

Retirement Preparation for the Organization

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Consulting with individuals and organizations on the new retirement

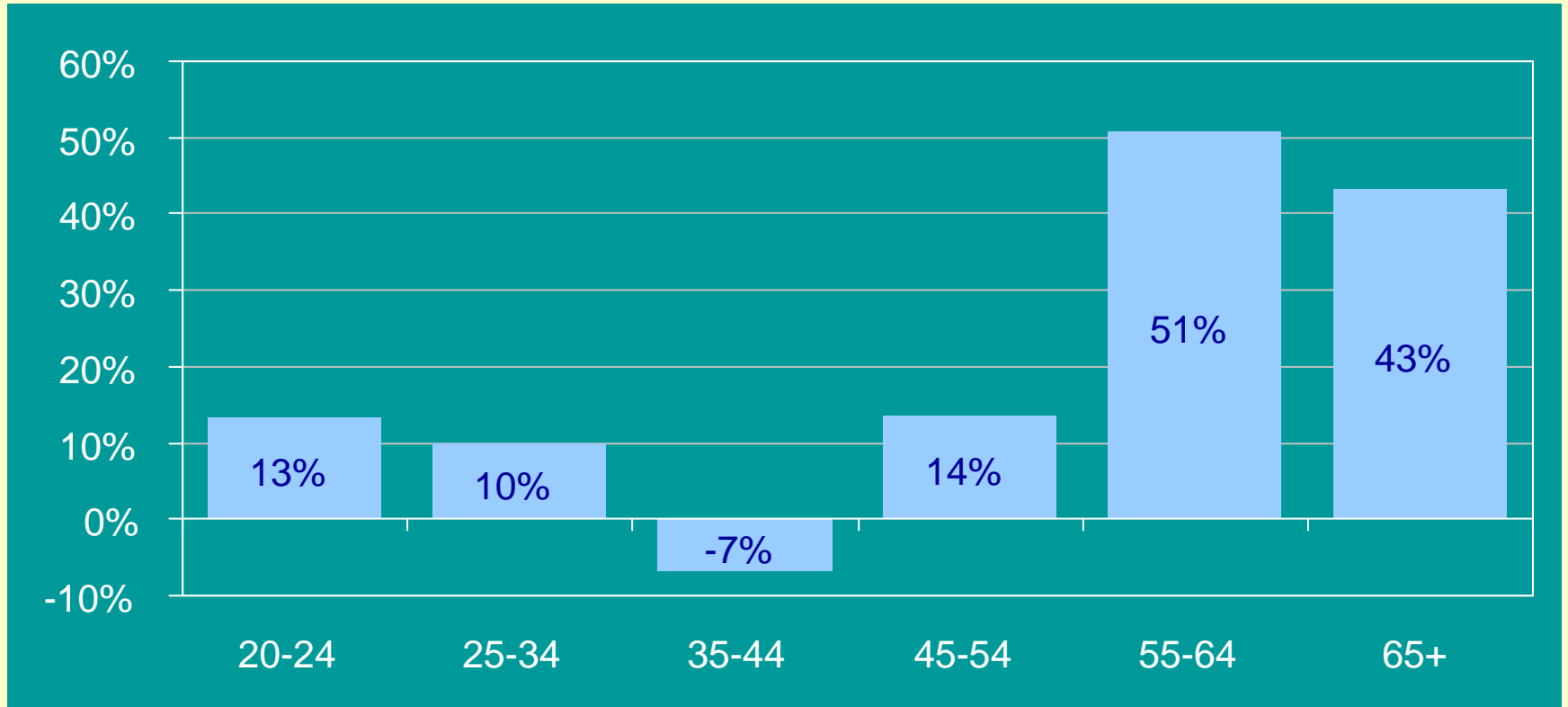
Creating a New Relationship of Work/Retirement



