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OLDER WORKERS

Other Countries' Experiences with Phased Retirement

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GAO Highlights

Highlights of GAO-19-16, a report to the Special Committee on Aging, U.S. Senate

March 2018

OLDER WORKERS

Other Countries' Experiences with Phased Retirement

Why GAO Did This Study

In response to an aging workforce, countries around the world have developed policies to encourage older workers to work longer to improve the financial sustainability of national pension systems and address shortages of skilled workers. Phased retirement is one option that can be used to encourage older workers to stay in the workforce. GAO was asked to look at phased retirement programs in the United States and other countries. In June 2017, GAO issued a report (GAO-17-536) that looked at phased retirement in the United States, where formal phased retirement programs are as yet uncommon. This report looks at phased retirement in other countries.

Specifically, GAO examined (1) the extent to which phased retirement exists in other countries with aging populations, (2) the key aspects of phased retirement programs in selected countries, and (3) the experiences of other countries in providing phased retirement and how their experiences can inform policies in the United States.

GAO analyzed relevant data, reviewed academic research, and conducted interviews to identify countries with phased retirement, and selected four countries with national policies permitting phased retirement programs with broad coverage for case studies. GAO also conducted interviews with government officials, unions, employer associations, and other experts.

What GAO Recommends

GAO is not making recommendations in this report.

View GAO-19-16. For more information, contact Charles Jeszeck at (202) 512-7215 or jeszeckc@gao.gov

What GAO Found

GAO's review of studies and interviews with employment and retirement experts identified 17 countries with aging populations and national pension systems similar to the Social Security program in the United States. These countries also have arrangements that allow workers to reduce their working hours as they transition into retirement, referred to as "phased retirement." Phased retirement arrangements encourage older workers who might otherwise retire immediately to continue working, which could help alleviate pressures on national pension systems as well as address labor shortages of skilled workers. The17 countries had established phased retirement programs in different ways: at the national level via broad policy that sets a framework for employers; at the industry or sector level; or by single employers, often through the collective bargaining process.

GAO's four case study countries—Canada, Germany, Sweden, and the United Kingdom (UK)—were described as employing various strategies at the national level to encourage phased retirement, and specific programs differed with respect to design specifics and sources of supplemental income for participants. Canada and the U.K. were described as having national policies that make it easier for workers to reduce their hours and receive a portion of their pension benefits from employer-sponsored pension plans while continuing to accrue pension benefits in the same plan. Experts described two national programs available to employers and workers in Germany, with one program using tax preferences. Experts also said Sweden implemented a policy in 2010 that allows partial retirement and access to partial pension benefits to encourage workers to stay in the labor force longer.

Even with unique considerations in the United States, other countries' experiences with phased retirement could inform U.S. efforts. Some employer-specific conditions, such as employers offering employee-directed retirement plans and not being covered by collective bargaining are more common in the United States, but the case study countries included examples of designs for phased retirement programs in such settings. Certain programs allow access to employer-sponsored or national pension benefits while working part-time. For example, experts said the U.K. allows workers to draw a portion of their account based pension tax-free, and one U.K. employer GAO spoke to also allows concurrent contributions to those plans. In addition, experts said that certain program design elements help determine the success of some programs. Such elements could inform the United States experience. For instance, U.S. employers told us that while offering phased retirement to specific groups of workers may be challenging because of employment discrimination laws, a union representative in Germany noted that they reached an agreement where employers may set restrictions or caps on participation, such as 3 percent of the workforce, to manage the number of workers in the program. Employers in the U.S. could explore whether using a similar approach, taking into consideration any legal concerns or other practical challenges, could help them to control the number of workers participating in phased retirement programs.

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Abbreviations

ATZ	Altersteilzeitgesetz
DB	defined benefit

DC	defined contribution
ERISA	Employee Retirement Income Security Act of 1974, as amended
OECD	Organisation for Economic Co-operation and Development
U.K.	United Kingdom

U.S. GOVERNMENT ACCOUNTABILITY OFFICE

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February 28, 2019

The Honorable Susan Collins
Chairman
The Honorable Robert Casey
Ranking Member
Special Committee on Aging
United States Senate

The aging of the labor force has resulted in many policies designed to keep older workers in the work force longer. One such policy, phased retirement, allows workers to reduce their working hours and transition into retirement. We were asked to look at phased retirement programs in the United States and in other countries. In June 2017, we issued a report that examined phased retirement programs in the U.S.,[1] and this report examines phased retirement programs in other countries. The experiences in other countries regarding phased retirement could provide useful information to the United States where formal phased retirement programs are not yet common.

Our 2017 report on phased retirement in the U.S. found that although phased retirement programs are uncommon, the programs that do exist provide flexibility for workers and employers. This report focuses on other countries' experiences with phased retirement and examines: (1) the extent to which phased retirement exists in other countries with aging populations, (2) the key aspects of phased retirement programs in selected countries, and (3) the experiences that other countries have had in providing phased retirement and how can that inform the U.S. experience.

To determine the extent to which phased retirement programs exist in other countries with an aging population, we first used the Social Security Administration's publication *Social Security Programs throughout the World* to gather a list of 179 countries that have a national pension program, similar to Social Security, in place. Then we used United Nations population data to identify countries with an aging population—

[1]GAO, *Older Workers: Phased Retirement Programs, Although Uncommon, Provide Flexibility for Workers and Employers,* GAO-17-536 (Washington D.C.: June 20, 2017).

those with a high percentage of people aged 50 and over—which further narrowed our list to 44 countries. Next, to determine whether these countries have phased retirement arrangements, we conducted literature searches and reviews of relevant research published in the last 10 years; reviewed data from the Organisation for Economic Co-operation and Development (OECD); and consulted with subject matter experts. This approach resulted in 17 countries with some form of phased or gradual retirement options for older workers. From these 17 countries, we selected 4 countries for case studies—Canada, Germany, Sweden, and the United Kingdom (U.K.)—that have national policies with relatively broad coverage to encourage phased retirement.[2] To understand the characteristics of the phased retirement programs in the case study countries and whether experiences with the programs could inform efforts in the U.S., we conducted interviews with government officials, employers, employer associations, unions, and other experts. We identified employers and other experts for interview through a review of relevant research, referrals from subject matter experts, and referrals from the U.S. Embassy in each country. For more information on our objectives, scope, and methodology, see appendix I.

We conducted this performance audit from June 2017 to February 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence we obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[2]To determine whether a country had a national policy, we reviewed literature and spoke with experts. We considered a country to have a national policy if it was described as having policies related to phased retirement or as having taken legislative action, in part, to facilitate or encourage phased retirement. This includes having a national phased retirement program. We did not conduct an independent legal analysis to verify the information provided about the laws, regulations, or policies of the foreign countries selected for this study. Instead we relied on appropriate secondary sources, interviews, and other sources to support our work.

Background

Phased retirement arrangements are programs that allow older workers to reduce their working hours to transition into retirement,[3] rather than stopping working abruptly at a given age. The option to transition into retirement through phased retirement encourages older workers who might otherwise retire immediately to continue working. Delayed retirement may help alleviate pressures on national pension systems and address labor shortages and shortages of skilled workers. Phased retirement programs exist in both the public and private sectors and are used by employers that cover workers through both defined benefit (DB) and defined contribution (DC) retirement plans. The programs sometimes include a partial draw-down of pension benefits for workers while they continue to work and may include a knowledge-transfer component. Phased retirement programs are often called “flexible,” “partial,” or “gradual” retirement programs.

Sources of Retirement Income

Similar to the United States, the retirement systems in other developed countries consist of three main pillars: a national pension, similar to the U.S. Social Security program; workplace employer-sponsored pensions or retirement savings plans; and individual savings.[4] Retirement plans can be broadly classified as DB or DC. A DB plan promises a stream of payments at retirement for the life of the participant, based on a formula that typically takes into account the employee’s salary, years of service, and age at retirement. A DC plan, such as a 401(k) plan in the U.S., allows individuals to accumulate tax-advantaged retirement savings in an individual account based on employee and/or employer contributions, and the investment returns (gains and losses) earned on the account. With DC plans certain risks and responsibilities shift from the plan sponsor

[3]For the purposes of this report, we selected this definition of phased retirement on the basis of our prior work and review of relevant literature. The term phased retirement is used to describe both formal and informal phased retirement arrangements. We use the word “plan” to mean the overall pension plan of which phased retirement is a part, and the word “program” to mean the phased retirement program itself.

[4]National pensions may also be called public or state pensions in some countries. The term employer-sponsored retirement plans refers to retirement benefits employers make available to their employees. They are also called occupational, workplace, or company plans.

(employer) to the plan participant (employee). For example, workers with a DC plan often must decide how much to contribute, how to invest those contributions, and how to spend down the savings in retirement. For DB plans, many of those decisions reside with the employer. Some retirement plans combine features of both DB and DC plans, often referred to as hybrid plans.[5]

National pensions: According to literature we reviewed, many countries have created retirement plans for their citizens and residents to provide income when they retire. These plans are typically earnings-based and require employer and employee contributions over a number of years, with pension benefits not accessible before a certain age. National pensions are generally DB plans, similar to the U.S. Social Security program.

Employer-sponsored pensions or retirement savings plans: Employer-based pensions or retirement savings plans are set up by employers to help ensure their workers have income during retirement. Employer-sponsored plans often require both the employer and employee to contribute money to a fund during employment so that the employee may receive benefits upon retirement. Employer-sponsored pensions typically refer to DB plans that promise a source of lifetime income at retirement, whereas retirement savings plans are typically DC plans, with retirement benefits that accrue based on contributions and the performance of the investments in the employees' individual accounts. Over the past several decades, there has been a significant shift in private sector employer-based retirement plans from traditional DB plans to DC plans. In the U.S. this shift has been to 401(k)s as the primary employer-sponsored retirement plans.

Individual savings: Individuals can augment their retirement income from the national pension and employer-sponsored plans with their own savings, which would include any home equity, investments, personal retirement savings accounts like Individual Retirement Accounts (IRA) used in the United States, and other non-retirement savings.

