



# *PATHWAYS TO RETIREMENT*

**The Higher Education HR  
Conference 2008**

**09 – 11 April**

# CURRENT SITUATION

	<b>ACU</b>	<b>Sector</b>
<b>Academic Staff – 45 and over</b>	82.04%	54.20%
<b>General Staff – 45 and over</b>	50.87%	44.40%

[Source: Universities HR Benchmarking Program 2007  
(Based on 2006 figures)]

# WHY PATHWAYS?

## **For Staff**

- Work and life balance
- Altered work pattern to manage transition from work to retirement - and continue to earn
- Enhanced retirement income

## **For ACU**

- To retain human capital - skills / knowledge / experience of staff
- To review current and future situations to plan strategically
- To manage a phased process of staff separation for those over age 55

# ACU RESPONSE

- **Related Policies:**

- Pre-Retirement Contract\*
- Post-Retirement Contract\*
- Fixed-Term Retirement Transition Contract\*
- Fractional Employment Policy
- Superannuation Policy
- Part-Time Employment Policy

[\*Currently being adjusted following the abolition of AWAs]

- **Brochures**

- **Information Sessions**

# AUDIENCE AND ACCESS

- Aimed at ACU National staff who are currently 50 years of age or older
- Pre-Retirement and Post-Retirement Contracts are available as a variation to the existing contract of employment
- A Fixed-term Retirement Transition Contract is available through the Enterprise Agreement.



# TODAY'S PROGRAM

- **Pre-Retirement Contract and Fixed-Term Retirement Transition Contract**
- **Post-Retirement Contract**
- **Superannuation**



# PRE-RETIREMENT & FIXED-TERM RETIREMENT TRANSITION CONTRACTS

- **AIM:**

- To enable staff to begin to move towards retirement whilst maintaining full superannuation benefits from 50 years of age and up to 55 on a pre-retirement contract or from age 60 and over on a fixed-term retirement transition contract.

- **AVAILABLE TO:**

- All Academic staff (Levels A to E inclusive) and all General Staff (Levels 1-9 inclusive) who are employed on a continuing basis.

# Pre Retirement Contracts & Fixed-Term Retirement Transition Contracts

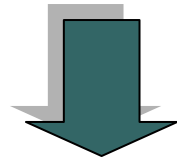
## Pre Retirement Contracts

- Available after a staff member turns 50 years of age up to age 55
- Can reduce workload/fraction and salary to 0.75 of full-time equivalent for a period of 3 to 5 years. Which could take a staff member to their 59<sup>th</sup> year.
- For an agreed retirement date between 3 and 5 years in to the future
- Staff and ACU contributions are maintained at the pre-existing fraction
- Staff member and ACU must set an agreed future retirement date
- Available as a variation to existing contract of employment
- Academic Staff are eligible for a subsequent Post-Retirement Contract.

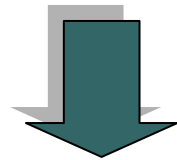
## Fixed-Term Retirement Transition Contract

- Available after a staff member turns 60 years of age or older.
- Can reduce workload/fraction and salary to 0.65 of full-time equivalent for up to 3 years before their agreed retirement date.
- Maximum contract period is 3 years
- Staff and ACU contributions are maintained at the pre-existing fraction
- Staff member and ACU must set an agreed future retirement date
- Available as a variation to existing contract of employment
- Academic Staff are eligible for a subsequent Post-Retirement Contract.

Request from Staff Member



Discuss with Nominated Supervisor



Endorsed by Executive Staff Member



Approved by CPG member

- PREOD sends written advice to the staff member for signature outlining:
  - Terms and conditions of contract
  - Commencement date
  - Agreed retirement date
  - Fraction of employment to be worked
  - Superannuation contributions by staff member and ACU
  - Pro-rata entitlement for all other purposes
  - Conditions in relation to foreshortening of the contract by a staff member



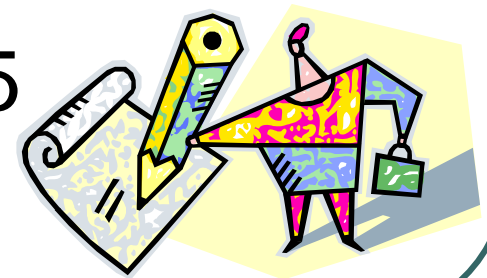
- If at least 2 years of Pre-Retirement or Fixed-Term Retirement Transition Contract worked – *no penalty*
- If less than 2 years of Pre-Retirement Contract worked (other than by death or permanent incapacity) – *staff member must repay all ACU top up contributions to superannuation for the period of contract to date of separation*

