



ARE YOU RE-EMPLOYMENT READY?

AN EMPLOYERS'
GUIDE

CONTENT

Summary of Tripartite Guidelines on the Re-employment of Older Employees	03
Frequently Asked Questions	06
Re-employment Case Studies	22
Assistance Available	36
Tripartite Guidelines on the Re-employment of Older Employees	40
Re-employment Readiness: A Quick Check	50

INTRODUCTION

From 1 January 2012, employers are required under the Retirement and Re-employment Act (RRA) to re-employ employees, who are medically fit and have at least satisfactory performance, until age 65.

Re-employment provides flexibility. It allows employers and employees to work out re-employment arrangements that take into consideration their respective needs.

For employers, re-employment allows them to tap on a pool of experienced employees to meet their manpower needs, while still maintaining cost competitiveness.

For employees, they can retain their existing jobs, or be re-employed on a different job and on different terms and conditions. This provides employees with the opportunity to work longer flexibly, so that they can continue to contribute to their organisations, earn a regular income and enhance their retirement savings.

Within this booklet, employers will find useful information to help them comply with the re-employment legislation. More information on re-employment is also available online at <http://www.re-employment.sg>.



SUMMARY OF TRIPARTITE GUIDELINES ON THE RE-EMPLOYMENT OF OLDER EMPLOYEES

The Tripartite Guidelines on the Re-employment of Older Employees aim to help businesses and employees be re-employment ready, by identifying good re-employment practices that employers should consider adopting. The latest set of Guidelines was released in March 2011. The tripartite partners strongly urge employers to study the Guidelines and move quickly to ensure that they have proper re-employment policies and practices in place. The tripartite partners also encourage employees to be flexible and take advantage of re-employment to continue to contribute to their organisations, earn a regular income and enhance their retirement savings. A summary of the Guidelines is presented below for ease of reference. The full set of the Guidelines can be found on page 40 of the guide.

PLANNING AND PREPARING EMPLOYEES FOR RE-EMPLOYMENT

- ▶ Identify eligible employees approaching age 62 who are medically fit to continue working and whose performance is satisfactory or better for re-employment.
- ▶ Engage employees (in consultation with unions, for unionised companies) on re-employment issues not less than 6 months prior to re-employment.
- ▶ Consider various job arrangements for eligible employees including: re-employment in the same job (with or without adjustments); or re-deployment to a different job. Arrangements should be mutually agreed.
- ▶ Offer re-employment contracts to eligible employees at least 3 months before reaching 62 to give employees adequate time to consider the offer. Similarly, inform employees who do not qualify for re-employment at least 3 months before retirement, so that they can better prepare for retirement or seek other employment opportunities.

THE RE-EMPLOYMENT CONTRACT

- ▶ Offer 3-year re-employment contracts, up to age 65, to provide greater certainty for employees. Alternatively, offer term contracts of at least one year, renewable up to age 65, so long as the employee continues to meet the eligibility criteria.
- ▶ Employers may make reasonable adjustments to the employment terms of re-employed employees, including wages and benefits, taking into account the impact on the income of re-employed employees, particularly the low-wage workers.
- ▶ Re-employed employees are immediately eligible for employment benefits such as annual leave and sick leave, given that they have served the organisation over the years and have performed satisfactorily.
- ▶ Where medical costs are a concern, employers may consider co-payment, appropriate caps on medical benefits claimable, or providing additional Medisave contributions in lieu of in-patient medical benefits.
- ▶ Employees who continue to be employed beyond their retirement age without formal re-employment arrangements are considered to have been re-employed on the same terms as those prior to re-employment. Employers may subsequently re-negotiate a new re-employment contract with them, or deploy them to other suitable jobs, with adjustments to employment terms.

RECOGNISING THE CONTRIBUTIONS OF RE-EMPLOYED EMPLOYEES

- ▶ Continue to reward re-employed employees based on company and individual performance in the form of wage increases, performance payments, gain-sharing incentives, or one-off bonuses, where appropriate.

ASSISTING ELIGIBLE EMPLOYEES WHOM EMPLOYERS ARE UNABLE TO RE-EMPLOY

- ▶ Offer eligible employees a one-off Employment Assistance Payment (EAP) if no suitable job in the organisation can be found for them. The amount of EAP should be guided by the following principles:
 - The EAP is to help eligible employees who are not re-employed tide over a period of time while they look for another job. The EAP amount could be 3 months of salary, based on gross rate of pay as defined in the Employment Act.
 - A minimum EAP of \$4,500 and a maximum of \$10,000 could be considered.
 - Employers who are unable to continue employing employees who have been re-employed for at least 18 months since age 62 could consider offering them a lower EAP amount of 2 months of salary (subject to a minimum EAP of \$3,000 and a maximum EAP of \$7,000).
 - For employees nearing age 65, the amount of EAP should not be greater than the salary payable for the remaining period of employment up to age 65.
 - For employees recruited at age 55 or above who are not retained until 62, or have less than 3 years of service at age 62, employers could consider granting an ex-gratia payment.
 - As employees who are re-employed have already reached the statutory minimum (or contractual) retirement age, the issue of retrenchment benefits does not arise. However, employers should offer financial assistance (using EAP as a reference) to help them tide over while they look for alternative employment.

FREQUENTLY ASKED QUESTIONS

Section A: Enactment of re-employment legislation

Q1. Why did the Government decide to introduce re-employment, and not raise the statutory minimum retirement age or simply do away with the retirement age?

The Government has adopted a more flexible and pragmatic approach in working with employers, workers and unions to move beyond the current statutory minimum retirement age through the introduction of re-employment. Re-employment provides greater flexibility for both employers and employees than raising the statutory minimum retirement age. It allows the employer and employee to work out an arrangement that takes into consideration their respective needs.

For employers, re-employment allows them to tap on a pool of experienced employees while still maintaining cost competitiveness. For employees, they can be re-employed on a different job and on different terms and conditions. This provides employees with the opportunity to work longer so that they can continue to contribute to their organisation, earn a regular income and enhance their retirement savings.

Q2. Who are the employees affected by the Retirement and Re-employment Act (RRA)?

The RRA covers all local employees who attain the statutory minimum retirement age of 62 years old or contractual retirement age (whichever is higher) on or after 1 January 2012.

