



ExecutiveAction Series



Second Acts in Prime Time

Helping Employees Transition to Post-retirement Careers

By Diane Piktialis, Meg Gottemoeller, and Regina Brayboy

Over the next twenty years, the huge baby boomer demographic will retire from corporate America with skills, expertise, and many productive years ahead, becoming the largest new source of untapped talent since women joined the workforce in large numbers in the 1970s. Innovative firms are rethinking their retirement models, adding new ways of engaging employees as they transition to satisfying second act careers.

Many retiring workers want a gradual approach to retirement that includes some continued work and the opportunity to explore new roles. In the face of this demographic shift, some companies are beginning to move away from a retirement model of fixed retirement dates and one-size-fits-all programs toward a more flexible approach based on specific company needs and objectives.

Firms are expanding traditional company-wide programs to include a new emphasis on pre-retirement preparation and innovative models that support the transition to productive and satisfying second act careers. The

Editor's Note: This report, jointly sponsored by The Conference Board and Encore.org, is based on a survey of 91 companies on how they support retiree transitions to post-retirement careers. (See p. 14 for a profile of respondents.) Researchers conducted interviews with four organizations that have successfully implemented second act transition programs.

case studies in this report show how Intel, HP, IBM, and YourEncore are focusing on retirement-eligible populations, with positive benefits for these organizations, their employees, and their communities. These multiple benefits include:

- Employees who are more engaged and productive as they approach retirement;
- Enhanced links to the communities they serve and the achievement of social responsibility goals;
- Support for a strategic commitment to science, technology, engineering, and math (STEM) education and future workforce skills; and
- More effective knowledge transfer and access to expertise after retirement.



The New “Un-Retirement”

Employees Want a Gradual Transition to New Kinds of Work

Workers of all ages now see retirement as a gradual process. In a recent study of workers aged 18-64, a majority (64 percent) see a period of gradual transition into retirement that will allow them to continue working with reduced hours to add more time for leisure or to explore a different, less stressful kind of work that brings more personal satisfaction.¹ Nearly half of today’s retirees say they have worked or plan to work in retirement, and 72 percent of workers approaching retirement age say they plan to work in some capacity in retirement.²

Studies show that as workers age, their motivations for continuing to work evolve. The need to continue working for income is paramount until age 65. At that point, the top motivations become “Want to stay active and engaged” (72 percent) and “Want the opportunity to do meaningful work” (47 percent).³

Barriers to Opportunity

Although many mature employees and retirees are saying they would like to move gradually into a new phase of their lives that gives them more leisure and the opportunity to do different kinds of work, there can be significant barriers that make transition to second act careers more

difficult. Often employees lack knowledge about what new career or work options they might explore and do not see a structured pathway to successful transition to a nonprofit or other type of new career. If they don’t have sufficient retirement resources to get through the transition, retirees may find themselves draining their savings while looking for a new job or reskilling for a career change. Finally, perhaps the most important obstacle to phased retirement programs is the belief among many pension fund managers that rules constrain a company’s ability to offer partial distributions or modify plans for some employees.⁴

The opportunities for full or part-time paid work in business organizations for these older workers may vary widely depending on the tightness of the labor market where they are located, their skills, and interests.⁵ Another option for finding the “meaningful work” many say they are looking for may be within the nonprofit sector, even in areas where jobs in business are more difficult to find. Nonprofits have experienced rapid employment growth but face an increasing shortage of executives, driven by the same retirement demographics that corporations face. If “meaningful work” is the most important criterion, retirees may find lower-paid positions in the nonprofit sector that are satisfying.

What Are Companies Doing Now?

As part of this study, The Conference Board approached US companies with the goal of discerning the level of support for employees approaching retirement who indicate they would like to transition to new careers. Of the 91 companies that responded to the survey, only 27 percent, or 25 companies, have programs that provide general support for employees who are approaching retirement or who have retired who would like to make a change to a new career or role outside the organization. Of those companies, only five said they had programs to help retirees transition to paid jobs in nonprofits or community organizations that support social issues (“encore programs”).

Survey participants ranked key reasons why their company does not have specific programs to support retiree transitions. The most frequent response was overwhelmingly “Not a strategic priority.” The distant second was, “Cannot afford to lose experienced workers,” followed by “Small retirement-eligible population.”

Useful Definitions

A Second Act Career is full or part-time work, usually for pay, after retirement. Often second acts involve a transition to a completely new career, such as college teaching or founding and running a business.

