

ARE YOU RE-EMPLOYMENT READY? AN EMPLOYERS' GUIDE



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Introduction

The Retirement and Re-employment Act will take effect from 1 Jan 2012. The law will require employers to offer re-employment to employees with satisfactory performance and who are medically fit, to continue working beyond the age of 62, till age 65.

Re-employment provides flexibility and 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 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 organisations, earn a regular income and build up their retirement adequacy.

Within this booklet, employers will find useful information to help them prepare for the Re-employment law.



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, before the re-employment legislation comes into force in 2012. The latest set of guidelines was released in March 2011, with refinements made, taking into account feedback from the public.

The tripartite partners strongly urge employers to study the guidelines and move quickly to adopt re-employment policies and practices. The tripartite partners also encourage employees to be flexible and take advantage of re-employment to continue to contribute to their organisations and earn a regular income.

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 for re-employment who are medically fit to continue working and whose performance are assessed to be satisfactory or above.
- 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 re-employed employees including: re-employment in the same job with or without modifications; or re-deployment to a different job. Arrangements should be mutually agreed on.
- Offer re-employment contracts to eligible employees at least 3 months before retirement so employees can consider the offer. Similarly, inform employees who do not qualify for re-employment at least 3 months before retirement, so 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 wish to consider co-payment, appropriate caps on medical benefits claimable or providing additional Medisave contributions in lieu of inpatient medical benefits.
- Employees who continue to be employed beyond their retirement age without formal re-employment arrangements are considered as being re-employed with the same terms as those prior to re-employment.

Recognising the contributions of re-employed employees

- 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, 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 jobs 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 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 cap of \$10,000 could be considered.
 - 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 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.
 - Offer re-employment to employees who are recruited at the age of 55 or above, who have at least 3 years of service upon reaching the age of 62 if they meet the eligibility criteria for re-employment.
 - As employees who are re-employed have already reached the statutory (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.

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 step-by-step approach 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 build up their retirement adequacy.

Q2. When will the Retirement and Re-employment Act take effect? Who are the employees affected by the Act?

Re-employment has been introduced under the existing Retirement Age Act, which will be renamed as the Retirement and Re-employment Act (RRA). The Act will require employers to re-employ eligible 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. When should employers start to engage employees in re-employment consultation and planning?

The Tripartite Guidelines recommend that employers engage employees in re-employment consultation and planning at least 6 months before he/she attains the statutory minimum retirement age. For example, for employees whose 62nd birthday falls on 1 January 2012, employers should engage them to discuss the possible re-employment options before 1 July 2011.

Q4. Why are there groups of workers who are excluded from the Retirement Age Act (RAA)? Does this mean that these workers would also be exempted under the Retirement and Re-employment Act (RRA)?

The existing RAA exempts certain categories of employees from the provisions of the RAA. This includes foreign employees on work passes, employees whose job requirements are physically demanding, and employees on retirement benefit schemes approved by the Minister for Manpower before the enactment of the RAA in 1993. The Ministry of Manpower (MOM), in consultation with relevant employers and unions, is reviewing these exemptions with the view to streamline the list of exempted categories to enable more employees to enjoy re-employment opportunities. The review will be completed before the law comes into force.

Q5. 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.

Q6. 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 61)?

Employees who are recruited at the age of 55 or above are currently exempted from the Retirement Age Act. However, the Re-employment law will require employers 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 are therefore not re-employed 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.

Q7. Are employers required to offer re-employment or EAP to part-time employees?

Employers are required to offer re-employment or EAP to part-time employees who are not re-employed. They may pro-rate the minimum and maximum EAP amounts in the Tripartite Guidelines according to the hours worked by the part-time employee.

Section B: Implementation of re-employment

Q8. In assessing an employee's eligibility for re-employment, how should an employer assess whether he/she has given "satisfactory performance"?

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.

Q9. 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 will not affect his performance on that job. An employee will be deemed to be medically fit to continue working unless there is evidence to show otherwise.

Q10. 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).

Q11. What is considered a reasonable re-employment offer?