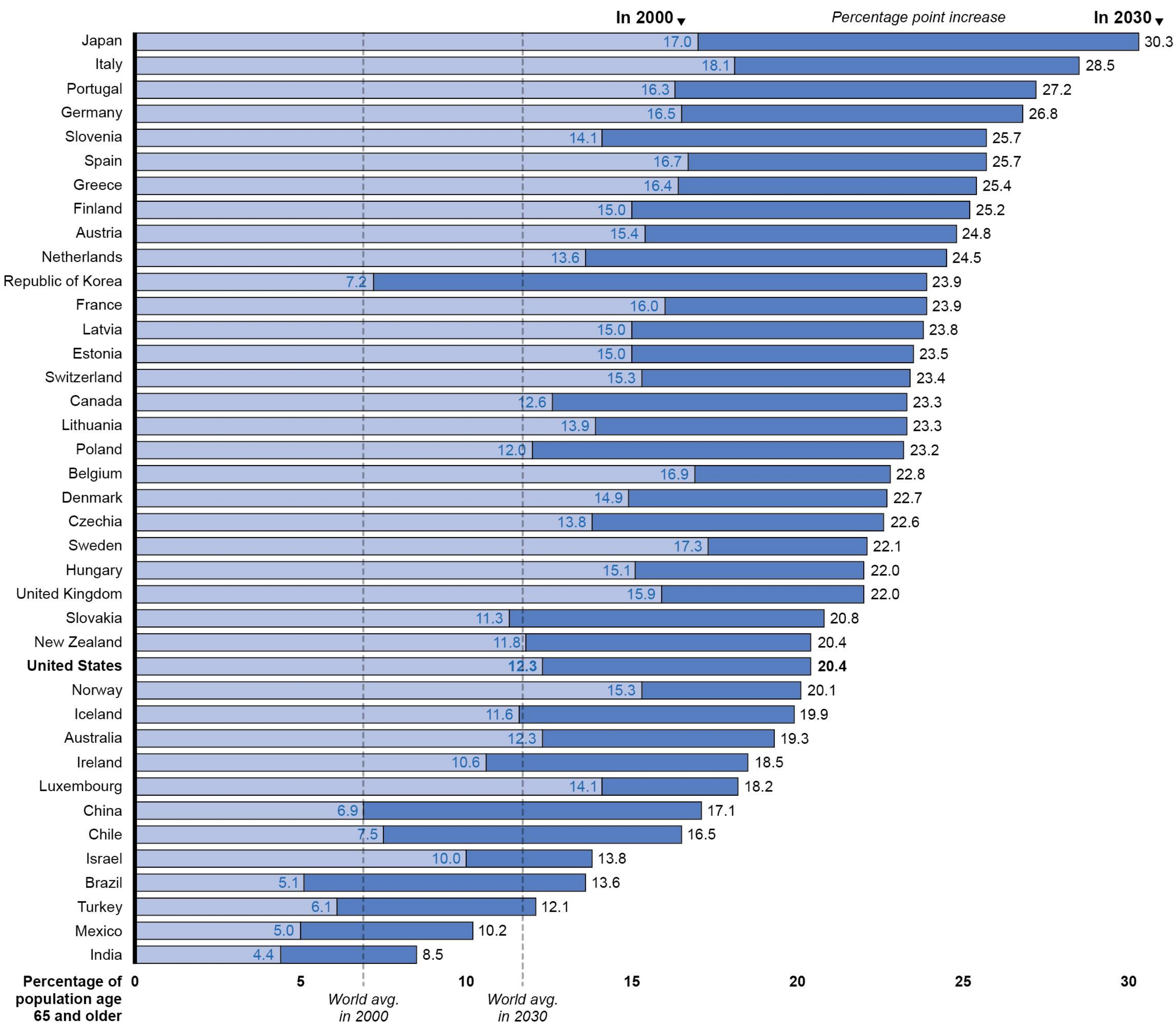
[5]Hybrid DB plans generally allow adjustments to both contributions and benefits depending on the plan's funding level. Upon retirement, the plan typically provides monthly income to participants.

Population Aging and Economic Productivity

Population aging, primarily due to declining fertility rates and increasing life expectancy, has raised concerns about the sustainability and adequacy of pensions, especially as many workers continue to exit the labor force before the statutory or full retirement age.[6] Research indicates that while certain countries are aging more rapidly than others, population aging will affect most OECD countries, including the United States, over the coming decades. For example, the share of the population aged 65 and older is projected to increase significantly by 2030 (see fig. 1).

[6]Statutory retirement age, also known as normal or full retirement age, is generally the age at which people receive unreduced national pension benefits, such as Social Security in the United States. For purposes of this report, we use the term statutory retirement age.

Figure1: Estimated Portion of Population Age 65 and Older, by Country, 2000 and 2030 (Projected)



Source: GAO analysis of United Nations population data. | GAO-19-16

According to a 2017 OECD report, since 1970, the average life expectancy at age 60 in OECD countries has risen from 18 years to 23.4 years and, by 2050, it is forecast to increase to 27.9 years. At that time, the average person is expected to live to nearly 90 years old.[7] The increased life expectancy means that workers are spending more years in retirement. In many instances, the aging population is placing additional pressure on public pension systems and has raised concerns about the solvency of national pension systems and the long-term adequacy of benefits. In response, countries have used strategies, including increasing the statutory retirement age of their national pension systems, to reduce that pressure. However, many workers continue to leave the workforce prior to reaching the statutory retirement age, according to OECD data.

To address this development, retaining older workers in the labor market has been an objective in many countries. Some researchers have suggested that, in the U.S., economic productivity could decline as baby boomers age and leave the labor force, thus reducing the rate of economic growth. For example, a 2016 study found that a 10 percent increase in the percentage of the population age 60 and older decreases the growth rate of per capita gross domestic product (per capita GDP) by 5.5 percent. According to this study, two-thirds of the reduction is due to slower growth in the labor productivity of workers of all ages while one-third is due to slower labor force growth, suggesting that annual GDP growth in the U.S. could slow by 1.2 percentage points per year this decade, entirely for demographic reasons.[8] Phased retirement has the potential to provide options that would be beneficial both to older workers and the overall economy by extending labor force participation.

[7]OECD, *Pensions at a Glance 2017: OECD and G20 Indicators* (Paris, France: OECD Publishing).

[8]Nicole Maestas, Kathleen J. Mullen, and David Powell, *The Effect of Population Aging on Economic Growth, the Labor Force and Productivity*, NBER Working Paper No. 22452 (July 2016).

We Identified 17 Countries with Aging Populations That Have Phased Retirement Options for Older Workers

Among the 44 countries that met our initial criteria as having a national pension system similar to Social Security and an aging population, we identified 17 with some kind of phased retirement program. Based on a review of relevant research, studies, and interviews, we determined that phased retirement programs in these countries were established in several ways: (1) through national policies including legislative actions and specific programs that encourage phased retirement; (2) at the industry or sector-level through collective bargaining agreements that cover specific occupations or sectors; and (3) by individual employers. Table 1 shows the three types of phased retirement arrangements found in the 17 countries we identified.

Table 1: Countries with Phased Retirement Arrangements for Older Workers

Country	National policy[a]	Sector-level[b] (public and private)	Individual employer[c] (private sector)
Australia	Yes	No	No
Austria	Yes	No	No
Belgium	Yes	No	No
Canada	Yes	Yes	Yes
Czechia	Yes	No	No
Denmark	Yes	Yes	No
Finland	Yes	No	No
France	Yes	Yes	No
Germany	Yes	Yes	Yes
Italy	Yes	Yes	No
Lithuania	Yes	No	No
Luxembourg	Yes	No	No
Netherlands	Yes	Yes	Yes
Norway	Yes	Yes	No
Poland	Yes	No	No
Sweden	Yes	Yes	Yes
United Kingdom	Yes	Yes	Yes

Source: GAO analysis of relevant research, studies, interviews with experts, and other data. | GAO-19-16

[a]To determine whether a country had a national policy, we reviewed literature and spoke with experts. We considered a country to have a national policy if it was described as having policies related to phased retirement, as having a national phased retirement program, or as having taken legislative action, in part, to facilitate or encourage phased retirement.

[b]Sector-level programs are established through collective bargaining agreements that cover specific occupations or sectors and include local and municipal public programs and private programs.

[c]That we did not identify any sector-level or individual employer programs in certain countries does not mean there are no employers who provide phased retirement in that country. It only means that our research did not find examples for these types of programs. Individual employer programs can also be established through collective bargaining agreements.

Based on our research, we determined that a national policy on phased retirement may provide a voluntary framework within which employers may participate rather than a requirement that they offer such programs. For example, Canadian officials reported Canada changed regulations that require employers who provide defined benefit pension plans and also offer phased retirement to allow participating workers to receive some partial pension benefits while continuing to accrue pension credits. However, according to the Canadian government, it is ultimately up to individual employers to make phased retirement available for their employees.

In many countries, collective bargaining played a key role in the formation of phased retirement programs, particularly at the industry or sector level. Half of the 17 countries have “sectoral” phased or partial retirement arrangements established through collective bargaining agreements that cover a large number of workers from specific industrial sectors or occupations, such as local government workers in Sweden or metal and chemical sector workers in Germany. Such sectoral programs can include public and private employers that provide a program or policy that applies to their workers only. Sometimes, companies with sectoral programs have the flexibility to set their own program requirements, within the broad guidelines of arrangements established through collective bargaining agreements.

Phased retirement programs can also be established by individual employers. Employers offering phased retirement are generally larger companies in the private sector with their own pension plans. Our research found examples of phased retirement programs offered by individual employers both within and outside of collective bargaining agreements.

