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The New Aging Enterprise

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The New Aging Enterprise: An Overview

We profile a series of organizations that display characteristics of the “New Aging Enterprise,” that is, organizations that have shown the way to prosper in an aging society. Paradigm cases considered are Erickson Retirement Communities, Curves fitness studios, the Eden Alternative in long-term care, Vanguard mutual funds, Elderhostel lifelong learning, Experience Corps volunteer programs, and RetirementJobs.com. These cases are analyzed in comparison to seven other New Aging Enterprise models: Beacon Hill Village, The Center for Healthy Aging, On Lok, the new Swedish Pension System, Universities of the Third Age, the Red Hat Society, and Idealist.org.

The organizations analyzed here, both business and nonprofit, have thrived by responding to needs in retirement housing, health promotion, long-term care, worklife extension, volunteerism, saving and investment, and lifelong learning. Some represent consumer markets, such as housing, travel, and hospitality, while others point to ways in which an aging population can become more productive through work, volunteer roles, or reduced health care costs. All examples represent aspects of positive aging that might have been considered “utopian” but which have been proven to be eminently practical because of a proven track record of success displayed in the cases examined here.

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Retirement Housing	Erickson Retirement Communities Beacon Hill Village
Long Term Care	On-Lok Health Senior Health Eden Alternative
Health Promotion	Curves The Center for Healthy Aging
Saving and Investment	Vanguard Mutual Funds New Swedish Pension System
Older Workers	RetirementJobs.Com Idealist.Org
Voluntary Action	Experience Corps The Red Hat Society
Lifelong Learning	Elderhostel University of the Third Age

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The New Aging Enterprise

In December, 2006, AARP's Office of Academic Affairs sponsored a conference on "The New Aging Enterprise" with the Lyndon B. Johnson School of Public Affairs at the University of Texas-Austin. The conference brought together leaders and thinkers who were addressing a question heard increasingly in advanced industrialized societies: namely, how can aging societies find new sources of creativity and innovation? Will the coming of a "longevity revolution" mean a growing burden of dependency and decline?¹

There has long been a pervasive fear about population aging among many circles in the USA and Europe.² The French demographer Alfred Sauvy feared that an aging society would inevitably result in a "population of old people ruminating over old ideas in old houses."³ One reason for gloom is a simple projection into the future of present tendencies: specifically, conditions where older people are regarded as passive consumers of public services, especially of health care and pensions. Pessimists look to the future and see bankruptcy in Social Security and Medicare, and increasing retirees without pension support in old age. They conclude that we cannot afford an aging society because the future will bring ever-growing numbers of elders who are sick and helpless, unable to be productive members of society, and doomed to loneliness and despair.

Whether older people are imagined to be on the golf course or in the nursing home, their passivity is taken for granted. Those on the Right suggest that this gloomy future demands a cut in public entitlement programs: prepare now for coming disaster. Those on the Left, if they admit a problem at all, argue instead for modest reform of public programs to meet ever-growing needs. Both Left and Right tend to agree on "needs" but they differ on how such needs could be met. Overcoming such pessimism about population aging is not easy. It will not happen until we can point to tangible examples of success and positive organizational responses -- cases that illustrate the way in which a growing older population can be an opportunity rather than a problem. The New Aging Enterprise is an attempt to describe such cases and draw from these examples some lessons for the future.

The organizations analyzed here, both business and nonprofit, have thrived by responding to needs in retirement housing, health promotion, long-term care, worklife extension, volunteerism, saving and investment, and lifelong learning. Some represent consumer markets, such as housing, travel, and hospitality, while others point to ways in which an aging population can become more productive through work, volunteer roles, or reduced health care costs. All examples represent aspects of positive aging that might have been considered "utopian" but have been proven to be eminently practical because of a proven track record of success displayed in the cases examined here.

Specifically, we consider profit-making corporations (Erickson, Curves, and RetirementJobs) as well as nonprofit organizations (Elderhostel, Eden Alternative, and Experience Corps). A seventh organization (Vanguard) is a hybrid. It is a business organized on terms of mutual ownership, i.e., owned by its own shareholders rather than paying profits to outside owners. All organizations profiled here have important lessons from their success, especially for the sustainability of enterprises both in business and the nonprofit sector.

Overcoming Pessimism. Robert Butler has pointed to what he calls “the paradox of longevity,” the curious fact that, on the one hand, mass longevity is a great human achievement, but, on the other, that there are large numbers who are pessimistic about the sustainability of an aging society.⁴ “We can’t afford an aging society,” is a response of those who, for example, believe that pronatalistic policies are the best defense against the “threat” of population aging.⁵ Across advanced industrialized societies, we see this pervasive anxiety about the impact of population aging. Typical of the gloom, for example, is David Walker, U.S. controller general, who says, “We face a demographic tsunami [that] will never recede.”⁶

Aging advocates have tried to resist this negative imagery, but not always with success. Critics dismiss such fears as overblown, a product of “apocalyptic demography”⁷ or perhaps even ageism. Some critical gerontologists⁸ have been reluctant to embrace strategies such as “Successful Aging” or “Productive Aging” as valid responses to the challenge of population aging. Such strategies will never be convincing unless we can point to tangible examples of organizations and institutions that are prospering in a world with increased numbers of older people, which is the purpose of the New Aging Enterprise. The problem here appears as a conflict between pessimists (typically conservatives) and optimists (typically liberals). The pessimists cry that we are living beyond our means and cannot afford a dependent older population in the future. In contrast, the optimists insist that with productivity gains or increases in taxes, we can afford to take care of a dependent older population. How do we get past this impasse? One answer is to get rid of the term “dependent” linked to an aging population. If we begin to see an aging population less as a problem and more as an opportunity, the policy debates take on a very different character.

This paper aims to identify highly successful organizations, both in business and the nonprofit sector, which can help us move toward more positive images of aging. The lessons from success can help forge a new “social construction of age” and, at the same time, identify best practices for organizational innovation. This undertaking is carried out very much in the spirit of books like Jim Collins’ *Good to Great*⁹ and Crutchfield and Grant’s *Forces for Good*.¹⁰ In the discussion that follows, we will identify exemplary cases of organizational success responsive to seven different elements: retirement housing, long-term care, health promotion, saving and investment, older workers and older volunteers, and lifelong learning. We conclude with analysis on some cross-cutting elements of the New Aging Enterprises and their promise for the future.

Retirement Housing

Where will tomorrow's older population live? The answer that Americans give, overwhelmingly, is to remain in their own homes. The image of senior citizens moving to a golf retirement community in Florida or Arizona may be a popular stereotype, but it is far from the truth. At the point of retirement, only 10% of people move from their homes and, of that number, only half will even move across state lines. Nonetheless, retirement communities are important elements as we try to plan for "Livable Communities" for an aging population. Dating back to the development of Sun City, retirement communities have attracted only a small proportion of older people. They have had influence in shaping the way we think of the meaning of later life and the housing that reflects that understanding. In this section, we examine one instance of a new type of retirement community that is quite different from the Sun City model pioneered a generation ago. We also consider other innovative forms such as "naturally occurring retirement communities" and senior cohousing.



Erickson Retirement Communities is a network of 20 retirement campuses serving more than 20,000 residents in the states of Colorado, Illinois, Kansas, Maryland, Massachusetts, Michigan, New Jersey, Ohio, Pennsylvania, Texas, and Virginia. The company was launched in 1983 with the explicit aim of making retirement living available to middle- and moderate-income Americans.¹¹ A critical element in Erickson's success has been its pioneering use of a 100% refundable entrance deposit, which serves to protect the residents' equity. In addition, Erickson uses a fee-for-service schedule whereby residents pay only for services they actually want or need. These financing features have been crucial to the growth of the Erickson model.

Along with other retirement communities, Erickson offers high-level amenities such as quality restaurants and fitness centers. But Erickson also offers services tied to personal growth and positive aging, such as local campus TV production studios, performing arts centers, and a computer lab. Erickson Communities provide state-of-the-art health information systems intended to prevent disease and disability and avoid expensive illness or injury. Erickson management expects that this strategy of health promotion will eventually yield big savings and be a successful model for services beyond the controlled environment of a retirement community.

Erickson Retirement Communities began its life with a concept of recycling. In 1983, John Erickson renovated an abandoned college campus in Maryland and turned it into an active retirement community called Charlestown, the first of the Erickson facilities. John Erickson, a former seminary student, said, "When I started our first community, I asked myself, 'What can I do to change the way society views the aging process?'" From the outset, Erickson wanted

his community to be affordable for middle America. “The high-end retirement communities already existed for the wealthy,” he said. “But no one had built one for the retired school teacher living in the suburbs.” Erickson himself had no experience in housing for older people so he challenged the prevailing rules in the industries. With up to 2,000 residents at each site, Erickson is far larger than others, so it can offer more amenities and services at a lower cost. Erickson uses architectural design and program planning to create small-scale connections and “social capital” for residents living in these larger community settings.

Erickson Retirement Communities today is a profitable, privately held company, which has also created a nonprofit foundation to promote its vision of positive aging. In 2006, the company reported annual growth of over 14% from its core businesses. In addition, the company has launched several line extensions in the field of communications, for example, the *Erickson Times* newspaper, which has become one of the top ten most widely read newspapers in the United States. In 2006, Erickson launched the \$60 million “Retirement Living Television,” the largest cable TV network focused on older Americans,” now available in 29 million homes and online. In 2007, Retirement Living TV announced a partnership with AARP, which will further extend its reach.

Erickson Retirement Communities have been inspired by ideals of active and positive aging, rather than strategies common among traditional continuing care retirement communities.¹² However attractive Erickson or other explicitly designed retirement communities proves to be, the fact is that more than 90% of people at retirement continue to stay in their own homes, which is exactly where they say they prefer to be. “Aging in place” is less a policy goal than a description of the way things are. The question is whether or not traditional housing for older people will prove to be adequate for needs of an aging population over time.¹³ One answer to this question has been the emergence of “naturally occurring retirement communities” (NORCs). Another response is Beacon Hill Village, a grassroots innovation attracting national attention in the Boston area.



Beacon Hill VILLAGE

Beacon Hill Village is located in an upscale historic district in Boston where neighbors banded together to create a local community organization that would permit them to age in their homes. Instead of long-term care, they wanted a “concierge” service that maximized autonomy and the ability to make their own choices. In 2000, they created “Beacon Hill Village,” a nonprofit village association to provide them with services they needed, ranging from in-house health and social services to pet care or computer support.¹⁴ Led by a core group of volunteers, these pioneers organized a system that has grown to an association where 400 members pay annual dues (\$580 for individuals, \$780 for couples), along with “a la carte” services ordered as

needed. Like Erickson, they effectively “unbundled” services and payment to create a package much cheaper than assisted living or conventional home care. The paid employees of Beacon Hill Village not only provide information and referral; they also provide friendly visiting and social support. This grassroots innovation has now been replicated in other places around the USA: the Richmond District of San Francisco; Yonkers, NY; and Falmouth, Massachusetts.

The grassroots innovation represented by Beacon Hill Village was not the first effort of its kind. Naturally occurring retirement communities (NORCs) were first recognized in the 1970s, appearing in urban high-rise apartment buildings such as Manhattan’s West Side.¹⁵ Like Beacon Hill, these NORCs included people who were aging in place and seeking government assistance to enable them to remain in their homes. Since 1994, New York State has provided financing for social services, including nurses and case managers, in places with high concentrations of older people, including some suburban neighborhoods, dubbed horizontal NORCs. Initially, 10 housing complexes were funded, and that number grew to 14 by 1999. Policy-makers have also shown interest in NORCs as a site to encourage healthy aging. For example, municipal governments are positioned to use NORCs as a platform for health promotion and exercise through zoning or development of walking paths, for example, which Erickson has done in its retirement communities.¹⁶ The dimensions of health promotion and social networking underscore the point that NORCs, like Beacon Hill Village, are not merely “bricks-and-mortar” housing arrangements or “boutique” experiments in community living.

