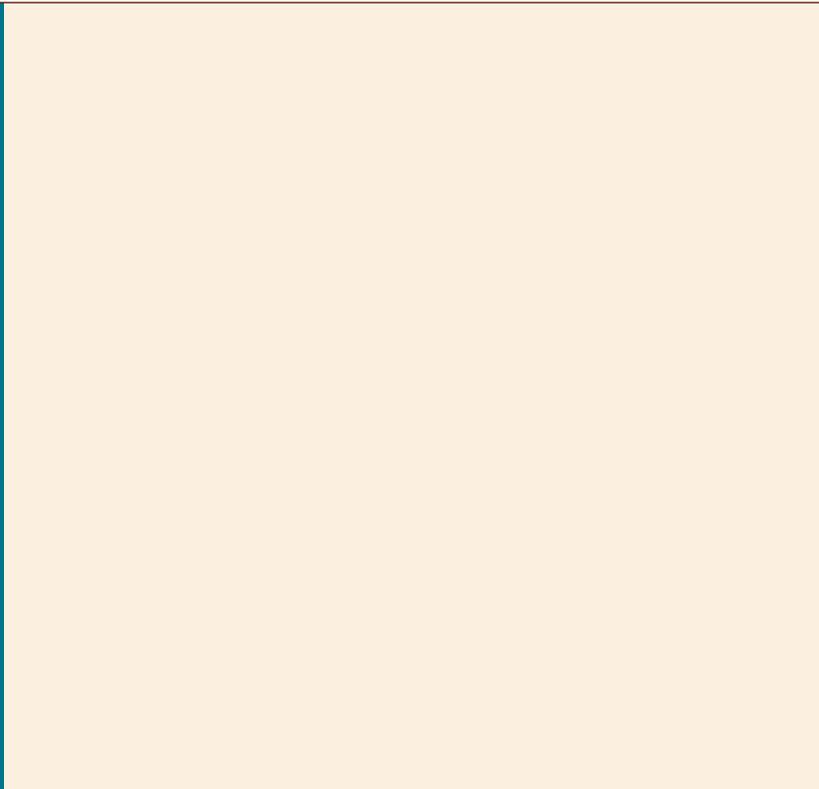




Workers 50+

Phased Retirement and Flexible Retirement Arrangements: Strategies for Retaining Skilled Workers



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Introduction:

The Twenty-First Century Workplace— Managing the Human Capital of Workers 50+

The American workforce is aging and this trend will reshape the U.S. labor force over the next decade and beyond.

In 2002, 14 percent (or 20.8 million) of the workforce was 55 and older according to the U.S. Bureau of Labor Statistics. This figure is expected to increase to 19 percent (just more than 31 million) by 2012.¹ The aging of the workforce has enormous implications for our nation's employers.

As the baby boomer population retires, a dip in the number of younger workers means there may be more jobs than qualified workers to fill them. Some employers are already experiencing a shortage of qualified workers. The projected labor and skills shortages pose pressing questions for employers. What can companies do to remain competitive in today's marketplace? Are there practices and policies that will appeal to workers 50+, whose skills and experience make them a valuable workplace commodity?

Implementing appealing work arrangements that attract and retain workers 50+ may become increasingly important in an organization's bid to survive in today's marketplace. Phased retirement, which allows the employee to reduce work time in his or her current job, is regarded as one strategy to encourage hard-to-replace, experienced workers to postpone leaving the labor force.²

Phased Retirement: A Strategy for Retaining Skills and Knowledge

What is Phased Retirement?

Phased retirement has no succinct definition. The term phased retirement often refers to a broad range of flexible retirement arrangements, both informal practices and formal workplace policies, which allow employees approaching normal retirement age to reduce the hours worked or work for their employers in a different capacity after retirement.

The reduction in work hours has several legal and compensation implications that present a barrier for some employers who wish to develop programs to retain their workforce. To address this ambiguity and clarify phased retirement programs, the Internal Revenue Service (IRS) is considering proposed regulations that will establish criteria and guidelines for creating and administering a phased retirement program.

Currently, informal phased retirement arrangements are more commonplace than formal programs. When employers do have a formal written policy in place, it is often flexible and tailored to individual cases.³

What is the difference between informal practices and formal flexible retirement arrangements?

