

Canadian Public

Analyse de
**POLICY
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**Pensions, Retirement, Longevity, and Long-Term Care II /
Pensions, retraite, longévité et soins de longue durée II**

**Guest Editors/Rédacteurs en chef invités:
Pierre-Carl Michaud, Kevin Milligan, Tammy Schirle**

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**GLOBAL
RISK
INSTITUTE**

**XLIX Supplement I / numéro spécial I
February / février 2023**

Guest Editors' Introduction: Pensions, Retirement, Longevity, and Long-Term Care II

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Many factors drive the amount of work contributed by older Canadians. Population counts, mortality, health, pensions, gender patterns, social norms, income, and wealth all determine the overall trends in work at older ages. This work matters for aggregate concerns such as economic productivity and public finances and also for the individual well-being of older Canadians themselves.

How much Canadians work at older ages has shifted strongly over the past 30 years. Here we explore the trends for women and men from 1990 to 2022 using the monthly public use microdata files from the Labour Force Survey, aggregated to the annual level.¹ We create two variables of interest. First is the aggregate actual weekly hours of work. Second is the proportion who are employed (either self-employed or as an employee).

Figure 1 displays the data for women, split by two age groups, 55–59 and 60–64. The aggregate number of weekly hours worked for those aged 55–59 years grows from about 8 million in 1990 to almost 27 million by 2022 but has not yet recovered to its pre-pandemic peak. For those aged 60–64, the growth was proportionally even greater from 4 million to 18 million hours, and for this age group the growth seems to have reverted to its pre-pandemic trend. For the employment rate shown in the right-side panels, the long-run growth in employment rate seemed to have leveled off by 2019, with the post-pandemic rebound showing no further growth.

Two factors combine to explain these trends. First, the raw demography of population counts is important – the number of women aged 55–59 years more than doubled from 1990 to 2019, but it has now started to decline, reflecting the end of the baby boom going through this age range. This corresponds to the decline in aggregate hours seen after 2019. The second factor is the ascendance of young women in the workforce throughout the 1970s. These women reached the older age ranges (55–59 and 60–64) in the 1990s and 2000s. This long-run cohort effect is the strongest force driving the employment rates of women seen in the figure.

We now consider the labour supply of older men in Figure 2. The left-side panels show that aggregate hours for the two age groups grew strongly over this time period, from 17 million per week to 36 million for men aged 55–59 years and from 10 million to 26 million for men aged 60–64 years. Employment rates for men follow a different path than seen in Figure 1 for women. For most of the twentieth century, employment rates for men at older ages declined as retirement ages moved ever younger. This trend reversed sharply, as shown in the figure, in the mid-1990s. From the mid-1990s, the employment rate for men rebounded by 13 percentage points at ages 55–59 years and by 20 percentage points at ages 60–64 years.

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Figure 1: Hours and Employment of Older Canadian Women
Source: Authors' tabulations from Labour Force Survey Public Use Microdata Files.



Figure 2: Hours and Employment of Older Canadian Men
Source: Authors' tabulations from Labour Force Survey Public Use Microdata Files.

The explanation for the movements in male work at older ages are in one way similar to women and in another way quite different. Similar to women, the number of men at ages 55–59 years more than doubled after 1990 but peaked in 2019. This growth and now decline in the headcount is important for understanding aggregate hours worked and why it appears to have peaked. The growth in the employment rate is not driven by the same lifetime cohort work effect as women. Instead, many factors may underlie this trend, ranging from pension rules to life expectancy, to health and wealth, to the employment patterns of spouses. These patterns are important because increasing employment rates among older workers can help mitigate some of the pressures from population aging.²

Our brief tour through the data on the work of older Canadians highlights the many drivers of their economic and social behaviour. Many trends will profoundly affect Canadian society in the next decades. This provides motivation to gather related research by scholars from a number of academic disciplines and to report on their findings. With the help of the sponsorship of the Global Risk Institute, we present here research on work, savings, retirement, and well-being of older Canadians. This is the second of two special issues. The first special issue, published in November 2022, contains six articles, all available online: [Messacar, \(2022\)](#), who empirically explores the case in which individuals retire in a different province from where they worked; [Clavet, El-Attar, and Fonseca \(2022\)](#), who examine the heterogeneity of public pension replacement rates across socio-economic status; [Clavet et al. \(2022\)](#), who evaluate the potential cost savings in Quebec from shifting away from institutional care to more home care for the older population; [Roblin, Deber, and Baumann \(2022\)](#), who consider the capital required to provide more long-term-care beds in Ontario; [Halpern, Phillips, and Grasse \(2022\)](#), who analyze the financial robustness of non-profit long-term care in Ontario; and [Deri Armstrong and Devlin \(2022\)](#) who study the determinants of dying at home as opposed to in a hospital or other facility. We introduced those six articles in [Michaud, Milligan, and Schirle \(2022\)](#). In this issue, we have the pleasure of introducing five new studies.

