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# STATE SERVICE PHASED-IN RETIREMENT (PIR)

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# STATE SERVICE PHASED-IN RETIREMENT

## Background

An analysis of Tasmanian State Service employment data over the three years from 31 March 2003 to 31 March 2006 indicates that management of an ageing workforce is emerging as a critical issue for State Service Agencies.

Over that period, the proportion of the total State Service workforce aged 55 years or more increased from 13% to 16.15%. Further analysis indicates that the trend will significantly accelerate with 51.88% of the total State Service workforce aged 45 years or more at 31 March 2006.

Linked to this trend is a marked reduction in the number of new workers projected to enter the Australian labour market over the next 25 years from a present rate of 170,000 annually to an estimated total of 125,000 in the decade 2020 to 2029.

A projected decline in national workforce participants present more immediate challenges to Tasmania as our population is ageing more rapidly relative to other States and Territories and has traditionally had a lower rate of workforce participation. These two factors make Tasmania more vulnerable to a future decline in workforce participation. Projections by the Department of Treasury and Finance anticipate a drop in Tasmania's working age population (i.e. people 15 – 64 years of age) from 66 per cent of the total population currently to 55 per cent by 2046.

To effectively respond to these emerging trends, there is a need to extend the participation of mature age employees within the existing State Service workforce by supporting those employees to remain in employment longer.

While the removal of compulsory age retirement for State Service employees through the proclamation of the *State Service Act 2000*, provided an initial step towards that purpose, further policy support is required.

Phased-in retirement (PIR) is a strategy that assists mature age employees in making the significant transition from employment to retirement while also assisting Agencies to better manage knowledge and skill transfers through succession planning, mentoring and workforce renewal. It can also contribute to improved retention of mature aged employees with key skills and knowledge over a longer term.

Phased-in retirement may deliver a number of key benefits to mature aged employees and Agencies including:

- reduced skill shortages;
- improved knowledge and skill retention;
- improved workforce planning for renewal;
- improved continuity of service delivery;
- improved capacity for succession planning;
- improved workforce flexibility;
- improved productivity and efficiency;
- improved work/life balance leading to retirement.

The State Service Phased-in Retirement program is established under Clause 17 of the Public Sector Unions Wages Agreement 2004.

### **State Service Phased-in Retirement (PIR) - Criteria**

To be eligible for PIR, employees or officers must meet the following criteria:

- the employee is a permanent employee, or a fixed term employee (other than a casual employee), or an officer (other than a Head of Agency) on a fixed term contract of employment which will not be extended by the PIR arrangement;
- the employee or officer is aged 55 years or more;
- the employee's or officer's participation in PIR is voluntary;
- the employee or officer is prepared to formalise the terms and conditions of the PIR arrangement;
- the PIR arrangement will not prevent the employee or officer from undertaking the inherent requirements of his/her duties; and
- the proposed arrangement meets the operational and business needs of the Agency.

**Note:** any further reference to employees in this document may also be taken to apply to officers.

The parties to the PIR arrangement are the employee and their Head of Agency. Approval of proposed PIR arrangements will be at the discretion of the relevant Head of Agency or delegate, however, approval will not be unreasonably withheld.

## State Service Phased-in Retirement (PIR) – Options

The options and specific details of phased-in retirement are to be initially considered by the employee and their manager/supervisor.

The PIR enables eligible employees to apply to reduce their ordinary hours of work leading to up to their eventual retirement. This may also extend to existing part time employees further reducing their hours as part of the phased in retirement.

The overall process of an employee phasing in his/her retirement could involve more than one reduction in the number of fortnightly hours worked. For example, an employee may at age 60 reduce from 100% to 80%, of full time ordinary hours, and at age 62 further reduce from 80% to 60%, and at age 65 from 60% to 40% with retirement occurring at age 66.

Due consideration should be given to workload management, including the re-allocation of duties or position re-design, to accommodate the reduction in hours. This process may also require consultation with other employees in the area. Where consultation is required, the manager/supervisor and the employee should undertake it jointly, and in doing so should balance the needs of the employee with those of their co-workers. An optional checklist to assist with workload management and consultation is included at *Attachment A*.

Another option available under the PIR allows eligible employees to take on different duties and functions leading to up to retirement. This may involve the formal mentoring of younger employees as part of a skills and knowledge transition.

Where the level of responsibility associated with the new duties and functions are significantly different, this may entail a change in award classification and associated salary, however, a Head of Agency may vary an employee's direct service duties without requiring a change in classification and salary. An example may be where an employee in a senior management role is approved to take on mentoring or individual projects leading to retirement. This arrangement may also be combined with a reduction in working hours.

## State Service Phased-in Retirement (PIR) - Arrangement

Agencies will work with employees seeking PIR to identify arrangements that satisfy both parties. Once agreed, the terms and conditions of the PIR arrangement should be finalised in writing and should include the following:

- the commencement date;

- the hours of work (and work pattern/s) applicable during the relevant phase/s of the PIR arrangement;
- the Statement of Duties applicable to the PIR arrangement;
- the applicable award, classification level, and salary;
- the applicable performance management arrangements; and
- the procedures for resolution of issues arising from the operation of the PIR arrangement.

The terms and conditions of the PIR arrangement will be binding on the employee and Head of Agency. Requests by either party to vary or terminate the PIR arrangement will be subject to the agreement of both parties subject to the reasonable consideration of the circumstances that gave rise to the request. An optional checklist to assist with formalising the PIR arrangements is included at *Attachment B*.

