Employee retirement

Most employees will want to retire at some point or another, so prepare your business for it.

It is important to prepare for employee retirement to:

- benefit your employees who are approaching retirement age
- encourage loyalty and productivity
- reduce disruptions on your workflows.

Retirement ages

Apart from a very few exceptions (such as non-New Zealand aircraft crew), there is no specific retirement age in New Zealand.

This means your staff can keep working as long as they like. The only reason you can ever ask someone to retire is if:

- their employment agreement was created before April 1, 1992
- their employment agreement specifically states a retirement age as a clause, and
- you and the employee both agreed in writing to confirm or change that retirement age on or after April 1, 1992.

You can’t try to force someone to stop working for you because of their age. If you do, they could file a personal grievance against you.

Ways to approach employee retirement

If you haven’t already developed company procedures about retirement, two common ways to approach it are:

1. Phased retirement: With this more typical approach, you reduce staff workload over a period of time. This allows retiring staff to ease into retirement, and you can transfer their knowledge across the business.

2. Early retirement: Allows employees to retire earlier than the 'normal' retiring age.
This is a good approach if your employees are emotionally and financially prepared for retirement, and you want to encourage succession and clear internal promotion blockages.

Employee retirement — the step-by-step process

Follow these steps when an employee tells you they want to retire.

Step 1. Your employee tells you they want to retire

Remember, this could be a difficult time for your employee. If appropriate, you could offer them a phased retirement approach, or the chance to attend a pre-retirement course. You should also point them to Inland Revenue’s When you retire (external link) (http://www.ird.govt.nz/yoursituation-ind/retirement/) page.

Step 2. Check their employment agreement

Make sure they’ve given you as much notice as they need to. If they offer to give more notice than required, you can accept — but you can’t try to make them give more than the minimum. If you do, you could face a personal grievance case.

Step 3. Confirm their retirement in writing

Give your employee a letter to confirm their retirement, with details including:

- the date
- confirmation of the notice period.

You can also thank them for their service to the company, and wish them well with their future plans. Make sure you include a copy of this letter in your employee’s file (/hiring-and-managing/managing-people-day-to-day/personnel-files-and-record-keeping/).

Step 4. Prepare for their departure

Complete the employee exit checklist (/hiring-and-managing/ending-employment/employee-exit-checklist/) to make sure you’ve done everything you need to do.

Retirement (external link) (https://www.employment.govt.nz/ending-employment/retirement/) — Employment New Zealand

How helpful was this information?

- ☐ 1 Star
- ☐ 2 Star
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Test yourself on hiring and managing employees. Then follow links from the answers to find out more.

We've parcelled up our best tools, tips and visual guides to help you hire with confidence — all in one place.