TRANSITIONAL ARRANGEMENTS FOR RETIREMENT AGED EMPLOYEES

WITHIN LOCAL GOVERNMENT, SOUTH AUSTRALIA

Report prepared by Workplace Resources Pty Ltd

June 2008
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1 INTRODUCTION

Workplace Resources Pty Ltd in conjunction with the LGMA received project funding from the Research & Development fund to develop a transitional employment package which Councils in South Australia can use as a tool for retirement aged employees.

Some research was undertaken into the Australian labour force, in particular regarding retirement aged employees, to provide a context for this report (Part 1).

The report also provides information on the two surveys conducted (Part 2):

Employer Survey (Appendix A)

Employee Survey (Appendix B).

Finally, the report provides a series of transitional employment strategies that Councils could utilise in their workplace for their retirement aged employees in order to achieve mutually beneficial outcomes, for example retention of valuable corporate skills and knowledge. It is critical for Councils to formalise these arrangements in some way and the report provides some principles, a sample letter, a clause for the enterprise agreement and a policy to this end. Some other associated retirement benefits are discussed briefly, for example access to superannuation (Part 3).

2 BACKGROUND

In 2005 the Local Government Association of Queensland (LGAQ) and Queensland University of Technology (QUT) jointly conducted a staff survey of all states targeting local government employees who were eligible for permanent retirement within the next 6 years. For the purpose of that survey transitional employment was any work arrangement that accommodated both employer and employee in retaining corporate skills, knowledge and attributes whilst providing maximum benefits to both parties. The
results were overwhelmingly supportive of phasing into retirement with transitional employment arrangements as an alternative to permanent retirement.

The LGMA was keen to explore this opportunity further for South Australian Councils, recognising the mutual benefits that could be achieved.

3 METHODOLOGY

3.1 Documentation Review

The following documentation and websites were reviewed to provide the context for the report and to aid in the development of the strategies set out in the report:

- Local Government Employees Transitional Employment Survey Results, 2005
- Workforce Planning for Local Government in South Australia, August 2001
- Older Workers Perspectives on Training and Retention of Older Workers, National Vocational Education and Training Research and Evaluation Program Report, 2007
- The Evolving Workplace: The Seven Key Drivers of Mature Aged Workers, Hudson, July 2006
- Age Can Work: The Case for Older Australians Staying in the Workforce, ACTU and Business Council of Australia, April 2003
- Mature Age Employment Strategy, Dept of Consumer & Employment Protection, Govt of W.A.
- Attracting and Retaining Talent, Dept of Consumer & Employment Protection, Govt of W.A.
- Flexible Employment Options, The University of Adelaide, March 2007
- Retention Strategies – Practices of the 2007 AARP Best Employers for Workers over 50
3.2 Analyses of the Employer and Employee Surveys

The two surveys were analysed for the following information:

- Employer Survey - to ascertain the interest of South Australian Councils in the value of a variety of transitional arrangements for their retirement aged employees.

- Employee Survey - to identify the aspirations of mature age Council workers as they get closer to retirement.
PART 1

4 THE CONTEXT – RETIREMENT OF EMPLOYEES IN AUSTRALIA

In Australia in 2008 the main factors affecting changes in the workplace are increased life expectancy and reduced fertility rates. Research indicates that the proportion of people aged over 65 years is expected to grow to around a quarter of the population by 2051 at a time when the available labour force is reducing (ABS 2003).

This means a slowing of economic growth, a slowdown in the growth of the prime labour force creating competition for staff and a greater cost to fund services and infrastructure for the aged.

Research undertaken on older workers from a range of industries by the University of South Australia through the National Vocational Education and Training Research and Evaluation program (2007) found that “across those surveyed around 70% stated that, to achieve a better lifestyle, they would either need or would choose to work past retirement age (at least part-time)”. It also found that “increasing retention of older workers is not so much a matter of persuading or inducing the workers to seek work beyond retirement age. Rather, as the analysis indicated, the issues influencing retention are more relating to removing perceived discriminatory and some important disincentives in existing federal or state policy (for example, WorkCover and insurance provisions).”

