The benefits of helping workers retire well

Kira Vermond dismantles the latest workplace and career trends

WEEKEND WORKOUT » RETIREMENT

If 65 is the new 55, then baby boomers, set to retire between now and 2030, expect to enjoy a long – make that 20-plus years long – healthy and happy retirement. But are they feeling prepared to make the leap both financially and emotionally? And whose job is it to make sure they are?

It’s partly their employers’ responsibility, if you follow the thinking of businesses that pay about $1,000 a day in consultants’ fees to offer employees and their spouses multiday retirement seminars and workshops that tackle everything from Registered Retirement Income Plans to excusing life’s forgotten passions.

WHY BOTHER?

Why should a company care about helping employees transition to retirement? Aren’t those boomers just leaving the workplace anyway?

That’s one way to look at it, but offering financial and lifestyle instruction to a nice group of people who have possibly been clocking hours with the company for decades, says Sally Hass, benefits education manager for forest products company Weyerhaeuser Co. in Federal Way, Wash., which has offered retirement planning classes since 1986.

“We don’t think people should work a career with us and then retire slightly above the poverty level. We want to support our employees and support our communities,” she says.

It’s been a tough time for the forestry industry. Media reports say Weyerhaeuser has dropped from having 12,000 Canadian employees to 2,000 in the last five years. Yet despite this, each year the company still gives two-day, one-day, evening and virtual sessions to about 3,000 employees company-wide. Granted, Weyerhaeuser is cutting down on the number of seminars it hosts in the field. These days, most participants travel to the U.S. head office or, in Canada, to the Vancouver corporate office to save costs.

Ms. Hass says cost cutting is actually a good reason to educate retirement-ready staff.

“Today, it’s hard for employers to add more to the pension plan or to match the 401(k),” she says, citing the U.S. equivalent to our RRSP.

“But what you can do is educate people to be smart about their money. That can go a long way to helping them have success.”

There are other benefits for the employer, says Glenys Tidy, program co-ordinator at University of British Columbia Continuing Studies in Vancouver, which has been running similar programs for companies since 1977. Providing seminars is good PR.

“There will be subtle changes in staff – [improved] productivity and a stronger allegiance to their employer,” she says.

GET THEM EARLY

Twelve years ago Daryl and Karen Diamond, founders of Diamond Retirement Planning Ltd., hung their shingle in Winnipeg to offer seminars to corporate and government clients.

Ms. Diamond says they’ve noticed an upswing in interest in the last five years, particularly as boomers leave the workforce.

Retirement planning is a good niche industry to get into. Statistics Canada says in less than 10 years, one in five people in the workforce will be between the ages of 55 and 64.

Although many of the employees they see are definitely in the 55-plus age range, Ms. Diamond says the biggest trend now is offering retirement planning to younger workers in their forties. Any younger than that though, and enrolment drops.

“I guess it’s not as critical an issue at that stage in people’s lives. We just don’t get the participation,” she says, recommending that if employers want to hit their young pups, they get the best results if they offer lunch and learns or short workshops.

TOO SMART?

There is at least one drawback when providing sound retirement education to employees when they’re younger. Some executives recognize that workers who develop thoughtful plans for early retirement take the whole freedom-55 concept seriously and say adieu ahead of schedule.

On the flip side, however, other employees with visions of laziness away their remaining days golfing four days a week or buying round-the-world tickets might soon discover during the seminar they can’t quite afford to leave the company yet, so they stay.

SCAM ARTISTS

From the employer’s perspective, they need to ask questions before hiring an outside company to come in-house and chat up their employees. This week, the Financial Industry Regulatory Authority in the U.S. launched an online resource to help companies and their older workers protect themselves from early retirement scams.

The effort comes hot on the heels of recent enforcement actions down south.

Last year, Citigroup Global Markets was ordered to pay more than $15 million (U.S.) to settle charges related to misleading materials in retirement seminars and meetings for BellSouth employees in North and South Carolina.

Meanwhile, Securities America Inc. was fined $2.5 million and ordered to pay $13.8 million in restitution for an investment scheme aimed at Exxon retirees.

Mr. Diamond understands why employees are concerned about liability, so they need to look out for good financial educators who simply offer general information about, say, how to build a retirement plan or how costs might increase.

If you can see them in action with another group before hiring them, all the better.

And if employees want to sit down one-on-one with Mr. Diamond after the session? They have to sign a waiver indicating the conversation is of their own volition and in no way constitutes a referral by the employer.

“We find there’s a general reluctance on the employer’s part [to hire an outside firm] because there could be great scenarios that they engage their employees in, but it’s the scary ones they’re terrified of,” he says.

Daryl and Karen Diamond, founders of Diamond Retirement Planning, say there’s been an upswing in their business recently as boomers leave the workforce. JOHN WOODS FOR THE GLOBE AND MAIL

THE UPSIDE

The people who are left behind look at that employer and think, ‘Wow, if that’s what they’re doing for someone who is leaving, then this is a good place to work for!’

Suzanne Armstrong, founder and president of Life’s Next Steps, Jersey City, N.J.

THE DOWNSIDE

If we go in and do a 2½-day session, it could be the most worthwhile 2½ days they’ve spent in their employment life. But if they don’t do anything after the fact, it’s been a 2½-day waste of time.”

Daryl Diamond, Diamond Retirement Planning Ltd., Winnipeg

THE ROAD TO RETIREMENT

But can they afford to retire anyway?

According to a survey conducted for Bank of Montreal by Ipsos Reid, 70 per cent of boomers don’t feel they are on track with saving for their retirement or don’t know if they’re on track. Many say they would retire later if they had to.

Top five reasons why boomers aren’t on track with their retirement savings:

No money left over to save (58 per cent)

Started saving too late (44 per cent)

Still supporting kids (28 per cent)

Health issues (22 per cent)

Job issues (20 per cent)

Source: Ipsos Reid