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 ensure smooth implementation of re-employment. Employers should exercise flexibility and fairness in designing jobs and remunerating older employees. They should also implement competitive wages based on job worth, performance and productivity. On the other hand, employees are encouraged to be flexible in working out re-employment arrangements with their employers and to be open to go for training so that they can take on new job arrangements and continue to stay employed.

Q12. If an employer does not make any re-employment arrangements when an employee reaches the statutory or contractual retirement age and continue to employ him on the same job and employment terms:

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

(ii) How long should the subsequent re-employment contract be for?

An employer who does not make any arrangement to re-employ an employee who has reached age 62 (or the contractual retirement age if higher), but continue to employ the employee on the same job and employment terms would be considered to have complied with his re-employment obligation. An employer who did not offer an employee a formal re-employment contract at the onset (i.e. upon the employee attaining the statutory or contractual retirement age) could subsequently offer him/her a re-employment contract up to age 65 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.

Q13. 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 older employees who are re-employed on a different job as these employees have already been working with the company. In addition, employers should not require re-employed employees to meet the qualifying period to be eligible for leave entitlements such as annual leave and sick leave.

Q14. Should employers impose a one-day break before the commencement of the re-employment contract?

The law regards the first re-employment contract as a fresh period of employment. In addition, the length of service for any subsequent re-employment contract would be considered as continuous service. Therefore, employers should not impose any break in service before the commencement of re-employment.

Q15. If an older employee wishes to take a break of a few months (i.e. on no-pay leave) when he retires before returning to work, will the employer be obliged to offer re-employment after he/she returns from the break?

Taking of no-pay leave is subject to mutual agreement between the employer and the employee. An older employee who wishes to take a break upon retirement should discuss with his employer and work out re-employment arrangements that are mutually agreed upon by both parties.

Q16. 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?

It is good practice for both employers and unions to consult and keep each other informed during the re-employment process. The Tripartite Guidelines sets out recommendations on how re-employment should be implemented. The unions play an important role in explaining the guidelines to their members and surface workers' concerns to employers for their consideration.

Q17. Can a re-employed employee on a re-employment contract be represented by the unions?

Yes.

Q18. 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 should be the factors to consider and extent of adjustment?

Wages should be based not on age, but on job worth, scope, performance, productivity and other reasonable factors. Employers should also take into account the extent of the seniority element in the wage structure as well as any earlier reduction made (e.g. when the employee reached age 60) in deciding to make any wage adjustments. Where a wage cut is necessary, the extent of adjustment should be in accordance to the Tripartite Guidelines with the mid-point of the salary range of the job being a possible reference. This is a suggested principle for companies with seniority-based wage systems to adopt. 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 this range, which is \$2,000. However, employers may, in consultation with employees and unions where appropriate, deviate from this principle, taking into account the size of the seniority-based wage component.

Q19. 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 may introduce appropriate caps on medical benefits claimable. However, the medical benefits should not be less favourable than those provided by the Employment Act.

Q20. Why should employers pay EAP?

While the main objective of re-employment legislation is to create employment opportunities for older workers, we recognise that some employers may not be able to find suitable jobs for employees eligible for re-employment. Employers should offer an EAP amount that is not too low such that it is sufficient to tide employees (especially the low-wage workers) over a period of time while they look for another job. On the other hand, the EAP quantum should not be too high as it will increase the financial burden on employers and may discourage workers to stay employed beyond the age of 62. The guidelines provide reference points to guide employers in the computation of the EAP amounts.

Q21. Should employees be eligible to claim for retrenchment benefits or EAP to employees who 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)?

In the event of retrenchment, an employee with at least 3 years of service is eligible to claim for retrenchment benefits. The employers could use the EAP recommended in the Tripartite Guidelines as reference points for such payment, unless retrenchment benefits are stipulated in the collective agreement or individual employment contract which is applicable to him.

Q22. If an employer is unable to offer re-employment, can he discharge his obligations for re-employment by facilitating the employment of the older employee in another company? Will the employer still be required to offer EAP?