- Retirement is not about
 - . . . achieving a certain age
 - . . . working to a certain age
- Retirement is about
 - . . . Managing the spread of skills throughout the organization
 - . . . Developing mentoring/coaching roles for experienced workers to retain critical skills/knowledge
 - . . . Ensuring older workers of a "soft landing" into their lives after full-time work



Projected % Change in Labor Force by Age Group, 2002-2012



Employee Perspective

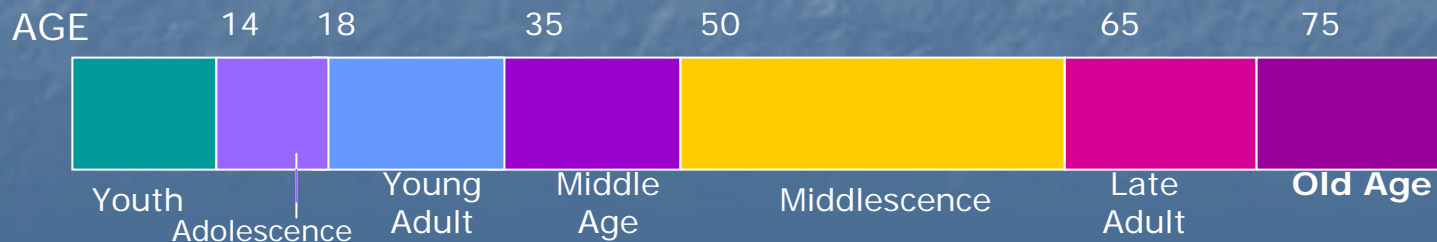
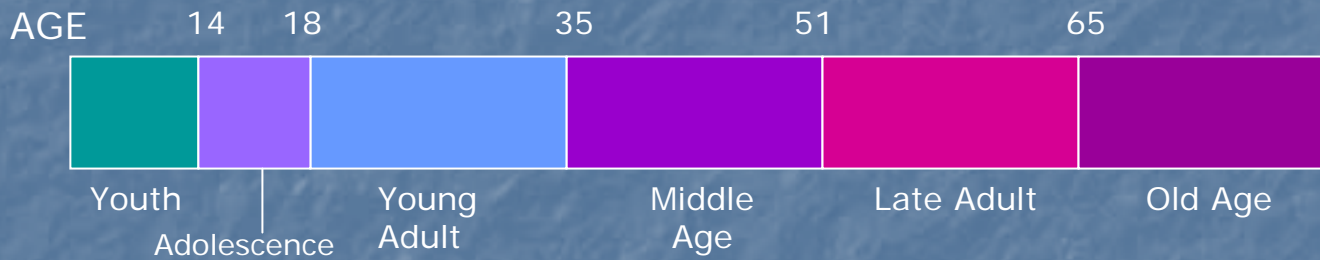
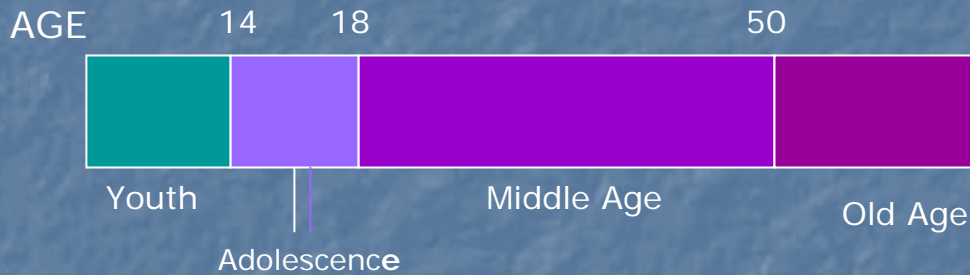
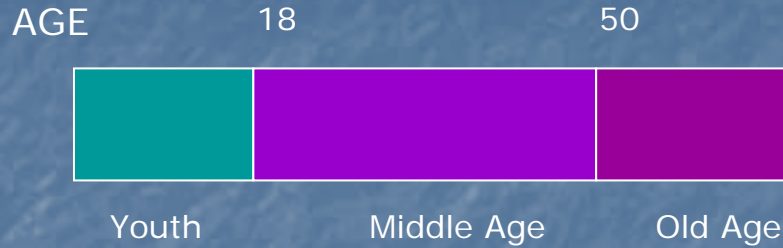


