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Phased Retirement for Defined Benefit Plan Participants (https://digitalcommons.unl.edu/cgi/viewcontent.cgi?article=1035&context=joap)

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Comments

Abstract

The demographic makeup of the U.S. workforce is changing. The population between ages SS and 64 is projected to increase significantly by 2020, but employment rates for this age group have not been increasing. Employers will likely need to encourage critical employees in this age group to delay retirement. Phased retirement is one tool for delaying retirement, while also not continuing full-time employment, so it can be a compromise for employers and employees. Both Congress and two administrative agencies have begun to consider changes in pension laws and regulations that would be needed to accommodate phased retirement for employers who sponsor defined benefit plans. This paper discusses some of the impediments in the current legal framework and changes that could be made without diluting participant protections. This paper also discusses aspects in the actuarial calculation of retirement benefits that impact the financial neutrality of a phased retirement program.