However, it is clear that there is still a widespread culture of early retirement in Australia with a large percentage of males and females expecting to retire from full-time employment before the age of 65. There is growing recognition that some policies and attitudes have encouraged this early exit but it is important to ensure that these policies also support older workers choosing to remain in the labour force.
“Unless organisations adjust their thinking on mature workers, market forces may do it for them” – Access Economics 2001.

There are common myths relating to older workers and research indicates the perception is that:

- Younger workers are more energetic, adaptable and in possession of current skills
- Mature aged workers lack adaptability to new technologies and are therefore not given access to training
- The interaction of age, gender and cultural diversity can create further barriers to employment.

However, research undertaken has shown that the reality is that older workers:

- Are generally more committed
- Have far less accidents or work related injuries
- Do not suffer memory problems or declining intelligence
- Are happy to take up training opportunities
- Adapt well to new technologies.

In essence there are no conclusive links between increased age and decreased job performance.

In fact research shows that there are many benefits of mature aged workers continuing in the workplace including:

- Lower absenteeism and turnover rates
- Strong work ethic and loyalty
- Experience, wisdom and dependability
- Customer preference – dealing with experienced mature aged staff
• A healthy organisational culture spanning all age groups
• Aiding effective succession plans for management
• Cost effectiveness of retaining current staff even in modified roles rather than recruiting new staff.

Research also shows that the key drivers for Australian retirement age employees to remain in the workforce are:

• Commuting time to work
• Pay
• Friendly work environment
• Work still has new challenges
• Recognition
• Flexible working hours
• Able to work from home.

Therefore retention is the most cost effective and vital strategy for an organisation – without retaining mature aged workers the implications are lost experience, corporate knowledge, productivity and diversity in the workforce.

If employers want to retain mature aged workers it is important to create and foster an environment in which mature workers are valued and supported by the organisation and its staff so that they want to stay and work and, if so, are allowed to reduce hours or withdraw from former duties with dignity and respect. This may not necessarily be in their current full-time roles but could be by offering a transitional arrangement combining a number of options that suits the individual and benefits the employer.

The offer of flexible work arrangements to retirement aged employees can give an organisation an edge over their competitors in recruitment and retention.
PART 2

5 SURVEYS – SOUTH AUSTRALIAN COUNCILS

The following surveys were conducted to provide statistical information for the report:

Employer Survey

A survey to assess the interest of implementing transitional employee strategies for retirement aged employees was sent on 28 January 2008 to the 68 South Australia Councils through the HR Network with a requested return date of 29 February 2008.

Employee Survey

26 employees were interviewed to assess their interest in entering into transitional employment arrangements from the following Councils:

<table>
<thead>
<tr>
<th>Council</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holdfast Bay</td>
<td>6</td>
</tr>
<tr>
<td>Victor Harbor</td>
<td>3</td>
</tr>
<tr>
<td>Burnside</td>
<td>10</td>
</tr>
<tr>
<td>Tea Tree Gully</td>
<td>6</td>
</tr>
<tr>
<td>Yankalilla</td>
<td>1</td>
</tr>
</tbody>
</table>

5.1 Employer Survey

Of the 68 Councils 16 (24%) responded to the survey as follows:
Questions asked were as follows:

Q1 – How many staff does your Council employ?

Q2 – How many of these staff are aged 50 or over?

6 out of the 16 respondents had more than 200 staff and the percentage of staff over 50 ranged from 25% (Playford) to 46% (Holdfast Bay). The overall percentage of staff over 50 ranged from 24% (Port Lincoln) to 63% (Peterborough).

Q3 – Is there a need for your Council to retain corporate skills, knowledge and attributes?

All respondents agreed that this was highly desirable.

Q4 – What are the other benefits to your Council in offering transitional arrangements?
5 Councils responded as follows:

- Playford – “Staff have the opportunity to change their hours at work either permanently or on a fixed term basis”
- Port Adelaide Enfield – “Additional purchase of leave that can be taken 1 day at a time, eg maintain full-time salary but work less days by taking a purchase leave day or LSL one day at a time. Workers can also reduce to part-time hours”
- Light – “Do have a clause for mutual agreement to vary work hours. We have treated each situation individually so far”
- Charles Sturt – “The organisation has recently developed a Work/Life Balance Policy and a Career Transitioning for Employees with Decreased Physical or Cognitive Capacity Policy as part of our Staff Attraction and Retention Strategy. These policies have direct relevance to our older aged workforce”
- Holdfast Bay – “Although a transition model was provided as a trial for the field staff to their General Manager to the best of my knowledge this has not progressed beyond this point”.