Key Factor: Age at "Retirement"

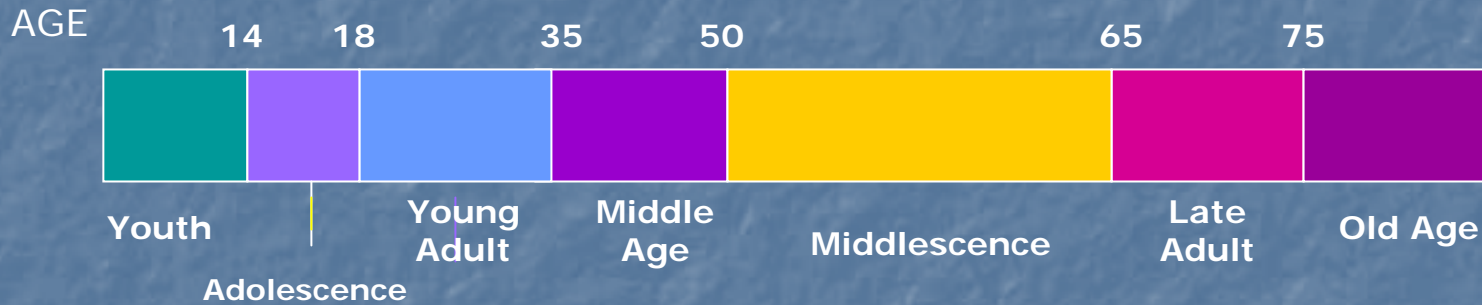
- Boomers much less likely to associate retirement with the traditional retirement age of 65.
- Nearly 70% of workers who have not retired report that they plan to work into their retirement years or never retire.
- Almost half of workers 45-70 indicate that they envision working into their 70s or beyond.



What We've Learned About Adult Development



What We've Learned About Adult Development



Four Phases in the Second Half of Life

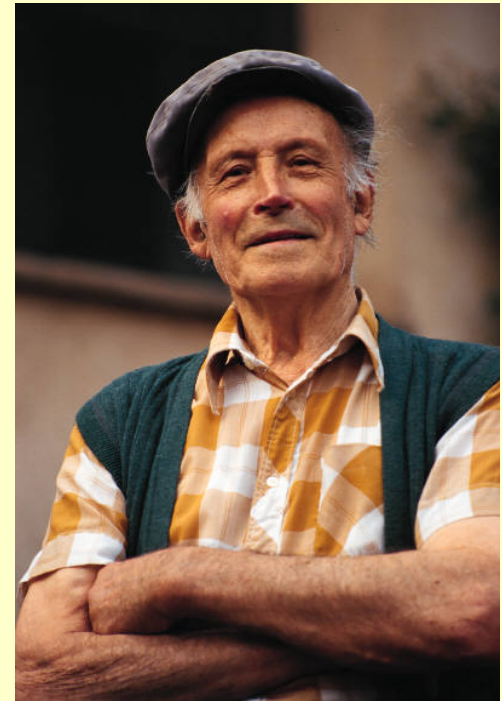
- Phase I - Re-evaluation
 - From 50 on, adults search for new ways to bring meaning to their life
 - The "midlife crisis" from a positive perspective



The Creative Age: Awakening Human Potential in the Second Half of Life Dr. Gene Cohen (Avon Books)

Four Phases in the Second Half of Life

- Phase II - Liberation
 - In one's 60's and 70's
 - Added freedom from work and family fuel creative endeavors
 - Reaching some comfort about "why" they are, they ask "if not now, when?"



