

For HR and Retirees Alike, The Time to Make Plans Is Now

Just a few years ago, Human Resource professionals had it a lot easier when handling retirements from their organizations. File some paperwork, set-up an interview with the employee, and oversee the retirement party and gifts was about it. Now, with the Baby-Boomer Boom, the retirement process has taken on a very different set of actions, concerns and issues. Succession planning, transfer of knowledge, later life employee and retirees, wellness, retiree pension and healthcare, all have become major issues that require strong HR involvement.

And for retirees, what was once looked at as a pleasant and predictable portion of their lives is now threatened by predicted shortfalls in Social Security, instability and lack of funding in many pension systems. Add to that a lack of a plan for long-term health care, substantially increased longevity, a topsy-turvy stock market and we have the formula for a good deal of uncertainty and uneasiness for older workers.

Three Telltale Events

Three significant events in the last month highlight the changing landscape for Human Resource professionals and employees. Although in different ways, all give clear signals that everyone needs to be on top of this now unpredictable thing called retirement.

A recent report released by the US Treasury predicts an eventual \$13.6 trillion shortfall in Social Security funds. And, as if this is not scary enough, neither Treasury, nor Congress, nor the White House have any clear plans on how to handle this ominous situation. While Social Security is not the sole income source for all retirees, it will be a substantial resource for millions. This latest report, coupled with the White House's attempts at restructuring Social Security over the last few years, underscores the unpredictability, and therefore the personal uncertainty that retirees must now face.

Another recent turnabout in retirement predictability is the result of the recent GM-UAW contract. This agreement, among many things, turns retiree health care benefits management and funding over to the Union, and takes it out of the hands of General Motors. While this could be a win-win for everyone, it can also be a red flag for those who have been making retirement plans based upon decades of old data and practices.

And, on October 15, 2007 Kathleen Casey-Kirshling became the **first** Baby Boomer to file for Social Security. She will eventually be joined by about 80 million people in the US, born between 1946 and 1964 who are classified as Baby Boomers, and who will be faced with the retirement option over the next twenty years. We all knew it was coming. And now the Baby Boomer retirement wave has officially started.

All three of these events are clear signals, along with a myriad of other changes and statistics that concretely demonstrate that things are changing in the retirement realm...changing quickly, and changing now.

Individuals and Organizations Face Major Issues

Consider some of these unknowns facing retirees:

1. Social Security is expecting a major shortfall
2. Pension funds are drying up, and Federally sponsored insurance will cover only a small percentage of the hoped for payouts
3. The long term health of the Medicare system is in doubt, and many employers are actively working to reduce coverage and costs for retiree health care benefits
4. Retirees who leave the world of regular employment at ages 55 or even 65 may have 20 or 30 or more years...and they will need to fund those years
5. A second or third career for retirees will be the standard rather than the exception; 76% of people over age 65 will continue to work
6. The US system, including finances, healthcare, activities, retail sales, housing and careers is not equipped, at this time, to handle our aging population, the way aging will occur for the next twenty years or so.

Employers and the Human Resource departments, have their own set of unknowns:

1. The numbers alone tell us that our pool of talent for US companies and organizations will be shrinking with each year of “boomerdom”...plenty of work to go around, but finding the talent will become increasingly difficult
2. Retirees take their individualized talent and know-how with them when they stop working
3. Transfer of knowledge is critical to future success for thousands of organizations
4. In regard to talent acquisition, retirees from other companies, especially competitors, need to be utilized as a talent pool
5. Demands by retirees and pre-retirees for healthcare and other benefits will only rise and dominate staff time and energy
6. Retirees and pre-retirees can become anxious and have their morale significantly deteriorate when their future needs and concerns remain unaddressed
7. Poorly managed retirement preparation and activities can be very costly in terms of lost productivity and low morale.

Steps to Take

For the last several years, articles, advice columns, emails and spams, ads and media promotions have been highlighting the boomer wave as being here now. But, overall, employers and employees alike have been slow to move on adjusting to this major shift in the US workforce and heading off potential problems.

Measures can be taken and plans developed to handle the upcoming boomer wave with success and profitability. While many aging employees will begin to ferret out what actions they need to take in order to transverse the years from full employment to full retirement, Human Resource professionals can get a jump on the problems and begin to

set up their own activities and plans. In doing so, time, energy, employees peace of mind, and the company's money will be saved. The ROI can be substantial when action is taken.

Bill Byham, founder of DDI and author of the book *70: The New 50* (DDI Press, 2007) offers concrete suggestions. Here are a few:

1. Have leaders buy-in to the idea that retirement education and management is good business; then have them receive training and coaching to best help employees understand the solid benefits of retirement planning
2. Build a retirement library and database and have a campaign of informational emails to keep the topic fresh
3. Offer generic financial planning seminars and workshops
4. Provide for career coaches and counselors to help employees with planning and executing work plans for later years.

HR can give employees a solid foundation in retirement planning by exposing them to the fact that retirement is much more than savings, pensions, golf and fishing rods. Work activities such as second and third careers, part-time work, re-education, active volunteering, and even just continued employment will most likely be a substantial part of retirees' futures.

For the organizations success, HR can take an active role in succession planning, reviewing hiring plans and tapping into the aging talent pool, set up plans for knowledge transfer, and develop an expertise in pensions, 401ks, Social Security, and healthcare benefits.

The signs point to the fact that the boomer revolution is here. It is time to pull it together and ensure success for companies and workers who, everyday, are getting older.

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