

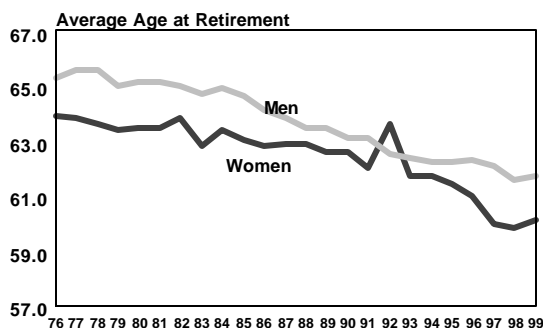
## Earnings and Employment Trends ♦ Jan/Feb 2001

### When Workers Retire

A new series on the average age of retirement is now available from Statistics Canada's Labour Force Survey. Data are only being produced at the Canada level as the sample size is too small to give reliable estimates at the provincial level. However, the retirement patterns of Canadians will likely be very similar to those of BC workers.

The data go back to 1976, the time frame when the parents of the baby boomers were beginning to retire. At that point, the average worker in Canada retired at the age of 64.9 years. Today, workers are retiring at 61.0 years on average, a decrease of almost 4 years over one generation.

**The average age of retirement declined from 64.9 years to 61.0 years between 1976 and 1999.**

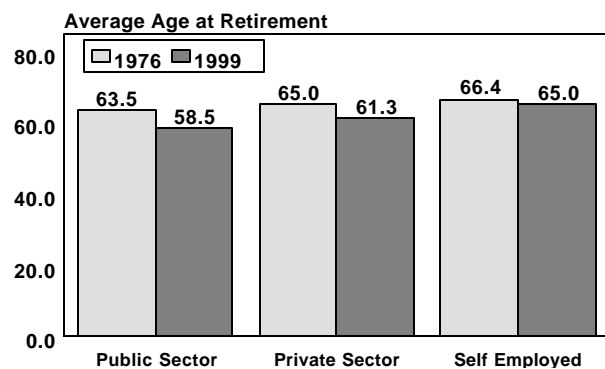


Between 1976 and 1999, the trend to retiring younger and younger has continued at a fairly steady pace for both men and women (except there appears to be a more significant drop in age for women in recent years). In 1999, the retirement age of men had fallen to 61.7 years and to 60.1 years for women. So, on average, women

are currently retiring about one and a half years earlier than men.

The chart below shows that there is quite a difference between the age at which public sector employees retire compared to their private sector counterparts. Public sector employees now leave at age 58.5 on average, down a full five years since 1976.

**The age at which public sector employees retire continues to be substantially below that of the private sector and the self-employed.**



The retirement age of private sector employees has dropped as well (down 3.7 years over a generation), but they still tend to work into their 60's (61.3 years), almost 3 years longer than the public sector. This large divergence between the two sectors is most likely attributable to the large gap in the coverage of employer sponsored pension plans between the private and public sectors. In 1995, 86 per cent of BC public employees had employer sponsored pension plans compared to 39 per cent in the private sector. This would mean that public sector employees are better able to afford retirement prior to age 60 than private sector employees.

The fact that all self-employed have to rely on their own savings rather than employer sponsored pension plans means it is less likely they will be able to afford to move out of the workforce before the age of 65 (when the OAP and CPP come into affect). It is also reasonable to assume that self-employment gives them the freedom and enjoyment that makes it possible to choose to keep working. For whatever reason, the average self-employed worked until they were 65 years in 1999. As well, the decline over the years has been far less dramatic for this group. In fact, self employed women currently stay in the workforce longer than they did in the mid-1970's.

It will be interesting to monitor the average age of retirement over the next 10 to 20 years. Given the looming labour shortages, it could be that the age of retirement will turn around from its long-term downward trend. At the very least, the early retirement incentive packages that have become so common in recent years will not be as prevalent. And it may go further than that -- employers may feel it necessary to entice their older employees to stay after normal retirement age.

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