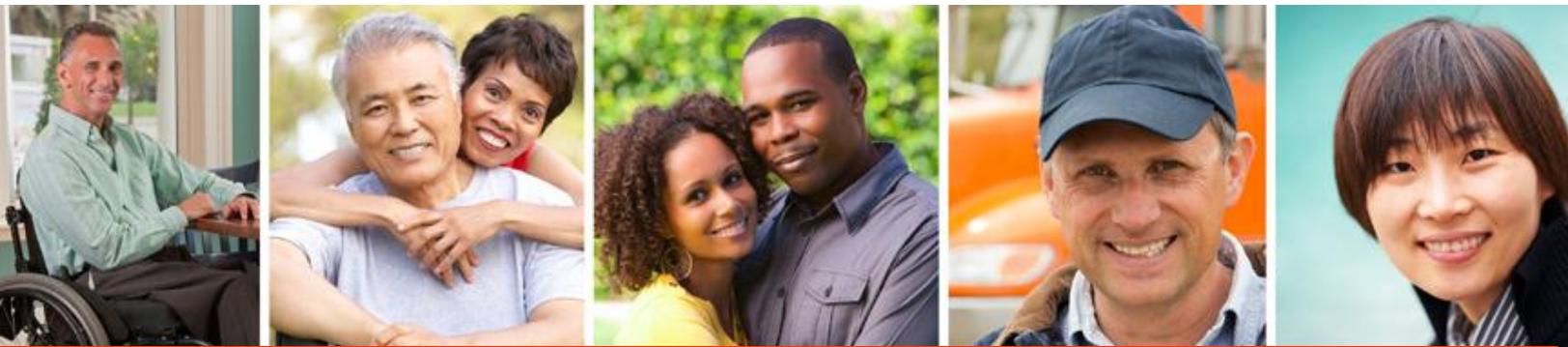


CLIENT SEGMENT PROFILE

OLDER WORKERS

ATLANTIC REGION



March 2014

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Acronyms

CSP's	Client Segment Profiles
LFS	Labour Force Survey
NHS	National Household Survey
NL	Newfoundland and Labrador
PE / PEI	Prince Edward Island
NB	New Brunswick
QC	Quebec
ON	Ontario
MB	Manitoba
SK	Saskatchewan
AB	Alberta
BC	British Columbia

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About the Client Segment Profile

Each year, the Labour Market Analysis Directorate of Strategic Services Branch, Atlantic, produces Client Segment Profiles for the Atlantic Region. The CSPs provide provincial and local demographic and labour market information, trends, and prospects for selected socio-demographic groups of the labour force, including youth, older workers, Aboriginal people, newcomers, persons with disabilities, seniors, and official language minority communities.

CSPs are mainly intended to support regional Service Canada operations, especially with regard to the delivery of services and programs to specific client groups. However, they may also be of interest to those who seek to know more about the demographic and labour market trends for specific segments of the population.

Facts and statistics presented in this document reflect information available as of December 2013.

Key Points

- The number of older workers in the Atlantic Region more than tripled over the past 25 years.
- PEI has the highest share of older workers in its labour force.
- Compared to other major age groups, a greater proportion of older workers live in rural areas.
- Ten percent of the Atlantic Canada labour force was between 55 and 59 years of age.
- Growth in labour force participation by older worker females outpaced males since 1993.
- Nearly three out of four older individuals between 55 and 59 participated in the labour force in 2013.
- Eight out of ten older workers in Atlantic Canada are formally educated.
- A greater share of older workers with low educational attainment lives in rural areas.
- Older workers in Nova Scotia earn more than their Atlantic counterparts.
- Older worker females in the Atlantic Region earn 65 cents per dollar earned by older worker males.
- Older workers are less mobile compared to other age groups, particularly youths.
- The majority of bilingual older workers in the Region live in New Brunswick.
- Labour force participation by individuals 55 years and over doubled since 1993.
- Employment rate gap between older worker males and females is narrowing.
- Older workers in Atlantic Region depend more on government-related industries for employment.
- Construction, health care, and agriculture are industries with highest gender inequality in Region.
- The incidence of working full time diminishes with age for older workers.

Introduction

"Older workers" are defined as individuals 55 years of age and over who are in the labour force (working or are unemployed and actively looking for work). This profile provides an outline of the primary demographic and labour market characteristics for the older worker population in Atlantic Canada. The variables analysed are the demographic characteristics by age, knowledge of official languages, education, labour market participation, and income for the older workers segment group. Comparisons are made with workers in other major age groups in the Atlantic Region, such as youths (individuals 15 to 24 years of age) and prime-age workers (individuals between 25 and 54 years of age). Comparisons with the rest of Canada are provided as well.

The data in this report are derived from various sources: the 2011 National Household Survey (NHS) and the Labour Force Survey. The NHS replaced the long form of the census and canvasses on a voluntary basis close to one-third of all households. Even though the survey goes to more households than the census, completion of the survey was voluntary, which makes it difficult to compare past censuses and NHS data.

The information presented in this Profile will be updated as more recent statistical information and research findings become available.

Section 1: Demographical Information

The working-age population in the Atlantic Region totaled 1,952,000 persons in 2013, of which 747,600 were individuals 55 years of age and over. A total of 262,500 of these individuals were in the labour force in 2013 and therefore comprises the older workers segment group in Atlantic Canada. Older workers represented 21% of the overall labour force in Atlantic Canada that year which is slightly higher than the national average (19%). Compared to the rest of the country, Prince Edward Island had the highest share of older workers in its labour force (22.9%), while Alberta had the lowest (17.9%).

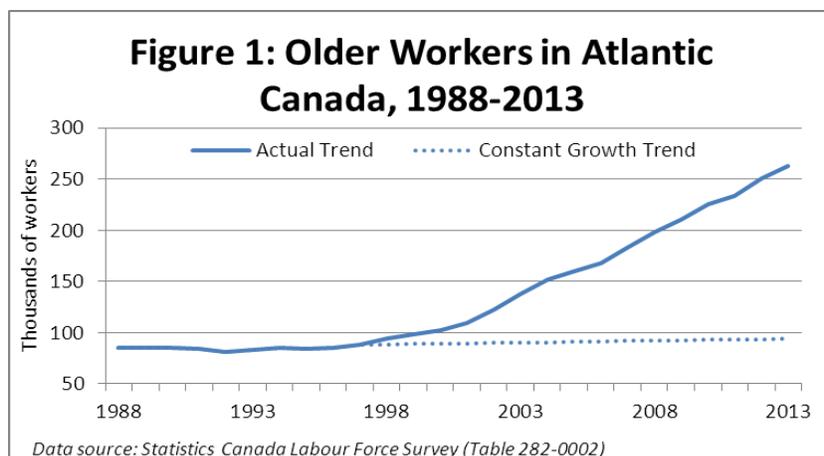
**Table 1: Older Workers in the Labour Force
National and Atlantic Canada, 2013**

<i>In thousands of individuals</i>	Total Labour Force	Older Workers	Share of Labour Force (%)
Canada	19,079	3,591	19
Atlantic	1,237	263	21
<i>NL</i>	<i>263</i>	<i>55</i>	<i>21</i>
<i>PE</i>	<i>84</i>	<i>19</i>	<i>23</i>
<i>NS</i>	<i>499</i>	<i>106</i>	<i>21</i>
<i>NB</i>	<i>392</i>	<i>82</i>	<i>21</i>

Source: Statistics Canada Labour Force Survey (Table 282-0002)

Growth in older workers in Atlantic Canada accelerated at the turn of the century

Atlantic Canada has experienced considerable growth in older workers over the past 25 years. The number of older workers has more than tripled, from 86,000 in 1988 to about 263,000 in 2013. As can be observed in Figure 1, growth was particularly rapid since the turn of the century. Since 1998 for example, the older worker population in Atlantic Canada expanded by an average annual growth rate of 7% up to 2013. This follows growth of just 0.4% between the 1988 and 1997 period. The strong growth in older workers in Atlantic Canada is in sharp contrast to the youth-aged group which has been trending downward over this same 25-year period. More specifically, there were 28% fewer youths in the labour force in 2013 compared to 1988.

