

March 2020

Unlike the past, age is no longer a dependable indicator of traditional life milestones. Leaving home after university, getting married, having children and retiring all happen much later in life, or not at all. With their longer lifespans, older people want to remain in the workforce to complement retirement savings or to ensure that their “longevity bonus” is properly funded. For most, it won’t be optional. While ageism has never had a beneficial impact on individuals or society, the changing demographics of Canada mean that a larger proportion of the population will be affected. As we continue to experience the benefits of longer life spans the impact of ageism can erode everything from our healthcare system to our economy.

One of the first implications of a longevity bonus is that although retirement may remain a desired goal for many, there are others who neither want nor can afford to retire. In fact, the next cohort of Boomers has less pension security and/or retirement savings than their predecessors. They are concerned about their earning power in their later years and are focused on a variety of mechanisms for ensuring future income. Notably, older adults are extending their work lives either by retaining their existing jobs, reducing their hours, creating legacy careers, starting a business or opening a not-for-profit.

It is acknowledged that today’s 55+ demographic is more active, more tech-savvy, more ethnically diverse and better educated than the same age group of previous generations. Their incomes and their interest in continuing to work vary dramatically but their appetite to contribute meaningfully to society makes them distinctive. Many among this group want to go beyond volunteerism and philanthropy which means that despite predictions of mass retirements, older Canadians are continuing to work long past anticipated retirement times.

In Canada, the median age of workers is increasing. In 2015, one in five Canadians aged 65 and older, or nearly 1.1 million seniors, reported working during the year. This is the highest proportion recorded since the 1981 Census. Of the seniors who worked in 2015, about 30.0% did so full year, full time, and the majority were men¹.

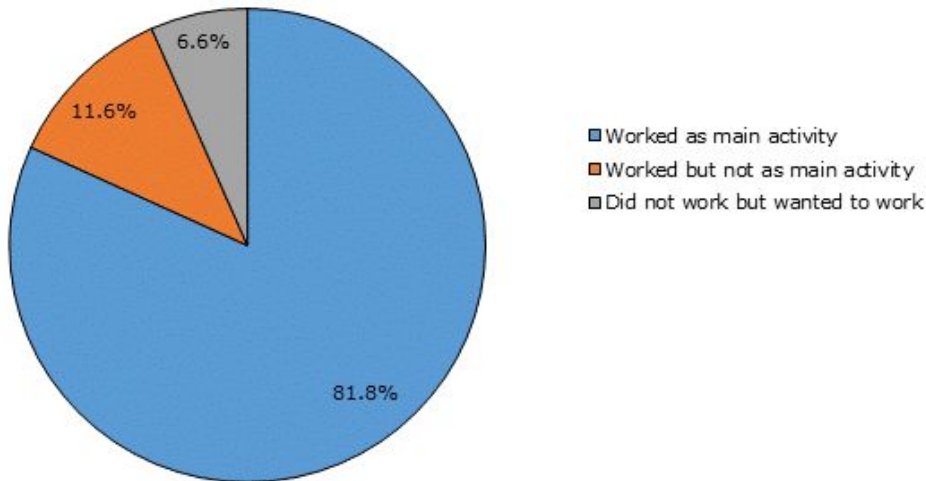
Of those who worked or wanted to work during this period, 81.8% indicated that working was their main activity, while 11.6% reported working only at some time during the 12-month period. The remaining 6.6% said they did not work but wanted to.

WHY LONGER WORK LIVES?

Longer work lives are easier to achieve than in previous generations. As we move away from a reliance on manual labour and more jobs are facilitated by technology, the need to stop working as we age also disappears. Other factors that contribute to longer work lives include: the end of forced retirement which went into effect broadly in Canada in 2008; the longevity bonus that comes with medical advancements that extend life spans or facilitate living with chronic disease; and, the financial imperative that comes with a reduction in workplace pension plans.

¹ Stats Canada, (2017), Working seniors in Canada, Census in brief, <https://www12.statcan.gc.ca/census-recensement/2016/as-sa/98-200-x/2016027/98-200-x2016027-eng.cfm>

Chart 1
Work was the main activity for most persons aged 60 and over who worked or wanted to work in the previous 12 months



Source: Statistics Canada, Labour Force Survey.

On a global scale the number of individuals aged 55 and over accounted for 36% of the working-age population. By 2026, 4 in 10 working-age Canadians could be aged 55 or over. Effectively, there are more people aged 55-64 working than 15-24 year olds. This means that current and future workforces will be reliant on older workers. Given the important role of older workers, rather than focusing labour market programs solely on youth, it would be prudent to look at reskilling older workers. This approach would also be rational given that one of the consistent challenges that older workers face is a lack of education and sector specific skills. Lifelong organizational learning must become the norm if businesses are to stay adroit.