Q3. What about employees who have attained the statutory minimum retirement age before 1 January 2012 and continue to be employed by their companies on or after 1 January 2012? Are employers required to offer re-employment or Employment Assistance Payment (EAP) to these employees?

While the law does not require employers to offer re-employment or the EAP to employees who have reached the statutory minimum retirement age of 62 before 1 January 2012, we encourage employers to adopt the Tripartite Guidelines and continue to employ these employees as long as they are medically fit to continue working and have satisfactory or better work performance.

Q4. Are employers required to offer re-employment or EAP to employees who had only been employed by the company for a short period of time (e.g. recruited at the age of 57 or 61)?

Employees who are recruited at the age of 55 or above are exempted from the minimum retirement age provisions of the Retirement and Re-employment Act. However, employers will be required to offer re-employment or EAP to these employees if they meet the eligibility criteria for re-employment and have at least 3 years of service upon reaching the age of 62.

For employees who have less than 3 years of service and hence are not legally eligible for re-employment at the age of 62, the Tripartite Guidelines encourage employers to consider granting an ex-gratia payment, taking into account the employee's length of service and contributions.

Q5. Are employers required to offer re-employment or EAP to part-time employees?

Employers are required to offer re-employment to eligible part-time employees; or EAP if no re-employment could be offered to them at age 62. They may pro-rate the minimum and maximum EAP amounts recommended in the Tripartite Guidelines based on the hours worked by the part-time employee.

Section B: Implementation of re-employment

a) Assessment of employee's eligibility for re-employment

Q6. When an employer implements re-employment, what does the criteria of "satisfactory performance" mean?

Satisfactory performance refers to the minimum level of performance any employee is expected to maintain in discharging his duties. In assessing the eligibility of an employee for re-employment, employers may take into account the employee's performance for the past 2-3 years.

Q7. In assessing an employee's eligibility for re-employment, how should employers assess whether an employee is "medically fit to continue working"?

Medical fitness should be assessed objectively, and in relation to the job requirements. An employee should be considered medically fit to continue working as long as his health does not affect his performance on that job. An employee will be deemed to be medically fit to continue working unless shown otherwise.

b) Offer of re-employment

Q8. Employers should offer re-employment contracts to eligible employees at least 3 months before retirement to allow employees sufficient time to consider the offer. When should employees respond to the offer?

Employees should respond to the offer as early as possible and engage their employers to discuss the re-employment offer within a reasonable timeframe, preferably not later than 1 month after the offer. This will allow their employer to plan for manpower needs and to prepare the employees for re-employment (e.g. provide training if needed).

Q9. What is considered a reasonable re-employment offer and what should employers do to implement this recommendation?

Whether a re-employment offer is considered reasonable depends on many factors, including whether there has been adequate re-employment consultation and the extent of adjustments in wage and benefits to reflect the value of the job.

Early and open communication with workers and unions is key to ensuring the smooth implementation of re-employment. Employers should exercise flexibility in designing jobs and remunerating older employees. They should also implement competitive wages based on job worth, performance and productivity. At the same time, employees are encouraged to be flexible in working out re-employment arrangements with their employers and to be open to training, so that they can take on new job arrangements and continue to stay employed.

Q10. If an employer does not make any re-employment arrangements when an employee reaches the statutory or contractual retirement age and retains him on the same job and employment terms:

(i) Could the employer offer a new re-employment contract based on the recommendations in the Tripartite Guidelines subsequently (say 6 months later)?

(ii) For how long should the subsequent re-employment contract be?

An employer, who does not make any arrangement to effect re-employment to an employee who has reached age 62 (or the contractual retirement age, if higher), would be considered to have complied with his re-employment obligation with no change in his job and employment terms.

The employer could still subsequently offer the employee a new re-employment contract based on mutually agreed employment terms and benefits. The re-employment contract should be not less than 1 year at each instance, and renewable as long as the employee remains eligible for re-employment, up to the age of 65.

Q11. Can the company impose a probation period for employees re-employed on a different job or a qualifying period for leave?

Employers should not impose a probation period for employees re-employed on a different job, as they have already been working for the company for a period of time. Similarly, there should not be a qualifying period for leave entitlements such as annual or sick leave.

Q12. Should employers impose a break before the commencement of the re-employment contract?

The RRA prohibits employers from imposing a break (one day or longer) before the commencement of the re-employment contract. The RRA also regards the first re-employment contract as a fresh employment. To ensure continuity, all subsequent re-employment contracts would be considered as part of a continuous service period, starting from the first re-employment contract.

Q13. If an older employee wishes to take a break before his re-employment, would the break affect his right to re-employment?

The RRA prohibits employers from imposing a break before the commencement of the re-employment contract. In situations where an employee wishes to have a short break after retirement and before commencing his re-employment, no-pay leave can be considered, subject to mutual agreement between the employer and the employee. An employee who wishes to take such a break upon retirement does not need to forgo his re-employment opportunity. He should however discuss with his employer to work out suitable leave arrangements that are mutually acceptable by both parties.

Q14. For unionised companies, must employers consult unions before making re-employment offers? What is the role of the unions in the process of re-employment consultation and planning?

The unions play an important role in explaining the Tripartite Guidelines on Re-employment of Older Employees to their members, and in surfacing workers' concerns to employers for their consideration. Hence, employers should keep the unions informed on the arrangement.

Q15. Can re-employed employees on re-employment contracts be represented by the unions?

Yes.

c) Adjustments to wages and benefits

Q16. If an employee is offered the same job upon re-employment, could the employer cut his/her wage? If wages need to be adjusted, what are the factors to be considered and what would be the extent of the cut?

Employers should only adjust their employees' salary based on reasonable factors. For example, in situations where a company has a seniority-based wage system, the employer may make appropriate adjustments based on the Tripartite Guidelines, with the mid-point of the salary range of the job being a possible reference. For instance, if the salary range of the employee's current job is \$1,500 to \$2,500, and the employee is at the top of the salary range, his employer can offer a re-employment wage that is at the mid-point of the range, which is \$2,000.

Notwithstanding the above, the employer and concerned employee union(s) may discuss the appropriate adjustment(s) depending on the extent of the seniority element in the wage structure.

