Introduction/background

Australia has an ageing population and we see this reflected at Bega Valley Shire Council (BVSC) in our ageing workforce. A ‘traditional’ retirement age no longer applies and age discrimination legislation has done away with compulsory retirement. Accordingly we often see people working into their late 60s and into their 70s. For many of these people they would welcome the opportunity to transition out of the workforce in a gradual manner rather than the traditional way of continuing fulltime work up until the day of retirement.

The Transition to Retirement procedure is intended to allow an employee to move toward permanent retirement from our workforce over a reasonable period of time. This provides an opportunity for the employee to prepare themselves for ceasing employment and at the same time allows the organisation to put plans into place so as to ensure we continue to provide services to our external and internal customers whilst accommodating and supporting our employees through their transition to retirement.

Scope

This procedure applies to all permanent BVSC employees.

Objectives

The objective of this procedure is to provide a mechanism for permanent staff of retirement age to plan their retirement and exit from the organisation in a manner that provides positive benefit to both the employee and the organisation.

The uptake of transition to retirement (TTR) plans will also benefit those people within the organisation who are part of structured succession plans. It will help ensure the unique skills and knowledge held by the intending retiree is passed on to their successor or to others in the organisation.

Procedures for entering into a ‘Transition to Retirement’ (TTR) plan

People considering taking up a transition to retirement plan should talk to their manager or supervisor well beforehand. Workforce planning requirements may also lead managers to have conversations with their individual staff member about their retirement expectations and TTR options might form part of the discussion. This preliminary discussion will not create any obligation upon either party to proceed, but will enable an exploration of possible options and consequences for the workplace if the TTR were to proceed.

Retirement Plan Agreement

There are a range of mechanisms that can be used to achieve transition to retirement outcomes. Anyone participating in a TTR plan must agree to enter into a Transition to Retirement Plan Agreement (TTRPA). This TTRPA will identify the future date when the employee’s employment with the organisation will cease completely. The specified retirement date must be no longer than two (2) years from the date of signing of the TTRPA. The employee remains eligible to retire at a date before that specified in the TTRPA.

The TTRPA will be an adjunct to the employee’s existing contract of employment and will be consistent with the relevant Award [Refer to Local Government (State) Award 2014: Clause 23.]
Eligibility for taking up a TTRPA is dependent upon being 55 years of age or older at the time of signing the TTRPA. There is no compulsion upon the organisation to enter into a TTR plan with an employee. The proposed arrangements will need to meet the operational and business needs of the organisation as well as the personal aspirations of the individual.

Financial Advice

Many people delay making life decisions about retirement because they are unclear about their ability to be able to fund their retirement years. The financial and taxation laws around retirement and superannuation are constantly changing. It is therefore strongly recommended that people considering permanent retirement or transition to retirement consider using the services of a registered financial planner with expertise in providing superannuation advice. There may be individual circumstances where some TTR strategies are more financially beneficial than others, however officers of Council are not legally permitted to discuss or make financial planning recommendations.

The “Moneysmart” Commonwealth Government website (www.moneysmart.gov.au) is a good resource for undertaking an individual’s financial planning considerations. It has a specific tool for analysing retirement planning needs, although it will not work for all situations (for example, it cannot handle ‘Defined Benefits’ superannuation scheme calculations).

In order to assist with pre-retirement financial planning advice, BVSC will reimburse the costs of accessing a financial planning advice service through an accredited Financial Planner for up to a maximum amount of $500. Reimbursement is dependent upon the employee taking retirement from BVSC or entering into a TTR contract within 6 months of the invoice date.

Retirement Planning Workshop

BVSC will conduct retirement planning workshops facilitated by subject-matter experts from outside of the organisation on a regular basis. People considering retirement or TTR are encouraged to contact the Business Services training coordinator to place their name on the waiting list.

Transition to Retirement - Work Patterns Options

There are a number of options and variations that will allow a person to reduce the total number of hours worked whilst transitioning to retirement. Depending upon the job being performed and the needs of the organisation, some options will be more appropriate than others.

The following is a list of TTR options. The organisation reserves the right to provide or consider other innovative solutions which will achieve the individual’s and organisational objectives of transitioning people towards retirement.

Reduced total hours of work

Typically this will be a reduction in days per week worked (part-time work). It could also involve a variation in the ordinary hours of work or rostering. Another alternative could be in the second year of the retirement contract there is a further decrease in the days per week worked (a phased retirement). For example, in Year 1 four days/week; Year 2 three days/week.

Purchase of leave and leave without pay

This option might be attractive to someone wanting to experience a retirement lifestyle option whilst still in employment (e.g. a long distance caravanning vacation). This could be achieved by taking leave-without-pay or purchasing additional annual leave.

This option might also be applicable to areas of Council where work is seasonal. There could be benefits to both the organisation and the employee to take a block of leave during periods when work slows down (e.g. during the cooler winter months when tourist numbers are reduced or there is less vegetation growth).
Use of existing leave entitlements

Any TTRPA must firstly take into consideration how the employee’s accrued annual leave and long service leave can be utilised.

Mentoring and Coaching Role

An important aspect of TTR planning is the transfer of knowledge and skills from the retiring employee towards those who are coming along behind. The TTR person will often have a wealth of locally gained experience that is not documented or known by others, yet is critical to the organisation achieving its objectives. It is therefore expected that anyone entering into a TTR contract will have a person nominated whom they are encouraged to train and develop. The planning of this coaching and mentoring role will be included in the TTR contract.

How to apply

1. Attend a Retirement Planning Workshop (nominate to attend via Business Services team).
2. Discuss with your manager your thinking with regards possible eventual retirement timeframe and your desire to use a Transition to Retirement plan.
3. Manager to discuss the initial proposal with the Group Manager / Executive Manager and gain an in-principle agreement to proceed with drafting a TTRPA.
4. In conjunction with your manager, develop a proposal for a Transition to Retirement plan that takes into consideration the needs of the individual and the needs of the organisation.
5. Submit the draft TTRPA to the Manager, Business Services to confirm that it is consistent with all applicable Awards, employment legislation and BVSC policies and procedures.

Referenced Documents

Procedure 5.04.1 Leave
Transition to Retirement Plan Agreement

Employee’s full name: _______________________________________________________
Employee number: _______________________________________________________
Group: ___________________________________________________________________
Section: __________________________________________________________________
Manager’s Name: __________________________________________________________________

The employee of Bega Valley Shire Council who is identified above has agreed to enter into a change of the terms of his/her Contract of Employment.

Consistent with the requirements of the Award under which the person is employed and any applicable employment legislation, it is agreed between the employer (Bega Valley Shire Council) and the employee (insert name), hereafter referred to as “the parties”, that the following employment arrangements will be implemented:

{Insert specifics of the Transition to Retirement plan arrangements.}

The agreed date of final retirement (termination of the Contract of Employment) will be [insert date of retirement; no longer than 2 years from the date of this contract]. The parties agree that the employee may choose to voluntarily cease employment with Bega Valley Shire Council before the agreed retirement date.

Employee’s Signature

Manager’s Signature

Employee’s Name

Manager’s Name

Date

Date