The Creative Age: Awakening Human Potential in the Second Half of Life Dr. Gene Cohen (Avon Books)

Four Phases in the Second Half of Life

- Phase III - Summing-up
 - From the 70's on
 - People more urgently seek the meaning in life by looking back, summing up and giving back
 - Autobiography, storytelling and philanthropy are common

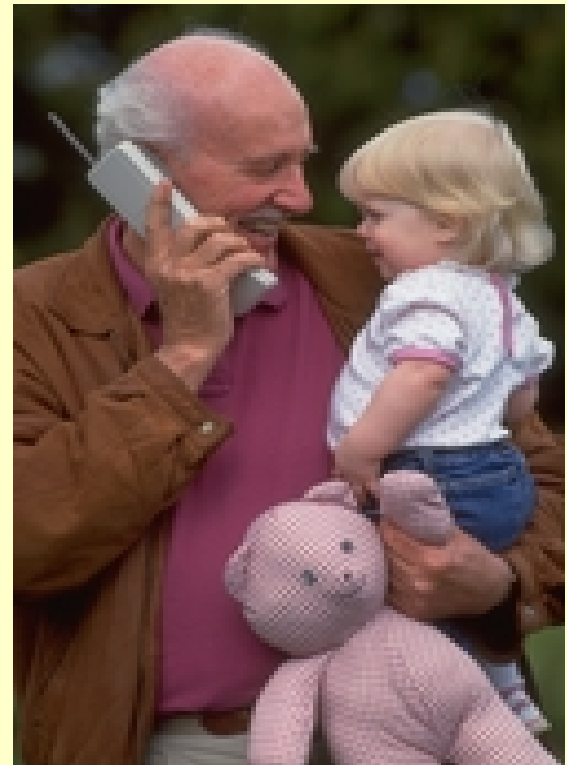


Four Phases in the Second Half of Life

- Phase IV - Encore
 - Age 80 and beyond
 - Marked by a desire to further contribute, affirm life, celebrate one's place in family or community
 - Take care of unfinished business

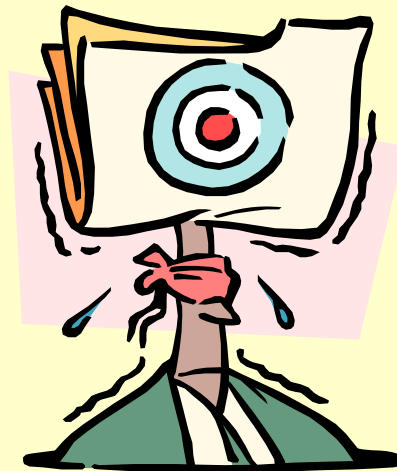


■ *The Creative Age: Awakening Human Potential in the Second Half of Life* Dr. Gene Cohen (Avon Books)



Key Factor: Financial Need

- Financial need is a primary reason that individuals are choosing to work longer
- Postponed retirement as a result of stock market losses and market uncertainty



Key Factor: Financial Need

- Boomers are not financially prepared to retire because of high levels of debt and low levels of savings.
- Retirement Confidence Survey (EBRI) consistently reports that few workers report calculating how much money they will need to have by the time they retire.



Personal Saving/Retirement Saving

- Participation rates declining
- Impact of unemployment
- Impact on starting retirement and maintaining pre-retirement living standards over a longer period of time



