



## Let us talk Retirement

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In my role at the BEC I interact with numerous employers, managers and supervisors providing advice on the most effective way to manage labour related issues in accordance with legislation. The ongoing global COVID-19 pandemic has increased the need for this guidance, especially as it relates to managing the staff complement given significant decline in revenue for many companies. With companies trying to remain sustainable and retain the majority of their staff, retirement has become an option that employers and employees are exploring.

The first thing to note is that there is no legislated retirement age in Barbados. Yes, you read that right. There is no age at which persons are legally required to retire. Most people automatically assume the age for a person to leave the workforce is now 67. While it is has become a common practice to associate the age of 67 as the national retirement age, it must be known that this age is actually the age outlined by the

National Insurance Scheme (NIS) at which an individual becomes eligible for full NIS pension.

Since there is no national retirement age, it is therefore not mandatory for an employee to retire at the age of 67. A person can opt to retire before or after the stipulated pensionable age or not at all. Persons can delay receipt of their pension benefit up to the age of 70, while some may opt to retire early and can apply for their pension any time after reaching the age of 60. The result is that the monthly pension is adjusted according to when the pension starts; delayed pensions see an increase in the monthly amounts and early recipients theoretically receive pension for a longer period and therefore the monthly amount is decreased.

Given the misconception of the retirement age, and in the absence of organizational policies regarding retirement, the NIS pensionable age is used as the benchmark when it comes to retirement. While that is fine, the query often becomes I can place employee X on retirement because he/she is 67 and that is the retirement age, even though the company has never implemented a retirement policy.

Employers and managers should note that in the absence of a retirement policy, companies cannot just place employees on retirement due to their age of health. If there is no policy in place, consult with employees who are either at or approaching pensionable age so that a mutual agreement can be reached regarding retirement. If the employee does not agree to retire following that conversation, then the company must allow the employee to work as normal.

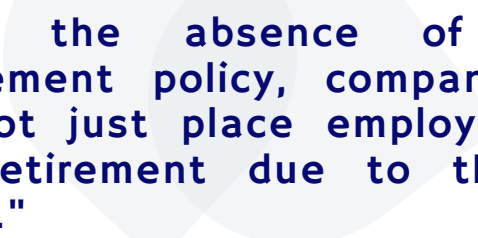
In the event, the employee does not agree, and the company insists "placing them on retirement", the employee can make a claim for unfair dismissal. In the absence of an established policy, the employee is likely to win the claim as the Employment Rights Act (ERA) outlines the procedures for dismissing employees.

While some may express concern that performance levels have dropped as older employees may not be as productive as they once were, forcing retirement could not only be considered a breach of their rights but also age discrimination given the impending Discrimination in Employment Act on the horizon. Therefore, any performance issues should be managed in accordance with legislation.

The above is in contrast to an organization which has an established retirement policy in place which is known to staff and the retirement age of the company is acknowledged. Therefore, employees would have agreed to retire at the specified age even before reaching the age stated within the company given the policy.

Reaching the age of 67 does not automatically mean that the employee vacates his/her position, however, having a retirement policy allows the employee to know what to expect when they have reached the age requirement within the organization.

While there is no guarantee that an employee may not challenge the existing policy, the possibility of legal disputes in favour of the employee may be reduced.



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