An Encore Career is an emerging category of second act career that involves work (paid or volunteer) that helps address social challenges, such as health care, poverty, or education. Seeking to give back to their communities or to worthwhile causes is a major goal of many retirees and 4 out of 10 currently work for a nonprofit. Nearly 75 percent of those in encore careers receive some pay for their work. One out of four volunteered in a related field before retiring.^a

^a Encore.org, *Encore Careers: The Persistence of Purpose, 2014*, <http://www.encore.org/files/2014EncoreResearchOverview.pdf>

The Realities of the Coming Labor Shortage

The retirement of the baby boomer generation has been a topic of discussion for a decade. Despite dire predictions of labor shortages, however, boomers have been retiring for several years now without noticeable negative effects except in some specialized occupations. Is this a real problem for the US economy and your company or is the problem overblown?

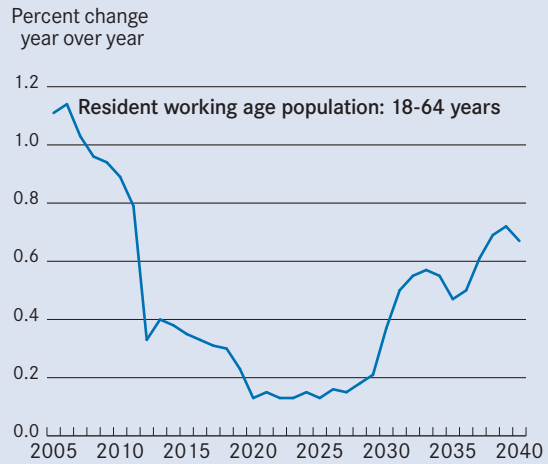
According to an analysis by The Conference Board, “Most mature economies, including the United States, are likely to experience tight labor markets, a higher wage bill, and a squeeze on the bottom line of many businesses in the next 15 years.”^a

For the first time since World War II, the growth of the US working-age population 18–64 years of age is rapidly decelerating and will remain low until 2030. Without sizeable new additions to the workforce through immigration or other means, the challenge of recruiting and retaining workers without letting labor costs skyrocket is likely to grow. This period of tight labor markets coincides with what many economists expect will be a period of sluggish growth in many mature economies, making the impact on the bottom line even more noticeable.^b

The nonprofit sector has already been facing a leadership deficit that will only become more intense as overall labor markets tighten. Accessing the pool of retirees seeking to stay active in retirement on a full or part-time basis creates a significant opportunity for companies and nonprofit organizations as they plan for this new labor market reality.^c

Table 1

The US Labor Market Will Have Very Slow Growth Until 2030



Source: US Census Bureau

- a Gad Levanon, Bert Colijn, Ben Cheng, and Michael Paterra, *From Not Enough Jobs to Not Enough Workers: What Retiring Baby Boomers and the Coming Labor Shortage Mean for Your Company*, The Conference Board Research Report R-1558-14-RR, 2014, p. 17.
- b *The Conference Board Global Economic Outlook 2014*, The Conference Board, 2014. <https://www.conference-board.org/data/globaloutlook/>
- c Barry Bluestone and Mark Melnik, *After the Recovery: Help Needed*, MetLife Foundation and Encore.org, 2010. Retrieved from <http://www.encore.org/files/research/JobsBluestonePaper3-5-10.pdf>

Table 1

“Not a Strategic Focus” is the Key Reason Companies Do Not Have Second Act Programs

Rank	Obstacle
1	Not a strategic focus for my company
2	Cannot afford to lose experienced workers
3	Small retirement-eligible population
3	Lack of senior management advocate
5	Lack of budget

N=63

Source: Survey of human capital executives between July–August 2014 by The Conference Board. See page 14 for profile of respondents.

The survey results indicate that most companies are not yet focusing on second act programs for their retiree populations. Individual comments from the survey included: “Very small retirement-eligible population; not on our radar yet,” “Important topic, but not a priority at an enterprise level yet,” and “We’ve done this in a couple of cases, and are exploring whether we should do it more systematically. We are currently evaluating this.”

Solutions for Bridging the Gap Between Employees and Second Act Opportunities

While most companies have indicated that new retirement models are not a strategic priority, others are moving forward with new programs or adapting models. The organizations profiled in this report have given retirees and retirement-eligible employees structured support to transition to a range of education, nonprofit, and redeployment “second acts.” These companies are generally large and well established with many employees nearing retirement or already retired. They offer models that can help companies consider the benefits and rewards of offering transitions to second act careers as an integral part of their retirement programs.

A range of traditional employee benefits that could be adapted and focused to support some aspect of retirement planning include:

- Tuition reimbursement for pre-retirement retooling while still working;
- Pre-retirement planning seminars that focus on both the financial aspects of retirement and the personal balance of work/family/community service/other activities that each employee should plan for;
- Support in the form of structured time off for volunteer activities that give employees experience and connections as they consider their post-retirement options; and
- More options for phased retirement, providing reduced schedules that allow employees to transition more slowly.