Selected Countries’ National Policies Were Generally Designed to Encourage Phased Retirement, and Individual Program Design Aspects Vary

Selected Countries Employ Various Strategies to Encourage Phased Retirement

The national policies implemented in our four case study countries—Canada, Germany, Sweden, and the U.K.—currently, are mainly designed to encourage older workers to remain in the labor force and continue to earn and contribute to their pensions, and often, share their institutional knowledge with younger workers, according to the officials, experts, and employers we interviewed.[9] For example, according to Canadian government officials, Canada, to retain older workers and meet the financial needs of those workers, amended its income tax regulations in 2007 to allow phased retirement under certain DB pension plans.[10] Additionally, government officials in the U.K. reported that in 2014, the U.K.’s national flexible work policy was expanded to cover older workers who wanted to phase into retirement. They said that this was done, in part, to keep older workers—aged 50 and over—in the labor force. However, the reasons for instituting phased retirement have shifted over time. Based on our research and interviews with foreign officials and other experts, we found that, in some cases, phased retirement was initially used as an incentive for older workers to retire early so employers could hire unemployed younger workers. For example, officials reported

[9]We did not conduct an independent legal analysis to verify the information provided about the laws, regulations, or policies of the foreign countries selected for this study, Instead we relied on appropriate secondary sources, interviews, and other sources to support our work

[10]According to government officials, Canada’s Income Tax Regulations amendments were passed on December 14, 2007, to allow phased retirement under Defined Benefit Registered Pension Plans. Documents provided by the Canadian government also indicated that further changes to provincial pension legislation may be required for phased retirement to be permitted in provincially regulated pension plans, and specified that phased retirement benefits are available under provincial pension legislation in Alberta, British Columbia, Manitoba, New Brunswick, Quebec, and Saskatchewan. Government officials also said Ontario passed phased retirement legislation in 2010, but has yet to pass the enabling regulations.

that in 1996 at a time of double-digit unemployment (around 10 percent), Germany instituted a national part-time work program, the Altersteilzeitgesetz (ATZ), to encourage older workers to retire. Officials said this phased retirement program originally sought to get older workers out of the labor force and encourage employers to hire unemployed workers and trainees. Today, in response to an aging population, Germany is using phased retirement to encourage older workers to remain in the workforce and ensure knowledge and skills transfer, according to officials we interviewed. In addition, our research found that Sweden offered a national phased retirement program or a “partial pension” scheme from 1976 to 2001, mainly as an option to allow workers to gradually withdraw from work 5 years before the statutory retirement age. According to our research, this program was implemented, in part, to make it the transition from work to retirement more flexible. Swedish officials stated that the country abolished the program in 2001, mainly due to excessive costs, and implemented a new policy in 2010 that permits partial retirement and access to partial pension to encourage workers to stay in the labor force longer.

The four case study countries employed various efforts at the national level to encourage phased retirement options that seek to keep older workers in the labor force. From our interviews with government officials, unions, and other experts, we found that all four countries have national policies to help facilitate phased retirement. Examples include national programs that companies and sectors can offer to workers—such as the national program in Germany or the program in Sweden that ended in 2001—as well as implementing policies that seek to incentivize both employers and employees to offer and participate in phased retirement programs.

As shown in table 2, the four countries reported having made efforts at the national level to encourage phased retirement, including implementing national policies and programs that involve public subsidies, tax incentives, or changing pension rules to allow individuals to receive partial pension benefits while continuing to accrue benefits in the same pension plan. For additional information on the national efforts made by case study countries, see appendix II.

Table 2: National Efforts That Canada, Germany, Sweden, and the United Kingdom Reported Using to Encourage Phased Retirement

Country	National efforts
Canada	In 2007, Canada made changes to the Income Tax Regulations to allow qualified workers to receive a portion of their pension benefit from a defined benefit (DB) pension plan while continuing to accrue pension benefits in the same plan, according to Canadian officials. The officials also reported that prior to the changes, a worker was not permitted to withdraw from a pension and also contribute to it. This change facilitated phased retirement by giving employers greater flexibility to retain older workers, providing workers with a new option for transitioning from work to full retirement, and increasing the labor force participation rate of workers eligible for retirement.
Germany	In 1996, Germany implemented a national phased retirement program, Altersteilzeitgesetz (ATZ), that allowed workers aged 55 and older to phase into retirement by working 50 percent of full-time hours over a 6-year period prior to the statutory retirement age, according to government officials and employers we interviewed. Officials said that under this program, employers pay a minimum of 70 percent of full-time wage for workers in the phasing period and make pension contributions at 90 percent of that earned by full time workers. They also said that from 1996 to 2009, the government provided public subsidies for both wage and pension compensation to employers who hired an unemployed worker or trainee to replace the hours lost by phasing workers. Officials and other experts we interviewed noted that an improved labor market, a rapidly aging workforce, and rising costs, led to termination of the public subsidies. However, officials said that certain tax benefits are still provided to both employers and workers on supplemented wages and the national pension contributions.
	In 1992, Germany implemented a national program, Teilrente, that allows workers who are entitled to the national pension, currently those 63 and older, to reduce working hours and draw partial benefits from the national pension, according to research and government officials interviewed. Officials reported that qualified employees can currently withdraw from 10 to 90 percent of their national pension, and that the Teilrente program has a very low take-up rate. For example, statistics from 2016 showed that of the 400,000 people who claim early retirement, only 2,800 or about .6 percent participated in the Teilrente program.
Sweden	In 2010, Sweden implemented a national policy that allows workers to partially retire and withdraw benefits from the national pension independent of whether they continue to work, according to program documents and interviews with employer association representatives. Plan documents showed that qualified participants over age 61 can withdraw 25, 50, 75 or 100 percent of their national pension and continue to work with no penalty. The pension drawn before the statutory retirement age is actuarially reduced, however, participants can continue to earn new national pension entitlements and contribute to their employer's pension. This means a worker could work fewer hours and supplement their reduced income with benefits from the national pension, according to representatives we interviewed.
	From 1976 to 2001, Sweden had a national partial pension program that allowed workers to gradually withdraw from work 5 years before the statutory retirement age of 65 at the time, according to research we reviewed. According to our review of program documents and interviews with employer associations and other experts this program was abolished in 2001 because it became increasingly expensive over time due to the number of workers who took advantage of the program. Research showed that this program was subsidized with public funds which replaced 65 percent of the income loss from the reduction in hours worked (changed to 50 percent in 1981), and upon reaching the statutory pension age of 65, program participants still received a full national pension.

Country	National efforts
United Kingdom	In 2014, the U.K. expanded an existing national flexible work policy to cover all workers. The original policy, introduced in 2002, applied to certain parents and other caregivers and was expanded to include phased retirement, according to program documents and interviews with officials and other experts. Program documents indicated that under the flexible work policy, workers who have worked for their employer for at least 26 weeks can apply for a flexible work schedule that includes phased retirement. According to employers we interviewed, qualified participants can draw from their employer-sponsored pension plans and contribute to both their employer's and to the national pension. Further, in 2015 the U.K. government introduced new "pensions flexibility" rules that allow workers aged 55 and older to access their defined contribution (DC) pension savings, thus enabling them to supplement a lower income due to reduced work hours.

Source: GAO review of program documents, relevant studies, and other data; and interviews with program administrators, government officials, employers, unions, and other experts. | GAO-19-16

Notes:

We did not conduct an independent legal analysis to verify the information provided about the laws, regulations, or policies of the foreign countries selected for this study. Rather, we relied on appropriate secondary sources, such as plan documents; interviews; and other sources.

Based on our research and interviews with stakeholders, some phased retirement policies in other countries seem similar to the Social Security program in the United States in regards to allowing qualified workers to work and receive benefits from the national pension; however, these countries differ in that workers can specify the amount they wish to withdraw from the national pension, for example in Germany and Sweden.

Individual Programs in Case Study Countries Have Similar Aspects, but Vary in Design and Sources of Supplemental Income to Workers

Employers in our case study countries have implemented various phased retirement programs that reflect the employers' goals for offering phased retirement and the preferences of participating employees. Based on our interviews with officials, employers, and representatives from employer associations and unions in the four selected countries, we found that the programs offered by employers in those countries had similarities and differences in how the programs were established, designed, implemented, and funded.[11]

Role of collective bargaining. Based on our research and interviews with experts, we found that most of the phased retirement programs we reviewed in the four case study countries were established as part of collective bargaining agreements between employers and union-represented workers. This was often the case for sectoral programs in either the public or private sectors and for those covering specific

[11]For additional information on the phased retirement programs reviewed in the four case study countries, see appendix II.

occupations. The programs often covered a large number of workers. For example, in Sweden, representatives of an organization for public employers with approximately 1.2 million employees (23 percent of the Swedish workforce) told us that 90 percent of the workers in Sweden were covered by collective agreements, and that they have negotiated collective agreements that included phased retirement for many of their members. In Canada, one expert reported that phased retirement was most common in fields that are highly unionized, because Canadian unions wanted to increase flexibility for members to gradually decrease work, but also receive a pension payment. For example, the expert said that universities were at the forefront of phased retirement implementation and they are highly unionized.

While most of the programs we reviewed were based on collective bargaining agreements, we identified a few companies that initiated phased retirement for their workers outside of the collective bargaining process, when the employer determined a need for such a program. For example, one private sector employer in the financial industry we interviewed in the U.K. told us that offering phased retirement options addressed employees' need for flexibility. This employer commented that if employees are happy, they will stay with the company longer and continue to provide customers with superior service. As another example, a large German employer in the transportation industry offers a phased retirement program for managers who are not covered by a collective bargaining agreement.

Defined benefit and defined contribution plans available. Many phased retirement programs we reviewed involve DB pension plans that provide a fixed stream of payments at retirement for the life of the participant. However, we also found some employers that were moving from such plans to DC or hybrid pension plans, and phased retirement is permitted under those plans as well. For example, a private sector employer in the U.K. that sponsors both DB and DC retirement plans, told us that workers in both types can participate in phased retirement and can draw from their employer-sponsored retirement accounts at age 55, although the drawdown rules are different for each type of retirement plan. As another example, the UK's National Health Service workers are currently covered by two retirement plans, according to pension plan administrators we interviewed. Specifically, a pure DB plan initiated in 2008 is being phased out and replaced by a DB hybrid plan introduced in 2015. Both plans offer flexible retirement options, plan administrators said.

Health care coverage. Each of the four countries we reviewed provided universal health care coverage. The broad availability of health care in these countries, allows workers to reduce their work hours or responsibilities without concern for losing health coverage, while not increasing employer costs. This also made it easier for employers in our case study countries to retain phasing part time workers and potentially hire another worker without the additional cost of providing health care to two workers.

Program limits. Other similarities found in the phased retirement programs that we reviewed in the four case study countries, include 1) having a maximum age up to which a worker can partially retire—sometimes phased retirement can only be taken previous to the statutory retirement age as set by the country's national pension system—and 2) limiting phased retirement to specific groups of employees. As examples, one employer in Germany told us that it offers phased retirement only to employees working in "hardship" positions, such as those who work night or rotating shifts, while some employers in Sweden offer phased retirement to workers in particularly skilled occupations where workers cannot be easily replaced, such as certain health professionals, according to representatives from an employer association.