In some respects, the emergence of NORCs was in response to declining federal funding for senior housing in the last decades of the 20th century.¹⁷ In addition, many older people needing support were unable to afford higher-priced assisted living in the private marketplace, and they certainly preferred to avoid nursing home placement, even though it might be funded by Medicaid. Above all, most older people preferred to live independently in their own homes. NORCs, along with grass-roots initiatives like Beacon Hill Village, therefore respond to a distinctive market segment: middle-class people who are not sick enough for Medicare, who have too much income for Medicaid services, and who are not rich enough for private individual care. But this segment is far from a niche, since it includes all but the very rich and the very poor.

Does the Beacon Hill Village model represent a wave of the future? Most efforts to replicate Beacon Hill have appeared in neighborhoods fairly strong in “social capital,” with residents who are well-connected and capable of leadership because of their careers in professional work. The first NORCs, too, appeared in housing complexes with a tradition of organization inspired by labor unions or voluntary associations. Beacon Hill Village leaders subsequently wrote an operating manual based on their experience and worked with MIT to encourage replication at other sites around the country. In New York, state government provided support for replication and technical assistance. In other locations, social service organizations have played a key role in organizing projects and recruiting volunteers. In short, innovations like Beacon Hill Village and NORCs do not “just happen” without substantial prior investment in either social capital and government support to sustain the systems that permit people to live independently.

Policy Perspective. Erickson Retirement Communities is a private business enterprise, but its founder, John Erickson, has sponsored a philanthropic foundation and an educational initiative, the Erickson School of Aging Studies at the University of Maryland at Baltimore County (UMBC), where Eden Alternative founder Bill Thomas now teaches. One purpose of both the foundation and the school is to promote new ideas about housing in an aging society. According to John Erickson’s personal vision, lessons learned from the middle-class approach of Erickson Retirement Communities could be applied to public policy in creating housing options for older people who are poor, a field where public housing interest has declined in recent years.

Since the vast majority of older people will not move into either public or private retirement housing, the real policy challenge will be to create and sustain livable communities based on where older people will continue to live, namely, in their own homes. Here is where the lessons from Beacon Hill and NORCs may prove valuable. To date, around 80 communities around the USA have experimented with providing public funding to support “aging in place” based on the NORC model. Since 2002, Congress has funded 40 demonstration programs serving 20,000 older adults in 25 states, including major cities like Baltimore, Philadelphia, and San Diego. In 2006, Congress included NORC programs in its reauthorization of the Older Americans Act but there has been no funding for these programs to date.

An area where local policy may have to change is zoning, where regulations typically restrict the number of unrelated adults living together. In long-term care, the Green House Project, inspired by Eden Alternative, breaks up institutional facilities into small houses, each with 10 bedrooms opening to a living room with a fireplace. Still another approach is senior cohousing, first created in the 1970s in Denmark and the Netherlands.¹⁸ In this approach, a group of older people can jointly buy a connected set of homes or apartments and then share in the support of common buildings. The arrangement may or may not involve shared meals and social activities.¹⁹ Senior cohousing has been transplanted to the US.²⁰ Still another approach is the creation of university-related retirement communities that merge housing with lifelong learning. These are only a few of many experimental approaches now underway as there is a great call for retirement communities as a “third way” for the third age.²¹

Long-term Care

No one ever said, I can’t wait to be old enough to be in a nursing home. On the contrary, it is not unusual for people to say they would rather die than be in such an institution. Yet not all long-term care facilities are alike, and, in recent years, some institutions have become radically transformed, setting a benchmark for what a nursing home or supportive housing facility could be like. It is not easy to tell the “good news” story here because many of us would rather turn our eyes away from the whole subject of long-term care. It is true that there has been impressive improvement in the health of the older population because of declining rates of chronic illness,²² and it is also true that, at any given time, only 5% of people over 65 are in such facilities. Yet for those who reach age 65, the likelihood is that up to 40% will spend some time in a nursing home before they die. We cannot turn our eyes away from long-term care. Instead, we need to identify the New Aging Enterprises that can point the way for better care in the future.



On Lok Senior Health is a comprehensive health plan serving frail older people living in the San Francisco Bay area. Its program of housing and supportive services offers an alternative of community-based long-term care when nursing home care might otherwise prove necessary. Originally based in Chinatown, the name “On Lok” means “place of peace and happiness” in Chinese, and the name reflects the organization’s mission and philosophy of care. On Lok currently operates five related not-for-profit programs, including health care, housing and intergenerational programs. The largest and oldest of these is On Lok Senior Health Services, focusing on providing quality, affordable care services for 950 frail elderly. A key element of On Lok’s success has been use of an interdisciplinary professional team that can engage in assessment and development of an individualized care plan.²³ The aim is to promote independence by providing services across the entire continuum of care: primary and specialty medical care, adult day health care, in-home health and personal care, social work services, and hospital and nursing home care.

On Lok has become the model for a national replication of its approach, known as the Program of All-Inclusive Care for the Elderly (PACE), authorized by the Balanced Budget Act of 1997. PACE is a program of comprehensive health and social services for frail older persons who would otherwise be eligible for nursing home care but want to continue living at home. PACE offers comprehensive service delivery and integrated Medicare and Medicaid financing. But instead of a conventional reimbursement approach, PACE operates through capitated financing, allowing a single average monthly payment with flexibility to provide services based on individual need rather than limited services reimbursable under Medicare and Medicaid fee-for-service systems.²⁴

The On Lok model, and its PACE replication on a national level, can be considered an American version of a wider international trend toward integrated care, as illustrated, for example, by Darlington in the UK and Rovereto and Vittorio Veneto in Italy, as well as other social health maintenance organizations in the USA. These integrated care systems have common features such as a single entry point system; case management, geriatric assessment, and reliance on a multidisciplinary team; and financial incentives to encourage flexibility and cost-containment.²⁵



The **Eden Alternative** began in the early 1990s as an experiment in a single nursing home in upstate New York.²⁶ In 1991, geriatrician Dr. William Thomas was working at the Chase Memorial Nursing Home, a rural skilled nursing facility, where he created a habitat containing birds, dogs, cats, rabbits, and a flock of hens, not to mention hundreds of indoor plants and gardens of flowers and vegetables. Children were also brought into the nursing home to fulfill Thomas's aim of creating a humanized environment. Dr. Thomas said his goal was to decrease the plague of loneliness, helplessness, and boredom found in nursing homes, and he introduced dogs and cats, children, and plants, along with a style of engaging residents in determining their own lives. A decade and a half later, through a "Pioneer Network," Eden has become a national and international movement on behalf of "culture change" in nursing homes and other long-term care facilities.²⁷

The Eden Alternative is perhaps the most prominent and visionary of a series of efforts aimed at promoting humanistic culture change in long-term care in recent decades. These have included, for example, the Wellspring model and the Live Oak regenerative community introduced by Barry Barkan.²⁸ Other initiatives along these lines have appeared in Australia, Canada, and Switzerland. Especially noteworthy here in the UK is the "person-centered approach" to dementia care pioneered by the late Tom Kitwood and the Bradford Dementia Group.²⁹

How far can the Eden approach go in transforming the culture of long-term care facilities? Adopting the Eden label is one thing. Actually changing a facility's culture is another, and the change seems likely to take two years. One study found that an Eden Alternative facility costs about 15% more to build than a conventional facility.³⁰ But real change is not about bricks-and-mortar, or companion animals. Transformative change is more far-reaching and difficult and requires organizational leadership.³¹ The practice of Eden principles does seem to reduce loneliness, helplessness, and boredom, but nursing home culture remains profoundly influenced by ownership. As long as a top-down, hierarchical management style predominates, culture change may not be successful.³² Adoption of the Eden Alternative model includes the challenge of educating sufficient numbers of the nursing home staff and management in the visionary principles of Eden. There are other problems as well. Staff have complained about extra work demanded by caring for animals, and not all facilities are equally eager to open their doors to the wider community.³³ Facilities need to restructure their hierarchy, giving residents and staff more responsibility for making decisions, and this transformation takes time.

In recent years, the Eden approach has been extended to refashion long-term care in smaller community settings very different from the scale of a traditional nursing home. Notable here is the Green House Project, developed by Bill Thomas and associates. The Green House is a small, intentional community where elders in need can receive care and assistance with

activities of daily living. These are small, family-size homes for six to eight residents, supported by paid caregivers, six hours per day, who also serve as homemaker and friend. A licensed practical nurse is on call 24 hours a day, and back-up technology aims to reduce paperwork and improve the quality of care. This new model of community-based long-term care emphasizes a “warm, smart, and green” approach. In effect, it de-institutionalizes long-term care and returns it to a more human scale, as proponents of community-based long-term care have long advocated.³⁴ Whether in an Edenized facility or in a Green House, this new vision of long-term care attempts an affirmative and visionary answer to the question: “What are old people for?”³⁵ The answer we give will be an important part of the New Aging Enterprise in years to come.

Policy Perspectives. The success of the Eden Alternative and On Lok should be seen in the context of the larger political economy of long-term care.³⁶ For example, in the past few years, large private investment groups have acquired 6 of the 10 largest nursing home chains, or 9% of the total in the USA; private investment groups own smaller chains and are likely to acquire more companies in the future. This trend reveals a significant dimension of the political economy of long-term care because huge public expenditures are at stake: nursing homes receive more than \$75 billion each year from Medicare and Medicaid, and private investors are reaping huge profits.

Ominously, this trend toward corporate takeovers has been accompanied by declining quality of care. Federal and state regulators point out that, since 2000, serious quality-of-care deficiencies have risen at every large nursing home chain after the chain was acquired by a private investment group. During this same period, citations for deficiencies were declining at other homes and chains. Big money is at stake in these corporate takeovers of nursing home chains. For example, in 2006, a chain of 185 facilities was sold to General Electric for \$1.4 billion.³⁷ We must wonder that at a time when private investors are cutting staff in nursing homes, will they be interested in genuine “culture change” represented by the Eden Alternative and On Lok? What Eden and On Lok have shown is that long-term care can be transformed in far-reaching ways. Whether that promise can be fulfilled is a question for the future.³⁸

Health Promotion

According to the National Institutes of Health, nearly 55 percent of Americans are overweight, and some 22 percent are obese, with rates even higher for Americans over age 50. In fact, there is an ominous trend toward obesity among aging Baby Boomers.³⁹ These facts underscore that innovation is needed for health promotion in an aging society.⁴⁰ In 2007, the American Heart Association and the American College of Sports Medicine published joint guidelines for physical activity and health, suggesting that 30 minutes of moderate physical activity five days a week is necessary to “promote and maintain health.” Concurrently, the US Institute of Medicine and the International Association for the Study of Obesity, along with the US Department of Agriculture (USDA), recommend exercise for up to 60 minutes a day to avoid what the USDA calls “unhealthy weight gain.”

In this discussion, we consider two different and successful approaches to health promotion for an aging population: one a for-profit fitness business and the other a nonprofit counseling program focused on health education.



Curves, an exercise program for women, is now the largest fitness franchise in the world with 10,000 locations in 44 countries, and reaching 4 million women. Curves was founded in 1992 by Texas entrepreneur and sports consultant Gary Heavin and his wife Diane.⁴¹ Curves initially pioneered a new fitness concept combining strength training and aerobic exercise to achieve weight loss. Curves offered an alternative to traditional gyms and health clubs, which can prove time-consuming and unattractive to women. By contrast, a Curves workout demands only 30 minutes, three times a week. Each club offers hydraulic resistance machines, but a big part of the appeal is undoubtedly its social setting. A Curves club aims to be a welcoming environment where members can work out in groups and find mutual support rather than competition, since no participant is performing the same exercise at the same time. The intent of the program is to help women lose weight, gain muscle strength, and improve their aerobic capacity and bone density.

