

**BREAKOUT SESSION REPORTS FOR NATIONAL CONFERENCE ON THE NEW HUMAN
RESOURCES FRONTIER: UTILIZING OLDER WORKERS FOR COMPETITIVE ADVANTAGE
IN WASHINGTON, DC ON JUNE 7-8, 2007**

Topic—What kinds of flexible career options have proved to be most successful in retaining and recruiting older workers?

- Have organizations conducted attitude surveys among older workers to ascertain what kinds of career options would be most attractive to them? If yes, what are the results?

—**Marlon Sullivan, Home Depot, Breakout Leader**

I. Attracting Older Workers

- Formalize partnerships with key organizations (government agencies, civic/faith-based organizations, NGOs, etc.)
- Workforce planning to understand demographic dynamics and the implications for your hiring needs
- Establish a formal value proposition for older workers (why older workers would work for you versus other employment options)
- Traditional benefits (compensation, savings opportunities, defined health care for part-timers/full-timers, etc.)
- Non-traditional benefits (flexibility, tuition reimbursement, snowbird-like program, telecommuting)
- Affinity groups/professional networking groups for older workers
- A dedicated resource to develop the strategy for attracting older workers

II. Retaining Older Workers

- Periodic surveys (focus groups, electronic surveys, or some means of keeping a pulse on the concerns/challenges/interests for older workers in the workplace)
- Flexibility (creating flexibility in work hours, days of work, locations, snowbird-like program, etc.)
- Affinity groups (professional networking groups for older workers to socialize and discuss topics/concerns faced by their peers)
- Environmental changes ("plug and play" workstations allowing various employees to use same area, larger key pads, ergonomically-sound workplace, etc)
- Training/re-tooling (creating opportunities for older workers to continually learn, re-tool their skills or start a new endeavor; technology training will likely be key)
- Mentorship opportunities (creating opportunities for older workers to transfer knowledge and develop/grow their fellow employees)
- Wellness programs (offer programs/opportunities for older workers to remain active and healthy in the workplace)

Topic—What kinds of flexible benefits packages have proved to be most attractive to older workers?

- Are employers providing retention bonuses for older workers? If so, how are they structured?
- What is the experience of organizations with healthcare costs of workers 55 and older vs. younger workers?
- What kinds of healthcare options are most attractive and cost-effective for older workers?

—**Richard Swanson, Director of several public companies and executive coach. Breakout Leader**

The initial topic addressed was on the retention bonuses being provided for older workers. The group had little first-hand experience with these, and those participants who did felt that fewer than one-third of companies with which they were familiar plan to actively retain older workers with incentives to stay. Of those who did, they have been typically handled on an ad-hoc, case-by-case basis.

It was the group's strong consensus that it is the smaller companies that can most benefit from having tools to assist them in retaining, rehiring and utilizing older workers. They do not often have the resources to manage the reasons that employees decide to leave: mainly uninspiring work, lack of flexibility in hours and tasks, and inadequate opportunities for promotion or enhanced learning.

Companies trying to retain older workers (and younger ones) find their biggest challenge is dealing with the flexibility option. Employers need to determine what jobs and which employees are suitable for part-time, flex-time, working from home, and other options.

For all employers, large or small, it is important to introduce "longer tenure" (e.g., remaining beyond typical retirement age) incentive plans *before* an individual reaches retirement age. This way, as tenure lengthens, these incentives become a carrot they wish to grasp. Conversely, employers must also have a stick, e.g., a plan for terminating long-term employees when they are no longer needed or effective, by allowing them to continue receiving the incentive or some aspect of it if they leave.

The second topic was on the experience of organizations with health care costs of workers 55 and older vs. younger workers. The consensus was that older employees do drive up health care costs, perhaps more in physically demanding jobs. However, many older employees bring offsetting benefits – not easily or well measured – such as lower absenteeism, longer tenure, dependability to get the work accomplished, enhanced skill sets. This is an area that needs to be researched in greater depth.

The third topic for the group was on the kinds of health care options for older workers. This discussion went in several directions. Most felt that a reduced number of hours worked per week to qualify for benefits was the most valuable benefit that could be provided – typically 20. While not typically a corporate benefit, HSAs could also play a role with certain older workers if they could cover the high deductible costs (perhaps with a company's assistance) until they built up their tax-preferenced pool of savings to cover the deductible gap before insurance kicked in.

The group then expanded the scope of discussion in the time remaining. The topics for this part of the session revolved around these three: thoughts on why employees typically leave an organization, an understanding of current job/employment statistics, and the kinds of companies where encouraging the utilization of older workers could have the greatest impact.

Why employees leave:

Employees who have left often move to a smaller company. Reasons for this move include:

- Opportunity to make a difference
- Less bureaucratic
- Pay-off is better as compared to responsibilities
- More flexibility: number of hours worked, tasks, opportunity to telecommute.
- Wanting to work for a smaller company that is part of a larger organization

Primary reasons for not retiring:

- Need for medical coverage. Note: One participant provided statistics that for every percentage point increase in healthcare costs, there is a decrease of 3%-4% of employees working, because companies elect to let employees go in order to pay for the increased costs.
- Need to continue working for financial reasons.