Q17. The Tripartite Guidelines indicate that employers may implement an "appropriate cap" for medical benefits of re-employed employees. What amount of medical benefits should this "appropriate cap" be?

Employers should extend the same medical benefits to the re-employed employees where possible. In situations where medical benefits for older employees pose a serious cost burden and concern, employers may make adjustments to the benefits; provided that the adjusted benefits will not be less favourable than those provided for under the Employment Act.

d) Employment Assistance Payment (EAP)

Q18. Why should employers pay EAP to the employees concerned if no suitable job is available in the organisation?

Under the RRA, employers are required to offer re-employment to their employees who reach the age of 62 if they meet the two criteria of satisfactory work performance and medical fitness to continue working. If the same job is not available, employers should look for suitable alternative jobs available within the organisation. If no alternative job is available despite efforts being made, employers may pay an EAP as a last resort to help the employee concerned tide over a period of time while he looks for alternative employment.

Q19. What is the appropriate amount employers should pay as EAP?

Employers may refer to the Tripartite Guidelines to decide on the quantum of payment they should pay. They should also discuss with the union if the employee concerned is a union member.

Q20. Are re-employed employees above the retirement age eligible to claim for retrenchment benefits or EAP if they are not re-employed up to the age of 65 due to redundancy (e.g. company restructuring, business process improvements or loss of business contracts)?

Unless otherwise stipulated in a collective agreement or the individual's employment contract, retrenchment benefits generally do not apply as the employee is above the statutory retirement age. To help employees tide over a period of time while he looks for alternative employment, employers should offer financial assistance using the EAP amounts as recommended in the Tripartite Guidelines as reference points.

Q21. If an employer is unable to offer re-employment, can he discharge his obligations by facilitating the employment of the older employee in another company? Will the employer still be required to offer EAP?

An employer, who is unable to offer re-employment despite his efforts to look for suitable alternative jobs within the organisation, may offer to help the employee find an alternative job with another employer.

Such an arrangement, including a lower or non-payment of EAP should be subject to mutual agreement. If the employee does not agree to the arrangement, the employer would still have to offer EAP.

Q22. Are employers required to offer or renew the re-employment contract or grant EAP to employees who are not eligible (i.e. non-satisfactory performance or medically unfit to work)?

Employers are not required to offer or renew the re-employment contract or grant EAP to employees who are not eligible for re-employment.

However, employers are advised to inform such employees early (at least 3 months before retirement) so that they have sufficient time to look for a new job. Employers are also encouraged to help affected employees by offering other forms of assistance such as career counselling to help them prepare for new jobs elsewhere, or outplacement services to help them look for another job.

Q23. Are employers required to pay EAP to employees who reject the re-employment offer?

The purpose of the EAP is to help eligible employees who were not offered re-employment tide through a period while they are looking for alternative employment or undergoing training and re-skilling. Hence, employers are not required to pay EAP if they have made a reasonable offer of re-employment to their employees and the offer is rejected.

Q24. Will the EAP be taxable or be subject to CPF contributions?

As the EAP is not regarded as income earned, it will not be taxable as income and will also not attract CPF contributions.

Q25. Can the EAP be paid in instalments?

The law requires employers to offer a one-off EAP to eligible employees whom they are not able to offer a suitable job in the organisation. If an employer is not able to pay the EAP in one payment due to financial difficulty, both the employer and employee could, on mutual agreement, arrange for the payment to be made through instalments, say over 3 payments.

Q26. Are employers required to pay EAP to employees who are paid gratuities or retirement benefits?

The gratuity or retirement payment granted by companies serves different objectives and hence such a payment should not exempt the company from EAP. Employers may, however, take into account the payments when determining the amount of EAP to be granted to their employees.

Q27. If an employer subsequently re-hires an older employee to whom he paid EAP upon retirement, will the older employee be required to refund the EAP?

No. Employees should not be required to refund the EAP received if the employer was unable to offer re-employment at the point of retirement but was able to re-employ him subsequently. This is so as the purpose of the EAP is to help the employees tide through a period of time while they look for alternative employment or undergo training and re-skilling.

Q28. What should be the minimum and maximum EAP amount for employees who are on part-time arrangement (e.g. doing 50% of the job)?

The minimum EAP amount of \$4,500 recommended in the Tripartite Guidelines could be pro-rated, based on hours of work for employees who are employed on part-time arrangement. For example, if the employee is working part-time at half or 50% of a full-time job, the EAP amount should still be 3 months of his monthly gross salary at 50% of the equivalent full-time pay. This will still be subject to a pro-rated minimum EAP amount of \$2,250 and a maximum amount of \$5,000.

e) Dispute resolution

Q29. What should employees do if they feel that the re-employment offer is unreasonable?

To minimise any disputes, employers are advised to refer to the Tripartite Guidelines in making re-employment offers, while employees should also make their job preferences known during the re-employment consultation process.

In the event of re-employment disputes, the re-employment legislation provides avenues for employees to seek recourse. If employees feel that they have been unfairly denied re-employment, they may appeal to the Minister for Manpower for reinstatement or compensation. If employees feel that they have received an unreasonable re-employment offer or EAP, they may seek remedy and assistance from the Commissioner for Labour. Employees who are union members can also do so through their unions.