Program terms and conditions. Based on our review of program documents and interviews with program administrators, we found that the phased retirement programs we reviewed in the four countries, regardless of type, had basic requirements, such as age of participation, years of service, eligible positions, period of phasing work, and time requirements; however, the specific terms differed from program to program. For example, a sectoral phased retirement program in Sweden allowed workers to apply for phased retirement at age 60, and draw down 50, 80, or 90 percent of their earned employer-sponsored retirement account while phasing. A public sector employee program in the U.K. provided a phased retirement option at age 55, and workers could draw down from 20 to 80 percent of their employer-sponsored pension while reducing their work hours. In contrast, a program in Germany only allowed workers aged 56 and older, with 20 years of service, and who had rigorous work schedules (i.e., night shifts or rotating shifts) to apply for phased retirement. Other aspects, such as the categories of workers eligible to participate, also differ. For example, one higher education employer in Canada only allows faculty and librarians to participate in phased retirement, while another employer in the U.K. allows all employees to apply for phased retirement.[12]

Sources of income. Workers participating in phased retirement typically forego some amount of wages as a result of reduced working hours or reduced responsibilities, similar to the wage reduction in full retirement. In the programs we reviewed in our four countries, workers are able to offset foregone wages, at least partially, from multiple sources. According to program administrators and employers we interviewed, these sources include the national pension; employer-sponsored retirement accounts; an employer-provided benefit designated for this purpose; personal savings; or some combination of these sources. For example, German experts told us that, in Germany, workers participating in the national ATZ program can reduce their work hours by 50 percent. Experts told us that employers are required to pay a minimum of 70 percent of full-time wages for phasing employees and pay contributions toward the employee’s pension as though the employee were working 90 percent. Among the employers we interviewed that continue to offer the national ATZ program, the 20 percent topped-off amount was reported as generally financed by the employer. In the U.K., employees participating in a private-sector employer’s phased retirement programs make up for the foregone wages by withdrawing funds from their own employer-sponsored retirement plan.

In Canada, one employer offers a lump-sum allowance to employees between 60 and 64 years of age who wished to reduce their hours as part of phased retirement. Participating employees are paid a salary proportional to their reduced hours and can use the lump-sum benefit to supplement their income, but may not exceed their full-time salary. This lump-sum is funded solely by the employer. During the phased retirement period, employees can continue to contribute to their employer-sponsored retirement account as if working full time, and need not withdraw from their pension. In Sweden, one public sector phased retirement arrangement is financed by employers as part of collective bargaining agreements. This program allows workers to work 80 percent of a full-time job and receive 90 percent of a full-time salary. The employers continue to contribute to the employer-sponsored pension as if

[12]For additional information on the phased retirement programs reviewed in the four case study countries, see appendix II.

employees were working full-time. Workers in Sweden can also supplement any reduced income with national pension benefits.[13]

Even with Unique Considerations for the United States, the Experiences of Other Countries with Phased Retirement Could Inform U.S. Efforts

Differences in Institutional and Employer-Specific Factors May Affect How U.S. Efforts to Provide Phased Retirement Can Be Informed by Other Countries' Experiences

Institutional and employer-specific factors in other countries, which shape the design of phased retirement programs, typically differ from the institutional environment experienced by many U.S. private sector employers, although they may be similar to those common in U.S. public sector employment. Some of these institutional factors include the extent to which employers and workers are supported by universal health insurance, whether the programs are structured around employer-sponsored traditional DB plans—particularly for workers who have worked at their firm long enough to qualify for phased retirement—and whether programs are the result of collective bargaining agreements. In many of the selected countries we reviewed, phased retirement programs designed to extend labor force participation are fairly recent. While the rate of employment among older workers in the case study countries and the U.S. increased in recent years, data has not been collected in the case study countries to gauge the effects of phased retirement and participation is low. Experiences of the case study countries suggest that, in implementing such programs at the employer or national level, phased retirement programs may be more effective if carefully designed based on the employer's specific industry or production characteristics, and with data collected and analyzed to pinpoint the most successful strategies.

[13]According to pension documents reviewed, in Sweden, there is no penalty for working and earning and drawing from the national pension. However, depending on the worker's age at the time of withdrawal, before or after the statutory retirement age, the pension amount would be actuarially adjusted downward or upward, respectively.

In our case study countries, stakeholders described experiences in providing phased retirement to older workers with access to universal health care, with programs often structured around employer-sponsored traditional DB plans and as a result of collective bargaining agreements. DB plans and collective bargaining conditions are most common in U.S. public sector employment, including local, state, and federal government, and the experiences of our case study countries could inform employers in those sectors. Employers with DC plans and non-union workers are

A Unique Consideration for U.S. Companies Wishing to Offer Phased Retirement: Importance of Employer-Sponsored Benefits

Unlike our case study countries, most U.S. workers get their health insurance through their employer, which can be a costly benefit to provide. Employers with 50 or more employees must provide coverage or pay a fee; however, the requirement does not apply to those working less than 30 hours per week, on average. In June 2017, we found that employers offering phased retirement programs must decide if they will include participants in their health care coverage and that all eight of the employers with phased retirement programs with whom we spoke had extended their employer-sponsored insurance to program participants.

In addition, the benefit payments provided under U.S. Social Security may not be as high as the national retirement benefits in some of our case study countries and many U.S. workers rely on employer-based retirement benefits and personal savings for a secure retirement. Strategies such as allowing continued contributions during phased retirement and supplementing phased retirement income through partial retirement payouts or other sources may be helpful for worker satisfaction in phased retirement programs.

Source: OECD Pensions at a Glance 2017 and GAO., based on GAO-17-536 | GAO-19-16

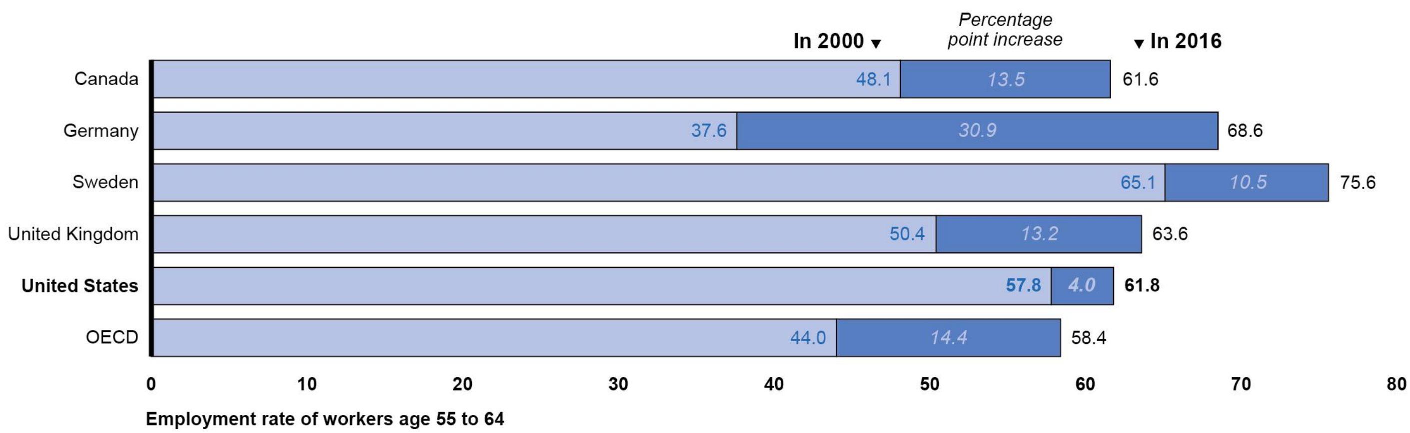
more common in the U.S. than in most of our case study countries. (see sidebar) However, we found examples of phased retirement programs offered to workers covered under DC pension plans that are not collectively bargained in our case study countries. Some of the employers with DC pensions that we learned about were transitioning from traditional DB plans to DC plans.[14] In these instances, newer workers are usually enrolled in the DC plan and, because the shift is recent, many of the workers covered under DC plans may not be old enough or have sufficient years of service to qualify for phased retirement, where such characteristics are criteria for participation. For example, a privately-run transportation company in Germany reported offering phased retirement programs that reduce working hours by about 20 percent, to workers who meet certain criteria.[15] Workers hired after 1995 and workers from the former East Germany are covered under a DC plan and may qualify for the phased retirement program. These examples indicate that private sector employers in the U.S., where workers are increasingly covered by DC plans rather than DB plans and generally not covered by collective bargaining agreements, may also be able to implement and benefit from phased retirement programs.

[14] In particular, certain German and U.K. employers we spoke to reported having a phased retirement program for workers with DC plan coverage. However, the DC plan is relatively recent and designed to cover new employees, many of whom may not qualify for phased retirement for some time. While it is unclear that these programs represent a trend, it suggests that it is possible to design and implement phased retirement programs intended to be used by workers with participant-directed retirement plans.

[15] Experts at the company reported that, to be entitled, workers must have worked for the company for at least 20 years and have worked for at least 10 years in a hardship position, involving, for example, rotating shifts or night shifts.

Most of the programs we reviewed are relatively recent and have reported small numbers of participants. Although OECD's data show that employment of 55- to 64-year-olds increased between 2006 and 2016 in Germany, Sweden, and the U.K., it is not clear what role phased retirement has played in that growth. (see fig. 2) Governments, employers, and unions have not systematically collected data to understand the effect of the program on choices older workers make regarding when to retire or the effects of phased retirement on employers, workers, or national workforce participation. Some employers we spoke with provided information on the number of workers who had used or were currently using the programs, but there is not enough data to draw conclusions, possibly because the programs are relatively new.

Figure 2: Change in the Rate of Employment among Workers Aged 55-64 in Case Study Countries and the U.S. between 2000 and 2016



Source: GAO analysis of Organisation for Economic Co-operation and Development (OECD) data, Pensions at a Glance 2017. | GAO-19-16

As previously mentioned, the goal for some phased retirement programs has shifted and although employers and national governments now have greater incentives to retain older workers, the design of some phased retirement programs may encourage workers to use the program to leave the workforce earlier than they might in its absence. For example, experts at a high-skill employer in Canada said that they believed that the program may have incentivized older workers to reduce their hours when in the absence of the program they may have worked full time.

