

An HR Manager's Complete Guide to

# Transition to Retirement



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# Why managing the transition is more important than ever

The 21st century has heralded all sorts of changes – from the proliferation of the #metoo movement, to a whirlwind of new technology, to [the fact that the employee experience is more critical than ever](#), HR Managers now have more complex roles than ever. But in the midst of all this change, one huge challenge has been overlooked: the fact that the majority of our leaders and senior staff are about to retire.

In what some experts are now calling the '[Baby Boomer Retirement Crisis](#),' research shows that over the next 5 years, [5.5 million of our most experienced employees will leave the workforce](#). What they'll take with them is incredible talent, unreplicable business knowledge and experience that can't be trained. HR Managers need to act now to prevent a huge loss.

Yet as we all know, the transition to retirement can be bumpy at best, disastrous at worst. Many boomers can't imagine life without work: they've been with you for decades, and the role and the relationships they've built are life-defining. And others simply can't afford to leave work (yet), they've become victims of super legislation introduced too late, or heavy financial crisis losses. And others still are just afraid: they've seen their friends say the word 'retirement' at their workplaces and they've been slapped with an almost-immediate redundancy.

We, as a profession, owe our longest-serving, most loyal staff a better transition than this. And we owe it to our organisations to manage it better, too. But how?

This guide will help you, as an HR or Operations Manager, or even business owner, to avert your own baby boomer retirement crisis and ensure that your most senior employees have the transition they want and deserve.

## Starting the transition

### Retirement vs. redundancy

With the proliferation of the #metoo movement, we've all become that bit more aware of behaviours that we can no longer tolerate from our people. Mature workers have not yet had their own #metoo movement, but all signs point to the fact that they soon will.

According to the Equal Opportunity and Human Rights Committee, [discrimination against mature workers is widespread](#). And so much so, that numerous cases have started to make the news. Take, for example, [IBM, who are now being sued in a massive class-action lawsuit for allegedly laying off 20,000 mature-age workers](#). And they're not alone – WeWork are also being sued for [firing a 62-year old senior vice president, and replacing him with someone 20 years younger](#).

From an HR perspective, sometimes we're put in a difficult position: sustain an older employee who is essentially 'stuck at the top,' or offer a redundancy package. While the former might seem like the easier (and less expensive) option, and indeed, sometimes it's what the employee wants, it's also a risky decision. Can we legally justify a genuine redundancy? And even if we can, should we?

In most cases, a transition to retirement could be an equally good, if not better option, to give the departing employee the dignity they deserve.

# Transition conversations

Even for HR, the department trained to deal with all things uncomfortable, transition to retirement can still be the elephant in the room. How do you even begin the conversation? Who do you ask? How do you not 'assume?' This is an area fraught with complexity, but given that most boomers are at least thinking of retirement in their future, it's certainly an area that needs to be addressed.

There's no one way to start having retirement conversations, and it may depend on the age of your people, or on other factors that require the conversation to be had sooner, for example WHS requirements or injuries. To ease the burden, though, here are our top tips for starting the conversation:

## 1. Start early

Research shows that you should plan for retirement, from a whole-of-life perspective, [at least 5 years before the event](#). Although there is no one right 'time' from a work perspective, starting conversations on what a transition might look like could take place at any time from this time.

What 'age' this might represent is tricky. For those planning to retire and live from their super, this could be anytime between 55 and 60 ([although the average retirement age is far higher than this, now at 63](#)). And for those planning to retire onto the aged pension, they may be able to do so at 65, although the age of access is increasing, and will be 67 by 2023. In a nutshell? It's not safe to assume, better to ask.

**Whatever your employees' situation though, it's always best to start the conversation early.**

## 2. Initiate the conversation

Many employees are thinking of retirement far before you'd ever ask them, but are too afraid to bring it up for fear of looking like they're not committed to their role. Take this stress away from them by initiating the conversation.

## 3. Make it clear it isn't a redundancy

Employees meeting with HR automatically become fearful, so it's better to proactively address any concerns they have. Begin any conversations by ensuring that staff know that the discussion is about the best way to transition to retirement, **and that it isn't about a redundancy.**

## 4. Let them know they're in the driver's seat

Your people will get the most out of their final years with you if they feel that they're in control. As such, it's important to present options to your people, but let them know that they're able to drive the process and that they have a genuine choice between the options you're presenting.

