

## Acknowledgements

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October, 2002

## **AgeQuake Forum – Proceedings (aka Agequake Aftershocks)**

### **Background**

This forum, held on June 19 & 20, 2002 at York University, gave participants the opportunity to discuss the implications of the soon retiring "Baby Boomer" generation, and what will be their impact on the development of policy, programs and services for Canadians.

The specific objectives were

- To develop a context to understand Baby Boomers, and the impact of emerging forces of issues on Baby Boomers as they age;
- To act as a catalyst by providing an opportunity to exchange information between researchers, practitioners, government and Baby Boomers;
- To effect change by working together so that the seeds of change can be planted.

Participants represented the following groups: health care organizations & practitioners; policy experts; seniors' organizations; government representatives; industry, retirement & financial professionals; researchers; educators; social service leaders; and Baby Boomers themselves.

Over the two days, facilitators, panel members and attendees shared a variety of approaches and perspectives about health care, lifestyle changes, finance and work issues. What follows are summaries of the welcoming remarks, keynote & panel presentations, overhead summaries where available, plus comments and questions from the audience. Papers, books and web links mentioned by participants are identified throughout.

**Wednesday, June 19, 2002**

### **Welcoming Remarks**

Dr. Lorna Marsden, President & Vice Chancellor of York University officially welcomed AgeQuake participants. She began by stating “I am quite sure that the Baby Boomers will define our retirement years as they have the rest of our lives.”

She spoke of meeting Bob Jackson in the Ontario Ministry of Education, who had been researching and writing papers in the late 1940s and the early 1950s about the Baby Boom and what impact it would have on the educational system. She told of how he had kept sending reports and letters to successive government representatives, reminding them that there weren't going to be enough teachers and that schools were unprepared to handle the growing numbers of students. But no one paid attention to his warnings until Bill Davis became Minister of Education. Bob Jackson went on to become the first Head of O.I.S.E. - [Ontario Institute for Studies in Education] and remained strongly committed to looking at the facts, analyzing the data and thinking carefully about the consequences.

Dr. Marsden concluded her remarks by describing this AgeQuake Forum as an extremely worthwhile opportunity for participants to consider Baby Boomers in the context of Canada's cultural, social, economic and national destiny.

*Nancy Accinelli, Moderator for the first day and Co-chair of RPC Centre Advisory Board* thanked members of the AgeQuake Planning Committee and other volunteers, for their contributions. She also thanked Bill Small for his role in obtaining financial support for AgeQuake from the following organizations: Foyston, Gordon & Payne Inc. (principal sponsor); Franklin Templeton Investments, McLean Budden, Sceptre Investment Counsel Limited, CAPP [Canadian Association of Pre-Retirement Planners] (partners); CAPP Ontario Chapter, Mercer (friends).

*Malcolm Stewart, Chair of the AgeQuake Forum Committee*, welcomed everyone and reminded them about AgeQuake's mission - "...to be a catalyst of change in the context of our aging society..." Close to 10 million Baby Boomers will be entering the third phase of their lives – retirement - starting in 2006. Boomers have always set trends and now the institution of retirement is about to be impacted by them. So he challenged the participants, asking “Are we ready?” – As a society, in business and industry, in health services, housing and public transportation - and the list goes on and on”. He then invited participants to join these discussions about the issues facing the aging Boomer population, in order to ensure that good policies and programs are in place for them.

## **Keynote Presentation: Defining Canada's Boomers**

*Leo Davids, Ph.D., Associate Professor of Sociology at Atkinson College, York University and Undergraduate Programme Director/Vice Chair in the School of Social Sciences at Atkinson.*

Dr. Davids provided a thoughtful and entertaining historical overview of the Baby Boomer generation, usually described as Americans and Canadians born between 1947 and 1963, during the prosperous and stable era of post World War II North America. Given their rising education levels, this was a very sophisticated cohort, emerging in the 1970s as youth deeply worried about 'The Cold War', overpopulation, ecological disasters throughout the world, sustainability, Vietnam, and other issues. They were suspicious about political leaders and government, and felt that they had to rely on themselves – not government - for their own future. Now, Boomers are 40 to 55 years of age, facing questions of eldercare, living longer with smaller pensions, the flawed health care system, pollution, and even political terrorism. They are also concerned about their children tomorrow, and what kind of a legacy is being left for them.

Dr. Davids outlined social and political trends from 1952 to today.

- Idea of government or society taking care of us is fading
- Divorce and male suicide rates for those over 40 are rising
- Private sense of insecurity
- Have to reexamine how well we can track, support and study this segment of the population
- More seniors require care and so people in their middle years have a different life mixture
- More use of foodbanks, higher numbers of homeless and one parent families

He went on to explain the framework for discussion at AgeQuake over the two days – the examination of health, lifestyle, finance and work issues for the Boomers. He expanded on the objectives and goals for the forum as well – to inform, to help people make decisions, and to generate discussion.

Dr. Davids concluded by emphasizing the importance of re-examining people's lives and how society is organized. Instead of just coping with change in the very same ways as before, we need to use 'out-of-the-box' thinking to develop minds open to other perspectives. And in this fashion, "Boomers and those who are with them in this world can build a better future for themselves, their children and the country".

## **Session 1: Rethinking Health Care Policy: Protecting and Improving Canada's Health Care System**

Canada's "sacred trust" is under attack. As Baby Boomers age, they will be relying heavily on this precious system. What are the opportunities, constraints and barriers to implementing a proactive wellness program for Baby Boomers? What are the health-related expectations of aging Boomers, and how do these fit with those of policy makers? Panel members representing consumer, policy and service delivery perspectives first outlined their views and then participated in a lively give and take discussion with the audience.

*Adeline Falk-Rafael, Facilitator, Ph.D., Professor, at the School of Nursing, Atkinson, York University and President, Registered Nurses Association of Ontario, facilitated this panel.*

**Joan Lee** is retired, lives in the woods and is working on a book about the art of aging. She has a Master's degree in Social Work from the University of Toronto and was CEO for the Family Counselling Service of Peterborough, an agency providing a wide range of services to Peterborough and surrounding counties.

