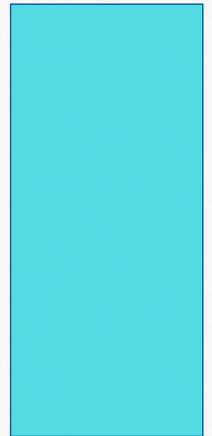


EMPLOYEE BENEFIT RESEARCH INSTITUTE

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WHAT'S AN EMPLOYER TO DO?

- More employees will need to remain working.
- More employees will realize they can't retire, or retire fully, and wish to or need to re-enter the workforce.
- Highly skilled/knowledgeable workers are more likely to be able to retire, creating critical brain drains.
- Employees "aging in place" may require greater accommodations for age-related disability.

WHAT'S AN EMPLOYER TO DO?

- First and foremost, avoid the lure of the “**IBR**” approach.
- What's the IBR approach?
 - *I'll*
 - **Be**
 - ***Retired!***
- Otherwise known as “Not My Problem!”

WHAT'S AN EMPLOYER TO DO?

Workforce Planning:

- Develop an understanding of the current workforce profile to prepare for where it will be in the future and where it will need to be.
- Employers need to do some basic workforce planning by asking employees about their tentative plans.
 - It's not illegal to ask about retirement plans unless you use the information to discriminate in some way.
- Identify what the future needs of the organization are; what type of talent will be needed, where, when and how many?
- Scenario planning to prepare.

WHAT'S AN EMPLOYER TO DO?

Practices to consider:

- Help employees understand their retirement benefits, Medicare, Social Security.
- Provide outside expertise to help employees understand retirement and investment basics;
 - Help employees have realistic picture of retirement income security needs
 - Help employees understand impact of time and saving rates.

WHAT'S AN EMPLOYER TO DO?

Practices to consider:

- Automatic enrollment, and not just for new employees
 - “back sweep” current non-participating employees.
 - AON/Hewitt experience is that negative feedback for doing so is rare.
- Automatic escalation

Employers can't **make** employees prepare for retirement; but employers can provide tools to help.

WHAT'S AN EMPLOYER TO DO?

- Understand the demographics of your workforce and the impact an aging workforce may have on health insurance costs.
 - Type of work matters – i.e. labor intensive vs. knowledge worker
 - Increased costs may be offset by lower cost for dependent coverage, lower turnover, lower absenteeism.
 - Health care legislation is wild card in planning/anticipating what the costs might be in the future.

WHAT'S AN EMPLOYER TO DO?

When Employees Don't Retire:

- Ensure that they remain engaged, using all the research available on increasing employee engagement. Some may not be happy to be there!
- Continue focus on technology training.
 - Consider reverse mentoring.
- Take advantage of it. Older workers can transfer knowledge between generations, transmit company values to new hires, make excellent mentors for younger employees. This role can also increase engagement.

WHAT'S AN EMPLOYER TO DO?

When Employees Don't Retire:

- Likely to impact other employees' expected career path and progression.
- Begin using more lateral movements to allow employees to continue learning about the business, gain new skills and abilities, and become more valuable to the organization.
- New career progression vocabulary: "Career Lattice" not "Career Ladder."
- Again, focus on engagement issues for **all** employees.

WHAT'S AN EMPLOYER TO DO?

When Employees Don't Retire:

- Concerns over challenges of older workers reporting to younger workers are overblown.
 - Many older workers have managed before, and are happy to have a job with no management responsibility
 - Those issues that exist can be handled with training and clear expectations that employees are expected to treat each other with respect.
 - Understanding differences in communication styles will be critical. (instant messaging vs. face-to-face)

WHAT'S AN EMPLOYER TO DO?

SHRM 2010 Employee Job Satisfaction Survey:

- All four generations rated benefits among their top three contributors to job satisfaction.
- Common determinants of employee job satisfaction across the generations were:
 - Opportunities to use skills/abilities,
 - The work itself, and
 - The organization's financial stability.
- Job security was ranked highest by the youngest employee demographic group
- The oldest employee segment rated benefits as their top contributor to job satisfaction.

WHAT'S AN EMPLOYER TO DO?