The Canadian retirement income system is central to the research in this volume. The system features a set of progressive programs, including the Canada and Quebec Pension Plans, Old Age Security, and the Guaranteed Income Supplement. For lower earners, this set of measures provides substantial income replacement in retirement. But most Canadians, in particular the middle class and those without an employer-defined benefit plan, need to save on their own to prevent an important shortfall in their standard of living in retirement. Understanding trends in private retirement savings is paramount, especially for women, who often outlive men and face a higher risk of poverty in old age. In “Evolution of

Gender Patterns in Retirement Saving in Canada,” [Steven F. Lehrer, Yazhuo Pan, and Ross Finnie \(2023\)](#) exploit nearly 40 years of administrative data to tease out trends in retirement savings by gender. Their findings suggest that women outperform men in terms of participation decisions (i.e., the decision to save). However, they save less on average, conditional on participation, and potentially earn lower returns on their investments. This has wide-ranging implications for the design of retirement savings programs.

Whether one’s savings are sufficient depends on one’s life expectancy, and we know Canadians are living longer. At first glance, one may be concerned that older Canadians spend more of that time in retirement than working, posing a challenge for the funding of social programs and the retirement income system. However, this need not be the case. Both the capacity to work and the pressure that living longer puts on wealth accumulation may incentivize Canadians to prolong their working life. In “Population Aging and Work Life Duration in Canada,” [Gilbert Montcho, Yves Carrière, and Marcel Mérette \(2023\)](#) carefully combine demographic and economic data to construct measures of work life duration and the ratio of work life duration to life expectancy from 1981 to 2016. They find that the average work life duration has increased by nearly five years over that period. The growth has been at a faster rate than that of life expectancy. The increase in labour force participation and delayed transition to retirement may help mitigate any funding gap created by longer life spans.

The transition to retirement is one of the most important events in someone’s life. Although policy-makers often focus on increasing the labour force participation of older workers or improving retirement income adequacy, less focus is devoted to understanding how life satisfaction and well-being evolve around the time of retirement. On the one hand, if retirement is involuntary and leads to an important shortfall in economic resources, there could be an important drop in well-being around the time of retirement. On the other hand, in part because more leisure time is available in retirement, retirement could increase life satisfaction. Hence, whether retirement increases or decreases life satisfaction is an empirical question. In “Effect of Retirement on Life Satisfaction in Canada: Evidence from the 2008–2009 Canadian Community Health Survey–Healthy Aging,” [Anfal Adawi, Ida Ferrara, and Sadia M. Malik \(2023\)](#) investigate how life satisfaction evolves around the time of retirement. Using various non-experimental econometric techniques, they find evidence that life satisfaction increases on average in retirement, at least for men.

As Canadians live longer and have more retirement savings, decumulation in retirement has become an important policy issue. At the same time, there has been a slow and steady decline in employer pension coverage

that guarantees retirement income as an annuity (defined benefit plans). There is therefore a need to take a closer look at longevity risk protection among retirees. Most of the work on this topic focuses on individuals and evaluates longevity risk in a way that neglects household considerations. However, the majority of retirees get to retirement with a partner. A couple needs to form expectations regarding how long they will live together and how long they are likely to live as survivors. In "Life Expectancy of Couples in Canada," Marwa AlFakhri and Janice Compton (2023) investigate the survival prospects of couples in Canada using administrative data from the Longitudinal Administrative Database. They find that the correlation between spouses' longevity prospects as well as variation by income and employment status is important for understanding joint and survivor life expectancy.

As Canadians live longer, population aging also drives an increase in the demand for health care workers, in particular in long-term care. Moreover, as the supply of workers is being squeezed by a stagnating pool of potential workers, the issue of retention in health care-related occupations has been brought to the centre stage of policy discussions in Canada. This is particularly relevant for long-term-care workers, a group that has been affected considerably by the coronavirus disease 2019 pandemic. In "Nursing Job Stability in Ontario: Comparing Long-Term-Care Homes with Other Health Care Sectors," Alyssa Drost and Arthur Sweetman (2023) analyze the socio-economic profile of registered nurses (RNs) and registered practical nurses (RPNs) and how their turnover compares with that of other health care workers. They find that although RNs are somewhat different from other health care workers (being older, less educated, and more likely to have obtained their education outside of Canada), RPNs are much more similar. Before the pandemic, they find that RNs' and RPNs' turnover rates were not substantially higher than those of other health care workers. This suggests that RNs and RPNs do not suffer from lower job satisfaction. Using data from the first year of the pandemic, the authors find evidence that turnover may have increased and that the configuration of full-time versus part-time work may have been influenced by single-site work orders issued during the pandemic.

Taken together, the articles in these two special issues highlight some of the key challenges Canada faces as it enters a crucial phase of the demographic transition. As the pace of population aging picks up, a clear understanding of Canadians' retirement decisions and the resources needed to support older Canadians is essential. These articles show that careful inspection of data can help to go beyond headlines and popular beliefs to provide better insights that may help shape public policy in Canada.

Notes

- 1 For 2022, we include only January–November. We use survey weights in our calculations. Actual total hours worked in all jobs is used to estimate aggregate hours.
- 2 For retirement incentives, see Milligan and Schirle (2020). For the changes in life expectancy, see Milligan and Schirle (2021). For the impact of spousal work at older ages, see Schirle (2008). See Bissonnette et al. (2016) for an analysis of the impact of increasing labor force participation rates among older workers on the growth of the labor force for Quebec.

Acknowledgements

We thank the Global Risk Institute (GRI) for its sponsorship of this special issue, Bruce Choy and Sally Shen of the GRI for their help, and all the participating scholars, including the peer reviewers.

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