20% will be only 3%, from 5% to 8%. About 70% of the bottom 40% are projected to spend more than 20% of their income on healthcare.

It should be noted that these projections are based on future healthcare spending that the Medicare Trustees project will be significantly lower than during the period from 1970 to 2005. Healthcare costs have in fact been lower during the 2010 to 2018 period than from 1970 to 2005 and consistent so far with the 2010 Medicare Trustees projections.

These projections and the other research findings described in this section indicate that the standard of living of most future retirees will depend very substantially on either increasing retiree incomes, containing increases on healthcare costs, both medical and long-term costs, or both. Either approach to protecting the standard of living of future retirees would require major changes in the U.S. economy and public policy agenda, both of which have been dominated by neoliberal priorities such as relatively low taxes on high incomes and wealth, austerity focused public budgets at the federal and state levels, deregulation of business practices, privatization of public programs and other measures designed to shrink governments, unleash markets, and return to greater reliance on individual responsibility for economic security.

NEOLIBERAL CAPITALISM AND RETIREMENT SECURITY

The U.S. political economy as well as those of several European countries have undergone profound changes over the last 40 years. The state guided (managed) welfare state capitalism that emerged from the New Deal state intervention oriented policies of the Roosevelt Administration and state managed war economy of 1941 to 1946 generated what is often called the Golden Age of American Capitalism. This description of the period from 1946 until about 1975 is based on the unprecedented growth of the economy during this period and the extent to which the working class was able to share in the growth (Stein, 2010). Many working class households were able to join the middle class which grew more during this period than in any other period either before 1945 or after 1975. This broad prosperity was generated by several factors including the social programs that were created during the New Deal (Social Security, strong financial regulation, support for the rights of labor in disputes with management, the higher education GI bill, etc.) and early postwar period (Harvey, 2007). The emergence of the United States as the major power in the global economy at the end of World War II was critically important to the high level economic growth during this period. Economic growth alone, however, would not have been sufficient to ensure the kind of uniquely broad prosperity Americans experienced from 1945 to 1975. Keynesian policies of demand stimulation that were adopted during this period could have been implemented in multiple ways, but the fact that they often took the form of funding for social programs like Social Security, employment support and later, Great Society programs like Medicare and Medicaid that were redistributive in nature was essential to ensuring shared prosperity (Polivka, 2012).

The third critical factor in addition to the comparative strength and advantage of the United States in the postwar global economy and the socially oriented Keynesian stimulation policies was the emergence of worker power as union membership growth gave labor the kind of leverage in negotiations with management that led to agreements ensuring increases in wages and benefits (health insurance and pensions) that workers had never been able to achieve before. These private sector benefits, along with Social Security, Medicare and Medicaid constitute the infrastructure for retirement security in the United States. This unprecedented labor strength made it possible for workers to equitably share in the productivity gains that were comparatively high and steady, year to year, throughout the 1945 to 1975 period (Kuttner, 2008).

Since the late 1970s, however, gains in productivity, which slowed substantially after 1980, have gone almost entirely to corporate shareholders and management. This shift in the flow of productivity gains is a major source of the growth in inequality since 1980. It is also one of the first indicators of the great transformation in the United States that began in the mid-1970s and came to full fruition during the Reagan Administration (Kuttner, 2008).

The shift from the state guided welfare state capitalism of the postwar period to what is commonly called neoliberal pro-corporate capitalism was largely a result of the inability of Keynesian policies to resolve the high inflation and slow growth (stagnation) challenges that emerged with the recession in 1974 to 1975 and the APEC oil embargos that drove energy costs to unprecedented levels in 1973 and again at the end of the 1970s (Stein, 2010). An organized corporate effort was launched during that same period to reduce the power of labor unions in wage and benefits negotiations and the role of the state in shaping fiscal and regulatory policies opposed by the business sector (Phillips-Fein, 2009). These fiscal policies included funding for New Deal and Great Society social programs and the use of federal taxes to redistribute money from the wealthy to working and middle-class households.

The retirement security system that was constructed in the postwar period included the development in the private sector of often relatively generous DB-pension plans and retiree health insurance plans and public sector programs from Social Security, which was established during the New Deal to the Medicare and Medicaid programs of the Great Society period in the mid-1960s. This public–private infrastructure for retirement security provided American retirees with unprecedented levels of economic and healthcare security and led to what has been referred to as the Golden Age of Retirement (Hacker, 2002).

As described, however, in the previous sections the private sector retirement benefits began to change in the late 1970s and early 1980s with the move to DC pensions among companies offering a pension plan. Companies also began dropping their retiree health insurance programs and by 2019 fewer than 30% of all companies made such plans available. These changes in retiree benefits were largely the result of shifts in corporate strategies in the 1970s from support for the managed welfare state model of postwar capitalism to a neoliberal model featuring a more antagonistic relationship with labor unions and greater opposition to increasing employee pay and benefits and an aggressive strategy for moving government policy in a pro-corporate direction. These initiatives have largely succeeded in the development of more pro-corporate political and economic environments where the power of labor unions has been dramatically diminished along with employee wages and retirement benefits (Stein, 2010).

The success of corporate interests in rolling back the gains of employees in wages and retiree benefits by taking full advantage of globalization and the growing capacity of corporations to move jobs to lower wage countries and a rejectionist approach to union wage and benefit demands has not been matched yet by similar rollbacks in the public sector retirement programs. This does not mean, however, that corporate interests have not made substantial progress in moving the policy agendas of the federal and several state governments away from the progressive priorities of the managed capitalism period when the U.S. retirement security system was developed to far more pro-corporate priorities across a wide range of policy domains from taxation to healthcare to regulatory policy (Lorey, 2015; Polivka, 2012). This shift in policy priorities is often referred to as the emergence of the neoliberal state, or what the sociologist Wolfgang Streeck refers to as the Hayekian Consolidation State (Streeck, 2014).

