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Marketing retirement—or staying on the job

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Abstract Financial packages provide the most common incentive to meet the legal requirement that retirement be voluntary. However, managers have other tools to encourage retirement or encourage staying on the job—within legal constraints and consistent with current health insurance changes that may make pre-65 retirement more desirable. In using these tools, managers must consider demographic realities that offer a large cohort available to replace retirees. To assist managers, a qualitative study among human resource experts probed how companies decide between encouraging retirement and encouraging staying on the job and also how each is accomplished to maintain a workforce best matched to job requirements. Suggestions for marketing retirement include starting early to encourage saving so that employees can afford to retire and improving the retirement 'product' by flexible alternatives to full-time work, including self-employment. Suggestions for keeping employees on the job include tailoring schedules and rewards to the preferences and needs of individuals who might otherwise retire.

1. Why employee retirement is a marketing issue

Consider this marketing challenge: offer your employee empty days, lower status, and a worrisome financial future—for many, a product known as retirement. Is it a surprise that potential buyers resist? Or that many who grudgingly acquiesce by taking the package then criticize the organization to friends, relatives, neighbors, and co-workers? Or that a grandchild quickly sets up the Facebook page of the retiree, allowing them to complain to much of the Internet-linked world?

Financial packages are the usual tool offered to encourage retirement, given that mandatory retirement is outlawed by the Age Discrimination in Employment Act of 1967 (U.S. Equal Employment Opportunity Commission, n.d.). However, a financial package can be a crude tool, or often an inadequate one. Managers thus may view employee retirement decisions as both a human resources issue and an internal marketing issue, hoping to influence employee decision making whether the goal is to encourage leaving or to encourage staying on the job.

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Employers may find that their oldest employee cohort remains on the job significantly longer than they had planned or retires sooner than they had expected. Either case offers powerful reasons to consider how to market retirement or staying on the job despite eligibility to retire. We therefore explore in the discussion that follows what many managers refer to as a taboo topic: how organizations decide whether to encourage or discourage retirement, how they implement their decisions, and how they might improve both the decision making and the implementation.

2. Examining the context for employer decisions and actions

We begin by clarifying three relevant environmental factors. The first is the set of legal constraints on company actions related to retirement decisions. Second is the new landscape in health insurance coverage, a factor in employees' choice of when to retire. Third is the age distribution in the United States, which is relevant in assessing how many workers might currently consider retirement versus the size of the cohort behind them.

We then report the results of a qualitative study we conducted regarding the approaches taken by a range of organizations. Our questions focused on how managers decide who should be encouraged to stay and who should be encouraged to leave, and in the latter case, how they market retirement. We also asked our sources to compare the difficulty of marketing retirement to the difficulty of marketing continuing on the job if an employee wants to retire, and how organizations meet that challenge. We did not specify whether responses should differentiate between exempt and non-exempt workers.

From the results of this study we draw conclusions about how managers might improve their decision making and actions to encourage or discourage retirement. Proceeding from the assumption that organizations want to maintain a capable and up-to-date workforce, we consider what practices can best lead to that outcome.

2.1. Legal constraints

All those with whom we spoke in the qualitative study were well aware that actions in this area are circumscribed by legal restrictions that would daunt any sophisticated marketer. Segmenting by age and targeting those in any category over 40 is prohibited. So, realistically, is personal selling: a one-on-one chat with a 55-year-old about his or her limited future advancement, for example, may be grounds for a successful lawsuit charging age discrimination.

Table 1 outlines the legal considerations when an employer wants to retain an employee and also when an employer has the opposite objective; as

Table 1. Keeping it legal, based on the Age Discrimination in Employment Act of 1967*

Company Actions	Legal Considerations
Retention Focused • Financial retention incentives (e.g., bonuses, raises) • Nonfinancial retention incentives (e.g., flexible schedules, desirable locations, time off)	• Criteria for identifying recipients of retention incentives should be based upon legitimate business factors such as employee performance or skills. • Those who are offered retention incentives should not be substantially younger than those who do not receive such offers.
Separation Focused • Layoffs • Outsourcing • Job restructuring • Documenting low performance	• To avoid establishing intent to discriminate or creating an appearance of such intent, managers should avoid initiating retirement discussions with targeted employees. Providing general information regarding retirement options to all employees presents less risk. • Criteria for taking actions focused on job separation should be based upon legitimate business factors such as employee performance and should be applied in an age-neutral manner to all employees.