Section C: Available resources and assistance

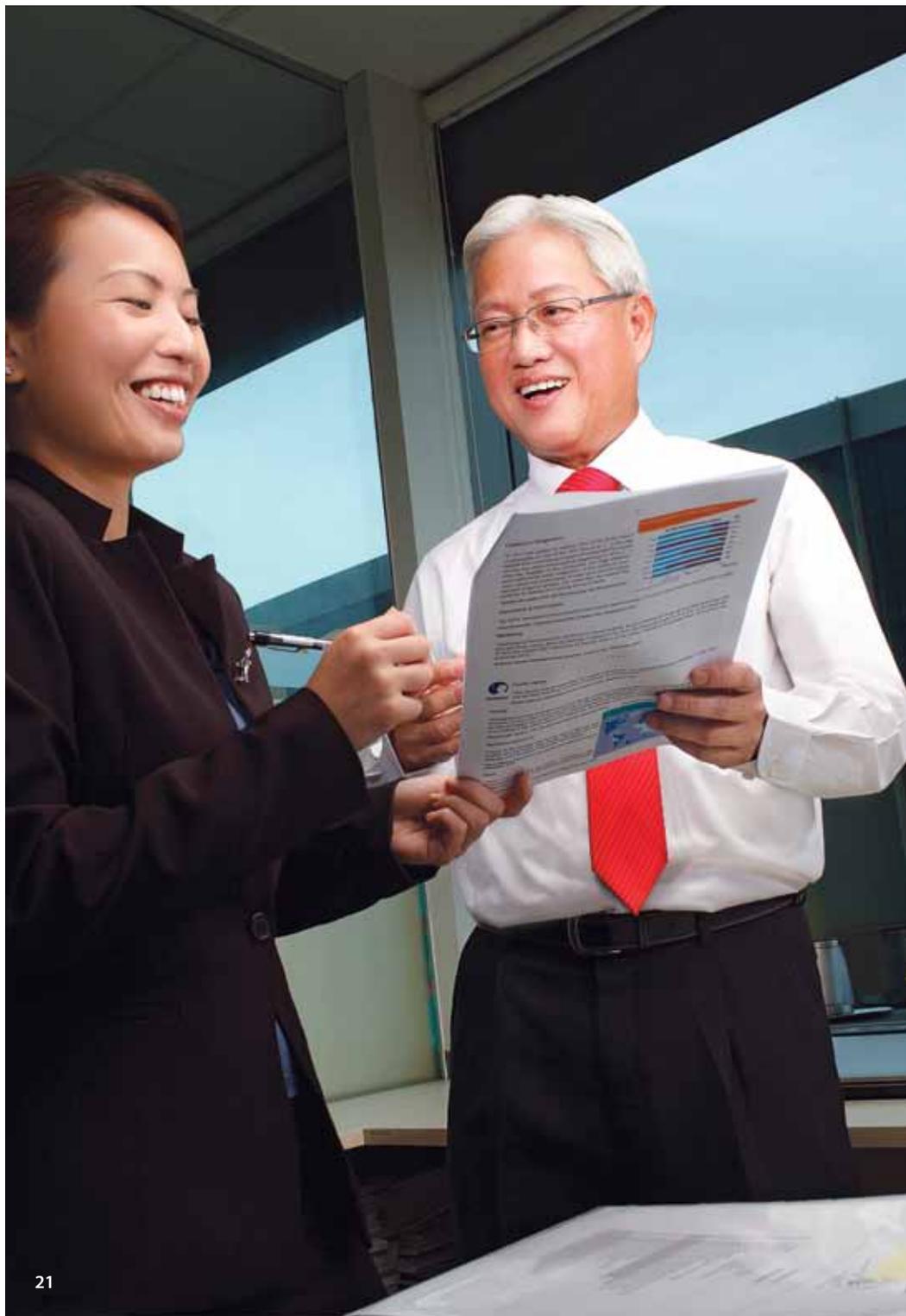
Q30. Where can employers seek help in implementing re-employment for their organisations?

The tripartite partners have put together several resources for employers. In addition to the information found on the re-employment portal <http://www.re-employment.sg>, there are also training courses on re-employment available for employers and HR personnel, such as the Association of Small-Medium Enterprise's Programme for Re-Employment Practices: A Roadmap for Employers (PREPARE) and workshops conducted by the Singapore National Employers Federation (SNEF).

Section D: Others

Q31. Are the Tripartite Guidelines a legal document? Are employers required to follow all the recommendations in the Guidelines?

The Tripartite Guidelines, which have been published in the Government Gazette, serve as a reference for companies to implement re-employment. These Guidelines also provide a basis for mediation and adjudication of re-employment disputes. The Courts (e.g. Labour Court and Industrial Arbitration Court) will take reference from these Guidelines in the settlement of re-employment claims and appeals.





RE-EMPLOYMENT CASE STUDIES

The following are examples of employers who have successfully implemented re-employment in their organisations in line with recommendations from the Tripartite Guidelines on the Re-employment of Older Employees. Employers are encouraged to make reference to the case studies for ideas on good practices that can be adopted to make their organisations more age-friendly and ready for re-employment.





Family Movers

Since 1975, Family Movers has helped customers safely and efficiently relocate. The company's trademark is its service, delivered by a reliable and dedicated workforce. Family Movers pioneered the concept of "lady packers" in the late 1970s, and has grown to be part of a global move management service under the Amsterdam-based UniGroup UTS.

Open and regular communication

Moving and relocation work is physically demanding, and Family Movers regularly assesses the performance and medical fitness of its employees to ensure that they can continue their job without difficulty. The company keeps an open channel of communication with its employees, so that both parties can discuss and mutually agree on any changes in job scope. Discussions are held on an on-going, need-to basis, regardless of their age.

Flexibility to adjust job scope and re-design work processes

When the need arises, Family Movers will consider alternative work arrangements or re-design the relevant work processes. This flexibility to adjust its employees' job scope to meet their needs has enabled Family Movers to retain loyal and competent older employees, while ensuring that they can work at a safe and effective pace. For example, operations staff who are not able to cope with the physical demands of packing and moving have the option to convert to less labour-intensive roles such as store-keeping.

Optimise contributions of older employees

Family Movers is also looking at how to better tap on the institutional knowledge and expertise of older employees. For example, 72-year-old Mr Loo Sai Tee is a skilled packer and occasionally stands in as a driver of the smaller relocation trucks. To optimise his contribution to the company, Family Movers has converted part of his job to training employees on a part-time basis. Training is conducted monthly or bi-monthly. Such on-going efforts to provide a path for older employees to keep contributing to the organisation help to engage and motivate them.

Learning Points

- Open and regular communication
- Flexibility to adjust job scope and re-design work processes
- Optimise contributions of older employees



Nestlé Singapore

Nestlé Singapore is one of the leading food companies in Singapore. It is also an age-friendly organisation with a comprehensive plan to prepare its older employees for re-employment. The company has been re-employing older workers even before the introduction of re-employment legislation and has even gone beyond the requirements of the law. For example, while re-employment obligations are only until age 65, Nestlé does not set a formal age limit for their employees.