Gary and Diane Heavin early on developed plans for franchising the Curves approach. Within 5 years, Curves had reached 1,000 locations, and, by its 10th anniversary, it topped 9,000 locations, becoming one of the fastest growing franchises of all time. Today, Curves continues to grow, with 250 new franchises opening each month. There have also been line extensions, including the publication of diet books, which have proved to be successful in attracting readers but also controversial, since the recommended diets seem to promise a kind of “magical thinking:” namely, weight loss without dieting—an approach criticized by mainstream nutrition groups such as the American Dietetic Association. Another line extension has been magazine publishing, including the *Curves Magazine* (1.4 million readers) and, in 2005, a high-fashion retail line, labeled “Curvaceous.” Curves has recently teamed up with General Mills to offer a “Curves” brand breakfast cereal, yet another line extension from its astonishing record of success. A Chicago-based franchise, “Cuts for Men,” hopes to achieve similar success using the Curves approach for the male fitness market.

The secret to the success of Curves lies in its unique branding and positioning strategy.⁴² First, it is a program for women. Gender segregation was part of the strategy to create a “safe” environment for women worried about the “male gaze.”⁴³ Second, Curves understood that it needed to offer its customers a kind of community or “social capital” not available in a traditional health club. The strategy of community-building was incorporated into the design of the clubs themselves. For example, the exercise equipment in each club is placed in a circle, to encourage informal conversation and bonding. Phenomenal growth was achieved largely by positive word-of-mouth from Curves members. Later ad campaigns were consistent with its basic brand identity: not “heroic” forms of exercise but fitness for ordinary women. The Curves campaign focused on

everyday women rather than supermodels. It built on the social networking of the exercise experience rather than an idealized body that is typically seen in contemporary media. Overall, Curves seems to have spent relatively little on marketing, building instead on social networking and word-of-mouth strategies, e.g., discounts for “Bring a Friend” outreach efforts. Gary Heavin proudly claims that reducing marketing costs enables his organization to focus more on service. But, in reality, the marketing strategy is entirely consistent with the Curves brand and positioning in the first place.

Does Curves work? Researchers from the American Council on Exercise studied Curves and observed that “Intensity-wise it's similar to walking four miles an hour [for 30 minutes] on a flat treadmill...So it's a moderate-intensity workout.”⁴⁴ In contrast to walking alone, however, researchers noted that the Curves workout appears to be more of a total-body exercise since it incorporates resistance training for the upper body and core, as well as the legs. But, researchers also noted some areas needing improvement. The hydraulic resistance-training machines in the Curves circuit are not adjustable, and the resistance is dependent on speed; there is a limit to how fast one can go without sacrificing proper form. Researchers also noted that the social networking side of Curves has its downside. “Sometimes it really is kind of like an old fashion beauty salon where women go and catch up on what's going on,” concluded one observer. Further, researchers added, Curves members would benefit from better-trained employees. Finally, the research team concluded that the Curves workout is a good low- to moderate-intensity exercise program. “For the very active, it's not that spectacular of a workout. But for those who have been sedentary, Curves is just what they needed.”

Other research on Curves has corroborated this general conclusion. A study of Curves published in a peer-reviewed journal concluded that “The Curves fitness and weight loss program promotes improvements in blood lipid profiles and a reduction in waist to hip ratio suggesting a reduction in risk to cardiovascular disease,” with no indication of adverse impact on clinical health status.⁴⁵ A concurrent study, by R. Kreider and associates at the Baylor University Exercise Laboratory, examined the efficacy of the Curves program and concluded that “The Curves fitness and weight loss program appears to increase resting energy expenditure and promote weight loss particularly when following one of the diet plans.”⁴⁶

As a business venture, Curves' success has been nothing short of spectacular. For every two McDonald's in the United States, there is one Curves for Women, so market penetration has been extraordinary in little over a decade. As a for-profit business venture, organized on a franchise model, Curves has proven enormously popular and lucrative for its founders and owners. At the same time, it has contributed to health promotion by providing a convenient and effective opportunity for exercise and weight-loss for women who might not otherwise have access to a gym or fitness program. Curves has not been focused directly on older people but instead, indirectly, on the middle-aged population at risk for obesity. We now look at another successful health promotion effort undertaken on lines very different from Curves.



The Center for Healthy Aging was founded in Santa Monica, California, in 1976 as a grass-roots effort to encourage accessible health care for older adults through physical exams not covered by regular insurance. In the three decades since its founding, this private non-profit agency has become a nationally recognized model for the delivery of health care focused on prevention of disease and education for a healthy lifestyle. The Center's clients above age 55 range from those who are healthy and active to those who are in need of help—including the homebound, frail, isolated, and persistently mentally ill.

The Center for Healthy Aging has operated through interdisciplinary care provided by professional staff and 150 volunteers. Its original Peer Counseling Program, for example, has shown impressive results while remaining very cost-effective. This signature peer-counseling program has been featured on national TV and magazines and served as an inspiration for similar efforts around the world. To encourage dissemination of its ideas, the Center has developed a "Volunteer University." In addition to health screening and education, the Center also provides in-home services such as friendly visiting, daily money management, and care coordination. It offers community outreach programs, mental health care services, day rehabilitation treatment, and support groups for families caring for a loved one. Through all these programs, the Center reaches more than 29,000 clients each year. The Center has been funded by local government as well as private sources and is currently aiming to decrease dependence on limited grants and rely more on annual giving efforts and an endowment fund.

We see here two radically different approaches to health promotion for an aging population. Curves, the for-profit company, achieves old age health promotion by reaching people in midlife. If successful, weight loss will help prevent the onset of debilitating diseases like diabetes and cardiovascular disorders. Estimates of the future prevalence of obesity in the 60+ population suggest an alarming "epidemic of obesity," which has been noted by leading public health authorities.⁴⁷ If unchecked, this trend could have the effect of reversing the "compression of morbidity" scenario proposed by Fries.⁴⁸ As 77 million Baby Boomers move beyond the age of 60, the public health impact here could be catastrophic, since those who are obese display higher morbidity, incur greater Medicare expenditures, and have fewer disability-free life years than their non-obese peers.⁴⁹

How to respond to this challenge? The Center for Healthy Aging has demonstrated a successful approach to dealing with a wide range of health problems. The Center has admirably focused on prevention of disease and education for a healthy lifestyle. Yet, this strategy suffers from the fact that clients are already beyond age 55 and are often much older, many suffering from health problems related to obesity. According to researchers at Johns Hopkins University, nearly two-thirds of Americans in 2004 were overweight or obese. For minorities, the figures are even worse. Eighty percent of Black women age 40 or older were overweight. Hopkins researchers noted that if the rates continue at their current pace, 75 percent of adults will be overweight or obese by 2015, a year when aging Boomers will be crowding the Medicare rolls. According to the Centers for Disease Control and Prevention, 40 percent of adults ages 40 to 74,

or 54 million people, can be classified as pre-diabetic, a condition that raises the risk of developing Type 2 diabetes, heart disease, or stroke.

The time for genuine prevention is decades earlier, in midlife. But repeated experience has shown that diet and exercise are a “hard sell.” In the three decades since the Center for Healthy Aging was founded, national trends of obesity have gotten much worse. How will we invest in outreach efforts to reverse these trends? Unlike Curves, the Center has obtained its funding largely through government funds and grants. It has operated as a successful nonprofit organization, not a business. It has encouraged dissemination of its ideas, but the Center itself has not been replicated. Instead of focusing on a narrow “brand” strategy, the approach recommended by Ries and others,⁵⁰ the Center has widened its mission to include daily money management and care coordination. While Curves has also adopted line extensions beyond its basic service (e.g., into diet advice and publications), these line extensions have been related to its fundamental brand identity (“weight loss”) and have probably served to achieve even greater market penetration. The Center for Healthy Aging, despite free advertising (e.g., “20/20,” “Sixty Minutes,” *Parade Magazine*, etc.), has not tried to replicate itself but has prospered as a local, nonprofit enterprise in the Los Angeles area.

Policy Perspectives. Both Curves and the Center for Healthy Aging represent important examples of the New Aging Enterprise: namely, a shift in focus away from disease toward health promotion and disease prevention. One is a business, the other a nonprofit; one is an international franchise, the other a regional success story. Ultimately, the scale of the two is dramatically different. The Center for Healthy Aging reaches 29,000 clients; Curves has reached 4 million women and is still growing. A key question for the future will be whether the lessons learned from both these models can be adopted by health insurance programs, both in the private sector (e.g., managed care plans) and public programs such as Medicare and Medicaid. Only 5% of Medicare expenditures go for services, despite mounting evidence about the cost-effectiveness of prevention. Yet, despite widespread agreement about the importance of health promotion, Medicare and Medicaid remain programs that respond to acute care conditions. Their reimbursement systems offer very little encouragement for disease prevention.

There are some modest signs of change. Since 2005, Medicare has begun paying for screening tests and immunizations previously not covered.⁵¹ “It is a fundamental change in the way Medicare thinks,” said Herb Kuhn, acting deputy administrator of the Center for Medicare and Medicaid Services. “We are trying to devote the same energy to people to stay healthy as we do to treating disease.” Yet, even if Medicare succeeds in the new strategy, it will mainly be achieving secondary or tertiary prevention, that is, early detection of disease or more effectiveness management of conditions. Primary prevention, which would include attention to diet and exercise, would have to begin many years earlier, far before participants were even eligible for Medicare.

The same problems arise in managed care in the private sector because few insurance plans can reasonably expect that their clients will remain with them for 10 or 20 years. From a narrow cost accounting perspective, private plans will always be reluctant to invest seriously in weight loss through a fitness program if the payoff (e.g., avoiding diabetes) will only show up decades into the future. Yet, without consideration of future payoffs, health promotion will not work. The cumulative advantage and disadvantage perspective reminds us that the problems of

old age are typically the result of acts and omissions that began decades earlier.⁵² As geriatricians have said, osteoporosis is a disease of adolescence that manifests itself in old age. Only when this cumulative advantage perspective becomes incorporated into policies, both public and private, will we see concrete incentives and opportunities for health promotion in an aging society.

Saving and Investment

Americans today face a growing crisis in retirement savings. A 2006 survey by the Employee Benefit Research Institute found that 30 percent of working adults have not yet started saving for retirement, and more than half of those who had saved said they had put aside \$50,000 or less. Even if this amount were to double, by normal earnings growth, it would still yield an annual income of no more than \$5,000 a year to supplement Social Security. Public understanding and motivation about this problem is lacking. A survey by the Society of Actuaries revealed that two-thirds of retirees underestimate longevity based on their current age.⁵³ In effect, most people simply do not understand the impact of “longevity risk,” i.e., how much they need to save for a longer retirement period.

Fortunately, there are examples of approaches to saving and investment that minimize cost and risks and can help people save and invest wisely for their retirement years. Here we examine two approaches: an American mutual fund and a government-sponsored vehicle that preserves the welfare state while providing incentives for individual saving and investment.



Vanguard is an American investment management company that offers mutual funds and other financial products and services to individual and institutional investors in the United States and abroad. Company headquarters are near Valley Forge, Pennsylvania. Its founder, John C. Bogle, is credited with the creation of the index fund. Vanguard is unusual among mutual-fund complexes in that it is owned by the funds themselves: each fund in the group contributes a set amount of capital toward shared management, marketing, and distribution services. The company claims that this structure orients its management better toward the interests of shareholders, as compared with other mutual-fund sponsors, which are expected simultaneously to make a profit for their outside owners and provide the most cost-effective service to funds and their shareholders.

Since its founding, Vanguard has grown to become the world’s largest pure no-load mutual fund company. While mostly known for its low-cost index funds, Vanguard also offers a variety of low-cost, actively managed mutual funds and a line of Exchange Traded Funds (ETF).

