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Survey of Recent Retirees Shows Retaining Older Workers Involves More Than Just Giving Them Access to Pensions

Phased Retirement Initiative, Led By Northrop Grumman's Ian Ziskin, to Develop Strategies for Companies to Avoid "Brain Drain"

Washington, DC—The challenge facing employers who wish to retain talented retirement-eligible employees stretches well beyond benefit plan design issues, according to Employee Benefit Research Institute (EBRI) survey results that are being issued today (www.ebri.org). While 50 percent of the recent retirees surveyed indicated that access to their pension while working may have changed their decision, numerous other considerations were cited as well, including feeling more truly needed (48 percent), being able to work on a contract or seasonal basis (38 percent), being engaged in more meaningful work (36 percent), or being able to work part-time (36 percent).

With the aging of the work force and the potential "brain drain" among highly educated workforces, many employers are examining "phased retirement" strategies intended to retain these workers and facilitate the gradual transfer of their institutional knowledge. The "EBRI 2008 Recent Retirees Survey," in which retirees of several HR Policy Association aerospace and defense industry member companies participated, shows that providing access to early retirement benefits while continuing to work is only one potential component of a successful phased retirement strategy. Until now, providing such access has dominated much of the discussion around phased retirement as a public policy issue because it would require a change in the law.

"When we first started looking into this issue, we recognized that most of the attention in this area has been focused on changing federal tax and benefit policies to allow older workers to receive full or partial retirement benefits while continuing to work for the same employer," said Northrop Grumman Corporate Vice President & Chief Human Resources and Administrative Officer Ian Ziskin, Chairman of the HR Policy Association Phased Retirement Initiative. "We realized this point of view was based on assumptions about early retirement that had never really been tested, so we decided to survey our own retirees in the aerospace and defense industry. We learned that retirement decisions are driven by much more than just financial considerations. If companies are going to tackle this problem, they are going to need to focus on a whole lot more than pension plan designs."

The "EBRI 2008 Recent Retirees Survey" received responses from 4,981 workers in aerospace and defense industry companies who retired in 2003 or later and are currently between the ages of 55 and 65. The questionnaire for the study was designed by Mathew Greenwald & Associates, a Washington-based market research firm, in cooperation with EBRI, the HR Policy Association, the American Benefits Council, and 11 aerospace and defense industry companies participating in the project. In addition to Northrop Grumman, some of the other HR Policy Association member companies whose retirees participated in the survey included BAE Systems, Ball Corporation, General Dynamics, Harris Corporation, Honeywell, Lockheed Martin and

Raytheon. Textron and United Technologies Corporation also participated in the funding of the survey.

The next step for the companies that participated in the survey is to develop strategies and a tool kit of best practices for companies who seek to try to retain talented, retirement-eligible employees. “We are using the aerospace and defense industry as a focus group to learn more about a problem that obviously challenges other industries that employ large numbers of knowledge workers,” said Ziskin. “Each company will have its own unique dynamics, so there is no one-size-fits-all approach, but, from what we’ve learned, we want to prepare a basic blueprint that can get companies started in tackling this problem. It would be nice if there were changes in the pension laws to facilitate this but we are going to develop the guidelines with the assumption that the law will not change.”

Watson Wyatt Worldwide, which has done considerable work in the phased retirement arena, will work with the HR Policy Initiative in developing the tool kit, which will be issued this fall.

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