Some primary characteristics that may distinguish formal flexible retirement arrangements from informal ones include:

- A management structure from which one has to get formal approval;
- Clear eligibility criteria;
- Written materials that are made available to employees at orientation and incorporated into discussions about benefits; and
- Continued access to employer-sponsored benefits.

Factors Influencing the Business Need for Phased Retirement

Although IRS guidelines for creating a phased retirement program have not been established, some employers are instituting innovative policies and practices as part of a deliberate strategy to keep skilled workers from exiting the labor force.

Cinergy, an energy company in Cincinnati, Ohio, will face workforce challenges in the next five to seven years as 50 percent of Cinergy's employees become eligible for retirement. To navigate the demographic challenges posed by a possible shortage of skilled workers, Cinergy has positioned workplace programs to allow their employees to reduce their work hours in an effort to retain their workforce. Retaining a skilled workforce through periods in which sharp spikes in employee turnover have been projected requires thinking differently about work and how work can be accomplished. To a large extent, the appeal of such flexible retirement arrangements is shaped by the following factors, which are exerting influence on the landscape of the U.S. labor force:

- Organizations are seeking ways to retain experienced workers, especially those who hold critical positions that may be difficult to replace.
 - Employees are working beyond traditional retirement age; research suggests that “abrupt” retirement will evolve into a more gradual or staggered process.
 - Changes in Social Security have made it easier for recipients to continue working after reaching full retirement age without losing their benefits.
 - Americans are living longer, which means that retirees will need greater financial resources to support themselves.
- Some of the benefits of implementing flexible retirement arrangements position an employer to:⁴
- Maintain continuity of essential business operations by retaining key workers whose positions may be difficult to fill;
 - Enhance productivity by addressing the need for work/life balance;
 - Reduce costs associated with hiring and training new employees;

- Increase organizational flexibility by tapping retirees as consultants or contractors; and
- Forecast future workforce needs and employee benefit costs.

Workers 50+ can also benefit from flexible retirement arrangements. Advantages can include:

- Flexible work arrangements that allow them to juggle competing non-work responsibilities (e.g., providing care to a family member);
- Opportunity to transition into retirement rather than make an abrupt exit from the workplace;
- Ability to stay connected to the organization and contribute to its continued success;
- Increased income for those whose retirement funds are insufficient;
- Opportunity to maintain continued access to employer-sponsored health care and welfare benefits; and
- Continued professional development.

Careful planning can make the workplace more attractive, help businesses make the most of the projected demographic realities, and capitalize on the skill sets and experiences of workers 50+.



Creating a Phased Retirement Program

When confronted with the need to retain skilled workers, employers have often implemented ad hoc arrangements targeted to specific employees with particular skills. Although this informal approach may help in some situations, such practices may be inadequate for addressing the long-term needs of today's organizations.

Instituting an effective phased retirement program compliant with applicable federal and state laws will require careful planning. How can employers determine whether a phased retirement program is warranted? And once the case for a more formal plan is established, what steps can employers take to meet the needs of workers while complementing the organization's business goals? Key questions to ask when considering a phased retirement program may include the following:

Are You Facing a Labor Shortage?

Recent data indicates that a majority of employers have not considered whether their organization is at risk of experiencing a labor shortage. When asked to describe their organization's preparedness for a labor shortage, 39 percent of human resource professionals were just beginning to assess internal policies and management practices, and 38 percent were

just becoming aware of the issue⁵, according to research conducted by the Society for Human Resource Management (SHRM).

To effectively plan for future labor needs, businesses should have reliable information on their workforce demographics and be able to assess potential skills shortages associated with changes to their workforce composition. Taking this first step of building a long-term business strategy is one tactic advised by many experts. This planning should focus on collecting demographic data and projected retirement trends, as well as the necessary future education and skills required for the organization's workforce.⁶

Are You Facing a Skill Shortage?

Once the business case for a phased retirement program is established, an inventory of core skills necessary for a long-term strategic human resource plan will be needed.⁷ Assessing skills throughout the workplace over a five- to ten-year period can assist organizations in identifying specific skill sets that require heightened attention.

Data capturing the immediacy of workplace demographics, including the demand and supply for critical skills and employees, should be considered in conjunction with other

workforce metrics to assess the value proposition of “retaining retirement eligible workers versus recruiting, training, and retaining new employees.”⁸ If the talent assessment reveals that older workers with difficult-to-replace knowledge and skills will be leaving the organization, a phased retirement program, as well as a clear succession plan, can be designed and implemented.”⁹

Important considerations during the design stage include:

- Which employees should be offered phased retirement arrangements;
- The age at which employees become eligible to participate in the program;
- How critical knowledge will be transferred to other workers; and perhaps most important,
- Identifying legal and compensation implications.