Q5 – Does your Council provide for any transitional arrangements for retirement aged employees in your enterprise agreement, policy or current practices?

6 out of 16 Councils provide transitional arrangements for retirement-aged employees.

Q6 – What transitional arrangements does your Council want to offer your retirement aged employees?

The 16 Council respondents listed the following transitional arrangements that they want to offer their staff:
<table>
<thead>
<tr>
<th>Transitional Arrangement</th>
<th>No of Councils</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part-time</td>
<td>13</td>
</tr>
<tr>
<td>Phased retirement</td>
<td>14</td>
</tr>
<tr>
<td>Flexible working hours</td>
<td>10</td>
</tr>
<tr>
<td>Casual</td>
<td>8</td>
</tr>
<tr>
<td>Redeployment within your Council</td>
<td>5</td>
</tr>
<tr>
<td>Redeployment to another Council</td>
<td>3</td>
</tr>
<tr>
<td>Job sharing</td>
<td>10</td>
</tr>
<tr>
<td>Working from home</td>
<td>8</td>
</tr>
<tr>
<td>Mentoring and/or training of younger/inexperienced staff</td>
<td>13</td>
</tr>
</tbody>
</table>

**Q7 – At what age group would your Council want to commence offering your employees these transitional arrangements?**

The respondents listed the following age range preferences for commencement of transitional arrangements:

<table>
<thead>
<tr>
<th>Council</th>
<th>50-54</th>
<th>55-59</th>
<th>60-64</th>
<th>65 and above</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid Murray</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Onkaparinga</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Copper Coast</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Holdfast</td>
<td>X (outside staff)</td>
<td>X (outside staff)</td>
<td>X (inside staff)</td>
<td></td>
</tr>
<tr>
<td>Streaky Bay</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Port Lincoln</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Playford</td>
<td>X (outside staff)</td>
<td>X (inside staff)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Port Adelaide Enfield</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Mitcham</td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Light</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
Q8 – Would your Council want to limit the offer of transitional arrangements to staff in specific work groups?

13 Councils responded to the question about whether they would want to limit the offer of transitional arrangements to staff in specific work groups.

3 Councils wanted to limit the offer to the following work groups:

- Copper Coast – “Areas where replacement professional staff are difficult to source, i.e. Environmental Health, Planners, Building Inspectors. These areas change depending on the shortage at the time. In 5 years time it may be Librarians"
- Clare & Gilbert Valleys – “Probably more suitable for employees at a professional management level as these are the positions that are difficult to fill"
- Peterborough – “General Inspector, Works Manager/Deputy Works Manager, Rates/Debtors”.

Q9 – Would your Council be prepared to offer training and/or development to prepare an employee for a transitional arrangement, eg for redeployment to another position?
Of the 14 Councils that responded to this, 12 Councils said that they would like to offer training and/or development, 1 Council said it depended on the position of the staff member and one responded no.

5.2 Employee Survey

26 employees (equally divided between male and female) were interviewed from 5 Councils. The interviewees came from the following function groups:

<table>
<thead>
<tr>
<th>History Centre</th>
<th>Community Services (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR (2)</td>
<td>Technical Office</td>
</tr>
<tr>
<td>Economic &amp; Corporate</td>
<td>Inspectors</td>
</tr>
<tr>
<td>Library (3)</td>
<td>Strategy &amp; Environment</td>
</tr>
<tr>
<td>Environment &amp; Engineering</td>
<td>Parks &amp; Gardens</td>
</tr>
<tr>
<td>Environment &amp; Infrastructure</td>
<td>Assets</td>
</tr>
<tr>
<td>Planning Regulation Services</td>
<td>Finance</td>
</tr>
<tr>
<td>Governance (2)</td>
<td>Civil</td>
</tr>
<tr>
<td>Planning &amp; Policy</td>
<td>Environmental Health</td>
</tr>
</tbody>
</table>

The length of service of the 26 respondents ranged from less than 1 year to 33 years; 14 of the respondents had more than 10 years service. The interviewees ranged in age from 49 to 65 years; 11 were 60 and over. 21 of the interviewees had given consideration to the age they would prefer to permanently retire, 18 specified an age ranging between 55-70 years, with 1 specifying they will work until they die.