## 5. Make options attractive

When meeting with staff, you or your line managers may already have an outcome in mind: for example, it might be more financially viable for you for groups of employees to transition to retirement while working part-time. But whatever the outcome you have in mind, try to help your staff see the benefits in it for them. For example, if you're wanting them to work part-time, consider explaining the lifestyle benefits of this and the opportunities to volunteer or start a project on the side.

## 6. Be transparent about policy

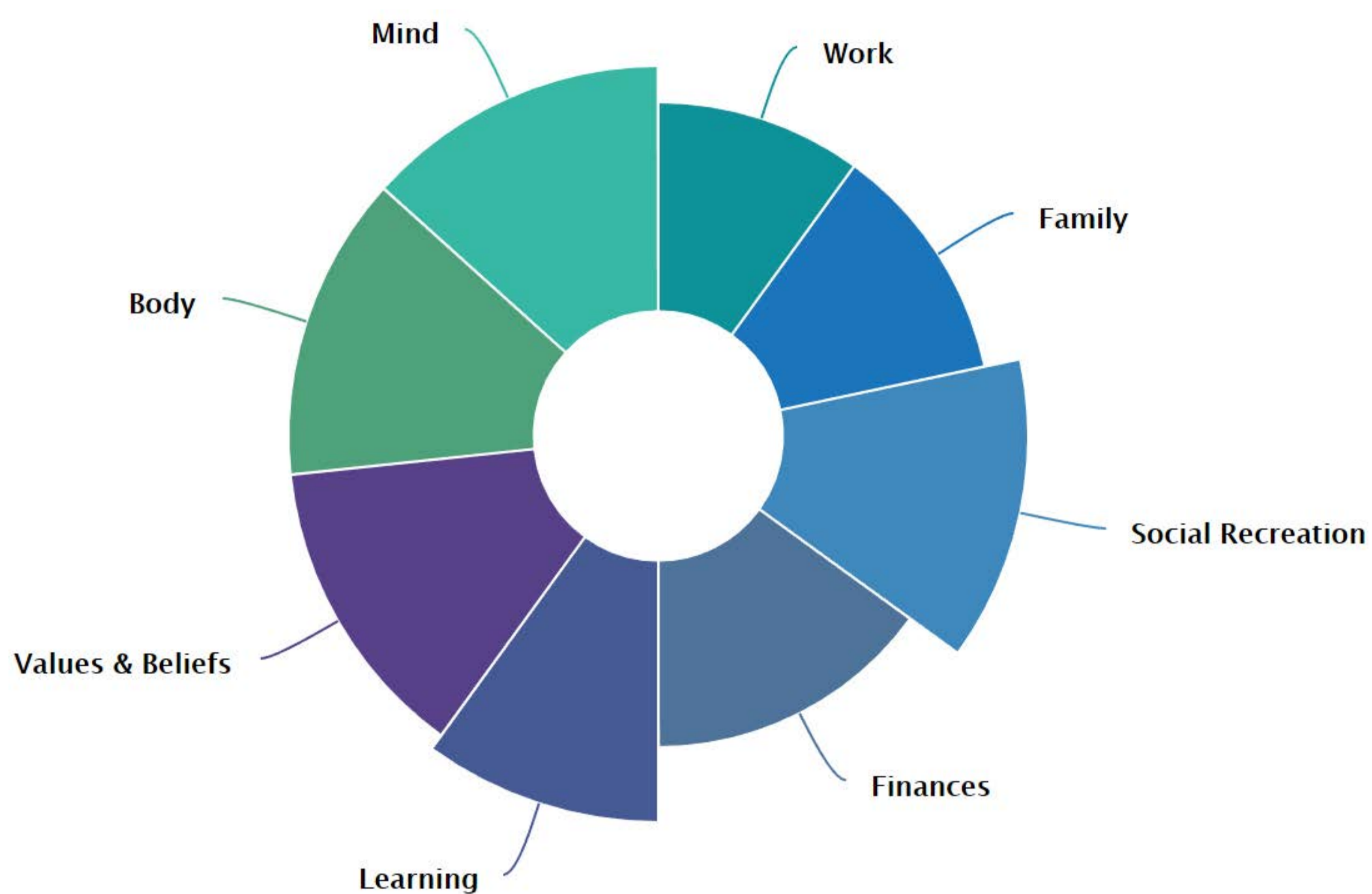
If your organisation has a policy where employees have to retire by a certain age, be transparent about this. It's likely the staff member will already know, so it's important that you both agree that that will be their likely end date.

## Creating goals

For some people, retirement is what they've been longing for their entire working life and they've got a whole host of plans they can't wait to execute. Yet for most employees, work plays a central, if not defining, role in their life. For these people, a transition to retirement is even more essential.