Vanguard also provides brokerage services, variable and fixed annuities, financial planning, asset management, and trust services. Vanguard contracts out management of its actively managed funds to various investment firms, and sets a portion of the management expenses paid by shareholders based on the fund's performance. Its oldest fund is the Wellington Fund, formed in 1928 and operated by Wellington Management Company. Vanguard Index funds are a particularly popular investment vehicle among financial scholars, such as university professors in the areas of economics and finance.

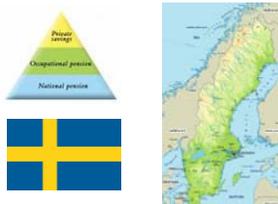
When it was founded in 1975 by John Bogle, Vanguard had 28 employees and 11 funds (including the venerable Wellington Fund). In the years since then, the Vanguard family has grown to more than 180 domestic and international funds managing \$1.1 trillion dollars in assets for 14 million investors. It is now the second-largest mutual fund family in the world (after Fidelity). But, unlike Fidelity, Vanguard remains a mutual company, in essence, owned entirely by its own shareholders. Vanguard has also remained true to its tradition of low operating costs, charging only one-fourth the average fee level for mutual funds.

Investing in mutual funds is no guarantee of success. Mutual fund investors are often influenced by extravagant claims that grab their attention—such as allegations of exceptional (market-beating) performance. Investors are sometimes aware of front-end load charges or explicit commissions, but they tend to ignore marketing and advertising expenses which impair net performance while remaining invisible.⁵⁴ In short, mutual fund investment by itself is hardly a guaranteed way to maximize savings and investment for retirement. The challenge is to find a mutual fund vehicle that serves the interests of investors rather than brokers, managers, and salesmen.

John Bogle understood this problem even while an undergraduate at Princeton.⁵⁵ Early on, Bogle recognized the importance of strategic allocation of long-term investments into equities; he also understood the potential for creating positive results by matching the market itself, instead of trying to outperform the market. As it happens, up to 90% of professionally managed stock portfolios actually underperform an average index of the stock market, such as the Standard and Poor's 500. Bogle understood that the best strategy over the long run would be to create funds that track major indexes of the stock market. This strategy minimizes costs because it reduces trading expenses and other management fees that can range up to 1% or 2% for mutual funds. In addition, Bogle understood that eliminating a front-end “load” (typically up to 8%) would vastly improve the yield for investors. Finally, by focusing on index funds, he reduced the confusion around the bewildering choices faced by mutual fund investors themselves.⁵⁶

The result of Bogle's vision was the Vanguard family of mutual funds, which remains the largest low-cost investment vehicle in the world. As economist Paul Samuelson (1994) wrote, “John Bogle has changed a basic industry in the optimal direction. Of very few can this be said.”⁵⁷ Bogle is, in short, an American original. But are the lessons of this example of the New Aging Enterprise limited to the USA? To put the issue of retirement savings and investment in context, we consider a very different approach to the problem, this one sponsored by government.

New Swedish Pension System



The New Swedish Pension System. The provision of public and private pensions in the 21st century has been the subject of renewed debate in policy circles internationally.⁵⁸ One European approach to the problem is found in the New Swedish Pension System, introduced in 2000.⁵⁹ The Swedish System is a defined contribution plan which is both public and mandatory. Like Vanguard, the Swedish system aims to reduce administrative costs and has been successful in that aim. The Swedish approach requires shared employee-employer contributions. Employees can choose from 650 mutual funds, but funds are invested collectively on behalf of employees. The Swedish government itself offers two stock funds, charging fees comparable to what Vanguard charges. Participants in all plans also have considerable flexibility in payout choices. The new Swedish Pension System, therefore, offers both mandatory participation along with voluntary options for participants to save for retirement.

Experience with the new Swedish Pension System offers many lessons about the strengths and limitations of defined contribution pension systems.⁶⁰ In the first place, the Swedish System is an add-on to a generous public pension provision, maintained in a country with long commitment to social welfare. Second, as with any stock investment plan, there are inevitable risks. The Swedish System had the misfortune to be introduced at the peak of the global stock market boom, just prior to the disastrous bear market after 2001. As a result, most Swedish investors initially lost money under the new private accounts. Third, the new System provides participants with a wide range of choices. Yet, in the most recent enrollment period, more than 90% of new participants failed to make an active choice at all and opted instead for a government-sponsored default fund.⁶¹ Evidently, the large number of options available can be paralyzing. This is a general problem for equity investment through mutual funds: for example, there are more than 5,000 mutual funds in the USA, more than the number of stocks on the New York Stock Exchange. In *The Paradox of Choice*,⁶² Schwarz has shown what the behavioral economics has solidly established: namely, multiplying options for consumers can often paralyze people, making genuine choice impossible. The Swedish experience demonstrates that merely providing options does not lead to active choice, and, as other experience confirms, investors do not always choose wisely.

There are lessons from the Swedish System for how other countries, including the USA, might introduce publicly administered defined contribution plans.⁶³ It turns out that, even with options available, only a small minority of the public actually choose to actively make investment decisions. Consumer education on financial matters is critical here, because familiarity with investing directly affects decision making. People with greater wealth, those with higher levels of education, or those who already have private savings turn out to be much more likely to make active investment decisions than others.

Policy Perspective. For increasing numbers of Americans, company pensions are disappearing. According to the Pension Benefit Guaranty Corporation, the total number of private-sector pension plans fell by nearly half over the past decade. Today, only one in five private-sector employees are covered by them. In 1980, among private sector workers with pension coverage, 60% had a defined benefit plan only, while 17% had a defined contribution plan only and 23% both. But by 2004, those proportions had shifted dramatically: 11% of private-sector workers with pension coverage have a defined benefit plan only, 61% a defined contribution plan only and 28% both.⁶⁴

With disappearing defined benefit plans, workers will need to rely more on personal savings and manage their investments in an intelligent way. On the positive side, public policy can take steps to expand access to worker retirement savings plans. A study by Hewitt Associates showed that of the 2.6 million U.S. employees Hewitt analyzed, more than 90% of workers participated in a 401(k) plan if their company automatically enrolled them, compared with 68% for employees at companies without automatic enrollment. The increase, in short, is dramatic. The Pension Protection Act of 2006 encourages companies to adopt automatic enrollment. Public policy can be expanded further, for example, through federal Auto-IRA legislation. Steps could also be taken to increase the incidence of defined contribution plans with automatic enrollment and improve investing outcomes in those plans. For example, in a step to improve 401(k) investment choices, some USA-plan sponsors are now offering “target maturity date lifecycle funds,” which automatically place younger workers into higher-equity-share portfolios and then rebalance their allocation over the life course. A recent study of such target lifecycle funds concluded that such automatic enrollment can meaningfully change the pattern of age-related equity exposure and improve overall performance.⁶⁵

Expanding access to retirement savings is not the end of the problem. Because of poor oversight, lack of transparency, and limited competition, it turns out fees and other expenses eat up a disproportionate share of investment earnings in workplace retirement savings plans. As a result, most plans available do not even come close to the low fees charged by Vanguard, which, after all, is only one out of 5,000 mutual funds available on the market. Legislation and regulation are needed to ensure that more reasonable fees and expenses are charged. There also needs to be more serious advocacy for the rights of defined contribution plan participants and beneficiaries. Even if all these steps are taken, employees participating in well-regulated plans typically put in only small amounts and do not manage their investments very well. To make matters worse, more than half of participants cash out their investment when they change jobs. Herein lies a major challenge for consumer financial education. Even enhanced participation in 401(k) plans will leave us with serious problems of saving for retirement.⁶⁶

Without more support from public policy, prospects for improved retirement savings in years to come are not good. One bright spot emerged in the 2008 Presidential Campaign when a proposal was made for so-called “American Retirement Accounts,” based on a 401(k) model. There are similarities between this proposal and the new Swedish Pension Plan. Under this proposal, Americans could set up retirement accounts either with diversified investment funds or with a passive index fund. Workers earning up to \$60,000 a year would receive a dollar-to-dollar match, with a phase-out up to those earning \$100,000. The plan could be paid for by freezing, rather than eliminating, the estate tax at its 2009 level.

Along with the 401(k) plan proposal, there are also proposals to make it easier for workers to set up Individual Retirement Accounts (IRAs) where savings and deductions would be automatic. Under a bipartisan proposal considered by Congress, employers would receive a tax credit for providing the direct deposit mechanism but would not have to contribute to the account, nor would they face any liability for investment choices. The potential impact here is very large.⁶⁷ For example, research by AARP found that 79% of workers without access to savings say they would participate in such an “auto-IRA” plan. Surveys have also shown that 71% of American small business workers who now lack access to an employer-provided retirement plan say that employers ought to be legally required to offer workplace access to an IRA. It is estimated that 48 million workers—nearly two-third of those without current access to employer-sponsored retirement plans—could benefit from an auto-IRA.

Private nonprofit groups are also working to address the problem. AARP Financial has adopted an approach similar to Vanguard’s, also with very low fees but offering the option of setting up an index retirement fund with as little as \$100. Whether public or private, such initiatives are steps in the direction of helping lower-income and less sophisticated investors participate in retirement savings over the life course.

Older Workers

Old age in the 20th century became understood as a time for retirement—the first time mass retirement was possible as a normative expectation for the majority of society. But, by the end of the century, many wondered whether this entitlement to a “leisure ethic” was appropriate for the aging society of the future.⁶⁸ Some gerontologists, questioning the institution of mass retirement, instead urged a policy of “productive aging.”⁶⁹ By contrast, some analysts from the perspective of Critical Gerontology have rejected any agenda of productive aging or worklife extension as a weakening of the welfare state.⁷⁰

Such broad rejection of “productive aging” today seems increasingly beside the point. For example, the business case for older workers is persuasive.⁷¹ Companies in the USA and around the world today are facing a prospective loss of experienced talent as Baby Boomers approach retirement. Surveys suggest that up to 70% of aging Boomers plan to work at least part-time during the traditional retirement years, for both financial and personal reasons. These older workers bring experience, dedication, focus, stability, and enhanced knowledge to the workplace. The challenge for the New Aging Enterprise is this: will these older job seekers find the jobs they expect? How can organizational innovation match job seekers with jobs that may be available?⁷² Here we profile two organizations that have shown the way.

RetirementJobs.com

RetirementJobs.com has rapidly become the leading career website for job seekers in the 50+ age group.⁷³ Its website lists between 20,000 and 30,000 open positions refreshed several times each week. Most openings are in the retail industry, but many are also in financial services. Older job seekers can go directly to the site and be confident of finding employers who are eager to hire older workers.

RetirementJobs.com was established in 2006 by a team of executives with backgrounds in media, online recruiting, and human capital management, including major brands such as AOL, ABC, and CNN. The founder is Tim Driver, who served as senior vice president at Salary.com, where he managed a division making compensation and career information available for major Internet e-recruiting brands. Where many observers saw only ageism, Driver instead was convinced that the supply of older job seekers would soon be matched by a reversal in age bias in the workplace. He specifically noted that younger employees are likely to change jobs three times more often than older workers, and older workers in turn may have distinctive capacities to respond to an aging customer base. With this mission in mind, RetirementJobs has become the dominant website for helping employers retain, hire, and benefit from an experienced workforce.

RetirementJobs offers a website and a job board listing thousands of job openings for experienced people seeking new employment. At first appearance, RetirementJobs is not much different from any other general-purpose job site, such as Monster or CareerBuilder—leading (?) e-recruiters with which RetirementJobs has developed strategic relationships. Yet, its own brand positioning reflects a distinctive mission and appeal to its niche audience, the 50-plus worker. Advice and stories on the website are focused on the distinctive issues a mature worker is likely to encounter. For example, an article titled “Will a Job Affect My Social Security?” will be found on RetirementJobs. That which is front and center on RetirementJobs would not likely be featured on a job site that caters to the typical fresh-out-of-college market. Most important, all job seekers visiting the site know that employers posting jobs on this site are at least open to talking to them. Substantial work experience here is an asset, not a liability, which can help build the confidence of mature job seekers.

