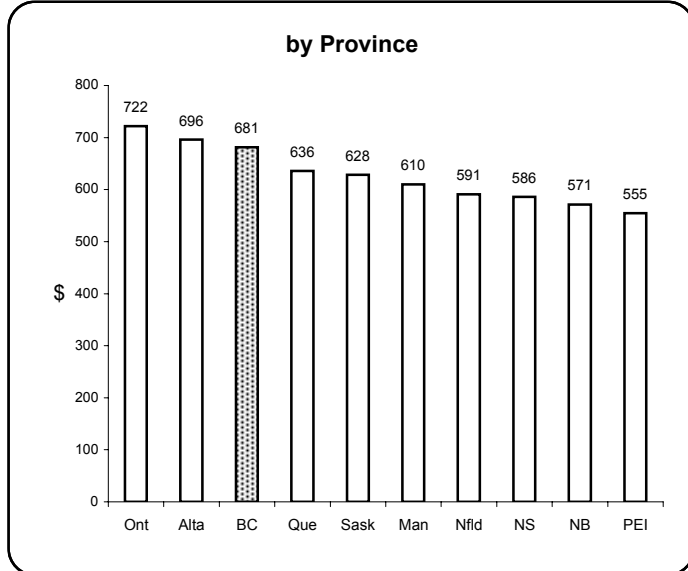
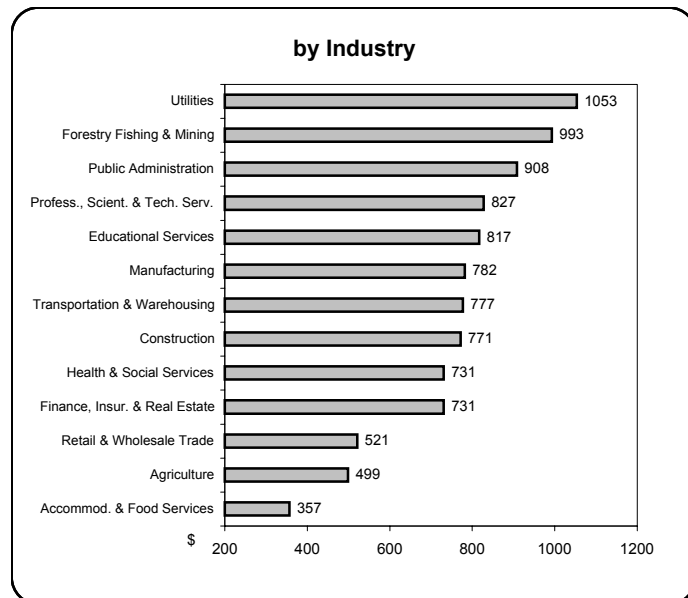
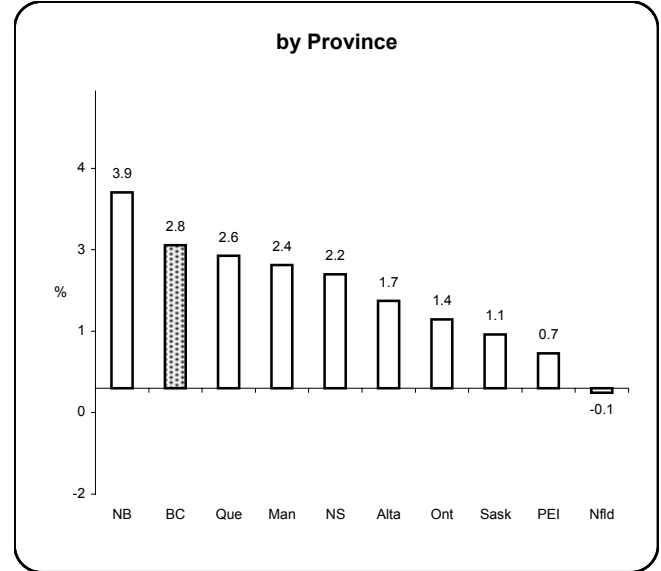


Earnings & Employment Trends ♦ September 2004

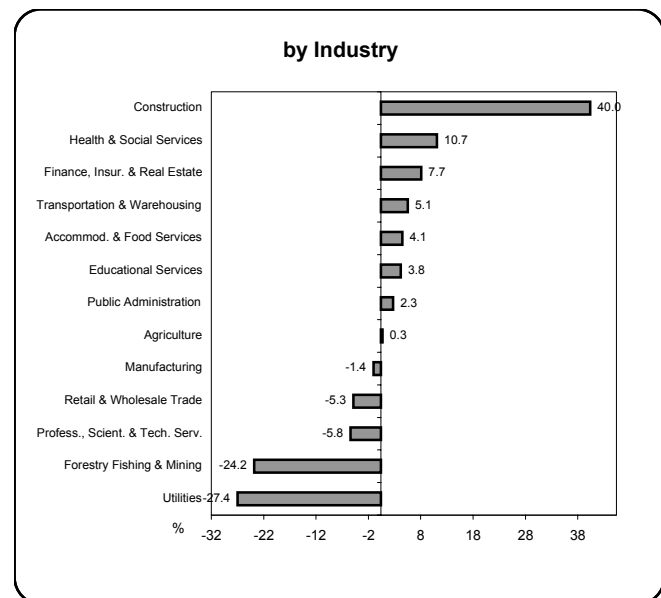
Average Weekly Wage Rate* - September 2004