Of those that specified they had given consideration to the age they would prefer to permanently retire several gave reasons which are listed below:

- “Time for myself
- Fortunately I may be in financial position and I find myself looking after 88 yr old mother and disabled sister
• I want to travel while I still have good health
• I'll need to work until then to get greater financial security
• Financially preparing for this, to enjoy the great things in life
• As soon as financially possible, health, life balance
• Need flexibility in life, will need to obtain some employment
• Financial
• Travel time for yourself
• Possibly - may continue on
• To travel"

Of those that had not considered retirement the following reasons were given:

• “Plan to continue as long as it is practicable and I continue to enjoy it
• It depends on my personal circumstances in the future (eg if I have a partner in the future) and my health
• Will continue to work, probably part-time, into my 60s
• I believe that I have a way to go before retirement. I enjoy my work and why would I want to leave it
• Not ready yet”

23 respondents said they had an understanding of transitional employment arrangements towards permanent retirement and of those all said they had given thought to entering such an arrangement.

25 interviewees said they would consider entering into a transitional employment arrangement.

All respondents were interested in the following transitional arrangements:
Part-time 23
Flexible working hours 20
Casual 7
Current arrangements until preferred retirement age 4
Redeployment to another Council 4
Redeployment within your Council 4
Access to superannuation 9
Regular extended leave periods 11
Part pension payments 3
Private health care subsidies 4
Some benefits of a retired person 9
Job sharing 10
Working from home 8
Phased retirement 15
Mentoring and training of younger inexperienced staff
  to pass on your years of knowledge 14
Other 3

The 3 (Other) responses were:

- Victor Harbor 1 – “Work abroad to assist third world countries”
- Victor Harbor 3 – “Short term projects; skill based personnel could be a resource for sharing amongst Councils”
- Burnside 1 – “Working full-time for certain months of the year, then extended leave (eg 12 weeks) for other months (eg 8 months full-time work, 4 months leave - but the 4 months taken at one month at a time, interspersed with the 8 months on a flexible arrangement reviewed and timetabled each year)”

The interviewees were asked to nominate the age they would like to enter a transitional arrangement and 2 nominated 2 age groups as follows:
The respondents said that the following were the main benefits of entering into a transitional arrangement:

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income continuation</td>
<td>24</td>
</tr>
<tr>
<td>Keeping active</td>
<td>23</td>
</tr>
<tr>
<td>General well being</td>
<td>14</td>
</tr>
<tr>
<td>To be respected and valued</td>
<td>11</td>
</tr>
<tr>
<td>To be needed</td>
<td>9</td>
</tr>
<tr>
<td>Socialising</td>
<td>13</td>
</tr>
<tr>
<td>Purpose in life</td>
<td>9</td>
</tr>
<tr>
<td>Maintaining friends</td>
<td>11</td>
</tr>
<tr>
<td>Somewhere to go</td>
<td>1</td>
</tr>
<tr>
<td>Mentoring and training of younger inexperienced staff to pass on your years of knowledge</td>
<td>17</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
</tr>
</tbody>
</table>

The 5 (Other) responses were:

- Holdfast Bay 4 – “Transitional change - preparation of actually stopping eventually”
- Victor Harbor 1 – “Putting skills and knowledge to ongoing use for communities benefit rather wasting years of investment with early retirement”
- Victor Harbor 3 – “Maintaining skills and knowledge”
- Burnside 7 – “Maintain work skills, contribute to local residents”
• Tea Tree Gully 1 – “Write a job manual to try and pass job knowledge on”.

All respondents were interested in working the following number of days per week under a transitional arrangement – note that 3 respondents nominated 2 groups:

<table>
<thead>
<tr>
<th>Days per Week</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-5 days</td>
<td>1</td>
</tr>
<tr>
<td>3-4 days</td>
<td>13</td>
</tr>
<tr>
<td>2-3 days</td>
<td>14</td>
</tr>
<tr>
<td>1-2 days</td>
<td>1</td>
</tr>
</tbody>
</table>

25 respondents said they would like further information on transitional arrangements.

When asked whether respondents were interested in undertaking further training or development to prepare for a transition to retirement 15 nominated yes and 1 nominated no.