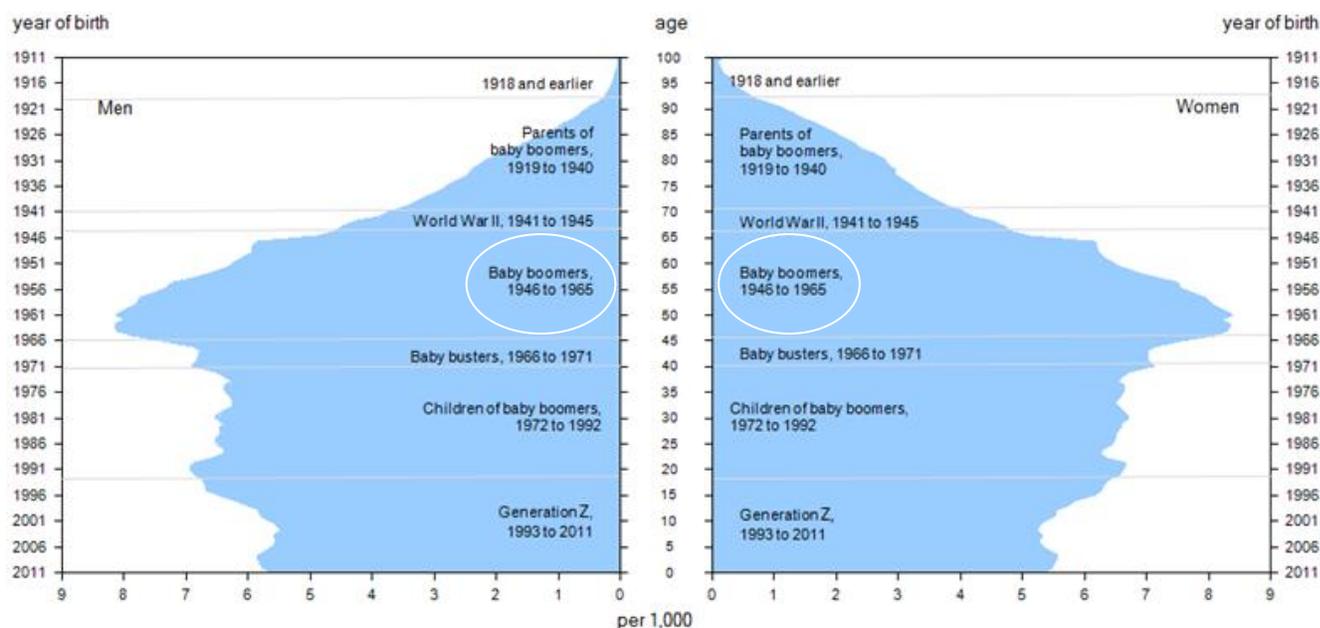


The baby boomer dynamic offers some explanation for the robust growth in the older worker population in Atlantic Canada. This effect is crudely inferred in Figure 1 by the growing gap between the *actual* trend line and the *constant growth trend* scenario which assumes the same average annual rate of growth that was experienced between 1988 and 1998 (+0.4%). In 1999, the eldest of the baby boomers would have been about 53 years of age and therefore were not part of the older workers segment group. Since 1999 however, the majority of the baby boomer generation have moved into this segment grouping which somewhat helps to explain the rapid pace of growth over the past decade.

The baby boomer generation will be 55 years and older by 2020

According to Statistics Canada, the baby boom in Canada occurred in 1945/1946 and lasted twenty years, from 1946 to 1965. As illustrated in Figure 2, more than 8.2 million babies were born in this period, and overall population growth in the country accelerated at an average annual growth rate of 2.5%. This compared to 1.3% growth in the 10-year periods prior to and after the baby boom period. As of 2013, the baby boomer generation ranged in age from 48 to 67 years, and by 2020, the entire baby boom generation will be 55 years of age and older.

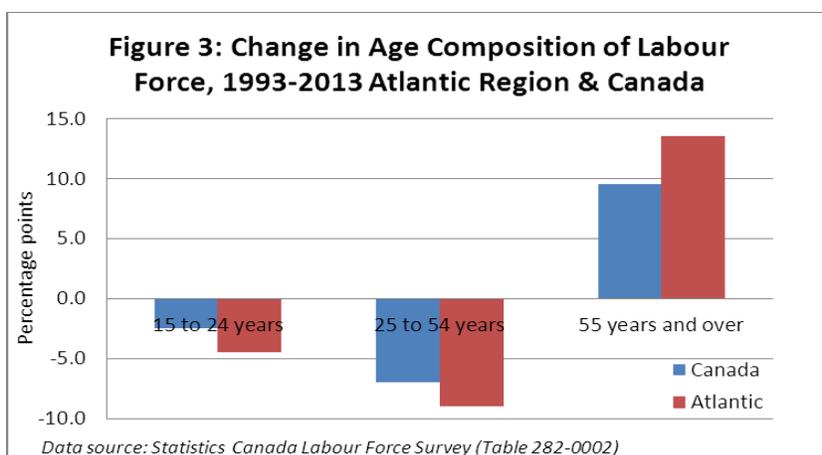
Figure 2: Portrait of Generations Using the Age Pyramid, Canada



Source: Statistics Canada 2011 Census: "Generations in Canada", Page 3

Atlantic Canada labour force aging faster compared to the rest of the country

Over the past two decades, the composition of the labour force in Canada has shifted in favor of the older workforce. As can be observed in Figure 3, the composition of older workers increased for both Canada and the Atlantic Region, while the relative shares for youths and the prime-age categories declined. This shifting in age-composition was most pronounced in the Atlantic Region compared to the national picture. Over the last two decades, Newfoundland and Labrador registered the largest increase in its older worker composition (+14.4 percentage points) which was five percentage points higher than the increase nationally. The other Atlantic Provinces experienced similar shifts, in the order of 13 percentage points.



A closer inspection of the age subgroupings as shown in Table 2 reveals that half of all older workers in Atlantic Canada were between 55 and 59 years of age in 2013. Prince Edward Island had the lowest proportion of workers in this age range (46%) compared to the other provinces in the Region but had the highest share (15%) of those in the 65 to 69 age range.

**Table 2: Age Subgroupings of Older Workers in Labour Force
Atlantic Region and Provinces, 2013**

<i>In thousands of individuals</i>	Atlantic	NL	PE	NS	NB
15 years and over	1,237.4	262.8	83.7	498.9	392.0
55 years and over	262.5	55.1	19.2	106.1	82.1
55 to 59 years	131.7	28.1	8.8	53.1	41.7
60 to 64 years	85.4	18.9	6.2	33.7	26.6
65 to 69 years	30.6	6.3	2.9	12.1	9.3
70 years and over	14.8	1.8	1.3	7.2	4.5

Source: Statistics Canada Labour Force Survey (Table 282-0002)

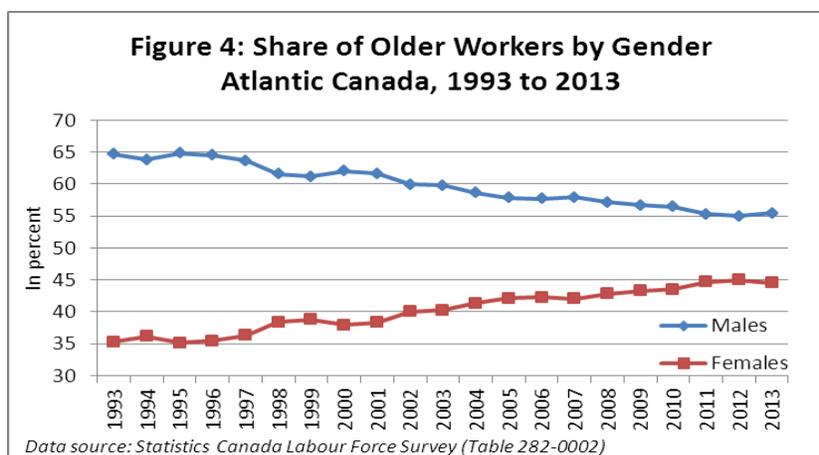
Over the past two decades, the highest proportionate increase with respect to the age subgroups occurred for older workers in the 55 to 59 age range. In 2013, over 10% of the entire Labour Force in Atlantic Canada was comprised of workers in this age subgrouping, which is 6.2 percentage points higher than it was twenty years ago. This compares to growth of 4.4 percentage points nationally. Newfoundland and Labrador registered the highest proportionate increase within this age category over this time period (+6.7 percentage points), while Alberta experienced the lowest increase (+3.9 percentage points). As indicated earlier, the older workers segment group in Atlantic Canada is growing at a faster pace relative to the rest of the country, and this is especially true in each of the age subgroupings up to 69 years of age. Growth in the share of workers over 70 years of age in Atlantic Canada (+0.8 of a percentage point) was consistent with the national average.

Older workers most rural age group

A greater proportion of older workers live in rural areas compared to other age groups. According to the NHS, approximately 43% of older workers were rural residents in 2011. This compares to 37% for workers in the prime-aged category (25-54 years of age) and 32% for youths (workers aged 15-24 years). Newfoundland and Labrador had the highest share of rural older workers, at 56%, followed by Saskatchewan (48%) and Prince Edward Island (46%). For the Atlantic Region, a greater proportion of older worker males lived in rural areas (45%) relative to women (41%).

Presence of older worker females rising rapidly in the Region

In 2013, males comprised a slight majority (55%) of the older worker client segment group in Atlantic Canada, which was consistent with the national average. Although there were more older worker males than females, the presence of older women in the labour force has grown considerably over the past two decades, as illustrated by the rising trend in Figure 4. In 1993, female workers accounted for just over a third (35%) of older workers in the Region but now



comprises close to half. The number of older worker females in the Atlantic Region rose by an average annual rate of 7.3% over the past twenty years, and this compares to growth of just over 5% for males of the same age group. As a result, the gender composition gap of older workers in Atlantic Canada has narrowed considerably over this period.

The older workforce in Atlantic Canada has become more educated

In 2013, approximately eight out of ten older workers were formally educated in Atlantic Canada, having attained at least a high school diploma or higher. This is a significant improvement in educational attainment compared to twenty years ago when only 53% had a formal education. The remainder were school dropouts. Although older workers in Atlantic Canada are significantly more educated than they used to be, they are less so compared to the rest of the country. Nationally, 86% of older workers in 2013 were formally educated, and this is about five percentage points higher than the Atlantic average. British Columbia had the most educated older workers segment group with 90% having attained at least a high school diploma or higher, while at the other end of the scale, Newfoundland and Labrador's older worker group was relatively least educated (78%). Within the Atlantic Region, only Nova Scotia was comparable to the national average with respect to educational attainment of its older workers segment group (85%). As shown in Table 3, a greater proportion of the Region's older workers attained postsecondary education when compared to the rest of the country, but fewer were university educated.

