

# Retirement attitudes, plans and behaviour <sup>(1)</sup>

*Graham S. Lowe*

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Canada is experiencing a "seniors boom". Now about 1 in 10 Canadians is age 65 or over; by 2031 this figure is projected to rise to about 1 in 4 individuals. <sup>(2)</sup> As Canadian society ages, the issues of retirement and pensions become increasingly important. <sup>(3)</sup> This article uses data from the 1989 General Social Survey (GSS) to examine Canadians' opinions towards mandatory retirement, their retirement plans, and pensions. It also reviews the incidence of pensions and the reasons for retirement among the retired population.

## Attitudes towards mandatory retirement

Canada introduced the current universal old age income security system during the 1950s and in 1966, the employment-related Canada and Quebec Pension Plans. Because these public (and most private) pensions started paying benefits at age 65, this became accepted as the age of retirement. <sup>(4)</sup>

However, growing numbers of Canadians are beginning to oppose mandatory retirement at age 65. Public debates about mandatory retirement are heating up, especially in the wake of the Supreme Court of Canada decision backing the principle. <sup>(5)</sup> Some people may see employment after age 65 as a financial necessity because of inadequate pensions, although fewer are working beyond this age. <sup>(6)</sup> Other trends, such as multiple careers, early retirement, gradual retirement, and post-retirement re-employment, are also eroding the conventional practice of working until around age 65 and then abruptly entering the retirement phase of life. <sup>(7)</sup>

More than one in three Canadians 15 years of age or older (over 7 million individuals) support the idea of mandatory retirement ([Table 1](#)). This varies from around 30% in Alberta, Ontario and British Columbia to 45% in Manitoba and 56% in Newfoundland. These provincial variations are more pronounced than the differences in support for mandatory retirement across age groups.



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## Table 1 Population in favour of mandatory retirement, by age and province, 1989

*Source: General Social Survey*

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Among individuals currently working at a job or business, opinions vary by occupation ([Table 2](#)). About 46% of workers in manufacturing-related occupations [\(8\)](#) and 41% in construction trades and transport equipment operating occupations support mandatory retirement, while only 19% of those employed in social sciences, 20% in artistic and literary jobs, and 24% in teaching and in sales do.



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## Table 2 Proportion of those currently employed in favour of mandatory retirement, by occupation and sex, 1989

*Source: General Social Survey*

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Among employed men, 36% support mandatory retirement, compared with 30% of employed women. Higher male approval for mandatory retirement is even more pronounced in sales, clerical, and teaching occupations.

Attitudes towards mandatory retirement are influenced by level of education, household income, main activity, and access to a pension plan. Support for mandatory retirement is inversely related to education and income. That is, the higher the level of education or household income, the less likely the respondent is to endorse mandatory retirement. Individuals who are retired or keeping house generally respond more favourably towards mandatory retirement than students or the employed.

Higher socio-economic status appears to provide workers with both the human capital and financial resources to make early retirement a viable option. However, the influence of socio-economic characteristics on options regarding mandatory retirement is more complex than this. For example, employed individuals with employer-sponsored pension plans (more common in higher status jobs) are more supportive of mandatory retirement than workers without employer pension plans. A likely reason for this finding is that pension plans often calculate benefits using age 65 as the customary mandatory retirement age. However, a thorough examination of the possible determinants of attitudes towards mandatory retirement falls beyond the scope of the 1989 GSS.

# Suggested mandatory retirement age among the employed

Certainly part of the explanation for differences in attitudes towards mandatory retirement is the lack of consensus regarding the ideal retirement age. Among currently employed respondents who agree in principle with mandatory retirement, 59% believe that the age should be 64 or less, whereas 37% feel that it should be 65 ([Table 3](#)). Very few believe that the age should be set beyond 65.



## Table 3 **Employed, aged 15 and over, in favour of mandatory retirement by suggested retirement age and selected characteristics, 1989**

*Source: General Social Survey*

Age has a minor influence on views about the ideal mandatory retirement age among the employed. Baby boomers (aged 25 to 44 years) and individuals aged 45 to 54 are predisposed to having retirement mandatory at an age less than 65. About two-thirds of the individuals in each of these groups support mandatory retirement before age 65.