Organizational Buy-In

Identifying a core group to support and work with the human resource professional is important to ensure that the phased retirement program is successfully implemented. A core group of professionals might include the organization’s benefits and legal counsel. Having the support of the CEO and other top management is most critical to the success of the program as is ongoing employee participation once the program is implemented.

Mercy Health System in Janesville, Wisconsin, offers a variety of work schedules and has the flexibility to create jobs that are both employer and employee friendly.

The Work to Retirement program was formalized in 2005 and involves more than 100 employees. The program helps Mercy Health System retain their pool of skilled nurses by providing employees with a seasonal work option, flexible scheduling, a work-at-home option, and schedule reduction.

Stanley Consultants, Inc. in Muscatine, Iowa, implemented a telephone campaign to retirees when additional experienced staff was needed for a large electrical transmission project near the company headquarters. This resulted in seven retirees coming back on board for a few months to assist with the project.

Identifying and Integrating Phased Retirement Program Components

An organization's corporate culture and prior experience with flexible retirement arrangements can serve as a compass for creating a phased retirement program that appeals to workers 50+. Examples of alternative work arrangements used by organizations that can support or foster the establishment of a phased retirement program include: ¹⁰

- Job sharing;
- Telecommuting;
- Consulting/contracting;
- Casual employment (i.e., working or filling in on an "as needed" basis);
- Sabbaticals;
- Flex-time, part-time, or seasonal work; and
- Reduced work days and work weeks.

In addition to expanding work opportunities for workers 50+, a successful phased retirement program will need to be consistent with current law and provide employees with comprehensive information and education about how the program works and how participation in their employer-sponsored health, pension, and welfare benefits might be affected. Employer-provided education on financial planning and retirement readiness can give workers the necessary information to make informed decisions about their continued employment.

A benchmark or litmus test for assessing the success of a phased retirement program might contain the attributes noted by Penner, Perun, and Steuerle:

Ideally, a phased retirement program should be a routine employee benefit program that permits employees to adjust their work hours gradually as they transition into retirement. Its compensation and benefits—both pension and welfare—structure should be flexible. It should provide employers with reasonable and predictable costs, minimal administrative responsibilities, and legal protection against claims for age discrimination. It should enable employees to make an informed decision about participating and maintain current law protections for older workers, particularly for those who must work out of financial necessity.¹¹

Once a program is designed, successful implementation can be achieved through a comprehensive communication plan to publicize the program. Special attention also needs to be paid to court and regulatory rulings to ensure that the program is consistent and complies with the Employee Retirement Income Security Act (ERISA), the Age Discrimination in Employment Act (ADEA), the Internal Revenue Code, and other applicable federal and state laws.

At First Horizon National Corporation, employees over age 50 are assigned to a designated Retiree Employee Services Relationship Manager (ESRM) who works exclusively with retirees and employees approaching retirement. The Retiree ESRM provides one-on-one counseling to help employees approaching retirement begin the planning process. Prior to these sessions, the Retiree ESRM gathers specific employee information to provide personalized details to the employee.

During the session, the Retiree ESRM discusses various retirement scenarios in order to provide the employee with a complete understanding of the impact of age at retirement and years of service on retirement benefits. This ensures that employees have the information they need regarding vacation, retiree health care insurance, life insurance, pension, 401(k), stock options, and other resources to make informed retirement decisions.

Marketing a Phased Retirement Program to Your Employees

An AARP survey in 2005 of more than 2,100 Americans age 50+ found that:¹²

- Close to two in five older workers expressed an interest in participating in phased retirement; and
- Nearly four in five interested workers expect that the availability of phased retirement would encourage them to stay in the workforce past their planned retirement date.

In the survey, even those who are fully retired expressed interest in phased retirement, which suggests that offering such arrangements to workers 50+ before or even after their separation from the workplace could be beneficial to both employers and employees.¹³

Explanations behind phased retirement's appeal to skilled workers are varied. However, most of the reasons for continued employment can be categorized into four areas: work fulfillment, workplace flexibility, health care benefits, and retirement savings.