But what should this transition look like? From an employees' perspective, it should be about much more than just slowing down or stopping working. Instead, it should be a process of self-discovery, where people look to replace the time they've spent working with exploring long-held interests and personal goals. They should do so by creating a Life Plan: a holistic, actionable plan where they create goals - and work towards them - for a number of different areas of their lives.

From a best-practice and duty-of-care perspective, helping your people create a life plan can ensure they have the best transition to retirement possible. So soon after you've had your initial conversations with staff about their retirement, it's important to help them make a plan, using a tool such as [The Wheel of Life tool](#). Using a Wheel of Life tool or similar, staff should begin to make goals in a number of areas, by asking themselves questions such as:



- **For Family:** Do you have grandchildren or children you'd like to care for? Do your parents live independently, and do you anticipate they'll need help?
- **For Work:** Would you be interested in doing skilled volunteering? Is there paid casual work you'd be interested in?
- **For Wellbeing:** Do you feel mentally healthy?
- **For Health:** Are you getting the required amount of exercise? Are there new types of exercise you'd be interested in exploring?
- **Community:** Are there community activities you'd like to be involved in? Are there causes you're passionate about that you'd like to volunteer for?
- **Learning:** Do you have a hobby or new skill you'd like to learn?
- **Finances:** Do you have a financial plan for your future? Have you created a will? Will you be eligible for any government pensions?
- **Recreation:** Do you have any holiday plans for special aspirations for your retirement?

By thinking about retirement more holistically, your people will feel more goal-driven, empowered and organised, and less fearful about what retirement might bring.

## Financial considerations

Although financial considerations are only one part of the Life Plan that you should help your people create, it is an important part – as it will enable them to achieve their other goals in retirement. At the very minimum, you should give your staff access to the following financial planning assistance:

### 1. Superannuation advice

If you have staff that are 5 years away from retirement, what shape should their super be in? And when can they access it? It's important your people have access to everything they need to know to grow and access their super.

### 2. General financial planning

If your people have assets they need to manage, for example properties or shares, they need to understand how this might affect their super or their pension.

### 3. Pension eligibility

Will your staff be eligible for the government pension? Help them understand the requirements.

### 4. Will planning

If your people don't have a will, help them access a provider so they can create one.

## EAP

As with any transition in the workplace, and indeed, any transition in life, employees may feel they need extra support to work through their situation. When having retirement conversations, ensure your people have easy access to EAP services.

Once retirement conversations have been conducted, and personal, holistic goals put in place, it's time to create a meaningful plan for your people's actual transition to retirement.

This plan should include mechanisms to achieve their – and your organisation's – goals for their retirement, and should include formal arrangements such as mentoring, workplace flexibility, and succession planning. Here's what you need to consider for each of these:

# Managing the transition

## HR goals for transition

When creating a plan for what a transition might look like for your employees, it's important to remember what your goals should be in this time. For you as an HR representative, and for line managers, you should aim to:

- **Enable your people to achieve their goals:** Using the Wheel of Life tool or similar, your employees should have identified multiple goals for their transition and ultimately for their retirement. It's likely these goals will take time to achieve, so you should support your people in creating a plan that involves part-time or flexible work, so they have the time required to transition.
- **Create a culture where retirement is celebrated:** If your staff fear that they'll be made redundant, discriminated against or replaced, they'll approach their retirement with fear. Create a culture where their skills are effectively transferred, and their achievements and commitment is celebrated.
- **Skills transfer:** As your retiring employees are your most experienced, it's important you make a formal plan for skills transfer. This may take the form of mentoring, job sharing or documenting ways of working.
- **Succession planning:** If your organisation is a microcosm of society, you'll likely have a significant number of staff retiring soon. If this is the case, you'll need to carefully plan how to replace staff as they leave, or who to pair them with in a job share situation (more on this below).

# Mentoring

Mentoring is such a great tool for HR teams and businesses. Not only does it help with knowledge and skills transfer, but it can also help with motivation: giving someone the opportunity to teach others what they know can be incredibly rewarding and as such, help improve productivity and engagement.

Employees who are planning to retire should be given a number of different opportunities to mentor others, and the time required to do this should be catered for in the employees' role. Mentoring may take many different forms, for example:

## 1. Planning and running a training session

Does your soon-to-be retiree specialise in an area that is critical to your company? Or could they teach less experienced employees a thing or two about leadership or business management within your organisation? Giving your people the opportunity to train others can be a great way to transfer critical skills and knowledge.