Competing Needs of Employers, Workers, and Countries Mean That Benefits for Some May Be Challenges for Others

Employers, workers, and countries may have competing needs and goals in phased retirement programs, which must be considered in designing programs. Specifically, these groups may differ in their preferences in the areas of who may participate, the primary goals for the program, and how the program will be financed. In previous work, we found that some U.S. employers are reluctant to offer phased retirement programs because they believe there is not sufficient interest among employees and that employers in industries with technical and professional workforces were more likely to provide formal and informal phased retirement programs.[16] Challenges identified by the programs in our case study countries can provide helpful insights into areas of concern in designing phased retirement programs in the U.S.

A Unique Consideration for U.S. Companies Wishing to Offer Phased Retirement: Nondiscrimination Laws

In June 2017, we found that U.S. industries with skilled workers or with labor shortages also have motivation to offer phased retirement programs, in part because their workers are hard to replace. However, U.S. companies must comply with laws intended to protect workers from discrimination. Experts and employers said programs that target highly skilled workers, who are often highly paid, could violate nondiscrimination rules, which generally prohibit qualified pension plans from favoring highly compensated employees. One study we reviewed for that work noted that regulatory complexities and ambiguities involving federal tax and age discrimination laws impact an organization's ability to offer a phased retirement program.

Source: GAO., based on GAO-17-536 | GAO-19-16

Program scope: Certain experts noted that, particularly in the context of collective bargaining, workers typically want phased retirement programs to be broadly available; in contrast, certain employers may want narrowly scoped programs that are targeted to certain high-skilled or scarce workers. Phased retirement is also used by certain employers to target key employees with rare or sought after knowledge, skills, and experience and provide opportunities for knowledge transfer prior to retirement. Representatives from two German companies with high-tech or high-skilled workforces noted that phased retirement was important to retain workers with experience and knowledge.

Employers also reported setting criteria that limit the program to individuals with a specific length of service with the employer, with physically difficult jobs, or with challenging schedules, which may help employers to target the program to certain workers. We reported in June 2017, that U.S. employers noted that targeting specific workers might pose a challenge because of laws that prohibit special treatment of selected workers for certain U.S. pension plans. (see sidebar) The differences in the desired scope of phased retirement programs could potentially be resolved. For example, some experts we interviewed reported that employers may have caps which limit participation, such as limiting participation to a specific percentage of employees who are age

[16]GAO-17-536

eligible. A union representative in Germany noted that employers there may set restrictions or caps on participation, such as 3 percent of the workforce, or an employer may effectively cap the extent of participation by restricting the program to a budgeted amount of funds. Employers in the U.S. could explore whether using a similar approach regarding the scope of a phased retirement program, taking into consideration any legal concerns or other practical challenges, could help them to control the number of workers participating in phased retirement programs.

Knowledge sharing/succession planning: A representative at a German employer noted that the employer has integrated a knowledge sharing component to its program so that workers are able to train younger workers and share their expertise. Retaining older workers may have an added benefit—according to a U.K. public plan administrator, their phased retirement program also brought more age diversity to the workforce.

One expert said that phased retirement has the additional benefit of helping with succession planning since management has more information about the retirement decisions of those participating in the program. An official from a Canadian university stated that the university's phased retirement program, which includes a specified timeframe of 3 years, helps with planning because they know exactly when the worker will leave their job and can begin the sometimes lengthy process of recruiting replacement faculty. In our previous report, we noted that five of the nine employers we interviewed said that knowing when workers will retire allows employers to plan for the future.[17]

Work life balance/program complexity. Union representatives in our case study countries described several benefits that phased retirement provides to workers. For example, one said that phased retirement provides more choice for workers, another noted that phased retirement allows workers to continue to work at reduced hours until they reach the statutory age to receive a national pension, and a third mentioned that such programs reduce the burden for workers who cannot or do not want to work full time. Similarly, other experts we interviewed said that phased retirement's part time work schedule provides workers the opportunity to continue working when they might otherwise retire. The experts each cited specific reasons workers might retire, including health concerns, the

[17]GAO-17-536

physical demands of their work, or the responsibility of caring for a loved one. U.K government officials stated that phased retirement for older workers in their country originated from a 2002 policy to facilitate flexible work for caregivers of dependent adults and young and disabled children. According to the U.K.'s government website, flexible work can be part time, job sharing, annualized hours, or telework, among others. It also states, that employers can decline a request for flexible employment if they can demonstrate that granting such a request can have a detrimental effect on the firm,[18] but, according to a 2013 U.K. government survey, 97 percent of employers offer some kind of flexible work.[19]

Experts in several of our case study countries noted that the rate of participation in phased retirement programs is low, which each attributed to different factors, including that workers may have insufficient knowledge or understanding of the programs; employers may have restrictions on program participation, such as eligibility requirements or caps on participation; or there may be insufficient interest or incentives for workers. For example, a German academic noted that his country's Teilrente program, which combines partial national pension benefits and reduced work hours for workers age 63 and older, is confusing and has not been well-marketed, leading to low uptake.[20] In our previous report, we noted that according to 2014 Health and Retirement Study data, an estimated 29 percent of 61- to 66-year-olds in the U.S. plan to reduce their work hours: however only an estimated 11 percent actually did gradually reduce their hours.[21]

Extending labor force participation: Countries may want to encourage older workers to delay retirement to increase labor force participation, broadly or in certain sectors, especially in times of low unemployment. In

[18]https://www.gov.uk/flexible-working

[19]U.K. Department for Business, Innovations and Skills, *The Fourth Work-Life Balance Employer Survey (2013)* (December 2014).

[20]According to a U.S. Social Security newsletter, *International Update*, the German parliament approved a new law ("Flexirente"), effective 2017, making pension reforms. The law increased the ceiling on income when combined with a partial pension and, as cited in the newsletter, the German government said the new law will give workers more flexibility in transitioning from work to retirement while increasing the incentives to remain in the labor force past the normal retirement age.

[21]GAO-17-536, estimates were statistically significant at the p<.05 level or better and the confidence interval is +/-3 percentage points or less. 2004-2014 Health and Retirement Study (HRS).

the past, phased retirement in some nations had been used as a tool to downsize workforces and encourage workers to retire early. However, the rising costs of national pensions and an aging workforce have now encouraged nations to view phased retirement as a tool or mechanism to extend labor force participation. Indeed, according to the European Commission, increased labor force participation of older workers is a goal of the Eurozone. According to an academic expert we interviewed, increasing the use of phased retirement is not a specific strategy to achieve that goal, some countries are now using such programs to help achieve it. For example, a Swedish official commented that the availability of phased retirement can help older workers stay in the workforce longer. In addition, an association of employers in Germany stated that raising the age of eligibility for national pension benefits and eliminating incentives for early retirement was likely to induce older workers to work longer. Delayed retirement also gives workers longer working lives and earning potential, which may help make pension systems sustainable. A German academic noted that continued work keeps older individuals out of poverty and increasing retiree income could reduce their reliance on national “safety net” benefits. He said that retired people are interested in Germany’s program allowing work after retirement age because they may have insufficient savings and “mini jobs” provide opportunities for earning more.

Certain sectors of national economies may particularly benefit from extending workers’ time in the workforce. For example, an expert at a U.K. consulting firm noted that, due to Britain’s expected departure from European Union membership the country may face labor shortages in certain sectors, such as health care and hospitality, because of the loss of foreign workers. He also suggested that flexible work arrangements may help to avoid potential shortages by retaining older workers who are citizens in those sectors. We also found, in our previous report, that phased retirement could also benefit the U.S. economy in helping to extend participation in the workforce.[22]

[22]GAO-17-536.

A Unique Consideration for U.S. Companies Wishing to Offer Phased Retirement: In-service Distributions and ERISA Requirements Related to Plan Design

We previously reported that defined benefit (DB) plans may provide in-service distributions, which would allow phased retirement participants to draw a portion of their retirement benefit during their participation in phased retirement, to workers aged 62 and older. Defined contribution (DC) plan participants generally may not receive distributions from a DC plan until they reach age 59 ½ and distributions before that age may be subject to an additional tax. Our previous work also found that in-service distributions may be important to supplement salaries for participants in phased retirement. An expert we spoke to stated that the Employee Retirement Income Security Act of 1974 (ERISA) requirements pertaining to plan design reduce plan flexibility since changes to plan structure to allow for phased retirement have to be honored even if the economy changes and employers want to shed rather than retain older workers. He stated that this requirement reduces the appeal of phased retirement for employers sponsoring DB plans.

Source: GAO, based on GAO-17-536 | GAO-19-16

Program design. Experts in certain case study countries reported that employers must design their programs carefully to ensure that they meet sometimes complex statutory requirements and to ensure that workers are eligible for and benefit from phased retirement. However, some also mentioned that designing a program that incentivizes continued work and avoids penalties for workers can be a challenge. For example, an expert we interviewed stated that, in Germany, early retirees can receive their full pension benefit after 45 years of work, but they are subject to salary caps until they reach the full retirement age, which may be a disincentive to combining continued work with a pension draw down. Conversely, there is an incentive for continued work in Germany without claiming a pension since, should the worker continue to work, contribute to the public pension, and delay claiming, their benefit increases by 0.5 percent for each additional month worked. [23] In our previous report, U.S. employers also cited concerns in designing programs to meet statutory requirements. (See sidebar).

According to a Eurofound report, the flexibility of phased retirement can come with administrative costs, particularly if frequent changes are allowed.[24] For example, a Canadian employer noted that managing a workforce of part-time employees was a challenge because it was unfamiliar. They also said that, in some circumstances, their program allowed participants to renege on their retirement date and that it was administratively cumbersome. We also reported in our previous work that employers using phased retirement in the U.S. had experienced administrative concerns that included challenges with part-time workforces.[25]

Potential costs of phased retirement programs. Several of the experts we spoke with said that making programs sufficiently financially beneficial to encourage worker participation can be costly. In addition, some employers reported that, where available, tax incentives, government subsidies, or financing salary supplements directly from the workers'

[23]According to an OECD report, for employees with annual earnings up to €6,300, the full pension is paid; for those with annual earnings above €6,300, the full pension is reduced by 40 percent of the additional earnings. After full retirement age, the combination of work and pensions is no longer subject to an earnings test. OECD, *Key policies to promote longer working lives in Germany* (2018).

[24]Eurofound, *Extending Working Lives Through Flexible Retirement Schemes: Partial Retirement, 2016.* (Luxembourg, Publications Office of the European Union).