Ms. Lee focused on the art and opportunities of aging which directly impact on health and wellness. Currently there are over 40,000 people in the world who have reached the age of 100 and they have a number of similarities. They have been ready to learn, take risks, be problem solvers and know how to live in the now. They are deeply engaged in life and seldom go to the doctor - knowing that in time, most things will heal themselves. They don't necessarily follow a regular health care program but they may walk every morning. They experience and express a full range of emotions – joy and pain in balance. They enjoy the simple pleasures in life, are curious about the world and live in the now, not for it.

She spoke about an artistic community that she visited in Green Valley, which her brother referred to as "God's waiting room". Joan found it to be a vital, creative community with a "a host of people involved in pursuing new interests which in turn spawned more new interests and relationships. They were vital, enthusiastic, happily exploring roads they had never had the opportunity to travel before ...the average age in Green Valley is 81." She encouraged all to get in touch with our creative side, and take risks.

Ms. Lee referred to *Pleasure Principle*, the work of Paul Persall, and a clinical psychologist. He proposes that health and fitness are accomplished by pursuing one's own natural preference for pleasure. In doing so we can enhance our immunity, strengthen our hearts and bask in the wonder of being alive. "Balance is the key. Accessing our own creativity which we all have - and developing curiosity about the world around us provides the fuel for the pleasure journey." She also spoke about political terrorism – those policies and actions by government, which damage or fail to assure the attainment of basic human needs.

She challenged Boomers to organize politically. "As we grow older ...we can agree on what have always been the core Canadian values of respect for the dignity, health and well being of all persons. How do we assure the political will for integration of these values in all levels of government and society?"

*Dr. Joel Lexchin has worked as an emergency physician since 1982 and has been with the University Health Network in Toronto since 1988. He is Associate Professor at the School of Health Policy and Management at York University, and at the Department of Family and Community Medicine at the University of Toronto. He co-authored Drugs of Choice – a formulary for general practice, and also wrote Drug Therapy for Emergency Physicians.*

Dr. Lexchin described some of the lifestyle drugs for weight loss, hair gain, sexual function, social phobias, etc. He posed the question, "Is this where and how we want finite resources to be concentrated?" Each new drug developed and put on the market it costs over \$800 million, and requires the testing of over 3000 people. He also said that Baby Boomers are going to drive these issues because they have political power, money and are a substantial segment of the population.

"There will be a greater demand for lifestyle drugs (drugs to treat things like erectile dysfunction, baldness, obesity, etc.) How will the health care system develop priorities for these types of drugs? How quickly should they be approved (competing values demand for them versus overall value in terms of health)? What kind of public funding should there be for drugs of this nature versus other types of drugs, should direct-to-consumer advertising be allowed for drugs of this type, how should decisions in this area be made?" "Should there be a universal first dollar plan similar to the one for physician visits and hospital care versus our current system of deductibles and co-payments, with drug coverage just for seniors and people on welfare?"

*Tim Young is the Executive Director of the East York Access Centre, one of the 43 Ontario Government funded Centres which provide a wide variety of services. This encompasses home care for people of all ages – whether on discharge from hospital or to maintain them in their own homes, school health care to children with disabilities, placement into long-term care facilities plus information and referral services.*

Mr. Young began by posing a series of questions.

Is our health care delivery system in crisis?

If it feels like a crisis, acts like a crisis, then it must be one – with waiting lists, human resources shortages, some existing resources under used: healthcare today is not a true overall system, instead it is a series of subsystems with a lot of overlaps and redundancy

What will the future bring?

Aging Baby Boomers with high expectations, living with more chronic conditions but more disposable income. The real impact on the health care system doesn't come from a larger seniors group; instead it is from individuals during the last six months of life.

How to protect people in future?

Achieve optimal use of available resources through health promotion and prevention. Develop the system to handle both chronic and acute needs, fine tune case management, provide incentives for effectiveness and efficiency, integrate policy and planning, allocate resources to the population.

Is Ontario doing well?

There's an 'edifice complex' in government to contend with, which emphasizes building institutions, instead of exploring ways to develop community-based supports.

What can I personally do to prepare?

Plan life with personal independence in mind, maintain extensive activities and networks (families and friends of all ages), manage personal health well, and stop to smell the roses.

### **Audience Questions, Answers, Discussion**

1. Adeline Falk-Rafael suggested that Joan Lee's use of the word "*terrorism*" to describe flawed policies and actions by government limiting the attainment of basic human needs is appropriate. She recommended a new book on health care reform - *First Do No Harm* – Co-authored by Terrence Sullivan, which examines the tensions between publicly funded health-care systems and privately financed health care. She also recommended a series called 'mythbusters' on the Canadian Health Services Research Foundation website, [www.chsrf.ca](http://www.chsrf.ca).
2. Over 2 million Canadians are providing informal care to seniors with chronic health problems who are living in the community (1996 General Social Survey) but there is an increasing number of seniors along with a decreased number of caregivers. Programs are fragmented across the country and not well integrated.

Tim Young stated that respite care policy is not receiving the attention it needs. Each jurisdiction treats it differently. We need to ask ourselves "what is the social contract between Canadians and government that we're operating under?" There is the tradition of care in hospitals but not in private homes – Canada's poor lack options and discretionary income, and so face institutionalization. There needs to be a broader philosophical debate.

Adeline Falk-Raphael said that we are seeing more premature discharges into the community plus reduced homecare services, and this is another area of concern.

Tim Young asked if the social contract at every level of government would force higher levels of institutionalization or warehousing of poor people. He said that there needs to be a debate about what is the contract between Canadians and their government, and who does what.

3. Joan Lee invited Boomers to unleash their creativity and problem-solving skills to find different solutions and gave examples of new ways for people to share their space and lives (e.g. a family of friends who can't drive anymore sharing accommodation "in a Rosedale mansion" with a series of apartments –with an apartment for a caregiver, or living on the main floor of a two-storey house and renting the top floor to younger people who can help maintain it, or a women's house where everyone would have their own room and share common living space).

