



WHY IS PHASED RETIREMENT AN IMPORTANT POLICY ISSUE?

Constituencies of all kinds will need to address the pressing issue of en masse retirements as the workforce ages. Legislators will be called upon to ease this transition by enacting laws that benefit both aging employees planning for their futures and businesses seeking to maintain their institutional knowledge and skills.

WHAT IS PHASED RETIREMENT?

Phased retirement is a type of part-time work arrangement designed specifically for older workers. It is a process that allows an older worker to gradually reduce the number of hours worked per week (or, in some situations, the number of hours worked per year).

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HOW DOES PHASED RETIREMENT AFFECT WORKERS AND EMPLOYERS?

FOR WORKERS

Phased retirement can improve the quality of life of older workers who do not need the income of full-time jobs. Phased retirement can make it possible for older workers to defer using their retirement funds. Also, as the country's demographic shifts toward older workers, there will be an increasing need for alternative end-of-career arrangements that provide flexibility.

FOR EMPLOYERS

- (1) retaining experience, knowledge, and skills
- (2) easing the difficulty of replacing key skills
- (3) helping transfer key skills from experienced to inexperienced employees

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% DID YOU KNOW?

Between 2000 and 2020, the number of working adults for every nonworking adult aged 65 or over will fall from 4.5 to 3.3 (27%) (The Urban Institute, 2008).

By working until age 67 instead of retiring at age 62, a typical worker could gain about \$10,000 in annual income at age 75, net of taxes and health insurance premiums (The Urban Institute, 2008).

A recent AARP survey found that 38% of workers expressed interest in phased retirement, and 78% of those interested said these programs would encourage them to stay in the labor force longer (The Urban Institute, 2008).

Twenty-one percent of companies surveyed considered phased retirement to be critical to their HR strategy today, but that number tripled to 61% when they looked ahead 5 years (Hewitt, 2008).

Just over one-quarter (25.6%) of surveyed employers reported that "most or all" of their full-time employees had access to some form of phased retirement (Pitt-Catsoupes, et al, 2007).

Over half of employers responding to a recent survey stated that legal and regulatory barriers held them back in efforts to adopt or expand phased retirement programs (Hewitt, 2008).

Want more STATISTICS? http://wfnetwork.bc.edu/topic_extended.php?id=13&type=1&area=All

SITES WITH MORE INFORMATION

- Sloan Work and Family Research Network: <http://wfnetwork.bc.edu>
- Sloan Center on Work and Aging: <http://www.bc.edu/research/agingandwork/>
- AARP's retirement research: <http://www.aarp.org/research/work/retirement/index.html?filter=report&sort-on=da>
- The Urban Institute's phased retirement research: <http://search.urban.org/taxis/search?query=phased+retirement&dropXSL=&pr=wwwurban&prox=page&rorder=500&rprox=500&rdfreq=500&rwfreq=750&rlead=750&sufs=0&order=r&cq=>

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RECENT LEGISLATION

State policies that encourage state agencies to provide phased retirement programs could encourage employers in the private sector to offer phased retirement options to their employees as well.

Six states (CA, FL, KS, MN, OK, WV) have laws related to re-employing retired faculty members and other educational staff in state higher educational institutions and in public schools.

Seven states (IA, LA, MT, PA, MS, TN, UT) have laws related to phased retirement programs offered to state employees.

Want more LEGISLATIVE INFORMATION?

http://wfnetwork.bc.edu/topic_extended.php?id=13&type=3&area=All

SUGGESTED READINGS

Allen, S. G. (2004). *The value of phased retirement* (Working Paper #10531). Cambridge, MA: National Bureau of Economic Research.

Hewitt Associates. (2008). *Employer approaches to phased retirement*. Lincolnshire, IL: Author.

Hutchens, R. M. (2003). *The Cornell Study of Employer Phased Retirement Policies: A report on key findings*. Ithaca, NY: Cornell University, School of Industrial and Labor Relations.

Pitt-Catsoupes, C., Smyer, M., Matz-Costa, C., & Kane, K. (2007). *The National Study Report. Phase II of the National Study of Business Strategy and Workforce Development*. Chestnut Hill, MA: Center on Aging & Work/Workplace Flexibility. Retrieved July 23, 2007, from http://agingandwork.bc.edu/documents/RH04_NationalStudy_03-07_004.pdf

The Urban Institute. (2008). *Current strategies to employ and retain older workers*. Washington, DC: Author.

Watson Wyatt Worldwide. (2004). *Phased retirement: Aligning employer programs with worker preferences*. Washington, DC: Author.

The Policy Mini-Brief Series provides a summary of Phased Retirement policy information.
To learn more about Phased Retirement, go to http://wfnetwork.bc.edu/pdfs/policy_makers2.pdf