### **State Service Phased-in Retirement (PIR) – Other Flexible Working Provisions**

There are a number of existing provisions available to State Service employees that can either complement a PIR arrangement, or even provide an alternative to PIR.

These include:

- State Service Accumulated Leave Scheme (SSALS) using deferred salary;
- Leave without pay for career breaks;
- Flexitime for flexible working hours and accrued time;
- Long Service Leave (minimum 5 days per application);
- Flexible Access to Annual Leave (minimum 1 day per application);
- Carers Leave;
- Home based work;
- Time off in lieu of overtime payments;
- Conversion to part time employment.

These provisions are established variously through Acts, Regulations, Ministerial Directions, Awards/Agreements, or Agency policy. As such, they may not be available to all employees –

employees should check with their Human Resources service for advice on which provisions are available.

## **State Service Phased-in Retirement (PIR) – Superannuation & Financial Planning**

Employees should consider the impact of any proposed change in their work arrangements on their superannuation benefits and financial circumstances. To that end, employees are strongly encouraged to seek advice on superannuation and financial planning.

Employees who are members of superannuation schemes administered by the Retirement Benefits Fund Board (RFBF) should visit the RBF website at [www.rbf.com.au](http://www.rbf.com.au) or contact the RBF on (03) 6233 3672 or 1800 622 631. RBF members who need additional advice about investment and financial issues may be referred by RBF to RBF-TAS Planning Pty Ltd who can provide RBF members with financial advice relating to their individual circumstances and financial goals.

Employees who are members of superannuation funds other than RBF schemes are encouraged to contact their respective fund for advice and seek independent financial planning advice.



Will PIR employee be engaged in teaching/mentoring?

Yes

No

<b>Identify potential difficulties</b> (eg meeting times, professional development commitments etc)	<b>Strategy to overcome</b> (eg buddy system with meetings)

## State Service Phased-in Retirement (PIR) Arrangement Checklist (Optional)

Employees should complete this form in consultation with their supervisor/manager. If the PIR arrangement is recommended by the supervisor/manager, please forward it to your Human Resources area for necessary approvals and action.

Employee Name

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Division/Branch/

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Agency/Department

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Position Title & Number

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Supervisor/Manager

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**Additional documentation attached?**

(please attach additional information if you require extra space)

Yes

No

## Work Pattern and Salary

A new work pattern is required for payroll purposes including the debiting of leave. The new work pattern can remain the same for the length of the agreement, or alter in phases. If the work pattern is to remain the same over the length of the arrangement, please complete phase 1 only. Where both parties are agreeable, flexible start and finish times may be determined.

Award: \_\_\_\_\_

Classification Level/Year: \_\_\_\_\_

### Phase 1

Full time equivalent (eg 0.8, 0.5 etc)

0.

First Pay Date:

Last Pay Date:

Total **fortnightly** hours to be worked:

	Mon	Tue	Wed	Thurs	Fri	Sat	Sun
Start Time							
Finish Time							

If cycle is not weekly, specify: \_\_\_\_\_

### Phase 2

Full time equivalent (eg 0.8, 0.5 etc)

0.

First Pay Date:

Last Pay Date:

Total **fortnightly** hours to be worked:

	Mon	Tue	Wed	Thurs	Fri	Sat	Sun
Start Time							
Finish Time							

If cycle is not weekly, specify: \_\_\_\_\_

### Phase 3

Full time equivalent (eg 0.8, 0.5 etc)

0.

First Pay Date:

Last Pay Date:

Total **fortnightly** hours to be worked:

	Mon	Tue	Wed	Thurs	Fri	Sat	Sun
Start Time							
Finish Time							

If cycle is not weekly, specify: \_\_\_\_\_

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**PIR Arrangement**

Start Date \_\_\_\_\_ Retire Date (if known) \_\_\_\_\_

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**Performance Management**

The employee and Supervisor/Manager will participate in performance review every ..... months, in line with the *State Service Act 2000* and Commissioner's Direction 4.

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**Variation or Termination of PIR Arrangement**

Requests by either party to vary or terminate the PIR arrangement will be subject to the agreement of both parties subject to the reasonable consideration of the circumstances that give rise to the request.

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**Resolution Of Issues/Grievances**

Issues and/or grievances arising from the operation of the PIR Arrangement will, in the first instance, be dealt with under the Agency's internal grievance resolution system established under S34 (1) (j) of the *State Service Act 2000*. Should the issue/grievance remain unresolved, it may be referred to the State Service Commissioner under S50 (1) (b) of the *State Service Act 2000*.

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**State Service Employment**

Employees participating in the PIRP remain subject to the provisions of the *State Service Act 2000* and relevant awards/agreements.

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**Leave**

Unless otherwise provided by an Award/Agreement, employees working part time are entitled to relevant leave entitlements on a pro rata basis. The employee is only entitled to paid public holidays that occur on their usual working days.

**The employee's accrued leave entitlements at the commencement of the PIRP Arrangement are.....annual leave and.....long service leave**

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## Signatures

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### SUPERVISOR

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Supervisor's comments

Recommended

Not recommended

Supervisor Name \_\_\_\_\_

Supervisor Signature \_\_\_\_\_

Date \_\_\_\_\_

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### EMPLOYEE

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In electing to participate in State Service PIR I acknowledge that I have sought advice about the impact PIR will have on my salary and on my superannuation and I understand its effect on my State Service employment.

Employee Name \_\_\_\_\_

Employee Signature \_\_\_\_\_

Date \_\_\_\_\_

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### AGENCY APPROVALS

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Head of Agency or delegate

Approved

Not approved

Signature \_\_\_\_\_

Date \_\_\_\_\_