Malcolm Stewart spoke about a residence built by choir members, and said it represented the kind of vision, which is cost effective.

Barb Carter mentioned her book *Where Will They Live?* and expressed her concern about the use of the term 'warehousing the elderly'. She described her involvement with a lifelease building in Leaside with one unit left when residents wanted to get government support for a lower income earner to move in, but were unsuccessful.

John Lindsay expressed his wish to be able to stay in his own home until such time as he needed ongoing care and different housing.

Another AgeQuake participant asked if there was more likelihood of institutionalizing lower income people than higher income people, in long-term care facilities? Joel Lexchin responded that it all depends on who you are what you need and finite resources.

4. An AgeQuake participant stated "Is not it ironic that there's such a focus on developing drugs for lifestyle changes instead of research focussing on other measures such as healthy choices in diet, exercise and balanced living".

Joel Lexchin replied that the pharmaceutical industry is the largest direct contributor to medical research so if that is where the money comes from, that's what the questions will be. Money is the major driver for them.

Adeline Falk-Raphael said that health promotion programs for healthy aging have been greatly reduced in the last 12 years, and that public health support of the well elderly has virtually disappeared in Ontario. In contrast, the Danish government uses a basic wellness checklist follow-up in a semi-annual telephone survey of everyone over the age of 55.

Malcolm Stewart asked about environmental contamination from the development of drugs in the pharmaceutical industry. Joel Lexchin replied that the effects are unknown, as yet, of the trace amounts of multiple drugs in the ecosystem.

Another AgeQuake participant asked about the new drugs being developed for enhancing cognitive abilities.

5. A York Psychology professor asked for advice to give to medical and psychology students about the issues raised in this session.

Joan Lee proposed that we encourage students to develop a positive regard for themselves and to unleash their creative powers in designing the questions that they will have to answer, as they grow older.

Tim Young described experiential courses in social and community psychology which focus on peoples' life cycles, and mentioned opportunities for medical students to visit patients at home, who are served by Community continuing Care agencies.

Joel Lexchin commented that hospital workers may have a skewed view of the senior age group - not everyone at this age is in a nursing home, nor are they functioning totally independently. There is a need to expose students to the range of what this group of people are like.

Tim Young described another learning opportunity, a program called "*Through Other's Eyes*" where students must function carrying extra weights, using canes, wearing blurred-vision glasses, to find out first hand what it is like to live with these physical restrictions.

Adeline Falk-Raphael said there is a challenge to ensure that students watch for "ageism" misconceptions in the media - e.g. it's bad judgement to grow old', or 'those who are older should, at least, try to look younger'...

6. Tim Young questions taking potentially profitable business lines out of the public health system and giving these to entrepreneurs to make money, instead of making those functions more business-like but leaving them in the public system.
7. An AgeQuake participant described her frustrations with decisions made by government not to support locally based programs and solutions through the CCACs (community care access centres).

Tim Young said, the problem is the assembly line policies that fail to support communities to find the best path for themselves. There's a long history of lack of government policy support for healthy communities. Tim spoke of the need to get support for data interfaces and information technology from government through population based fair funding.

8. Another AgeQuake participant commented that policy should be driven by values, not just budgets, so what is going to be left in the wake of that? What about those who aren't as affluent or those who are not now Baby Boomers? Is there a real crisis developing in health care, with prevention and health promotion being downgraded?

Tim Young responded that the crisis is one of no vision for a healthy society, and that requires the assessment of the social and economic determinants (education, income, and housing).

Joel Lexchin said that policy is indeed made by values, the question is whose values, and with this government at least, it's a market set of values. Barbara Buckspan asked what can we do, as Baby Boomers, to make a difference on a more global and systematic level? "There is an opportunity and challenge to ensure that reform does take place and that it is effective, efficient and fair. How do we mobilize ourselves through a group structure to ensure that change occurs and that we are part of it?"

9. Do you provide care for who ever needs it, or on the basis of how much money you have? Joel Lexchin responded that in this world of finite resources, "if you need it you get it but if you don't, you don't get it, or at least you don't get it from me". Participants applauded his statement.

## **Session 2: Midlife: In the Midst of Change**

Boomers are coming of age, coping with mid-life crises, boomerang children, aging parents and massive cultural transformations. How will these changes affect Boomers, individually and communally, as they make the transition into retirement?

*Andy Barrie, Facilitator, host of Metro Morning on CBC Radio One in Toronto, was the facilitator for this session. Andy is also the son of an 86 year old mother, the father of a 26-year-old daughter, and is very interested in issues of aging from every perspective.*

Mr. Barrie commented on people and their perceptions - many think that if you are not part of a particular age group, you can't understand it. He described a recent cartoon in *The New Yorker* with two children in a sandbox and one is saying to the other "I'm 5 and a half – you're 5 – how can you possibly understand my life?"

*Carolyn Rosenthal is Professor of Sociology and Gerontology, McMaster University and holds cross appointments in McMaster's School of Rehabilitation Sciences and the University of Toronto's Graduate Department of Rehabilitation Sciences.*

Carolyn Rosenthal said: population aging is a societal triumph, not a social problem and has positive effects at the level of the family. Older members in the family do contribute in many ways; they are not just receivers of support. However rising longevity does increase the likelihood of having older family members who require assistance because of age. This is a major family issue since most help to older people comes from family members, especially wives and daughters.

Dr. Rosenthal provided three cautions: (1) Baby Boomers are not a homogeneous group; (2) family patterns vary substantially by social class, so we need to keep that in mind when discussing averages; (3) avoid using the 1950s as a reference point, since they were a historical anomaly in many aspects of family behaviour (e.g. age at marriage, first birth, rates of childlessness). A longer historical perspective is important.

