

The Baby Boomer Brain Drain, Hiring Back Retired Workers Safely

With 77 million baby boomers reaching retirement, and half of the middle to upper management in this country reaching retirement age in the next five years, our country is soon to lose many of its most experienced workers. By 2015, it is estimated that 20% of the workforce will be 55 or older. It is imperative that companies realize the value of older workers and work now to develop a plan for keeping these talented professionals on the job. If companies allow their experienced workers to retire, there will be a crisis of inexperience in the workplace in the next ten to fifteen years. Fortunately, there is an answer. Not all baby boomers are anxious to leave the workforce. Many plan on staying employed for financial reasons, because they enjoy their job, or just because they have nothing else that they would rather do. Considering this attitude toward retirement, encouraging retiring workers to remain in their field should not be difficult. What can be difficult though is coming to the realization that these aging workers are a valuable segment of the population, and that one thing they want more than anything else is flexibility. Due to the fact that many baby boomers may not want to leave their current positions, crafting a solution that benefits both the boomers and the company is paramount. In many cases, what these older professionals do want is more flexibility in their job. If they are offered a position with the ability to work shorter hours, have more time off, or just come in at busy times of the year, many retirees would consider remaining in the workforce. The job options for the retiree are more limited than for a younger worker. If the individual has a pension, he or she may not be permitted to hold a full time job. Additionally, if the retiree previously worked at the company, hiring him or her back to perform the same job they held before as an independent contractor places the company at risk of misclassification. It is important to work around the limitations of hiring retirees, because their base of knowledge is so extensive. Allowing these individuals to leave the workforce is too large a loss in terms of knowledge and experience. To hire a worker out of retirement takes creative thinking and problem solving skills. To encourage retirees to return to the workforce a company needs to offer them what they want. Flexibility, health insurance and 401k plans are all high on the list of things that make a job attractive to the retiree. Offering these benefits, though, can prove to be difficult if the company is trying to maintain its classification compliance. There are, however, ways to keep both the company and its valuable retirees happy. To prevent your company from running afoul of costly contractor / employee classification risks, consider employing your retirees through an umbrella company or a portable employee of record service. This allows your company the benefit of having talented and experienced independent consultants available to the company on an as-needed basis. The retirees, in turn, can gain access to group medical benefits and participate in retirement savings plans like a 401(k). Also, there is no additional paperwork for human resources to process - most of the administrative burden will be handled by the employer of record firm. In most cases, for a percentage of the bill rate charged by the consultant to your company, the umbrella company will handle all of the paperwork for you and the consultant, both. You are not involved in the employment at all. The umbrella company invoices you for all the services provided by your consultants, and you pay the consolidated bill. They pay the consultants, and handle any benefits or retirement savings plans that they offer. In addition, such companies generally allow the option of keeping track of the consultants' hours either through their system or by integrating with yours, as needed. It is possible to employ your retirees as independent contractors. To do so, it is important that they provide you with information that guarantees that they should not be considered a W-2 employee, and that this compliance is maintained regularly. If they are consulting, they should have more than one client, they should not use your company's supplies and computer equipment and they cannot receive benefits through the company. If you choose to hire a retiree as an independent contractor, it is important that both the company and the retiree understand specifically why the retiree has been hired as an independent consultant. If the retiree's situation changes in the future, he or she should let the company know so that you can reexamine the previous agreement. Maintaining this kind of contractor compliance may become burdensome and administratively expensive if you have many retirees to engage the services of, especially if you have other categories of independent contractors and consultants performing services for your firm. In addition, simply maintaining the contracts and payments to contractors can be tedious. Consider outsourcing these processes to a competent third party firm. Many employer of record companies may offer a full suite of 1099 contractor compliance management and contractor payrolling and consolidation services that can save medium to large sized companies a great deal of money. Experienced retirees are the backbone of many companies. It could be a mistake to let these talented individuals walk away. Many retirees will hang out at the house for a few months and then be ready to return to action. By creating a consultant friendly company that offers flexibility and competitive rates for your consultants, a company can attract many of the retiring workers that will return to the job market. When a valuable member of your own team retires, let them know that the door is open and that you will work with them to develop a business relationship that works for them if they are looking to return as an independent consultant in the future. About Author:

Stephanie Larkin is a freelance writer who writes about topics pertaining to management, employment opportunities and [Back Office Operations](#)

About the Author

Stephanie Larkin is a freelance writer who writes about topics pertaining to management, employment opportunities and [Back Office Operations](#)