

Why some companies don't want senior executives to hang up their boots at 58-60

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TNN / Mar 27, 2023, 08:04 IST



While the retirement age in India is among the lowest globally, some organisations want to use the experience and skills of their senior employees a bit longer.

A section of India Inc has revised its retirement age upwards, while several others are said to be considering such a move. Financial services major [JP Morgan](https://timesofindia.indiatimes.com/topic/jp-morgan) (<https://timesofindia.indiatimes.com/topic/jp-morgan>), which has 50,000 employees in India, last year raised retirement age to 65 years from 60. HR solutions provider Genius Consultants has raised the superannuation age to 60 years from 58.

The key objective is to retain experienced employees, while experts say the move could also help some organisations reduce pressure on cashoutflows since retirement benefits would get deferred. Organisations that have increased retirement age say they are keen on building a multigenerational workforce.

JP Morgan's senior country officer (India) and vice-chair (Apac) Kaustubh Kulkarni said: "Some of our most seasoned employees bring fantastic experience and skills to the table. Revising our retirement age means we can continue to benefit from their capabilities as well as provide them with the opportunity to work longer. Having a multi-generational workforce brings a lot of strengths and this is just one way we look to ensure we can retain the best talent."

Genius Consultants CMD Rajendra Prasad Yadav said that companies with a retirement age of 58 years are considering increasing it to 60. "With advancement in medical science,

people's life cycles have improved. If medically fit, VP and above -level employees can work as consultants with high productivity till 65. Rather than hiring new employees, we thought it's better to retain our senior experienced employees who have spent about a decade with the firm and understand the company's culture," said Yadav.

Private sector employers typically have a retirement age in the range of 58-60 years. In recent times, many companies have increased the retirement age to 60-65 years. In some cases, it is even 70 years. The retirement age for central government employees is 60 years.

The retirement age for most French workers will be raised to 64 years from 62 under a new law that has triggered violent protests. This is, however, below the norm in Europe and in many other developed economies, where the age at which pension benefits kick in is 65 years and is increasingly moving towards 67. In the US and the UK, the retirement age is between 66 and 67 years.

Mercer India business leader (health & wealth) Preeti Chandrashekhar said: "From an employee's perspective, an increased retirement age would ensure that benefits such as medical, term life, and accident insurance would continue for an additional few years even as the pension income under EPS starts at 58 years (EPS pension may not be material unless the employee opts for higher pension under the latest Supreme Court ruling). From an employer's standpoint, increasing the retirement age would delay payment of retirement benefits like gratuity and hence reduce pressure on cash outflows."

However, Chandrashekhar said that with changes in demographic profile due to a rise in retirement age, an organisation's premiums towards health benefits could go up.

Some companies also provide for retirement age as part of their 'standing orders', if applicable, said Nishith Desai Associates leader (HR law) Vikram Shroff. "For example, according to the Bombay Industrial Employment (Standing Order) Rules, 1959: 'The age for retirement or superannuation of the workmen may be 60 years or such other age as may be agreed upon between the employer and the workmen by any agreement, settlement or award which may be binding on the employer and the workmen under any law for the time being in force.'"

SHRM India, Apac & MENA CEO Achal Khanna said that increasing the retirement age is a viable option for employers to ensure they are able to maintain experienced and knowledgeable employees while also providing staffers with an extended period of financial security. The ability to work longer, said Khanna, can benefit both employers and

employees and should be considered as part of a comprehensive retirement plan.

Chandrashekhar said that some organisations are doing this to maintain a pipeline of talent because there is an increase in global demand for experienced leadership profiles from India. On the flip side, however, Chandrashekhar said that if people continue to occupy their positions, there could be delays in opportunities for people to move up the ladder.

"India is a young country and almost 11 million people come to the job market every year. There has to be space for them," said Yadav of Genius Consultants. Not all are increasing retirement age though. A few years ago, Tech Mahindra reportedly reduced the retirement age from 58 years to 55.