She described the changing aspects of family structure and family life, in terms of myth vs. reality: increasing likelihood of having an older parent alive, increasing generational overlap of lives, changing patterns of marriage, widowhood and divorce, women's labour force participation, the so-called shrinking supply of children, the extent of geographic dispersion of family members, and the so-called beanpole structure of the multigenerational family. To what extent does the increased likelihood of having an older parent translate into actually needing to provide help to a parent? What is the "sandwich generation", who is in it and how common is this experience?

Mid-life is the time when adult children most commonly have aging parents who need assistance. However, the extent of tangible help provision (e.g. personal care, transportation, shopping, medication, home maintenance) is modest, in part, because most older people do not require much help and meet their needs in other ways. The sandwich generation, when carefully defined, is common in the sense of having the structural potential to be sandwiched, but is

relatively uncommon in the sense of providing a great deal of help to an older parent while still having a child in the household.

Professor Rosenthal focused on three questions:

- (1) What are the family characteristics of Baby Boomers? (Family size, rates of marriage and divorce, fertility, age at first birth, labour force participation)
- (2) How might these characteristics affect mid-life Baby Boomers need and ability to help aging parents? (Disadvantaged in some ways, compared to previous cohorts - e.g., late child bearing increases the sandwich generation possibility, but advantaged in that they have more siblings to share the work of helping.)
- (3) What are the implications of Baby Boomers' family characteristics, if we project into the future, when Boomers are old and might themselves require assistance? (Fewer children to call upon, compared to previous cohorts, although most will have children).

Among Canadians born in 1910, only a third had a surviving parent at age 50. This rose to almost half of those born in 1930, and this is expected to rise to 50% of those born in 1960. Many more years for both children and grandchildren to share their lives and experiences with older parents nowadays.

Currently, the sandwich generation – facing simultaneous demands from older and younger family members coupled with employment responsibilities - is smaller, is less than 10 percent of families, so it is far from a typical experience. She summarized the characteristics of Boomers and their family unit, with its usual resources.

She also examined the changing patterns of marriage, childbearing, divorce, widowhood rates and said that eighty percent of help to seniors comes from family members. She discussed issues facing the sandwiched generation and the importance of setting limits. She reminded us to be careful about making broad generalizations about Baby Boomers, since they are not an homogenous group but have quite diverse patterns of family units.

***Rebecca Peterson, Associate Professor, Faculty of Environmental Studies, York University***

In her discussion on the environments of aging Dr. Peterson divided the senior age range into three periods: 55 to 70 (pretty healthy), 70-85 (quite independent but needing a few supports), 85-100 (likely to have more needs for assistance). We must look at environments for aging according to our own personal goals, and choose those environments that help us achieve our goals.

How do we define environments of aging? There are: physical (natural), architectural (built) social (family/religious), organizational/political plus emotional areas again, we have to define our own goals within these various environments and all of these interact. She spoke of our concern about the natural environment and how a large number of seniors seek to escape Canada's climate in the winter "Snowbird" immigrants.

Water and air pollution (both indoor and outdoor) are harder on seniors, whose respiratory systems are struggling more. And then there are issues of global warming to consider, too. Seniors want to experience natural environments and wilderness.

Built environments – neighbourhoods, design of cities and small towns, healthcare facilities, transportation and work environments - how do these affect us?

Social environments – families, religious organizations, healthcare, work (paid or volunteer), and finally organizational/political – the stability of our political system and pensions, acts of terrorism and instability.

We have to be aware of our own sense of empowerment (or dis-empowerment) as we age. She describes a healthy environment for aging as “one that pays attention to good design in regard to special health and accessibility needs of users”, and reminds us that good design supports the social life of families, neighbourhoods and work groups by using our own knowledge, experiences and participation in the design process and management. These may also require our own financial and social capital. She and her colleagues are concerned about sustainability and resource limits, and the impact of manufacturing on our resource base and our health. To lower the use of nonrenewable resources, and to promote industry, which requires fewer emissions of toxic chemicals – is also financially wise for an aging population. “We need to build more efficient buildings, make better use of natural light and other renewable resources, and these must also be aesthetically satisfying”.

Two things to advocate for: 1) Think "out of the box" and shift to more active aging images; 2) Design our environments to support passionate living, that keeps us alive and really engaged with life. As Boomers we need to be aware of what supports these new design options. We need to be conscious of what our options are and must start now, not twenty years from now, to become more aware of the environmental choices or lack thereof that may support or not support our healthy aging. We can't rely on government or health care systems to design the options for us and this requires political action and intervention.”

*Philip MacEwen teaches classical and religious studies in the Division of Humanities, Faculty of Arts and Philosophy in the Atkinson Faculty of Liberal and Professional Studies, York University.*

What is "spirituality"? The conventional view defines it as religion, the unconventional, defines it as a way of being in touch with a “greater power”, which includes practice, experience, meditation and reflection, peace, nourishment, reflection, wholeness, ecstasy as well as “knowledge of all things seen and unseen”. The perception has been that large numbers of Boomers had renounced religion or never taken it up in the first place. But this view has changed considerably over the past forty years.

Reginald Bibby in his 2002 edition of *Restless Gods: the Renaissance of Religion in Canada*, reports that the 2000 survey results show 45% of Canadians are Roman Catholic, 32% are Protestant, 1% Eastern Orthodox, 1% Jewish, 4% other faiths (Sikh, Hindu, Buddhist, Islam) and 20% “the nones” (with no religion). And yet “the nones” often reconnect with the church for

rites of passage (marriages, funerals, birth related) and even when “the nones” have children they are often raising them as “somethings”. In fact, usually those in “the nones” category are there for a short stay.

There are other signs of a spiritual renaissance. While Baby Boomers may renounce formal religion, well more than two thirds of them still hold the spiritual values of hope and justice, in their beliefs that things will get better. Over 69 percent believe in life after death; 74 percent claim they have spiritual needs; 69 percent said that spirituality is important, 60 percent said they were spiritual people. Baby Boomers' interest in spirituality has increased by 24% in the last decade.

