

Phased Retirement Arrangement

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1. Purpose

Why does Greater Dandenong offer Phased Retirement Arrangements (PRA)?

Council recognised that employees may wish to plan the approach to their retirement to achieve a practical work life balance prior to their retirement date. Council also recognised that employees have valuable skills and knowledge which is important for the organisation to capture and retain as employees approach retirement.

The employee's need to prepare for retirement must be the focus of any arrangement that achieves the above aims and will include possible changes to their working arrangements, for example, investigating the ability to vary or reduce their working hours and the associated financial implications.

2. Scope

To whom do these guidelines apply?

These arrangements are voluntary, will be at the instigation of the employee and apply to all Council staff considering retirement. Wherever practicable employees should identify the potential to utilise a PRA with their manager and meet to discuss when it would be appropriate to start this process at the earliest available opportunity.

3. References

Further information

- Victorian Local Authorities Award, 2001 and any other relevant Awards
- Greater Dandenong City Council Enterprise Bargaining Agreement
- Flexible Work Options Guide

4. Background

Benefits for Employees

These guidelines provide a range of options for employees nearing retirement so that they may transition from full time work to retirement in a way that is practical and beneficial to them. Employees should consider the benefits of planning a phased approach to their future retirement to maximise the value of their work / life balance arrangements leading up to their retirement date. Further it is hoped that focusing on reducing the demands of work during this period will promote an approach to health and wellbeing that will extend well beyond their actual retirement date.

The primary benefit for employees of a Phased Retirement Arrangement (**PRA**) is that it enables them to remain in the workforce, whilst increasing the flexibility of their work / life balance to have the time available to pursue other lifestyle activities and opportunities. The changes for employees approaching retirement could include, a reduction in hours/days worked, transferring to a less demanding role or undertaking coaching or mentoring activities. Some employees who have already phased into their retirement have been able to be engaged by the organisation in other capacities and continue to contribute their skills and knowledge whilst staying connected with colleagues.

Benefits for Council

Council will benefit from these options as it will enable preparation for the future departure of employees and make it better able to respond to the ageing workforce and their needs. Options can also allow for the managed transfer of skills and knowledge through such activities as succession / workforce planning. Further during the transition the employee can take on training or mentoring of other employees as part or instead of their regular role.

A collaborative approach between managers and employees from early in the process will ensure that both the operational needs of business units and the individual circumstances of employees are supported. Through this, employees who are better able to adjust and balance their work and personal life responsibilities are able to remain productive in the workforce for longer.

5. Phased Retirement Arrangement Guidelines

What's involved?

The aspects involved in developing a PRA are set out below, including questions designed to assist both parties in the planning and preparation for the impending retirement of the employee. They are also duplicated on the attached sample template with suggested question to use as a guide for initial discussions and development of a PRA plan:

- People involved;
- PRA timeframe;
- Flexible Work Options;
- Skills / Knowledge transfer;
- Independent Financial advice;

Prior to discussing and planning their PRA with their manager it is important that employees identify their individual needs for their future retirement and obtain independent financial advice. In doing this any decisions that need to be made about their employment status throughout the PRA period will be well informed.

Who should be involved?

Together the employee and their manager should identify all persons or parties who may be involved in or assist throughout the PRA period; e.g. Team Leader, department colleagues, allied staff in other departments / teams as well as (if appropriate and at the request of the employee) the employee's partner. This will help the plan to be well known by those who should participate and contribute to its overall success.

How long should the PRA timeframe be?

This should be determined carefully as it will affect the stages of the arrangement that an employee will pass through leading up to their actual retirement date. Accordingly managers will also need to plan the process of knowledge transfer based upon the length of time available for the quantity of knowledge to be documented and preserved.

A detailed breakdown of the transition periods contained within the PRA timeframe should focus on how many stages of reduced hours/days and/or flexible work options an employee needs to pass through and the number of hours to be worked during each of these periods in order to reach their actual retirement date.

An employee may express that they wish to continue working their current weekly hours for a proportion of the timeframe before starting to reduce their hours/days gradually as they approach their actual retirement date. Council's Flexible Work Options Guide outlines the many and varied flexible working arrangements on offer during this time.

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Have you looked at Flexible Work Arrangements?

Employees should consider the range of arrangements available through the [Flexible Work Options Guide](#) on Webstar under HR Connection\HR Policies & Guidelines\HR Policies ([or click here](#)). The policy suggests a number of options employees may wish to negotiate with their manager, e.g. Part time / Flexible hours, Jobshare, or Working from Home arrangements including the ability to utilise Leave Entitlements (A/L, LSL, or other arrangement in accordance with the Leave Purchase Scheme, e.g. 48/52) during the PRA in order to smooth the financial transition during this major change in their work / life balance.

