

How Employers Can Support Retirement-Age Employees—and Help Them Transition to Retirement.

by Harrison Newman, Vice President, Benefits Consultant

The aging population has reshaped the labor force, with about [one in four employees](#) aged 65 or older. This demographic, the [fastest-growing group of workers in the country](#), is set to trigger the largest wave of retirements in U.S. history, posing significant challenges for employers and the economy.

However, many retirement-age employees [continue working due to financial necessity](#), having seen their retirement savings dwindle or needing to support their adult children.

While they bring invaluable knowledge and experience, offering stability and reliability in a challenging hiring market, these late retirees can create barriers for younger employees seeking advancement and, in general, incur higher healthcare costs for their employers.

By addressing the unique needs of retirement-age employees, you can ease their transition to retirement and help prepare your organization for this shift in workforce demographics. Offering robust financial wellness benefits is a great start, but comprehensive education is key.

Strengthen Retirement-Friendly Benefits

Employers can support retirement-age employees by strengthening core benefits like fully paid health, dental and vision plans, along with health savings accounts (HSAs). These benefits are crucial for all employees, but it's essential to remind retirement-age employees of their specific value.

HSAs, for example, are retirement-friendly by nature as employees can use these accounts to cover premiums and medical expenses in retirement, even when they're on Medicare. Help employees understand how to maximize these benefits as they age. This targeted approach ensures that retirement-age employees fully benefit from the available offerings.

Provide Strategies for Financial Well-Being

When people think of financial wellness, they often focus on younger employees paying off student debt, but they rarely consider parents paying for their children's college education through retirement age.

As higher education costs continue to rise, many people are turning to tax-advantaged 529 savings plans, state-sponsored investment plans designed to help families save for future education expenses. Education around plans and resources like this go a long way in helping people be financially ready to retire.

Provide educational materials or seminars to help employees understand the benefits and workings of 529 plans and how they can open one independently through a financial institution or directly through a state's 529 plan website.

Educate on Medicare and Social Security

Education on retirement benefits, such as Medicare and Social Security, is crucial to help employees smoothly transition into retirement. Many retirement-age workers find these systems complex and confusing, which can lead to costly mistakes or missed opportunities for benefits. Helping employees understand how Medicare works, when to enroll and how Social Security benefits impact their retirement income can significantly affect their financial stability.

Providing clear, accessible information and guidance on these benefits helps employees make informed decisions and reduces anxiety about retirement. It also encourages them to transition off of your employer-sponsored health coverage earlier, easing the financial burden for your organization.

Invest in Post-Retirement Work Opportunities

Even those who can afford to retire often face the psychological adjustment of leaving the workforce. One way to ease the transition for retirement-age employees is by offering post-retirement work opportunities. Many organizations do this by bringing retirement-age employees back in smaller, part-time capacities.

Programs like this benefit your organization as much as your employees. Making these roles part-time removes retirement-age employees from full-time benefit plans, reducing costs. But more importantly, retaining retirement-age employees with institutional knowledge and experience provides continuity and enhances overall productivity. Their expertise and deep understanding of your organization's history and processes lead to more efficient problem-solving and improved training for newer employees, creating a more stable and reliable workforce.

Empowering Your Aging Workforce

Effectively supporting an aging workforce requires a multifaceted approach, combining financial wellness benefits, targeted education on retirement planning and innovative post-retirement work opportunities. In doing this, you can help your employees transition to retirement while retaining valuable talent and offering opportunities for younger employees to grow. ■

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