

Employee retirement:

Business and human resource considerations



Transition tips for employers

Supporting employees to transition to retirement makes good business sense. Employers that actively encourage employees to plan their retirement by providing information and initiating conversations will achieve better long term outcomes for their people and their business.

Things employers should consider when planning for employee retirement:

- **Leadership** – communicate your business’ commitment to supporting employees with a planned approach to retirement,
- **Initiate conversations** – don’t be afraid to start conversations about retirement with employees, this will signal your willingness to be collaborative in the planning process,
- **Confidentiality** – create the space for private and confidential discussions with employees regarding retirement plans,
- **Flexible work** – supporting and promoting business-wide flexible work practices will support older employees who may wish to exercise this option when transitioning to retirement using a step-down approach;
- **Support for transitions** – support employees with retirement planning by offering social, lifestyle, superannuation and financial information sessions during work hours;
- **Change in roles** – consider re-deploying employees who wish to transition to retirement using a step-down approach by offering part-time employment in less demanding roles, or offering contract roles post retirement; and
- **Workforce planning** – be proactive about retention strategies, succession planning, knowledge capture and managing skills gaps that may arise when older employees retire.

Providing an environment in which transparent and proactive conversations are encouraged, offering relevant workshops during business hours and connecting employees to the resources they need when planning to transition to retirement are key strategies employers can implement.

Transition tips for employees

Things employees need to consider when planning for retirement:

- **Lifestyle** – what kind of lifestyle they want to cultivate;
- **Social connection** – what they’re going to do to keep connected;
- **Health** – physical, social, mental, emotional and brain health;
- **Finances** – superannuation, taxation, government benefits and financial stress;
- **Housing** – downsizing, home support, retirement villages and aged care; and
- **Rights and legal** – seniors rights, wills, advanced care planning and elder abuse.

Step down approach

Facilitating a step-down approach to retirement can provide significant benefits to employers as well as employees. Employers benefit from ongoing employee wisdom and employees receive support to move out of paid employment gradually. In addition to exploring flexible work or role change, employers might offer employees additional purchase leave or use of accrued long service leave for the purpose of reducing working hours while maintaining salary.

Long-term employees are an asset to your business. Approaching retirement as an opportunity to consolidate and celebrate the knowledge, skills and contribution of your employees positions both employer and employee for ongoing success.

A proactive, planned and transparent approach to retirement will yield significant gains for both employees and employers. Consider it an investment that will pay dividends for all parties.

Understanding the law

Employers have a range of responsibilities, obligations and options when assisting employees to transition to retirement.

Some things to consider include:

- **Age discrimination** – it is unlawful to treat a person less favourably because of their age. Age discrimination and bias can come into play when planning redundancies and other workplace changes, and should be guarded against¹,
- **Compulsory or coerced retirement** – the Fair Work Act (2009) prohibits enforced or coerced retirement. Employers who believe employees are unable to fulfil the inherent requirements of their role must follow due process in performance management, and
- **Enterprise Bargaining Agreement** – EBAs can include transition to retirement clauses outlining provisions for planned departures.

Employers should seek professional legal advice to ensure compliance with obligations.

Resources for employers

Willing to Work – Good practice examples:
A resource for employers,
Australian Human Rights Commission

Investing in Experience: Working for today
and tomorrow,
Australian Government

Money Smart: Superannuation and
retirement,
*Australian Securities & Investments
Commission*

Investing in Experience Toolkit,
Australian Government

Age Management Toolkit,
National Seniors Australia

Age pension and planning your retirement,
Department of Human Services



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133 677

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¹ 'age discrimination occurs when a person is treated less favourably, or not given the same opportunities as others in a similar situation, because he or she is considered to be too old or too young' <http://www.humanrights.gov.au/employers/good-practice-good-business-factsheets/age-discrimination>, accessed 28th December 2017