When asked what training or development interested them they responded as follows:

• “Open to training in some areas, don't have to be related to my main interest
• Publications
• Whatever is necessary, depends what's available
• Mentoring, workplace training
• I am always keen for further training and personal development and am willing to learn new skills or improve on current skills
• I would like to be involved in giving information and help on behalf of Council to residents, i.e. Customer Help Desk or helping as a relief type officer in various jobs in Council (when people are on leave)
• Further reskilling in my area of work would be advantageous
• Natural bushland, training for 'land care' skills
• Project work, community contact
• Computer skills
• Finance
• An employee has expressed interest in learning my payroll - maybe I can take over her role while she learns mine”.

5.3 In summary:

Councils:
• Agreed that they need to retain corporate skills, knowledge and attributes.
• Employ a large percentage of staff over 50 and must address the impending loss of skills and knowledge with specific intervention strategies.
• Are most interested in transitional arrangements of part-time employment, phased retirement, flexible working hours, job sharing and mentoring.
• Would prefer to offer transitional employment strategies to their employees in the 55-59 and 60-64 age groups. However, provided there was a benefit to both the Council and the employee the starting age for a transitional employment arrangement could be before or after those age groups providing staff are eligible to retire at the conclusion of the arrangement.
• Could limit the offer of transitional employment arrangements to specific work groups depending on where they saw a skills and knowledge shortage within the Council or in the external labour market.
• In most cases, were prepared to provide training and/or development opportunities to their retirement aged employees.

Retirement Aged Employees:
• In most cases, would consider entering into a transitional employment arrangement.
• Are most interested in transitional arrangements of part-time employment, flexible working hours, phased retirement, regular extended leave periods, job sharing and mentoring.
• Would prefer to enter into a transitional employment arrangement in the 55-59 and 60-64 age groups.
• Wanted to stay at work to earn an income and keep active.
• Were interested in working part-time between 2-4 days per week.
• In most cases, were interested in training and/or development opportunities.

Overall there was a decided similarity between what the employer would like to offer their employees and what the employees themselves were interested in.
PART 3

6 STRATEGIES FOR RETIREMENT AGED EMPLOYEES FOR SOUTH AUSTRALIAN COUNCILS

Given the current research on older workers and the survey responses from Councils and employees, it is clear that both parties would benefit greatly from the introduction and/or enhancement of transitional arrangements for retirement aged employees. For Councils the most significant benefits are retention of corporate skills and knowledge and providing a competitive employment edge in a diminishing labour force. For employees the main benefits are in relation to achieving a better lifestyle by maintaining their financial security and well being.

A transitional arrangement is a flexible working concept that provides an incentive for employees to delay retirement and continue contributing to the workforce.

Defining these arrangements for Councils means four things:

- **When to work** – eg flex time, compressed work weeks, part-time, seasonal work, weekends only
- **Where to work** – eg working from home, working in more than one location
- **How to work** – eg job sharing, phased retirement
- **What to receive for working** – eg salary and/or specific benefits. These benefits may include healthy lifestyle benefits (fitness and immunisation programs, smoking rehabilitation) and employee assistance programs. Employers should be aware if they are providing benefits in place of salary or wages that Fringe Benefits Tax may apply. It would be beneficial to seek expert tax advice before offering these benefits.

Transitional arrangements must be beneficial for all. For these arrangements to be effective, employees must be self-motivated, employers must be supportive and
prepared to manage a variety of flexible arrangements and specific benefits to employees must be carefully considered.

It is critical that Councils create a climate for flexibility to ensure the enthusiastic acceptance of transition to retirement arrangements for its older workers.

Transitional arrangements must include:

- Terms of the arrangement
- The communication plan between all parties
- Regular performance reviews measured against objectives
- A contingency plan if the arrangement doesn’t work.

6.1 Sample Clause for Enterprise Agreement

Councils would benefit from implementing a clause into their enterprise agreement if they do not currently have one. A suggested clause that sets out some principles of such an arrangement is as follows:

**Flexible Work Arrangements**

A flexible work arrangement is an agreement between the employer and the retirement aged employee to restructure their hours of work and/or level of responsibility as a transition to retirement.

The employer or employee may initiate a proposal for a flexible work arrangement by providing a suitable case to prove the arrangement will be mutually beneficial.

