

A new approach to retirement planning

Maximising employer and employee benefits

Pre-retirement counselling is not a new concept; companies have been using it to support their older employees both into and during their retirement, for many years.

However, research indicates that employers rarely use the management of retirement and pensions to achieve or underpin strategic goals. Instead they tend to adopt an ad-hoc approach driven by short-term commercial or organisational pressures, in particular the recognition of a duty to provide good employees with some form of benign support. Although highly laudable in itself this can lead to both inefficiencies and lost opportunities in terms of human resource development.

Socio-economic and demographic change

Traditional 'retirement planning' is usually based on the premise that 'retirement' will follow the customary 'cliff edge' model whereby an individual is fully employed one day and abruptly, fully retired, the next. This model assumes that 'retirement' will fundamentally represent non-work, and tends to focus very heavily on the challenges presented by increasing age and infirmity. Focusing, as it does, on the word 'retirement' with the negative connotations it carries, it can seem to have little relevance or appeal for many vibrant, aspiring, older people.

These days, people are living a great deal longer, staying younger longer and wanting much, much more from the extended period of life previously pigeon-holed as 'retirement'. Additionally, the advent of new age discrimination legislation combined with socio-economic changes means that many employees are either wanting to, or having to, work longer and aren't seeking a retirement that represents complete 'non work'.

'Retirement', until now, has generally been characterised by lack of structure, meaningful planning and goals. Thus, for many, it has felt like 'the beginning of the end', rather than a fantastic period of opportunity and on-going growth.

With the prospect of perhaps 30 years or more of post-retirement life now being the norm, a new approach to retirement planning is now needed

which recognises the choices and options that are available. We call our approach 'evolution planning' and it focuses on assisting mature employees to create and adapt to new ways of leading fulfilling future lives – whether that means continuing to work in some way, or ceasing work entirely.

Aims and Options

There are many options for how people may approach this:

- ❑ For some, it will mean continuing in their current role with a greater emphasis on succession planning, flexibility, attitudinal change and actively being prepared to manage the transition from having a career that is in the ascendant, to one that is less predictable.
- ❑ For others, it may involve adopting more flexible working practices that benefits both them and their employer – for example, part time working, job sharing, contract working, or providing consultancy services.
- ❑ Some individuals may wish to embark upon a new career running their own business and may want advice and support in respect of when and how to best make the break.
- ❑ Others may wish to take a more socially responsible role, perhaps through involvement in charitable or voluntary work, perhaps with the backing of their previous employer.
- ❑ Some may wish to seek an ongoing role in society through involvement in various clubs and societies in which they have an interest.

The permutations are endless depending on individual aims and the extent to which employers themselves wish to continue to benefit from the skills and qualities of their mature workforce and to retain and engage with the very best quality individuals throughout their working lives.

A period of transition

In the future, the most successful companies will be those that view 'pre-retirement' as a period of transition which may last for several decades as older workers jointly design, with their employers, the best ways of working to suit their mutual needs at particular times.

Increasingly, it will depend on:

- ❑ The employing organisation taking a long-term strategic view about the role of mature workers within its workforce and society as a whole.
- ❑ The emergence of evolutionary flexible working conditions which will enable all workers to engage in appropriate contracts that reflect their individual needs for work/life balance at any point in their working life.
- ❑ Mature workers and employers jointly sharing responsibility for changing behaviours, attitudes, and thereby cultural perceptions, about the abilities, rights and responsibilities of older workers.
- ❑ Employers investing in ongoing support and training in order to assist their employees in planning for longer working lives through financial planning, skills maintenance, and individual one-to-one support.

In future, 'retirement' ideally will be a relatively seamless process, individual in its nature and reflecting the specific needs of both the business and the employee. Just as people do not leave work one day 'young' and come back the next as 'old', so in the workplace of the future people should generally no longer be 'employees' one day and 'pensioners' the next.

Flexibility and planning

In order to facilitate this, there needs to be a greater emphasis on flexibility and planning over a longer period of time, focusing on regular career review and appraisal processes and the identification of each individual's needs and aspirations in terms of current and future health, wealth and time issues.

Employers should recognise that older workers may not be motivated by the same factors as younger employees. The traditional carrots of salary rises and promotion are unlikely to be top of the list. The ability to establish a good work-life balance, learn new skills or find new ways of contributing in the workplace are all likely to be more important, as will be the ability to interact on an equal footing with colleagues of all ages.

Age Discrimination, by its very nature, does not allow for 'different' treatment of individuals or groups based solely on the criterion of their age. Thus, there must be a greater focus for all ages - with accompanying education - on the knowledge and skills required to see people through their lives into a ripe and fulfilled old age. This includes: greater awareness of health and lifestyle issues, including more formal health screening; a greater understanding of personal financial planning; and continuing education in emerging skills like IT.

Individual life planning and counselling from an early age, and the introduction of flexible and contract working arrangements including support and information about alternative working options such as self-employment should also be provided. Issues concerning each individual's work-life balance should be addressed openly and positively. Re-training and mentoring schemes that enable the transfer of accumulated experience are to be encouraged.

It may be that there is less interest in these topics and less take-up of training from younger people but from an early age employees should be challenged and encouraged to take responsibility for planning and managing their futures, alongside their existing responsibility for managing their own attitudes and behaviour. To this extent employers can only be seen as facilitators and supporters, the onus has to lie with each individual to design a fulfilling and rewarding future.

Growing older affects absolutely everyone and there is no magic cut-off or 'sell by' dates when it comes to employee contribution. Research shows that contrary to popular belief, up to age 70 neither learning nor performance deteriorates per se. So what is important is the aptitude, attitude, knowledge, skills and motivation of each individual. An engaged and productive workforce is in the interests of employers, workers and the nation as a whole. Employers must be sensitive to this and not make unsubstantiated assumptions about workers of any particular age. They should do their best to remove obstacles to continued employment not actively seek them out.

Age Discrimination legislation per se is relatively unimportant. Ultimately the real issues are being driven by demographic and social change that is likely only to increase. By reacting positively and taking action now, businesses will ensure that they will be able to retain the skills and knowledge of their best workers over a longer period of time in a highly competitive market whilst adding to their image as enlightened employers. Ultimately they will see the benefits in terms of improved bottom-line results.

Please contact enquiries@inmyprime.co.uk for details of our Pre-Retirement Planning services.
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