Pre-Retirement Contract Procedure

Section 1 - Preamble

(1) Charles Darwin University ('the University', 'CDU') provides eligible employees of retirement age the opportunity to negotiate an impending retirement in a planned and timely manner and/or to phase down to retirement rather than experience a sudden and final exit from the University.

Section 2 - Purpose

(2) This document outlines the process by which the University will enter into a pre-retirement contract with an employee.

Section 3 - Scope

(3) This procedure applies to University employees working under or seeking to enter into a fixed-term contract leading to their retirement date, as well as their managers and the employees responsible for administering such arrangements.

(4) University employees considering retirement within one to five years' time should also be aware of this procedure.

Section 4 - Procedure

(5) A pre-retirement contract is a workforce planning tool that provides employees with certainty of retirement dates and assists the University with succession planning and knowledge transfer. While the University generally encourages the use of a pre-retirement contract, it is not an entitlement and will only be entered into where the cost of a pre-retirement contract is offset by a resulting benefit or gain to the University.

(6) A pre-retirement contract is a fixed-term contract of employment between the University and an eligible employee who is willing to commit to a retirement date. It supersedes any pre-existing employment contract. The employee's employment with the University ends on the expiration of the pre-retirement contract.

(7) Benefits to the employee include:

a. allowing the employee to plan for the future by giving guaranteed employment for the duration of the contract;
b. job and salary security for the duration of the contract; and
c. a potential increase in the employee's remuneration for the remaining period of employment if a salary loading is applicable.

(8) Benefits to the University include:

a. assistance with strategic/organisational planning and financial management;
b. workforce planning certainty for succession planning of future workforce needs; and

This policy document may be varied, withdrawn or replaced at any time. Printed copies, or parts thereof, are regarded as uncontrolled and should not be relied upon as the current version. It is the responsibility of staff printing this document to always refer to the Governance Document Library for the latest version.

c. enabling professional development and/or responsibility redistribution opportunities for other existing employees.

Contracts

(9) Pre-retirement contracts are voluntary and discussions may be initiated by either an eligible employee or the University. An eligible employee who agrees to a pre-retirement contract will have their appointment converted from continuing to fixed-term for between one and five years. The employee's employment with the University will then end on the expiry date of the pre-retirement contract.

(10) An employee whose pre-retirement contract has expired cannot be re-employed in an ongoing or fixed-term capacity at the University, unless there are exceptional circumstances and the Vice-Chancellor provides written approval for the appointment.

Terms and Conditions

(11) The terms and conditions of a pre-retirement contract will be negotiated on a case-by-case basis, between the employee and the relevant senior manager on behalf of the University, to determine the following:

a. the position title and level of appointment. The position profile forms part of the contract as an attachment. Although the position profile may indicate the location (campus or regional training centre) the position of the appointment is with the University and the employee may be required to undertake duties at any other University location;
b. length of the contract, including start and end dates. Pre-retirement contracts cannot be backdated and must be set for a minimum duration of one year and up to a maximum of five years;
c. salary loading, if applicable;
d. a leave plan, if all leave entitlements have not been exhausted;
e. hours of work and flexible employment options; and
f. any other terms and conditions of employment agreed upon forming the basis of the pre-retirement contract. This may include, but is not limited to, an alteration of work responsibilities, for example, in the case of an academic employee, the re-assignment of teaching or research duties.

(12) Any other terms and conditions negotiated beyond those above must be submitted to the Director People and Culture for approval.

(13) An employee employed on a pre-retirement contract must continue to observe the Charles Darwin University and Union Enterprise Agreement 2025 (the Enterprise Agreement) and all University governing documents during the term of the pre-retirement contract.

Remuneration

(14) All financial elements of a pre-retirement contract must be funded by the employee's organisational unit. The remuneration component of a pre-retirement contract will normally include a base salary plus salary loading. The level of salary loading will be at the discretion of the relevant senior executive and will be determined as a percentage of the base salary up to a maximum loading of 10%.

(15) A salary loading may be influenced by:

a. the length of the pre-retirement contract;
b. the employee's length of service with the University; and
c. if applicable, the employee's current level of leave entitlements.

(16) A salary loading is paid to facilitate the changes in the employment relationship from continuing to fixed-term.

(17) An employee employed on a pre-retirement contract will remain eligible for pay increases payable under the Enterprise Agreement.

(18) The salary loading, in addition to the base salary negotiated in the pre-retirement contract, will attract superannuation contributions from both the employee and the University at the same rates as applied during the employee's continuing employment.

Leave

(19) It is a requirement that all leave be exhausted prior to the commencement of the pre-retirement contract. Alternatively a leave plan may be negotiated in the pre-retirement contract.

(20) Annual leave, personal leave and long service leave will continue to accrue at the relevant rate throughout the employee’s pre-retirement contract.

End of Pre-Retirement Contract

(21) A pre-retirement contract will end in the following instances:

a. at the date of expiry of the contract;
b. when an employee tenders a resignation, before the date of expiry;
c. at the Vice-Chancellor's discretion, in cases of proven serious misconduct or unsatisfactory performance; or
d. if the employee is made redundant.

(22) Any termination provisions outlined in the Enterprise Agreement will apply, including where a restructure or retrenchment may occur during the time of the pre-retirement contract.

Confidentiality

(23) Pre-retirement contracts are confidential agreements between an employee and the University. Pre-retirement contracts are negotiated privately, on a case-by-case basis and will not be communicated in any form to any person, other than with the employee’s express permission, to an employee’s agent, accountant or the Australian Taxation Office.

(24) The terms and conditions of one employee’s contract will not be used to set a precedent for other such contracts.

Advice

(25) An employee should seek independent financial advice on the effect a pre-retirement contract may have on their superannuation and/or other benefits.

(26) Senior managers or senior executives will contact the Director People and Culture to initiate pre-retirement contracts or respond to requests for pre-retirement.

Section 5 - Non-Compliance

(27) Non-compliance with governance documents is considered a breach of the Code of Conduct - Employees or the Code of Conduct - Students, as applicable, and is treated seriously by the University. Reports of concerns about non-compliance will be managed in accordance with the applicable disciplinary procedures outlined in the Charles Darwin University and Union Enterprise Agreement 2025 and the Code of Conduct - Students.

(28) Complaints may be raised in accordance with the Complaints and Grievance Policy and Procedure - Employees and Complaints Policy - Students.

(29) All staff members have an individual responsibility to raise any suspicion, allegation or report of fraud or corruption in accordance with the Fraud and Corruption Control Policy and Whistleblower Reporting (Improper Conduct) Procedure.

Status and Details

Status	Current
Effective Date	15th January 2025
Review Date	15th January 2028
Approval Authority	Vice-Chancellor
Approval Date	18th December 2024
Expiry Date	Not Applicable
Responsible Executive	Fiona Coulson Vice-Chancellor
Implementation Officer	Peta Preo Director People and Culture
Enquiries Contact	Peta Preo Director People and Culture

Glossary Terms and Definitions

"University" - Charles Darwin University, a body corporate established under section 4 of the Charles Darwin University Act 2003. The University is comprised of the various faculties, CDU TAFE, organisational units, and formal committees, including the governing University Council and Academic Board.

"Governance document" - means policy or procedure published in the Governance Document Library. Policies and procedures are collectively called ‘governance documents’ and are often referred to as ‘policy’ or ‘University policy’.