Pre-retirement counselling

Nestlé has a structured process in place for re-employment. Pre-retirement counselling is provided at least one year in advance to retiring employees. Eligible employees will be engaged in discussions to explore re-employment opportunities. The objective is to offer re-employment opportunities on mutually agreeable terms and conditions, based on the company's needs and the existing skill sets and experience of the employees.

Six months before employees reach the retirement age, Nestlé will hold a session to confirm the new arrangement. An official offer of re-employment will be given to eligible employees three months before they reach retirement age. In some situations, employees may be offered re-employment in a different job, based on the employees' experience, ability and skills as well as job availability.

Work arrangements for re-employed employees

Eligible employees can be offered re-employment in the same job, with or without adjustments to the employment terms, or to a different job. Flexible work arrangements such as part-time or job-sharing could also be arranged. Some examples of Nestlé's re-employment and age-management policies include:

- Mr Joseph Tan Kee Seng, age 70, is a Trade Relations Coordinator. Since 2000, Nestlé Singapore has been re-employing him on renewed annual contracts. Today, Mr Tan continues to help the company build good trade relations with retailers, and he also finds satisfaction in mentoring his younger colleagues.
- Mr Ng Yu Soon started out as a mechanic, working his way up to Engineering Manager. He left Nestlé Singapore at age 55 in 2004 to look after his one-year-old granddaughter. He rejoined the company a year later in a different capacity and on different employment terms, as the company required an experienced person to be a trainer to technical operators. Motivated by the new challenge, Mr Ng pro-actively researched the training curriculum used by other institutions and later customised an entire curriculum to cater to Nestlé's needs.

Learning Points

- Pre-retirement counselling
- Flexible work arrangements for re-employed employees



On Cheong Jewellery

Established in 1936, On Cheong Jewellery is a contemporary jewellery retailer. With more than a quarter of its 42 employees aged 62 and above, the company has implemented various initiatives to make the workplace more senior-friendly. The company has also put in place various policies to meet the requirements of the re-employment legislation.

Barrier-free working environment

To make it more convenient for older employees who have to store jewellery pieces and money every day, On Cheong moved its strong room and workshop from the second storey to the ground floor. This is part of the company's plan to create a barrier-free environment.

Training and counselling for older employees

To prepare employees nearing re-employment age for the legislative changes, On Cheong explained the company's re-employment policy. When On Cheong automated its sales and accounting systems, younger, more tech-savvy staff were paired with older staff to help them with the transition.

On Cheong also helps older employees upgrade themselves. Through information obtained online as well as from training providers offering programmes developed with the Singapore Workforce Development Agency, On Cheong is able to enhance its older employees' skills by sending them for English language courses, as well as courses on operations management, service quality and service team leadership. On Cheong also organises health seminars and yoga sessions for its staff, and distributes health circulars regularly.

Mentoring of younger staff by re-employed employees

As its older employees have, over their long service to the company, developed an appreciation for the company's values, On Cheong has a practice of assigning them to mentor their newer colleagues. In doing so, these veterans are also able to share the company's rich history. The company's policy on re-employment of older employees has also helped it retain valued institutional experience and scarce specialist expertise, as well as to foster a close-knit family culture.

Learning Points

- Barrier-free working environment
- Training and counselling for older employees
- Mentoring of newer staff by older employees



Tien Wah Press Pte Ltd

Tien Wah Press began in 1939 as a family-run letterpress printing business in Singapore. Today, Tien Wah has over 2,000 staff across the world, with about 800 staff in Singapore. Tien Wah is currently already practicing re-employment with about 40 re-employed employees to date.

Valuing accumulated technical knowledge and experience

In the printing and press industry, valuable technical knowledge and experience are accumulated over the years. Hence, Tien Wah highly values its older employees. The older employees also serve as mentors to their younger colleagues and coach them in troubleshooting and maintaining various machinery parts.

Helping older employees stay relevant and healthy

To ensure that the skills of older employees remain relevant and up to date, on-the-job training, particularly in machinery maintenance, is constantly conducted. Bearing in mind the literacy level of the older employees, pictorial instructions and videos are often used to explain the various work procedures.

Tien Wah also firmly advocates workplace health and has introduced various initiatives to enhance the well-being of its employees. This includes gym facilities and fitness exercise programmes that are scheduled after working hours. The company also organises health and wellness talks and bazaars to promote healthy living among the employees.

Automation / improvement of processes to reduce manual work

The company has invested in user-friendly press and binding machines as part of the automation process. This makes operating procedures more efficient and “age-friendly”, a win-win situation for Tien Wah and its employees. At the same time, *kaizen* (meaning “continuous improvement” in Japanese) activities are actively conducted to improve various work procedures and processes.

Learning Points

- Valuing accumulated technical knowledge and experience
- Helping older workers stay relevant and healthy
- Automation / improvement of processes to reduce manual work



The following is a summary of various practices that the case studies have adopted in implementing re-employment:

- ▶ Implement a performance-based wage system that is based on job value, competency and performance
- ▶ Communicate to your staff the reasons for re-employment and how it will help them
- ▶ Consider job redesign in your company
- ▶ Make training opportunities readily available for mature employees
- ▶ Review the feasibility of workplace redesign to make your organisation barrier-free for mature employees
- ▶ Roll out workplace health programmes to enable mature employees to work beyond 62
- ▶ Inculcate an age-friendly organisational culture that promotes mutual respect and recognition
- ▶ Institute multi-generational work teams to leverage on one another's strengths and build intergenerational understanding
- ▶ Appoint relevant mature employees as part-time or full-time mentors for younger employees
- ▶ Equip younger managers &/ supervisors with the skills in managing mature employees

ASSISTANCE
AVAILABLE

ASSISTANCE AVAILABLE

Here is a list of useful schemes to help you with your preparation.

Re-employment Web Portal

Developed by the Tripartite Partners, the web portal contains a wealth of information on re-employment, including links to legislation, the Tripartite Guidelines, frequently asked questions, additional case studies, and employer surveys. Access the portal online at <http://www.re-employment.sg>.

ADVANTAGE! Scheme

The ADVANTAGE! Scheme offers companies a financial grant of up to \$400,000 to support various initiatives that directly boost the recruitment, retention and re-employment of mature employees.

