

The new retirement realities

The increase of the retirement age to 66 means companies have a number of different options to consider writes Gareth Naughton

The new year heralded a new era for Irish workers as the state retirement age - the day on which you qualify to receive pension payouts - rose.

training managers who generally would be responsible for organising retirement planning support for the staff," she said.

Employer response

If you are turning 65 this year, it is important to have that conversation, because the absence of a transition pension means that you could be losing out on about €12,000 a year.



Loughlin Deegan, senior adviser in employment right and pensions, Ibec. Picture: Feargal Ward

Some employers are offering retirees the chance to stay on. Others are offering part-time work with reduced hours and others have opted to provide bridging pensions.

For some, however, a trip to the dole office may be on the cards, but one of the recent changes announced by Minister for Social Protection Joan Burton will mean that people in this boat will not be forced to engage in labour activation measures.

"The Department of Social Welfare have put provisions in place where people can apply for Jobseekers, so anyone affected by this change, turning 65 this year, will be able to apply and anyone over the age of 62 will have relaxed criteria applied to them. That is specifically to make it easier for people to access some kind of support," said Carvill.

For employers, the major concern has been around whether this change could result in an increased number of employees taking legal action. Although, we generally think of retirement arising at 65 in this country, no law applying to private sector jobs specifically stipulates this.

If there is no stated age of retirement in the contract of employment, an employee is free to continue working beyond 65 if they want.

At the moment, an employer must be able to stand over their stated retirement age if it is challenged at the Equality Tribunal.

Carvill advises employers to seek legal advice to ensure that they are protected from the impact of any changes.

ees affected by the change, but they really should seek legal advice because it can be a thorny area," she said.

When the increase was first announced, one of the main worries for employers was that the shift could result in more challenges at the tribunal, according to Ibec's senior adviser in employment rights and pensions, Loughlin Deegan.

"Our concern was that if you increase the state pension age, you could have a glut of cases from people who previously wouldn't have contested the situation. They were happy to go at 65 because typically they got their state pension and their occupational pension, but the balance changes and suddenly they are not getting their state pension," he said.

Deegan believes, however, that the impact will not be as severe as originally anticipated.

"We would expect an increase in the amount of litigation, that is probably inevitable, but we wouldn't expect a glut of it. We would hope that because most employers are considering it on a basis that suits their circumstances there wouldn't be a massive increase in litigation," he said.

The decision to relax the rules on activation measures for people aged over 62 should also go some way to minimising litigation even though they will be receiving less than the state pension.

"If you are expecting the state pension to make up a great proportion of your retirement income, as most

people are, losing €50 a week is substantial. We wouldn't underestimate the amount of discomfort that may cause for individuals, but hopefully the process side of it won't be as daunting as it might otherwise have been," he said.

When Ibec surveyed its members late last year, just over 50 per cent said they were not going to change their retirement plans in response to the government's plans.

In many cases, companies are continuing to enforce their contractual retirement age, notwithstanding the fact that people affected won't be entitled to the state pension.

"They said that is a separate issue really. They have concerns in relation to workforce planning and they are going to continue enforcing 65 as a retirement age," said Deegan.

"We had about a quarter of employers saying that, on a case-by-case basis, they might facilitate individuals and then we had about 11 per cent saying that they would change it or that they had changed it and typically that would mean increasing the retirement age. There is a diversity of approaches."

Deegan said that while half the companies indicated that the changes would have no impact on their plans, they may be bidding their time to see how the plan pans out.

have hundreds or thousands of employees, but very few of them are going to be turning 65 this year. You may not feel the need to change anything just yet.

"Whereas if you are an employer with a very mature workforce and a significant number of people reaching 65 this year, you might get to grips with it and change the age now. We suspect that quite a few of those companies that haven't made or considered changes might not have that great a number of people turning 65 so there won't be a massive degree of hardship."

A minority of companies are changing their retirement age and this trend increased significantly in the latter half of last year.

When Ibec surveyed its members in spring, 6 per cent said they had altered or abolished their retirement age. By November, however, the figure had almost doubled at 11.5 per cent.

"That is a small number, but it is a pretty rapid change," said Deegan. "There are some employers that got to grips with it by changing it across the board, pushing it up to 66 and some employers don't have a retirement age at all or have an older or younger one so this won't affect them."

Pension scheme

For pension scheme trustees, the change represents something of a headache. When the Irish Association of Pension Funds surveyed pensions trustees to assess the impact of the increase, the vast majority said that

they would make no changes. "The vast bulk - 84 per cent - responded to the effect that they are not considering adjusting the retirement date on their scheme which is good news," said IAPF chief executive Jerry Moriarty.

"They are of the opinion that it will be up to the employers to decide whether or not to alter the retirement date of their employees' employment contracts."

For the majority of Irish employers not planning to change their retirement age, employees retiring at 65 will face a number of options.

Nine per cent of IAPF trustees said they would consider giving employees the opportunity to work past the usual retirement age, while 5.9 per cent said they intended to let employees retire and then hire them back on a fixed-term contract.

The run-up to 2028

With retirement age set to increase further - hitting 68 by 2028 - pension provision is going to become a pressing matter for employees in the coming years.

People Problems

How would you deal with a 'thinking outside the box' interview question?



Gerald Flynn

Interviewers see them as revealing brain-teasers and telling assessment questions. They are the off-the-wall questions designed to find the candidates who can 'think outside the box'.