He concludes that the media is going to have to change their attitude towards things spiritual and religious. It's only when there is a scandal or something sensational that religion comes to the fore, otherwise you have to dig into the bowels of the newspaper to find it.

What are Baby Boomers going to do in retirement? They are going to return to school (making it a triple cohort – expanding the current concept of the double cohort). And what are they going to study? Some will take up technical studies but many others are going to be interested in taking up spiritual pursuits.

*Deborah Hobson, Ph.D. Vice President of Enrolment and Student Services, York University*

Dr. Hobson presented the individual perspective of someone who is in the midst of a life transition and confronting some of the issues, which the AgeQuake forum is addressing. She talked about her experiences and those of her friends in adapting to aging. “Looking ahead to retirement a week after this conference, I am thinking about how to reinvent myself for the next phase of my life.”

She is discovering that people want to "pigeonhole" her and press her about what she is going to do in retirement. But she doesn't want to be pigeonholed! She speculates that people who ask her for her agenda or plans may be somewhat concerned about their own retirement. She feels she is atypical –in that as a single mother she has been strong and independent for a long time, and has had the opportunity to establish a certain amount of financial security. She views retirement as another opportunity to advance and develop, to re-invent herself.

She advises us to follow our own interests and passions and not other people's expectations. “If you do what you love then you'll do it well. If ever there was a time to follow your heart, surely it's in retirement”.

The key is to be in good health – be proactive, to achieve that she uses weights, does flexibility exercises, and walks four miles each day. Don't misuse the healthcare system for minor illness and accidents do use the pharmacist for advice. Enjoy this next phase of life, aim to enjoy life wherever you're at, and plan to participate in community activism.

## Audience Questions, Answers, Discussion

1. Andy Barrie talked about the costs of age - friendly environments. Those in the 20+ age group are tired of hearing about the 'aging' issues of the Boomers and they fear facing the rising costs to support Baby Boomers. He asked a general question about this issue. Rebecca Peterson doesn't feel that age-friendly environments are necessarily more expensive. The research suggests that initial investments in sustainable design are often returned in 5-10 years. We need to think of creative solutions for living e.g. friends might live together and provide social support. We need to find new "family" groupings.
2. An AgeQuake participant remarked upon Andy Barrie's earlier comments about the hostility expressed by those in their twenties about the Boomers. At the root of that hostility is passion. She challenged AgeQuake participants to engage the youth in forums such as this and to get them to help us solve the problems that they will ultimately be facing themselves.
3. Barbara Carter asked Rebecca Peterson to tell us her meaning of passionate living. She replied, "If we have purpose in our lives and we are doing things that engage us, we'll live longer and healthier and more meaningful lives, and that's what I meant by passionate living."
4. Andy Barrie asked for a show of hands to determine how many participants had family members located in different cities, whom they supported or who may one day support them. Who is going to be there? He described how he flew to New York to help his Mother who was getting increasingly frustrated and anxious at not being able to set up her VCR.

Carolyn Rosenthal said that her research shows that the majority of seniors have a child living within an hour of their parents. In the United States, there are some social work services set up to help those who are not living in the same city as their parents who require help.

Deborah Hobson said that her daughter, who is married and lives on the west coast of Canada, feels the ultimate responsibility and regrets that she has no one to share it with. Deborah plans to develop her own locally based supports so that her daughter will have an easier time if ever needed.

Another AgeQuake participant commented that the next generation is not going to find the investment in the benefits they will need to call upon.

A participant from Sudbury said that the Baby Boomers haven't reached the point where they are really aware of the challenges that await them.

5. Carolyn Rosenthal doesn't think population aging is a crisis. The Baby Boom generation will present a problem, but it will be manageable. The measures that may be needed are fairly modest, perhaps raising the retirement age by one or two years. The problem is not population aging, instead we have problems with our income support system, and our health

care system - these need fixing, or there will not be the income nor the services for seniors to live a good quality of life.

6. An AgeQuake participant asked how can we inspire people to prepare for their own retirement, to do more and be active.

Rebecca Peterson responded that we need to promote health in the workplace, giving employed people incentives and time to exercise.

Another AgeQuake participant mentioned the need to offer pre-retirement planning starting at younger ages, and exposing workers to the comparable retirees - those who have experienced it already.

Deborah Hobson described how one of her academic colleagues, despite his physical limitations at 90 years of age, continues to be a thinker of a productive scholar and is sought after because he is so interesting, so engaged and so current. It's the "lifelong learning" thing that's so important to keep brains active.

Andy Barrie remarked that people who are involved in continuing education are completely redefining what we mean by "midlife". It's said that midlife is around age 65, and will frequently include an active lifestyle – playing tennis, travelling, going on learning. Few people are living the too-quiet life that we used to imagine the elderly would be living after retirement.

7. Another AgeQuake participant commented that getting a clean, sustainable environment is going to be the concern and responsibility of us all, from birth to death. “And we should be doing it for ourselves, and if not for ourselves, then for our children”.
8. Andy Barrie asked what role is being played by our religious institutions. Philip McEwen said that we do look to religious institutions for the most important events in our lives. We have roots there going back many generations, though we may have lost our active involvement in the faith community.
9. Deborah Hobson said that the aging process is easier for those in smaller communities than in large cities.

Joan Lee commented on the active, giving role played by some 80 year olds in supporting sick friends and neighbours in their community, and remarked that we are going to have to create our own communities.

Another AgeQuake participant stated that a great majority of seniors are living in small towns and may well be needing our help. She thinks that there is a crisis and the term "AgeQuake" used for this forum is quite appropriate! Doctors are often an hour away.

Andy Barrie added that there have been fewer physicians going into geriatrics over the last thirty years. More community care programs need to be put into place in these smaller communities, because people can't all afford to live in the big cities.

10. Another AgeQuake participant commented that it would be interesting to find out what is the position of the Ministry of Health and Long Term Care on the issue of affordability in retirement for those who don't have the means to support themselves.