Work Fulfillment

Significant numbers of individuals have stated that they enjoy working and hope to work on a full-time or part-time basis, even if they are financially set for life. A 2002 AARP study of

workers aged 45 and older reported that 76 percent of surveyed workers said they would work in their retirement years because they enjoy it.¹⁴ The opportunity to make a contribution to society and help others, stay connected with co-workers, feel useful, and learn something new are motivating factors that compel many older adults to work into their retirement years. Mature employees anticipate working into their retirement years and they expect to work on more flexible terms.

Workplace Flexibility

The choice of work schedules and the gradual transition from work to retirement appeals to employees, many of whom prefer a reduced work schedule to either full-time work or full retirement. A survey by The Conference Board in 2002 of older employees in eight major companies found that a majority of the surveyed workers said that they “are willing to stay with their current employer, but only if offered flexible hours or part-time jobs that allow them more time and flexibility to pursue other interests and concerns.”¹⁵

More than half of the respondents age 50+ who expressed interest in phased retirement in an AARP survey reported that they would like to reduce their weekly schedule by at least 12

Securian Financial Group, Inc. in St. Paul, Minnesota, provides a broad range of financial products and services. It encourages employees to focus on work/life balance priorities. The company allows employees 26 days of voluntary unpaid time off, or to move to part-time or temporary employee status. Many use this as a bridge to retirement.

hours if they were participating in a phased retirement plan.¹⁶

A reduction in work hours can give employees the opportunity to balance non-workplace responsibilities and life interests without leaving the workplace entirely. In addition, reducing work hours allows employees to test retirement before fully exiting the labor force, thereby reducing the stress often associated with sudden retirement.¹⁷

Health Care Benefits

The need for health care benefits is one of the factors that workers between the ages of 50 and 65 have cited most frequently when asked to identify major reasons to work in retirement.¹⁸ This finding suggests that continued access to employer-sponsored health benefits may be used by organizations to retain their skilled and experienced workers. To address this employee need, many employers offer health insurance to employees who work part time. Some businesses offer employees the option to buy long-term care coverage and disability coverage. Employers that can provide these options to employees will be addressing an essential need of the skilled worker.

Retirement Income

Several economic factors influence the decision to remain in the workforce. The stock market boom of the 1990s and the bust at the turn of the century have left many workers 50+ questioning whether they have sufficient financial resources to retire. Another factor to consider is running out of money due to living longer than anticipated. The potential for benefit reductions in retirement is a concern for those determining whether to retire.

In the AARP survey, *Attitudes of Individuals 50 and Older Toward Phased Retirement*, respondents said that the most attractive feature of the hypothetical phased retirement plan presented to them was the ability to reduce their work hours and still receive pension benefits.¹⁹ When asked to rate the importance of continuing to accrue pension benefits, 87 percent indicated that it was very important or somewhat important that employees working under a phased retirement plan continue to build their employer-provided pensions.²⁰ Those surveyed said that a phased retirement program that would reduce the pension income that workers received after fully retiring would be the least attractive part of a phased retirement plan.²¹

The major barrier that St. Mary's Medical Center had to overcome in attracting retirees to part-time work was modifying the defined benefit plan from figuring the amount of retiree benefits based on the last five years of service to the five highest years of service.

Challenges to Implementing Phased Retirement and Proposed Regulatory Solutions

Many organizations have expressed interest in phased retirement but have been reluctant to adopt such plans until the legal issues are clarified.²²

Private pension law is not structured to provide benefits to workers who are younger than the defined benefit plan's normal retirement age. The proposed new regulations by the IRS, when made final, would help remove some of the barriers associated with the distribution of pension benefits before the normal retirement age. The proposed regulations would allow employees covered by traditional defined benefit pensions to begin phased retirement as early as age 59 and a half.²³ Information on the proposed regulations for phased retirement is available at the U.S. Treasury Department website:
www.treas.gov/press/releases/js2094.htm.



Ahead of the Curve: Cutting Edge Employee Programs

A different aspect of phased retirement deals with work schedules only. Some companies allow long-tenured and age 50+ employees to stagger or reduce their work hours, often shifting to part-time or per-diem status, with continued access to non-pension benefits such as health care benefits, vacation leave, or bonuses that otherwise would not be available to part-time workers. Several *Best Employers for Workers Over 50* awardees have flexible work arrangements that have been implemented at the discretion of individual managers.