For applicants interviewing for a position, however, such quirky queries can come across as an unfair tactical - a means to make them sweat a bit more than is necessary when they are already under pressure.

If you are applying for a new job this year, remember that your qualifications and on-the-job experience will always be more important than any on-the-spot answer you give to questions like 'who are your favourite superheroes?' or 'which song reminds you of a camel?'

Some examples of other such questions, and the responses given by Irish candidates, are listed here:

Q. What animal would you like to have dinner with, living or dead?
A. I'd prefer to eat with a living person, a dead one would be a bit freaky and might smell.

Q. If you could be any superhero, who would it be?
A. Bertie Ahern, but I'd probably have to get elected first.

Q. What animal best represents your personality, and why?
A. A tiger, I think, because I used to wear a striped jumper when I was small.

Q. What colour characterises you, and why?
A. I am white and Irish, isn't that fairly obvious? It's because my mum and dad are also white and Irish and I suppose I've their genes.

Q. What was your best McGyver moment?
A. Well, there was a Pat McIvor in college, but I never went out with him. I know a girl who did, but not very well.

Q. Tell us what you know about our company?
A. A lot. You were ordered to pay a woman over €80,000 by the Equality Tribunal last

year, and there was some High Court case over a former finance director and the director of corporate enforcement.

Q. If Hollywood made a movie about your life, who would you like to see play you?
A. Whoever paid the most money of course.

Q. If you could be a superhero, what would you want your superpowers to be?
A. The really powerful ones like nuclear energy and an atomic weapon.

Q. If you were a type of food, what type of food would you be?
A. Maybe a dung burger, so I'd be less likely to be eaten.

Q. If you won €20 million in the lottery, what would you do with the money?
A. Change it to euro.

Q. If you were a car, what kind would you be?
A. None really. My flatmates say I'm a bicycle, but really I'm not as bad as them.

Q. Who do you admire the most and why?
A. The people who work in this company, because I want to work with them.

Q. How would people communicate in a perfect world?
A. By telepathy I suppose, there would be no phone charges.

Gerald Flynn is an employment specialist with Align Management Solutions in Dublin. Email: gfflynn@alignmanagement.net



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Working Week

Seamus Shaughnessy has been operations director with ski holiday company Highlife Ski & Snowboard since 2002. The company offers catered ski chalet breaks in the French resorts of Val d'Isère, Morzine and Méribel from early December to mid-April. It is headquartered in Blackrock in Dublin and employs 40 people.



Seamus Shaughnessy of Highlife Ski & Snowboard

What are the main responsibilities of your job? I am responsible for all resort operations, including the recruitment and training of chefs, chalet hosts and resort managers. During the winter, on a day-to-day basis, I make sure that everything runs to plan and that all our guests have a great time on and off the slopes. I spend a lot of time monitoring feedback and making changes.

What motivates you in your job? I am driven by our promise to deliver unbeatable customer service. In my experience, the best means of ensuring our guests enjoy a terrific holiday is to employ a team of enthusiastic people and to continuously train and coach them, so that they are able to anticipate our guests' needs.

How would you describe your work style? I am enthusiastic, considerate of others, and very focused on detail.

What is the most valuable professional lesson you have learned? Treat your team as your customers or as you would like to be treated yourself and make it fun for them. If you have a happy team, you will see that filter down to a good experience for your guests.

In Ireland, whose career do you most admire? I trained as a hotel manager with Fitzpatrick's Hotels

and they gave me a great understanding of hospitality. Peter Brennan - now group operations director with Choice Hotels - was Fitzpatrick's general manager at the time, and I employ a lot of the lessons he taught me to this day.

What is the most valuable career advice you can offer others? Try to find a job that feels right. It should not feel like a

job, more like a lifestyle.

In terms of doing business in Ireland, what do you think is the biggest challenge we face? The biggest challenge is seeing the current climate as an opportunity to win lifelong customers. If you can go the extra mile and make sure your customer experiences excellent value for their money, they will reward you with repeat business. During

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my interviewing, I meet lots of excellent young Irish candidates and I'd like to see more incentives for employers to help take them off the live register.

What is your ultimate professional goal at this point? I look forward to helping to grow our base of resorts and chalets, while maintaining high levels of service and perfecting my backflip on the slopes.

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Mark Bourke is the new chief financial officer of AIB. Bourke joins from IFG Group where he was group chief executive for 12 years. He was also international taxation partner with PricewaterhouseCoopers in California for 11 years.



Accountancy firm Quintas has appointed a new partner. Paul O'Connell has been finance director with the Cork-based firm for the past 13 years. Before that, he was a bank official with AIB for three years.



Andrew Saul is joining Leading Edge Group as lean consultant. Saul has been lean practitioner with McLaw & Associates for the past 18 months. Before that, he was with Interger in Wellington, New Zealand.



Cardiac Risk in the Young (CRY) has announced two new appointments. Oria Durkan is joining in the role of chief executive officer, and Lucia Ebbs is CRY's new fundraising manager. Durkan joins from Brian M Durkan & Co in Dun Laoghaire, where she was sales and marketing director for 11 years, having worked with Bank of Scotland Ireland for two years in a graduate IT trainee position. Ebbs joined CRY six years ago as an administrator from the Construction Industry Federation where she was office manager for 18 months.



Karyn McCaffrey O'Regan is CWSI's new learning and development manager, with responsibility for inducting and developing educational programmes for schools. Prior to this, McCaffrey worked with Telefonica as account sales manager and department coach.

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