* Source: Age Discrimination in Employment Act of 1967, 29 USC § 621

the table shows, retaining employees can be an issue for accusations of age discrimination if such efforts appear to favor younger workers. For retention, the criteria to consider are performance and skills, not age. For the opposite objective, employers need to provide general information regarding retirement options to all employees, and job separation actions should be based on legitimate business factors and applied in an age-neutral way.

Recent age discrimination cases, all decided based on the law summarized in Table 1, indicate that employers should be wary. For example, supervisors' assumptions and comments regarding an employee's early retirement eligibility can result in costly litigation. In a case involving promotion denial, a 55-year-old employee eligible for early retirement was passed over for a promotion in favor of an employee 3 years younger who had not yet reached retirement eligibility. The selecting manager in this case made comments that the plaintiff "was ready to retire" and that she preferred to staff the position "on a consistent basis for years to come." The employer moved to dismiss the case, but that motion failed based on the possibility that the manager's assumption of the plaintiff's impending retirement motivated the failure to promote him (*Israel v. Geithner*, 2013).

Also, organizations attempting to encourage early retirement through incentive plans should ensure that such plans do not unfairly disadvantage older employees. Failing to do so can result in costly legal action as evidenced by a recent case in which the Tempe Elementary School District paid $148,000 to settle an age discrimination suit alleging that younger employees received more economic benefits from an early retirement incentive plan than older employees in a standard retirement plan. Commenting on the case, EEOC Regional Attorney Mary Jo O'Neill stated (U.S. Equal Employment Opportunity Commission, 2012):

> Early retirement incentive plans and normal retirement plans which are facially discriminatory need to be changed. . . .Discrimination on the basis of age is simply illegal. People in their 60s should not be penalized merely because they want to continue working. A retirement plan which states, for example, that employees 52 years old will receive a greater economic benefit than an employee 61 years old for retiring early is discriminatory on its face.

Furthermore, employers should consider potential legal pitfalls when implementing early retirement plans, ensuring that employees are not coerced to retire, which could be viewed as 'constructive discharge.' U.S. Steel successfully carried out such a plan: in advance of company layoffs, it engaged in a series of practices providing employees with information and choices. Specifically, the company identified those eligible for early retirement and distributed written announcements of a voluntary early retirement program offer, communicated estimates of pension benefits that employees would receive under the early retirement plan compared to benefits outside of the plan, held information sessions regarding the early retirement plan, issued written communication indicating that layoffs might be necessary if the voluntary early retirement offers did not result in necessary staff reductions, and allowed employees approximately 6 weeks to decide whether to participate in the early retirement plan. Employees who sued, claiming that these practices created working conditions so intolerable they had no choice but to resign, did not prevail (*Embrico v. United States Steel Corp.*, 2005).

Beyond legal constraints, two other important issues affect retirement considerations for employers. One is the Affordable Care Act, which may make retirement more feasible for more employees. The other is whether encouraging retirement might be a truly bad idea at this point in U.S. demographic history, given indications that those who will replace retiring baby boomers will come from a smaller generational pool. These two issues provide additional context for our exploration of the under-discussed topic of marketing retirement—or marketing remaining on the job.

2.2. A new bridge to Medicare for those retiring before 65

According to the U.S. Census Bureau (Janicki, 2013), 68.2% of employed individuals in the age range of 18—64 received employment-based health insurance coverage in 2011, both saving them premium costs and providing better coverage when compared to individual policies. For this significant majority of the working population, therefore, retiring before becoming Medicare-eligible at 65 may well have seemed infeasible without insurance from a spouse's policy or employer 'bridge' coverage.

Such bridges are the exception. A study by the Henry J. Kaiser Family Foundation (2013) found that only 28% of companies with more than 200 employees offered retiree health insurance in 2013, and although 90% of these employers extended these offers to early retirees, the outcome was still only one-quarter of such employees covered after early retirement.

