

# Participation of older workers

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**I**nterest in the labour market behaviour of the baby-boom generation (those born between roughly 1946 and 1965) continues unabated—and for good reason. The activity rate of this population bulge can affect employment levels, the economy in general, the use of public services, as well as individual and family economic well-being of boomers themselves. For some years now, special attention has been paid to their predicted retirement patterns since a mass wave of early departures could cause serious disruption to the labour force.

However, recent studies and indicators suggest that baby boomers may not in fact be collectively fleeing employment for ‘freedom 55’ (Copeland 2007; Martel et al. 2007; Wannell 2007). The oldest boomers turned 60 in 2006, the same year that saw a record proportion of 60 to 64 year-olds in the labour force (45%). Furthermore, the average age of retirement remained steady at 61.5—still up from a low of 60.9 in 1998. The non-exodus of older workers may be dampening the threat of a sudden and severe labour shortage.

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This article examines the labour market trends of the population aged 55 to 64.<sup>1</sup> As well, it looks at the employment characteristics of those with a job in 2006 vis-à-vis core-age workers (aged 25 to 54). Are older workers starting to reduce their work hours or change jobs, or is it business as usual? This age range is of particular interest as most people are expected to retire sometime between 55 and 65. Indeed, labour force participation falls dramatically for those 65 and over. In 2006, only 13% of women and 23% of men aged 65 to 69 were in the labour force, and for those aged 70 and over the rates dropped to 2% and 7% respec-

tively. (For more information on the employed 65-and-over age group, see Walsh 1999 and Duchesne 2004.)

## An older population, and more working

Over two million people aged 55 to 64 were employed or looking for work in 2006, representing 12% of the total labour force—up from one million (10%) in 1976 (Table 1). The two principal forces behind these increases are an aging population and rising labour force participation rates<sup>2</sup> among older workers. For example, as a proportion of the total population,

**Table 1 Characteristics of the 55-to-64 age group**

	1976			2006		
	Both sexes	Men	Women	Both sexes	Men	Women
Population ('000)	1,916	926	990	3,615	1,780	1,836
% of total population	11	5	6	14	7	7
Labour force ('000)	1,017	703	314	2,123	1,180	943
% of total labour force	10	7	3	12	7	5
	%					
<b>Education</b>						
University degree	5	7	4	19	22	17
Less than university	95	93	96	81	78	83
<b>Labour force participation rate</b>	<b>53</b>	<b>76</b>	<b>32</b>	<b>59</b>	<b>66</b>	<b>51</b>
University degree	75	86	53	67	72	60
Less than university	52	75	31	57	65	50

Source: Statistics Canada, Labour Force Survey

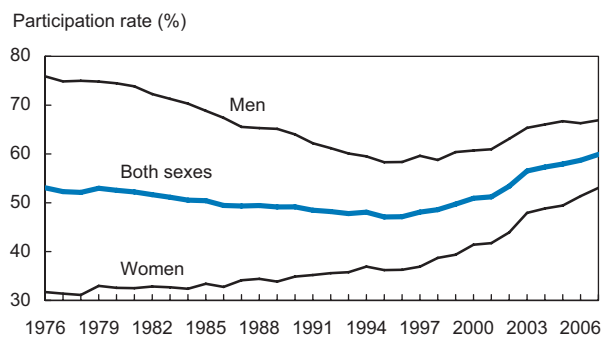
those aged 55 to 64 represented 11% in 1976 and 14% in 2006—a proportion predicted to grow as the later and larger part of the baby-boom generation ages (Chart A). At the same time, the overall labour force participation rate for this group increased from 53% to 59%. However, behind this increase are two different trends for men and women. The participation rate for older men went from a high of 76% in 1976 to a low of 58% in 1995, rebounding by 2007 to 67%. Women, on the other hand, have seen a constant increase, from 32% to 53% (Chart B).<sup>3</sup>

### Majority in their late 50s still working

A breakdown by age shows that the majority of men aged 55 to 59 were attached to the labour force in 2006 (76%). This rate was below the 1976 high of 84% but above the 1998 low of 71% (Chart C). Meanwhile, women of the same age saw their participation rate climb steadily, from 38% in 1976 to 62% in 2006. Not surprisingly, a smaller proportion of people in their early 60s (60 to 64) participated in the labour force, but again recent increases have occurred for men (from 43% in 1995 to 53% in 2006) and women have seen continued gains (reaching a record of 37% in 2006).