For Employees

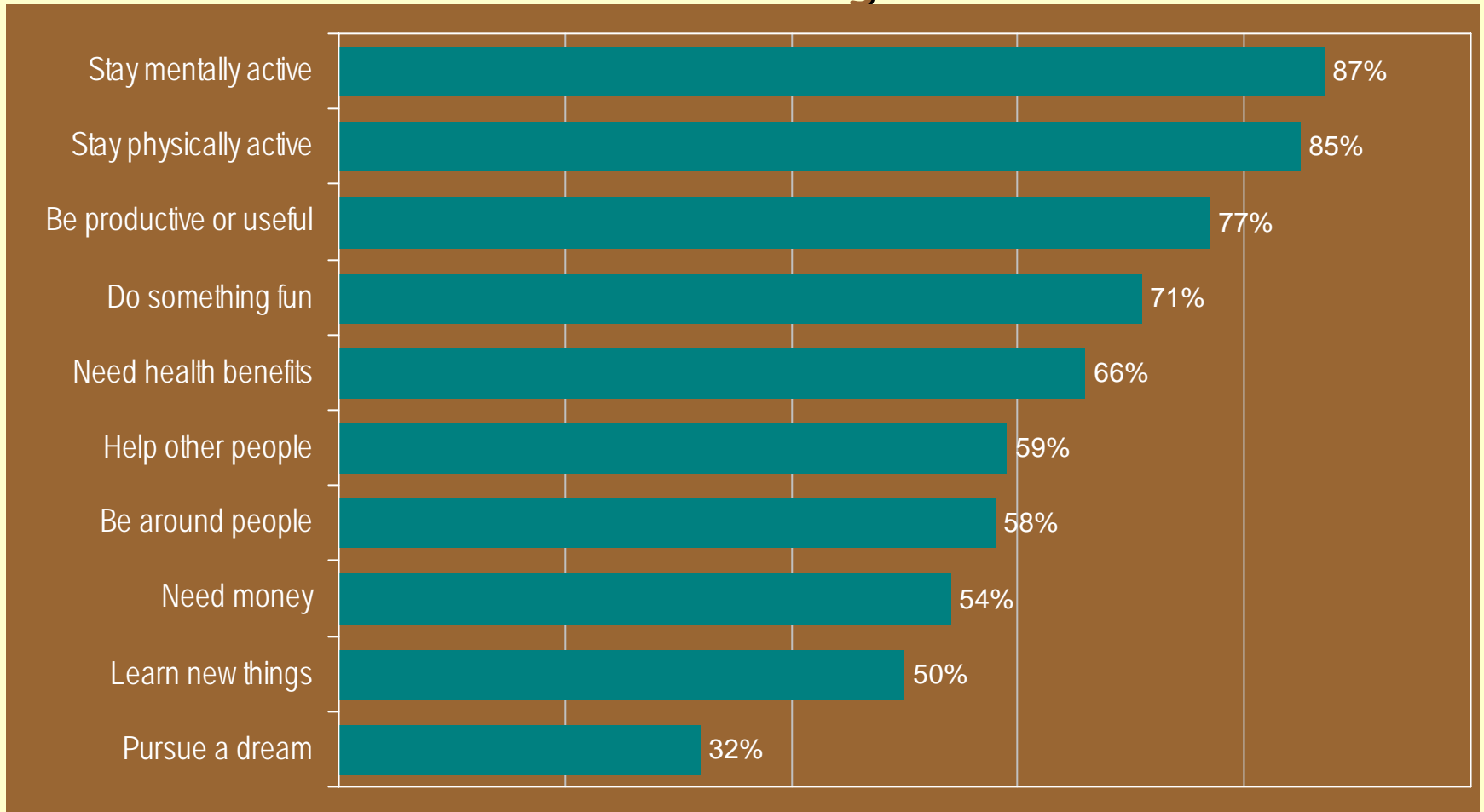


- Availability of Social Security benefits at age 62
- 30-40% of workers leave work force involuntarily
 - Health, business closure, laid off, family reasons
 - Demands of the job were excessive or job satisfaction very low
- Lack of flexible jobs (aka part-time)



Why People Think They'll Work in Retirement

Pre-retirees age 50-70



Source: AARP, *Staying Ahead of the Curve, 2003: The AARP Working in Retirement Study, 2003*

Key Factor: Work/Life Balance

- Older workers, particularly the boomers, are striving for work/life balance:
- 31% of mature workers became responsible for a dependent parent
- 23% had an adult child move back home
- 16% were providing child care or day care for grandchild



Employer Perspective



Aging Not a Big Issue... Yet

- 80% of employers do not offer any special provisions (i.e. flexible work arrangements) to appeal to the concerns of mature workers.
- 60% of CEOs indicate their companies do not account for workforce aging in their long-term business plans.
- Most employers are not yet facing labor shortages or other economic pressures requiring them to recruit and retain mature workers.