The objective of the EAP is to help employees tide over while they look for alternative employment. Therefore, the employer need not offer EAP if the employee accepted the job offer in another company based on the mutual understanding that his previous employer has helped him secure the alternative job and that he will be discharging his previous employer of his re-employment obligation in the process of doing so. If employees are not agreeable to the alternative job, employers are still required to offer re-employment or EAP.

Q23. Are employers required to renew the re-employment contract or offer EAP to employees who are not eligible (i.e. non-satisfactory performance or medically unfit to work)?

Employers would not be required to renew the re-employment contract or offer EAP to employees who are not eligible for re-employment. However, employers are advised to inform these employees early (at least 3 months before retirement) so that they have sufficient time to look for a new job. In addition, we encourage them to help affected employees by offering employment assistance such as career counselling to help them prepare for new jobs elsewhere, or outplacement services to help them look for another job.

Q24. 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 the period when 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.

Q25. 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 not attract CPF contributions.

Q26. Can the EAP be paid in instalments?

The law requires employers to offer a one-off EAP to eligible employees who could not be re-employed, unless mutually agreed upon. Therefore, as long as employers and employees could reach an agreement, they can adopt other payment arrangements for the EAP (e.g. by paying EAP as instalments over 3 months).

Q27. Are employers required to pay EAP to employees who are paid gratuities or retirement benefits?

Employers who have provided gratuity payments or retirement benefits to retiring employees are not exempted from the EAP requirement. The EAP is meant to tide workers through the period of unemployment while the gratuity payment or retirement benefits could serve as a form of retention or recruitment benefit. Nonetheless, employers may take into account the gratuity payments when determining the amount of EAP to be paid to their employees.

Q28. If an employer subsequently re-employs an older employee whom he paid EAP to upon retirement, will the older employee be required to refund the EAP?

No. Employees will 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.

Q29. What should be the minimum and maximum EAP amount for older employees who are on part-time arrangement (e.g. doing 50% of the job)?

The minimum EAP amount of \$4,500 recommended in the guidelines could be prorated based on hours of work for employees who are employed on part-time arrangement. For example, if the older employee is working 50% part-time (i.e. 50% of the hours of work), the EAP amount could still be 3 months of his monthly gross salary, but subject to a minimum EAP amount of \$2,250 and a maximum amount of \$5,000.

Q30. What should employees do if they feel that the re-employment offer is unreasonable?

Employees are advised to make their job preference known during the re-employment consultation process, and employers are advised to refer to the Tripartite Guidelines in making re-employment offers. Employees are not obliged to accept an unreasonable re-employment offer. The re-employment legislation provides avenues for employees to seek recourse for re-employment disputes. Employees may approach MOM or their unions where appropriate if they encounter re-employment disputes. In a situation where employees feel that they have been unfairly denied of re-employment, employees may appeal to the Minister for Manpower. In a situation where employees receive an unreasonable re-employment offer or EAP, employees may seek remedy and assistance from the Commissioner for Labour.

Section C: Available resources and assistance

Q31. Where can employers seek help on implementing re-employment for their organisations?

The tripartite partners have put together several resources available for employers. Employers can visit the one-stop portal www.re-employment.sg for information on implementing re-employment. In addition, there are training courses on re-employment available for employers and HR personnel, such as the Association of Small & Medium Enterprises' Programme for Re-employment Practices: A Roadmap for Employers (PREPARE) and workshops conducted by the Singapore National Employers Federation (SNEF).

Q32. How will the Government help employers implement re-employment practices?

Companies can tap on the ADVANTAGE! Scheme for assistance. It offers a financial grant of up to \$400,000 to support various initiatives that directly boost the recruitment, retention and re-employment of mature employees. The grant includes a fixed payout of \$10,000 to help SMEs develop proper HR systems to implement re-employment according to the Tripartite Guidelines on the Re-employment of Older Employees. Employers can also attend the PREPARE Programme offered by ASME, or the 4R programme offered by SNEF to equip themselves with the skills and knowledge to implement proper re-employment strategies within their organisations.

Q33. What can employers do to help their employees stay healthy so that they stay employable?