There have been considerable shifts in educational attainment levels of older workers over the past couple of decades. As is the case for the country as a whole, the 55 years and over generation have recognized the importance of being more educated in the labour force as there has been a considerable decline in school dropout rates over this period (by close to thirty percentage points in both national and regional respects). Where the Atlantic Region differs from the rest of the country, however, is that the educational composition of its older workforce shifted almost entirely in favor of postsecondary certification (such as trades certification). The shift nationally was distributed somewhat evenly between postsecondary certification and university education.

Table 3: Educational Attainment Shares for Older Workers, Canada, Atlantic Region and Provinces, 2013

	Canada	Atlantic	NL	PE	NS	NB
Total, all education levels	100%	100%	100%	100%	100%	100%
0 to 8 years	4%	6%	9%	7%	3%	8%
Some high school	9%	13%	13%	14%	12%	13%
High school graduate	21%	18%	18%	18%	15%	23%
Some postsecondary	5%	4%	3%	6%	5%	4%
Postsecondary certificate/diploma	34%	39%	45%	36%	41%	35%
University degree	25%	19%	12%	19%	25%	17%

Source: Statistics Canada Labour Force Survey (Table 282-0004)

More older worker females attained postsecondary degrees compared to men

The change in educational attainment among older worker males and females over the past twenty years is consistent across the country: more women are university educated, while relatively more men pursued the postsecondary certification route. In the Atlantic Region, the share of older worker males with postsecondary certification attainment increased by nearly 20 percentage points over the past two

decades and compares to a 13 percentage point increase for women. On the flip-side, the share of older worker females that attained university level education rose by nearly 10 percentage points over this same period, which was double the same for men.

Older workers with low educational attainment tend to live in rural areas, while the majority of those with some degree of formal education are urban residents. According to the NHS, nearly 60% of older workers who had no formal education (i.e. no certificate, diploma or degree) lived in rural areas. The data show that the higher the level of educational attainment by this segment group, the higher the proportion of older workers living in urban areas. For example, 58% of older workers with a high school diploma lived in urban areas, and this share increased to 62% for those with some form of postsecondary education (i.e. certificate, diploma or degree).

Older worker incomes highest in Nova Scotia

Based on the 2011 NHS data, older workers in Atlantic Canada earned approximately \$27,500 in employment income during the 2010 calendar year (this estimate represents the weighted average of employment income earned in each of the Atlantic Provinces). Nova Scotia registered the highest average income in the Region at \$28,392, while Prince Edward Island was the lowest in the country at \$25,063. Nationally, older workers earned considerably more (\$34,731) relative to their Atlantic counterparts. This means that, on average, the older workers in Atlantic Canada earned just 79 cents for every dollar earned by older workers nationally.

A closer examination of age subgroupings of older workers reveals a considerable discrepancy in average incomes in Atlantic Canada: older workers who are 55 to 64 years of age earn considerably more than workers in the 65 years and over age range. As shown in Table 4, a worker in Atlantic Canada between 55 and 64 years earned on average \$36,500 in 2010, while a worker 65 years of age or older earned about half that amount. This can be partly explained by the transition that occurs from when an older worker leaves his or her career for a lower paying job or instead chooses to work part time as opposed to full time before leaving the labour force altogether (i.e. retiring). In a January 2014 article, Statistics Canada explains that "Paths to retirement are diverse, and can involve... jobs that bridge the period between the end of a career and complete withdrawal from the labour market..."¹

**Table 4: Average Employment Incomes of Older Workers
By Age Subgroupings, National, Atlantic and by Province 2010**

	Total Age Groups	55-64 Years	65+ Years
Canada	\$41,795	\$47,177	\$22,901
Atlantic	\$35,000	\$36,500	\$18,900
NL	\$36,127	\$34,949	\$19,606
PE	\$30,887	\$35,189	\$15,438
NS	\$35,310	\$37,932	\$19,323
NB	\$34,549	\$36,311	\$18,493

Source: Statistics Canada, 2011 NHS, Table Number: 99-014-X2011041

¹ Statistics Canada, *Employment Transitions Among Older Workers Leaving Long-term Jobs: Evidence from Administrative Data*, January 2014

It stands to reason that workers who are nearing the end of their careers (i.e. those who fall within the 55-64 years of age range) would tend to earn more relative to the overall workforce, which includes those in the early stages of their careers (i.e. youths) and workers who are at the mid-way mark of their careers (i.e. prime-aged workers). This was the case for every province with the exception of Newfoundland and Labrador where the average employment income for older workers in the 55-64 age range was 3.3% lower than average employment earnings when all age groups were considered.

Female older worker earned considerably less than their male counterparts in Atlantic Canada

Using a weighted average of NHS data on average employment income, women in the 55-64 age range earned \$28,300 in 2010, while men in this age group earned considerably more at \$43,700. This translates into earnings for women of 65 cents for every dollar earned by men in this age category, and this income gap is consistent with the national average. The data suggest that income disparities between men and women grow as the labour force ages. As can be observed in Table 5, youth females in Atlantic Canada earned 76 cents per dollar earned by men in the same age group, then falls to 71 cents for females in the prime-age group and to 65 cents for older workers.

The income disparity that exists between older worker males and females in the 55 to 64 age range was lowest in Prince Edward Island where women earned 78 cents per dollar earned by men in 2010 (which is 13 cents higher than the national average). By contrast, the income gap was highest in Alberta as women in that age category earned just 56 cents per dollar earned by men.

**Table 5: Average Employment Income:
Female Earnings Per \$1 Earned by Males, 2010**

In cents	Total Age Groups	15-24 Years	25-54 Years	55-64 Years	65+ Years
Canada	0.69	0.78	0.68	0.65	0.60
Atlantic	0.71	0.76	0.71	0.65	0.65
<i>NL</i>	<i>0.67</i>	<i>0.82</i>	<i>0.67</i>	<i>0.58</i>	<i>0.57</i>
<i>PE</i>	<i>0.81</i>	<i>0.76</i>	<i>0.79</i>	<i>0.78</i>	<i>0.81</i>
<i>NS</i>	<i>0.72</i>	<i>0.76</i>	<i>0.71</i>	<i>0.67</i>	<i>0.71</i>
<i>NB</i>	<i>0.72</i>	<i>0.73</i>	<i>0.72</i>	<i>0.64</i>	<i>0.62</i>

Source: Statistics Canada, 2011 NHS, Table Number: 99-014-X2011041

There are two important characteristics of the Canadian labour market that helps to explain the income disparity that exists between men and women: firstly, women work fewer hours than men in a typical work week; and secondly, men earn higher wages than women. According to the LFS, males across the country worked on average 36.7 hours per week at their job(s), while women worked 29.4 hours, or 80% of an average workweek for men. This share is consistent right across the country. A review of relative hourly wage rates shows that working-age women in Canada earned on average 15 percent less than their male counterparts in 2010, which further compounds the income disparity between the two genders. This relative wage gap is not consistent across all provinces. Wage rates between men and women in Prince Edward Island were about equal across the major working-age subgroupings. Table 6 compares female wages per dollar earned by men in the Atlantic Region. Compared to the rest of the country, PEI had the lowest income disparity among older worker males and females, which helps to explain why the income gap was lowest for PEI as shown in Table 5.

**Table 6: Average Hourly Wage Rates
Female Wages Per \$1 Wage Earned by Males, 2010**

<i>In cents</i>	Total Age Groups	15-24 Years	25-54 Years	55+ Years
Canada	0.85	0.90	0.85	0.83
NL	0.86	0.94	0.87	0.82
PE	0.98	0.99	0.98	0.96
NS	0.89	0.94	0.88	0.87
NB	0.88	0.93	0.88	0.84

Source: Statistics Canada, Labour Force Survey, Table Number: 282-0072

Income gap by age grouping shrinks when all income sources considered

There is a considerable employment income gap that exists between older workers in the 55-64 age range and workers in the 65 years and over group: however, this gap shrinks when all sources of income are taken into consideration and especially when after-tax incomes are compared. Other sources include incomes from private sources (i.e. retirement savings plans) and government sources (such as Old Age Security pensions and Canada Pension Plan benefits).

According to NHS data displayed in Table 7, older workers 65 years and over in Atlantic Canada earned \$18,900 from employment earnings in 2010 but increased to an average \$28,800 after all income sources are included. By comparison, average incomes for older workers in the 55-64 age range increased modestly when all income sources were considered (+4.4%). As a result, the income differential between these two age subgroups decreased. The income gap gets even smaller when after-tax income is taken into consideration. Due to lower employment earnings on average, older workers 65 years of age and over pay relatively less in income taxes when compared to the 55 to 64 age range of workers who are at the tail end of their careers (the point at which marginal tax rates tend to be higher).