Although the long-term trends are similar in Canada and the United States, the U.S. participation rates are generally higher for both men and women. Women

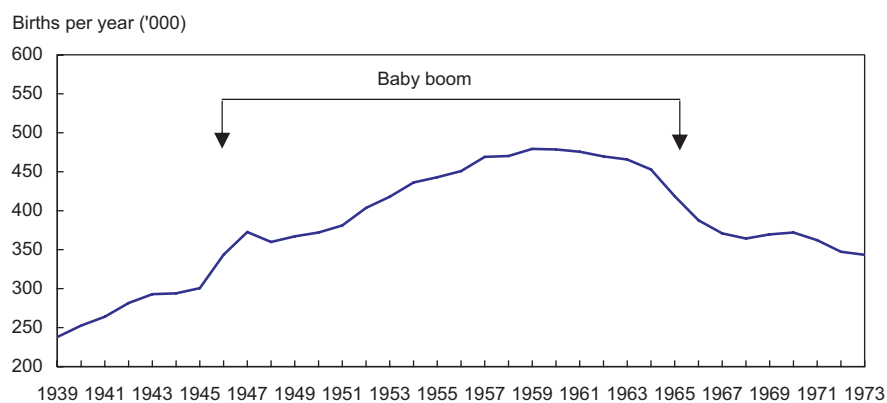
**Chart B Six in ten 55 to 64 year-olds in the labour force in 2007**



Note: 2007 is a January-to-June average.  
Source: Statistics Canada, Labour Force Survey

show larger gaps, with 67% of Americans aged 55 to 59 and 47% aged 60 to 64 in the labour force in 2006—4 and 10 percentage points higher respectively than their Canadian counterparts. This is intriguing given that younger Canadian women have consistently higher labour force participation rates than their American counterparts.<sup>4</sup> One possible reason could be that some older Americans purposely remain employed in order to have continued access to employment-based health insurance (Copeland 2007) since universal health care coverage (Medicare) is offered to Americans only at age 65.

**Chart A The baby boom consisted of roughly 20 years of above-average births**

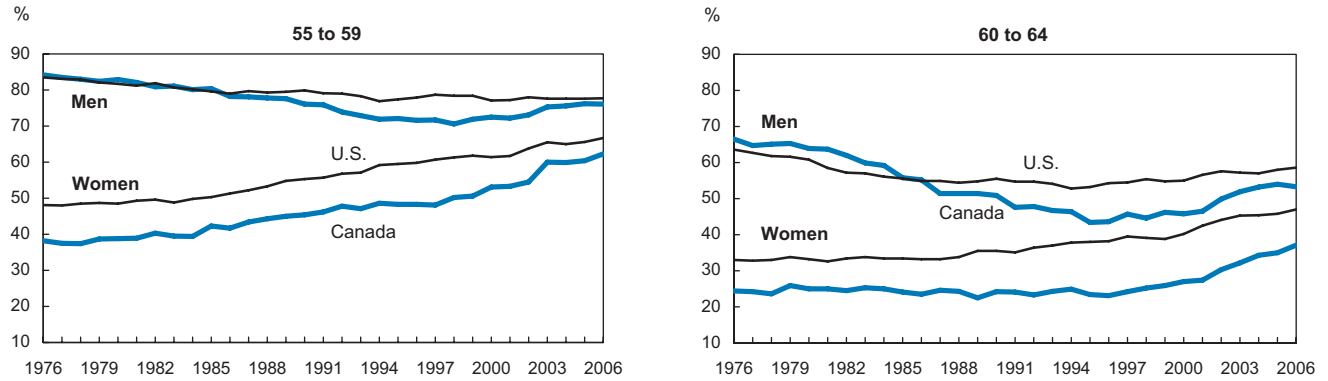


Source: Statistics Canada, Vital Statistics

### Women and education levels likely to keep trend line rising

Women's labour force attachment today is much stronger throughout the life cycle than in the past. Therefore, as younger generations of women reach their retirement years, they will have higher rates of labour force participation than their predecessors. For example, differences are evident among those aged 55 to 64 in 2006 (the age group under study) and those 10 years older. Women in the younger cohort were much more likely than those in the older one to be attached to