Understanding of current job/employment statistics

There needs to be better education/understanding of where the jobs are

- 80% of all companies have less than 20 people.
- 90% plus of all companies have less than 100 people.
- 85% of new jobs in the U.S. are created by companies with less than 100 employees.

Understanding work “tiers” within an organization can help a company determine how/if they can offer flexible work options.

- Lowest tier: often outsourced
- Tier 2: typically managers of the outsourcing
- Tier 3: more skilled worker, cannot generally be outsourced and are important to retain
- Tier 4: executive level

To encourage the effective utilization of older workers by smaller companies:

- Reasonable job demands, adequate compensation
- Small companies joint-venture with larger ones to innovate and attract older people to the smaller ones, and then the larger ones can utilize their productivity.
- Affordable health-care programs in the smaller companies (with insurer changes)
- Flexible arrangements to use the older worker’s skills with reduced duties, perhaps as a consultant vs. employee or a split between.
- Unions need to be flexible and permit companies to use part-time employees
- Form pool training consortia with other firms in order to be more cost and time effective
- Potential pool consortia for health care cost sharing.

Topic–What barriers continue to hinder the increased utilization of older workers, and how can they be addressed?

- Bearing in mind the inhibitions of defined-benefit pension plans, what can employers with such plans do to retain older workers beyond normal retirement without causing them financial hardship?

–**Helen Dennis, consultant and author, Breakout Leader**

For purposes of discussion, the group defined work as paid employment.

I. Obstacle: Lack of individual empowerment

- Since changes in public and corporate policy take time, it is imperative for individuals to assume some responsibility to leverage employment opportunities for themselves. Technology can be used as a tool to build a virtual community among the 55+ job seekers to share knowledge, experience and tips on employment, thereby forming a substantive and supportive network.

II. Obstacle: Educational institutions are not offering sufficient skill-related courses to re-skill 55+ workers to be competitive.

- Many 55+ are finding the need to re-enter the workplace, often for financial reasons. To be competitive they need, at the very least, to be computer literate and also must understand new work environments, i.e. emphasis on teams, etc. Community colleges could fill a void by offering courses to evaluate interests, knowledge (transferable) and skills that match the employment needs in their communities.

III. Obstacle: Ageism

- Although age discrimination is illegal (for almost all positions), it still exists. Stereotypes about older workers and their potential are subtle and limit opportunities for the 55+. Such stereotypes include: the 55+ are rigid, cannot adapt, cannot learn new computer programs, consistently cost more, lack energy, cannot get along with younger generations and expect special treatment. These stereotypes often are held both by employers and the 55+ employees.
- To address the employer, training on debunking the stereotypes and recognizing the value workers 55+ can add should be included in all diversity training. Evidence indicates that such training affects both attitudes and practices relevant to the 55+ for managers and hiring professionals. Additionally, the 55+ cohort needs to dismiss age myths which they have internalized. This could be accomplished through education, training and coaching.

Note that positive experiences/stereotypes also exist that the 55+ workers are more reliable, are willing to share knowledge, can fill in high-level gaps on a temporary basis and are valuable mentors; this information needs to be disseminated more widely.

IV. Obstacle: Lack of flexibility in the work place

- Phased retirement is a high priority among many 55+. To date, it is not a mainstream policy. Phased retirement requires developing “new ways to work” that can retain talent for the employer. It also allows employees to ease into retirement as opposed to feeling that one’s career has come to an abrupt and sometimes painful halt.
- Sabbaticals are a valuable “time out” for employees, particularly for those in high-demand positions. It also is of benefit to the employee who can practice “not working” at his or her primary job/career for a period of time. Such time can be spent on developing one’s next life chapter.
- Employers could also encourage more civic engagement among those close to retirement age. A tax credit to the employer may serve as an incentive.

Notes: The issue of flexibility is becoming age neutral; younger employees also have an interest in this.

The government, as the largest employer in the U.S., could serve as a role model for other employers. At the moment...it is not.

V. Obstacles: Pensions

Employees frequently are penalized by remaining in the work force after they qualify for their pensions under DB plans. Pension incentives (public policy) could be developed to retain workers.

Topic –How can we better restructure work and deploy older workers in ways that will enhance the bottom-line impact of their experience, while at the same time help to capture and preserve their intellectual and social capital?

- What are the best practices in capturing the intellectual and social capital of workers prior to retirement, especially those in mission-critical positions?
- What are the “true costs” of replacing older workers with younger ones (i.e., factoring in hiring costs, training/development costs, lost productivity, lost intellectual and social capital, etc.)?