Contact

PREPARE Community @ Association of Small & Medium Enterprises (ASME)

Tel: 6222 1249; Email: enquiry@preparecommunity.com

OR

National Trades Union Congress (NTUC)

Mr Ong Sin Tiong (Tel: 6213 8237; Email: ongst@ntuc.org.sg)

Ms Anna Koh (Tel: 6213 8252; Email: kohsm@ntuc.org.sg)

OR

Singapore National Employers Federation (SNEF)

Mr Lee Yew Cheong (Tel: 6827 6939; Email: ychee@snef.org.sg)

Mr Lawrence Wong (Tel: 6827 6948; Email: lawrence_wong@snef.org.sg)

SNEF 4R Programme

The SNEF 4R (Recruit, Retain, Re-employ, Re-career) Programme is a 3-day training course for HR professionals and supervisors/line managers overseeing manpower planning and re-employment arrangements. Participants will acquire necessary skills and knowledge to implement re-employment policies and practices in the company. Advisory services and on-site audit are also included to assist companies align to the Tripartite Guidelines on Re-employment of Older Employees.

Contact

Singapore National Employers Federation (SNEF)

Ms Aishah (Tel: 6827 6923; Email: 4R@snef.org.sg)

Seniors Employability Programmes

The Seniors Employability Programmes (SEP) are specially designed to help companies to enable their mature employees to remain in active employment for as long as possible.

Designed for Human Resource personnel, supervisors of mature employees and union leaders, these programmes equip participants with knowledge of age-associated changes, issues and concerns of older employees. In addition, participants will also learn skills to enhance communication to manage older employees more effectively.

More extensive coverage, certificate courses are also available to provide more in-depth knowledge pertaining to counselling of older employees or mentoring skills.

Contact

Centre for Seniors (CFS)

Allan Tian (Tel: 6478 5015; Email: allan.tian@centreforseniors.org.sg)

Effective Management of Mature Employees Workshop

This one-day workshop aims to equip managers and supervisors with practical skills and knowledge to manage and optimise the strengths of mature employees effectively to enhance competitiveness. For details on this workshop and other events organised by TAFEP, please visit <http://www.fairemployment.sg>.

For general enquiries related to Re-employment

Retirement and Re-employment Act:

Ministry of Manpower
Tel: 6438 5122; Email: mom_lrwd@mom.gov.sg

Implementing re-employment in your organisation:

Singapore National Employers Federation (SNEF)
Email: tag@snef.org.sg

Preparing your employees for re-employment:

National Trades Union Congress (NTUC)
Email: ird@ntuc.org.sg





TRIPARTITE GUIDELINES ON THE RE-EMPLOYMENT OF OLDER EMPLOYEES

Introduction

1. As part of the efforts to help older employees remain economically productive, the Retirement Age (Amendment) Act 2011 (Act 4 of 2011) was enacted to enable more people to continue working beyond the statutory minimum retirement age of 62, up to 65 in the first instance and, later, up to 67. This change, accompanied by increased Workfare Income Supplement (WIS) for older, low wage workers, will complement the CPF Minimum Sum Draw-Down-Age (DDA), which will progressively be raised from 2012.
2. Formed under the aegis of the Tripartite Committee on Employability of Older Workers (TriCom), the Tripartite Implementation Workgroup (TIWG) aims to help companies put in place the necessary processes and systems for re-employment. The TIWG released the Tripartite Advisory on the Re-employment of Older Workers (Advisory) in April 2008 and has been encouraging employers and employees to adopt the Advisory. Taking into account the feedback obtained on the Advisory, the TIWG has updated and expanded the Advisory into Tripartite Guidelines on the Re-Employment of Older Employees (Guidelines) to better prepare employers and employees for the re-employment legislation.
3. Under the Guidelines, the TIWG has identified good re-employment practices that employers should consider adopting in the following areas:
 - Planning and preparing employees for re-employment
 - a. Identifying eligible employees for re-employment
 - b. Re-employment planning and consultation
 - c. Job arrangements for re-employment
 - The re-employment contract
 - d. Offer of re-employment
 - e. Duration of re-employment
 - f. Adjustments to wages and medical and other benefits
 - g. Termination with notice
 - Recognising the contributions of re-employed employees
 - Assistance for eligible employees whom employers cannot re-employ

Planning and Preparing Employees for Re-employment

4. Employers, in consultation with the unions, are encouraged to take a long-term view in planning and preparing employees for re-employment. Employers should see older employees as a source of quality manpower and recognise the value of making the workplace age-friendly. At the same time, employees have to see the benefit of staying employable, and should be flexible and adaptable so as to continue to contribute to the organisation.

Identifying eligible employees for re-employment

5. Employers should aim to re-employ the majority of their older employees. As a good practice, employers should offer re-employment contracts to every employee who is medically fit to continue working and whose performance is assessed to be satisfactory or above.

Re-employment planning and consultation

6. Employers should engage employees (in consultation with unions for unionised companies) on re-employment issues as early as possible, not less than 6 months prior to re-employment. This can be done as part of the regular performance appraisal process. The discussions should cover possible re-employment arrangements, the competencies and training they may require should they be re-deployed to a different job, and the pay and benefits employees can expect upon re-employment. For employees who fall short of the re-employment eligibility criteria in paragraph 5, employers should inform them about the need to improve their performance at this stage.

Job arrangements for re-employment

7. There should be flexibility in the job arrangements for re-employed employees. Employers may wish to consider adopting the following arrangements:
 - a. Re-employing employees in the same job, with appropriate adjustments in wages and benefits based on reasonable factors, where necessary; or
 - b. Re-employing employees with modifications to their existing jobs or re-deploying them to different jobs on renegotiated terms; or
 - c. Re-employing employees on other work arrangements mutually agreed between both parties.
8. Where the job scope will be modified or the re-employed employee is expected to take on a different position, the employer should inform and prepare the employee in good time. Where applicable, adequate training should be provided to the employee well ahead of his re-employment to help him ease into his new role.
9. On their part, employees should keep an open mind about the re-employment options presented by the employer. This will allow employees and employers to reach mutually agreeable arrangements that meet the needs of both parties.

The Re-employment Contract

10. The re-employment contract should allow employers flexibility in re-employing older employees and at the same time, provide employees certainty and reasonable employment terms based on the value of the job and the employees' years of service.

