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March 2011
Volume 13 Issue 2

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Booming Retirement

The Baby Boomer generation has had a huge impact on society as they progress through each milestone – from birth, to school, to entering the workforce, to marrying and having a family. The first wave of the Boomer generation turns 65 in 2011 so our attention now turns to how they are going to impact retirement.

Retirement for Boomers is expected to look a little different than it has in the past. Employees traditionally retired at age 65. However many Canadians now expect to work past their 65th birthday. In fact a recent survey in the HR Reporter suggests that two-thirds of Canadians expect that they will be working past age 65 and it's not all down to finances.

Continuing to be challenged and engaged mentally and socially topped the list of why Boomers expect to continue to work.

Having said that, the traditional definition of “work” may also change. Transitioning from a full time 40-50 hour work week to full retirement can be a shock and many retirees struggle to find their way. As a result many will return to work on a semi-retired basis. With the end of mandatory retirement at 65 and changes to CPP (refer to our Special Bulletin, January 2011), this is becoming easier for retirees to do.

There are many advantages to having older workers stay on even if it is only on a part-time or occasional basis. The time period that follows the Baby Boom is often referred to as the Baby Bust. There is a significant reduction in the number of people who make up this generation therefore there are fewer people to fill the spaces being vacated by the Boomers. Furthermore, the jobs that are being left by the Boomers are usually higher level management jobs and ones that require a lot of training and experience. Boomers retiring will leave a knowledge gap. Having retirees work on a part-time or occasional basis to mentor the younger generation will help ease that gap.

Companies need to recognize and prepare for this demographic shift by identifying what is needed to ensure a smooth succession. Consideration should be given to flexible work arrangements, work sharing, part-time schedules, and/or hiring the worker back on a consultant basis. Employers may also want to look at formal mentoring arrangements to help with the transfer of knowledge between generations.

EAP access can help retirees adapt to their new lifestyle and ease them into a healthy retirement. It will also help their successors manage in their new role that may include more responsibilities and stress.

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Employees on Disability Leave

Terminating the employment of an employee on disability leave can be a precarious proposition, but it can be done with some clear documentation, communication, and, above all, respect.

Legislation varies by jurisdiction and different statutes will apply depending on the reason for the disability (ex. Workers compensation claim, non-work related illness/injury). Each case must be evaluated on its own merits and circumstances. Employers are warned to tread carefully and consult experts in the field.

Just Cause

An employee on disability leave can be terminated with just cause. However, the onus is on the employer to prove that the decision to terminate the employee did not take the disability into account. This can be very difficult to prove. Documentation of how the decision came about will be of utmost importance. Reasonable notice of the termination is also required. The length of the notice period should be the equivalent of the period that would have been provided to an active employee in the same situation.

Frustration of Contract

If an employee has been unable to perform the essential duties of his/her job for a continuous period of time or for the foreseeable future, the

employment contract may be deemed “frustrated” and employment may be terminated.

Duty to Accommodate

When an employer finds an employee faced with a disability, the employer becomes obligated with a “duty to accommodate” short of undue hardship to the business. This means working with the affected employee to find a way to make the employment relationship work again. This may require worksite modifications, shift changes, assistive devices, etc. What is considered “undue hardship” will depend on a number of factors such as size of the business, impact on other workers, safety of workers, financial resources, etc.

Benefits

Terminating benefit coverage can be considered constructive dismissal so deciding to terminate coverage should be handled with the same degree of

care as deciding to terminate employment. The employment contract should be applied in the same manner during a period of disability as when the employee was actively at work. Therefore, if employee contributions are required from active employees, it is reasonable to expect employees on disability leave to continue to pay their portion. A corporate policy that outlines how long benefits will be continued and the obligations of all parties involved should be made available to all employees. Ideally all employees should be given a copy of this policy when they are hired and a copy should be kept in their employee file.

Sources:

Dobson, Sarah, “Retirees get back to work”, Canadian HR Reporters, 31 January 2011, p1 & p13.

Yudcovitch, Pamela, “Terminating a worker with a disability”, Canadian HR Reporter, 13 December 2010, p33.

Quiz Corner

Put your mental mettle to the test and a \$50 prize in your pocket!

Pear is to apple what potato is to which of the following:

Banana, radish, strawberry, peach, lettuce

Answers can be sent to: info@gmsinsurance.com or by fax to 905-670-4146. We will draw a winner from the correct answers.