Research has found bridge coverage to significantly increase early retirement for employees aged 62—64, with employer premium contributions resulting in even higher retirement rates (Nyce, Schieber, Shoven, Slavov, & Wise, 2013). These findings suggest that the Affordable Care Act, in force as of 2014, may make retirement before 65 more affordable and thus more attractive, a sentiment documented by the Congressional Budget Office (2014) report that the ACA will accelerate retirements to a greater extent than previously expected.

While retirees have since 1986 been eligible to continue in a group policy through the provisions of the Consolidated Omnibus Budget Reconciliation Act, or COBRA, such coverage requires payment of 100% of a premium previously subsidized by one's employer—a cost difference that has kept many on the job until their Medicare eligibility. By contrast, the ACA limits the degree of age-rating permitted, despite the cost differences in healthcare across age cohorts, a provision that particularly benefits early retirees aged 50 to 64 years old (Davidson, 2013).

2.3. Employee replacement issues

Along with legal considerations and health insurance, demographics are a third issue significant to retirement-related decision making by employers. An examination of age distributions in the U.S. workforce becomes relevant when considering both the cohort weighing retirement and the cohort likeliest to replace those who decide to leave.

In that context, the U.S. Bureau of Labor Statistics (2012) projects 12.1 million workers 65 and older in the civilian labor force in 2020 versus 6.7 million in 2010. And while some analysts have foreseen a decline in working-age individuals available to replace retiring baby boomers (Dychtwald, 2004), the BLS estimates show five workers 35—54 in 2020 for every three 55 and older, suggesting that many organizations will not suffer as employees choose to retire.

In fact, the likelihood that workers in the 35—54 age category will compete intensely for jobs vacated by retirees raises ethical issues for organizations. They cannot tell older employees to consider retirement, yet in hiring, those same organizations are likely to stress opportunities for promotion. In doing so, they implicitly promise either expansion to make such promotions possible or, more likely, that the financial packages offered to current employees to make retirement desirable will succeed in achieving that same objective.

A pertinent issue then becomes the propensity of those in the baby boom generation to actually retire. A study of workers between the ages of 45 and 60 found that the proportion saying they were going to delay retirement jumped dramatically, from 42% in 2010 to 62% in 2012 (Levanon & Cheng, 2013). However, roughly 30% of Americans over the age of 65 were working in 2012 (Norris, 2012), leaving unclear whether the Boomers will make their retirement decisions differently or whether intentions are not matched by actual retirement decisions.

The gap between expectation and behavior can of course cut either way in the near future. Employers may find that their oldest employee cohort stays on the job significantly longer than they had planned or retires sooner than they had expected. Either case, as noted previously, justifies consideration of how to market retirement or staying on the job despite eligibility to retire. It is simply unclear which will be the more critical marketing effort.

Regardless of the general trend, some employees can be viewed as particularly hard to replace, an observation made by authors monitoring the labor market as well as individuals we contacted for our study. An example of the former is the authors of *That Used to be Us*, who quote the owner of a business headquartered in Buffalo (Friedman & Mandelbaum, 2011, p. 312):

> We have a lot of workers in their late fifties, and our concern is: How are we going to replace them? Because a factory job is not something people aspire to anymore. There is this concept that you have to go to college and not become a blue-collar worker. . . .Our biggest problem is finding factory workers who are going to replace this group of men and women in their fifties who started with us.

Such employees are particularly valuable to retain because of their cumulative experience. When usefulness depends on how many variations of normal conditions an employee has encountered, replacing him/her may seem unwise in any field in which additional years on the job provide more opportunities to learn what to do when the unexpected occurs. Late in 2013 the president of the Valve Manufacturers Association characterized his industry (Sandler, 2013, p. B11):

> [We're] struggling to find enough talent. . .and this is going to become more challenging as our workforce continues to gray and we lose experienced workers. This is compounded by the fact that our younger technical talent pool is not keeping pace with our needs.