[25]GAO-17-536.

retirement benefits were used, which may have helped to minimize their costs in providing the programs. In contrast, some government experts from the case study countries noted in interviews that certain government supports had been cut, suggesting that those governments prefer employers to finance more of the benefit. Other experts we spoke to explained that some employers in our case study countries paid for most of the cost of the programs themselves, although, some employers also benefit from tax incentives. For example, according to experts, the current provisions of the German ATZ program's required that employers provide salary supplements of at least 20 percent of full-time wages above the pay for partial (50 percent) employment. According to an OECD report, initially, the supplement was paid through government subsidies to employers but now, if employers wish to retain the program, they must pay the salary supplement themselves, adding additional costs to employers.[26] German government officials noted that the salary supplement paid during phased retirement is tax-advantaged. Such incentives might also encourage employers in the U.S. to offer phased retirement programs.

Potential reductions in future benefits: Some experts noted that certain phased retirement programs allow workers to reduce their hours without a proportional reduction in wages or benefits when they enter full retirement. It may also provide more options in how to draw down benefits. However, some programs we reviewed also include pay that is less than what is received during full employment and may involve reduced benefits after retirement, which is a factor for workers considering participation. For example, German experts explained that ATZ requires a salary supplement of at least 20 percent of salary, effectively resulting in workers receiving 70 percent of their wage for 50 percent of hours worked. In our previous report, we noted that according to 2014 HRS data, an estimated 22 percent of U.S. workers aged 61- to 66-years surveyed would be interested in reducing their hours even if it meant their pay would be reduced proportionally.[27] We also found in our previous report that low savings and concerns about eligibility for health

[26]OECD, *Key policies to promote longer working lives in Germany* (2018).

[27]GAO-17-536, estimates were statistically significant at the p<.05 level or better and the confidence interval is +/-3 percentage points or less.

benefits may create barriers that affect workers' ability or interest in participating in phased retirement programs.[28]

Even when they receive employer-provided subsidies, as in Germany, workers' salaries in phased retirement programs are less than under what is earned for full-time work. A recent OECD report noted that removing obstacles, such as limits on earnings while working and receiving pension payouts and limits on the accumulation of benefits, is important to make combining work and pensions more attractive.[29] A Canadian employer had similar concerns and noted that workers may be reluctant to reduce their hours without having some way to supplement their income, for example through a partial draw down on their retirement savings or private or public pension.

In some cases, workers may work and draw a benefit from their national or employer-sponsored pension plan. Some experts reported that certain programs allow workers to continue to contribute to their pension plans or earn pension credits. Union representatives in the U.K. and Germany noted the importance of workers remaining in the labor force longer for the purpose of increasing their income after full retirement. For example, according to a U.K. government website, the U.K. has no mandatory retirement age for the national pension system and allows individuals who have reached the retirement age to work and draw a benefit.[30] According to a U.K. government website, if a worker continues to work after the full retirement age and delays their claim for the national pension benefit, their weekly payments could be larger when they do choose to retire and take their benefit.[31] Experts at a privately run German transportation company noted that workers earn 100 percent of their pension credits during the period that they are participating in the company's phased retirement program. In addition, the U.K. allows workers to draw a portion

[28]GAO-17-536.

[29]OECD, *Pensions at a Glance 2017:OECD and G20 Indicators* (Paris, France: OECD Publishing).

[30]According to a report to the U.K. Parliament, in 1995, 2007, 2011, and 2014 the U.K. legislated increases in the state pension eligibility (full retirement) age. The state pension age for women started increasing from age 60 in 2010 and will reach age 65 in November 2018, the same pension age as for men. Further increases were included in that legislation (to age 66 by 2020, 67 by 2028, and 68 by 2046). U.K. Department for Work and Pensions, *State Pension Age Review*, 2017 (London, England: Crown Publishing)

[31]https://www.gov.uk/working-retirement-pension-age.

of their plan benefits—with 25 percent being tax-free—and one U.K. employer we spoke to allows continued contributions to those plans.

Participants may also see reductions in their retirement benefits after full retirement. Workers with DC plans may reduce their retirement savings through early withdrawals during phased retirement. Similarly, depending on program design, workers may have limitations on their contributions to their employer-sponsored DB plan or public pension during phased retirement; yielding lower pension benefits at retirement. An OECD report notes that national pension payments made during participation in phased retirement programs and any change in the age at which a worker retires, such as retiring prior to or after the full retirement age, should result in pension adjustments that are actuarially neutral—in other words, workers taking early pension payments will have reduced benefits for the duration of their retirement while those who delay payment receive increased benefits.[32] One expert at a German university noted that participants do not always realize the effect the program will have on their pensions.

Agency Comments

We provided a draft of this report to the Commissioner of the Social Security Administration, the Secretary of State, the Secretary of Labor, the Secretary of the Treasury, the Commissioner of the Internal Revenue Service, and the Acting Director of the Office of Personnel Management. The Social Security Administration provided a technical comment, which was incorporated as appropriate. The remaining agencies had no comments.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the appropriate congressional committees, the Commissioner of the Social Security Administration, the Secretary of State, the Secretary of Labor, the Secretary of the Treasury, the Commissioner of the Internal Revenue Service, the Acting Director of the Office of Personnel Management, and other interested parties. This report will be available at no charge on the GAO website at http://www.gao.gov.

[32]OECD, *Pensions at a Glance 2017:OECD and G20 Indicators.*.

If you or your staff have any questions about this report, please contact me at (202) 512-7215 or jeszeckc@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IV.

Charles A. Jeszeck
Director, Education, Workforce, and
Income Security Issues

Appendix I: Objectives, Scope, and Methodology

This report examines (1) the extent to which phased retirement exists in other countries with aging populations, (2) the key aspects of phased retirement programs in selected countries, and (3) the experiences that other countries have had in providing phased retirement and how that can inform the U.S. experience.

To determine the extent to which phased retirement exists in other countries with aging populations, we used data from the Social Security Administration's publication *Social Security Programs throughout the World* and United Nations population data to first identify countries with aging populations. *Social Security Programs throughout the World* contains comprehensive data on the social security programs in different countries around the world, including the statutory retirement age, early retirement age, and GDP per capita.[1] We used the Social Security Administration's publication to gather a list of 179 countries that have some kind of social security program. For these countries, we used United Nations population data to find the proportion of the population aged 50 and over, where available. We then limited our research to those countries whose proportion of population aged 50 and over is more than one standard deviation above the average. This group represents countries where the proportion of the population aged 50 and over is above 33 percent, and includes a total of 44 countries.

To determine whether the 44 countries that met our initial criteria of having 1) an national pension program similar to social security and 2) an aging population have adopted phased retirement programs, we reviewed the Organisation for Economic Co-operation and Development (OECD) and the European Union reports and data that focus on older workers and extending work life in other countries. We focused on OECD and European Union countries because they are advanced economies that

[1] *Social Security Programs throughout the World* highlights the principal features of social security programs in more than 170 countries. It is published by the Social Security Administration in collaboration with the International Social Security Association. Most of the information was collated from the report's survey conducted by the International Social Security Association in partnership with the Social Security Administration.

are most similar to that of the United States. In addition, we conducted literature searches and reviews to identify countries with phased retirement programs aimed at extending working lives of older workers as well as to assist with knowledge transfer from older workers to younger workers. The literature searches comprised of terms related to phased retirement, such as gradual retirement; partial retirement; labor force participation of older workers; and transitional retirement. We limited our searches to literature released during the 10-year period from 2007 to 2017. Additionally, we spoke with subject matter experts to gain their perspective on which countries offer phased retirement programs or have a policy aimed at extending working lives of older workers. We identified these experts through our review of relevant literature and expert referrals. In total, we identified 17 countries with some form of phased or gradual retirement options for older workers.[2] We examined these 17 countries to identify the types of phased retirement programs within each country. For example, we researched whether the country had (1) national phased retirement policies or programs[3] (2) sectoral programs established through collective bargaining agreements that cover specific industries, occupations, or sectors; and (3) individual employer programs.

To obtain a more complete understanding of key aspects, and the benefits and challenges of phased retirement programs in selected countries, as well as potential lessons learned for the U.S., we reviewed the group of aging countries with relevant programs identified in the first objective, to select a sample of four countries for case studies. These countries are Canada, Germany, Sweden, and the United Kingdom (U.K.). The criteria for selecting case study countries included being described in literature or by experts as having a national policy related to phased retirement or as having taken legislative action, in part, to facilitate or encourage phased retirement, a variety of sectoral and individual employer programs (public and private sector), when the programs were implemented, and expert or industry recommendations.

[2]Our research may not have identified all countries that have phased retirement programs because they may not have met our other criteria, or because countries may use different terminology to describe phased retirement or the terms may not mean the same thing as it is translated, for example, to English from German or Japanese.

[3]To determine whether a country had a national policy, we reviewed literature and spoke with experts. We considered a country to have a national policy if it was described as having policies related to phased retirement or as having taken legislative action, in part, to facilitate or encourage phased retirement. This includes having a national phased retirement program.

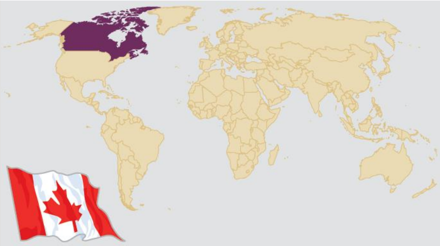
We also considered the various countries' economic and social frameworks and whether they are similar to that of the U.S. Specifically, we selected Canada, Germany, Sweden, and the U.K. because they had national phased retirement policies, which may include a national program such as in Germany and Sweden, and a wide variety of phased retirement programs in both the private and public sectors. For the case studies, we conducted interviews with government officials, program administrators, employer associations, unions, and employers to obtain in-depth program information and to learn about their experiences with phased retirement. We identified appropriate officials and organizations to contact primarily through review of relevant literature, subject matter expert recommendations, and referrals from the U.S. Embassy in each country. We reached out to a variety of labor unions and employers in selected countries in an effort to obtain multiple perspectives on issues related to phased retirement and met with those available to speak with us. We did not conduct an independent legal analysis to verify the information provided about the laws, regulations, or policies of the foreign countries selected for this study. Rather, as described above, we relied on appropriate secondary sources, interviews, and other sources to support our work. We submitted key report excerpts to government officials in each country, as appropriate, for their review and verification, and we incorporated their technical corrections as necessary.