**Table 7: Average Income Levels from Various Sources
By Age Subcategory, Atlantic Canada**

	Employment Income	All Sources of Income	After-Tax Income
55-64	\$36,561	\$38,123	\$31,475
65+	<u>\$18,888</u>	<u>\$28,843</u>	<u>\$25,918</u>
<i>Difference</i>	- \$17,674	- \$9,280	- \$5,558

Source: Statistics Canada National Household Survey Table 99-014-X2011041[1].IVT

Atlantic Region a 'net importer' of older persons

Mobility refers to the person's usual census division residence on May 10, 2011 in relation to the place of residence on May 10, 2006. People who have not moved are referred to as "non-movers", and people who have moved in this period are referred to as "movers". Movers are people who have moved to:

A different address in the same census division (i.e. non-migrant) as of 2006;

A different census division in the same province (i.e. intraprovincial migrant) as of 2006;

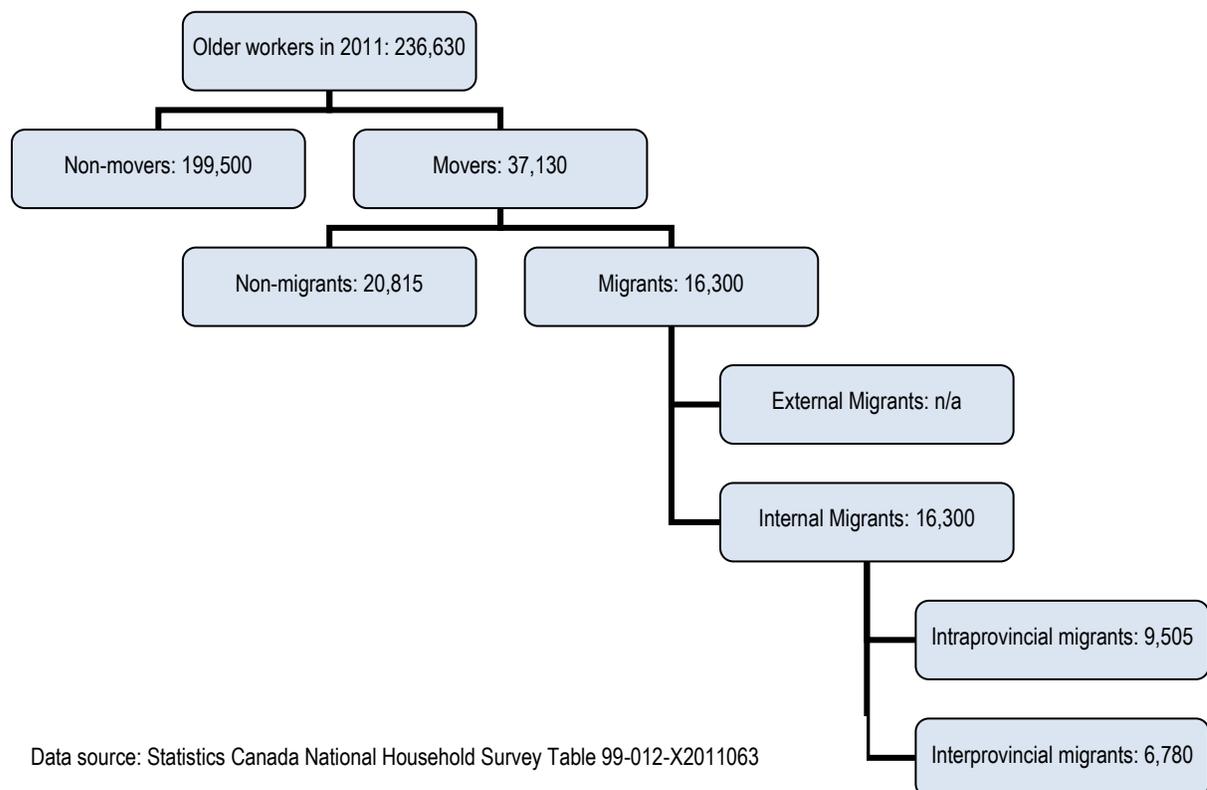
A different province (i.e. interprovincial migrant) as of 2006; or

Canada from another country (i.e. external migrant)

As of May 10, 2011, there were 236,630 older workers in Atlantic Canada, and the vast majority (84%) were non-movers. The remaining 37,130 (or 16%) did move in this period with the majority having relocated to a different address but in the same census division (non-migrants). Figure 5 illustrates the mobility status of older workers in the Atlantic Region in 2011.

The remaining share of movers were internal migrants, and 58% had moved intraprovincially over this five year period (i.e. to a different city, town, township, village or Indian Reserve but in the same province). The remainder of migrants had moved interprovincially, which means that on May 10, 2011, a total of 6,780 or 2.9% of the older worker population in the Atlantic Region had previously lived in a different province on May 10, 2006.

Figure 5: Mobility Status of Older Workers in Atlantic Canada, 2011



An examination of migration patterns for the 55 years and over cohort (i.e. “older persons”) reveals that the Atlantic Region is a net importer. Interprovincial migration is the movement from one province or territory to another involving a permanent change in residence. The Atlantic Region has historically been a net importer of older persons, while provinces like Ontario and Quebec have traditionally been net exporters. In 2013, a total of 5,267 older persons migrated into the Atlantic Region and 4,853 people moved out for a net increase of 414. In the same year, Ontario experienced a net loss in its 55 years and over population of 1,561. Over the past decade, net interprovincial migration of older persons in the

Atlantic Region totaled 7,874, a third of which moved to Nova Scotia. Both Newfoundland and Labrador and New Brunswick experienced similar net increases of older migrants, of close to 2,000 people. For Prince Edward Island, net migration of older persons totaled 1,300 over this period.

Immigrant status of older workers in Region much lower compared to Canada

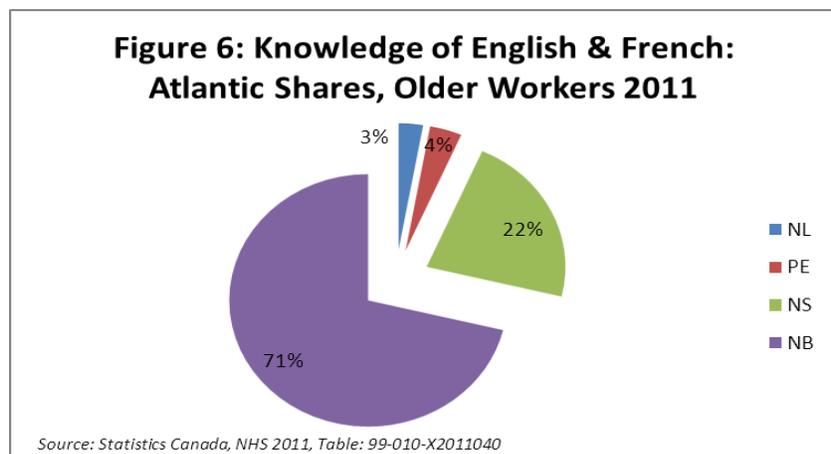
According to the NHS, an immigrant refers to a person who is or has ever been a landed immigrant/permanent resident and who landed in Canada prior to May 10, 2011. With respect to the older workers segment group, there were 13,330 immigrants who were 55 years of age and over and attached to the labour force in Atlantic Canada. This represents 5.6% of all older workers in the Region. This is considerably lower compared to the national average where over a quarter of older workers in the country were represented by immigrants. The province of Manitoba had the highest representation of immigrants in its older worker population base, at 39%.

Approximately 5% of the immigrant population landed in Atlantic Canada within the past five years, while the vast majority (68%) arrived in the Region over 30 years ago. These shares are consistent with the rest of the country. Nova Scotia was the most preferred destination for landed immigrants within the Region where 7.6% of its older worker base was populated by immigrants, while Newfoundland and Labrador was the least favorable destination in the country, with only 3% of immigrants represented.

The majority of older workers in the Region speak only English

The vast majority (or 85%) of older workers in the Atlantic Region were fluent only in the English language; 15% were knowledgeable of both official languages; and just 2% spoke only French. These shares have not changed from Census 2006 estimates according to NHS data and were consistent for both males and females in the Region. The share of older workers in Atlantic Canada that was bilingual is comparable with the national average, at 17%. When all age groups in the labour force are considered, these shares increase to 19% in Atlantic Canada and 20% nationally. Within the Atlantic Region, the majority of bilingual older workers were concentrated in New Brunswick where one in three workers 55 years and over was knowledgeable of both English and French. Nova Scotia had the second largest share of bilingual older workers in the Region at 22%, while Newfoundland and Labrador and Prince Edward Island each had a relatively small bilingual presence.

**Figure 6: Knowledge of English & French:
Atlantic Shares, Older Workers 2011**



Older Workers in Newfoundland and Labrador had highest aboriginal presence in Atlantic Canada

The composition of older workers that were aboriginal was very small in Atlantic Canada, having averaged 2.6% according to the NHS. This was slightly higher than the national average. Newfoundland and Labrador had the highest aboriginal presence in its older worker population at 4.6%, while Prince Edward Island was lowest, at just under 1%. Of the 6,155 older worker aboriginals in Atlantic Canada, over half were identified as First Nations (North American Indian) and 30% were of Métis ancestry.

Section 2: Labour Market Analysis

Participation by older workers doubled in the past 2 decades

The 55 years and over population, as well as the older worker population, experienced considerable growth across the country over the past decade, and an obvious explanation for this is the aging baby boomer generation. However, what this baby boom dynamic does not explain is the growing incidence of older individuals choosing to remain in, or choosing to re-enter, the labour force during their retirement ages. For example, twenty years ago, 24% of the 55 years and over population in Canada participated in the labour force (i.e. classified as older workers), and the participation rate was lower in the Atlantic Region, at 18%. However, the landscape has changed considerably in recent years because in 2013, about 37% of the 55-plus aged population in Canada was classified as older workers, while the Atlantic share nearly doubled to 35%.