# POST-RETIREMENT CONTRACT

- **AIM:**
  - Transition phase from continuing full or part time work to retirement while using skills and experience in a sessional capacity.
- **AVAILABLE TO:**
  - Current continuing ACU National Academic Staff (Levels A to E inclusive) who are eligible to access superannuation entitlements as a lump sum or pension

**PRIOR TO** actual retirement date -

- staff member prospectively enters into a contract that foreshadows new working arrangements from an agreed future date – prior to formally separating from current employment
- currently available from age 55



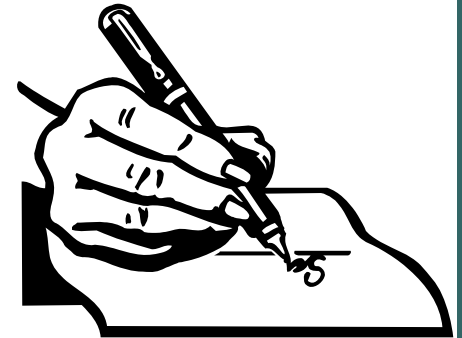
- **WORKLOAD:**
  - Based on sessional casual employment
  - Not to exceed 0.6 of equivalent full-time workload
- **DURATION:**
  - For a period between 3 and 5 years
  - Not normally to exceed 40 weeks a year
- **SUPERANNUATION:**
  - ACU superannuation guarantee contributions of 9% paid into UniSuper or if over the age threshold paid as salary

- Research only – based on Casual Research Academic Staff Hourly Rates
- All other activities – based on Casual Academic Staff Hourly Rates
- Incorporates 23% loading in lieu of all leave benefits

- Limited to teaching, development of learning materials, project work or research.
- **Notice Period by staff member**
  - 4 weeks



- At the expiry of initial Post-Retirement Contract, ACU may offer further post-retirement contract/s on an annual basis.



- If services of staff member are no longer required, ACU is not obliged to offer a further contract.
- If employment arrangements cease, no severance payments will be made.
- Casual conversion does not apply.

# Superannuation Considerations

- It is Important when considering any Pathway to Retirement Contract to consider the superannuation impact for your defined benefit pension or lump sum if you are a Defined Benefit Division Member (UniSuper)
- UniSuper Defined Benefit Formula
  - (a) Benefit Salary x (b) Years of Benefit Service x
  - (c) Lump Sum Factor x (d) Average Service Fraction x
  - (e) Average Contribution Factor

# Superannuation Considerations

- The Impact on superannuation through a Pre-Retirement Contract or Fixed-Term Retirement Transition Contract:
  - Protects your and ACU's Superannuation Contributions at the level of "full fraction" and results in you maintaining the Average Service Fraction component of your Superannuation benefit calculation
  - You and the University "Top up" your and ACU's respective contributions
  - This means that you will retain your current anticipated pension or lump sum at your identified retirement date

# Superannuation Considerations

- The impact on superannuation through a reduction to Part-time employment outside of a Pre-Retirement Contract or Fixed-Term Retirement Transition Contract:
  - Reduces your and ACU's Superannuation Contributions and results in a reduction of the Average Service Fraction component of your Superannuation benefit calculation
  - This means that you get a lesser pension or lump sum payment than you would have anticipated if you had continued to work full-time and contribute accordingly

# Superannuation Considerations

## Transition to Retirement Allocated Pension

- Legislation currently allows access to an income stream, in the form of a superannuation pension, while earning during your transition to retirement.
- This option is available from most superannuation funds.
- It may not be suitable for everyone.
- Independent financial advice and specific superannuation fund information should always be sought when considering a superannuation scheme transition to retirement option.

# Superannuation Considerations

## **Government Initiatives**

- Remember that the Commonwealth Government does not tax superannuation benefits, pension or lump sum, for people over age 60 operative from July 2007

# Possible Pathways to Retirement

(Assuming that your Superannuation access is available from age 55)

Simply retiring at a date chosen by the staff member or



**50 to 55** Pre-Retirement Contract (0.75 Workload)



From **55+** Post-Retirement Contract (up to 0.6 Workload)



**60+** Fixed-Term Retirement Transition Contract  
(0.65 Workload)