Having a university degree or a high household income is associated with a preferred retirement age of 65, rather than earlier. This seems inconsistent with the socio-economic patterns of support for mandatory retirement. Early retirement may be a realistic option for the better-educated and more affluent. One indication of this is the somewhat higher support for mandatory retirement before age 65 among workers with employer-sponsored pension plans. Yet, at the same time, the more interesting and challenging jobs of these individuals might encourage them to work until age 65.

How consistent are opinions about mandatory retirement with retirement plans? Overall, support for mandatory retirement is strongest among employed individuals who do not know when they will retire. Looking only at workers who plan to retire at a specific age, support for mandatory retirement at less than age 65 is highest among those intending to retire between ages 55 and 59. Not surprisingly, support for retirement at age 65 is strongest among those who plan to retire at this age.

In sum, a large majority of Canadians are opposed to the idea of mandatory retirement. But among the minority who favour it, there is strong support for a mandatory retirement age of less than 65.



## Chart **Population 15 and over in favour of mandatory retirement by selected characteristics, 1989.**

*Source: General Social Survey*

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## Retirement plans

The question of current employees' retirement plans deserves closer scrutiny, given its implications for pension funds and future labour supply. Among the currently employed, over two-fifths intend to retire before age 65, while about one-third do not know when they plan to retire. Only 14% opt for the conventional retirement age of 65. The rest do not plan to retire (7%) or else want to retire after age 65 (1%).

Significantly more women than men (41% versus 28%) don't have fixed retirement plans. As a result, proportionally fewer women than men plan to retire between the ages of 55 and 64.



## Chart **Planned retirement age of the employed, 1989.**

*Source: General Social Survey*

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Age is also associated with retirement plans - older employees are more likely than their younger counterparts to have chosen an age to retire, and those closest to retirement (55 years or older) are most likely to plan not to retire, or to retire at age 65. Retiring earlier than age 65 is a definite preference expressed by baby boomers. Indeed, almost half of this cohort plans to retire before the age of 65.

Occupational variations exist as well, but overall, age and sex are more influential in determining retirement plans. Focusing on white-collar occupations, clerical, sales, and service employees are less likely to have retirement plans than respondents in managerial/administrative, science/engineering, and teaching jobs ([Table 4](#)). This may result from the high proportion of women - who generally are less certain about retirement plans - in clerical, sales, or service occupations. Turning to blue-collar jobs, relatively fewer employees in primary jobs stated a retirement age than did respondents in manufacturing-related, or construction/transportation jobs.

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## Table 4 **Employed by planned retirement age and selected characteristics, 1989**

*Source: General Social Survey*

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Of course, other factors are also important. Given that retirement decision making necessarily involves financial planning, income and access to an employer-sponsored pension exert major influences ([Table 4](#)). For example, 39% of individuals with lower household incomes have no retirement plans, compared with 24% of those in households with incomes of \$60,000 or more. In contrast, 55% of individuals in high-income households are planning early retirement, whereas less than one-third of those in lower-income households have such intentions.

Having an employer-sponsored pension plan makes early retirement more feasible. Over half of workers with employer pension plans want to retire early, compared with just over one-third of those without such pensions. Thus, having a company pension also facilitates making concrete retirement plans, especially before age 65.

The basic finding to emerge, then, is that the planned retirement ages reported by currently employed individuals typically are less than the traditional mandatory retirement age of 65.

## **Age at retirement**

Survey respondents already in retirement were asked if they retired because they had reached mandatory retirement age. [\(9\)](#) Answers to this question give an estimate of how closely Canadians' retirement behaviour conforms to the expected norm, age 65.



## Chart **Retired population by age at retirement, 1989.**

*Source: General Social Survey*

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Dividing the currently retired population into three groups - those who retired before age 65, at age 65, and after age 65 - reveals that 63% of retirees in Canada retired before reaching age 65. Only 17% retired at age 65, while another 16% retired after age 65. Women were somewhat more likely than men to retire before reaching 65 (68% versus 62%).

Generally, actual retirement age seems to vary little by type of former occupation. However, looking at men and women separately reveals occupation-specific retirement patterns. Men formerly employed in

clerical, sales or service jobs were less likely than managerial/professional or blue-collar males to retire before age 65. However, the reverse holds true for females, with a much higher proportion of women in clerical, sales and service jobs retiring before age 65.