RetirementJobs.com conducts an extensive evaluation of employers to verify that their policies and practices have proven to be successful in recruiting and retaining older personnel. Founder Tim Driver says, “We do follow-up interviews with the companies who have posted jobs in our database. And our goal is to make the experience a very rich one for the job seekers who want to go and find a culture and an employer that’s really supportive of workers over age 50. So we interview these companies along 10 or 12 different factors around things like their training, their recruiting, and at that point we know we’ve got a great match.”

RetirementJobs also provides approval for companies which can receive designation as a “Certified Age Friendly Employer.” This Certification Program identifies employers that

maintain policies and practices for older workers based entirely on their proficiency, qualifications, and contribution. Certification demonstrates an employer's recognition of the value of age 50+ workers, as well as a commitment to take affirmative action on behalf of this goal. Certification has been granted to major companies such as H&R Block, Borders Books, Marriott, Safeway, Staples, and Manpower. Each one of these companies is an employer of major proportions. For example, Manpower Inc. is an \$18 billion company, with a worldwide network of 4,400 offices in 73 countries and 400,000 clients each year. Manpower is a world leader in the employment services industry, offering employers services including permanent, temporary, and contract recruitment; employee assessment and selection; training; outplacement; outsourcing, and consulting. Merely to have one client on the scale of Manpower gives us a sense of the potential impact of the "best practices" promoted by the Certification program of RetirementJobs. In addition, since 2007, RetirementJobs has been the prime web job search vehicle for AARP.

In 2007, RetirementJobs created the first Workplace Age Bias Index to measure changes in the status and perceptions of age bias among employers, employees, and the general population. The creation of the Age Bias Index was motivated by the need and demand to track how changing perceptions of age bias will influence the behavior of employers, workers, retirees, job seekers, and enforcement organizations. RetirementJobs also launched a strategic partnership with Simply Hired, the world's largest search engine for jobs. The intent is to make it easier for older job seekers to identify and apply for positions with "age-friendly" employers.

RetirementJobs.com was created in response to a rapidly changing definition of "retirement" in the United States. Aging Boomers are now online in sufficient numbers to make the site a viable business proposition. The Internet analytic firm Jupiter Research has predicted that more than 62 million adults over age 50 will be online by 2010. According to QuantCast, a Web analytic rating service, the RetirementJobs website reaches over 133,000 monthly unique visitors, of which 97% are in the USA.

RetirementJobs is not the only Web-based search company focused on older workers.⁷⁴ Like RetirementJobs, there is Workforce50.com and RetiredBrains.com, which both certify that employers listing jobs actually want to hire older workers, not only for entry-level positions—e.g., flipping burgers at McDonald's—but for higher-level positions as well. Another site, ExecSearches.com, is targeted primarily at mid-level and executive positions in the government, health, nonprofit, and education sectors. Even more distinctive is YourEncore.com, which aims for experienced scientists, engineers, and product developers who want time-limited assignments. Still another site calls itself "DinosaurExchange," because it favors opportunities for what the site calls "dinosaurs"—that is, retirees with solid experience.

According to a 2006 study by MetLife, 78 percent of people age 55-59 are currently working or looking for work, as are 60 percent of 60- to 65-year-olds and 37 percent of 66- to 70-year-olds. Most analysts expect these numbers to increase in the future. In the USA, the number of workers over 50 is expected to increase 34 percent by 2012, according to the Bureau of Labor Statistics. But, the number of workers under 50 will grow by only 3 percent during the same period. During coming years, managing the aging work force clearly seems to be a major issue of concern.⁷⁵

RetirementJobs, along with other older worker job sites, seems well-positioned to capitalize on this major shift in the labor force, both in America and around the world. A report from the global consultancy firm Towers Perrin in 2007 has projected that, by 2016, 39% of the population in the Group of Seven (G7) industrialized nations will be aged 50 or more compared with 30% in 1996. During the same period, the proportion of the labor force in the traditional working age—15-49 years—is expected to fall from 51% in 1996 to 45% in 2016. In the USA, the same trend is visible. The U.S. Department of Labor’s Bureau of Labor Statistics reports that in 2000, 13% of the work force was over 55, but by 2010, the proportion is likely to rise to 17%. As noted, among aging Boomers themselves, nearly seven out of 10 tell AARP that they plan to work in some capacity in retirement.



Idealist.Org is a web portal created 1995 by the international nonprofit group “Action Without Borders.” Idealist.org serves as a web-based channel for those interested in nonprofit organizations, issues, and careers, and specifically acts as a clearinghouse for paid employment and volunteer activities in the nonprofit world. Action Without Borders has a mission to connect people, organizations, and resources in order to “help build a world where all people can live free and dignified lives.” The organization’s methods have evolved over the years but the core focus has been on providing a meeting point for individuals and organizations seeking to improve their communities on both a local and global level.

In earlier years, the group was called the “Contact Center Network” and focused on creating contact centers in local community sites. The idea was to create a physical meeting place where people could post messages, connect with neighbors, and share ideas for local action. In effect, such Contact Centers would be vehicles for promoting “social capital” along the lines outlined by Robert Putnam.⁷⁶ During the 1990s, the World Wide Web began to grow in scale and importance, so, in 1995, Action Without Borders relaunched the contact center approach as Idealist.org. The plan was to enable nonprofit groups to present a free organizational profile on the website and encourage contact. Organizations were also able to post openings for jobs and volunteer positions, while individuals could search the site and learn of job opportunities or share interests with others. Idealist also established a Nonprofit Career Center, featuring interviews with nonprofit leaders and offering career guidance about working in the sector.

By 1999, more than 20,000 people were receiving Idealist daily email alerts, and more organizations were signing up. To support its work, Idealist began charging USA-based organizations a \$40 fee for job postings, departing from the free listing practice up until that point. The result was an ongoing revenue stream enabling Idealist to enhance its programs and still keep most services free of charge. Although they did not intend to become known as a nonprofit jobs site, that is exactly what happened, and Idealist has gone on to become the most

successful nonprofit job site on the Web. Its business model has enabled it to be sustainable without depending on outside grants or donations, as most nonprofits are compelled to do.

In subsequent years to come, Idealist introduced new “line extensions” based on its fundamental value proposition. In 2000, Idealist partnered with the University of Chicago to offer the first Idealist Nonprofit Career Fair. By 2006, 100 fairs had taken place in more than 30 cities, connecting over 4,700 organizations and 57,000 individuals. In 2003, the organization added the Idealist Consultant and Vendor Directory to its core website to serve as a central place for nonprofits seeking expert assistance from consultants dedicated to working with nonprofit organizations. A new Nonprofit Human Resources Web Center was unveiled in 2006.

Wider recognition has also continued to grow. For example, in 2002, Idealist received the Webby Award for best website in the Community category, and Forbes called Idealist one of its “Favorite Sites of 2002.” The basic website grew to more than 400,000 subscribers by 2006. In addition, Idealist has continued to push for a global mission beyond the USA. In 2001, Idealist began offering a Spanish-language version of the website, known as Idealistas.org. A French-language version, Idealiste.org, began in 2003. In 2004, Idealist launched a new office in Buenos Aires, Argentina, which took responsibility for running the Spanish-language website. As Idealist looks to the future, it has begun working to make its unique resources available to older people seeking meaningful contributive roles in an aging society. Through its history, Idealist has remained committed to promoting social networking according to a philosophy best expressed in the maxim, “Think globally; act locally.”

Analysis of Programs. The impressive results of RetirementJobs and Idealist are encouraging as we think about the opportunities for older workers. But, encouragement must be tempered by some sobering realities, above all, the enduring problem of age discrimination which serves as a barrier to those who want employment in later life. According to a research report from RetirementJobs, “Age Bias in the American Workplace: A ‘Fact of Life’ Enters Its Own Phased Retirement,” employers are three times more likely (36%) to report that “age bias is declining” compared to only 12% of workers. While 96% of workers believe age bias to be a problem, a smaller number, 77% of workers, “actually have experienced or observed” workplace age bias, and only 17% of employers are believed to be making “a conscious effort to attract workers 50 and over.”

RetirementJobs CEO Tim Driver, ever an optimist, believes that workplace age bias is “undergoing its own phased retirement.” He adds, “Older employees are electing to work longer than planned. Employers, meanwhile, increasingly understand the merits of retaining and hiring workers that connect with customers, are dedicated, turn over less often than younger employees, and hold valuable lessons learned from their prior careers.” It is true that labor shortages are already evident in fields such as health care, public education, and local government. Yet age bias seems strongly entrenched in other segments of the economy.⁷⁷ Ageism seems unlikely to disappear by virtue of its own “phased retirement” and is clearly a factor inhibiting managers from making use of older workers.⁷⁸

Ageism is clearly a problem of international scope,⁷⁹ a fact underscored by the Towers Perrin study of G7 countries, which found that age discrimination remains the single largest

barrier for workers over age 50 who want to continue working. We know that the labor market is already experiencing a decline in the number of skilled workers able to fill the place of the growing number of people reaching retirement age.⁸⁰ Yet, the Towers Perrin confirmed that older workers still face an unwelcoming environment. In the G7 countries, these workers say that they want to continue working, on average, for five additional years, a prospect which would have a favorable effect in compensating for the declining global workforce.

The Towers Perrin study concluded that worklife extension will be necessary because neither immigration nor productivity gains, by themselves, will be sufficient to offset the anticipated decline in numbers of skilled workers. These trends point to an enlarged role for innovative organizations such as RetirementJobs or Idealist. But, despite these favorable trends, and, despite the proliferation of other computerized job-matching services, older workers will not find opportunities for productivity unless age discrimination is ended. To do that will require changes in both attitudes and in public policy, for example, strong legal enforcement of regulations prohibiting age discrimination. What we see here is, once again, the complementary role of public policy and the private marketplace. Without a more stringent regulatory environment, the market alone—in this case, computerized job-matching—will not solve the problem of opening up opportunities for productive aging for the growing numbers of older people who want longer work lives.

Policy Perspectives. In 2005, Senator Herbert Kohl (D-Minn.) introduced a bill, which quickly received bipartisan co-sponsorship, to give employers a tax credit for establishing flexible work schedules that enable older employees to stay on the job without losing health care or pension benefits. In addition, the bill would give older workers more access to job training and COBRA supplemental health insurance and establish a national clearinghouse for information on hiring and retaining older workers. In promoting this legislation, sponsors emphasized that most older workers expect to work past traditional retirement age but would prefer flexible and phased work not currently offered by employers. As a result, many older workers would like to stay in the work force longer if they were offered such opportunities, a “win-win” situation for individuals and society.

Other older workers will need retraining in order to remain productive. The IRS tax code currently allows deduction only for costs for maintaining skills in the same field, but the tax code could be amended to provide incentives for retraining in new careers at the point of retirement. A policy change along these lines has been recommended as a strategy for helping American workers succeed in a global economy but it could equally well apply for an aging work force.⁸¹ Some individuals have begun financing such later life retraining through so-called 529 college-savings accounts (after the section of the IRS code authorizing them). The Council for Adult and Experiential Learning (CAEL) has developed its own model, Lifelong Learning Accounts (LiLAs), now tested in Illinois, Indiana and California. A pilot program in San Francisco specifically supports workers 55+ who are seeking new careers, and this initiative could be a basis for federal legislation.