The population of individuals 55 years of age and over in the Region rose by 64% in the past twenty years, but the older worker presence increased two-fold (216%). This means that the growth in older workers in the Atlantic labour force was only partially attributed to the baby boomer dynamic and that there were other factors at play influencing retirement-aged workers to enter, remain in, or re-enter the labour force.

With respect to age subgroupings, the vast majority of growth in the older working population was attributed to a growing incidence of workers in the retirement age range of 55 to 64 years. More specifically, nearly three out of four individuals between 55 and 59 years of age participated in the labour force in 2013, and this compares to 50% two decades ago. Similarly, just over half of the 60 to 64 age population was in the labour force in 2013, and this is nearly double than what it was in 1993. However, growth slowed considerably for workers over the retirement age of 65, thus implying that the incidence of re-employment declines with age. This can be observed in Table 8 as the participation rates of older workers declines for each successive age group.

**Table 8: Participation Rates of Older Workers
By Age Subgroupings, Atlantic Canada**

Age range	2013	1993	20 Year Change (in percentage points)
55 years +	35%	18%	+ 17
55 to 59 years	71%	49%	+ 22
60 to 64 years	51%	27%	+ 24
65 to 69 years	22%	7%	+ 15
70 years +	6%	2%	+ 4

Source: Statistics Canada Labour Force Survey (Table 282-0002)

What these trends suggest is that workers are postponing retirement in favor of working longer. In their 2011 article², Statistics Canada highlights a number of plausible explanations owing to the growing employment rate trend of older workers in Canada in recent years, such as: the baby boomer generation is more educated; defined benefit pension plans on downward trend; workforce less physically demanding due to technological advances; financial pressures due to recent recession; and financial crisis as well as debt loads of workers nearing retirement.

² Statistics Canada, *Delayed Retirement: A New Trend?*, 2011

Nova Scotia has highest share of employed older workers in Atlantic Region

Of the total 262,500 older workers in Atlantic Canada, 236,500 (or 90%) were employed in 2013. This is slightly below the national average of 94%. Nova Scotia had the highest proportion of employed older workers among the Atlantic Provinces at 93%, while Newfoundland and Labrador was lowest (86%). Topping the scale nationally was Saskatchewan where 97% of its older worker base was employed in 2013.

**Table 9: Labour Market Statistics of Older Workers
National and Atlantic Canada, 2013**

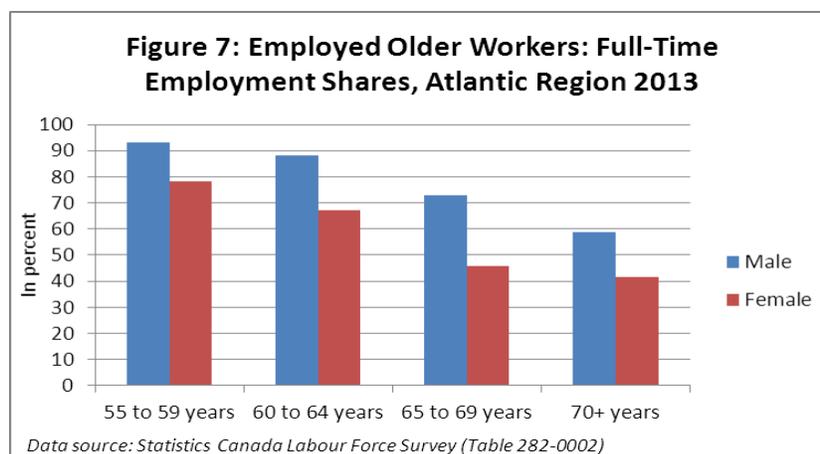
<i>In thousands of individuals</i>	Canada	Atlantic Region	NL	PE	NS	NB
Population (55 years and over)	9,617.1	747.6	165.6	44.4	299.1	238.5
Labour force (older workers)	3,590.9	262.5	55.2	19.2	106.1	82.1
Employment	3,374.1	236.5	47.2	17.0	98.4	73.9
Full-time employment	2,626.3	187.2	39.9	13.9	73.7	59.7
Part-time employment	747.8	49.3	7.3	3.1	24.7	14.2
Unemployment	216.8	26.0	7.9	2.2	7.7	8.2
Unemployment rate	6.0%	9.9%	14.3%	11.5%	7.3%	10.0%
Participation rate	37.3%	35.1%	33.3%	43.2%	35.5%	34.4%
Employment rate	35.1%	31.6%	28.5%	38.3%	32.9%	31.0%

Source: Statistics Canada, Labour Force Survey, Table Number: 282-0002

Incidence of full-time employment diminishes with age

Although the employed labour force by older workers in Atlantic Canada increased considerably in the past twenty years, the employment composition by full-time and part-time work has been relatively consistent over this period. In 2013, the majority (79%) of older workers was employed full time, and this compares to 89% for workers in the prime-age group and 55% for youths. Newfoundland and Labrador had the highest percentage of older workers employed in full-time jobs in the country at 85%, while Nova Scotia and British Columbia had the lowest, each at 75%. Full-time employment shares for older workers in New Brunswick and Prince Edward Island were 81% and 82% respectively.

As illustrated in Figure 7, the incidence of older worker participation in full-time employment tends to diminish with age. In 2013, 86% of workers between 55 and 59 years of age were employed full time; however, this percentage decreases to 79% for workers between 60 to 64 years. This share drops quite significantly for those in the 65 to 69 age range, to 63%. The full-time employment gap between older worker males and females seems to widen as workers get older. This suggests that, as women age, they tend to forego full-time employment opportunities more so than men. With respect to the 55 to 59 age range, 93% of males worked full time which is about 15 percentage points higher than women in this age category. This gap widens to 21 percentage points in the 60 to 64 age range, and again to 27 percentage points for workers between the 65 to 69 age range.



Personal preference is the main reason older workers choose to work part time

According to the LFS, approximately 2 out of 3 older workers in Atlantic Canada who worked part time in 2013 did so out of personal preference. This served to be the main reason nationally as well. Business conditions were also a factor and influenced 14% of older workers to opt out of full-time employment in favor of part-time work. Personal health issues was a relatively minor factor affecting part-time working decisions among the older segment group in the Region, having accounted for just 7% of older workers in 2013.

Prince Edward Island employment rate of older workers highest in the Region

The employment rate for the older workers segment group is the number of older workers that are employed expressed as a percentage of the total 55 years of age and over population. Prince Edward Island yielded the highest employment rate for older workers in the Region at 38.3%, while Newfoundland and Labrador was lowest in the country at 28.5%. A closer evaluation at age subgroupings shows that employment rates in the Atlantic Region are on average below national rates for each of the older worker age groups (refer to Table 10). At the provincial level, however, employment rates in Prince Edward Island were the highest in the Region and, in addition, PEI was the only Atlantic province whose employment rates for older workers exceeded the national average in all age subcategories. The employment rate in PEI was highest for the 55 to 59 age range (at 73.4%) which means that nearly 3 out of 4 individuals were gainfully employed in the province in 2013. This ratio is comparable with the Western provinces whose employment rates were the highest in the country.

**Table 10: Employment Rates of Older Workers
National and Atlantic Canada, 2013**

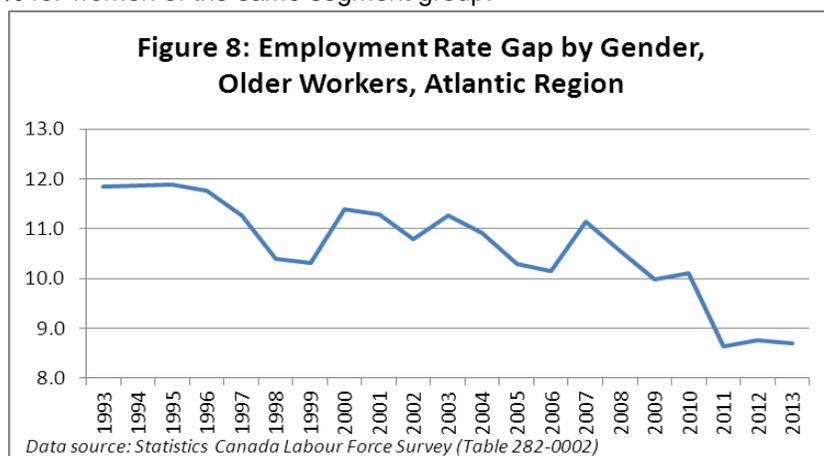
	Canada	Atlantic Region	NL	PE	NS	NB
55 to 59 years	69.5%	64.9%	58.2%	73.4%	68.0%	64.2%
60 to 64 years	50.0%	45.0%	40.1%	55.1%	47.1%	44.3%
65 to 69 years	24.4%	19.4%	17.1%	28.6%	20.0%	18.6%
70 years +	6.4%	5.5%	3.1%	7.8%	6.5%	5.2%

Source: Statistics Canada, Labour Force Survey, Table Number: 282-0002

Employment rate gap between older men and women in the Region has narrowed

The gender gap with respect to the employment rate has narrowed over the past twenty years as growth in labour force participation by women outpaced male participation in this period. As observed in Figure 8, there was a significant narrowing of the gender gap between 2008 and 2011, and this was reflective of strong growth in labour force participation by women, which increased 23% over this period relative to just over half this rate for males. Despite the decrease in the gender gap, a near 9 percentage point differential still exists. The employment rate for older worker males in the Atlantic Region averaged 36.2% in 2013, and this compares to 27.5% for women of the same segment group.