Additional practices encourage work after retirement but not through phased retirement options. Some practices encourage the hiring of retired workers in part-time and contract positions. Workers have jobs that are similar to what they had before retirement, but they

receive the reduced pay and benefits of part-time employees or contractors. Such arrangements offer flexibility in work options as employees begin retirement and can be attractive to smaller firms where formal phased retirement programs are not feasible.

Many organizations have created innovative and successful flexible retirement arrangements that can help shape best practices for a phased retirement program. See Appendix C for profiles on flexible retirement arrangements instituted by some of the *AARP Best Employers for Workers Over 50* honorees. For more information about the *AARP Best Employers for Workers Over 50* program and employer best practices for recruiting and retaining 50+ workers, visit www.aarp.org/bestemployers.

Conclusion

The creation of alliances between employers, policymakers, human resource experts, and employees 50+ can help businesses forge innovative solutions that meet their core values and mission.

With adequate planning and a variety of work options, including phased retirement, businesses will be better prepared to meet any anticipated labor and skills shortages. By identifying the required skills of their current and future workforce, by monitoring key positions and employees affected by worker turnover and retirement, and by initiating succession planning for these critical positions, organizations can retain their most skilled and experienced workers through aggressive workforce planning efforts.

Employers cannot solve the challenges posed by shifting demographics and projected talent shortages on their own. The creation of alliances between employers, policymakers, human resource experts, and employees 50+ can help businesses forge innovative solutions that meet their core values and mission. Phased retirement policies and practices, if properly designed and executed, could become a hallmark of the American progress in meeting future labor needs.

Appendix A

Phased Retirement Considerations

The following items are considerations for organizations interested in developing a phased retirement plan in their workplace.²⁴

Planning Steps

- Have you analyzed your current and projected workforce staffing needs?
- Have you determined the number of employees approaching retirement and assessed how their exit from the workplace will impact your organization?
- Have you met with your CEO and top management to determine whether support for a phased retirement program can be obtained if a labor and skills shortage is anticipated?
- Have you assessed employee interest in a phased retirement program?
- Have you consulted with your organization's legal counsel to determine potential discrimination issues and explored any organizational liability for employees who retire while a phased retirement program is under serious consideration but not finalized?

Implementation Steps

- Have you reviewed the proposed phased retirement program with your CEO and top management?
- Have you reviewed your proposed phased retirement program with your organization's legal counsel?
- Have you communicated the program policy to all employees?
- Have you stressed the voluntary nature of the program to employees?
- Have you advised eligible participants to determine whether their participation in the phased retirement program will affect their Social Security and other benefits?
- Have you advised eligible participants to consult with a financial planner to determine other financial planning items for consideration?

Appendix B

Phased Retirement Resources

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Appendix C

Profiles of Phased Retirement

AARP conducted phone interviews, and examined materials and applications submitted by a cross-section of national and regional businesses and industries that received the 2005 designation as one of AARP's Best Employers for Workers Over 50 honorees to see how they are responding to the anticipated shortage of experienced workers.

Kelly Services

The company with the most unique take on phased retirement is Kelly Services, which is based in Troy, Michigan. After retirement, the majority of their full-time staff has access to part-time or project-based positions on a case-by-case basis. In 2004, Kelly Services formed a team of temporary employees made up of previous full-time employees with branch field office expertise. They are sent around the country to support branches needing short-term assistance. Team members are able to choose which assignments they are interested in, including the geographical areas they prefer and for the length of time they would like to work. This team has been very well received by the branches, which have instant access to fully trained staff. In turn, the people who make up the retiree team of temporary employees value the flexibility and variety that these assignments offer.

In its business of providing temporary staff, Kelly currently has more than 50,000 workers (age 50 and over) available for assignments. They believe that they offer one of the best work models for skilled workers by providing the retirees with a wide variety of opportunities and allowing them to select the

option that best meets their goals. **Kelly considers several of their programs to be “formal” because they were specifically developed with the clear purpose of targeting retiree pools and offering flexible opportunities for them to remain in the workforce.**

Kelly's customers often need an experienced workforce that is available for ramp-ups and special projects on short notice. In one example, they partnered with a client to create a program that allows the client to retain talented and experienced employees while adapting to the employees' needs for flexibility and challenges. **In 1999, Kelly developed a phased retirement program for a client, and today Kelly manages the education, recruitment, and deployment of the customer's retirees. This allows the client access to a pool of more than 250 age 50+ employees who have specific knowledge of its business and projects and can be deployed on short notice to work flexible assignments in a variety of locations.**

Kelly views its retiree programs as a win-win-win situation. The programs have allowed Kelly to continue to expand its employee base and ensure that it meets its customers' needs. The customers

have been able to retain valuable skill sets and adapt quickly to changing business needs. And the employees receive flexible and viable employment options.