Voluntary Action

There is a pessimistic picture of aging where older people are isolated and selfish, unconcerned with younger generations and cut off from others, and living lonely lives in age-segregated settings. But, this image is a stereotype that is grossly misleading. In this discussion, we look at two models of the New Aging Enterprise very different from that gloomy image. Instead of isolation, we see a vibrant alternative: intergenerational collaboration and social networking of a high order, exemplified in Experience Corps volunteer program and the Red Hat Society as a vehicle for communal ties. Both of these models represent a revival of community and strengthening of social capital in ways to be discussed in more detail.



Experience Corps, a signature program created by the Civic Ventures organization, is a volunteer network for Americans over 55 now operating in 19 major cities in the USA, including major urban centers such as Boston, San Francisco, Minneapolis, and Washington, DC. Two thousand Experience Corps members are currently serving as tutors and mentors helping children to read. They work in urban public schools and after-school programs, where, along with basic skills, they help develop confidence for future success. Research has shown that Experience Corps can boost student academic performance, help schools and youth-serving organizations become more successful, strengthen ties between these institutions and surrounding neighborhoods, and enhance the well-being of the volunteers in the process.

Experience Corps combines several program elements that have proved critical for its success. First, Experience Corps members make a substantial commitment, with each participant devoting a significant number of hours to tutoring and mentoring each week. Second, Experience Corps members receive rigorous training in early childhood education and literacy. Third, Experience Corps members work in teams, developing a supportive networks of colleagues.

Experience Corps projects place a critical mass of tutors and mentors at each school, so that the presence of the older adults changes the climate of the entire school. Experience Corps members also lead by example, engaging in the life of the school and community and thereby changing stereotyped images of aging. Many volunteers take on leadership roles, helping set program direction in the schools where they serve.

Originally funded by the Corporation for National Service, the original five Experience Corps projects were located in New York City, Philadelphia, Minneapolis, Portland (Oregon), and Port Arthur (Texas). Each of these projects is still in operation today, but additional sites were added later. In 2001, Experience Corps also became part of the AmeriCorps network of national service programs, and Experience Corps is now the largest AmeriCorps program

engaging older adults. While the AmeriCorps linkage has been important, more than half of the budget for Experience Corps now comes from diversified sources including foundations, the private sector, and other public resources.

One of the most pessimistic appraisals of American life was given by Harvard political scientist Robert Putnam in his influential book *Bowling Alone: The Collapse and Revival of American Community*.⁸² His book is a reflection on the fate of “social capital” in the contemporary world, a theme developed by Pierre Bourdieu.⁸³ Putnam argues that America is currently depleting its traditional social capital, that is, the collective value of social networks and habits that dispose people to do things with each other and for each other. In Putnam’s words, “For the first two-thirds of the twentieth century a powerful tide bore Americans into ever deeper engagement in the life of their communities, but a few decades ago—silently, without warning—that tide reversed and we were overtaken by a treacherous rip current. Without at first noticing, we have been pulled apart from one another and from our communities over the last third of the century.” Putnam attributes the cause of declining social capital to several causes, e.g., longer commuting times, TV, changes in family structure, and so on. The decline also coincides with the passing of an older generation, specifically, the waning of the so-called “Greatest Generation,” the cohort now in their seventies and eighties. As Boomers approach old age, Putnam fears, they will lack adequate habits to sustain our social capital. This trend is an ominous sign for the future.

But Putnam is not entirely without hope, and Experience Corps is a ray of hope, one of a dozen “success stories” cited in *Better Together: Restoring the American Community*, written by Putnam and Lewis Feldstein.⁸⁴ The authors write: “The reading scores of 75 percent of Experience Corps students in Philadelphia have increased one grade level. Attendance among the students tutored has improved. Surveys of volunteers taken at the beginning of their participation in the pilot program and at the end of the two-year pilot show a significant increase in their sense of purpose and energy and a significant decrease in loneliness.” Other studies of Experience Corps volunteers revealed impressive gains in health status, as well.⁸⁵

Experience Corps is a program intentionally designed to tap into the generativity and altruism of older adults, to create an intergenerational program that helps strengthen public education at the same time that it gives purpose and meaning to the volunteers who give of themselves to others. A major part of the success of Experience Corps comes from the fact that the volunteers do not act alone; they work as members of a team and gain big benefits from the camaraderie flowing from the experience itself. But, volunteering is not the only way to find such camaraderie, as we will see in the following example of a New Aging Enterprise.



The Red Hat Society. The opening lines of a now-famous poem by Jenny Joseph run as follows, “When I am an old woman, I shall wear purple with a red hat that doesn’t go.”⁸⁶ In 1998, Sue Ellen Cooper,⁸⁷ a California graphic artist, read those lines and was inspired to found a

“Red Hat Society” as a vehicle for older women to be “outrageous,” and to play and to find the “late freedom” displayed by some great artists in their later years.⁸⁸ Cooper’s organization, of which she is designated as Exalted Queen Mother, has grown to the point of having more than 1.5 million registered members in 40,000 chapters in the USA and around the world. By some estimates, the Red Hat Society is adding an average of 40 to 50 new chapters a day, not by advertising but by “viral marketing” or word-of-mouth dissemination. Clearly, the Society represents a vehicle for age and voluntary action deserving our closer attention.

The Red Hat Society embodies some of the anarchistic impulses and zany aspirations that emerged in the decade of the Sixties. Its playfulness is likely to appeal to aging Boomer women nostalgic for the spirit of Woodstock. Red Hat in fact describes itself as a “dis-organization” whose goal is social interaction and play: it wants to encourage silliness as well as friendship for women age 50 and above. The Society does not see itself as a traditional sorority or service club in the style of the Kiwanis or Lions. Red Hatters customarily wear elaborately decorated hats and purple attire to their gatherings, such as tea parties. Women under age 50 can also be auxiliary members, wearing a pink hat and lavender attire until their fiftieth birthday. In a world where cultural images of aging tend to be negative,⁸⁹ the Red Hat Society offers a very different approach to later life.

Like other New Aging Enterprises, the Red Hat Society has not only grown in membership but has become a powerful brand name introducing line extensions, including publication of a line of romance novels and self-help books such as *Designer Scrapbooks the Red Hat Society Way* (2005) and *The Red Hat Society Cookbook*, featuring recipes submitted by Red Hatters. In 2006, the group commissioned its own musical entitled, “Hats! The New Musical for the Rest of Your Life.” Significantly, the Society has become a big business with several websites such as the “Red Hat Society Store,” offering accessories; apparel; crafts; dress-up items; footwear; gifts; gourmet products; jewelry; stationery; media products; and, of course, hats and hat accessories. The Virginia Slims cigarette commercial had a slogan of “You’ve Come a Long Way, Baby!” and the same could be said for the Red Hat Society and its commercial operations.

Exalted Queen Mother Sue Ellen Cooper advocates the playfulness of the Red Hat Society as a compensation for loss of self-esteem faced aging women as they confront the empty nest, demands to care for aging parents, declining health, widowhood, and the challenge of body image. Above all, Red Hat has provided a means of socialization and connectivity for older women. On average, women live longer than men and they face new challenges of finding meaningful activities in later life. In this context, gerontologists have examined leisure and play,⁹⁰ including distinctive issues faced by older women.⁹¹

But, the Red Society should not be understood merely as a form of compensation. Its emergence also expresses certain ideals of positive aging. One study indicated membership in the Red Hat Society seemed to serve as a an entrée into a temporary, communal world with its own meaning,⁹² as indicated in these responses: “You have to let yourself create a space where you can have fun,” or “It just makes you feel that you are not alone,” or “There is camaraderie in this. Somehow it is different.” Evidently, Red Hat activities offer an opportunity for camaraderie and bonding through a sense of sisterhood and of being admitted to a social space with “no rules.” At one level wearing red hats or purple outfits, or dressing up with parasols or feather

boas seems silly. At another level, it creates an equalizing space where participants can “let their hair down” without any obligations. As one woman remarked, “With Red Hat I just have to be there.” If later life is a domain without direction—a “roleless role,” as it has been termed—then the Red Hat Society offers a chance to find a new role through play and leisure: “Just because you are 50 years old doesn’t mean you have lost the need to play in your life.”

A recent study elicited reports about “meaningful experiences” from participation in the Red Hat Society.⁹³ A survey of 1,693 members suggested that older women’s lives have been enriched and changed by their engagement with Red Hat, citing multiple psychosocial benefits, including creating happy moments, responding to life transitions and negative events, and enhancing the self. From this study, it was evident that involvement with the Red Hat Society brought a wider social network, improved self-esteem, and expanded social resources to cope with stressful life events. This latter dimension has repeatedly been identified as a crucial dimension of “successful aging” in general. The authors of this study of the Red Hat Society concluded, “Leisure and health promotion professionals could utilize the Red Hat Society model to provide programs for older women that are empowering. Providers might consider creating leadership programs for older women to engage in the process of developing, implementing, and leading leisure-based programs.”⁹⁴

Policy Perspectives. In *Bowling Alone*, Putnam distinguishes between two different forms of social capital: what he terms **bonding** capital and **bridging** capital. Bonding capital grows with socialization among people who are similar according to ethnicity, religion, socio-economic background, and so on. The Black Church would be a prime example of such social capital in a minority neighborhood. By contrast, bridging social capital arises when people socialize across barriers of different kinds. Participation in a multi-ethnic sports team might be an example here. Putnam believes that bonding capital and bridging capital strengthen each other and that both are required for societal maintenance.

In the examples of the New Aging Enterprise discussed here, we have seen that Putnam cites Experience Corps as a positive case of strengthened social capital helping to support a formal organization, in this instance, the public school system in inner city settings. Experience Corps has elements of both bonding and bridging capital: bonding because both mentors and students are likely to be African-American, and bridging because the volunteer program engages retirees who may have higher socio-economic levels than the students they are supporting. We see a similar pattern in the Red Hat Society. Red Hat participants, by definition, are older women. Men and significantly younger people are automatically excluded, and the exclusion is part of the bonding promoted by Red Hat membership. On the other hand, a voluntary association like Red Hat is likely to bring together women of very different backgrounds who might not otherwise meet each other.

From a policy perspective, Experience Corps has demonstrated the importance of volunteer groups in providing kinds of support that formal organizations are not able to provide on their own: one-to-one tutoring and mentoring relationships. In addition, like a Parent Teacher Association, Experience Corps provides the “eyes” of an outside group who can help hold teachers and administrators accountable for educational outcomes and generate public support for the schools in the wider community. This informal dimension can be crucial at a time of

pervasive “legitimation crisis” for many different kinds of public organizations.⁹⁵ The Red Hat Society, at first glance, might seem to be a purely private association whose playful activities cannot claim serious attention. But, that judgment would be a mistake. The Red Hat Society underscores the profound and destructive influence of ageism in our society, a negative element that is difficult to overcome by legal or policy initiatives alone. We know that some forms of voluntary action can be critical in building self-esteem for groups who have been subject to discrimination or prejudice, and gender and age would be prime examples. Voluntary action, by strengthening social capital, helps to sustain the “ties that bind” which make possible constructive public policy, whether in education or in overcoming ageism.

Lifelong Learning

An aging population can be a bonus and a contributor to well-being—but only if we keep investing in skills and knowledge to insure that later life is productive and enriching. An older population is our only indefinitely renewable natural resource, and public policy will increasingly need to view lifelong learning as an investment in human capital, not as a luxury. Recent research from neuroscience shows that the stereotype about “losing brains cells” was wrong and that learning is possible in later life. Indeed, findings about neuroplasticity suggest that mental stimulation can promote health and longevity, just as earlier education remains a profound factor in health in later life. Here we consider two examples of New Aging Enterprises that have displayed a pattern of organizational innovation and vitality.



Elderhostel is a program offering liberal education and travel for older people, chiefly in the USA. Indeed, it is now the world's largest educational travel organization, attracting nearly 200,000 participants each year. Elderhostel currently offers 10,000 programs annually, in all 50 states in the USA and in over 90 countries around the world.

