



# Phased retirement

## Work life balance fact sheet 12

### What is phased retirement?

Phased retirement enables mature age employees to continue to participate in the workplace rather than retire. Employees can gradually 'ease out' of employment by reducing the number of hours they work or by changing their job role or responsibilities. This can be either a long term or short term arrangement.

The key difference between phased retirement and standard flexible working arrangements is that phased retirement is often for a pre-determined period prior to formal retirement. In addition, phased retirement often involves a step-down process in which employees plan to gradually reduce the number of hours or days they work.

### Benefits of phased retirement

Phased retirement provides an incentive for employees to delay retirement and continue to contribute to the workforce while also having time to pursue other lifestyle commitments and opportunities.

There are also substantial business benefits, such as:

- retention of skilled employees in the workforce for a longer period of time.
- preservation of organisational / corporate knowledge;
- provision of a system for effective succession management;
- creation of a flexible and responsive workforce;
- increased return on investment in training and development;
- better ability to respond to older clients and their needs.

### Phased retirement options

Many options are available for phased retirement and which variations are adopted will depend on the needs and interests of mature age employees, as well as business and operational requirements.

For example, employees could:

- work part time rather than full time in their current job;
- take up alternative job opportunities on either a full time or part time basis;
- 'retire' from the organisation and contract back; or
- work full time, with additional flexible leave and flexible hours entitlements.

The compatibility of any phased retirement arrangement with the requirements of the relevant award, agreement or employment contract must be carefully examined. Employers and employees should

also consider the impact on superannuation and contact their superannuation fund, financial adviser or the Australian Taxation Office for more information.

### A phased retirement example

Warren was considering retirement, but decided to remain at work when he was offered an alternative job that better suited his desire for more personal and family time. His employer moved him from a line management position - with responsibility for a large workforce and budget – to a job where he was responsible for corporate initiatives and mentoring other staff. This move provided Warren with a refreshing change, extended his working life and retained his talent within the organisation.

### Implementing phased retirement

Dealing with requests for phased retirement is made easier if there an organisation has a clear policy and approval processes. The development and communication of a policy will also indicate to employees that management is willing to give serious consideration to requests for phased retirement. It is a good idea to document decisions made regarding requests for phased retirement and provide a copy to the employee.

For phased retirement to be successful, employers need to foster a culture that enables mature age workers to reduce hours or withdraw from former duties with dignity and respect.

Employees on phased retirement are still required to meet normal standards of performance relevant to their role or position. It is therefore important to determine how the phased retirement arrangement will be monitored and how employee performance will be assessed.

### Phased retirement agreements

A written agreement covering the conditions of phased retirement will assist in the management of this type of work arrangement. Key information to include in an agreement would be:

- hours of work and planned further reduction in hours;
- overall time frame for phased retirement if known;
- duties to be undertaken (if changing);
- performance requirements;
- security and method of communicating information (if home based work is included);
- occupational safety and health requirements;
- review procedures; and
- processes for changing phased retirement arrangements.

### Phased retirement checklist

- Policy on phased retirement developed for the organisation?**
- Work time schedule consistent with the award, agreement or employment contract?**
- Time frame for phased retirement agreed?**
- Phased retirement arrangements and work time schedule documented?**
- Copies given to all staff members?**

### Where to go for more information

Further information about work life balance strategies is available from the Department of Commerce work life website [www.worklife.wa.gov.au](http://www.worklife.wa.gov.au).