Carolyn Rosenthal said that in Ontario we have been moving backward in the past few years. We used to have a more generous visiting homemaker service, so those who needed a little bit of help to stay in their own place could get that support at least a couple of days a week. The home care system has gotten stingier. People are being discharged from hospital "quicker and sicker", and nurses visiting homes are now supporting post hospitalization not long-term care. It's distressing that the choices for housing and support are either your own home or a nursing home, without interim levels of accommodation and care.

11. Catherine Larmer remarked that although there has been a general decline in poverty, there are seniors living on the margins of society (women, immigrants, and visible minorities, disabled). It's not only a question of low current income, but also not having assets (homes, RRSPs, savings).

Andy Barrie commented that a recent article in Maclean's pointed out that there's soon to be a trillion dollar transfer of assets from the parents of Baby Boomers to the Baby Boomers, and that will further polarize those with money vs. those with not enough money.

## **Plenary Session**

*Jerry Ginsburg, Professor of History at York University.*

Dr. Ginsburg began by asking a series of questions. What have we learned? What do we still have to explore? We've identified positive changes, so how can we make these changes happen?

Who should be the people making the changes (government, professionals, and academics)? Where will all the ideas come from? And how can we actually bring these changes about?

He went on to describe his mother, who is 92, living on her own, still driving albeit with elaborate defensive strategies. She knows her limitations, but she also wants to maintain her independence. She's also engaged politically, socially and culturally. Her advice to him— people don't listen enough to seniors who have ideas to share, and who can relate what it's like to live in this stage of life.

There is an increased demographic bulge of Baby Boomers, but their characteristics, views, are not all similar; are these Boomers going to be stable and secure, or sharply split on economic, cultural or spiritual grounds (only 10 or 15% of that segment of the population have enjoyed a steadily-improving standard of living). So is there a distinct Baby Boom cohort?

The philosophy of economic individualism is growing in North America. So what are the implications for retirement, what are the increased needs of the aging population, where are the funds for services to those who can't buy their own to come from? People in our middle class have moved from a liberal to a neo-conservative view. They don't trust government, or so-called lazy people, or entrenched interests. He asks if those people prosperous citizens are prepared to make the kinds of investment needed for services, and if not, what are we going to do about it?

He argues that children of the Boomers will eventually have more difficulty with a very limited support/resource base than will the Boomers. Maybe we will be seeing, for example, tiered medical care as opposed to a more balanced approach. And there's still the question of "where is the money going to come from?"

He praised the earlier presentations, which he found both interesting and provocative. He concluded by asking AgeQuake participants to examine what they have learned concerning "what is distinctive about the Baby Boomers, what policy changes we are likely to have to make if we are to treat this cohort successfully, and how you think we're going to do that?"

### **Audience Questions, Answers, Discussion**

1. Leo Davids spoke of the ongoing political debate between the provincial and federal governments concerning which one is responsible for services - each level says that the other has to provide them!
2. Another AgeQuake participant commented that this "agewave" may have little effect or it may have a profound effect on our society. We need to study this more. We can't rely on anecdotal evidence. What is the really big picture? How do we translate all this into political action? How do we wake up society? It's the Boomers who are out there now just earning and consuming who need to wake up and address these issues.
3. Another AgeQuake participant said that she'd enjoyed the AgeQuake program so far; however, she wanted to hear more about the positive side of the post-retirement life phase. She mentioned that older adults have a harder time getting into the volunteer sector, and that these opportunities are limited in terms of training and counseling.
4. An AgeQuake participant spoke of how clinical nurse practitioners can provide wellness care by listening, advising and referring, in contrast to a more time limited doctor's appointment. She also described a national study of older women undertaken by the Universities of McGill and Concordia. Some of the survey questions concentrate on how we obtain wellness information.
5. Nancy Conroy responded to questions raised by Jerry Ginsberg. She thinks that there are definite differences in this cohort. Baby Boomers are more assertive about wanting what they want and doing what they have to do to get it. They have become more conservative as they've aged, and they're prepared to say so. They also don't want to be "old", and are perhaps a bit more prepared to take charge of themselves, their lives and their health. As they move into their sixties, and seventies – they will demand serious, high-quality health care. If

it means an increase in taxes, then that will happen. If they need to pay for it themselves, then that will happen. Who will make these changes? The Baby Boomers themselves, as no other group or institution is going to pave the way for them.

6. Malcolm Stewart said that there are clearly two cohorts. The early Boomers were able to get into higher education, then the work force more easily than their younger siblings were. Baby Boomers are the healthiest, wealthiest, wisest generation to date. Therefore they are positioned to get what they want vis-à-vis services and programs. Many are jaded with government – instead, will look for alternatives and expect creative thinking from outside government to meet their coming needs.
7. Jerry Ginsberg concluded that we really don't know enough yet to be able to determine what their demands will be on the system, and if there will be new policies that can meet these wants and needs.

**Thursday, June 20, 2002**

### **Welcoming Remarks**

*Dr Robert Drummond, Professor of Political Science, Dean of Arts, York University* extended his welcome to AgeQuake participants and described his qualifications as one who had been born just ahead of the Baby Boom, and is the son of a 97-year-old mother. He began by asking who is responsible to prepare Baby Boomers as they approach retirement, and who is responsible for the circumstances that the Boomers will face.

We are now in a society where we are persuaded that personal responsibility is of the greatest importance. No longer is there our former belief in the welfare state, where government will take care of us from cradle to grave. Baby Boomers grew up in prosperity, and are probably prepared to be saddled with personal responsibility to make their prosperity continue.

He suggested that we need to remember lessons learned by the parents of the Baby Boomers from the time of the Great Depression. “Bad things happen to good people even if they have no control over them” so we can’t count on the prosperity we enjoy at this moment, and personal responsibility may not be enough to get us out of the difficulties we’re in. He said, “the sharing of risk is something that will help us address the problems we face and in some cases, personal responsibility may become a collective responsibility.” He talked of how these problems and our response to them, to a large extent, is a matter of political will. “Many things that we are talking about today are social institutions which may be constructed in a variety of different ways. It is up to us to determine how they are constructed. And that really becomes a matter of political will and political resources.”