Company interviews conducted as part of this research suggest that these commonplace but disparate supports are useful in helping employees make “second act” transitions. More effective, however, are highly structured programs that offer integrated support through all phases of the process.

Best Practices for Second Act Programs

The case studies of IBM, Intel, HP and YourEncore that follow show how firms can actively work with partnering organizations to support retiree transitions to second act/encore careers. (Two of these models provide pathways to encore careers or other public service. The third is a business support model that provides ongoing knowledge transfer by continuing to engage retired experts on a project basis.)

Approaches to active support of retiree transitions include:

- Offering paid fellowships with nonprofit organizations using an outside organization like Encore.org for administration (HP and Intel);
- Teacher training for employees who want to transition to a career in education in a field that aligns with the company’s culture and interests (IBM and Intel); and
- Creating and/or supporting an outside entity to manage and deploy retiree experts from multiple companies that can be hired by any company on a project basis (YourEncore).

While every company faces unique challenges with its employee population and retiree programs, the profiles of programs at IBM, Intel, HP, and YourEncore revealed the following common success factors:

- Each program is highly structured.
- All offer a great deal of flexibility to the employee.
- The focus is clear: the programs are geared specifically to the retirement-eligible population.
- The profiled companies have mature workforces with many long-tenured employees.
- Employee feedback and input, especially about changing retirement expectations, are instrumental in program development.
- All are designed for ease of administration. IBM created an internal program that is self-managed almost completely online by each participating employee. HP and Intel partner with an outside entity, Encore.org, which provides a management structure for the program’s execution. YourEncore got its start through a group of founding companies but is now completely independent.
- Programs can originate in areas of the company outside of HR, including corporate social responsibility or company foundations.

CASE STUDY

Intel Encore Fellows

“We don’t want to be just a great place to work. We also want to be a great place to retire from.”

– Julie Wirt, head of global retirement design at Intel

The Program

The business case for an Intel encore program was built on internal and external input. Initial macroeconomic research into historical and future trends revealed how retirement is changing for the large numbers of employees approaching this major transition now or in the near future. Extensive employee feedback was gathered through an employee and retiree *Survey on Retirement at Intel* that included employees’ perception about retirement at Intel, employees’ retirement goals, and roadblocks to achievement; challenges Intel retirees have faced as they made the transition into retirement and throughout retirement; and what services, programs and support could be offered to aid employees in a successful transition.

Both internal and external research revealed a strong desire among individuals considering retirement to transition into new opportunities, including personally meaningful paid or unpaid community work, rather than forge a traditional retirement. The company also conducted an analysis of historical retirement trends at Intel and projections for how those are likely to change in the future, including financial readiness, retirement ages, and demand for workforce skills and experience.

Recognizing the need to innovate its retirement benefit support services for a growing number of retiring employees, Intel has taken a strategic and creative approach by experimenting with a variety of second act pilots that go beyond traditional transition supports such as sabbaticals, tuition reimbursement, and volunteer opportunities. New and attractive transition pathways for those completing mid-life careers at Intel include UCLA online education courses for re-skilling, entrepreneurship seminars, flexible part-time work schedules, and an Encore Fellows Program for those wanting work with a nonprofit.

In 2012, the company began to pilot the Encore Fellows Program, an innovative program designed to address changing retirement realities and improve the experience of Intel employees as they prepare for retirement. The goal was to show retirement-eligible employees alternative retirement paths and career options once they left the company. In the case of those pre-retiree employees who were interested in continuing to work in their community in social purpose work, Intel offered Encore Fellowships: paid, part-time, or yearlong assignments working at local nonprofit or public agencies following their retirement from Intel. Early success of a local pilot spurred a gradual expansion to a national program, and feedback along the way was used to adapt the model as the program grew.

The Intel Encore Fellows program was developed in the human resources global retirement benefits organization in close consultation with the talent organization of its business groups. Reflecting Intel’s egalitarian culture, the program was intentionally designed to offer a broad array of fellowship opportunities, accessible by everyone in the company: manufacturing and administrative staff, executives, managers, and field and technical staff. The program is coordinated and administered entirely by Encore.org, a nonprofit that manages the central communications and applications processes, and its affiliated local program operators who match local Intel employees with a specific opportunity. There is a formal application and interview process, and there must be a good match between the employee skills and interests and the nonprofit needs. Intel finds this third party arrangement both administratively simple and cost effective.

Today the Intel Encore Fellows Program is available to any regular, active Intel employee who is retirement eligible throughout the United States. Encore Fellows are matched with nonprofits, where they typically work 1,000 hours over a six to twelve month period, either through a part or full-time schedule, and earn a stipend of \$25,000. Intel promotes the program to its employees as a retirement benefit and provides financial support to cover the full cost of the Encore Fellowships, including the stipend and program administration. Intel also provides retirees engaged in fellowships with six months of COBRA coverage. In return, the retired employee agrees to work in the nonprofit for 1000 hours. Participation in the program is completely voluntary. In Intel's case, the employee is matched before their retirement date and the fellowship starts up to six months after they have formally separated.

