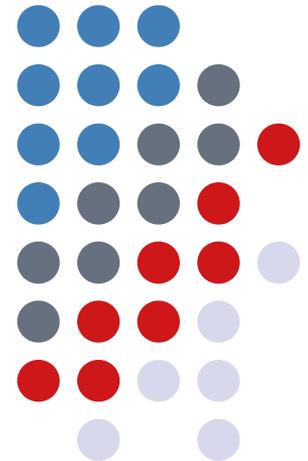
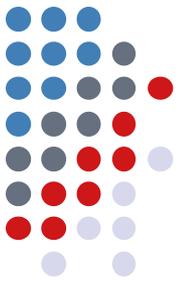


Phased Retirement

Implementing an Initiative



Implementing Phased Retirement: Definition and Key Elements

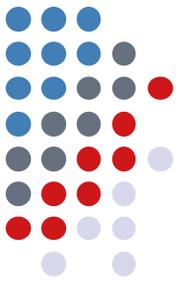


It is: Graduated reduction to less than full-time status

It requires: A design process to shape the offering:

- Determine value to employer, pre-retiree interest
- Test and set eligibility criteria
- Scan and modify pension, benefit and comp issues
- Determine shape of offer: mutual gain guides
- Determine “flexibility” of flexible options
- Use tools: request, work design, knowledge transfer
- Gauge training needs. deliver

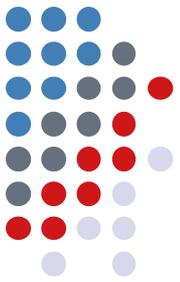
Implementing Phased Retirement: Potential Value



Done well, Phased Retirement can deliver:

- Longer retention of “regretted leavers”
- Capture of unique, hard-to-replace knowledge
- Transfer of such knowledge across platforms
- Facilitation of succession processes
- Focus of pre-retirees on higher value work
- Reduction in payroll costs
- Enhanced mentoring, development efforts
- Improved employee appreciation and morale

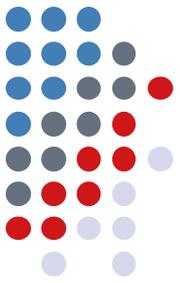
Implementing Phased Retirement: Potential Value



Employees on Phased Retirement may see:

- Ability to extend work life, income
- Chance to continue building retirement funds
- Opportunity to share accumulated knowledge
- Potential to mentor and develop younger employees
- Occasion to strengthen collaboration skills
- Choice to moderate pace, ease into retirement
- Means to avoid health risk due to abrupt retirement

Implementing Phased Retirement: The Minefield of Common Myths

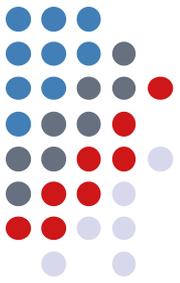


Among the refutable myths people hold are:

1. Elders are clogging up the pipeline for millennials.
2. You can't teach an old dog new tech tricks.
3. The longer people work, the more expensive they become.
4. Flexible and phased retirement are too risky and difficult to do.
5. 401-Ks, pensions and Social Security enable adequate retirements.
6. Employees and government are responsible for solving these problems.
7. AARP and other senior groups are already taking care of this.

(See our presentation: “7 Myths and Realities about Aging Workers”)

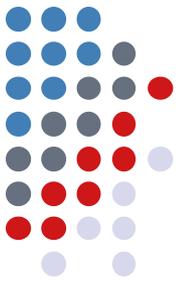
Implementing Phased Retirement: The Actual Challenges Employers Must Face



- **Fear of discrimination.** Concern that creating different exit options may lead to dissatisfaction and, potentially, lawsuits
- **Benefit barriers.** The worry that pension restrictions and other complexities cannot be overcome, despite major pension changes
- **“Part-time” = reduced value.** A common belief that reduced schedules mean a loss in contribution, especially as employees age
- **Manager overload.** Assumption that many managers lack skill and judgment to make sensitive decisions and manage the outcomes
- **Fragile knowledge sharing.** The potential transfer of unique knowledge is easy to claim, but has often failed in practice
- **Employee hesitation.** Employees may be reluctant to risk proposals, especially if there is not a robust history of flexibility



Implementing Phased Retirement: Applying Our Proven Solutions



Issues to consider include:

- **Research:** Find value to employer, pre-retiree interest
- **Eligibility:** Age, length of service, key knowledge
- **Infrastructure:** Align pension, benefit and comp policy
- **Options:** Phased, partial, time limitations
- **Process:** Manager-initiated or employee proposal
- **Tools:** Proposal, work redesign, knowledge transfer
- **Mentoring:** Clarify goals, participants, metrics
- **Training:** Assure adequate skill development