Employers can seek support from the Health Promotion Board (HPB) to implement a holistic and comprehensive Workplace Health Promotion (WHP) programme that incorporates the key pillars of healthy lifestyle, (i.e. promoting physical activity, healthy eating, smoking cessation and mental wellbeing). HPB also provides guidance on creating a conducive environment (e.g. healthier canteens) and supportive organisational policies at the workplace. In addition, employers can tap on HPB's Workplace Health Promotion Grant to fund their WHP programmes. The Grant offers 50% funding of up to \$10,000 to support WHP training, services and activities. For Small and Medium Enterprises (SMEs), the Grant co-funds up to 90% of the programme cost, up to \$10,000. Employers may refer to www.hpb.gov.sg/healthatwork for information on the "Essential Guide to Workplace Health Promotion" and WHP Grant.

Section D: Others

Q34. What is the purpose of gazetting the Tripartite Guidelines?

The Tripartite Guidelines, which will be published in the Government Gazette, provides a basis for mediation and adjudication of re-employment disputes. The Courts (i.e. Labour Court, High Court and Industrial Arbitration Court) will take reference from the gazetted guidelines in the settlement of re-employment claims and appeals.



Re-employment Case Studies

Below 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 practices that can be adopted to make their organisations more age-friendly and ready for re-employment.





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 services are 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 the two parties can discuss and mutually agree on any changes in job scope.

Flexibility to adjust job scope and re-design work processes

When the need arises, Family Movers considers and often implements alternative work arrangements or re-designs various work processes. This flexibility to change and adjust their employees' job scope when needed has enabled Family Movers to retain loyal and competent older employees, while ensuring that they can work at a safe and effective pace.

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 for the smaller relocation trucks. To optimise and build on his contributions to the company, Family Movers is considering designating him as a trainer, as part of its plans to set up a Training Department next year. Such ongoing efforts to provide a path for older employees to keep contributing to the organisation would help to engage and motivate them.

Summary

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



Nestlé Singapore is one of the leading food companies in Singapore. It is also an older employee-friendly organisation with a comprehensive plan to prepare its older employees for re-employment.

Pre-retirement counselling

Pre-retirement counselling is provided at least one year in advance to retiring employees. The objective is to offer re-employment opportunities for employees on mutually agreed terms and conditions. Depending on the employees' experience, ability and skills as well as job availability, some may be offered re-employment in a different job.

Work arrangements for re-employed employees

Eligible employees could be offered re-employment in the same job, with or without adjustments to employment terms, or a different job. Flexible work arrangements such as part-time or job-sharing could also be arranged.

Mr Joseph Tan Kee Seng, age 70, is a Trade Relations Coordinator. Nestlé Singapore has been offering re-employment to him on an annual contract. Today, Mr Tan continues to help the company build good trade relations with retailers and 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. Excited 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.

Summary

- 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 older employee-friendly. The company has also made additional efforts to further prepare for the re-employment legislation.

Barrier-free working environment

For example, to make it more convenient for older employees who have to store jewellery pieces and money every day, On Cheong moved its strongroom and workshop from the second storey to the ground floor at their own cost. This is part of the company's plan to create a barrier-free working 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 and sent them for Senior Employment Guidance (SEG). SEG is a programme developed for seniors with the aim to facilitate, promote, and enable older employees to remain in employment as long as possible. The course provides a platform for participants to review and assess their financial circumstances, strengths, abilities and skills; and gives them an opportunity to explore employment or other options. When On Cheong automated their sales and accounting systems, younger, more tech-savvy staff were paired with older staff to help them with the transition whenever necessary. On Cheong also helps older employees upgrade themselves through language courses and service-related training. When it comes to health and wellbeing, workshops like yoga and health seminars are organised while health circulars are distributed to older employees.

Mentoring of younger staff by re-employed employees

On Cheong also assigns older employees to mentor their younger colleagues. While doing so, these veterans would often also share the company's rich history. The company's re-employment of older employees has helped it retain valued institutional experience and increasingly scarce specialist expertise, as well as to foster a close-knit family culture.