Flexible work arrangements will be for an agreed temporary or trial period or on a permanent basis.
The parties to the flexible work arrangement will, prior to the end of the arrangement, either agree to cease, continue or modify the arrangement.

An employee will not be disadvantaged with respect to the full range of conditions and opportunities applicable to full-time staff as a result of entering into a flexible work arrangement.

It is the responsibility of the employee to seek financial, superannuation and industrial advice on the terms and conditions of their arrangement.

6.2 Sample Policy on Transitional Arrangements
Councils would also benefit from creating a policy on transitional arrangements for retirement aged employees as a way of setting down the principles of the arrangement and to formalise flexible work practices that can be offered to employees.

Policies should be implemented openly and fairly and be consistent with equal opportunity requirements.

A model policy adapted from a Department of Employment & Workplace Relations website is attached at Appendix C.

6.3 Sample Letter for Flexible Work Arrangement
A sample letter has been prepare that can be offered to retirement aged employees to formalise a flexible work arrangement (Appendix D).

7 TYPES OF TRANSITIONAL ARRANGEMENTS FOR RETIREMENT AGED EMPLOYEES
7.1 Part-time Employment

A reduction in days or hours. It is a way to ensure staff gradually move into retirement whilst also retaining their value and corporate knowledge by reducing their hours and/or level of responsibility rather than making an abrupt departure from the organisation. It includes phased retirement and job sharing.

**Phased retirement**

Enables an employee to reduce the time worked over time (days and/or hours), eg 4 days per week for the first year, 3 days for the second, etc.

<table>
<thead>
<tr>
<th>Other Benefits –</th>
<th>Disadvantages –</th>
</tr>
</thead>
<tbody>
<tr>
<td>Match workload with staffing</td>
<td>Increases management and coordination load</td>
</tr>
<tr>
<td>Meets individual needs</td>
<td>Restricts ability to participate in the full range of workplace activities</td>
</tr>
<tr>
<td>Provides flexibility to afford extra staff</td>
<td>Continuity</td>
</tr>
<tr>
<td>Increases range of diverse skills</td>
<td>Communication</td>
</tr>
<tr>
<td>Means of meeting specific needs</td>
<td>Financial disincentives, eg impact on superannuation</td>
</tr>
</tbody>
</table>

**Job Sharing**

Involves the voluntary sharing of the duties and responsibilities of one position between a number of employees eg:

- One employee works 2 days per week and another works 3 days per week
• One employee works part-time and another employee is a full-time employee working the other part of the job as well as another part-time job within the organisation.

Under a job share arrangement there may be some benefit in having the 2 part-time jobs overlap.

Job share arrangements can have their own benefits and/or disadvantages as follows:

<table>
<thead>
<tr>
<th>Other Benefits –</th>
<th>Disadvantages –</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diverse perspectives on the one job</td>
<td>Difficult to design job share to match skills and accommodate individual differences</td>
</tr>
<tr>
<td>Multiple skills and experience for one salary</td>
<td>Dissolution of the arrangement</td>
</tr>
<tr>
<td>Increases motivation</td>
<td></td>
</tr>
<tr>
<td>Access to cover for absence</td>
<td></td>
</tr>
</tbody>
</table>

7.2 Flexible Working Hours

Allows more flexibility in attendance patterns, eg:

• shortened or lengthened core time
• fewer days and more hours per day
• working different days per year
• shift work.

It includes seasonal work and annualised working hours.
**Seasonal Work**

Work part of the year i.e. during the first half of the year and be paid for that period.

Work the first half of the year but be paid for the whole year at a prorated rate.

**Annualised Working Hours**

Rearrange the hours that staff work throughout the year to meet fluctuating workloads and be paid at a standard weekly rate even though the hours worked may be different at various times of the year.

Work an average of 3 x 12 hour shifts per week and be paid an annualised salary inclusive of all entitlements and allowances.

<table>
<thead>
<tr>
<th><strong>Other Benefits –</strong></th>
<th><strong>Disadvantages –</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Means of better matching workflow and staffing and covering peak work times</td>
<td>Difficulty of coordination</td>
</tr>
<tr>
<td>Means of tailoring hours to meet individual or fluctuating needs</td>
<td>May mask the need for reorganising work schedules or altering workflow</td>
</tr>
</tbody>
</table>

7.3 **Work as needed**

A retired employee could be on standby as part of a pool to work for the employer as needed. Retirees can work a maximum number of hours before their pension is impacted. This could be as varied as working in peak periods on special projects, replacing people on leave or even coaching new managers. A retired employee could be offered casual or fixed-term employment or offer consulting services and use their own business number.


