

Lifestyle Change:

Phased Retirement -
An Alternative Option

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The switch from full time employment to full time retirement is a big leap, but luckily there are options such as phased retirement that can make the transition easier for both the employee and the employer.

What is phased retirement?

Phased retirement is a gradual reduction of the workload of a retiring employee over a period which can be a few months or years.

What are the benefits for the employee?

For someone that has been working all their life, an abrupt transition into retirement can be difficult to adjust to. Phasing out of work and into retirement is a way to reduce or eliminate the lifestyle and financial shock that comes with such a change. With a phased retirement plan, employees have the benefit of time to comfortably transition into a new lifestyle over a few months or years. This can help them adjust to working less and having the freedom to spend more time in other areas of their lives.

What are the benefits for the employer?

Replacing staff members is challenging; especially when they have valuable skills and knowledge from years of experience. To maximise knowledge and skill retention in your business, phased retirement is an opportunity for businesses to have upcoming retirees share their skills and experience by mentoring and training others. With more time, the retiree will be able to transfer more of their knowledge onto their successor.

How can you implement it?

While each situation will be unique to the individual and the company, there are a couple of keys to getting it right. It's important to have a clear, open conversation where you cover:

- The terms of the phased retirement, including the maintenance of any benefits (if any)
- How long the phased retirement period will be
- How many hours the employee will be working, and if this will change over the period
- How the process of knowledge transfer will be conducted e.g. through daily mentoring sessions with the employee taking over the role
- The pay structure of the phased retirement period

To be successful, a phased retirement plan relies on solid communication. Whatever the unique terms of the agreement, when employer and employee are on the same page it's likely to be a success for both parties.



Contact Us

Let's talk you through your needs and how we can best assist you.

Give us a call directly on one of our office numbers, or email us, and we'll get back to you quickly and responsively.

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