Offer of re-employment

11. Employers should offer re-employment contracts to eligible employees at least 3 months before retirement to allow sufficient time for the employees to consider the offer. The terms and benefits of re-employment contracts can be the same as those prior to re-employment, or different, subject to mutual agreement.
12. Similarly, employers are encouraged to inform employees who do not qualify for re-employment at least 3 months before retirement, so that they can better prepare for retirement or seek other employment opportunities. Eligible employees who do not wish to continue working after they retire are also encouraged to inform their employers at this stage. This will enable employers to plan job deployment and manpower costs with greater certainty. To avoid disputes, employers are advised to obtain written confirmation from eligible employees who do not wish to be re-employed.

13. Employees who continue to be employed beyond the statutory minimum retirement age or contractual retirement age (whichever is the higher), without formal re-employment arrangements, are considered as being re-employed with the same terms as those prior to re-employment. The intent is to provide a simple way for employers to retain these employees beyond the current statutory minimum retirement age of 62. At any time before these employees reach 65, employers may re-negotiate with them a new re-employment contract or deploy them to other suitable jobs, with adjustments to employment terms. This arrangement is supported by the tripartite partners and is aligned with the long-term national objective of raising the retirement age norm to 65 and beyond.

Duration of re-employment

14. To provide greater certainty for employees, employers should offer them 3-year re-employment contracts, up to the age of 65. Alternatively, employers could re-employ employees on a term contract of at least one year, renewable up to the age of 65, so long as the employee continues to meet the eligibility criteria in paragraph 5.

Adjustments to wages and medical and other benefits

15. Employers and employees are encouraged to be flexible in negotiating re-employment terms and benefits. Where appropriate, employers may make reasonable adjustments to the employment terms of re-employed employees, including wages and benefits. When making any adjustment, employers should consider the impact on the income of re-employed employees, particularly the low-wage workers. To take into account business requirements and the need for leadership renewal, greater adjustments may be warranted for employees who previously held a larger or more senior job.
16. The following principles on adjustments to wages, medical and other benefits are intended to help companies move away from seniority-based wage systems to job-based and performance-based wage systems, as well as to help them manage the higher cost of medical and other benefits of an older workforce.

Wages

17. Upon re-employment, employers may wish to consider the following principles on wage adjustments, taking into account the extent of the seniority element in the wage structure:
 - a. Where the employer's offer is to retain the employee in the same job, the wages could be adjusted down to the level of a younger employee with the requisite experience and competency for the same job, with the mid-point of the salary range of the job being a possible reference. In making any wage adjustments for re-employment, employers should take into account any earlier reduction made when an employee attained 60 years of age, as well as reasonable factors such as productivity, performance, duties and responsibilities and wage system;
 - b. Where re-deployment in another job is offered, the new wage should take into account the value of the job, the employee's relevant experience and other attributes.
18. Employers may adapt these principles to suit their particular circumstances¹.

Medical benefits

19. Where medical costs are a concern, employers may wish to consider the following arrangements on medical benefits:
 - a. Co-payment of medical benefits for re-employed employees;
 - b. Appropriate caps on medical benefits claimable; or
 - c. Employers providing additional Medisave contributions for employees to pay Medishield premiums, in lieu of providing for in patient medical benefits.

¹ An example of this would be where a salary range for the job may not exist, or where the employee is earning a wage that is below the maximum of the salary range. In such cases, employers can adapt paragraph 17(a) and adjust wages using the mid-point between the starting salary of the worker's current job and his present salary as possible reference.

Leave entitlement and other benefits

20. Given that employees who are re-employed have served the organisation over the years and have performed satisfactorily, they should not be required to serve the minimum qualifying period to be eligible for employment benefits such as annual leave and sick leave.
21. To maintain internal equity when offering re-employment benefits, employers should consider the employment benefits of other staff (including new employees) whose job responsibilities and conditions are similar to those of the re-employed employee.

Termination with notice

22. Employers and employees may exercise normal termination with notice in accordance with their employment contracts. Re-employed employees who feel that they were unfairly dismissed may appeal to the Minister for Manpower for reinstatement or compensation.

Recognising the contributions of re-employed employees

23. Employers should recognise that re-employed employees are an integral part of the organisation. They should, where appropriate, continue to reward re-employed employees based on company and individual performance in the form of performance bonuses, long service benefits, gain-sharing incentives or one-off bonuses. This recognition will help to incentivise and motivate these employees to perform well.