## 2. Formal mentoring programs

Sometimes, your departing staff are so experienced and skilled, that one or a few training sessions will not suffice. In this case, consider setting up a formal mentoring program, where your people meet with less experienced staff, regularly, and discuss their areas of expertise (a formal plan is recommended for this, so it's most productive).

## 3. Informal mentoring

If your staff aren't keen on a formal program, then consider setting up a more informal arrangement. This could be as simple as creating a buddy system where a new starter shadows them, or ensuring that junior staff are on their project teams.

# Flexible work

Transitioning to retirement is all about starting to replace the time your employees have spent working with exploring long-held interests and personal goals. And to do that, they need one thing: time.

To help ease the retirement transition for your people, there are 3 different types of flexible work that you can offer them:

**Flexible work:** Does one of your staff want to play golf every Tuesday and Thursday morning? Or perhaps they want to spend a morning taking their grandchildren to school? Whatever it is, enabling them to have the flexibility to do it will help immensely with their transition. Offer flexibility to your people with their start and finish times and if possible, with their working location as well.

**Part-time work:** The goal of a retirement transition is to eventually replace most of their working hours with different activities. And to do so, a couple of mornings or afternoons a week may not suffice. Offering to transition your employee's roles to part-time (if finances permit) is a great way to help them start undertaking other activities.

**Job-sharing:** Job-sharing is the most beneficial type of flexible work, as it combines mentoring with the freedom for your people to do other things. A job-share is usually undertaken with a more junior employee, and most often involves a one-day crossover, so your retiring staff member can guide and mentor on the day that they work with the less experienced employee.

# Succession plans

Given the sheer volume of baby boomers that are about to retire, it's likely that your business will need a robust succession plan, as up to ¼ of your workforce could be departing in the next few years. In order to create this, it is recommended that you:

## 1. Create a report of departing staff

Transition to retirement conversations (and associated planning) should be taking place annually, at least. When you initiate these conversations, you should also run a report on the staff that you believe will be departing. This report should cover not only the current year, but the next 2-5 years.

By creating this type of report, you'll have visibility over the types of roles that you'll need to fill, and when you may need to fill them.

## 2. Identifying and growing future internal talent

One of the best ways to begin the process of replacing staff who will retire is to develop talent from within your business. As the transition to retirement process will take 2-5 years, you'll have ample time to do this.

People you've identified as talent within your business should be paired with soon-to-be retirees (if they're good performers) to make the most of any mentoring or job-share opportunities, if they're interested in doing so. This will ensure that when the time comes, you'll already have staff trained for the roles you need to fill.

## 3. Talent pooling

For some roles, you may need to look outside the business. If this is the case, endeavour to talent pool these roles early, especially if they are for hard-to-find skills.

# Measuring progress against goals

When setting up and monitoring the success of formal structures for the transition to retirement, such as part-time work or job-sharing, it's easy to forget about the reason they were created in the first place, and that is: to help your people meet their personal goals.

Throughout the transition to retirement phase, it's important that you, or your external provider, regularly check in with your people to ensure they stay motivated and are on track to meet their goals.





# Completing the transition

When the time comes for people to retire, it is important for the organisation to celebrate the employee's contributions and achievements. Not just for the employee who is leaving, but other employees too, who see that the organisation values people, their commitment and service until the end.

Providing employees the tools and support to make their transition on their terms can have a huge impact on their post retirement life, their sense of who they are beyond work, and support them to build the networks and bridges to the new things in their life that will provide meaning and purpose.

Alternatively, not providing this support can leave people feeling isolated, depressed and without purpose in their post retirement years, all of which contribute to greater mental and physical health issues and relationship breakdowns.

It is also important to stay in touch with your retirees, they may still be of value to the business with their new ventures, long standing contacts and knowledge. Consider including them in some corporate events, or for a get together with key teams. It will make them feel valued and send a strong message to your current employees that you are an employer to stay with for the long term.



**Transition to retirement should be about retiring to not retiring from!**

*Career Money Life has partnered with Changing Gears to create a program that makes the transition to retirement for your people smooth and meaningful.*

*Within our program, staff first attend a workshop that shifts their thinking about what's possible, then they go on to create a life plan, using our interactive online tool. We provide your people with ongoing support to achieve their personal goals, including giving them access to our digital benefits platform, which features thousands of different services and providers - so they can create a truly unique retirement experience.*

Learn more [here](#) or [contact us](#) to request a demo.

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