**Chart C Labour force participation rates for those 55 to 64 generally higher in the United States**



Sources: Statistics Canada, Labour Force Survey; US Department of Labor, Bureau of Labor Statistics

the labour force when they were aged 35 to 44—72% compared with only 53% (Chart D).<sup>5</sup> In contrast, little difference is seen for labour market activity and life cycle between the two different cohorts of men except at the near-retirement age when the younger group was more likely to be participating in the labour market (66% versus 58%).

A second reason to expect continued growth in the participation rate of those aged 55 to 64 is the increasing level of educational attainment. The higher the level of education, the greater the likelihood of being employed since more schooling often translates into higher-quality job opportunities and higher earnings. Those with a university degree, for example, have much higher participation rates than those without a degree; in 1976, only 5% of those aged 55 to 64 had graduated from university, but by 2006 this proportion had increased to 19% (Table 1).

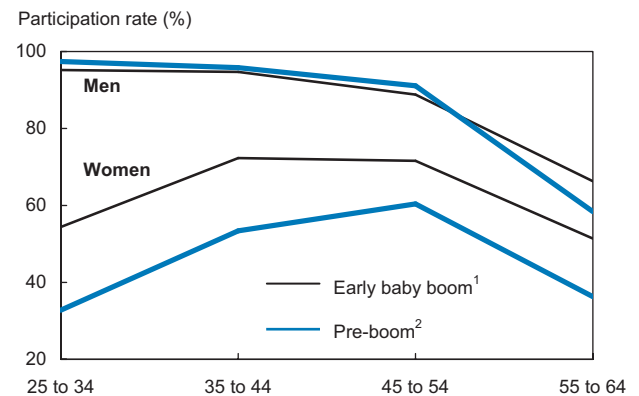
The second half of this article focuses on those aged 55 to 64 who were employed sometime in 2006.

### Alberta leads the way

Despite variation, the employment rates of 55 to 64 year-olds are higher in every province than ever before (Chart E). The country is in the midst of a tight labour market and employer demand is boosting employment levels.

In 2006, Alberta had the highest employment rate of older workers (68%). Because of the oil boom, the province has been experiencing labour shortages in many industries and occupations and is attracting workers of all ages. It is therefore not surprising to see Alberta continuing to lead the way in the proportion

**Chart D Participation rates for early baby-boom women consistently higher than for pre-boom cohort**



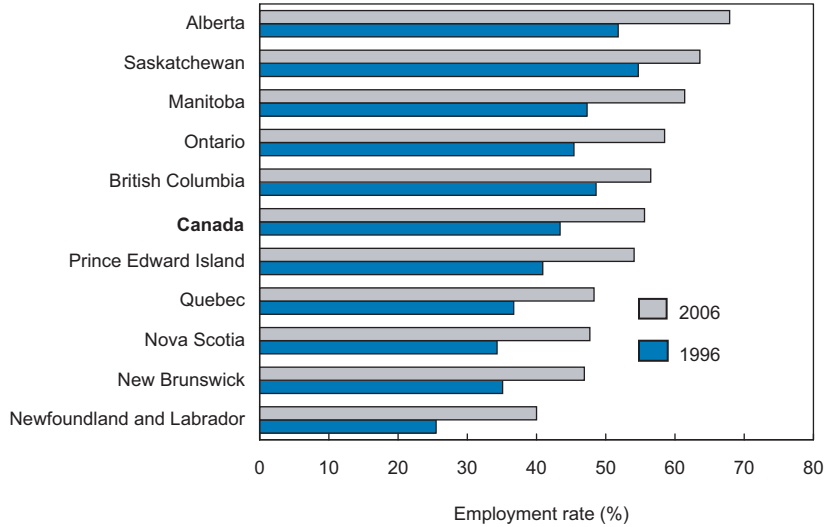
1 Age 55 to 64 in 2006 and born between 1942 and 1951. (Not all birth years are strictly in the designated cohort label.)  
 2 Age 65 to 74 in 2006 and born between 1932 and 1941.  
 Source: Statistics Canada, Labour Force Survey, 1966, 1976, 1986, 1996 and 2006