Summary

- Barrier-free working environment
- Training and counselling for older employees
- Mentoring of younger staff by re-employed employees



Tien Wah Press began in 1939 as a family-run letterpress business in Singapore. Today, Tien Wah has over 2000 staff across the world, with about 800 staff in Singapore. Tien Wah is 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 being conducted. Taking into consideration the literacy level of the older employees, pictorial instructions and videos are used to explain the various work procedures.

Tien Wah also firmly advocates workplace health and has introduced various initiatives to enhance the wellbeing 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 “improvement” in Japanese) activities are actively conducted to improve various work procedures and processes.

Summary

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





For assistance on being re-employment ready, here is a list of useful schemes to help you with your preparation.

ADVANTAGE! Scheme - Capability Development Grant

Eligible SMEs may now enjoy this S\$10,000 grant to defray the adjustment costs when adopting or implementing the recommendations stipulated in the Tripartite Guidelines on the Re-employment of Older Employees.

Practical training programmes and assistance will be provided to participating companies to implement HR policies and procedures, and put in place an e-performance appraisal system to implement a sustainable re-employment system.

Contact details

PREPARE Community@
Association of Small & Medium Enterprises (ASME)
Tel: 6222 1249
Email: enquiry@preparecommunity.com
www.preparecommunity.com

ADVANTAGE! Scheme - Employability Enhancement Grant

This grant will offset costs incurred by companies to re-design jobs and workplaces to improve employability of their mature workers. Other supportable components under this grant include SNEF's 4R Programme, READY programme and training for older workers.

Contact details

National Trades Union Congress (NTUC)
Ong Sin Tiong / Anna Koh
Tel: 6213 8237 / 6213 8252
Email: ongst@ntuc.org.sg
kohsm@ntuc.org.sg

OR

Singapore National Employers Federation (SNEF)
Tel: 6827 6913
Email: tag@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 would acquire necessary skills and knowledge to implement re-employment policies and practices in the company. Advisory services and on-site audits are also included to help companies align to the Tripartite Guidelines on the Re-employment of Older Employees.

Contact details

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 for mature employees to facilitate, promote and enable the participants to remain in active employment for as long as possible.

The programmes are also designed for HR personnel, supervisors of mature employees and union leaders, to 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 details

Centre for Seniors (CFS)

Allan Tian

Tel: 6478 5015

Email: allan.tian@centreforseniors.org.sg

Enquiries related to the Retirement and Re-employment Act

Employers may wish to find out more about the Retirement and Re-employment Act or Tripartite Guidelines on the Re-employment of Older Employees.

Contact details

Ministry of Manpower

Tel: 6438 5122

Email: mom_lrd@mom.gov.sg

Enquiries on implementing re-employment

Employers who would like to seek assistance in implementing re-employment in their organisation may contact Singapore National Employers Federation (SNEF).

Contact details

Singapore National Employers Federation (SNEF)

Email: tag@snef.org.sg

Enquiries on preparing employees for re-employment

Employees may wish to find out about how they can prepare themselves for re-employment.

Contact details

National Trades Union Congress (NTUC)

Email: ird@ntuc.org.sg

Resources on re-employment

Resources on re-employment, for example more case studies and guides, are available on the re-employment portal.

Visit: www.re-employment.sg



Tripartite Guidelines on the Re-employment of Older Employees

Introduction

- 1 As part of its efforts to help older employees remain economically productive, the Government will enact re-employment legislation by 2012 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 to work. 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 all employees who are medically fit to continue working and whose performance are 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 re-negotiated 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 retirement age or contractual retirement age (whichever is 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 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 have taken 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 circumstances.¹

Medical benefits

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

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.

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.

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 salary³ (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 (or contractual) retirement age, 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.

³ The EAP amount should be computed based on gross rate of pay as defined in the Employment Act.

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 retirement age, and raise the effective retirement age of employees in Singapore.



Is your organisation re-employment ready?

- 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?
- Is the re-employment policy communicated to all employees?
- 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?

Congratulations if you have answered YES to all the questions above!
Your organisation is re-employment ready.

If you have answered NO to any of the questions above, you may consider using the resources and assistance listed on Page 36 to help employers like yourself prepare for re-employment.