Other employers are not even considering replacement. They are instead marketing the idea of staying on the job; for example, to individuals with technical skills related to obsolete equipment, such as boilers no longer available for purchase but installed in many sites around the world for which repair may involve months of work. Younger technicians have never seen a product of this kind, but a manufacturer committed to servicing what it sold still has one 'veteran' on the payroll. Consequently, when that 74-year-old proposed to retire, the manufacturer asked him what it would take to keep him working. He said he wanted to take his wife along on all assignments, to stay in the best hotel within 30 minutes of the worksite, and to have a car and driver transport him to work and then take his wife around for daily sightseeing.

The company's response? "Wonderful!" But clearly a better investment might have been to employ understudies for this individual years earlier. The aging of key employees is, after all, one of the few predictable issues of human resource planning.

3. Decisions to encourage staying or leaving

While the issues we have discussed affect the choices made by employees as well as by employers, we focused on employer actions in our qualitative study of marketing retirement or non-retirement. We talked with 12 current or former human resources executives from California, Florida, Illinois, Ohio, Texas, and Washington State to learn how organizations act on these complex issues. Half the experts in our convenience sample are now consultants to human resources executives, following careers in that role in organizations in oil and gas, financial services, healthcare, industrial products, consumer packaged goods, and governmental entities. The other half are still employed in a parallel range of organizations, and several offered comments based on experience with more than one organization.

We had two basic questions: (1) How do organizations decide who they want to stay and who they want to leave, whether considering categories of employees or individuals? (2) How do they encourage, in those categories or individuals, the choice they want?

Although the individuals we interviewed work or worked with a wide range of for-profit and not-for-profit organizations, we found common themes in what we heard. Combining these themes with legal constraints, the dynamics of health insurance, and the demographic data, we then drew conclusions that seem useful for any employer.

Our sources, whom we promised anonymity, made clear that organizations do develop priorities for who leaves and who stays while preserving the voluntary nature of retirement decisions. One organization decides between an encourage-staying or encourage-leaving perspective by matching current employees against potential replacements on skill gap and salary gap. For example, if a new hire or an obvious successor would cost almost as much in salary but contribute less, the decision is to discourage retirement of the incumbent.

Another approach to developing priorities entails focusing on the job, not the individual. That often means documenting and updating the skills required so that management can reassess throughout a worker's career the fit between skills needed and those the employee offers—or whether the job itself should continue to exist. If the question becomes retaining the job itself rather than retaining the employee, issues will include whether to outsource what has been done in-house or to possibly redefine responsibilities.

In either case, the firm may offer severance packages for voluntary layoffs in advance of involuntary layoff decisions. Consulting firms that can contribute to such decisions include Lominger, a Korn/Ferry International company headquartered in Minneapolis, and Avilar, a company based out of Columbia, MD, which describes itself as "the competency company." Such firms recommend that employers consider early and regularly how employee skills match work requirements.

Two examples that led to the same outcome for different reasons both involve taxpayer-financed entities, one a county government and one a state-funded hospital. Both periodically have consultants study the match of employees' roles to the current needs of the organization.

The consultants for the county recommended keeping workers on the payroll for tasks that might have been outsourced, based on the experience built up by the employees performing the specific tasks in question. The consultants noted that the learning curve for outsourcing would involve too many hours to justify the decision in financial terms.

A different group of consultants made the same recommendation for the hospital, but based on its mission of serving the financially disadvantaged. The consultants reported that this mission inspired the hospital's current cadre of employees to perform well and stay with the organization; they feared that even administrative tasks would not be performed with the same zeal if they were outsourced to individuals whose motivation would be different.

4. Implementing priorities

The kinds of assessments described may lead managers to encourage or discourage retirement. We will discuss those challenges, and possible approaches to each.

4.1. Improving the retirement 'product' to encourage retirement

Along with evaluating the future of specific job responsibilities, many organizations market retirement by helping employees to create a better retirement 'product' for themselves by enhancing its financial, status, and activity components. Bridge health insurance may still be viewed as a necessity—despite the Affordable Care Act—if pre-Medicare-age potential retirees do not understand the new act, do not trust its provisions to provide them with adequate care, or both.