Results

To date, 200 retiring Intel employees have taken advantage of the Encore Fellowships Program, exceeding the original expectations of employee participation. Evaluations have shown an extremely high level of satisfaction among the participating nonprofits and Encore Fellows. Intel receives regular reports from Encore.org tracking the results. The data show that the program has grown rapidly and employees have participated extensively across geographies, grade levels, and functions. It receives consistently positive feedback from participants and strong support from management. Encore Fellowships also bring the added benefit of providing a new source of experienced talent to nonprofit organizations.

The Value Proposition

- The company and employees benefit from earlier involvement and readiness in post-retirement planning. One valuable result has been a growing awareness among the younger, mid-career population in the company about changing retirement scenarios. This cohort often attends informational sessions about the Encore Fellowships designed for retirement-eligible employees and increasingly says they will embrace the concept of an encore career for themselves as they plan for the future.
- Intel's retirement transition programs are highly effective. Intel employees are very interested in improving their communities by addressing myriad social challenges such as STEM education or environmental sustainability. Excitement about the Encore Fellows program has inspired many retirees to retire earlier than they originally anticipated as they look forward to getting started on their next opportunity.

Critical Success Factors

Intel highlighted several factors critical to their success:

- Eliciting feedback directly from employees about their perceptions to better shape new offerings and structure the program;
- Determining how to provide participants time flexibility and choices;
- Making the program voluntary;
- Focusing communication on the employee experience through personal stories;
- Using word of mouth to drive awareness; and
- Reducing administration by working with a third party vendor.

CASE STUDY

HP Encore Fellowships

“HP employees and alumni have valuable skill sets that can add great value to nonprofits in the social sector almost immediately.”

– Triny Lee, HP’s global benefits program manager in human resources

The Program

HP has championed Encore Fellowships since 2009, when the company became one of the designing and founding sponsors, along with The David and Lucile Packard Foundation, of a pilot in California’s Silicon Valley. The goal was to help long-term employees transition to second careers in which they could apply significant, transferrable skills to social problems. The fellowships were conceived as a new, experiential pathway from the private to the nonprofit sector and a highly leveraged way to contribute to the community through the well-regarded skills and experience of HP’s workforce.

HP’s Encore Fellowships are paid, time-limited positions of six to twelve months for individuals who seek to transition to meaningful work in the nonprofit sector after their corporate careers and apply their extensive skills and experience to the social purpose of the organizations where they are matched. HP’s participation has historically been funded by its corporate philanthropy and social innovation organization. HP funds half of the fellow’s stipend of \$25,000 and the program participation fee and the host nonprofit pays the other half. The program is designed to be very flexible, and HP is kept informed about the progress of the program applicants and active Encore Fellows on an ongoing basis.

Former corporate employees, known as HP alumni, are the primary target audience, although HP can nominate active employees who are long-standing contributors to the company and who want to transition to a new career as retirement approaches. Key criteria for becoming an Encore Fellow sponsored by HP are: a significant duration of HP employment, high quality of contribution while at HP, positive standing and reputation among the local HP peer network, a good fit between the program and the applicant’s track record, and motivation to contribute in the community as an Encore Fellow. The Encore Fellow is considered a community ambassador.

Participants may learn about the program from a variety of sources: they may be nominated by the company or hear about the program through word of mouth, HP retirement and alumni websites, and the media. Current and former employees often learn about the program from the extensive media coverage and recommendations and referrals by current and alumni Encore Fellows and hosting nonprofits.

Results

To date, HP has directly sponsored about 40 retirees and alumni as Encore Fellows. Dozens of other HP alumni have become Encore Fellows with nonprofits that have directly covered the cost (independent of HP’s financial sponsorship).

HP measures program success based on four primary factors:

- The quality of the Encore Fellow’s experience;
- Community impact;
- Contribution to the company’s reputation and community goodwill; and
- The simplicity of administration.

Program success is also partially gauged by the number of HP Fellows and fellow applicants. To assess how the fellow’s program is delivering value, HP receives reports on each individual fellow’s assignment including information on how participants perceive their impact, how the nonprofit gauges their impact, whether the fellow took on a continuing role in the social sector after the fellowship, and whether the nonprofit’s attitudes toward Encore program employees was impacted positively. To date, the program has been a success in each of these areas. Expanding the number of fellowships is of interest and under consideration by the company, although expanded funding is an ongoing challenge. Overall the program is considered to be cost effective.

Value Proposition

HP Encore Fellowships are a win for the company's alumni, employees, and the community organizations where fellows are matched.