Elderhostel was founded in 1975 by Marty Knowlton, a social activist and educator, and David Bianco, Director of Residential Life at the University of New Hampshire. Elderhostel began as an effort to provide later life learning through the use of low-cost summer dormitory facilities, in keeping with what Howard Bowen called the “economics of unused capacity.” For over 30 years, Elderhostel has retained the same form adopted at its beginning. Elderhostel programs in the USA are typically six days long, with three classes each day, drawing on subjects from the liberal arts, broadly understood. There are no tests, grades, or other requirements of conventional education. International Elderhostel programs are typically longer, usually up to three weeks, and may involve more travel. Whether domestic or international, formal classes in Elderhostel are complemented by field trips and cultural events to take advantage of the local environment.

Elderhostel's growth has been extraordinary.⁹⁶ The program grew from 220 participants in 1975 to 20,000 five years later. By the year 2000, Elderhostel was enrolling nearly 200,000 participants each year and had become the largest education-travel program in the world. Despite growth, Elderhostel has retained most elements of the original learning plan: a week or two of organized but informal learning activities sponsored by a host institution (college or university, and, increasingly, environmental center, national park, museum, and so on). The national and international Elderhostel network is administered by a nonprofit organization headquartered in Boston. Maintaining a stable structure and commitment to informal, agency-oriented learning has conferred huge advantages on Elderhostel. On the one hand, Elderhostel operates as a franchise, and the term “Elderhostel” is a legally registered trademark.

Elderhostel remains a not-for-profit organization, though it operates in many ways as a business enterprise. Although managing a vast travel network, liberal education remains the core of Elderhostel's mission. Elderhostel is best understood as a “nonprofit business” and the organization offers scholarships to those learners who would otherwise be unable to attend its offerings. While no two programs are alike, all Elderhostel programs emphasize learning in a collegial environment, featuring lectures by experts combined with field trips for a more hands-on learning experience.

Elderhostel began as an organization for people age 60 and older, but has since reduced its age requirement to 55 and also offers intergenerational programs. In early years, Elderhostelers slept in college dorms and ate in cafeterias. But, accommodations have changed, and more amenities were added so that today many Elderhostelers stay in hotels or conference centers. Elderhostel has also changed its core program to respond to aging Boomers who are now making up a growing portion of its participants. In 2002, Elderhostel introduced a new sub-brand, “Road Scholar,” which is available without age-restrictions, although featuring high-end parts of the Elderhostel program and focusing on a population beyond middle age.



The University of the Third Age. The idea for a “University of the Third Age” (U3A) was originally proposed in 1973 by Pierre Vellas,⁹⁷ and the first experiment along these lines was created at the University of Toulouse in France. Vellas had in mind a new kind of educational enterprise for older adults: an initiative that would enhance the quality of life and strengthen intergenerational ties, while at the same time promoting research in the field of gerontology. Since its beginning, the U3A movement has spread to all continents,⁹⁸ becoming a global phenomenon, and, comprising, literally, thousands of locally developed U3A programs of remarkable variety.

Universities of the Third Age have followed different models but two ideal types predominate: the French model, based on close association with a traditional university, and the British model, which operates more in the spirit of mutual-aid and self-help.⁹⁹ The French model was

established earlier (1973), and the British somewhat later (1981). An American version, the Learning in Retirement Institute actually predates both (1962), but dramatic spread of the LIR model across the U.S. did not take place until the 1980s, when Elderhostel committed substantial funding to promote replication of the LIR model. Beginning in the 1990s, the LIR movement received new momentum from the establishment of the Osher Institutes for Lifelong Learning.¹⁰⁰

A similar trend has been visible in Britain, where the Third Age Trust has acted to promote the creation of U3As throughout the wider educational world. As a result, by the turn of the century, there were more than 400 local U3As established in the UK with a total membership approaching 100,000. U3As inspired by the French model are affiliated with a formal university and tend to look to university resources and faculty for their support. Unlike Elderhostel or the Osher Institutes in the USA, the U3As on the French model may be funded by the government, with modest support from local sources. By contrast, the British U3As, guided by a self-help philosophy, need only be loosely affiliated with a university.¹⁰¹ Thus, in a variety of different forms, the U3A movement has emerged as a vibrant form of older adult education in societies outside the USA.

Policy Perspectives. It is ironic that two of the most spectacular successes of later life learning in higher education—Elderhostel and U3A—have owed virtually nothing to public policy of any kind. They have grown and flourished entirely without government funding or support. Yet, these examples of the New Aging Enterprise nonetheless have lessons for policymakers. Lifelong learning has long been understood to be a domain of increasing importance in post-industrial societies, with a shift to “information economies” and a demand for recurrent education.¹⁰² With the population aging in all developed countries,¹⁰³ it is increasingly recognized that lifelong learning will become a strategic arena for the future. Advancing longevity means that investment in “human capital” will have to take account of longer lifespans.

Surveys suggest that up to 80% of aging Boomers say they expect to work during what were traditional retirement years, and they are likely to need new skills and knowledge to be competitive in the labor market. Higher education must clearly be a part of this challenge. But, opportunities for retraining and education in later life are not common nor are they well-funded. Higher education remains overwhelmingly based on an assumption that learning should be “front-loaded” into the first part of life. This is the familiar “three-boxes-of-life” plan—education, work, and retirement. This linear life plan seems increasingly obsolete. It represents one more example of “structural lag” in which major institutions—in this case, higher education—are out of synchrony with the new demography of population aging.

The lessons from Elderhostel and U3A will be of enormous importance as we seek to fashion public policies in support of lifelong learning. Above all, Elderhostel and U3A have demonstrated that older adults can learn and want to learn. However, a key fact here is that previous public policy has often turned out to be out of alignment with the needs and perceptions of older learners themselves.¹⁰⁴ What characterizes New Aging Enterprises like Elderhostel and U3A is the centrality of individual agency and self-determination: above all, a sense of intrinsic enjoyment in learning for its own sake and the pursuit of learning in ways that capitalize on life experience instead of diminishing such experience.

Conclusions

Common Elements of New Aging Enterprises

There are cross-cutting elements that are evident in all 14 of the New Aging Enterprises analyzed so far in this discussion:

Positive Aging. New Aging Enterprises build on strengths of aging, not on a deficit model. For example, older people are seen as a source of value to society through work (RetirementJobs) or volunteerism (Experience Corps). Later life is viewed as a time of growth even under conditions of disability (Eden Alternative).

Age-Affirmative Branding. New Aging Enterprises appeal to principles of gain over the lifespan through lifelong learning (Elderhostel) and intergenerational mentoring (Experience Corps). RetirementJobs emphasizes the value of mature workers to employers and society.

Ageless Marketing. In keeping with the marketing approach propounded by David Wolfe,¹⁰⁵ New Aging Enterprises often appeal to what transcends age, such as health promotion (Curves) or low-cost investing (Vanguard), which invites customers on an age-irrelevant basis,¹⁰⁶ even if the goal (e.g., retirement) may be age-related.

Blurred Genres. New Aging Enterprises go beyond the dichotomy of “profit” versus “nonprofit.” For example, Vanguard looks like any other big mutual fund but legally is a mutually-owned company paying no dividends to outside owners. Erickson Retirement Communities has created its own foundation and nonprofit university program on behalf of housing and aging. RetirementJobs has allied itself with AARP and works actively against ageism in all forms.

Social Capital. Social capital is as important as financial capital for New Aging Enterprises. These organizations typically spend less than other companies on conventional advertising or marketing, relying instead on “viral marketing” (Elderhostel) or promoting social ties at the local level (Curves). Morale and group cohesion are essential for success whether in volunteering (Experience Corps) or long-term care (Eden Alternative).

Economies of Scale. Some New Aging Enterprises are huge in scale, e.g., Curves with 8,000 franchises, and Elderhostel, the largest education-travel enterprise in the world. But, these organizations also strive to retain an atmosphere of small-scale intimacy. Idealist, for example, complements its web-based communities with face-to-face interaction. Vanguard, the second largest mutual-fund family, provides a strong emphasis on customer care.

Cost-Effectiveness. Low cost is central to the “value proposition” offered by New Aging Enterprises. Vanguard has defined its brand identity through low fees for shareholders. Elderhostel seeks to provide educational travel at a price lower than commercial competitors. Curves aims to be affordable to non-affluent women, rather than the affluent clientele attracted to upscale health clubs.

Integrity of Mission and Values. In the style defined by Jim Collins in *From Good to Great*, New Aging Enterprises have remained faithful to their original mission and values, as illustrated by the index mutual funds promoted by Vanguard and the liberal arts orientation upheld by Elderhostel. Organizations like the Pioneer Network and Civic Ventures have become major forces for changing public understanding of aging.

Product Innovation. New Aging Enterprises have not remained static. They have typically added new product lines responsive to new cohorts of older people. For example, Elderhostel created its “Road Scholar” program to appeal to aging Boomers. The Eden Alternative developed its Greenhouse Project for community-based long-term care. Curves has added publications and other line extensions consistent with its basic brand.

Leadership beyond the “Founder’s Syndrome.” New Aging Enterprises were launched by visionary leaders like Marty Knowlton, Bill Thomas, and Marc Freedman. However, Civic Ventures spun off Experience Corps as a separate entity, and Marty Knowlton brought an experienced management team to Elderhostel in order to create sustainable growth over decades. Whether Eden or Erickson will escape the Founder’s Syndrome is a question for the future.

Mutual Aid & Community-Building. Mutual aid among customers or participants is a key element to success of the New Aging Enterprise. The Center for Healthy Aging, for example, began its life as a peer-counseling project and maintains much of that inspiration. Curves owes its popularity to social networking provided in the setting of a fitness program, while Idealist.Org encourages networking through the World Wide Web. Elderhostel maintains its appeal not only through liberal arts academic offerings but also by the informal socialization it provides for Elderhostelers in each program.

Alternative Organizational Models

There is no single organizational model exemplified by the New Aging Enterprise. For one thing, these organizations include both business and nonprofit organizations. For another thing, very different models have been employed by the organizations included under the framework of the New Aging Enterprise. These include:

The Franchise Model. Elderhostel and Curves are both trademarks used by local branches meeting standards set by a national organization. Curves adopts a uniform franchise approach, like McDonald’s or Starbucks. A customer can be confident that every local branch will be exactly like all the others going by the same name. Elderhostel, by contrast, is something of an “anti-franchise franchise,” since every one of the 10,000 Elderhostel sites is different from the others, and each is encouraged to make best use of local comparative advantage, as long as quality assurance is maintained according to central oversight.

The Nonprofit Business. Some New Aging Enterprises are profit-making businesses (e.g., Curves and RetirementJobs). Others operate as businesses but without paying dividends to their owners, for example, Vanguard and Elderhostel. Still others are

strictly nonprofit organizations which have become fully sustainable because of fee-for-service offerings (e.g., job listings by Idealist.org).

A Third Way for Aging Policy?

Sociologist Anthony Giddens has been among the most prominent proponents of a “Third Way” for public policy.¹⁰⁷ Giddens himself has argued that conventional political dichotomies of “Left” and “Right” may be breaking down. The Third Way, sometimes dubbed the “Radical Middle,” is a centrist approach combining elements of the free market with the welfare state. In this respect, the Third Way aims to avoid both bureaucratic government and complete laissez-faire made popular today by neoliberalism. Giddens’ Third Way grows out of the analysis of social systems in terms of structure and agency, reflexivity, and system integration, all themes of importance to critical gerontology as well.

Giddens’ own analytical approach has been centered on policy issues, such as the limits of “market socialism” or the impact of globalization. According to Giddens himself, “The overall aim of third way politics should be to help citizens pilot their way through the major revolutions of our time: globalization, transformations in personal life and our relationship to nature.”¹⁰⁸ Giddens has underscored the importance of a new “life politics” or politics for self-actualization, arising under conditions of late and reflexive modernity. But, he has not extended that approach to the micro-level in the analysis of organizational structure, as I have tried to do in the New Aging Enterprise.