of older workers with a job. Saskatchewan and Manitoba also had rates of over 60%. The proportions in Ontario and British Columbia were also slightly above the national rate of 56%, while Prince Edward Island was just below (54%). Quebec, Nova Scotia, New Brunswick as well as Newfoundland and Labrador were further below the national average, although they have also shown upward trends in recent years.

**Most older workers are employed in services**

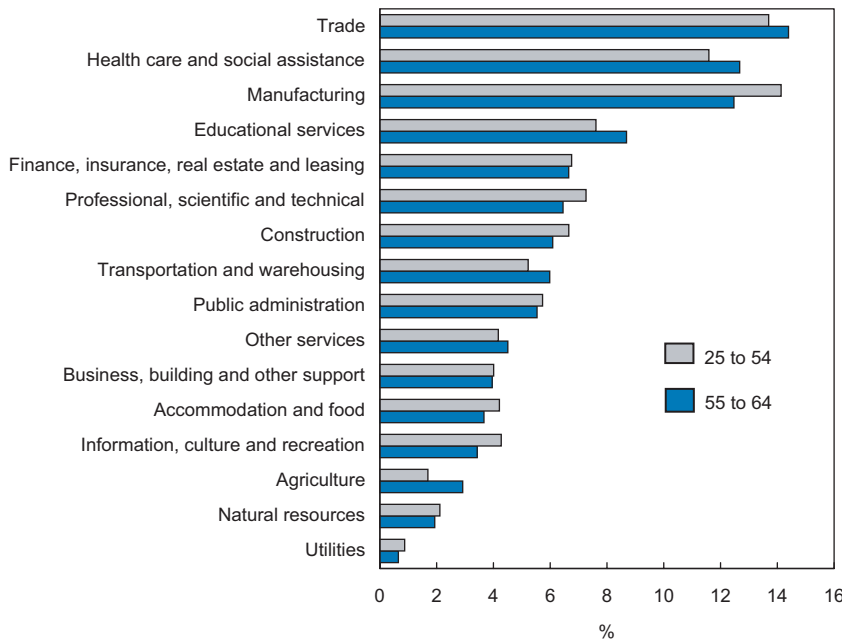
About 3 in 4 workers aged 55 to 64 were employed in the service sector in 2006, similar to the proportion for those aged 25 to 54. Retail and wholesale trade had the largest share of older workers, followed by health care and social