Within the Region, the employment rate for older women was highest in Prince Edward Island, at 33.2% in 2013, and PEI was the only province in the Region to exceed the national average. Prince Edward Island and Alberta experienced the strongest growth in their respective employment rates for females over the past twenty years, each having increased by close to 19 percentage points (relative to growth of 15 percentage points nationally).



Employment rates tend to be higher for urban older workers

According to NHS data, employment rates for older workers in urban areas across the Atlantic Region are typically higher than they are compared to rural areas. Urban employment rates averaged 31.7% compared to 27.2% for rural workers (representing a 4.5 percentage point spread). Prince Edward Island was the only exception to the rule among the Atlantic Provinces where employment rates for both urban and rural older workers were about the same, at 36%. In the Western Region, particularly in Saskatchewan and Alberta, rural employment rates (at 45.1% and 49.4% respectively) were higher than their urban counterparts, each by around 4.5 percentage points. Newfoundland and Labrador recorded the largest urban-rural employment rate gap in the country, 30.7% and 22.7% respectively, or 8 percentage points.

Government: largest employer of older workers

According to NHS data, nearly a third of older workers in the Atlantic Region were employed in government service industries (with reference to Table 11, includes public administration, health care and social assistance, and education services). The importance of government as a major employer is consistent across provinces; however, the degree to which a province depends on it varies. For instance, the employment share of government industries ranges from a low of 23% in Alberta to as high as 33% in Newfoundland and Labrador, when all age groups are considered. With respect to age subgroupings in the Atlantic Region, the composition of government-related employment was relatively high for both prime-aged workers (35%) and older workers (31.7%), but low for youths (16.6%).

Older workers in Atlantic Canada have a greater attachment to the primary industries and construction industry relative to youths and prime-aged workers. Based on NHS data, 5.6% of older workers were employed in the agriculture, forestry, fishing and hunting industry which is more than 2 percentage points higher relative to the other age groups. A closer examination at the provincial level reveals a wide margin between Prince Edward Island and the other Atlantic provinces with respect to employment shares of older workers in the primary industry. In PEI, the share of older workers in the agriculture and fishing

industries was 11.5%, and this compares to about 5% for the other Atlantic Provinces, which is in line with the national average for this age cohort.

**Table 11: Employment Composition by Industry and Age Category
Atlantic Canada, 2011 NHS**

	Total: All Age Groups	Youths	Prime-Age	Older Workers
All Industries	100.0%	100.0%	100.0%	100.0%
Agriculture, forestry, fishing and hunting	3.8%	3.1%	3.3%	5.6%
Mining, quarrying, and oil and gas extraction	1.4%	0.7%	1.5%	1.3%
Utilities	0.9%	0.4%	1.0%	0.8%
Construction	6.6%	5.8%	6.5%	7.1%
Manufacturing	7.4%	4.5%	7.9%	7.7%
Wholesale trade	3.1%	2.0%	3.3%	3.0%
Retail trade	12.7%	26.9%	10.5%	11.0%
Transportation and warehousing	4.5%	1.9%	4.7%	5.6%
Information and cultural industries	2.0%	1.8%	2.1%	1.5%
Finance and insurance	3.2%	1.6%	3.6%	2.8%
Real estate and rental and leasing	1.3%	0.9%	1.2%	1.9%
Professional, scientific and technical services	4.6%	2.6%	5.0%	4.6%
Management of companies/enterprises	0.1%	0.0%	0.1%	0.1%
Administrative/support/waste management	4.4%	5.6%	4.1%	4.6%
Educational services	7.9%	3.6%	8.7%	7.8%
Health care and social assistance	13.5%	7.2%	14.7%	13.4%
Arts, entertainment and recreation	1.5%	3.2%	1.2%	1.4%
Accommodation and food services	6.1%	18.4%	4.6%	3.5%
Other services (except public administration)	4.5%	3.9%	4.3%	5.7%
Public administration	10.6%	5.8%	11.6%	10.5%

Source: Statistics Canada National Household Survey Table 99-012-X2011034

Construction is the largest industry employer of older worker males in the Region

According to NHS data shown in Table 12, there were about 210,000 older workers employed in the Atlantic Region in 2011, 56% of which were male. Construction was the largest industry employer for men, accounting for 12% of all older worker males in the Region, and public administration was a close second, accounting for 11%. Manufacturing, retail trade, and the primary industry were also significant employers in the Region, and these top five industries collectively employed half of the older worker male population in Atlantic Canada.

There were some differences, however, with respect to top industry employers at the provincial level: in Prince Edward Island for instance, 17% of older worker males were employed in agriculture, forestry, fishing and hunting, representing the second highest single industry share of older worker males in Canada (behind Saskatchewan where 25% of its older worker male population worked in that industry). In

New Brunswick, construction and manufacturing comprised the two top employers of older worker males in that province.

**Table 12: Employment Composition of Older Workers by Gender
Atlantic Canada, 2011 NHS**

<i>Number of individuals</i>	Total	Males	Industry Distribution	Females	Industry Distribution
All Industries	209,645	116,530	100%	93,100	100%
Agriculture, forestry, fishing and hunting	11,785	9,570	8.2%	2,205	2.4%
Mining, quarrying, and oil and gas extraction	2,740	2,545	2.2%	175	0.2%
Utilities	1,635	1,420	1.2%	210	0.2%
Construction	14,880	13,445	11.5%	1,410	1.5%
Manufacturing	16,040	11,590	9.9%	4,435	4.8%
Wholesale trade	6,390	4,850	4.2%	1,535	1.6%
Retail trade	23,110	10,390	8.9%	12,700	13.6%
Transportation and warehousing	11,825	9,285	8.0%	2,515	2.7%
Information and cultural industries	3,170	1,550	1.3%	1,570	1.7%
Finance and insurance	5,880	2,320	2.0%	3,545	3.8%
Real estate and rental and leasing	4,005	2,505	2.1%	1,405	1.5%
Professional, scientific and technical services	9,635	6,225	5.3%	3,395	3.6%
Management of companies/enterprises	200	105	0.1%	30	0.0%
Administrative/support/waste management	9,580	5,730	4.9%	3,850	4.1%
Educational services	16,360	7,045	6.0%	9,260	9.9%
Health care and social assistance	28,110	4,925	4.2%	23,155	24.9%
Arts, entertainment and recreation	2,930	1,835	1.6%	1,070	1.1%
Accommodation and food services	7,275	2,375	2.0%	4,885	5.2%
Other services (except public administration)	11,895	5,915	5.1%	5,995	6.4%
Public administration	21,930	12,600	10.8%	9,295	10.0%

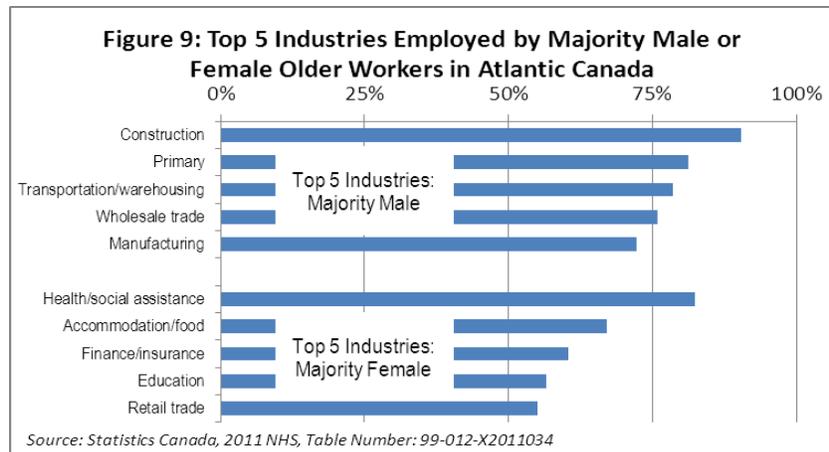
Source: Statistics Canada National Household Survey Table 99-012-X2011034

Health is the single largest employer of older worker females

Health care and social assistance employed one-quarter of the 93,100 older worker females in the Atlantic Region according to the NHS, representing the single largest industry employer for this group. The retail trade industry was the second largest employer, followed by public administration and educational services, each accounting for 10% of females. A closer examination at the provincial level reveals that although health care and social assistance was the most significant employer of women across the country, Prince Edward Island had the lowest distribution of its female older worker population employed in that industry (19.3%). The offset, however, was in public administration where it had the highest proportion of 55-plus aged women employed (at 15%) which was almost double the national share.

Goods-producing industries dominated by older worker males

The industries in the Atlantic Region with the largest gender inequality with respect to the older workers are construction, health care and social assistance, and agriculture and fishing. Construction had the most unequal gender composition as 90% of its older worker employment base was male. Health care and social assistance, on the other hand, was the most female-dominated industry, where 8 out of 10 older workers in this industry were comprised of women. All of the goods-producing industries in Atlantic Canada had a larger proportion of older worker males than females, and service-sector industries such as accommodation and food services and retail trade had a higher proportion of women in the older workers segment group.



The Atlantic Region appears to have a greater degree of gender inequality in its industries compared to the rest of the country. For instance, 81% of older workers in the Region employed in the primary industry were male, and this compares to 71% nationally. With respect to the accommodation and food services industry, older worker females in Atlantic Canada comprised a greater majority (67%) relative to the rest of the country (57%). Although gender inequality associated with the construction and health care and social assistance industries is consistent across the country, it is most pronounced in Atlantic Canada.