The future of retirement security depends increasingly on the survival and strengthening of the two pillars of the public retirement systems, Social Security and Medicare, that were implemented during the New Deal and Great Society periods. Neoliberal proposals to privatize Social Security would, in effect, make the program as risky as private pensions have become with the shift from DB pension plans to DC plans over the last 35 years.

In fact, it is becoming increasingly apparent that Social Security and Medicare are likely to be even more important for the economic security of future retirees than they are for current retirees, especially women, minorities, and lower income workers regardless of gender or race. The increasing importance of both Social Security, Medicare, and Medicaid, which is the principal source of funding for long-term care in the United States, not only makes the preservation of these programs essential, it also points to the need to improve them by increasing benefit levels and reducing out-of-pocket costs for medical and long-term care.

The relentless growth, however, of deficits in the federal budget and the cumulative debt, which now exceeds $23 trillion, and the continuing dominance of the neoliberal political economy and public policy agenda will keep the preservation, much less improvement, of Social Security, Medicare, and Medicaid at risk for the foreseeable future. The survival of neoliberalism in the wake of the financial collapse and Great Recession is testament to how deeply embedded neoliberalism has become in the domestic and global economies and in the structures of the state (Streeck, 2016). Wolfgang Streeck's concept of the Consolidation State offers some insight into why neoliberalism has proven to be so enduring over the last decade as an elite consensus project and why it constitutes such a serious threat to the future of retirement security.

According to Streeck, the Austrian economist and social theorist Frederick Hayek was less an apostle for free markets unregulated by governments than he was an advocate for corporate interests and power. Hayek's major concern was to protect the corporate sector from state interference in the economy whether such interference took the form of Keynesian policies to stimulate growth through increases in public spending or more intrusive socialist interventions including nationalization of whole industries. In addition however, Streeck's analysis of Hayek's thought shows that Hayek supported an active role for the state in shoring up and protecting the corporate sector through regulations designed to help large corporations pursue monopoly control of markets and legislation that protects capital and corporate power from the democratic interests of the public (Streeck, 2014).

The Consolidation State serves its Hayekian mission by protecting corporate interests from regulations designed to limit the growth of monopoly power and fraudulent corporate practices, especially in the financial sector, and from public programs like Social Security and Medicare and taxes on high incomes and wealth to pay for them. On the other hand, the Hayekian state is designed to protect corporate interests by foregoing antitrust actions against monopolies, imposing austerity budgets that keep tax rates on the wealthy low but high enough on the nonwealthy to preserve the capacity of the state to pay for bailouts and pay for enough of the public debt to keep interest rates on the debt from becoming too high (Streeck, 2016).

All of the wealth-preserving and enhancing functions of the Consolidation State are growing threats to the economic security of future retirees who will depend on programs such as Social Security, Medicare and Medicaid to meet their the need for care. The growth of the Consolidation State and a neoliberal public policy agenda are creating a glide path toward the extension of precarious employment into a precarious retirement for millions of older people over the next several years.

CONCLUSION

The pro-corporate neoliberal political economy and public policy agenda dominated by privatization, deregulation, low taxes on the wealthy, and austerity budgets have materially diminished the retirement security of working and middle-class income households over the last 40 years. These trends are likely to continue as long as the neoliberal policy agenda remains dominant, ensuring that the economic precarity increasingly experienced by workers since the 1970s will emerge in retirement for growing numbers of future retirees. The implementation of large federal economic stimulus programs such as infrastructure investments, student debt relief, higher federal minimum wages, increased education spending, and other neo-Keynesian economic policies designed to benefit working and middle-class families would help blunt neoliberal attacks on federal retirement entitlement programs and create a favorable political and financial environment for progressive initiatives to rebuild retirement security including the following:

- A dual initiative to strengthen the financial foundation of Social Security by upwardly adjusting or even removing the income cap in the payroll tax, and instituting a gradual increase in the payroll tax (i.e., 2% over 20 years), and to increase benefits, especially for low-income beneficiaries.
- A federally guaranteed and administered, forward-funded secondary pension designed to gradually replace current DC private pensions which have proven to be too risky to be an effective substitute for traditional DB plans.
- An overhaul of the Medicare program, including changes in the 2003 Medicare Modernization Act (MMA) designed to reduce the cost of the MA program; contain prescription drug costs (allow price negotiations); to implement a new Medicare program that would consolidate and impose an annual cap on all out-of-pocket costs (premium, co-payments and deductibles) and create a new Medicare benefit to cover long-term care costs.
- Finally a comprehensive program for strong and equitable economic growth should include specific strategies to raise wages which would allow employees to increase their retirement resources through enhanced savings and asset wealth accumulation.

These progressive alternatives to the neoliberal model of a fully privatized retirement security system are likely to be the issues around which the politics of aging will unfold over the next several years. We should anticipate sustained neoliberal resistance to increasing revenues through higher taxes on the wealthy; preserving and strengthening Social Security, Medicare, and Medicaid, the largest source of public support for long-term care services; restructuring the private pension system; and to containing military expenditures that are needed for other priorities including retirement security. If this resistance is successful, the future of retirement security will continue to deteriorate.

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