**Chart E Almost 7 in 10 Albertans aged 55 to 64 had a job in 2006**



Source: Statistics Canada, Labour Force Survey

**Chart F Employment by industry generally similar for core-age and older workers**



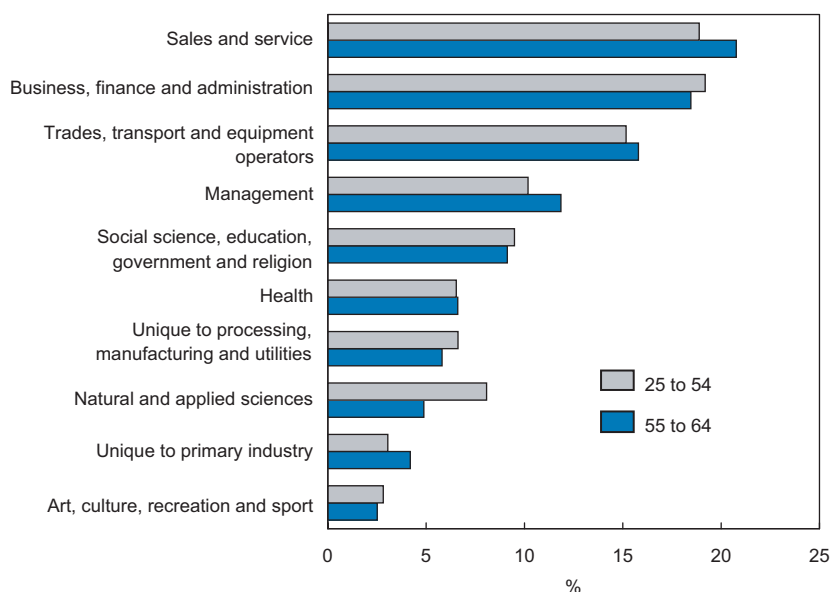
Source: Statistics Canada, Labour Force Survey, 2006

assistance (Chart F). Within the goods sector, which employed 25% of older workers in 2006, about half worked in manufacturing.

The distribution of older workers by occupation is also not much different from their core-age counterparts. In 2006, just over 20% of 55 to 64 year-olds were employed in sales and service occupations, followed by business, finance and administration; and trades, transport and equipment operators (Chart G). In 2006, relatively more older workers than persons aged 25 to 54 were employed in management occupations (12% versus 10%). Accumulated experience may explain the slight difference.

**Self-employment and part-time work rates notable among older workers**

Even though core-age and older workers may have similar occupation and industry employment pat-

**Chart G More than 1 in 5 older workers held sales and service jobs**


Source: Statistics Canada, Labour Force Survey, 2006

The shift towards non-standard work arrangements among older workers suggests that some are making a conscious transition towards retirement. One indication is that two-thirds of older part-time workers reported working a shorter work week from preference, compared with only one-quarter of core-age part-timers.

### Older men earn the most

Older men who remain employed appear to be economically rewarded. Despite having shorter work hours, their higher hourly earnings (\$24.31) are sufficient to place them first in terms of average weekly earnings (Chart H). Since the hourly rate for older women (\$19.23) is below core-age women (\$19.59), and more than 1 in 4 work part time, their weekly earnings are more than \$300 less than their male counterparts (\$643).

terns, their work arrangements vary. Self-employment is much higher for older workers, for example, and particularly for men—18% of core-age men were self-employed in 2006 compared with 30% of those aged 55 to 64 (Table 2). Although the difference was less striking, older women also had a higher rate of self-employment than core-age women.

Workers aged 55 to 64 have shorter average weekly work hours than core-age workers (37.7 versus 39.0), although the gap is narrower for men (40.9 versus 42.1) than for women (33.6 versus 35.6). This is because more older workers, particularly women, tend to work part time—11% of men and 28% of women, compared with 5% of men and 19% of women aged 25 to 54.

**Table 2 Job characteristics of core-age and older workers**

	25 to 54			55 to 64		
	Both sexes	Men	Women	Both sexes	Men	Women
Employed	11,620	6,127	5,493	2,012	1,117	895
Employment rate <sup>1</sup>	82	86	77	56	63	49
<b>Class of worker</b>						
Employee	85	82	88	76	70	83
Public sector	22	16	28	22	16	30
Private sector	63	66	60	54	54	53
Self-employed	15	18	12	24	30	17
Unionized (employees)	35	34	35	39	38	39
<b>Type of work</b>						
Full-time	88	95	81	81	89	72
Part-time	12	5	19	19	11	28
Part-time by preference	28	26	29	66	64	67
Average usual hours (all jobs)	39.0	42.1	35.6	37.7	40.9	33.6

<sup>1</sup> Number employed expressed as a percentage of the population.  
Source: Statistics Canada, Labour Force Survey, 2006