- The company has confirmed that many long-term employees like the idea of transitioning to something new after leaving the company. The fellowship option provides the interested individual with a meaningful "second act" experience and allows the fellow to experiment with nonprofit work. The nonprofit experience shows retirees and those nearing retirement an alternative view of how to use their skills after leaving the company, resulting in increased employee engagement as measured by engagement scores.
- Communities and individual nonprofits where fellows are placed benefit directly from the substantial contribution made by highly skilled talent in high impact roles. "HP employees and alumni have valuable skill sets that can add great value to nonprofits in the social sector almost immediately" said Triny Lee, HP's global benefits program manager in human resources.
- HP's brand as an innovator and socially responsible company is reinforced by the Encore Fellowship program, which operates as part of global social innovation at the company. Human Resource Manager Triny Lee believes the program is also an attractive recruitment tool for new hires.

Critical Success Factors

Keys to the program's successful launch and ongoing operation include:

- Having a senior executive champion who is passionate and wants the innovative idea to become a reality;
- Ensuring a first class experience for the employee/retiree in a high-impact role;
- Having a strong partner to administer the program with simplicity and cost effectiveness;
- Convenient access so that alumni find the program easy to learn about and apply for; and
- A supportive corporate culture that values and supports volunteerism throughout employee careers.

HP has a lengthy history of encouraging employees to engage in community service as a way to contribute to social organizations in the community. "Volunteerism is in the DNA of the company," says Marlon Evans, director, corporate affairs at HP. "It is supported at the highest levels within the company and each employee is given four hours a month to do so in the organization of their choice. I see it [the Encore Fellowship Program] as an extension of HP's community engagement work that goes much further to help build capacity in communities," says Evans.

CASE STUDY

IBM's Transition to Teaching Program

“IBM supports its employees as they transition from IBM employment into fulfilling encore careers as math and science teachers. For a modest investment, Transition to Teaching makes an impact in communities and reflects positively on IBM.”

—Stanley Litow, IBM's vice president, corporate citizenship and corporate affairs and president, IBM International Foundation

The Program

In 2006 IBM became the first company to launch a program providing its employees nearing retirement with the opportunity to pursue a second career in education. The program, Transition to Teaching (T2T), offers support and guidance to employees interested in moving to a new career as a K-12 math or science teacher after leaving IBM. This innovative program was the result of several factors changing employee retirement interests: the desire to keep employees engaged and productive as they approached retirement, a long history of company leadership in education reform, and a strong culture of community service. “Our approach to citizenship focuses on contributing the skills and expertise of our employees to bring about positive, sustainable change,” says Stanley Litow, IBM's vice president, corporate citizenship and corporate affairs and president, IBM International Foundation. “Programs like T2T show companies can make a significant difference for employees and for the social good.”

One impetus for the T2T program came out of discussions among human resource executives about an interesting, recurring question being raised by participants in a new financial planning program for employees close to retirement. These executives realized that the question “What to do after a career at IBM?” was probably on the minds of many IBM employees in this demographic.

At the same time, IBM had long been a leader in education reform at the community, state, and national levels and championed the need to address a severe shortage of high school graduates prepared for twenty-first century careers in science, technology, engineering, and math (STEM). Historically, many employees also volunteered, often in their

local education systems, as part of the company's community service ethic. Addressing emerging retirement preferences by applying talented human capital to STEM education seemed a natural match for IBM and a successful corporate teacher transition program was conceived and started with a successful pilot.

The T2T program originated in and is run by IBM's corporate citizenship and corporate affairs area in close collaboration with human resources. Acknowledging that a career shift takes training, support, and time, T2T helps the employee move into a teaching career by providing structured financial and operational supports. IBM underwrites the cost associated with acquiring teacher certification up to a total amount of \$15,000 for tuition reimbursement or stipends during periods of student teaching. The company provides an online tool kit containing the program's objectives, an application, information on an array of both traditional and online courses and alternative certification programs, a decision support document in the form of FAQ's, and local teacher certification requirements. Employees accepted into the program can also get time off to complete student teaching.

Any employee is eligible to apply to the T2T program if he or she is an active IBM employee with at least 10 years of IBM service, a solid contributor, holds a bachelor's degree, has a strong interest in teaching as a second career, and has some experience teaching or volunteering in a school or children's program (such as being a tutor or participating on local school boards or committees). The company uses traditional employee communication vehicles, including stories and anecdotes, to let employees know about T2T. It is also included in the company's citizenship portfolio.

Results

Today, over 100 IBM employees have participated in the T2T program, and 40 graduates have completed their teacher certification and are now teaching in classrooms or online throughout the United States. Those IBM employees who have transitioned to a new teaching career have successfully transferred and applied their skills and experience to a serious social and economic challenge. At the program's inception, the term "encore career" was in its infancy and unknown to many but has since gained so much attention that IBM now presents its T2T program as a "transition to a fulfilling encore career."