The New Aging Enterprise tries to draw lessons from incremental change at the organizational level and to stress that there are multiple paths for innovation. In *The Consequences of Modernity*,¹⁰⁹ Giddens has specifically criticized the attempt to propagate a single, comprehensive ideology or political agenda, instead favoring such incremental steps in which people can make improvements to the workplace or local community. This approach, in essence, is midway between what is “utopian” and what is “realistic.” Some policy analysts have attempted to apply a version of the Third Way to aging issues, calling for a path between the excesses of the free market and problems generated by state-run bureaucratic systems.¹¹⁰ Others have even considered the retirement community as a “third way for the Third Age.”¹¹¹ Senior cohousing and naturally occurring retirement communities could represent examples of such a Third Way strategy in practice.

This framework for a Third Way in aging policy is precisely what is represented by the New Aging Enterprise and what is illustrated by paradigm cases of organizational innovation discussed here. For example, Elderhostel represents the use of a market mechanism—essentially, an international travel agency—mobilized for nonprofit purposes. The University of Third Age (U3A) represents the creation of a “social space” for Third Age self-actualization through individual agency, as Peter Laslett called for. For both Elderhostel and U3A, individual agency remains of pivotal importance. On Lok and the Eden Alternative make use of public funding for a more holistic practice of long-term care.

New Aging Enterprises should not be seen as some kind of “second best” alternative to public policy. Instead, they constitute utopian models and benchmarks for what public policy could become. The Eden Alternative and Experience Corps represent “utopian” efforts undertaken in settings—the nursing home and inner-city schools—that would otherwise seem unpromising arenas for social change. Nursing homes and public education have often appeared as institutions that are oppressive and utterly resistant to change. By contrast, other New Aging Enterprises are realistic, even opportunistic, in aiming for market niches. Business ventures such as Curves or Vanguard offer low-cost means of providing fitness and investment opportunities to people who are not members of wealthy or elite groups. Such groups were ignored by the conventional aging marketplace. Like Erickson Retirement Communities, Curves and Vanguard business ventures achieved success by focusing on a market niche ignored by others.

None of the 14 exemplary organizations profiled here are overtly political enterprises. In that sense, they do not fit Giddens’ own Third Way agenda for political mobilization and a deeper call of citizenship under conditions of late modernity. But, each of the paradigm cases, as we have discussed briefly, offers important lessons and perspectives for public policy, and all are fully in the spirit of Giddens’ characterization of a Third Way. Greg O’Neill has used the phrase “Civic Enterprise” to describe a wide range of organizations that help advance a goal of “civic engagement” in later life. Some organizations I have analyzed under the rubric of the “New Aging Enterprise” are part of O’Neill’s categorization. However, not all New Aging Enterprises aim to promote ideals of civic engagement, although some, like Experience Corps and Idealist, certainly do. New Aging Enterprises also display surprising affinities with “emancipatory” goals called for by some exponents of Critical Gerontology.

Critical Gerontology and the New Aging Enterprise

Critical Gerontology, over the past three decades, has been inspired by hostility to all forms of instrumental domination that prevent genuine freedom in later life, whether this domination originates in government bureaucracy or the marketplace.¹¹² What is of central importance to the positive agenda of Critical Gerontology is the practice of freedom in later life. By this definition, it seems clear enough, for example, that Elderhostel participants are pursuing a form of freedom by their participation in educational travel programs. From 10,000 possible programs, they choose the one that best meets their individual needs. Similarly, customers of Curves are finding a socially supportive atmosphere for weight loss in a local setting affordable to them. Older people who find new jobs through RetirementJobs.com are not merely victims of social structures or professional practice but are using the connectivity of the Internet to obtain employment that draws on their skills and life experience. Only a small minority of retired people want to live in any kind of retirement community but the ones who do appear to find life at an Erickson facility very congenial indeed. Though most of us would not want to live in a nursing home, residents of facilities whose culture has been enhanced by the Eden Alternative will find more freedom and fulfillment than they would as medicalized objects of instrumental control in conventional long-term care.

What we see here is that New Aging Enterprises have offered older people tangible experiences of positive aging while meeting concrete needs such as housing, health care, or job opportunities. Whether that experience is mediated by the marketplace (Elderhostel,

RetirementJobs, and Curves) or by nonprofit initiatives (Eden Alternative and Experience Corps) is **not** the question. The question rather relates to the role of individual **agency** or self-initiated action in contrast to some hegemonic structure (bureaucracy or market) that would otherwise inhibit freedom and self-fulfillment. When elder participants in these New Aging Enterprise programs “vote with their feet,” we cannot simply dismiss their responses as “false consciousness.” On the contrary, their participation itself has helped to foster and sustain the new life-world manifest in their activities themselves.

Business ventures described as part of the New Aging Enterprise range from a web-based portal (RetirementJobs) to the franchise model (Curves) to a privately held corporate model (Erickson). A more thorough analysis of the character of these ventures would suggest many ways in which they meet the profile established by Jim Collins in *Good to Great*. New Aging Enterprises also match many of the criteria for “natural capitalism”¹¹³ enunciated by Paul Hawken in his visionary writings on this subject. For nonprofits, as for business ventures, the key question is sustainability: can the nonprofit enterprise move beyond dependence on foundation grants or the enthusiasm of a founder to develop a dependable income stream that will enable it to endure over time? An important factor here is whether the nonprofit enterprise develops its fee-based revenue stream and operates in a “business-like” fashion while still remaining faithful to its nonprofit mission. By these standards, Elderhostel, successful after more than 30 years, clearly meets the test.

The New Aging Enterprise describes a path toward innovation and enhanced freedom that invites us to question old paradigms, for example, government versus the marketplace. In a similar vein, Gilleard and Higgs conclude their book, *The Cultures of Ageing*,¹¹⁴ with these words: “...the aim of an increasingly commodified economy is to maximize people’s ability to spend at each and every point in their life course.” This formulation of course leaves some questions unanswered. For example, what about persistent poverty in later life? Their own solution to inequities in old age is for people earlier in the life course to have better jobs and therefore better retirement income later on. As a result, people would spend more in later life, now incorporated into that flux of expanding capitalism foreseen by Marx in his evocative phrase, “all that (is?) solid melts into air.” Gilleard and Higgs insist that they are trying merely to document this ever-advancing differentiation into commodified “cultures in ageing.”

But is advancing commodification the only foreseeable scenario for an aging society? The message from the New Aging Enterprises is quite different. New Aging Enterprises do not constitute endless “commodification,” which Habermas has termed “colonization of the life-world.” True, Elderhostel is a merchandiser of educational travel but it is hardly well described as a bundle of commodities, unless one wishes to claim that anything mediated by a market has ipso facto become a commodity. The same holds true for other businesses like Curves or RetirementJobs. Organizations such as Universities of the Third Age or Experience Corps cannot remotely be described as “commodified” in their relationship to older people. New Aging Enterprises indeed embody the “Third-Ageism” and “project of the self” which Gilleard and Higgs find attractive as part of the “cultural turn” celebrated in their book. But the cultural turn, and the primacy of agency, should not be equated with the marketplace, still less with commodification.

There is need for new thinking in gerontology today because we face new historical conditions. Since the original *The Aging Enterprise* by Carroll Estes appeared in 1979,¹¹⁵ the world has changed. A whole generation has passed, and the condition of the aging in America, as well as in industrialized societies around the world, has been transformed in substantial ways:

-The poverty rate in the 65+ population has continued to decline. A larger proportion of the older population seeks solutions in the marketplace, while low-income elderly will continue to depend on public programs.

-Defined benefit pension plans in private industry have begun to disappear entirely, leaving individuals with more choice and responsibility for financial planning related to retirement.

-Disability rates among today's old have declined, while the prevalence of potentially reducible obesity has increased among aging Boomers.

-Boomers as a group have, on average, higher levels of educational attainment, suggesting greater attraction to lifelong learning and career retraining.

-The Boomer cohort is characterized by attachment to values of autonomy and self-determination, presenting a challenge for bureaucratic institutions whether in the public or private sector.

Critical Questions about the New Aging Enterprise

The trends and opportunities described by the New Aging Enterprise will not be readily accepted by everyone. Critical questions can be and should be raised about the trends described and analyzed here. Some specific critical questions include the following:

“Too American.” True, many of the enterprises profiled here are distinctively American, such as retirement communities, volunteer groups, or mutual funds. But, the University of the Third Age is a European, not an American innovation; Curves has spread worldwide; Elderhostel programs are offered in 90 different countries; and senior housing originated in Denmark, not the USA. Most New Aging Enterprises do not seem inherently bound by American conditions.

“More Brands, More Capitalism.” Branding is not limited to businesses. Some New Aging Enterprises are for-profit businesses, but many others are not. Beacon Hill Village, Experience Corps, the Eden Alternative, Vanguard, and Idealist are powerful nonprofit brands. The key issue is not profit versus nonprofit, but sustainability.

“Too Elite.” The organizations profiled here do not cater to the rich but they have flourished in middle-class settings, not among the poor. However, Experience Corps is anchored in inner-city schools, and Curves is designed to be affordable to women with limited incomes. The low-cost, index-fund style of Vanguard is being applied by AARP Financial to make mutual fund investment available to people with very limited resources.

“Too Boutique.” True, the Center for Healthy Aging has not been replicated and naturally occurring retirement communities like Beacon Hill Village tend to flourish only in limited environments. However, Elderhostel has become the largest education-travel program in the world, Curves is one of the most successful franchises of all time, and the Vanguard family of funds is number two in size in the world. These are hardly “boutique” programs.

“Founder’s Syndrome.” Can New Aging Enterprises outlive their founders? In some cases, the answer is clearly yes. Elderhostel survived the voluntary departure of founder Marty Knowlton, Vanguard continues to prosper without John Bogle at the helm, and Experience Corps was intentionally spun off after its creation by Marc Freedman. These charismatic leaders stepped aside, and their legacies continue. Other founders are still intimately involved in leadership of their organizations: John Erickson, Bill Thomas at Eden, Tim Driver at RetirementJobs, and Gary Heaven at Curves. The jury is still out on whether these New Aging Enterprises will survive or whether they will be victims of “founder’s syndrome.”

“Just the Private Sector.” The aging of Boomers has unleashed a torrent of publications promising guidance on “turning silver into gold”¹¹⁶ and marketing to older people. Isn’t the New Aging Enterprise just one more contribution to merchandising later life? This critical point raises a question: Must the success stories profiled here remain in the private sector alone, whether profit or nonprofit? Alternatively, how can the lessons of New Aging Enterprises be incorporated into public policy aimed on senior housing, health promotion, long-term care, saving for retirement, and all the rest?

The argument advanced here is that we should **not** turn over these tasks to “privatization” but instead should learn from, and apply, lessons exemplified by New Aging Enterprises. Just as Federal Express offers lessons for the public postal system, or private universities have lessons for public ones, so New Aging Enterprises can be a seedbed for new policies that help public institutions respond imaginatively to population aging, just as the Swedish welfare state has done with its new pension system. Public versus private is a false choice here. There is no reason why public policy in the USA could not adopt features of the Swedish approach, if the political will is there. Similarly, there is no reason why lessons from Elderhostel for late-life learning or from Curves for exercise and weight loss could not be adopted by public policy. Private initiative, whether in business or volunteer form, can show the way. Public policy demands a political response to these opportunities.

It is not impossible to imagine a world where community colleges make low-cost, late-life learning more widely available, where the public aging network is a leader in health promotion, and where government funding supports humane choices in long-term care. There are steps already underway in these directions. In short, public versus private here is a false choice. What we face is the challenge of making all organizations more efficient, effective, and sustainable, as the New Aging Enterprises have demonstrated. The choice is ours.

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