When Employees Don't Retire:

- Lead with mission: As employees age, they become more altruistic. Emphasize the positive impact of older workers' efforts on the world around them.
- Forge social connections: Many older employees keep working to maintain social relationships. Offer tasks that require interaction with others.
- Provide different benefits: Tailor benefits--such as elder-care insurance programs or discount medication--to older workers' interests.

From: *Managing the Older Worker: How to Prepare for the New Organizational Order*, Capelli and Novelli, HBS Press, 2010

WHAT'S AN EMPLOYER TO DO?

When Employees Don't Retire:

- Issues around managing older workers are consistent with what's known about effective leadership:
 - communicate clearly about issues and challenges,
 - involve employees in decisions,
 - delegate tasks,
 - recognize contributions, and
 - acknowledge what the older subordinates know.

WHAT'S AN EMPLOYER TO DO?

When Employees Don't Retire:

- Be more flexible with job design; redesign should be considered, to allow changes to accommodate age related disability.

WHAT'S AN EMPLOYER TO DO?

When Employees Don't Retire:

- Adopt flexible scheduling policies and options –flextime, telecommuting, compressed and reduced schedules, and more.
- All employee will benefit from this
- Will allow for more effective transfer of knowledge if older workers are still attached to the workforce – even on a part-time basis -- and available to answer questions/pass on knowledge.
- Legislation to amend FLSA to give more flexibility would be helpful for more flexibility (i.e. compensatory time for hourly employees).

WHAT'S AN EMPLOYER TO DO?

When Employees Don't Retire:

- Consider allowing workers to phase out of full-time employment until they can afford to completely retire.
- “Phased retirement” can be:
 - Allowing workers to work on a reduced or modified basis as they approach retirement;
 - Allowing workers who are already eligible for retirement to collect some portion of pension benefits while they continue to work;
 - Allowing the rehiring the organization's own retirees, or

WHAT'S AN EMPLOYER TO DO?

When Employees Don't Retire:

- “Rehearsal retirement,” providing the chance to work part-time with an employer and offering non-paid hours to a volunteer organization, such as that offered by Kollmorgen Corporation's Electro-Optical Division in Northampton, Mass.

WHAT'S AN EMPLOYER TO DO?

When Employees Don't Retire:

- Create temporary pools --
 - Example: Travelers offers “unretirement” parties to entice its own retirees as well as other older adults to join the pool of part-time and temporary workers to meet the organization's temporary staffing needs.
 - Example: Aerospace Corp. of southern California allows skilled retirees to work up to 1,000 hours each year without jeopardizing their pension benefits.
 - Allows for some ongoing income for retirees, with much greater flexibility.

WHAT'S AN EMPLOYER TO DO?

When Employees Don't Retire

- “Snowbird” programs
 - Example: CVS and Home Depot created “snowbird” employment programs that let an older worker sign up for six months at a store in the north and get a similar job in the south in the winter, when they go south.
 - Saves on training costs; seasonal workers already trained.
 - Example: “Tired of cold, gray winters? Spend six months enjoying the mild temperatures and historic charm of Savannah, Ga. Memorial University Medical Center is looking for snowbird nurses to work as casual Team Members”.

WHAT'S AN EMPLOYER TO DO?

When Employees Don't Retire:

- Critical issue is likely to be providing access to some level of health insurance.

WHAT'S AN EMPLOYER TO DO?

Be Prepared for More Age Discrimination Litigation:

- An experiment conducted by Capelli and Novelli for their book ***Managing the Older Worker*** sent two otherwise identical applicants -- except for age -- to apply for entry-level sales and management jobs.
 - The older applicant got less favorable responses 41 percent of the time, and in three-quarters of the cases, the older candidate was rejected before they could even present their qualifications.
 - Where both candidates were offered positions, the older candidate was offered lower-value health insurance in one-third of the cases.
 - Controlling for other factors, the older candidate faced discrimination one-third of the time for sales positions but 100 percent of the time for management positions.

WHAT'S AN EMPLOYER TO DO?

But Don't Forget: Take Advantage of a great labor pool:

- Retirementjobs.com
- seniors4hire.org
- seniorjobbank.com
- yourencore.com (specializes in life sciences, consumer sciences, food sciences, specialty materials, and aerospace and defense industries)

THANK YOU

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