To determine whether experiences with phased retirement in other countries could inform efforts in the U.S., we relied on testimonial evidence from interviews and a review of relevant research. The applicability of lessons learned was shaped by the differences in the national pension and social systems in the selected countries, such as the availability of healthcare and other retirement benefits.

Appendix II: Key Features of Phased Retirement Systems

To compile the information in this appendix, we interviewed officials and program administrators from selected phased retirement programs in Canada, Germany, Sweden, and the United Kingdom (U.K.), as well as employer associations, unions, and retirement experts. We also reviewed documentation and obtained statistics from country agencies. We identified employers offering phased retirement programs primarily through reviews of relevant literature, referrals from subject matter experts, and referrals from the U.S. Embassy in each country. We reached out to a variety of labor unions and employers in selected countries and met with those available to speak with us. We did not conduct an independent legal analysis to verify the information provided about the laws, regulations, or policies of the countries selected for this study. Rather, we relied on appropriate secondary sources, such as plan documents; interviews; and other sources. We submitted key report excerpts to government officials in each country, as appropriate, for their review and verification, and we incorporated their technical corrections as necessary.

Canada



At a glance

- **Population:** 37 million (2018)
- **GDP:** $1.65 trillion (2017)
- **Statutory retirement age:** starting at age 65 with full benefits
- **Early retirement age**: 60, with reduced benefits

Sources of retirement income

National pension: The earnings-related Canada Pension Plan targets a replacement rate of 25 percent of average lifetime earnings, up to a maximum earnings limit each year. Starting in 2019, this plan will replace one-third of average earnings, and the earnings range used to determine average earnings will also gradually increase. Employees in the province of Quebec have their own Quebec Pension Plan, broadly similar to the Canada Pension Plan.

Employer-sponsored pensions: Registered Pension Plans established by employers or unions to provide pensions for employees. In general, the plans can be defined benefit (DB), defined contribution (DC), or a combination of DB and DC plans.

Individual savings: Individuals can use tax-assisted arrangements that foster personal savings including Registered Retirement Savings Plans that are similar to traditional IRAs in the United States and the Tax Free Savings Account—a general purpose savings plan that provides tax treatment similar to Roth IRAs in the United States.

Source: GAO analysis of program documentation and other relevant documents; and interviews with government officials, employer associations, unions, plan administrators, and retirement experts; State Department (base map); Art Explosion (flags). | GAO-19-16

National efforts to encourage phased retirement

In 2007, Canada introduced changes to the Income Tax Regulations to allow more flexible phased retirement arrangements under defined benefit (DB) registered pension plans. Under the pension tax rules, phased retirement allows an individual to receive a portion of his or her pension benefit from a DB pension plan while continuing to accrue pension benefits in the same plan. The income tax regulation changes permitted qualifying employees to receive up to 60 percent of their accrued benefits in their employer-sponsored DB pension while continuing to accrue further pension benefits based on either full-time or part-time work, subject to employer agreement. Qualifying employees must be at least 60 years of age or aged 55 or older and eligible for an unreduced pension under the terms of the DB plan.

Highlights of individual phased retirement programs

Sectoral Collectively Bargained Programs

- **Employer group 1:** Certain provincial government hospital employees of this public sector employer, those aged 55 or older with at least 5 years of service, can reduce their work schedule to between 50 and 60 percent of full-time work, and receive pay proportional to hours worked plus an annual pension pre-payment from their employer-sponsored retirement plan, which changed from a DB to a target benefit or shared-risk plan. Combined, the payments equal 85 percent of full-time earnings. Workers can choose to phase for a period of 1 to 5 years. Participants continue to accrue pension service benefits based on full-time work.
- **Employer group 2:** Employees of certain public sector employers, within 2 years of eligible retirement, can reduce their workload as much as 40 percent and receive a salary proportional to full-time pay. Participants can continue to accrue full-time pension service benefits in their retirement plan, which varies by employer.
- **Employer 3:** Unionized professors of this university, who are between the ages of 60 and 64, can reduce their workload by working fewer hours. They are paid a salary proportional to their reduced hours and a lump-sum retirement allowance, paid by the employer that can be used to supplement their income, not to exceed their full time salary. Participants can continue to contribute to the employer-sponsored DB plan as if working full time.

Canada (cont.)

Highlights of individual phased retirement programs (cont.)

- **Employer 4:** Unionized faculty and librarians of this university can participate in phased retirement up to 3 years prior to age 71. Participants can work 50 percent of full time work each year over a 3-year period and get paid a salary proportional to their reduced hours. Participants cannot draw from their employer-sponsored DB plan, but can contribute to it and the national pension as if working full time.
- **Employer 5:** An employer with two phased retirement programs. One program was established through a collective bargaining agreement, and allows unionized faculty aged 60 or older with at least 10 continuous years of service to slowly reduce their work time and receive proportionate pay. Participants can contribute to their employer-sponsored DC pension as if working full time. Participants in this program cannot draw from their pension until fully retired. The second phased retirement program was established in-house by the employer (outside of collective bargaining agreements) for non-faculty staff (see details below).

Individual Employer Programs

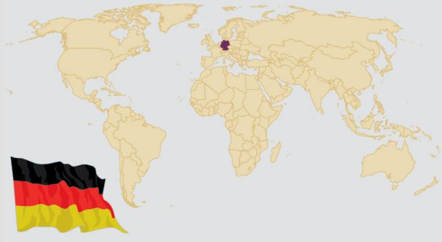
- **Employer 5 (same employer 5 above)**: All non-faculty staff over age 55, with at least 15 years of full-time work can reduce hours for up to 3 years.

Source of supplemental income

In Canada, employees participating in phased retirement programs we reviewed were compensated for foregone wages due to reduced hours primarily by withdrawing funds from their own employer-sponsored pension plan, a lump sum benefit funded by the employer, or their savings, as necessary.

Appendix II

Germany



At a glance

- **Population:** 82.3 million (2018)
- **GDP:** $3.68 trillion (2017)
- **Statutory retirement age:** 65 and a few months, gradually increasing to 67 by 2029 (Those with 45 years of contribution can get a full pension at 63, gradually increasing to 65)
- **Early retirement age:** 63 with 35 years of contributions, with reduced benefits, gradually increasing to 67

Sources of retirement income

National pension: An earnings-related pension, requiring at least 5 years of contributions. In 2018, the employer and employee contribution rates were 18.6 percent of covered earnings.

Employer-sponsored pensions: While most occupational pension plans are DB plans, they vary by how they are funded, such as book reserves, autonomous pension funds or direct insurance. Employer-sponsored pensions are generally voluntary and cover about 60 percent of the workforce. Pension reforms implemented in January 2018 aim at increasing coverage by making it less onerous for employers to sponsor DC pensions. The reforms removed the guaranteed minimum benefit that was previously required for DC plans that made it difficult for smaller employers especially to offer pensions to their workers.

Source: GAO analysis of program documentation and other relevant documents; and interviews with government officials, employer associations, unions, plan administrators, and retirement experts; State Department (base map); Art Explosion (flags). | GAO-19-16

National efforts to encourage phased retirement

National Phased Retirement Programs

- **Old-age part-time Altersteilzeitgesetz (ATZ):** Germany's most common national phased retirement program, the ATZ was established in 1996. Broad program guidelines specify that the program is available to those 55 and older and allows part-time work up to 6 years prior to the statutory retirement age. Workers can participate in the ATZ under two basic models: one in which an employee works part-time the entire period (reducing hours up to 50 percent of full-time work) and a second "block" model with 100 percent work the first half of the period and 0 percent the second half. The second model was the most popular among workers as a way to retire early. Employers pay a minimum of 70 percent of full-time wage for works in the phasing period. In general, 20 percent of the income foregone due to a reduction in hours worked is paid by the employer, who would also pay contributions toward the national pension as though the employee was working 90 percent of the time. ATZ provides tax benefits to both employers and employees on the 20 percent supplemented wages and the national pension contributions. The ATZ program provides the general framework, but employers and employees can set specific parameters through collective bargaining agreements. In 2009, the program reached its peak with 680,000 participants, when public subsidies were discontinued. Public sector employees have access to a phased retirement program similar to ATZ with minor differences such as a starting age of 60 instead of 55 and a maximum duration of 5 years.
- **Teilrente:** This national phased retirement program, established in 1992, allows eligible workers to work reduced hours and draw partial benefits from the national pension at the same time, with a ceiling on allowable earnings for those below the statutory retirement age. The program is used very little because it is perceived as complicated, though program reforms in 2017 simplified some of the features and added flexibility, such as raising the earnings limit and replacing the 3-tier partial benefits with smoother withdrawal options between 10 percent and 99 percent of pensions. In general, eligibility for Teilrente starts at age 63, and there are no rules on additional earnings past the full retirement age. With the reforms, policymakers hope more people will consider the program and not stop working completely at 63 when they reach early retirement age.

Sources of retirement income (cont.)

Individual savings: Private retirement savings include products such as Riester pensions, first introduced in 2002. Riester pensions benefit from tax incentives on contributions but also from additional direct public subsidies for low-income households and households with children. The self-employed are generally not eligible for Riester pensions but can benefit from the Ruerurp pensions, another instrument for private retirement savings.

Germany (cont.)

Highlights of individual phased retirement programs

Sectoral Collectively Bargained Programs

- **Employer 1:** This employer offers the ATZ program to its workers. Currently, almost 14 percent of this employer's eligible workers aged over 55 and covered by collective bargaining agreements participate in the ATZ phased retirement program. Of those in the program, about half are in the active phase of ATZ, working 100 percent (first years of the block model), while the other half are in the second phase with 0 percent work (last years or second half of the block model). Participants in the ATZ receive 85 percent of full-time wages for an average of 50 percent of full-time hours during the phasing period, which lasts up to 6-years. The employer also contributes 100 percent of full-time wages to the employer-sponsored hybrid contribution plan and the national pension plan during the entire phasing period.
- **Employer 2:** This employer has workers covered by collective bargaining agreements participating in the ATZ phased retirement program. Accordingly, employees 55 and older can reduce their hours to 50 percent for up to 6 years prior to the statutory retirement age, subject to approval. However, the employer reports it is phasing out ATZ as it has negotiated its own company phased retirement program. The new program targets workers in hardship positions, such as those who work night or rotating shifts. Specifically, workers aged 56 and older with at least 20 years of service with this employer, including at least 10 years of service in a hardship position, can phase into retirement for a maximum of 6 years and then must retire. Eligible workers can work 80 percent of full-time hours, receive 90 percent of their full-time wage, and receive 100 percent of their employer-sponsored pension credits as well as 90 percent of national pension credits. There is no cap on the number of workers who may participate, though eligibility requirements effectively limit the number of workers who can enroll. Currently 2,400 workers are participating in the program.