### Older workers take more time off from work

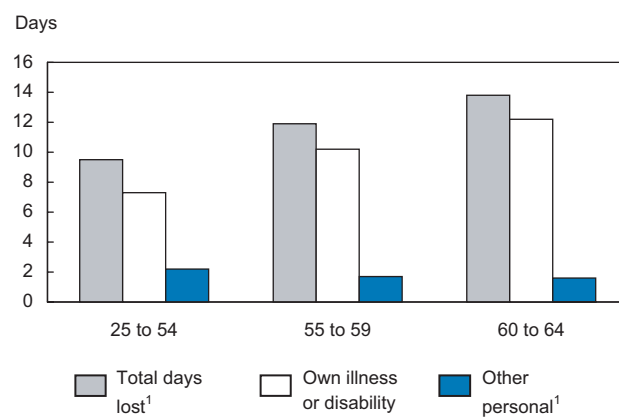
Older employees tend to be absent from their job because of illness or disability more often than their core-age counterparts. In 2006, 55 to 59 year-olds working full time lost just over 10 days for this reason while 60 to 64 year-olds lost just over 12 days; 25 to 54 year-olds were absent only 7 days (Chart I). Health issues could be more common among older workers, but unionization and working in the public sector are also linked with higher absenteeism rates—characteristics more prevalent among older workers (Statistics Canada 2007).

### Summary

Although a higher proportion of workers aged 55 to 64 are self-employed and have shorter workweeks than core-age workers, the majority are employees (76%) and work full time (81%). Furthermore, earnings and occupations of older and core-age workers are strikingly similar.

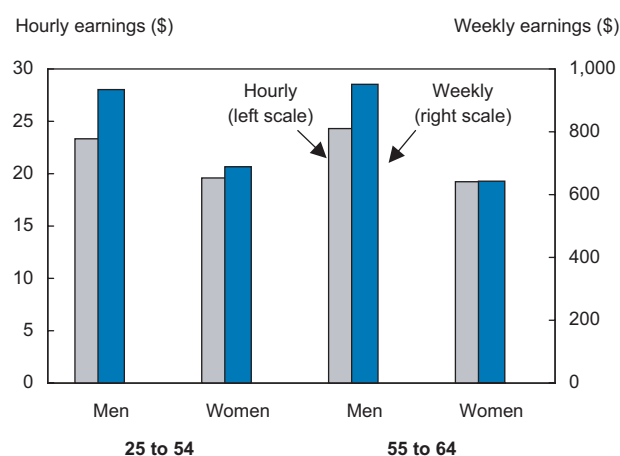
During the past decade, the participation rate of men and women aged 55 to 64 has climbed steadily, reaching 60% in the first half of 2007. This is an important trend since most of this age group are members of the front end of the baby-boom cohort (those aged 55 to 61 in 2007), and their labour market attachment suggests a strengthening participation rate in the near future. Women's increasing labour force participation and rising educational attainment in particular imply a

**Chart I Days lost per year increase with age among full-time employees**



<sup>1</sup> Excluding maternity leave.  
Source: Statistics Canada, Labour Force Survey, 2006

**Chart H Older men retain their earning power**



Source: Statistics Canada, Labour Force Survey, 2006

continued upward trend. A third influence may be an increasing desire among those over 55 to continue working, either out of interest, financial concern, or a social shift brought about by a tighter labour market, skill shortages and the virtual elimination of mandatory retirement at age 65. Whatever the reasons, the increasing labour force participation rate among older workers will likely soften the eventual economic impact of the aging baby-boom cohort.

### Perspectives

#### Notes

1 The data for this article come from the Labour Force Survey (LFS), a monthly household survey that collects information on labour market activity from all persons 15 years and over. For detailed information about the LFS, look on the Statistics Canada's Web site under *Definitions, data sources and methods* for an alphabetical listing of surveys and statistical programs.

2 The labour force (the employed plus the unemployed) expressed as a percentage of the population.

3 The 2007 figure is a January-to-June average.

4 In 2006, 70% of Canadian women aged 16 to 24, and 81% of those aged 25 to 54, were in the labour force; this compared with 58% and 75% respectively for American women.



5 LFS participation rates from 1976 and 1986 were used for these figures. For example, those born between 1942 and 1951 were aged 35 to 44 in 1986, and those born between 1932 and 1941 were this age in 1976.

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