One in five older workers in Atlantic Canada is employed in sales and service occupations

The largest occupational groups for employed workers 55 years of age and over in the Atlantic Region include: (1) sales and service occupations; (2) trades, transportation and equipment operators; and (3) business, finance and administration occupations. Combined, these three occupational groups employ about 55% of the older worker client segment in Atlantic Canada which is consistent with the national share.

Some of the top sales and service-related occupations employed by older workers in the Atlantic Region include retail salespersons and managers, janitors and light duty cleaners, cashiers, and cooks.

A greater proportion of older workers in Atlantic Canada are employed in the trades, transportation and equipment operator occupational grouping compared to the national average. Newfoundland and Labrador had the highest proportion of its older workers segment employed in this occupational group, at 19%, and nearly 5 percentage points higher relative to the rest of the country on average. Older workers in this occupational group are mostly employed as transport truck drivers, carpenters, bus drivers, heavy equipment operators, and mechanics.

Administrative assistants/officers, general office support workers, accounting technicians and bookkeepers, and receptionists comprise some of the top occupations employed by older workers in the business, finance and administration occupational grouping in the Region.

**Table 13: Employment Composition of Older Workers by Occupation
Canada and Atlantic Region, 2011 NHS**

Number of individuals	National		Regional		Provincial Shares			
	Canada	Share	Atlantic	Share	NL	PE	NS	NB
Total – All Occupations	3,107,695	100.0%	209,625	100.0%	100%	100%	100%	100%
Management	448,045	14.4%	24,505	11.7%	9%	13%	13%	12%
Business, finance & administration	585,045	18.8%	34,485	16.5%	16%	15%	17%	16%
Natural and applied sciences & related	163,285	5.3%	9,030	4.3%	5%	3%	5%	4%
Health	198,770	6.4%	14,025	6.7%	6%	8%	7%	7%
Education, law and social, community, & government	354,410	11.4%	26,380	12.6%	14%	11%	12%	12%
Art, culture, recreation, & sport	81,305	2.6%	4,190	2.0%	2%	2%	2%	2%
Sales & service	627,410	20.2%	43,200	20.6%	20%	18%	21%	22%
Trades, transport & equipment operators, related	448,670	14.4%	35,825	17.1%	19%	18%	16%	18%
Natural resources, agriculture, related	65,875	2.1%	8,765	4.2%	5%	8%	4%	3%
Manufacturing & utilities	134,895	4.3%	9,155	4.4%	6%	4%	3%	5%

Source: Statistics Canada National Household Survey Table 99-012-X2011035

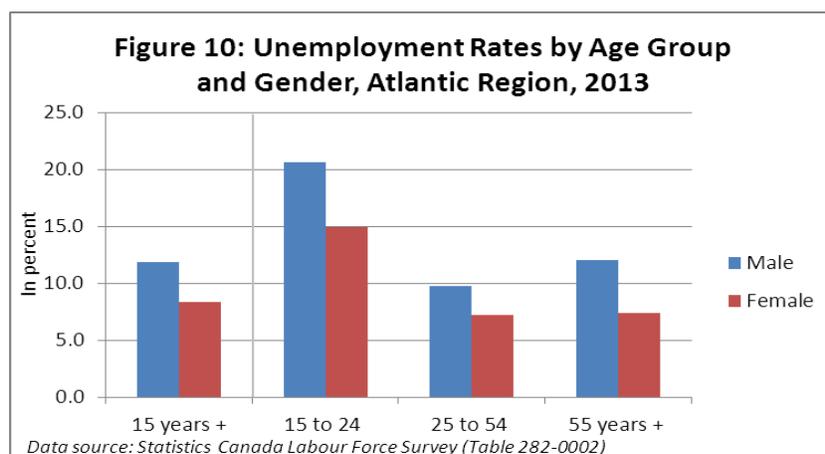
With respect to other occupational groupings within the Atlantic Provinces, Newfoundland and Labrador had the lowest proportion of older workers employed in management occupations. Prince Edward Island's share of older workers employed in the natural resources, agriculture and related occupational group in 2011 was four times the national average.

Unemployment rate for older workers is highest in Newfoundland and Labrador

According to the LFS, there were 26,000 older workers unemployed in the Atlantic Region in 2013 which translates into an unemployment rate of 9.9%. Nationally, the unemployment rate for this age group was 6%. In the Atlantic Region, Newfoundland and Labrador had the highest unemployment rate among older workers in the country, at 14.3%, followed by 11.5% in PEI; 10% in New Brunswick; and 7.3% in Nova Scotia. Nationally, Saskatchewan had the lowest unemployment rate of older workers in the country, at 2.8%.

Women in the Atlantic Region had relatively lower unemployment rates compared to their male counterparts. As can be observed in Figure 10, the widest dispersion occurred in the youth age category where the unemployment rate for men, at 20.7%, was 5.7 percentage points higher compared to women. The gap was also high for the older workers segment group (at 4.7 percentage points). The smallest gap occurred in the prime-age group with a relatively modest 2.5 percentage point spread. The unemployment

rate for older worker females was comparable with women in the prime-age group; however, this was not the case for men.



The unemployment rate for older worker males in the Atlantic Region was 12% in 2013 compared to 9.7% for men between 25 and 54 years of age.

The urban – rural unemployment rate gap highest in Atlantic Region

An examination of NHS data reveals that the relative unemployment rates for older workers living in urban and rural areas varied significantly in the Atlantic Region (see Table 14). The unemployment rate in Atlantic Canada averaged 11.8% which is an aggregate of both the urban and rural unemployment rates within the Region, at 8.2% and 16.5% respectively. The significant difference in urban-rural unemployment rates is largely due to the higher unemployment rate differential that exists in Newfoundland and Labrador which biases the regional perspective. The urban unemployment rate in Newfoundland and Labrador averaged 7.4% but this more than triples in rural areas on average, to 23.4%.

The urban-rural unemployment differential declines considerably when only the Maritime Provinces are considered, to 5.6%, although still higher relative to the rest of the country. There was no such spread in Ontario, and in the Western Provinces, the urban-rural differential ranged from a minute 0.4 of a percentage point in Alberta to a high of 2.2 percentage points in British Columbia.

Table 14: Unemployment Rates for Older Workers by Area of Residence Atlantic Region and by Province, 2011

	Total	Urban	Rural
Atlantic	11.8%	8.2%	16.5%
NL	16.4%	7.4%	23.4%
PE	12.8%	11.1%	14.8%
NS	9.1%	7.5%	11.6%
NB	12.0%	9.0%	16.6%

Data Source: Statistics Canada National Household Survey Table 99-012-X2011037

Atlantic Region has lowest duration of unemployment in country

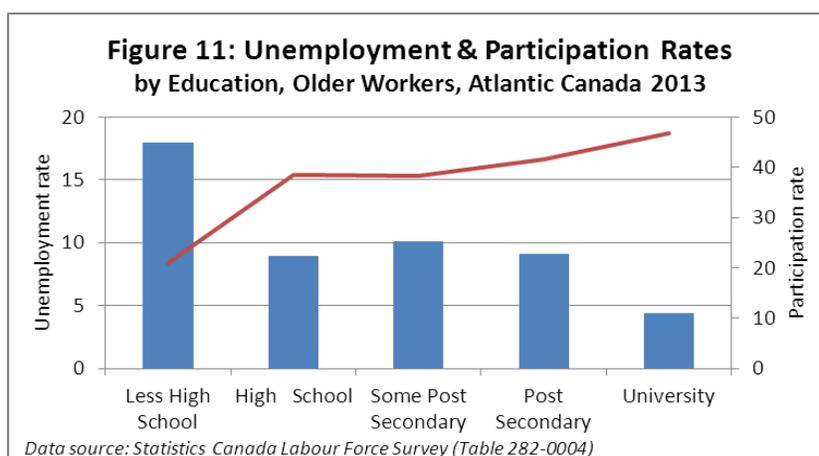
Although the unemployment rate in Atlantic Canada is higher relative to the rest of the country, the duration in which older workers remain unemployed in the Region is lower. According to the LFS, the unemployment rate for older workers in Prince Edward Island was second highest in the country (at 11.5%), behind Newfoundland and Labrador. The duration in which older workers in Prince Edward Island remained unemployed, however, was lowest in the country at 17.6 weeks. Unemployment duration in the other Atlantic Provinces ranged from 19.4 weeks in NL to 24.8 weeks in NS which, for the Region, is well below the average 29.8 week duration nationally.

According to the Fraser Institute, duration of unemployment serves to not only indicate the severity of unemployment in a jurisdiction but is an indicator of labour market ‘flexibility’³ as well. According to the Institute, a high-performing and efficient labour market is predicated on flexibility - the ability of workers and employers to adapt to changes in the marketplace. For workers, this means they have the ability to shift their efforts or skills to where they see fit in response to changes in the labour market.

The implication for the Atlantic Region is that its labour market is flexible. This is supported by the fact that labour force participation is highest in the provinces that ironically yield the highest unemployment rates. Labour force participation in Prince Edward Island, for example, traditionally exceeds the national average. A higher participation rate suggests that people are more optimistic about finding employment. In 2013, the participation rate of older workers in PEI was 43.2%, and this was 6 percentage points higher than the national average. Alberta and Saskatchewan were the only provinces with higher participation rates relative to PEI, at 47.2% and 44.1% respectively. Like PEI, the average duration of unemployment in both of those provinces was well below the national average, at 20.9 weeks for Alberta and 19.8 weeks for Saskatchewan. Unemployment duration was highest in Quebec and Ontario (at 35.8 and 31.6 weeks respectively).