Assisting eligible employees whom employers are unable to re-employ

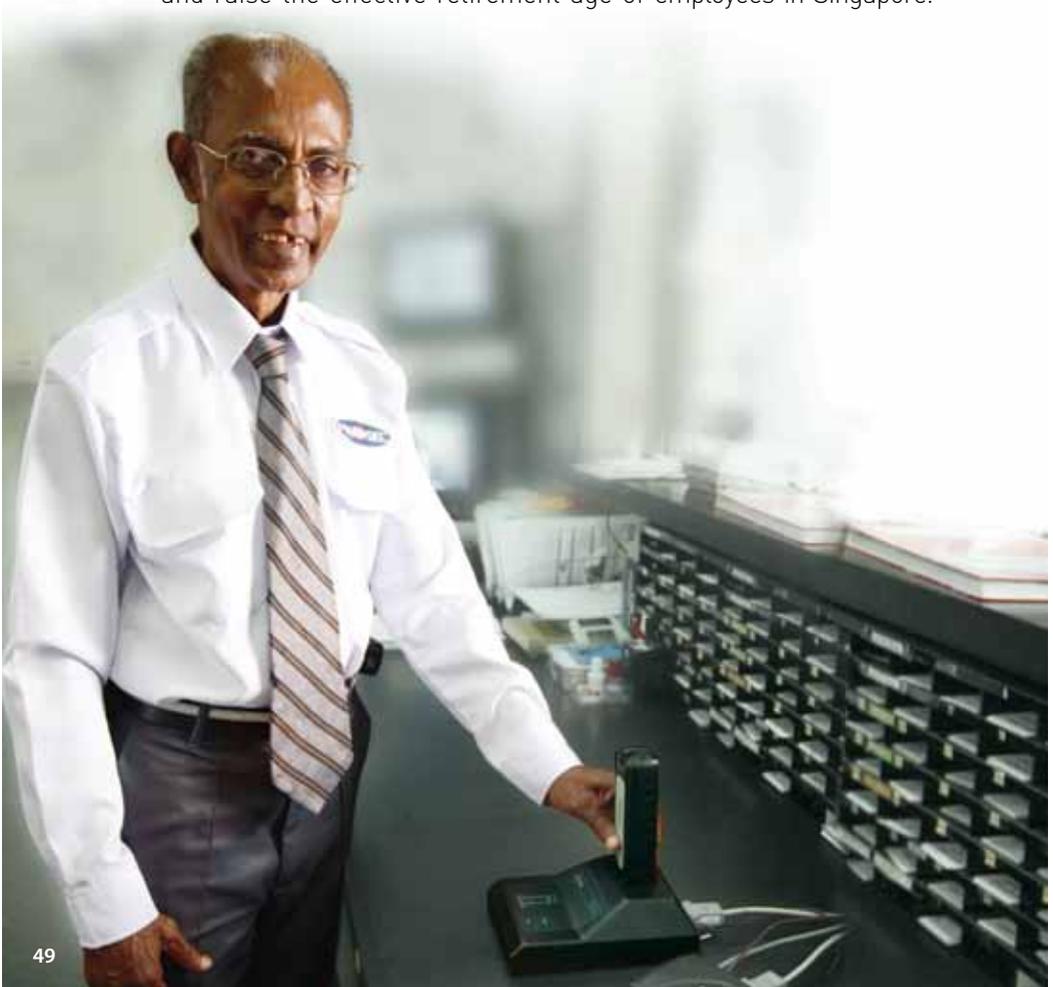
24. To enable eligible employees to continue to contribute to the organisation upon retirement, employers should consider all available re-employment options within their organisation and identify suitable jobs for eligible employees. Employers who cannot find suitable jobs for eligible employees should inform their employees as early as practicable.
25. Employers should offer eligible employees a one-off Employment Assistance Payment (EAP) if they are unable to find suitable jobs for them. The amount of EAP should be guided by the following principles:
 - a. The EAP is to help eligible employees who are not re-employed tide over a period of time while they look for another job. The EAP amount could be 3 months of salary².
 - b. There should be a minimum EAP amount to help the low-wage workers as they may have greater difficulty seeking alternative employment if they are not re-employed. A minimum EAP amount of \$4,500 could be considered.
 - c. There should be a maximum EAP amount to moderate the financial burden on employers and to prevent the EAP from encouraging employees to stop working. A cap of \$10,000 could be considered.
 - d. To take into account the employer's obligation to re-employ eligible employees up to age 65, the EAP should decrease over time as this obligation diminishes as the employee approaches the age of 65. Accordingly, employers who are unable to offer re-employment to employees who have been re-employed for at least 18 months since age 62, could consider offering a lower EAP amount of 2 months of salary² (subject to a minimum EAP of \$3,000 and a maximum EAP of \$7,000).
 - e. For employees nearing age 65, the amount of EAP should not be greater than the salary payable for the remaining period of employment up to age 65.

² The EAP amount should be computed based on gross rate of pay as defined in the Employment Act.

26. It is recognised that it would be more difficult for employers to re-employ senior management staff due to the need to facilitate leadership renewal and organisational change. In addition, as senior management staff have more options than other employees, the EAP would be an appropriate alternative if re-employment is not feasible.
27. In addition to the EAP, employers are encouraged to provide outplacement assistance to help eligible employees whom they cannot re-employ find alternative employment.
28. Employees who are recruited at the age of 55 or above are exempted from the Retirement Age Act. Notwithstanding this, employers should offer re-employment to such employees who have at least 3 years of service upon reaching the age of 62 if they meet the eligibility criteria for re-employment. Similarly, employers should offer EAP to these employees if they are unable to offer them re-employment. Some of the employees who are recruited on or after the age of 55 may not be re-employed despite meeting the eligibility criteria for re-employment because (i) they are not retained up to the age of 62, or (ii) they have less than 3 years of service at the age of 62. For such employees, employers could also consider granting an ex-gratia payment, taking into account the employee's length of service and contributions.
29. As employees who are re-employed have already reached the statutory minimum or contractual retirement age (whichever applies), the issue of retrenchment benefits does not arise. However, as this group of employees would find it difficult to secure new jobs if they are retrenched, employers should offer financial assistance (using EAP as a reference) to help tide them over while they look for alternative employment.

Conclusion

30. As Singapore's population and workforce rapidly ages, there is an urgent need to tap into the valuable skills and experience of older employees. Employers are urged to implement the Guidelines even before re-employment legislation comes into effect. On their part, employees are encouraged to be flexible in working out re-employment arrangements with their employers, so that they can continue to contribute to their organisations and earn a regular income. This will better prepare both parties for the new legislation, provide employment opportunities to employees beyond the statutory minimum retirement age, and raise the effective retirement age of employees in Singapore.



RE-EMPLOYMENT READINESS: A QUICK CHECK

- Is your organisation familiar with the re-employment legislation and the Tripartite Guidelines on the Re-employment of Older Employees?
- Does your organisation have a re-employment policy (developed in consultation with unions if your company is unionised) that is aligned with the Tripartite Guidelines on the Re-employment of Older Employees?
- Has your organisation communicated your re-employment policy to all employees, especially employees who may become eligible?
- Does your organisation have a performance appraisal system to facilitate objective assessment and monitoring of employees' work performance?
- Does your organisation engage employees on re-employment issues at least 6 months prior to their retirement?
- Does your organisation offer re-employment contracts to eligible employees at least 3 months prior to their retirement?
- Or inform employees of their ineligibility for re-employment at least 3 months prior to retirement?
- Does your organisation offer employment assistance (including the Employment Assistance Payment or EAP) to eligible employees whom your organisation is unable to re-employ?

If you have checked all the boxes above, congratulations! Your organisation has taken important steps to becoming re-employment ready.

If you have not, you may consider using the resources and assistance listed on Page 36 to help employers like yourself prepare for re-employment.



MINISTRY OF
MANPOWER



National Trades Union Congress