<table>
<thead>
<tr>
<th><strong>Other Benefits –</strong></th>
<th><strong>Disadvantages –</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals with specific expertise available on call</td>
<td>Less utilisation may diminish expertise</td>
</tr>
<tr>
<td>Only paying for work done</td>
<td>Availability not guaranteed</td>
</tr>
<tr>
<td>No recruitment costs</td>
<td>Continuity</td>
</tr>
</tbody>
</table>

7.4 **Working from Home**

Work completed at the home location according to a home based work agreement. A working from home agreement should comprehensively cover the arrangements between the employer and employee including the following:

- The principles and implementation requirements of the arrangement
- The equipment owned by both parties and associated responsibilities
- Security of assets and information in the home environment
- Terms and conditions of employment for the employee, including hours of work, communication, performance, termination of the arrangement
- OH&S requirements including a Self-Assessment Checklist for the home environment.

<table>
<thead>
<tr>
<th><strong>Other Benefits –</strong></th>
<th><strong>Disadvantages –</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Improves productivity</td>
<td>OH&amp;S, insurance and security issues</td>
</tr>
<tr>
<td>Improves morale and motivation</td>
<td>Home set up costs</td>
</tr>
<tr>
<td>Better use of time, eg cut travel</td>
<td>Reduces face-to-face contact on site</td>
</tr>
<tr>
<td></td>
<td>Personal and professional isolation</td>
</tr>
</tbody>
</table>

7.5 **Alternative Job Opportunities/Redeployment**

Encourage employees to stay in the workforce with an offer of an alternative job opportunity eg:

- Different job with new or less responsibilities
• Less onerous or stressful job
• A training or mentoring role to pass on their knowledge.

<table>
<thead>
<tr>
<th>Other Benefits –</th>
<th>Disadvantages –</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides incentive to remain in the workforce</td>
<td>Lack of suitable redeployment opportunities</td>
</tr>
<tr>
<td>Provides new opportunities</td>
<td>Cost of retraining</td>
</tr>
</tbody>
</table>

**7.6 Mentoring**

Before they retire, older workers to mentor less experienced workers.

<table>
<thead>
<tr>
<th>Other Benefits –</th>
<th>Disadvantages –</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides continuity of organisational culture and expertise</td>
<td>Lack of training to act as a mentor</td>
</tr>
<tr>
<td></td>
<td>Ability to balance the mentoring relationship with other work commitments</td>
</tr>
<tr>
<td></td>
<td>Mentor and mentoree mismatch</td>
</tr>
</tbody>
</table>

**7.7 Leave**

Flexible access to annual leave by taking shorter periods more regularly, eg single days or single weeks.

Flexible access to long service leave by taking shorter periods more regularly, eg single days, taking it at double pay for half period or vice versa or cashing out the leave.

Purchasing additional leave through a purchased leave arrangement, eg purchasing 4 weeks extra leave - 44/52:

• 44 weeks are worked – 8 weeks leave in total
• pay is spread over 52 weeks.
This arrangement, for payroll purposes, should be for a minimum of 12 months.

Leave without pay taken for a specified period/s.

<table>
<thead>
<tr>
<th><strong>Other Benefits</strong> –</th>
<th><strong>Disadvantages</strong> –</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meets individual needs</td>
<td>Difficulties for payroll administration</td>
</tr>
<tr>
<td>Reduces down time</td>
<td>Increases staffing coordination</td>
</tr>
<tr>
<td>Rejuvenation of staff</td>
<td>Continuity</td>
</tr>
</tbody>
</table>

### 7.8 Targeted Retirement Contract

Allows for an enhancement of a contract in exchange for a fixed termination date eg move an employee from a continuing to fixed-term contract arrangement (they must be eligible to retire at the end of the fixed-term period) for a period of between 1-5 years and offer a salary loading eg 10%.

Variations may include moving from full-time to part-time employment, reduced employment by fixed nominated phases during the contract period, eg appointment to 0.8 in the first year and 0.5 in the second year, documenting the provision of material goods on separation.