Turning to the reason for retiring, 28% of respondents retired because they had reached mandatory retirement age. Health reasons were an important cause of retirement, cited by one-quarter of the formerly employed. Only 6% retired because they had been given early-retirement incentives. And the number who retired because of the introduction of new technology was insufficient for reliable estimates. However, the largest group (41%) falls into the "other reasons" category. Analysis of these "other" responses identifies two predominant categories: personal choice or preference, and marriage or family responsibilities (cited mainly by women).

The GSS provides a rather broad-brush picture of retirement behaviour. To more fully understand occupational and sex differences in retirement behaviour requires data on labour force status (full-time or part-time, full-year or part-year), years in the labour force, and more occupational details.



### Chart **Retired population by reasons for retirement, 1989.**

*Source: General Social Survey*

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However, the GSS does document whether retirees are receiving pension or retirement benefits from former employers. Again, men and women exhibit distinct patterns in this regard. For men, receiving a pension increases the likelihood of retiring before age 65, whereas not receiving a pension or retirement benefits is associated with retiring after age 65. Among women, those with no employer pension benefits are more likely to retire earlier.



### Chart **Retired population receiving employer-sponsored pension plan benefits, 1989.**

*Source: General Social Survey*

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## **Pensions among the retired**

This last point raises questions about the distribution of pension and retirement benefits among the

currently retired. Pensions represent one means of support in old age. (10) Although pension reform has been on the public agenda for some time now, (11) the aging of the baby boom generation will likely increase the pressure for pension reform and for more employers to provide pension benefits.

Within this context, it is useful to know more about employer-sponsored pension benefits received by those already retired. Almost half of the currently retired receive pensions or retirement benefits from former employers. Overall, 3 in 5 retired men receive pension benefits from former employers, compared with less than 3 in 10 women. (Lack of access to private pensions is one of the contributing factors to the higher incidence of poverty among elderly women. This may be changing, however - see "Women approaching retirement" by D. Galarneau in this issue.) Former managers and professionals of either sex were most likely to be receiving pension benefits (71% of men, 53% of women). Among men, a similarly high proportion of former clerical, sales and service employees received pensions (67%). This is in sharp contrast to the situation for women - only 21% of former clerical, sales and service employees received pensions.

Overall, 58% of retirees receiving pensions have these benefits at least partially indexed for inflation. In a curious reversal, women receiving pension benefits are actually more likely to have them adjusted to the cost of living than are men (65% versus 56%). One possible explanation is that proportionally more women than men receiving pension benefits were formerly employed in the public sector, where indexed pensions are more common.

## Conclusion

The process of population aging, especially as the baby boom generation grows older, will be accompanied by changes in how society defines work and retirement. Based on the findings of the 1989 General Social Survey, retirement-related attitudes and behaviour seem to be undergoing adjustment. The majority of Canadians reject mandatory retirement. Few agree with the custom of having employees retire at age 65. And only a small minority plan to retire at age 65 or later. What is now called early retirement will likely become more prevalent, particularly among men in the baby boom generation.

But the big questions remaining point to the future. Will the attitudes and plans regarding retirement documented above, be reflected in legislation affecting pensions and retirement or in private pension provisions? Equally important, what will baby boomers do after retiring early: begin other careers (perhaps part-time), engage in voluntary activities, return to school, or pursue recreational interests? Whatever trends emerge will have enormous implications for Canadian society.

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## 1989 General Social Survey (GSS) questions on retirement

All respondents were asked:

- "At what age do you plan to retire?" (The actual age was recorded, as were "don't know" and "don't intend to retire" responses.)
- "Do you think that mandatory retirement is a good idea?" If respondent answered "yes":
- "At what age?"

Respondents whose main activity at the time of the survey was working at a job or business were asked:

- "Does your business/company provide you with a pension plan?"  
Retired respondents were asked:
- "In what year did you retire?"
- "What kind of work were you doing?" (at the time of retirement)
- "Did you retire because you reached mandatory retirement age?"

If the respondent did not retire because mandatory retirement age was reached:

- "Did you retire because your employer offered an early retirement incentive? because new technology was introduced? because your health required it? or any other reason?"
- "Do you receive a pension or retirement benefits from any of your former employers?" If "yes":
- "Are these benefits adjusted for changes in the cost of living?"