Labour shortages provide an added incentive to reevaluate the focus on older workers. In Ontario, of the 62% of provincial Chamber of Commerce (OCC) members who attempted to recruit staff in the last six months of 2016, 82% experienced at least one challenge in doing so. The top challenge cited (60%) was finding someone with the proper qualifications². Efforts to address this shortage have focused almost exclusively on youth and immigrants. Given that the Canadian workforce is rapidly aging this approach does not go far enough.

To remain competitive future workforces will need to encourage inclusivity in hiring practices, encourage diversity in teams and develop individualized retention packages. Diversity will need to move beyond gender, ethnicity and culture to include age. Age integration can improve

² Ontario Chamber of Commerce, (April 19, 2017), Talent In transition, addressing the skills mismatch in Ontario. <https://occ.ca/wp-content/uploads/Talent-in-Transition.pdf>

creativity and productivity³. While mature workers are as diverse in their skills and personalities as their younger counterparts, their experience lends itself more readily to innovation.

Age discrimination in both retention and recruitment practices remains an undermining influence to building diversity.⁴ An American study involving 40,000 fictitious CVs sent in response to advertised vacancies for low-skilled jobs found that applicants between 49 and 51 had 19% fewer callbacks than those aged 29 to 31 with otherwise identical CVs. For the 64-66 age group, the difference was 35%.⁵

With AI and other technology changing the world of work dramatically, it will be critical to find new and alternate ways to keep our population engaged in work. Extended lifespans coupled with demographic changes have resulted in the population of those over 65 being the largest percentage of our total population, it is imperative to find ways to keep older people in the workforce. This is necessary in the short term for a productive economy, but also necessary to diminish health costs and cognitive and physical deterioration among older generations.

By finding solutions to the challenges of an ageing workforce now, later challenges will be mitigated. The issues we see arising will not disappear with Boomers. Today's 20 and 30 year olds are expected to work into their 70s and 80s. A child born today is expected to have an average lifespan of 100. Our social patterns have already changed; we now need to ensure that our workforces follow suit.

Common Myths About Older Workers

Myth #1 Boomers take jobs away from younger generations.

Known as the “lump of labour fallacy” by economists, this false belief promotes the idea that the number of jobs in an economy is fixed. Evidence shows, however, that keeping older people in the workforce is associated with improved employment for younger people. When older people continue to work, they enjoy the benefits of having more money to spend. This boosts the economy which in turn creates jobs for everyone.

Myth #2 The expiry date on productivity is 65. Older workers have less to offer as they age.

There is no relationship between age and job performance according to academic studies when it comes to productivity. In fact, experience is proven to give older adults the performance edge.

³ Backes-Gellner, Uschi and Veen, Stephan, (January 2, 2009), The Impact of Aging and Age Diversity on Company Performance. <https://doi-org.proxy.library.carleton.ca/10.1111/1748-8583.12011>

⁴ North, M. S., & Fiske, S. T. (2012). An inconvenienced youth? ageism and its potential intergenerational roots. *Psychological Bulletin*, 138(5), 982. doi:<http://dx.doi.org.proxy.library.carleton.ca/10.1037/a0027843>

⁵ Neumark, David, Burn, Ian and Button, Patrick, (February 2017), Age discrimination and hiring of older workers, FRBSF Economic Letter, Federal reserve Bank of San Francisco, <https://www.frbsf.org/economic-research/publications/economic-letter/2017/february/age-discrimination-and-hiring-older-workers/>

Myth #3 Younger entrepreneurs are more successful than older ones.

Research shows that not only do more older people start businesses but that these businesses are more successful.

The average and median age of US born tech founders was 39 when they started their companies. Twice as many were older than 50 as were younger than 25.

From 1996-2007, those between the ages of 55-64 had a higher rate of entrepreneurial activity than their counterparts aged 20-34. Evidence proves that they are also more successful.

Myth #4 If time is taken off after retirement, it's impossible to get back into the workforce.

Approximately 40% of those who retire tend to take a break for 2 years and then return. The reason for returning to work is not always out of financial need but for the purpose of maintaining social interactions and keeping minds sharp.

In Canada 62% of workers aged 65 and older are full time, up from 44% in 1995.

Myth #5 Boomers are unable to find decent jobs.

This cohort of baby boomers are succeeding at finding jobs with better pay, status and working conditions than older workers of generations in the past.