<table>
<thead>
<tr>
<th><strong>Other Benefits</strong> –</th>
<th><strong>Disadvantages</strong> –</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge of termination date for budget and workforce planning</td>
<td>More costly</td>
</tr>
<tr>
<td>Managing less than satisfactory performers</td>
<td>Can be used for shedding a staff member rather than managing a performance issue</td>
</tr>
<tr>
<td>Meets individual needs</td>
<td></td>
</tr>
</tbody>
</table>
8 OTHER BENEFITS TO EMPLOYEES

8.1 Accessing Pension
Males aged 65 and over and females aged between 63 and 65 may be eligible to access a government pension depending on certain income and asset requirements. Therefore retirement aged employees that choose to stay in the workforce may be able to access a portion of their pension depending on their salary. Although there are a number of factors that impact on the amount of pension due to an individual, generally the lower the taxable income is the greater the pension is likely to be. There are additional payments and benefits that are available to people receiving a pension including pharmaceutical, rent assistance, telephone and utilities allowance, etc. Retirement aged employees should seek expert advice from Centrelink or other professional sources regarding all options available regarding access to a pension including the benefits of salary sacrificing, etc.

8.2 Superannuation
One of the key factors in the decision making process for a retirement aged employee is superannuation. This has been made easier in recent times with changes to the superannuation laws which may enable employees to work past their traditional retirement age and still access their superannuation.

The superannuation fund for local government employees is generally Local Super and employees should seek expert advice from their Local Super experts or experts from other superannuation providers if they have made contributions to other funds.

There were changes to superannuation on 1 July 2007 and some of these changes include:
• Employees aged 60 years and over who have paid tax on their superannuation contributions can access their superannuation tax free. From preservation age to 59 your superannuation pension will also be a tax effective income source.
• Employees can continue to make contributions to their superannuation to the age of 75 years.
• There is no longer a requirement for employees to take out their superannuation once they reach a particular age.
• If employees choose to access their superannuation they must take a minimum amount per annum and the maximum amount they can take may be subject to their age.

There are many strategies for retirement aged employees transitioning to retirement and it is necessary to seek expert advice regarding their options, however some examples include:

• Transition to part-time employment and do not access any superannuation benefits.
• Transition to part-time employment and access some superannuation benefits in the form of a top up income.
• Maintain full-time employment and access superannuation benefits and use of a salary sacrifice strategy.

Therefore any retirement aged employees considering entering into a transitional arrangement prior to retirement should carefully consider their superannuation as a means of enhancing or supplementing their current or future financial position.

9 TRAINING AND DEVELOPMENT

If Councils are determined to retain their older employees under transitional arrangements, consideration must be given to retraining them to keep their skills up to
date and/or suited to the organisation. Mature age workers should have the same training and development opportunities as other workers. Ongoing training shows a positive return on investment and helps you retain your most experienced staff. This could include training in new technologies and computer literacy and mentoring and coaching. Strategies needed include:

- Have an up to date workforce plan to manage staff shortfalls
- Commitment to a budget for retraining mature aged workers
- Ensure the organisational culture supports the value of mature aged workers and the ongoing commitment to their retention including training and/or retraining
- Ensure training requirements are tailored to the individual.

10 MANAGING THE TERMINATION FOR RETIREMENT AGED EMPLOYEES

Although the basis of this report is to ensure retention of retirement aged employees and associated corporate skills, knowledge and attributes, there may be a minority of these employees that are less than satisfactory performers that Councils would prefer to expedite their termination. Generally the way to deal with these employees is through the unsatisfactory performance management process, but there are some circumstances where a different approach may be necessary. The object would be to entice these employees to separate from the Council as soon as possible or after a short defined period. This may be achieved by offering an incentive to agree to an expeditious separation and may take a number of forms, eg a salary loading for the defined period, the employer paying full superannuation whilst the employee reverts to part-time employment, provision of material goods on separation (car, computer, phone), retraining budget, etc.

This could be a good use of a Targeted Retirement Contract as set out above.
11 CHECKLIST FOR EMPLOYER

Council interested in offering their employees transitional arrangements prior to retirement need to ensure they have considered the steps detailed in the checklist at Appendix E.