Individual Employer Programs

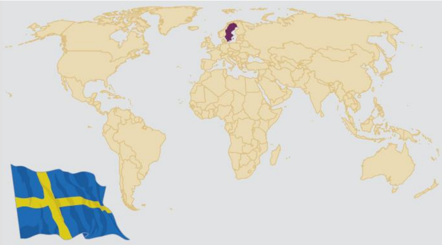
- **Employer 1 (same employer 1 above)**: This employer offers a phased retirement program to certain retired executives for the purpose of retaining experience and knowledge, with a temporary contract (18 months maximum*).* The program is relatively new and currently includes about 80 senior experts, about 85 percent of which are aged 65 or older.

  Employer 2 (same employer 2 above): This employer offers a phased retirement program for managers, that allows managers to work an 80 percent schedule and receive 80 percent of their pay and 100 percent of their pension credits.

Source of supplemental income

In Germany, employees participating in phased retirement programs we reviewed were compensated for the foregone wages due to reduced hours primarily by their employer, together with their own savings schemes.

Sweden



At a glance

- **Population:** 10 million (2018)
- **GDP:** $538 billion (2017)
- **Statutory retirement age:** None. Currently, workers may retire at age 61 with actuarially neutral adjustments. The age is being gradually increased to 64 by 2026. There is no compulsory retirement age, however, starting at age 67, employers can terminate workers. This age is gradually increasing to 69 by 2023
- **Early retirement age:** None

Sources of retirement income

National pension: The earnings-related national pension has two components, one notional income pension and a smaller DC premium pension. Employers and employees contribute 16 percent of salary toward the income pension and 2.5 percent towards the premium pension, for a total of an 18.5 percent contribution rate.

Source: GAO analysis of program documentation and other relevant documents; and interviews with government officials, employer associations, unions, plan administrators, and retirement experts; State Department (base map); Art Explosion (flags). | GAO-19-16

National efforts to encourage phased retirement

- The current part-pension national policy, in effect since 2010, allows workers, after age 61, to withdraw 25, 50, 75, or 100 percent of their national pension benefits, independent of hours worked. Individuals can draw from the earnings related to part of their national pension and continue to earn new pension entitlements. There is no penalty for working and earning and drawing from the national pension. The decision to draw a pension has a lifelong effect, but is not irrevocable. The pensioner can instruct pension payments to cease and subsequently for the pension to resume at any time. The two components of the national pension, the income pension and the premium pension, are drawn independently of each other.
- Sweden had a national partial pension program that was in effect from 1976 to 2001, when it was abolished. The program allowed workers to gradually withdraw from work 5 years before the statutory retirement age, which was lowered from 67 to 65 at the time. Partial retirement was publicly funded, replacing 65 percent of the loss of income resulting from the reduction in hours worked (made less generous with a replacement rate of 50 percent in 1981). Upon reaching the statutory pension age of 65, program participants still received a full old-age pension.

Highlights of individual phased retirement programs

Sectoral Collectively Bargained Programs

- **Local authorities and regions employers:** Public sector workers covered by a multiemployer collective bargaining agreement can work 80 percent of full-time work, receive 90 percent of full time salary, and receive an employer-sponsored pension as if working full-time.
- **Employers of graduate engineers:** Engineers covered by a multiemployer collective bargaining agreement, age 60 and older may apply for the right to part-time retirement. Once approved the employees can ask to reduce their hours and receive 50, 80, or 90 percent of the earned employer-sponsored pension.
- **Employers of professional employees:** White collar union members working in all parts of the labor market, including schools, healthcare, trades, media, police, sports, and telecom, among others, are covered by a multiemployer collective bargaining agreement that allows phased retirement. This program allows workers aged 62 and older to shorten their working hours and begin to take withdrawals from their employer-sponsored pension.

Sources of retirement income (cont.)

Employer-sponsored pensions: Workplace pension plans are generally established through collective bargaining agreements and cover about 90 percent of workers, in the public and private sectors. Employers and unions negotiate the details of workplace pensions in four sectoral collective bargaining agreements: blue-collar private sector, white-collar private sector, state employees, and municipal employees. Most workplace pensions are DC plans. In general, workers can withdraw from pensions at age 55.

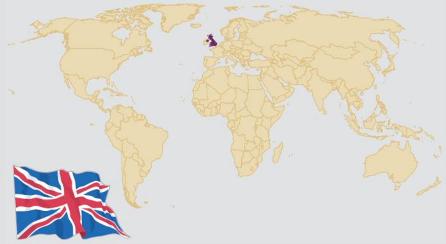
Individual savings: Until 2016, it was possible to make tax deductions for private pension saving, up to a maximum. The tax-deductibility of private voluntary pension savings was abolished in 2016 for all but the self-employed, who do not qualify for occupational pension plan reductions.

Sweden (cont.)

Source of supplemental income

In Sweden, employees participating in a phased retirement programs we reviewed were generally compensated for foregone wages due to reduced hours primarily by withdrawing funds from their own employer-sponsored pension plan or their own savings, as necessary. Workers also have the option to withdraw benefits from the national pension after age 61.

United Kingdom



At a glance

- **Population:** 66 million (2017)
- **GDP:** $2.62 trillion (2017)
- **Statutory retirement age: (state pension age)** 65, gradually rising to age 66 from 2018 to 2020, to age 67 from 2026 to 2028 and to age 68 between 2037 and 2039.
- **Early retirement age:** None (for the state pension)

Sources of retirement income

National pension: A flat-rate single-tier national pension was introduced in April 2016. This new pension plan replaces the previous two-tier system and provides a regular payment of about £164 per week (increasing to £168.60 in April 2019) or £8,528 per year, unless the pension is deferred, in which case it increases by about 5.8 percent per year.

Employer-sponsored pension: Since the 2008 Pensions Act, employers have been required to automatically enroll eligible workers into a qualified workplace pension plan and make minimum contributions, with the option for workers to opt-out. The qualified plans can be either DB, DC, or hybrid plans. The National Employment Savings Trust (NEST), managed as an independent entity, was established by the government to help employers meet their obligation to automatically enroll eligible workers in a retirement plan and thus functions as the default qualified workplace plan.

Source: GAO analysis of GAO analysis of program documentation and other relevant documents; and interviews with government officials, employer associations, unions, plan administrators, and retirement experts; U.S. State Department (base map); Art Explosion (flags).| GAO-19-16

National efforts to encourage phased retirement

Since 2014, the UK has had a flexible work policy where any employee who has worked for their employer continuously for at least 26 weeks has the statutory right to request flexible work. There are several types of flexible working, including job sharing, working from home, working compressed hours, or working annualized hours, among other things. The policy covers workers who want to phase into retirement.

Highlights of individual phased retirement programs

Sectoral Collectively Bargained Programs

- **National Health Services pension:** Since 2008, National Health Service (NHS) workers covered by this DB pension, aged 55 or older, can reduce their earnings by at least 10 percent or move to a “less demanding” job at a lower pay grade. This reduced income can be supplemented by the workers workplace pension. Participants can draw down a minimum of 20 percent and up to a maximum of 80 percent of their NHS pension, while continuing to build up further pension entitlement. Drawn down benefits paid before a worker reaches their statutory retirement age are actuarially reduced as they are being paid early.
- **Local government pension:** As of 2008, local government workers covered by this DB pension plan, aged 55 and older, can reduce their hours or move to a less senior position. Reduced income can be supplemented by the workers workplace pension. Participants can draw some or all of their pension benefits, while continuing to contribute into their pension and build up future pension benefits. According to plan documents, actuarial reductions on benefits paid before a worker reaches their statutory retirement age can be waived, in whole or in part, upon agreement with the employer.
- **Teacher’s Pension:** Since 2007, teachers, between the age of 55 and 75 in England and Wales covered by this DB pension plan, can reduce earnings by at least 20 percent due to part time work or a reduction in responsibilities for a minimum of 1 year. This reduction in income can be supplemented by the workers workplace pension. The maximum amount that participants can withdraw from their pension is 75 percent of the total pension benefits. Remaining pension benefits continue to grow as participants continue to work and contribute on a reduced salary. According to plan documents, benefits taken before statutory retirement age would be subject to actuarial reductions.

United Kingdom (cont.)

Sources of retirement income (cont.)

Individual savings: Savings arranged by the individual—similar to traditional or Roth IRAs in the U.S. The U.K. has Individual Savings Accounts that allow an individual to save up to a designated amount per year tax-free. Workers can take money out of their Individual Savings Account at any time.

Highlights of individual phased retirement programs (cont.)

- **Civil service pension:** Since 2008, civil service workers covered by the civil service pension, aged 55 and older, can reduce their earnings by at least 20 percent due to reduced hours or reduced job responsibilities. Participants can take some or all of their pension and pension lump sum they have accrued, while continuing to work, and contribute to their pension until their normal pension age. Drawn down benefits paid before a worker reaches their normal pension age are actuarially reduced as they are being paid early.

Individual Employer Program

- A private sector employer in the financial industry offered phased retirement to employers under both a DB and a DC plan. Both plans allow workers age 55 and older to reduce their hours and receive benefits from their DB and DC pension plans. Workers continue to contribute to their workplace pension and the national pension plan.

Source of supplemental income

In the U.K., employees participating in phased retirement programs we reviewed were generally compensated for the foregone wages by withdrawing funds from their own workplace employer sponsored pension plan.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Charles A. Jeszeck, (202) 512-7215 or jeszeckc@gao.gov

Staff Acknowledgments

In addition to the individual named above Michael Collins (Assistant Director), Susan Chin (Analyst-in-Charge), Laurel Beedon, Britney Tsao, Margaret J. Weber, and Seyda Wentworth made key contributions to this report. Also contributing to this report were Sharon Hermes, Amy MacDonald, Sheila R. McCoy, Kelly Snow and Adam Wendel.

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