Employment Growth* - September 2004



* Latest 12 month average



* Month over same month previous year (unadjusted)

Prepared by: BC STATS

Source: Statistics Canada Labour Force Survey

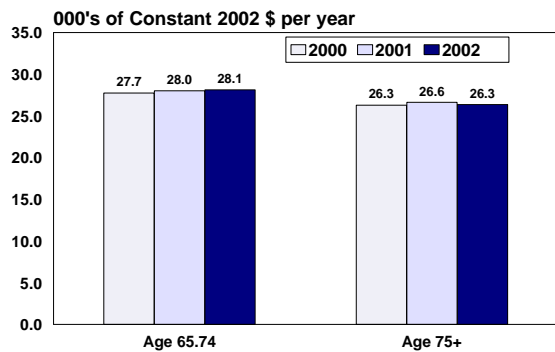
Feature Article: The Importance of Paid Work to the Economic Well-Being of Seniors

The Importance of Paid Work to the Economic Well-Being of Seniors

Statistics Canada produces data on Seniors' characteristics by source of income for various age groups. The information is assembled from Revenue Canada tax data and it provides both the number of seniors in receipt of income from a particular source as well as the total income received.

The breakout by source of income is extensive. In this article our main interest is the importance of paid work to seniors' economic well-being but we will also look at other income sources to help clarify the discussion. The analysis concentrates on the two age groups of 65-74 year olds and 75 years and over.

Total income for seniors has not changed very much in the last three years. In 2002, those over 74 years of age, reported about \$300 less in total income than those age 65-74.*

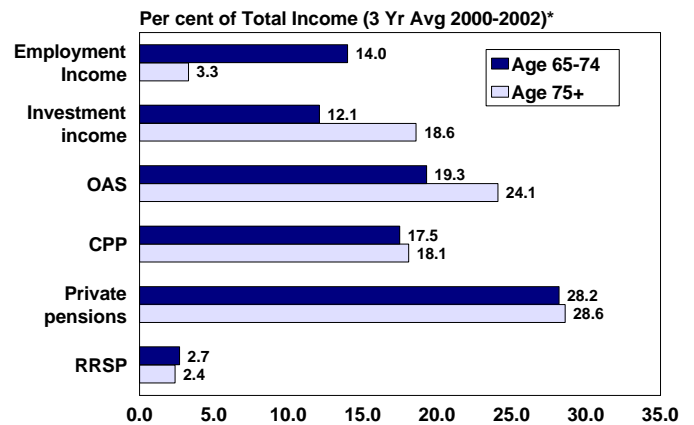


*Reported to the taxman.

Real income for seniors age 65-74 edged up slightly between 2000 and 2002 by about \$400 per year. An analysis of the source of that extra income shows that income from assets, that is investment income and RRSP's, actually declined by \$800. This was fortunately more than offset by a \$400 increase in private pensions and a \$900 increase in employment income.

Average Income for those over 74 has remained fairly constant between 2000 and 2002 but they suffered a large decline in their investment income, dropping from 20 to 17 per cent of their total income. This loss was tempered by increases in both CPP and Private Pension benefits. While their income levels are lower than their younger counterparts, it is not as low as one might expect. In 2002, the gap was 6 per cent.

Employment Income remains an important source of income for Seniors age 65 to 74.



*Note: Does not sum to 100 because minor income sources are excluded.

The chart above shows that employment income is a surprisingly important income source for seniors between age 65-74. Also of interest is that more than 3 per cent of income among 75+er's comes from paid employment. And for those who do work, the average employment income over the 3 years was \$16,000 and \$9,000, respectively.

But the value of the income from employment does not fully show the extent of seniors' participation in the

workforce. Close to 25 per cent of those age 65 to 74 were in the paid workforce in 2002 and over the three years that participation has been increasing.

Remarkably, one in 4 seniors, aged 65-74, and one in 10 75+er's had paid employment in 2002.



The increase is likely the result of pensioners feeling the pinch from their decline in investment income and are obliged to supplement their income by returning to work. Both the numbers of self-employed and those earning a wage has been increasing.

The numbers from the chart on the previous page imply that the younger age group has considerably less reliance on investment income than those over 74. This may be due to a couple of factors; a considerably larger proportion of the older age group have investment income and they also earn more from that source. One explanation for this divergence might be that those over age 74 have already downsized their residence at a profit and have thus been able to increase their savings. We will probably see a similar trend among the 65-74 year olds as they age - a larger reliance on investment income and a lesser dependence on employment income.

What can we expect from those approaching retirement age? The population age 55-64 has been showing similar trends to those already there. The proportion with investment income has fallen from 55 to 50 per cent and among those with investment income, their revenues have fallen off by 10 per cent. Workforce participation is up with fewer showing signs of heading towards retirement, that is, fewer receiving CPP or a private pension.

The extent to which the age groups approaching retirement will have an increased reliance on RRSP's remains to be seen. But as it stands now, among the retirement-aged population, only about one in ten have any income from RRSP's and the average amount being withdrawn annually is only \$7,100 for the 65-74 group and \$5,300 for the 75+er's. This translates into a fairly insignificant income source of not much more than 2.5 per cent. For those moving towards their 60's, how the stock markets, and hence RRSP savings, fare in the next 10 years may prove to be the single most important determinant of the BC labour supply for many years to come.