–**Mary Young, The Conference Board, Breakout Leader**

I. Need public campaign to change societal values re older workers (older women especially vulnerable because less financially secure)

- Target audiences: Employers, hiring managers, older workers, public at large
- Messages: Refine messages re older workers so that the message *isn't* that all employers need older workers to meet labor shortages that will occur for all jobs or that all older workers are equally valuable/employable, etc. Employers aren't one homogeneous group, nor are older workers.
- Use data to target projections to specific industries, regions, etc.
- Use BLS data to show that the only way the U.S. will be able to increase productivity will be to increase the labor force participation rates of people age 50+.
- Promote career mobility across sectors, for example, from the private sector to non-profits.
- Partner with companies (such as P&G, Unilever) that are effective in marketing to older consumers, in part by changing perceptions re aging. Another potential partner: The Ad Council. These potential partners would lend expertise in promoting the campaign’s key messages.

II. Employer Practices

- Convene meeting of corporate innovation executives to infuse new thinking re how to promote employment of older workers

- Ask older workers (through surveys, focus groups, one-on-one conversations) rather than make assumptions about their career interests, retirement plans, preferences, retention factors, etc.
 - Educate hiring managers re legal issues relating to age in the workplace and about generational differences. Education will help overcome the fear factor that leads some employers to avoid older workers and help change attitudes and stereotypes. Multigenerational education can help all generations work together more effectively.
 - Provide managers with training and tools to conduct effective performance reviews with employees of all ages, separating performance from age. Use such routine, institutionalized practices to explore older workers' career interests, motivations, etc. and to help make their late career productive.
- III. Promote career mobility and management within the workplace to employees of all ages.
- Encourage one-on-one meetings to discuss career interests, plans, how would they like to contribute, what do they want to do next, etc. with:
 - Employees of all ages
 - Late-career employees
 - Those in mission-critical roles
 - Be proactive; don't wait until they're ready to retire
 - Make life planning a component of career planning and coaching for employees of all ages
 - Promote career mobility across sectors (profit, non-profit, government)
 - Help older workers learn how to keep themselves employable, maintain their skills and value, promote themselves, find job opportunities at the level they seek
- IV. Identify and eliminate legal and policy barriers to continued employment of older workers

Topic—An inter-governmental task force has been organized by the Department of Labor (DoL) to consider revisions of laws, regulations and policies that adversely impact the utilization of older workers. What can be done to stimulate making changes that are required to support increased utilization of older workers?

—**Scott Bass, Office of the Provost, American University, Breakout Leader**

- I. Overall Principles that the Task Force should accomplish include:
- a. Enable more older people to:
 - remain in the workforce
 - find new work opportunities (paid, paid-volunteer, or volunteer)
 - retrain for new career opportunities
 - create new businesses
 - b. Eliminate barriers and create incentives for workers and employers in obtaining:
 - health and long-term care (through extended coverage and with shared costs)
 - education
 - increased skill and knowledge to manage individual savings.
 - c. Create a multi-year public education campaign on the value of older workers
- II. Establish a Congressional Commission, with active involvement of business and labor, to:
- a. Examine health and long-term care coverage, especially as it impacts the hiring and retaining of older workers
 - b. Examine the barriers and opportunities for the participation of older workers in the workforce and other productive activities
- III. The DoL intergovernmental task force should look at many departments, agencies, programs, and sections for policies, regulations and practices that impact older workers or employers, including:
- Internal Revenue Service

- Department of Labor
 - Equal Employment Opportunity Commission—for ADA and ADEA
 - Social Security Administration
 - Center for Medicare & Medicaid Services (CMS)
 - Corporation for National Community Service
 - Pension Benefit Guarantee Corporation
 - Department of Health and Human Services—Administration on Aging
 - Department of Commerce—Small Business Administration
 - Veterans Administration
 - Department of Education
 - Federal grants administrative practices and policies
 - Federal employment practices in all agencies
- IV. With regard to specific areas or activities in an agency or department, within the IRS the intergovernmental task force should:
- a. eliminate penalties for phased retirement
 - b. create incentives for employers to support phased retirement via 401(k) plans, pensions
 - c. protect against potential abuses by requiring the consent of individuals as a choice in any plan changes
 - d. eliminate taxation of education awards and expand deductions for education
 - e. provide tax credits to encourage hiring part-time older workers, and to create or extend health benefits to older workers
 - f. provide tax credits to employers who provide training for lower-income older workers
- V. Within the DoL, the intergovernmental task force should:
- a. encourage state planning for employment and training older workers 55+
 - b. establish a priority and an infrastructure to encourage older worker engagement
 - c. re-examine ERISA to remove impediments for retaining employee benefit plans and retaining employees in the plans; this re-examination should look at fiduciary obligations, investment security, etc.
- VI. Within the Corporation for National Community Service, the intergovernmental task force should:
- a. expand compensated volunteer programs and senior service programs, e.g. Senior Companions, Foster Grandparents, Senior Service America, AmeriCorps, etc.
 - b. explore new models for utilizing older workers that serve the public good, e.g. Silver Human Resource Centers (SHRC) in Japan, etc.
 - c. eliminate income eligibility for participation in programs
 - d. expand the numbers of older people who are involved by hundreds of thousands
 - e. encourage matching funds from universities and companies
 - f. provide flexibility for financial awards to older participants.

Note: Group #5 was prepared to discuss policies for each of the major federal agencies; however, the time available was limited to 90 minutes.