Over the past year the Center for Teaching Quality (CTQ), in partnership with IBM, has begun documenting the effects of this initiative. (See Ibm.com for more information.) One striking result has been much higher teacher retention rates than average.

Value Proposition

Three major stakeholders benefit from the T2T initiative:

- **Employees approaching retirement** The program helps them address what they will do after their careers with IBM and assists them in thinking through what that transition will entail and how to make it successfully.
- **The company** IBM benefits by keeping employees and managers productive in their last eight to twelve months with the company. Even with enhanced technology to gather information, few resources are easily available to guide individuals through the confusing, time-consuming search for a second career. "Managers stay focused in their later years because they have a clear sense of what they will do when they retire and feel fully prepared," says Litow.
- **The community** teachers that are trained through IBM's program boost the strength of local school systems and STEM education in general. (This in turn furthers IBM's corporate social responsibility goals by aiding schools in the community and building a positive corporate image where the company has an interest.)

Critical Success Factors

IBM points to the following as key factors in T2T's success:

- Alignment with the talents and emerging preferences of IBM retirees and a pressing community need for teachers of math and science;
- A strong corporate culture of community service that encourages and supports volunteerism, often in education sector, throughout an employee's career;
- Strong senior management support; and
- Ease of online administration.

"Our approach to citizenship focuses on contributing the skills and expertise of our employees to bring about positive, sustainable change," says Litow. "Programs like T2T show companies can make a significant difference for employees and for the social good...IBM supports its employees as they transition from IBM employment to fulfilling encore careers as math and science teachers. For a modest investment, Transition to Teaching makes an impact in communities and reflects positively on IBM."

CASE STUDY

YourEncore

“When you bring a 30-year veteran with a wealth of experience together with a young person who has the best new thinking coming out of the universities, it can be a great thing.”

—Peter Kleinhenz, account director, Midwest client development, YourEncore

The Program

The original impetus for YourEncore grew out of forward-thinking planning within the research and development (R&D) function at Procter & Gamble (P&G). As early as 2003 the organization could see that more and more of the highly skilled and experienced experts in research, product development, brand management, marketing, and other vital areas would be leaving the company in increasing numbers over the coming years. These were the key employees, whose value came not just from their advanced degrees but from decades of experience designing and launching breakthrough products, inventing new technologies, assessing and managing risk, and creating innovative manufacturing processes. They could not be immediately replaced and were a major asset of the company.

P&G approached Eli Lilly, a company also facing the challenge, and together they began to explore ways to address the problem. Boeing quickly joined the project. All three companies were looking for ways to continue to access expertise as needed, in ways that also met the post-retirement needs of their former employees who wanted to stay engaged with their professional selves but also have time for family, community, and personal interests. The three companies developed the concept of a consortium of retired experts who could be hired as consultants by any of the companies on a per project basis. They invited entrepreneurs to submit proposals to run the program and selected YourEncore as the partner to work with.

“We make it hassle free for our client companies,” says Peter Kleinhenz, account director, Midwest client development of YourEncore. “We bring them a top list of experts from which to choose. They can assemble a team from different specialties that fills the gaps in their internal resources and approaches the problem from multiple directions,” says Kleinhenz. YourEncore handles any security, confidentiality, and conflict of interest issues. The experts are employees of YourEncore and receive a W2 at the end of the year, so all tax and other administrative details are handled. YourEncore partners with the outplacement service providers of all their client companies and makes sure that retiring executives and professionals are aware of the opportunity to work with YourEncore.

YourEncore is designed to meet the needs of both the client companies and the retiring employees. “‘A third, a third, a third’ is the classic balance most retirees seem to want,” says Harry Coleman, who spent 29 years at P&G and is a recognized expert in open innovation strategies and licensing. “We want to spend about a third of our time on professional work, a third giving back through community and volunteer activities, and reserve a third for family and personal interests. YourEncore brings us interesting projects that can last for a day or a year. We get to choose where we want to get involved and the amount of time we want to devote to this kind of work,” he says. Although Coleman also has his own consulting company, he appreciates working with YourEncore because of the quality of the assignments and the chance to work with team members from other large companies. “It’s good to get the W2 at the end of the year without having to source the work myself.”

Results

YourEncore continues to draw heavily from pools of retired experts from its clients but also invites experts from other organizations who meet their high standards of professionalism, experience, and technical knowledge. Today, YourEncore experts come from over 1,000 companies and organizations.