Also, because financial considerations are typically the strongest factor in employee decisions to leave a job or to stay, one HR executive recommends early and strong motivation of employee participation in voluntary retirement plans. Such motivation can be educational, can involve financial services professionals, or may involve financial incentives only. According to one of our expert sources, the costs a company incurs in matching dollars employees invest in their pension plans may reduce costs 20 or 25 years down the road. He notes that as employees retire sooner than they otherwise might, they will be replaced by employees with lower salaries and lower healthcare claims.

Others suggested educating employees on the need to save additional funds beyond the retirement plan and stressing the avoidance of credit card debt—a reasonable thought, considering data indicating that 57% of workers report less than $25,000 in total household savings and investments excluding their homes (Greene & Monga, 2013). Presumably, awareness of financial issues contributes to the previously cited figure that nearly two-thirds of Americans between 45 and 60 say they plan to delay retirement. However, the contrast between those stated intentions and the current reality of less than one-third working past 65 offers a caution against assuming that plans turn into actions.

Nevertheless, savings will matter to some prospective retirees, and the same financial advisors who might be brought in to encourage maximizing contributions to retirement plans can likewise address avoiding debt. Websites, workshops, and 'financial future fairs' exemplify tactics to raise awareness among employees of all ages regarding the opportunity that financial security offers for flexibility in coming decades as they consider their options. Figure 1 shows a communication to all employees that offers a voluntary retirement plan but also offers assistance with the financial calculations that might help an employee decide whether to accept the offer.

Along similar lines, one HR executive said organizations once informally favored the stay-at-home spouse to make frequent transfers less of a problem, but now some perceive that retirement is more easily marketed to two-income families, given their greater resources. The same reasoning leads to policies that reduce unnecessary transfers, he noted; if a company wants to encourage career-building spouses, they cannot thwart such career-building by the disruptions associated with a policy of frequent moves.

Savings are not the only means of financing retirement. One may also consider starting a business, and employers should provide information to help potential retirees do so. An index of entrepreneurial activity released in April 2013 by the Ewing Marion Kauffman Foundation (Fairlee, 2013) found that the share of businesses started by entrepreneurs between the ages of 55 and 64 was 23% in 2012. That proportion can be contrasted with 14% in 1996 and a higher proportion than the 20- to 34-year-old age group in 2012.

These data suggest that employees may welcome information on potential entrepreneurship. Telling them about opportunities for help in starting a business may simply be perceived as useful general information, but also provide the comfort of knowing that retirement need not mean the end of revenue-producing work.

Recognizing the realities of the post-retirement market for its services, the U.S. Small Business Administration has initiated a program for a demographic it calls *encore entrepreneurs*: individuals who plan to start a business after earlier career endeavors (Atlas, 2013). The expectation is that as more Americans live into their 80s and 90s, more jobs for those in their 50s, 60s, and 70s will be created as health aides, fitness trainers, and financial planners, to name but a few (Hannon, 2013). Researchers who analyze successful retirements note that self-employment is one form of what they call *bridge employment*: labor force participation between one's career job and complete labor force withdrawal (Wang, Zhan, & Liu, 2008).

Similarly, employers can publicize educational opportunities in the community that target individuals of all ages. Community colleges in particular can be affordable and may well enroll enough non-traditional students that a retiree will find cohorts among fellow students in his or her age bracket. Such education can offer a path to an encore career (Cole, 2013), and community colleges may even offer non-credit courses in enjoying retirement, profiting from retirement, et cetera.

An additional possibility is 'phased retirement' to allow discovery of outside activities that the organization hopes will prove more attractive to the

Figure 1. An approach to retirement information for all employees* (*Source requested anonymity)

Dear [organization name] Employee:

As you may have heard, certain departments or divisions…are again facing major financial challenges. In an effort to address and reduce the impact of pending layoffs and related bumping, we are offering the Voluntary Separation Agreement program as an option to address budget and layoff concerns.

