OLDER WORKERS STAMPEDE INTO THE LABOUR MARKET

Highlights

• Older workers have dominated the gains in the labour market in recent years.
• Canadians aged 60 years and over have accounted for about one-third of all net job gains since the economic recovery began in July 2009. Yet, they only account for 8% of the total labour force.
• With better health outcomes later in life and the availability of more flexible work arrangements, many older Canadians are delaying retirement and staying in the workforce longer.
• To some degree, this will counterbalance the expected decline in labour force growth as older workers become an increasingly important part of the labour market.

Older Canadians are blazing trails on many fronts. With better health outcomes and longer life spans, many are able to do things that previous generations may not have been able to. Case in point is the nation’s job market as recent employment data show that older workers have been the dominant age cohort. Chart 1 shows that since the recovery began in mid-2009, individuals aged 60 years and older have accounted for about one-third of all net new job gains – a striking figure considering they accounted for just 8% of the total labour force. And as the chart highlights, this is not simply a story of those in the 60-65 age range, but also of those older than 70. Employment for these individuals has surged by 55,000 positions since then (a 37% gain). Even more surprising is that almost 100,000 net jobs were added in the 60+ age group at the depth of the recession. By comparison, their younger counterparts (ages 59 and under) recorded well over 500,000 net losses over the same period.

While this trend of older workers has been most apparent since the recession began, it is not new. Indeed, the share of older workers both in the labour market and employed has been climbing steadily since 2000 (chart 2). However, this is not isolated to Canada. Older Canadians are simply part of a broader trend amongst advanced economies in which older workers are becoming an increasingly vital part of the global labour market (chart 3).

Nationally, most of the job gains during the recovery have been concentrated in service-based industries such as professional, scientific, and technical services and health care. Indeed, older workers did record substantial gains in the each of these rapidly growing sectors. However, the one most popular among those individuals was retail. Interestingly, employment in the sector has languished for almost three years and is below its pre-recession

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peak, yet older workers have recorded a net gain of some 75,000 jobs in the retail industry (chart 4).

**A changing workplace for a changing workforce**

A growing preference for older workers reflects in part their experience and tendency to favour less rigid work arrangements than those of the general population. Human Resources and Social Development Canada estimated that upwards of one-third of all work arrangements are now “non-standard” which includes part-time and temporary work, and self-employment. These lower-intensity work arrangements provide the perfect vehicle for older workers to gradually move into retirement (referred to as phased retirement). And data show that the majority of older workers indeed have non-standard work arrangements with upwards of two-thirds working part-time by choice. By comparison, just 28% of prime working-aged adults (ages 25-54) work part-time out of preference. A recent Statistics Canada study further supports this view and indicates that a 50-year old worker in 2008 could expect to work 3.5 years longer than a 50-year old worker in the mid-1990s.

Interestingly, the longer working life expectancy did not lessen the time spent in retirement – delaying it simply offset Canadians’ longer life expectancy. But the rising presence of older workers is a reflection of many other factors, as well. Certainly, better health outcomes later in life, the end of mandatory retirement, and the availability of less physically-intensive occupations has allowed many to continue working. However, demand-side factors are also contributing. Businesses are already facing shortages of skilled labour and thus increased pressures to find ways of either retaining or hiring older workers, such as the provision of flexible work arrangements. Moreover, it is also possible that there is an involuntary component to these choices. There are concerns that inadequate savings earlier on in life has led many to work in retirement to supplement their income. In no small part, this would have been exacerbated by the decline in retirement assets in the wake of the recent financial crisis. This is a trend that could become more prominent in the coming generations. Savings rates among current middle-aged and younger Canadians are extremely low relative to previous generations and financial returns are not expected to reach the same heights as in the 1980s and 1990s.

**Conclusion**

These recent job market trends highlight how older Ca-
nadians are pioneers in many ways. They are living longer, working longer – and as TD Economics reported in a recent note (Canada’s Aging Household Debt Burden) – they are increasingly taking on debt. Many analysts fret – and rightly so – about a trend slowdown in labour force growth in the coming decades as baby boomers head into the traditional retirement age. Yet this downward pressure is likely to be counterbalanced at least in part by rising participation rates of older Canadians.

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Endnotes


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