Value Proposition

- P&G and the other founding companies have been able to maintain access to many of their experts in strategic jobs after they retire. According to former “P&Ger” Coleman, “It’s a massive plus from the company’s perspective. I can walk back in, and I immediately get the culture—I have the relationships. But at the same time, the company can tap into the expertise they don’t have—they can benefit from a different culture, a different mindset.”
- YourEncore continues to be part of P&G’s value proposition for employees with the requisite skills. “We help create a ‘soft landing’ for retirees after retirement,” says Kleinhenz. “Many don’t even have an updated resume and have no idea how to connect with ongoing sources of the work they specialize in. We have toolkits and programs to help them develop personal brand equity and a CV. We help them be more marketable.” The YourEncore website is full of information for retiring experts and has a simple online enrollment process that takes 20-30 minutes to complete.
- YourEncore also helps its client companies maintain an arm’s length relationship when necessary by serving as the employer, appropriately making former employees available to other clients, handling all administrative matters, and avoiding any potential co-employment issues.

Critical Success Factors

Companies that would benefit most from this consortium approach are mature organizations with a large retirement-eligible population where knowledge transfer is a big issue. Companies with an externally focused innovation mindset as a means to drive growth also would benefit. Such companies value access to experts from a range of companies, not just their own retirees. Other factors for success include:

- Partnering with an outside organization with high standards and quality controls to handle administrative matters;
- Engaging the employees in the process of preparing for the transition to consulting and project work well before actual retirement; and
- Providing a website with online tools that help the retirees enroll quickly and easily.

Perhaps one of the most interesting takeaways from the YourEncore story is that innovative approaches to workforce planning and retiree programs can come from many places in the organization, not just HR. This program was initiated in the R&D function and continues to be a success. “When you bring a 30-year veteran with a wealth of experience together with a young person who has the best new thinking coming out of the universities, it can be a great thing. In that conversation, the sparks just fly,” says Kleinhenz. “Things start moving a lot faster. The generational knowledge transfer is beautiful to watch.”

The Value Proposition for Second Acts

The value propositions for all the companies profiled share several similarities: increased employee engagement, reinforcement of company brand, and community impact.

For the Employee

Second acts offer employees meaningful options after a long corporate career and enable the employee to envision what they will do when they leave. All of these programs focus on opportunities that will allow retirees to continue to earn an income (even if that income is less than their corporate earnings) and maintain skills during what has the potential to be a significant number of years contributing to the work force after retirement.

These programs increase employee engagement among long-term employees who view the respective programs as supportive. HP and Intel go even further in their belief that the Encore Fellowships Program is also educating younger employees and changing their awareness of what retirement may look like in the future.

For Companies

The companies profiled identified a number of benefits for their respective companies:

- Retiree participation in the community reinforces the company brand as socially responsible and innovative (all).
- The programs help meet and increase corporate social responsibility goals (all);
- Transfer of knowledge and skills from retiring employees to continuing employees is improved (Intel and YourEncore).
- Satisfaction, productivity, and retirement readiness of employees and managers approaching retirement is improved as they stay focused in later years, knowing what they will do next (IBM, Intel, and YourEncore).
- Support for retiree encore careers can target specific industries and sectors that are relevant to a company's customers and mission. For example, IBM focused on math and science education, a long term company priority and critical to building a skilled labor force for the future. Other sectors, such as health care or the environment, could be the focus for both second acts and marketing initiatives. (IBM, Intel, HP).
- For companies like P&G, with large numbers of highly experienced experts retiring, external consortiums such as YourEncore help keep skilled retirees connected to the company and available for projects, while continuing the knowledge transfer to new generations.

For the Community

Companies that provide a structured bridge to meaningful work also provide the smooth transfer of valuable skills and knowledge from their long-standing employees to community nonprofit and public sector organizations, bringing both tangible and intangible benefits:

- Creating community good will and positive change;
- Bringing valued skills and leadership to the nonprofit sector; and
- Creating ongoing partnerships between business and the social sector to address community needs, such as public health and wellness, environmental sustainability, and education.

A New Focus on Retirees

The coming wave of retirements will have a varied impact on companies, depending to some extent on the size of their retirement-eligible populations. For mature companies that are facing a major skill drain, managing the retirement experience of employees and keeping them engaged with the company and the community before, during, and after retirement is more urgent. But all companies will eventually feel the impact of this demographic tsunami.

One lesson these companies are learning is that everyone benefits when employees are aware of retirement at a time when they will probably still be working at some level and that early planning for both financial security and interesting and rewarding second act careers will make the transition to retirement much less stressful and more satisfying. Companies can play a significant role in supporting this trend by integrating retirement planning, preparation, and transition into their overall talent management processes and programs.

Profile of Survey Respondents

The Conference Board surveyed human capital executives between July 17 and August 19, 2014 on twenty-five questions pertaining to second act and encore career programs.

