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HOW TO HELP EMPLOYEES EASE INTO RETIREMENT

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After years of working,
what happens next?

Most of us dream of retiring one day. Finally, we'll have the time to do all those things that work gets in the way of. But what about all the benefits that work provides? How will we replace that throughout the remainder of our lives — a period that has grown from just a few years to often two or even three decades?



If individuals are to live a ‘totally well’ life in their retirement years, it’s critical they find a way to maintain a sense of total well-being.

After surveying more than 150 countries, Gallup identified five universal pillars of well-being:

- **Professional** — how you occupy your time or simply liking what you do every day (also known as having a sense of purpose).
- **Social** — having strong relationships and love in your life.
- **Financial** — effectively managing your economic life.
- **Physical** — having good health and enough energy to get things done daily.
- **Community** — having a sense of engagement with the area where you live.

And when you consider it, most of these pillars have a strong connection to your job. The connections to professional and financial well-being are obvious, but there is also a connection in the workplace to physical well-being. We see this in countries such as the United States, where workers access health-care coverage through their employers, and across the globe, where employers understand the importance

of a healthy workforce. Finally, many people reap great social and community well-being through their jobs — from the social connections they form with co-workers to the volunteering opportunities offered by their employers.

So what happens when the active connection to an employer ends and the next phase of life, which can last 20 to 30 years, begins? When the paycheck no longer comes? Where, for some in the U.S., health-care coverage has to be replaced until Medicare eligibility begins? When there is no longer a place to go to, a computer network to log on to, people to interact with, or activities to challenge the mind and spirit?

If individuals are to live a “totally well” life in their retirement years, it’s critical they find a way to maintain a sense of total well-being. Doing so, though, has become particularly challenging due to various factors. Those factors range from reductions in guaranteed retirement benefits, which puts the responsibility for funding retirement more squarely on

the individual, to enhanced medical care, which, while enabling people to potentially be more active and live longer than in prior generations, also may lead to prolonged illness and frailty.

Historically, employers have helped their employees prepare for retirement by focusing on financial well-being. But gone are the days of employer-funded defined benefit plans (with all but a few exceptions); meanwhile, there have been reductions in companies’ 401(k) contributions. For a plethora of reasons — including wanting to prevent significant knowledge drain, facilitating a rational workforce progression, being good corporate citizens and wanting to offer a new benefit in an era of fixed or shrinking budgets — employers are starting to consider how they can prepare their employees for a totally well retirement. Employers may want to consider potential approaches on page 34 to better support their employees’ transition to the next phase of their lives.

**Professional
Well-Being:
Maintaining
a Sense of
Purpose**

Phased retirement is a much-talked-about idea, but only 9% of employers offer some type of program, according to estimates from such sources as the Huffington Post. But employees surveyed overwhelmingly supported the idea, as few are financially or otherwise prepared to completely withdraw from the workforce. And with the federal government starting a program in 2014, this concept has gained acceptance and may continue to grow in the years ahead.

**Social
Well-Being:
Maintaining
Connections**

Some companies sponsor “reverse mentoring” programs to encourage knowledge transfer among different generations and better engage older employees in the workplace. Instead of the traditional model with older employees tutoring more junior staff, these programs focus on having the younger employees teach older employees. Frequently the younger employees focus on educating their colleagues on new technologies, such as gaming or social media applications.

**Financial
Well-Being:
Maintaining
a Steady
Income
Stream**

Companies are helping employees examine their financial well-being after the reduction of traditional employer-funded wealth accumulation programs. First, many defined contribution plan vendors now offer employees the ability to easily combine their outside assets with their employer-sponsored plans to get a more complete picture of their financial status. Vendors such as Voya and T. Rowe Price try to boil this information down to a single number or confidence score to assess overall retirement readiness. Companies are also increasingly interested in offering access to voluntary benefits programs, which allow employees (and retirees) to replace benefits coverages, such as life insurance, previously purchased through group benefits plans.

**Physical
Well-Being:
Maintaining a
Healthy Body
and Mind**

As health-care expenditures continue to rise and narrowly focused incentive programs, such as reduced premiums for wellness activities, have shown limited results in cutting costs, companies are looking at new ways to encourage physical well-being. Employers such as NASA, Nike and Zappos have instituted nap rooms in the workplace and encourage employees to use them to recharge. Target and T. Rowe Price offer wearable health monitors to encourage employee fitness. And Johnson & Johnson developed a mobile application that allows employees and spouses/partners to earn points for healthy behaviors that can be redeemed for charitable contributions and quarterly sweepstakes prizes. The app also lets users connect with colleagues through social networking to discuss challenges and offer encouragement and enable companywide challenges.

Many of these programs, as well as others offered by health plans, enable individuals to continue participating even when no longer employed by the sponsoring company. Ensuring soon-to-be-retirees are aware of all of the resources available to help them stay physically fit and mentally active can help these individuals continue to focus on their health.

**Community
Well-Being:
Maintaining
Strong Ties**

People frequently comment that they would like to spend the “second half” of their careers working at a nonprofit organization, but are uncertain how to transition into a world with less compensation and benefits. One organization that assists in this transition is Encore.org, which connects midlife professionals with social-purpose organizations. Some companies are also assisting employees with the transition by publicizing the initiative or supporting the change. For example, Intel offers a program that pays a one-year stipend to help retiring employees transition into postretirement careers with nonprofits.

Why Are Employers Doing This?

So, what’s in it for employers in helping employees transition to retirement? For one employer, it might be as simple as living up to its values and honoring its commitment to the whole person. On a practical level, it enables better workforce management and movement, breaking up possible career bottlenecks for newer employees while retaining and transferring critical

knowledge from outgoing, senior and experienced people.

For most employers, though, it enables those employees who want to (and should) retire to do so when they’d planned to. The move from working to retirement can be fulfilling when all the dynamics of well-being are in place. **WE**

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