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Promoting a Longer Working Life and Maintaining Workability

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Purpose

- Discuss aging and labour market trends in Canada as well as federal government initiatives to promote a longer working life and support older Canadians who want to work

Canada's Aging Population

- Canada is undergoing a significant demographic transition
 - In 2010, 1 in 7 Canadians were 65+ (4.8 million Canadians)
 - In 2036, 1 in 4 Canadians will be 65+
 - Population aging will impact regions and sub-populations differently
- On average, today's seniors (65+) are better educated, living more active, healthier and financially secure lives than the past generations
 - Between 1991 and 2011, the number of post-secondary graduates among seniors jumped from 18% to 39%
 - In 1970, life expectancy was age 69 for men and 76 for women and today it is 79 for men and 83 for women
 - Canada's low-income rate for seniors has fallen from 29.4% in 1978 to 5.3% in 2010, one of the lowest rates in the industrialized world
- As Canada's population ages, an increasing number of Canadians will leave the paid labour force which may result in labour shortages, particularly in high-skilled occupations

Older Workers and Labour Force Participation

- Older workers in Canada are defined as labour force participants who are 55+
- Over the past decade (from 2001 to 2011):
 - the number of employed Canadians 55+ nearly doubled
 - the employment rate of Canadians 55 to 64 increased from 48% to 59%, and
 - the employment rate of seniors nearly doubled (from 5.8% to 11.3%)
- Average retirement age has been on a slight upward trend, from 60.9 years in 1998 to 62.3 years in 2011
- The labour force participation rate of older workers in Canada remains lower than in some OECD countries, such as the United States and Japan
- Older workers and seniors who would like to stay in the labour market continue to face barriers to continued employment (e.g. lack of flexibility in work arrangements, family and care giving responsibilities, lack of labour market information, ageism)

Government of Canada Action

- The Government of Canada has taken action to promote a longer working life and support older Canadians who want to work
- These include:
 - Modernizing Canada's public pension system
 - Targeted Government programs and initiatives
 - Amendments to mandatory retirement and tax regulations

Modernizing Canada's Public Pension System

- Recent changes to the public pension system provide Canadians with more flexibility as they transition from work to retirement, including working longer
- Old Age Security and Guaranteed Income Supplement
 - Can be deferred after age 65 for up to 5 years for higher benefits
 - Increase in earned income exemption for the Guaranteed Income Supplement and new top-up benefit
 - Beginning in 2023, age of eligibility will gradually be raised from 65 to 67
- Canada Pension Plan
 - Pension can begin anytime between 60 and 70 (increased benefits to those who delay receipt of their pension)
 - Working beneficiaries able to gain additional CPP retirement income by continuing to contribute to the Plan
 - Phased retirement allowed: working and collecting pension simultaneously

Government Programs and Initiatives

- The following programs provide increased support for older workers through access to opportunities and training
 - *Employment Benefits and Support Mechanisms* – Training and employment activities for Employment Insurance claimants
 - *Targeted Initiatives for Older Workers* – Support for displaced older workers in small towns or communities
 - *ThirdQuarter Project* – Online job-matching platform for older workers
 - *Aboriginal Skills and Employment Training Strategies*
- Policy discussions have been initiated through consultations with experts and employers
 - Expert Panel on Older Workers
 - National Seniors Council

Amendments to Mandatory Retirement and Tax Regulations

- End Mandatory Retirement Age
 - The Canadian Human Rights Act and the Canada Labour Code have been amended to prohibit federally regulated employers from setting a mandatory retirement age
 - All provinces amended their provincial human rights code to end the practice of mandatory retirement but with some provisions

- Amendments to Tax Regulations
 - Increased the income seniors can earn before paying income tax
 - Introduced pension income splitting
 - Increase the age limit for maturing pensions and registered retirement savings plans to 71 from 69 years of age

Conclusion

- Canadians are living longer, healthier lives, and evidence suggests that since the mid-1990s Canadians are increasingly working later into life
- As the population ages, older workers will make up a larger piece of the labour force and are essential to Canada's economic success
- The Government of Canada has put measures in place to support older Canadians who want to work, including providing options and flexibility and removing barriers to employment
- The challenges of an aging population will require continued efforts Canada welcomes opportunities to discuss these important issues with international counterparts