The responses were closely divided between “Manufacturing” (47 percent) and “Other services” (41 percent), with “Financial services” and “Insurance services” representing 12 percent (Chart A). More than three-quarters of the responses (78 percent) came from

companies with less than \$20 billion in revenue (Chart B). Two fifths of the respondents are from companies with 5,000 to fewer than 25,000 full-time employees (39 percent) (Chart C). Nearly two-fifths of respondents (39 percent) reported that between 11 and 25 percent of their workforce is retirement eligible and one-quarter of the respondents reported that over 25 percent of their employees are retirement eligible (Chart D).

Chart A

Respondents Were Evenly Split between Manufacturing and Services

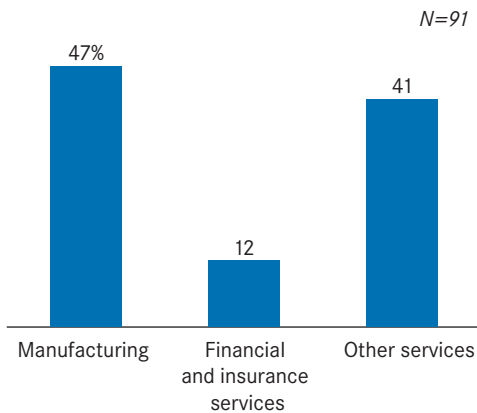


Chart B

The Majority of Respondents Were from Companies with Less Than \$20 billion in Revenue for FY13

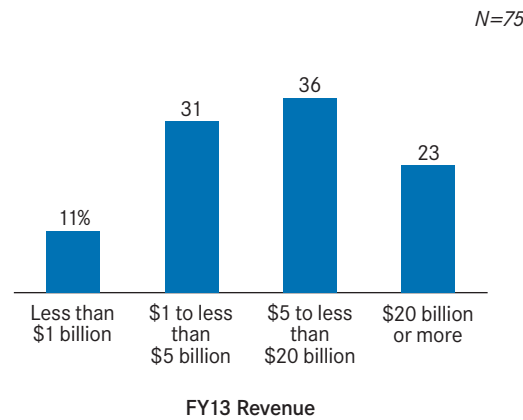


Chart C

The Majority of Respondents Were from Companies with Fewer Than 25,000 Full-time Employees

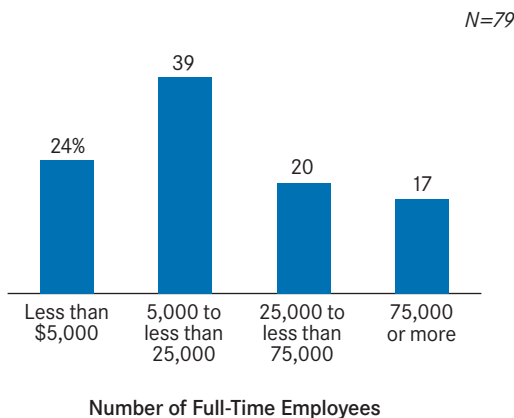
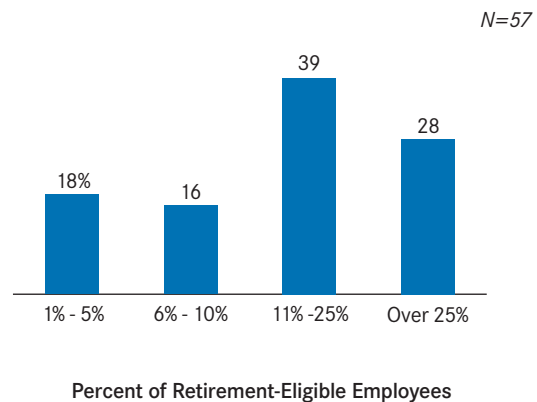


Chart D

The Majority of Respondents Were from Companies with 11 to 25 Percent Retirement-eligible Employees



Endnotes

- 1 Catherine Collinson, *The Retirement Readiness of Three Unique Generations: Baby Boomers Generation X, and Millennials*, Transamerica Center for Retirement Studies, 2014. Retrieved from http://www.transamericacenter.org/docs/default-source/resources/center-research/tcrs2014_sr_three_unique_generations.pdf
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- 3 *Living Longer, Working Longer: The Changing Landscape of the Aging Workforce – A MetLife Study*, MetLife Mature Market Institute, David Delong & Associates, Inc., and Zogby International, 2006.
- 4 *The Emerging Retirement Model Study: A Survey of Plan Sponsors*, Met Life, Inc. 2009, p. 28.
- 5 Gad Levanon, Bert Colijn, Ben Cheng, and Michael Paterra, *From Not Enough Jobs to Not Enough Workers: What Retiring Baby Boomers and the Coming Labor Shortage Mean for Your Company*, The Conference Board Research Report R-1558-14-RR, 2014, p. 4.



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