He expressed the hope that in the course of the day in listening to the speakers and the dialogue here, we will think about the ways in which institutions they describe may be constructed in alternative ways and elect those you find to be most congenial, so that at the end of the day there can be a productive debate.

*Renata Faverin, Moderator for the second day and RP Board Member*, outlined the day’s agenda and again thanked the sponsors of AgeQuake for their support.

### **Keynote Presentation: Who Will Be Financially Secure (and who will not)?**

*Malcolm Stewart, Academic Co-ordinator of the MSW Program at the University of Toronto, who also teaches social policy, age policy and research methods at both York University and the University of Toronto.*

Beginning in the next few years and for about 20 years after that, members of Canada’s exceptionally large Baby Boom, the generation born between 1946 and 1964, will be retiring from the labour force.

All their lives, the 'Boomers' have caught our institutions by surprise:

- Crowded hospital maternity wards in the 1950s and '60s, followed by the baby 'bust' of the '70s and the baby boom 'echo' of the 1980s.
- Education -- the primary school system in the 1950s, the secondary school system in the 1960s then the colleges and universities in the 1970s – staggered classes followed by relatively empty schools in the 1980s and '90s.
- The Labour Market – expanded rapidly to accommodate a large influx of workers in the 1960s and '70s, aided by government youth employment programs and business subsidies.

The 'Retirement Institution' is not likely to be much different: mass retirement will have a huge impact on society and the economy for which we are inadequately prepared. Nothing like this has happened before!

"Boomers" are retiring earlier (age 61 is the current norm). They are better prepared, financially, as a group than previous generations. Our government programs along with private pensions and savings mean that most will be reasonably comfortable (though few will be well off).

*Dr. Stewart has provided the notes that follow. They contain additional graphs and references.*

Why should we be concerned about the financial readiness of the 'Boomers' as they approach retirement?

Because 1) if the 'Big Generation' is not financially ready for retirement, everyone will suffer, and 2) because financial security is central to the timing of retirement and ultimately the quality of life in retirement.

Canada's income security system for its retired citizens is often described as 'three-tiered', with a public social security component funded by general revenues (OAS, GIS, SPA, Veterans Allowance and provincial/territorial supplements); a publicly-administered, contributory component funded by a flat payroll tax (C/QPP); and a semi-private (i.e. tax subsidized) occupational pension and retirement savings component funded by employer, employee and/or individual contributions (RPPs and RRSPs).

This 'Canadian model' of income security for the aged works fairly well. It has succeeded in reducing or preventing poverty for most retired individuals and households, and is relatively inexpensive

**FIGURE 1: CANADA'S INCOME SECURITY SYSTEM FOR THE AGED**

	PROGRAM	YEAR	VALUE	COVERAGE
<b>FIRST TIER</b> (PUBLIC)	● OLD AGE SECURITY*	1952	14% OF AVERAGE INDUSTRIAL WAGE	95%
	● GUARANTEED INCOME SUPPLEMENT*	1967	VARIES, ACCORDING TO NEED	ACCORDIG TO ELIGIBILITY
	● SPOUSE'S ALLOWANCE*	1975	VARIES, ACCORDING TO NEED	ACCORDIN TO ELIGIBILITY
	● PROVINCIAL /TERRITORIAL INCOME SUPPLEMENTS	1973-76	VARIES: 4 PROVINCES HAVE NONE. RANGE (1989): \$220 - \$1,200	ACCORDING TO ELIGIBILITY
<b>SECOND TIER</b> (SEMI-PUBLIC)	● CANADA/QUEBEC PENSION PLANS*	1966	VARIES ACCORDING TO CONTRIBUTIONS, UP TO 25% OF A.I.W.	97%
	GOV'T SPONSORED, CONTRIBUTORY			
<b>THIRD TIER</b> (PRIVATE)	● REGISTERED (OCCUPATIONAL) PENSION PLANS (RPP'S)	1870'S	VARIES: MAY BE DEFINED CONTRIBUTION OR DEFINED BENEFIT	45%
	● REGISTERED RETIREMENT SAVINGS PLANS (RRSP'S)	1957	VARIES ACCORDING TO RETURNS ON INVESTMENTS	60% PLUS
	PRIVATE SAVINGS			
	● EMPLOYMENT EARNINGS, RENT, INTEREST, SALE OF ASSETS, NON-CASH INCOME, GIFTS ETC.	N/A	VARIES	?

\* INFLATION PROTECTED ('INDEXED')

The 'Boomers' are fortunate because a range of government retirement benefits were already in place, or were being launched just as the first wave of 'Boomers' hit the labour market in the 1960s and 70s.

Old Age Security had been around since 1952. Although not well known at first, the Income Tax Act was amended to allow RRSP contributions in 1957. The Canada and Quebec Pension Plans and Guaranteed Income Supplement were introduced in 1966 and 1967 respectively. Provincial/territorial income supplements (like GAINS-A in Ontario) and the Spouse's Allowance were introduced in the early to mid-1970s.

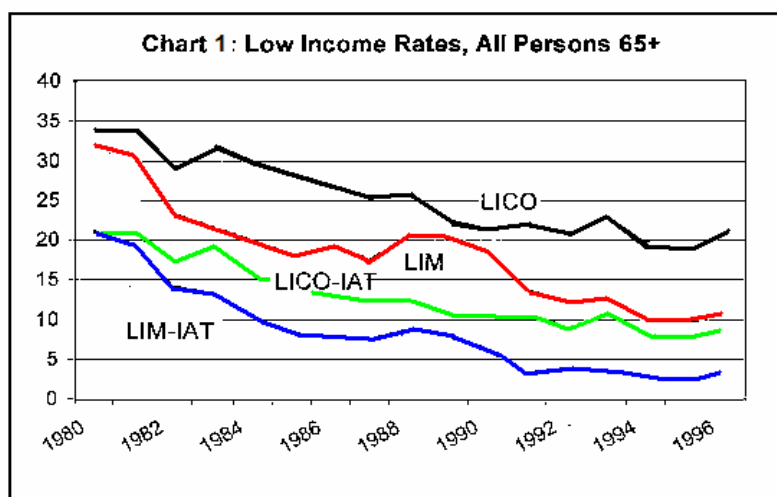
In the following decades, governments improved the benefit levels and inclusiveness of these programs (usually around election time!), and added inflation protection.

