



Late Stage Career Planning as a Retention Strategy

White Paper

Today's Challenge:

Thwarting the
anticipating
"brain drain"
and retaining
top talent.

The impact of the aging workforce is becoming a critical business risk, not just an HR concern, with strategic, financial and operational ramifications. While many organizations are providing financial planning education to their employees, a growing number are taking a look at the benefits of late stage career planning to both the organization and its mature workers. Taking a holistic approach to "Life Planning", allows employees to make informed decisions regarding future plans, factoring in both financial and non-financial goals and marrying them with current and future organizational opportunities. Whether it is to continue to work or enter in a phased work-life plan, companies providing these programs are seeing the ROI – retaining their top talent and thwarting the anticipated "brain drain".

With 43 percent of the workplace eligible to retire by 2012, organizations must prepare for the anticipated "brain drain" – the loss of talent due to retiring employees who possess critical knowledge and skills. Employers can manage the risk of the impending "talent shortage" by proactively instituting programs to retain potential retirees. Best practice examples include flexible work hours or phased retirement arrangements (the gradual tapering off of working hours and responsibilities), bringing back retirees on a consulting basis, utilizing their business knowledge for training and leadership development workshops. By establishing these programs in conjunction with the provision of decision-making support that extends beyond financial readiness, organizations have the opportunity to retain retirees who might otherwise leave to pursue opportunities elsewhere.

According to a 2008 study conducted by IMPACT Group of 140 former career transition clients, factors that influenced the decision to retire among were based on wealth adequacy, desire for more leisure and lack of appropriate (flexible) work opportunities. More than one third - 37%- did not know for sure what they would be doing, 42% of this group reported that they plan on retuning to the workforce within the year. A further 17% is planning volunteering activities.

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surveyed
reported not
knowing what
they were
going to do
after they retire.

Current economic conditions may cause mature workers (55+) to remain in the workforce because they need to build up their eroding nest eggs. Americans' confidence in their ability to afford a comfortable retirement has dropped to its lowest level in seven years, reflecting worries about health costs, the economy and home values, according to the 18th annual Retirement Confidence Survey (RCS). Workers may be delaying retirement, with the intention of improving their current financial situation or to increase their financial security in retirement, yet there is no guarantee that current employers will be the beneficiaries. On the contrary, studies have shown that retirees are likely to change organizations post retirement, in search of flexible work arrangements and new career options. Organizations that engage their mature workforce in late stage career planning stand to improve retention through understanding individual goals and plans by implementing strategies that can support them.

By encouraging late career planning among your mature workers and shaping work arrangements to accommodate resulting interests and needs, your organization stands to retain essential skills and competencies that might otherwise be lost. As organizations seek to overcome the challenges created by changing workforce demographics, the more successful are aligning the HR strategy with the overall business strategy- and implementing programs and plans that promise a competitive advantage and significant ROI.

Not sure where to go with your mature worker strategy? Use the following steps to identify and your workforce reality:

Step 1.

Identify and Understand Your Current Workforce Reality.

- ▶ Is your workforce management strategy linked to the overall business strategy?
- ▶ What percentage of your current workforce will be retiring within the next 5 years?
- ▶ What steps is your company taking to retain and/or replenish lost intellectual capital?
- ▶ Can your organization tap flexible or contingent sources of labor to meet any shortfall?
- ▶ What would happen to your company if every employee 55 or older were to retire earlier than anticipated?

Step 2.

Determine implications of the workforce transition on your company.

- ▶ Is your workforce management strategy linked to the overall business strategy?
- ▶ What percentage of your current workforce will be retiring within the next 5 years?
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Step 3.

Identifying transition needs of your mature workforce.

- ▶ How feasible is it to engage your mature workers in information sharing roles (e.g. mentoring, coaching, shadowing etc)?
- ▶ What career options and paths exist that would be attractive to mature workers in the later stages of their careers to reduce stress and burn out?
- ▶ Would your company benefit from helping mature workers obtain new skills in order to continue contributing within your organization?

What opportunities exist for mature workers to stay employed (or be hired) through flexible work schedules? (PT, contract/consulting, telecommuting, flextime, compressed work weeks, job sharing etc)
- ▶ Would late stage career planning lead to informed decision-making on both financial and non-financial goals leading to greater retention?
- ▶ What resources exist to stay connected to your retired employees, including dissemination of information on (flexible) employment opportunities?

Step 4. Create a transition plan that addresses internal needs and external factors.