Asked what advice they would give to other companies who are starting a phased retirement program, they **have found that it is helpful if companies modify their pension programs so that employee benefits are not impacted through continued employment. Companies should also set up parameters to determine which employees retired in good standing, put together a complete compensation package, and have a consistent program to inform both their current retirees and potential retirees of the opportunities available to them.**

Mercy Health System

Mercy Health System in Janesville, Wisconsin, offers a variety of work schedules and has the flexibility to create jobs that are both employer and employee friendly. **The Work to Retirement program was formalized in 2005 and involves more than 100 employees. It is targeted at retaining talented employees while at the same time providing them with a seasonal work option, flexible scheduling, a work-at-home option, and schedule reduction.** This program allows employees age 50+ with five or more years of service the opportunity to work 1,000 hours in a year at their discretion while maintaining full part-time benefits (health, dental, etc.) for the entire year.

In the seasonal work option, an employee can choose to work full time for five months, then take seven months off while still receiving Mercy benefits and coverage. To join the seasonal work program, the employee must be 55 years or older with at least 15 years of service. According to Vice President of Human Resources Kathy Harris, the biggest impediment in creating the program was to think outside the box.

First Horizon National Corporation

First Horizon National Corporation, a leading banking and home financing company in Memphis, Tennessee, has several unique aspects to their retirement program. They have flexible schedules, including a prime-time status where an employee

(with at least one year of service) phasing into retirement can reduce their hours to a 20- to 32-hour work week and continue to receive full-time benefits. The 401(k) Savings Plan also supports a phased approach to retirement with participants over the age of 59 having the option of making in-service withdrawals.

Employees over age 50 are assigned to a designated Retiree Employee Services Relationship Manager (ESRM) who works exclusively with retirees and employees approaching retirement to ensure their questions are answered and their needs are met. The Retiree ESRM provides one-on-one counseling to help employees approaching retirement begin the planning process. Prior to these sessions, the Retiree ESRM gathers specific employee information to provide personalized details to the employee. During the session, the Retiree ESRM discusses various retirement scenarios in order to provide the employee with a complete understanding of the impact of age at retirement and years of service on retirement benefits. This ensures that employees have the information they need regarding vacation, retiree health care insurance, life insurance, pension, 401(k), stock options, and other resources to make informed retirement decisions.

Securian Financial Group, Inc.

Securian Financial Group, Inc. in St. Paul, Minnesota (renamed from Minnesota Life or Minnesota Mutual), provides a broad range of financial products and services. **It encourages employees to focus on life balance policies. The company allows employees 26 days of voluntary unpaid time off, or to move to part-time or temporary employee status.** Many use this as a bridge to retirement. Securian has instituted an enhanced part-time benefits package for those who work 1,250 hours a year. Those transferring to part-time or temporary status, or using the unpaid time off program prior to retiring, cannot take advantage of the defined benefit plan, but can (assuming they are age 59 1/2+) make use of the retirement savings plan 401(k). A number of employees telecommute, including retirees who want to return to work.

The Aerospace Corporation

The Aerospace Corporation based in El Segundo, California, provides independent technical and scientific research, development, and advice to U.S. space programs. **It offers pre-retirement programs that enable employees to begin a gradual transition out of their careers. These programs allow the company to continue to benefit from the accumulated experience and skills of employees approaching retirement.** Employees have the option of working part time (20 to 40 hours a week) or taking a leave of absence before retirement. If an employee chooses regular part-time work or takes a leave of absence, he or she cannot collect retirement benefits.

In addition, **since 1985, Aerospace has rehired retirees on a “casual” (20 hours a week or less) or temporary basis. This allows employees to transition out of the workplace while collecting full benefits.** The casual retiree can work up to 1,000 hours per year. The company estimates that the 200 to 250 casual employees range in age from 62 to 90.