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## Notes

### Note 1

This article draws from [G.S. Lowe's](#) report "*Education, work, computers, and retirement: challenges for the 1990s*" (Summer 1991).

### Note 2

See [L.O. Stone and S. Fletcher](#), *The seniors boom: dramatic increases in longevity and prospects for better health* (1986) and [Statistics Canada](#), *A portrait of seniors in Canada* (1990).

### Note 3

For discussions see [B.T. Wigdor and D.K. Foot](#), *The over-forty society: issues for Canada's aging population* (1988); [S.A. McDaniel](#), *Canada's aging population* (1986); and [P.L. McDonald and R.A. Wanner](#), *Retirement in Canada* (1990). Issues relevant to Canada are also examined in [K. Dychtwald and](#)

[J. Flower](#), *Age wave: the challenges and opportunities of an aging America* (1989).

**Note 4**

On the history of retirement in Canada see [McDonald and Wanner](#), op. cit., ch.2.

**Note 5**

Compare, for example, [M. Gunderson and J. Pesando](#), *Canadian public policy* (1988) and [M. Krashinsky](#), *Canadian public policy* (1988). Also see [Wigdor and Foot](#), op. cit., pp. 26-30; and [Canadian Union of Public Employees](#), *The facts* (Fall 1989), special issue on pensions.

**Note 6**

See [C. Lindsay and S. Donald](#), *Canadian social trends* (1988).

**Note 7**

Researchers are only beginning to thoroughly examine some of these trends. In the absence of Canadian studies, it is useful to consider the American experience. See, for example, [P.B. Doeringer, ed.](#), *Bridges to retirement: older workers in a changing labor market* (1990) and [A. Fontana and J.H. Frey](#), *Work and occupations* (1990).

**Note 8**

This comprises processing, machining and related occupations; and product fabricating, assembling and repairing.

**Note 9**

The retired population is defined as those individuals who, during the week prior to the survey, reported retired as their main activity (as opposed to working at a job or business, looking for work, student, or keeping house) and who had ever worked at a job or business.

**Note 10**

[Wigdor and Foot](#), op. cit., p. 41.

**Note 11**

[National Council of Welfare](#), *Pension reform* (1990).

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## Source

*Perspectives on Labour and Income*, Autumn 1991, Vol. 3, No. 3 (Statistics Canada, Catalogue 75-001E). This is the first of five articles in the issue.

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Table 1

**Population in favour of mandatory retirement, by age and province, 1989**

	Total	15-24	25-44	45 +
	%			
<b>Canada</b>	<b>35</b>	<b>34</b>	<b>34</b>	<b>38</b>
Newfoundland	56	51	58	56
Prince Edward Island	34	..	..	..
Nova Scotia	37	24	41	40
New Brunswick	42	49	39	41
Quebec	42	43	41	42
Ontario	31	27	30	34
Manitoba	45	41	40	51
Saskatchewan	40	44	37	40
Alberta	29	30	28	31
British Columbia	31	28	29	35

*Source: General Social Survey*

Table 2

**Proportion of those currently employed in favour of mandatory retirement, by occupation and sex, 1989**

	Total	Men	Women
	%		
<b>Total</b>	<b>33</b>	<b>36</b>	<b>30</b>
Managerial/ administrative	29	27	31
Science/engineering	30	29	33
Social sciences	19	18	20
Teaching	24	28	21
Medicine/health	28	31	27
Artistic/literary	20	..	20
Clerical	32	39	30
Sales	24	28	20
Service	40	43	38
Primary	32	32	..
Manufacturing-related*	46	47	45
Construction/ transportation	41	42	..
Other occupations	49	50	45
Not stated	32	..	..