If you are a…retirement-eligible employee…you may apply to participate in the program….**If your application is accepted,______ will provide you a cash allowance of $15,000 in exchange for your voluntary separation agreement.** That amount may be directed to COBRA, to deferred compensation, taken in cash—or any combination of the three. Those who are accepted into the program will need to agree, in writing, to voluntarily separate from their job no later than December 31, 2013….Here is a link to the website, which includes an employee FAQ sheet, forms, and…more information….[*Website URL shown*]

This program is meant to help out two situations:…to provide retirement-eligible employees with a bridge to Medicare or some other goal that they can take advantage of now [and]…to allow those employees who have less seniority and are not retirement eligible to retain their jobs. There are other conditions which will apply to anyone accepting a Voluntary Separation Agreement, specifically:

1. The employee must submit a Request for Voluntary Separation Program no later than 90 days prior to your planned separation date…;
2. The request must include documentation of the employee's retirement eligibility…;
3. The employee must leave employment by December 31, 2013 (actual retirement is not a requirement);
4. The employee agrees to not seek reemployment with ____ in a position eligible for health or leave benefits;
5. The employee agrees that he or she is not eligible for unemployment compensation; and
6. The employee must sign a Voluntary Separation Agreement, waiving and releasing _____ from any claims under the Age Discrimination in Employment Act and the Older Worker Benefit Protection Act.

Please note that those who are considering the Voluntary Separation Agreement will have ample time to discuss it at home, discuss it with advisors…etc. Also, ____has resources available…to assist with retirement options and financial analyses. If you have questions or need additional information, please contact ______.

employee than his/her job. At Shell-U.S., for example, current employees of any age can explore volunteering with organizations in which Shell 'alumni' already participate. An employee with unused vacation days might, for instance, be recruited by a Shell retiree to help with an informational technology challenge at a not-for-profit at which he or she volunteers. One such organization is The Executive Service Corps, a non-profit that matches retirees with organizations that will benefit from their skills and lets them make meaningful contributions. Many such groups exist.

Other approaches mentioned by HR executives include maintaining an office suite so that retirees quite literally keep a place in the organization, and at a minimum letting them keep their company email address. Sponsoring activities for retirees likewise counteracts the feeling that once retired, one loses social contact.

Clubs for Ford retirees are organized in 22 states; Alcoa, Hallmark, and Hewlett-Packard also have organized groups for sociability and community service. Here again, Shell, with 29,000 retirees in the U.S., provides a long-standing example: 33 chapters in 17 states of Shell alumni, a monthly publication, quarterly lunches in many cities, and literally pages of services on the alumni-focused website (www.shellalumni.com). These include recreation, volunteer opportunities, and the obvious healthcare and pension support/information resources. However, they also include such extras as moving services: a retiree buying or selling a home can benefit from the services of the company that administers Shell's domestic relocation program for employees.

One of the more creative ideas mentioned by an HR manager involved what she called "making sure someone who is retiring can leave a legacy." At her firm, the well-known policy asks retirees to recommend a successor and to suggest what that person might do to be successful. Clearly, a retiree is not the decision maker in either realm, but has the satisfaction of knowing that his or her opinion is sought and that a successor at least has a blueprint for carrying on whatever accomplishments might seem important to someone stepping aside.

A final issue to consider in improving the retirement product is the effect on a spouse when an employee retires. A recent study notes the power of a spouse's influence on an individual's decision to retire (Feldman & Beehr, 2011). Clearly, organizations that can communicate the opportunities available to retirees to all those in a family who will be affected will have an easier time reinforcing pro-retirement decisions by its employees, although in this area—as all the others we have discussed—it is oversimplifying to look at all categories of employees as equally responsive to specific marketing efforts. A thorough review of the influences on retirement decision making considers the nature of an individual's work, education, and health as major factors beyond financial considerations (Wang & Shultz, 2010).

Admittedly, the whole idea of improving the retirement product to be more appealing to employees assumes the kind of calculated decision making traditionally associated with the perspective of economists. However, recent psychologically focused studies analyzing decision processes have called into question the likelihood of an objective weighing of alternatives.

Psychologist Dan Ariely (2008) finds decision processes to be "predictably irrational." He points out that a number looks larger or smaller depending on its basis for comparison, a finding that means an employee views a pension as large compared to what his or her father received, or small compared to current salary. Thaler and Sunstein (2008) note that behavior may be freely chosen, yet influenced by a 'nudge,' such as knowledge of what others are doing. Thus, a letter telling employees that they may retire early with a lump-sum settlement, like the one shown in Figure 1, may elicit more volunteers if it is followed up by information on how many employees have accepted the offer. Alternatively, given that Kahneman (2011) finds buyers likelier to purchase when they believe quantities are limited, an offer like the one shown in the Figure may lead to greater acceptance if restricted to a well-publicized number or well-publicized time frame.