Is there a plan for skills / knowledge transfer?

Managers must scope the range of corporate knowledge and experience that needs to be captured throughout the PRA period. Retiring employees will need to participate in this activity and assist the manager to ensure this process will transfer all the desired skills and knowledge across to nominated staff. Sufficient time must be allowed by the manager and the employee for this to take place by the actual retirement date for the long term benefit of the Council.

Should I get Financial advice?

Employees are strongly encouraged to obtain comprehensive independent financial advice from a suitably qualified professional regarding the period of transition towards their retirement. This advice need not be disclosed to their manager, employees are responsible for ensuring that the PRA does not adversely affect their desired financial plan throughout the period. This includes contacting their Superannuation fund and seeking advice in relation to impacts of PRAs upon Superannuation, for example this is especially important for employees who are members of a 'Defined Benefits' superannuation scheme. Any significant adjustments that need to be made during the PRA period should be brought to their manager's attention immediately.

Can the arrangement be terminated?

The PRA can be terminated by either party with the giving of appropriate notice. This will depend upon the nature of changes made to pre PRA working arrangements and consideration of business requirements.

NB: The sample questions in the attached template are a guide to stimulate discussion. It is not necessarily intended to be sufficient to document all the matters discussed and agreed between the employee and their manager. Attach additional pages to the document as necessary to record the arrangement or transfer the content into a new document and format to suit the quantity information to be captured.

Phased Retirement Arrangement (sample questions)

Instructions: Use this template as a guide to develop a Phased Retirement Arrangement by discussing and researching the topics and matters raised by the sample questions below.

Organisational Development can provide advice on how to use this document and support both parties in identifying their needs to ensure all issues are considered and factored into an agreed plan.

Employee name / details: _____

Business Unit: _____ Manager: _____

Organisational Development support: _____

Who should be involved?

Who should be involved?

- *Manager / Team Leader / other employees across the organisation affected by and/or involved during the PRA period;*
- *Where relevant and if requested by the employee, the employee/s partner and/or any other external persons directly affected by the proposed changes;*

What are the responsibilities of those involved?

- *As PRA's are at the request of an employee, the employee is responsible for initiating the request and then working with their Manager or Team Leader to plan and develop PRA.*
- *Managers and Team Leaders are responsible for ensuring the proposed RPA can be carried out in accordance with business requirements. They are required to actively consider the proposals put forward by the employee and where appropriate adjust the PRA to ensure the needs of both the employee and the organisation can be met. Managers and team leaders are also responsible for communication the arrangement to the department / team.*
- *Organisational Development / Payroll can assist in suggesting alternative and flexibility working options and, Information Services can advise regarding technology solutions which may support the effectiveness of the PRA as required;*

Greater Dandenong Guideline

- Other employees can also support their colleague throughout the transition by keeping them up to date with messages / information / news missed from the days / hours no longer worked by that employee. In addition other employees may be the recipients of skills and knowledge identified in a written plan drafted at the commencement of the PRA. This may mean they need to adjust their regular schedules in order to make the transfer of these as effective as possible;

How long should the PRA timeframe be?

How long should the PRA process take?

- The PRA should be long enough to achieve the transition that takes the employee's particular needs into account;
 - A shorter example could be: 6 months total = 3 months full-time + 3 months part-time;
 - A longer example could be: 2 years total = 6 months full time + 6 months part time (4 days) + 6 months part time (3 days) + 6 months part time (2 days);
- Propose a tentative date as the Target Date for Retirement to begin to develop the plan. As the details of the plan become clear, this date should be confirmed / adjusted to ensure all requirements of the PRA are achievable within the proposed period. If required the date can be adjusted during a periodic review of the PRA (see below);

Will the arrangements need to change within the overall PRA timeframe?

- Some employees may wish to stagger their transition to retirement through several phases by gradually reducing their working hours, whilst others may wish to step down to reduced hours once for the entire period;

How often will the effectiveness of the PRA be reviewed?

- This will be by agreement between the manager and employee however it may include initially fortnightly meetings could ensure all queries can be addressed early in the implementation phase, with this transitioning to monthly, bi-monthly or quarterly meetings as needed, to monitor ongoing progress;

Have you looked at Flexible Work Arrangements?

What will the days / hours of work look like and why?

- Consider and discuss the variety of arrangements outlined in the Flexible Work Options Guide in Webstar, i.e. Part time / Flexible hours, Job-share, Working from Home, and/or utilisation of leave to transition to retirement, e.g. Annual Leave, Long Service Leave, Purchased Leave (e.g. 48/52), and/or Superannuation. Then draft proposed days / hours to discuss with Payroll as well as obtaining independent financial advice (see below).