*Source: General Social Survey*

*\* This comprises processing, machining and related occupations; and product fabricating, assembling and repairing.*

Table 3

**Employed, aged 15 and over, in favour of mandatory retirement by suggested retirement age and selected characteristics, 1989**

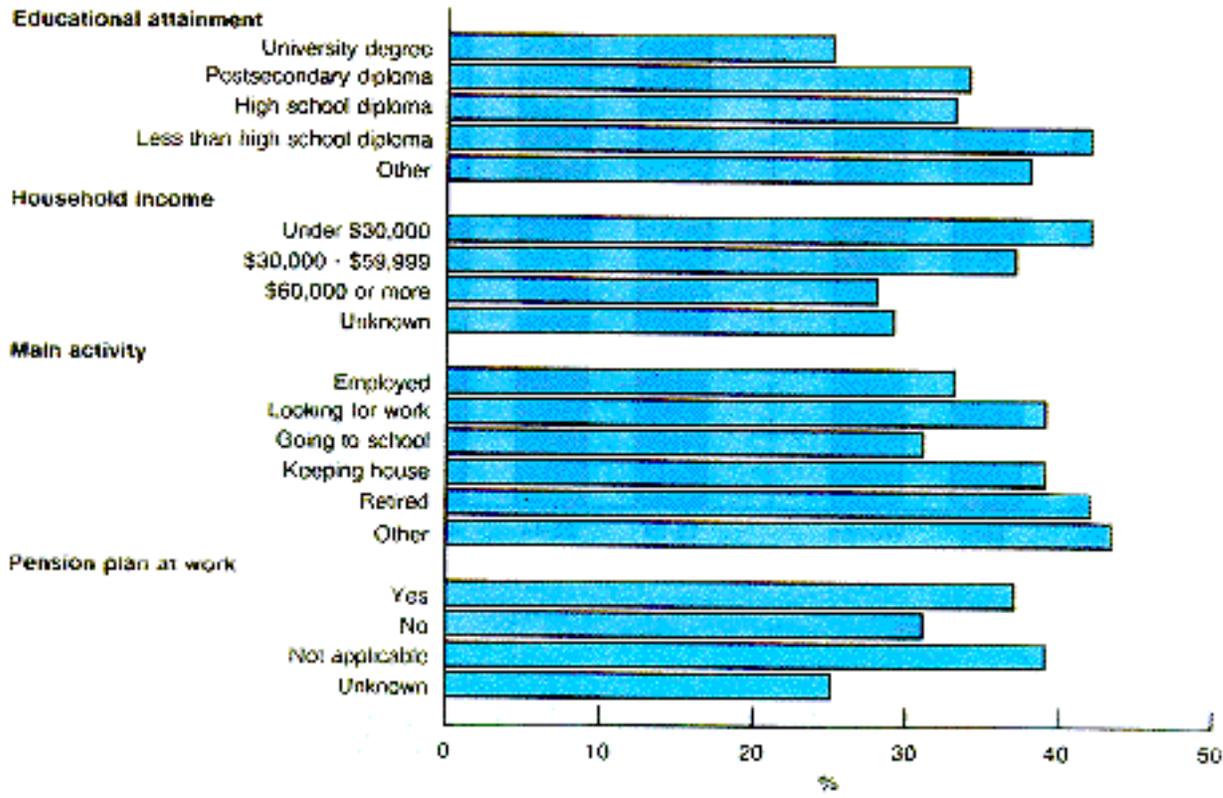
	Suggested mandatory retirement age		
	<65	65	Other*
	%		
<b>Total</b>	<b>60</b>	<b>37</b>	<b>3</b>
Age group			
15-24	50	43	7
25-44	64	34	3
45-54	65	34	--
55 +	48	50	--
Educational attainment			
University degree	47	46	7
Postsecondary diploma	63	35	--
High school diploma	58	39	3
Less than high school diploma	65	33	2
Household income			
Under \$30,000	62	36	--
\$30,000-\$59,999	64	35	1
\$60,000 or more	55	40	5
Don't know	47	46	7
Not stated	59	36	--
Pension plan at work			
Yes	62	36	2
No	57	39	4
Don't know	62	34	--

Source: General Social Survey

\* Over 65 or not stated.