What Employers are Facing

- Workforce aging rapidly, especially in some sectors
- Recruiting talent is an issue for many businesses
- Legal, societal, cultural barriers to phased retirement programs being minimized



Employer Perspective

- Many organizations say that it has become increasingly difficult to find qualified job applicants.
- Many organizations predict a shortage of qualified workers within the next five years.



Positive Perceptions of Older Workers

- Loyalty and dedication to the company
- Come to work on time; low absenteeism
- Commitment to doing quality work
- Someone you can count on in a crisis
- Solid performance record
- Solid experience in job/ industry
- Basic skills in reading, writing, arithmetic
- Getting along with co-workers



Negative Perceptions of Older Employees

- Averse to change
- Lack experience with new technologies
- Out-of-date job skills
- Difficulty reporting to younger bosses
- Too Expensive



Some thoughts. . .

- Paradigms
- Aging
- Stereotypes
- Generational vs. aging



The Business Case for 50+ Workers



The Business Case for 50+ Workers

Debunk the myths employers possess regarding the costs associated with 50+ workers and build a “business case” for utilizing 50+ workers as one strategy for addressing labor shortages.



The Business Case Against Older Workers

- Pension benefits
- Paid time off
- Cash compensation
- Health benefits



Cash Compensation. . .Facts

- Tied to market median not age of worker
- Cost depends on ability, experience and performance
- Cash compensation not necessarily tied to age



Health Benefits. . .Facts

- Health claims for 50 - 64 years and dependents equal 1.4 - 2.2 times the cost of claims for 30 - 40 year olds.
- HR managers are increasingly concerned with behavioral issues that lead to health risks
- 50-64 year olds are less likely to have dependent children



The Business Case for 50+ Workers

“Value” part of the Equation

- Engagement
- Turnover



vs.



The Business Case for 50+ Workers

- Towers Perrin study shows that 50+ workers are more engaged as they age.
- Highly engaged workers correlates with overall performance of an organization



The Business Case for Older Workers



- Organizational strategies that consider career paths
 - Retaining skills/knowledge of experienced workers
 - Career paths reflect strengths of older workers and not negative stereotypes





Options for Older Workers

- More open job descriptions with a wider variety of tasks
 - Requires flexibility for employer/employee
- Sideways moves to other jobs, giving more responsibility on special projects
- Mentoring role to help develop and coach junior colleagues



America's Greatest Natural Resource

- Strong sense of personal motivation
 - Organizations with higher employee engagement outperform those with lower engagement on key financial benchmarks
 - Revenue growth
 - Cost management



The Business Case for Workers Age 50+: Planning for Tomorrow's Talent Needs in Today's Competitive Environment. A report for AARP prepared by Towers Perrin/December 2005

America's Greatest Natural Resource

■ Creativity

- Conceptual innovation
 - Bolt-from-the-blue
 - Fresh perspective unhindered by convention
- Experimental innovation
 - New ideas that are extensions of current practices
 - Lifetime of observation and learning



*The Business Case for Workers Age 50+: Planning for Tomorrow's Talent Needs
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Organization Action Steps

- Inventory your current talent
- Define future needs
- Model cost trends to understand the business case for investments needed to attract and retain retiring workers
- Study available labor pool and define your talent strategies
- Align reward programs
- Align workplace policies and practices



What's In It For the Organization?

- The boomers will reinvent "retirement," working longer either because they want to or they need to
- Mature workers offer organizations a unique combination of experience, loyalty, enthusiasm and a strong work ethic
- As the workforce ages, organizations that know how to recruit and retain mature workers will gain a competitive edge