St. Mary’s Medical Center

Phased retirement programs can be as simple as the one at St. Mary’s Medical Center in Huntington, West Virginia, which is based on offering part-time work. **The part-time employee can continue to earn pension years of credit without impacting their pension earnings as long as at least 1,000 hours are worked in a calendar year.** The major barrier that the hospital had to overcome in attracting retirees was modifying the defined benefit plan from figuring the amount of retiree benefits based on the last five years of service to the five highest years of service.

Mitretek Systems

Mitretek Systems in Falls Church, Virginia, is a nonprofit scientific research and engineering corporation. Currently **Mitretek has more than 200 employees that are eligible to retire. Mitretek offers a phased retirement program to regular full-time employees as a transition to retirement.** An individual works in a regular part-time status (20 hours or more each week) and may collect partial

benefits. **Participation in this program is not a vested right—Mitretek considers requests for phased retirement on a case-by-case basis.**

Employees must be at least 55 to participate in this program. They can continue to make retirement contributions and receive Mitretek matching contributions based on their adjusted base salary. Benefits such as medical and dental coverage will continue while the individual is in the program, although employee-paid premiums may be higher because of the part-time status category the employee is placed in. Life insurance, accidental death and dismemberment, and long-term disability will also continue at a reduced benefit amount based on the part-time status. Premiums will be lower, consistent with the adjustment in coverage.

Cinergy

Cinergy, an energy company in Cincinnati, Ohio, has a phased retirement program positioned for when their employees approach retirement age. This program is a tool to help management address the workforce challenges they will face in the next five to seven years as 50 percent of the employees become eligible for retirement. **Candidates are selected by management based on skill sets, need, and the ability to accommodate a phased retirement schedule.** To participate, employees must have stated their intent to retire, be full retirement eligible, and be willing to work between 20-31 hours per week. Retirees may return as only contractors, consultants, or vendors.

Stanley Consultants, Inc.

Stanley Consultants, Inc. in Muscatine, Iowa, provides engineering, environmental, and construction services worldwide. **The company is very flexible in arranging reduced work schedules for members who are interested in a phased-in retirement program.** At any given time, they typically have 10-20 members taking advantage of the program. Since each situation is different, **the company handles these arrangements on a case-by-case (sometimes project-by-project) basis in order to reach the best win-win situation for the individual and the company.** For example, additional experienced staff was

needed for a large electrical transmission project near the company headquarters. A telephone campaign to retirees resulted in seven retirees coming back on board for a few months to assist with the project.

The company regards experience as very important in its service to clients. “As long as our members...perform well, we’ve always encouraged them to keep on working,” says Stanley Consultants President and CEO Gregs Thomopulos. “In our business people with a lot of years of experience are like fine wine. The older it is the better it gets.”

Director of Human Resources Bob Berg recommends that phased retirement programs take advantage of the knowledge and experience of skilled employees and use them as mentors.

Employees in the program range in age from 62 to 84.

Scripps Health

As an operation that runs 365 days a year, 24 hours a day, Scripps Health in San Diego, California, states that it is committed to meeting the needs of employees so that they can continue to recruit and

retain the most talented staff. In order to accommodate those employees who are considering retirement options, Scripps has implemented retiree benefits in a phased approach. **As part of the Scripps Life Cycle employment concept, the organization looks for ways for employees to phase into retirement over a period of years by providing flexible scheduling and benefits to part-time employees.** This has proven to be a win-win situation for both Scripps and retiring employees in that individuals may select their retirement options based on their lifestyle. As an employer, the program allows Scripps to retain a highly skilled employee base with a wealth of experience and to keep the older, experienced employee on the payroll for as long as possible. As a health care provider and employer, Scripps is very aware of the rising costs of health care, and especially its impact on retiring employees. **They offer several health insurance options for phasing retirees—early retirement, staged retirement, and Medicare-eligible retirement. At Scripps,** the average age of an RN is 47, and it is continuing to rise.

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- 21 Ibid.
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- 23 AARP and SHRM support providing more flexibility to employers and employees in designing a phased retirement program as part of a defined benefit pension plan that allows individuals to continue accruing retirement benefits while receiving a pension distribution.
- 24 SHRM, *Phased Retirement Considerations* (Alexandria, VA: Society for Human Resource Management, 2005).



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AARP and SHRM recognize that future success depends on uniting strategic business needs with workplace practices that maximize the experience of mature workers. AARP and SHRM collaborate on strategies to create business solutions to address an aging workforce.



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