Educated older workers enjoy greater labour market success in the Atlantic Region

Older workers in Atlantic Canada have become more educated over the past 20 years and have enjoyed greater labour market success as a result. Labour force participation increased, while unemployment declined for this segment group, and workers benefitted with higher earnings as well. Employment prospects increase with educational attainment as evidenced by Figure 11. The unemployment rate for older workers in the Region with less than high school education was 18% in 2013 according to the LFS, but it falls to a low of 4.4% for those with university education. Similarly, labour force participation by the older workers segment group rises with education levels which suggest that workers with higher educational credentials are more confident and optimistic about finding employment in the Region. The degree of labour market success related to educational attainment is more pronounced in the Atlantic Region relative to the rest of the country. The unemployment rate spread between older workers with high school education and university, for example, was 4.6 percentage points in the Region in 2013. This compares to just 0.6 of a percentage point spread nationally.



³ Fraser Institute, *Measuring Labour Markets in Canada and the United States*, 2012 Edition

In addition to having more favorable employment outcomes, educated older workers also have higher earning potential. In the Atlantic Region for instance, older workers with high school education earned an average employment income of close to \$30,000 per year. This increases in the order of 50% with post-secondary education and nearly doubles for older workers with a university degree.

Section 3: Issues and Challenges

Older Workers, Challenges and Early Retirement Decisions

The population is aging and the labour force is getting older. Fertility rates have declined and the proportion of young people in the labour force is shrinking. Between now and 2020, labour force growth in Canada will slow to about half the rate it was over the previous decade⁴, and this trend is expected to intensify by 2030 when the entire baby boom generation will be 65 years of age and over. Projections for the Atlantic Region are more dismal as each of the four provinces is expected to experience declining labour force trends to the year 2021⁵. The implications with respect to existing labour market and skills shortages, its effect on productivity in an increasingly innovative, knowledge-based economy⁶, and the resulting effect on future economic growth has spurred policymakers and stakeholders across the country to weigh in on the issue and examine ways in which to mitigate these pressures.

One possible solution to easing such pressures in the labour market is leveraging the rapidly growing older workers segment group. It is highly recognized that "...the participation of older workers will be essential for future economic prosperity"⁷ and as such, it will be increasingly important that older workers remain in the workforce for as long as they can work.⁸ Labour supply challenges do, however, exist with respect to this group - those which may serve to deter labour force participation by older workers and limit the effectiveness of what is otherwise considered a viable labour supply source. This section examines some of the reasons for continued participation of older workers in the labour market and, in turn, explores some of the challenges and associated effects on early retirement behavior.

'Delayed retirement' is the new trend

The current reality is that more and more older workers are staying attached to the labour force longer than they used to. As can be observed in Figure 12, the average retirement age in Canada declined from the traditional age of 65 to a low of 61 years in 1998. There was a slight upward trend in the average retirement age in the decade that followed, and in 2009, a new more obvious trend emerged: older workers were delaying retirement plans and working longer. This trend reversal occurred the year the country went into recession (depicted by the shaded column) hence suggesting weakened financial markets may have played a role in deterring early retirement decisions in recent years.

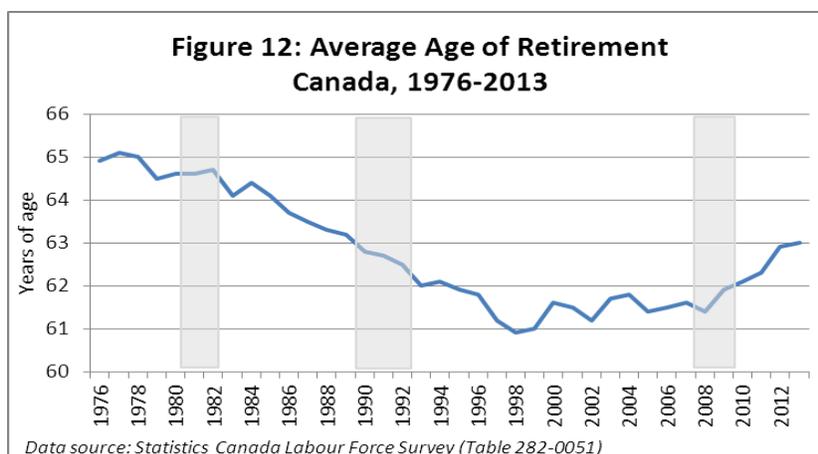
⁴ The National Seniors Council, *Older Workers at Risk of Withdrawing from the Labour Force or Becoming Unemployed: Employers' views on how to retain and attract older workers*. March 2013

⁵ Atlantic Provinces Economic Council, *Competitiveness Challenges in Atlantic Canada's Labour Force*, March 2009

⁶ Skills Research Initiative, *The Labour Market and Skills Implications of Population Aging in Canada: A synthesis of Key Findings and Policy Implications*, April 2008

⁷ The National Seniors Council

⁸ Parliament of Canada



Debt, personal choice: factors deterring early retirement decisions

It is worth noting, however, that financial pressures from previous recessions seemingly did little to deter early retirement behavior. According to Statistics Canada, the 2008-09 recession was, by conventional measures, less severe than the previous two recessions⁹ (also depicted by shaded columns, for the periods 1981-82 and 1990-92), but yet, it was the only recessionary period in which the average retirement age increased - both during and post-recession. One plausible explanation is that, in recent years, older workers (particularly those between 55 and 64 years of age) were not financially ready for retirement due to higher debt loads. According to Statistics Canada data, the average debt per family unit in this age range increased 80% over the past 15 years (attributed largely to mortgages and credit lines), while growth in average asset values rose by a relatively slower rate (66%).

Another factor influencing delayed retirement decisions is personal choice. More workers are choosing to stay engaged in the labour force voluntarily for the positive benefits that it can provide. For example, the labour force may provide a sense of purpose and satisfaction for older workers, continued social interaction, mental stimulation, and other positive health outcomes.¹⁰

Aging, illness and displacement: factors encouraging early retirement decisions

The 'delayed retirement' transition that began in 2008 was a step in the right direction from a labour supply perspective. More older workers are participating in the labour force than before which is to some degree helping to mitigate the pressures associated with population aging. At least for now! The challenge moving forward, however, is that there exists a strong negative correlation between the rate of re-employment of retired older workers and age. According to Statistics Canada, about 60% of retirees between the ages of 55-59 years were re-employed after leaving their long-term jobs; this share then falls to 45% for workers between 60-64 years of age. After 65, re-employment declines significantly¹¹.

Health issues/disability is recognized as the most common reason affecting early retirement decisions¹². The incidence of chronic illness increases with age and is a concerning factor from a labour supply perspective. Workers may be forced into early retirement due to deteriorating physical and/or mental health, or due to injury or disability.

⁹ Statistics Canada, *Study: Comparing the 2008-2010 recession and recovery with previous cycles* January 2011

¹⁰ The National Seniors Council

¹¹ Statistics Canada, *Employment Transitions Among Older Workers Leaving Long-Term Jobs: Evidence From Administrative Data*, January 2014

¹² The National Seniors Council

About one in five older persons who retired in recent years did so due to displacement¹³. Some older adults who become displaced, or alternatively who lose their jobs due to cutbacks or restructuring, may choose to remain unemployed for longer periods of time. One reason for this is that workers may want to wait to find work that pay wages comparable to what they earned in their previous job. Potential wage loss associated with displacement may deter older persons from working and entice them to exit the labour force altogether.

Other challenges affecting early retirement behaviour of older workers include: low skill levels, lack of job-search skills, inflexible working arrangements, and workplace discrimination. Collectively, these are the very barriers and challenges which stand to limit the effectiveness of the older worker labour supply pool in offsetting population aging nationally and particularly in the Atlantic Region.

Conclusion

Labour force participation by individuals 55 years of age and over has accelerated considerably since the turn of the century. Growth of the 55 plus aged population was largely attributed to the baby boomers coming of age. Looking forward, population aging will continue to accelerate between 2013 and 2030, a period during which all baby boomers would reach age 65. This dynamic, however, is only partly responsible for the rapid increase in the older workers segment group in the Atlantic Region. Growth in the number of older workers since 1993 outpaced growth of the 55 plus aged population in Atlantic Canada. More and more individuals are choosing to work longer and hence are delaying their retirement plans for various reasons. Older workers in the Atlantic Region are more educated than they used to be, and this has resulted in greater labour market success for this segment group.

Older workers now comprise a higher proportion of the labour force compared to youths, whereas twenty years ago this was not the case. With more people in the older age groups, the incidence of retirement will intensify in the coming years and, as a result, will create considerable labour supply challenges that policy makers in the Region (and nationally) must address. Leveraging the older workers segment group may be a viable option to easing labour market pressures in the medium term; however, this may become less so in the longer term as the baby boom generation approaches the traditional retirement age. Alternative measures, such as increasing immigration of qualified candidates, leveraging groups currently under-represented in the labour force, and promoting higher educational attainment to younger workers, are just some of the other possible approaches to easing labour market pressures associated with population aging in Canada.

***Note:** In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.*

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¹³ Ibid.

For information on Statistics Canada products, please visit the Statistics Canada Web site at: www.statcan.gc.ca

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