4.2. Shifting from 'carrots' to 'sticks'

Our sources did recognize that a rosy scenario for retirement may be insufficient to move an inadequate employee to make that choice. How, then, is retirement marketed? We heard about 'carrots' in considerable detail, but were also interested in the use of 'sticks,' given the legal prohibition against saying, however worded, "You need to retire."

One HR executive said that in his organization, retirement doesn't come into the conversation for an inadequately performing employee, even if that employee is retirement eligible. Instead, the procedure is the same as for someone performing inadequately at age 25: a supervisor and HR staff member outline with the employee how his or her performance is inadequate and they draw up a plan for bringing it up to adequacy within a specific time frame. If the agreed-on standard is not met by the end of, say, 6 months, the employee is told that he or she is being terminated—in which case the choice is likely to be voluntary retirement. If the standard is met, the employee stays. The HR executive who outlined this procedure commented: "If they manage to measure up, the immediate supervisor at least is not as unhappy as they might have been if nothing had been done out of fear of legal action based on age."

4.3. Marketing staying on the job

Interestingly, our sources saw encouraging retirement as often easier than discouraging it. Said one: "Money can buy the decision to retire, but if they *want* to leave, they aren't worrying about money, so you've lost your best tool." Commented another: "Once they decide to leave, they may stay on for another year as a favor if somebody asks them, but they won't stay long."

To motivate delaying retirement, two executives mentioned keeping valuable employees at work on a project by promising a generous completion bonus. An energy company offers geophysicists each a mentoring opportunity: stay a year and pass on your knowledge, for a bonus. Beyond money, organizations with multiple locations offer choices: Ski country? Beaches? One HR executive said: "We offered the summer off and a month at Christmas to spend with grandchildren."

Retiring but then returning as a consultant is a compromise offered by many organizations, of course. Either the employer or employee might suggest that compromise, and its attractiveness may depend on the nuances of a pension plan.

However, one relevant issue is scrutiny by the Internal Revenue Service, which takes responsibility for protecting employees from organizations that treat them as employees while categorizing them as contract workers. Internal Revenue Service (1987) language warns:

> Generally the relationship of employer and employee exists when the person or persons for whom the services are performed have the right to control and direct the individual who performs the services, not only as to the result to be accomplished by the work but also as to the details and means by which that result is accomplished. That is, an employee is subject to the will and control of the employer not only as to what shall be done but as to how it shall be

done. In this connection, it is not necessary that the employer actually direct or control the manner in which the services are performed; it is sufficient if the employer has the right to do so. . .and it is of no consequence that the employee is designated as a partner, coadventurer, agent, independent contractor, or the like.

5. In summary. . .

We advocate viewing retirement as a product that employees will consider as they would a purchase. Under some circumstances, employers will want to compete against that product to retain an employee who might otherwise retire; under other circumstances they will want to increase the desirability of retiring. Legally, they cannot use age as the basis for deciding which stance to take, but can use the match of employee performance with job requirements in evaluating individuals of any age.

Once they do so, marketing retention or retirement becomes a challenge to be met like other marketing challenges: by tailoring a job to retain an employee or by starting early to tailor the retirement product to be affordable and desirable. Encouraging saving and financial planning, familiarizing employees with second career opportunities, and considering flexible schedules to let employees sample retirement all may be helpful. Likewise, viewing the choice of retirement as a subjective decision that will be influenced by such contexts as what others are doing needs to be considered. As we advocate retirement planning for individuals, we likewise advocate such planning for employers to raise the likelihood of better outcomes both for organizations and for those they employ.

Editor's Note

This article represents Professor Betsy D. Gelb's 23rd published piece in *Business Horizons* dating back to 1972. Betsy's work has passed the discerning eyes of at least four editors-in-chief, and perhaps even a fifth. As a tribute to her outstanding contributions to the field and this journal in particular, I would like to name Betsy Gelb the first 'Navigator of Business Horizons.' Congratulations!

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