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PRINT EDITION

Feature: Pension and Retirement Benefits: Phased Retirement--Firms Wing It

Hiring Back Retirees Via Third Parties

Even though the Pension Preservation Act of 2006 eased some restrictions on keeping on older employees while they draw on pensions, companies have been reluctant to give up the relationships they have formed with third-party providers. Companies with established ties to staffing firms are happy with an arrangement that's familiar and fulfills their need for additional help on an as-needed basis.

By **Michelle V. Rafter**

 ne way companies bring back retirees without having it affect pension benefits is through the use of a third-party staffing agency or contingent workforce management company.

In such cases, staffing agencies hire retirees and handle everything about how and where they work—sometimes tracking hours so workers' pension benefits won't be affected.



YourEncore CEO Brad Lawson

The arrangements originated years ago to circumvent pension plan stipulations that barred people from retiring, starting to collect pension benefits and then going right back to work in their old jobs.

Even though the Pension Preservation Act of 2006 eased some of those restrictions, companies have been reluctant to give up the third-party providers. For one thing, companies with established ties to staffing firms are happy with an arrangement that's familiar and fulfills their need for additional help on an as-needed basis. As long as questions remain regarding how new pension reform regulations will be interpreted, companies are content with the status quo.

And sometimes companies are more comfortable working with staffing agencies

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1. Flexible Workplace Offerings

Only 32 percent of 649 U.S. companies responding to an October 2007 survey by WorldatWork included phased retirement among workplace flexibility offerings to attract or retain workers.

2. Hiring Back Retirees Via Third Parties

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rather than workers themselves, says Brad Lawson, co-founder, president and CEO of YourEncore Inc., which has built up a staff of retired scientists and other experts. "They like to have the transaction between two companies as opposed to a transaction between themselves and an individual, because that looks more and more like an employee," Lawson says.

The Principal Financial Group, a publicly traded Des Moines, Iowa, insurance and retirement financial services company with \$306 billion in assets, was an early proponent of rehiring retirees through a third party.

Principal created its "Happy Returns" program in the mid-1990s through the local Manpower franchise. In those days, Principal retirees who came back to work were redirected to other departments to avoid the appearance of violating pension laws. Today, retirees wait the obligatory six months before going back to work, but then work anywhere their skills are needed, in positions such as project managers, retirement analysts or in customer service, says Kathleen Souhrada, Principal's vice president of recruiting and diversity. Retirees generally account for 18 to 25 of the 250 workers that Manpower has placed at Principal at any given time, Souhrada says.

The "Happy Returns" program has worked so well that Manpower's Des Moines office now offers similar services to other local companies, including Mid-American Energy, says Mike Lynch, Manpower franchise president in Des Moines. Retirement-age contingent workers in other Manpower offices around the country staff Las Vegas trade shows and fill a variety of part-time and full-time jobs in locations such as Milwaukee; Albuquerque, New Mexico; and Brooklyn, says Paul Holley, a Manpower corporate spokesman.

Staffing agency Kelly Services of Troy, Michigan, started managing pools of post-retirement workers for some of its major clients about five years ago. Jocelyn Lincoln, a senior director of marketing for Kelly's Americas region, won't name the clients, but says they're in fields like insurance, where companies need to quickly bring on claims processors or other personnel in the event of natural disasters like hurricanes.

According to Lincoln, Kelly manages 500 to 1,000 retirees each for its major clients, handling everything from training to arranging for transportation to jobs out of the area. The company also tracks the hours retirees work and notifies them by phone or in writing when they're close to the maximum number they can work in a year without negatively affecting their pension benefits. Kelly sends similar reports to its clients.

Since YourEncore started in 2003, the Indianapolis company's network of retired scientists, engineers and other white-collar experts has grown to more than 4,000 from 650 companies in the life sciences, consumer products, food, aerospace, high-tech and chemical industries. YourEncore sends its retiree workers out on assignments with more than two dozen Fortune 1,000 clients, including Procter & Gamble, Eli Lilly, Boeing and

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General Mills. Although the company doesn't track ages, most of YourEncore's employees are in their late 50s through 60s, says company co-founder Lawson.

According to Lawson, YourEncore is careful to make sure its employees comply with all regulations that could affect their status as contract workers, especially if they're going back to work for their old employer. That includes tracking things like who's managing the worker, setting hours and providing training.

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