

Rethinking Transition To Retirement

Transition to retirement or phased retirement options have been talked about for a number of years by employers, unions, and employees as a desirable option for people as they plan towards exiting fully from the workforce.

The vast majority of policies have been designed to reduce a person's hours of work over an agreed period of time, most often twelve months.

The implicit assumptions underpinning most transition to retirement policies is that the next phase for an employee is retirement, the cessation of paid employment and that to reduce the hours of work will smooth the transition. Retirement planning workshops for employees are predicated on this assumption. Not so any longer. People are doing it differently.

“Conceiving of work and retirement as separate stages in the course of life does not accurately mirror the reality for a substantial proportion of older adults.”

In Australia and New Zealand provisions have been included in many Employment Agreements and Awards but haven't always been supported by policy or active programs let alone the practices required to support this degree of workplace flexibility.

For a program to be successful two key elements need to be present, the willingness of an employer to reduce a person's hours of work and of course the capacity and desire of an individual to also reduce their hours (and potentially income) as part of a transition to retirement.

Some policies have included mechanisms to minimise the financial impact. Many of these schemes were developed at a time when employers wanted to transition fulltime employees out to make way for the next generation.

The option of reducing hours while starting to access superannuation was seen as an employee benefit. Current transition to retirement superannuation provisions in Australia are designed to support this. However, this idyllic world of work is no longer – if it ever was - older workers are finding themselves redundant in their 50's and 60's and not able to get back into full time work, many are working part-time positions and financial necessity is creating new pressures to remain in work. People often do not have superannuation nest eggs or access to the defined benefit schemes of the past. Remaining in work becomes a financial necessity.



Increased longevity and population ageing is also changing the way people move from work into the next stage in their lives. Increasing numbers of employees are staying on at work past the socially expected age at which people would have previously retired. In fact, the whole concept of retirement is under threat and may well become a redundant notion over the next 20 years.

The longevity revolution is challenging many of the assumptions we previously made about how people would transition from work to retirement.

“We are at the early stages of a long, difficult transition toward a different vision of the elder years, less a model of disengagement from work and neighbourhood to one of continuing engagement in work and community.”

A transition may now be 1 to 15 years or in fact “retirement” may not be the next stage or as often portrayed, the destination. Rather a person's transition may be to another career (Encore career), to senior entrepreneurship, business ownership, to education, a gap year or to voluntary work.

The assumptions underpinning transition to retirement policies and program's need to be re-thought and inform the development of the “next generation” of transition policies and programs for mature aged employees.

Maybe transition preparation programs should not just be available at the point at which a person decides to move out of the workforce but rather as people at other life stages think about transitioning to part time employment or another career.

A well designed and executed **Transition Pathways** program must meet the needs of both employers and employees and be a win - win.

Designing a Transition Pathway Program

For the Employer a program needs to

1. Facilitate workforce planning through gaining early notice of the persons intention to exit or change the way in which they wish to work
2. Ensure knowledge transfer and continuity through coaching, mentoring and documentation
3. Gain the ongoing engagement and contribution of the employee
4. Position the employer as age friendly and a better practice employer.

For the Employee a program needs to

1. Facilitate the active management of the transition process to the next stage
2. Provide an opportunity to make the necessary psycho-social adjustments both at work and outside of work
3. Provide opportunities to pass on their knowledge and in their minds “leave a legacy”
4. Give access to life stage, health and wellbeing and financial planning advice. This may include career planning as the employee works towards their next career be it paid or voluntary.
5. Create tangible benefits.

When designing a policy and program for your workplace the following eight principles should be considered.

1. Communication

Any initiative needs to have good communication wrapped around it, not just of the policy but it should actively challenge ageism and stereotypes that may be present in the organisation. Promote positive examples of transitioning. Ongoing conversations between staff and their managers should be encouraged.

2. Entitlement

Policy needs to be clear who can access the program and how – is it for all employees? How do people access it? Who can initiate? At what age and under what circumstances can people access your Transitions Pathways program?

3. Benefits

Any program should create mutual benefits – there has to be something in it that both the employer and employee values, otherwise why bother. So, find out what is important for both parties and then build a customised program around those features. Each person's pathway maybe different.

“The need for precedent can be the biggest impediment to innovation in organisations.”

4. Incentives

There must be desired incentives for the employee in signing up to this option rather than holding out and giving the mandatory notice. Find out what is important.

5. Timeframe

The period of transition will be different for everyone. A “one size fits all” is less likely to work. A transition maybe 12 months, increasingly it will be much longer.

6. When

Initiate the conversation sooner rather than later. Be talking with your employees about their intentions, what would make this a great workplace as they age at work and their unfolding thinking about the next stage in their lives. Circumstances and their thinking may change over time.

7. Focus

Transitions for some may not be about reducing their hours. For example, a transition pathway may mean working full time, but in another role, for others it may be working from another location, for others buying leave to give an extended time off. Focus on what is important for your people. Don't assume you know, ask.

8. Create Pathways

Recognise how transitions work from a psycho-social perspective for both the employee and the employer. Remember the employer will also go through a transition when a valued and valuable employee leaves. Focus on creating a **Pathway** to the next stage program, NOT on Retirement as a destination.

Longevity is creating for both employees and employers a new life stage. Retirement is no longer what increasing numbers of employees will be dreaming of.

A rethinking of transitions is required. Shift your focus from destination thinking to the creation of directional pathways that enable people to move to the next stage in their lives.

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Farrell C Unretirement – How Baby Boomers are Changing The Way We Think About Work, Community and the Good Life Bloomsbury 2014