### Population 15 and over in favour of mandatory retirement by selected characteristics, 1989

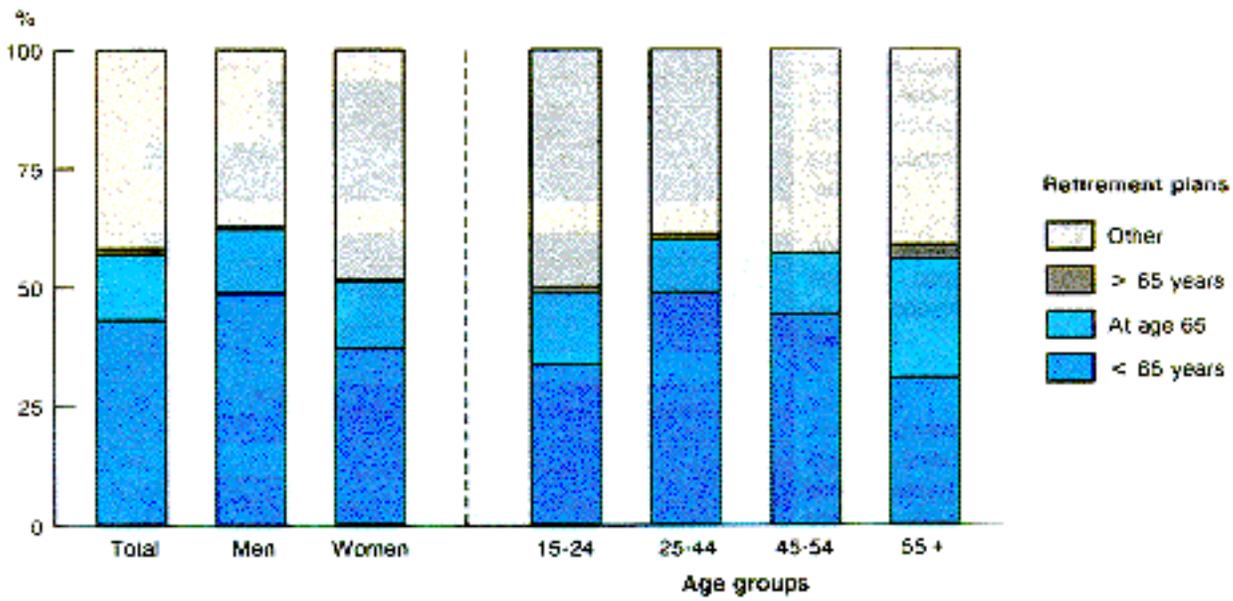
Overall, about one-third of the population 15 and over favoured mandatory retirement.



Source: General Social Survey

### Planned retirement age of the employed, 1989

Almost one-half of baby boomers plan to retire before age 65.



Source: General Social Survey

Table 4

**Employed by planned retirement age and selected characteristics, 1989**

	Planned retirement age*					
	<55	55-59	60-64	65	Don't plan to retire	Don't know
	%					
<b>Total</b>	<b>10</b>	<b>19</b>	<b>14</b>	<b>14</b>	<b>7</b>	<b>34</b>
<b>Occupation</b>						
Managerial/ administrative	11	22	17	11	9	26
Science/engineering	9	28	14	10	7	31
Social sciences	--	11	--	17	13	38
Teaching	8	26	13	15	8	28
Medicine/health	11	18	16	12	8	34
Artistic/literary	12	12	--	--	19	41
Clerical	11	16	13	14	5	39
Sales	9	18	13	12	9	36
Service	12	11	13	17	7	39
Primary	--	17	9	15	9	40
Manufacturing-related**	10	23	16	17	3	30
Construction/ transportation	13	24	15	12	7	27
Other occupations	--	21	18	16	--	36
<b>Household income</b>						
Under \$30,000	6	13	13	19	8	39
\$30,000-\$59,999	12	23	16	14	5	28
\$60,000 or more	14	25	16	10	9	24
Don't know	7	8	9	12	9	54
Not stated	5	13	11	11	8	41
<b>Pension plan at work</b>						
Yes	10	26	16	14	4	29
No	11	13	12	14	10	38
Don't know	--	--	14	12	10	53