Will these be less than those worked prior to the PRA period?

- Employees reducing their hours/days must receive confirmation in writing from Organisational Development prior to the changes taking effect. Also employees should consider any other impacts that reduced hours may have upon them beyond their immediate work / life balance. Accessing Council's Employee Assistance Provider (EAP) may assist with this;

Have you discussed this with Payroll?

- Approach Payroll to obtain advice about how leave entitlements can be utilised in conjunction with reduced hours within a PRA and what steps are involved in accessing these;

Will this involve working at different locations or from home and why?

- Ensure the PRA document details when and how work will be done at different locations in order for preparations to be made, e.g. OH&S Home Office Inspection Checklist or technical support from Information Services. These arrangements should also be checked during periodic reviews to ensure their ongoing effectiveness;

How will the hours worked be recorded and authorised for processing by Payroll?

- Fixed Part time hours will not require fortnightly timesheets. Where hours worked vary and/or leave entitlements are intended to supplement work hours, both must be accurately recorded, authorised and submitted to Payroll fortnightly to ensure processing and avoid any unintended financial consequences;

During the PRA period will any leave entitlements be accessed?

- Employees should consider whether accessing Annual Leave, Long Service Leave or Purchased Leave (e.g. 48/52) may be useful during a PRA period and obtain independent financial advice before utilising these;

Have you discussed with Payroll how this should be submitted?

- Contact Payroll to plan in advance to submit timesheets and leave forms where and when these will be required to ensure they can be processed in time for each pay period;
- Liaise with Payroll regularly for support to complete these to ensure the process will be as smooth as possible;

Is there a plan for skills / knowledge transfer?

Will there be a responsibility to train or mentor other employees during the PRA period and what will this look like?

- *Where employees have transferrable skills and organisational knowledge to be transferred to others, this should be clearly documented within the plan including when it will commence / conclude and how much time throughout the PRA period will be allocated to these activities;*
- *Details of who the likely recipients will be and the nature or groups of the technical skills and organisational knowledge to be transferred should be confirmed before the plan commences. These may be adjusted once the plan commences but the size and scope of this aspect of the plan must be established early for it to be a success;*

Has this responsibility to train or mentor been drafted into a written plan?

- *All affected employees should be briefed on their roles and responsibilities throughout the PRA period and any amendments to the plan captured in writing and communicated to those affected;*

Will those who contributed to the written plan be involved throughout the PRA process?

- *All affected employees / participants who have contributed to the written plan should provide regular feedback to the Manager / Team Leader to ensure it remains effective throughout the PRA period. Their feedback is vital in order to make appropriate adjustments in a timely manner and maximise the value of transferrable skills and organisational knowledge transfer during the PRA period;*

Impact of Financial Advice?

When should you obtain comprehensive and independent advice and why?

- *It is never too early for employees to begin researching information or obtaining independent financial advice about their desire to prepare for retirement;*
- *Well informed employees are better prepared to ask the relevant questions of their Manager, Team Leader and Organisational Development / Payroll. This will assist the other parties to contribute to a PRA that focuses directly on the priorities the employee wants achieved by a plan including maintaining these despite changes that may occur throughout the PRA period;*
- *It is vital that employees obtain independent financial advice as many times as necessary during the drafting phase of a proposed PRA to ensure they understand the financial implications of all aspects of the agreement before it is commenced. This must include the financial impact of any planned changes that will occur across the various stages of the PRA period itself;*

How should you communicate the advice received and your needs to your Manager and Payroll?

- *Any proposed PRA arrangements and/or adjustments to employment status / utilisation of leave entitlements arising from the independent financial advice must be communicated clearly to the Manager and Organisational Development / Payroll at the earliest opportunity;*
- *Any of the proposed PRA arrangements and/or adjustments must be checked by Payroll to avoid unintended consequences and ensure that they can be implemented as promptly and effectively as possible when the PRA commences;*
- *Any ongoing or subsequent independent financial advice received throughout the PRA period must be communicated clearly to the Manager and Organisational Development / Payroll at the earliest opportunity so that necessary adjustments can be made accordingly;*

Should you obtain further independent Financial advice if your PRA is reviewed and amended?

- *Any subsequent changes proposed during periodic reviews throughout the life of the PRA must be discussed with Payroll in the first instance and it is also strongly recommended that further independent financial advice be sought to avoid any unintended consequences;*
- *Once independent financial advice regarding subsequent proposed changes has been obtained, discuss their recommendations with Payroll and your Manager at the earliest opportunity. This will ensure that any necessary adjustments can be made to your employment status and / or leave arrangements as promptly as possible;*