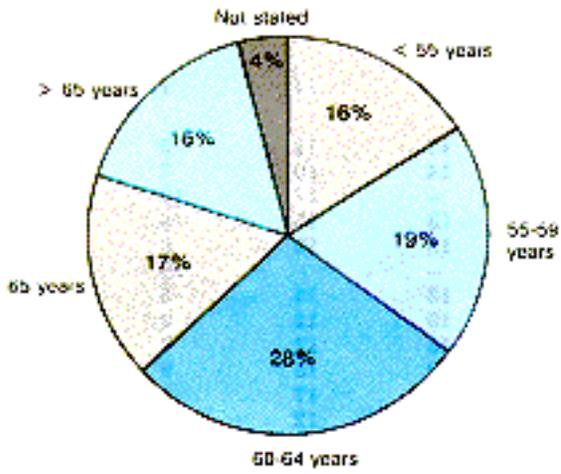
*Source: General Social Survey*

*\* About 2% of the employed planned to retire after age 65 or else did not specify an age for retirement, therefore rows do not add to 100%.*

*\*\* This comprises processing, machining and related occupations; and product fabricating, assembling and repairing.*

### Retired population by age at retirement, 1989

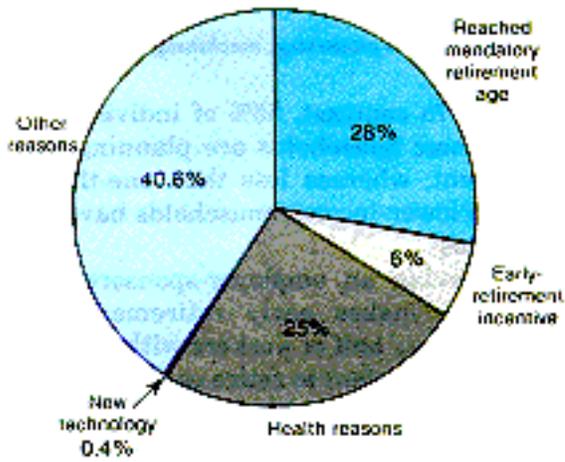
More than 60% of retirees left employment before age 65.



Source: General Social Survey

### Retired population by reasons for retirement, 1989

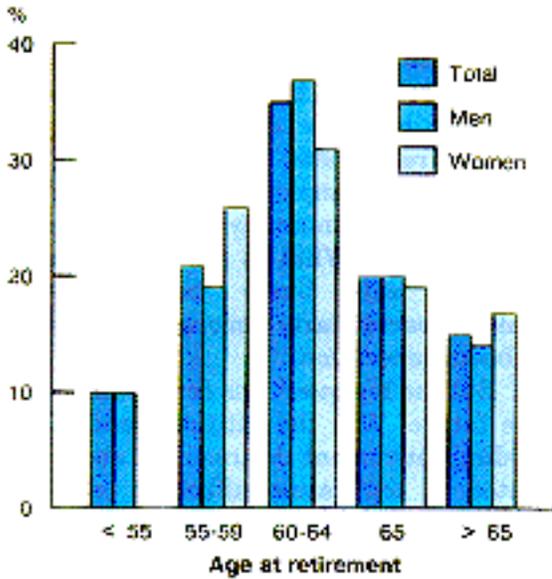
Just over one-quarter of all individuals retired because of mandatory retirement.



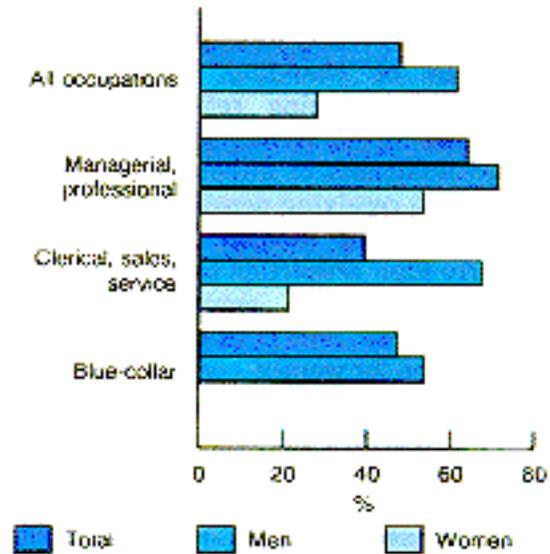
Source: General Social Survey

## Retired population receiving employer-sponsored pension plan benefits, 1989

Among retired individuals with employer-sponsored pension plan benefits, almost two-thirds retired before age 65.



Regardless of occupational group, retired men were more likely to receive employer-sponsored pension plan benefits.



Source: General Social Survey