The public service and larger corporate employers had offered 'Private' or occupational pensions for decades before the 'Boomers' arrived. In the 1980s, following the National Conference on Pensions, federally and provincially regulated pensions were made more flexible and transparent, improving the security of employees.

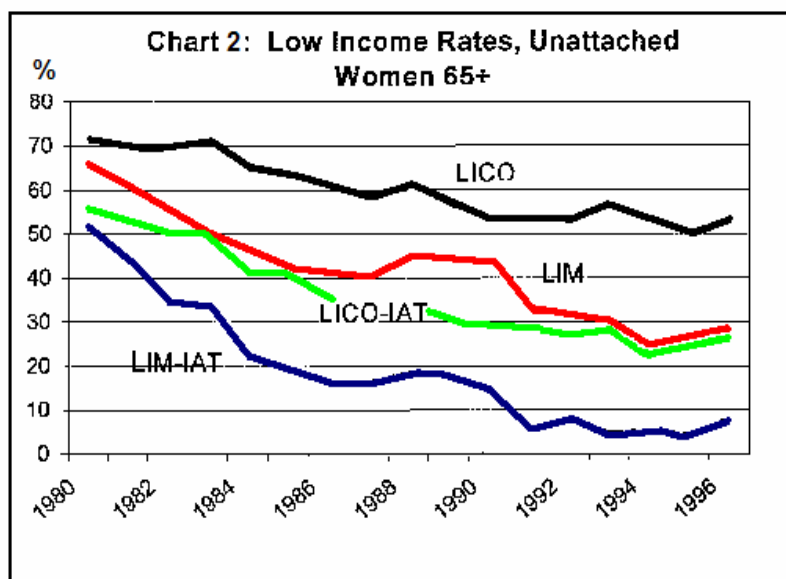
So the tools were in place, and now a large and growing proportion of 'Boomers' are taking advantage of them as their working lives proceed.

John Myles, social economist and gerontologist at the University of Toronto, published a paper in 2000<sup>1</sup> that gives us an up-to-date snapshot of the impact our public pension system has had in reducing low income and poverty among retirees since the 1980s.

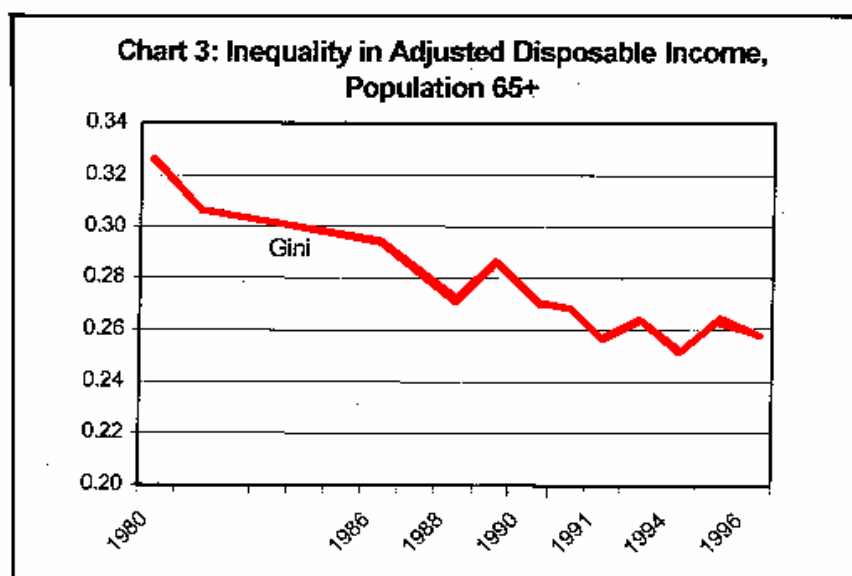
Myles found that, regardless of the measure used, low income rates among the over-65 set ('seniors') had fallen, from 35% in 1980 to just over 20% in 1996. In addition, real living standards of low-income seniors improved.



During the same period, the proportion of the most vulnerable group of seniors — unattached women — whose incomes were below the government's Low Income Cut-Offs (LICOs), fell from over 70% to 53%.



Income equality also improved. In 1980, 40% of seniors were in the bottom income quintile; by 1996 this had dropped to 17%. (For unattached women, the proportion in the lowest quintile dropped from 70% to 42%).



Source: Myles (2000)

More seniors were in the third quintile, too, but very few moved into the fifth (top) income group.

It's important to emphasize that, even though their overall share of income and income equality have improved, relative to the whole income population, most retired Canadians have not been getting *rich*. Most of the gains went to the lower end of the income spectrum.

Myles also points out that the position of seniors relative to the whole population improved partly because of declining real income among younger individuals and families.

Will these trends, which are generally positive, continue when the 'Boomers' begin to collect their public retirement benefits? Perhaps, but the public system, modest by design, only provides a *maximum* of 40% of the Average Industrial Wage.

Unfortunately, the story of occupational pensions and RRSP savings is not so positive.

Policy-makers originally saw occupational pensions as potentially the main source of income for most retirees. It was anticipated that pension plans would gradually be introduced by employers in tandem with a growing economy until a high proportion of workers were covered.

The expansion of occupational pensions has not happened. Less than one-half of employed Canadians are covered by an occupational pension plan. In fact there has been a net decrease in pension plan coverage since 1993 for all age groups, and for both men and women.<sup>2</sup>

**Table 1: Employees covered by a pension plan, 1993-1998**

	Men		Women	
	25-34	35-54	25-34	35-54
	%			
<b>1993</b>	46.9	68.7	46.3	54.2
<b>1994</b>	49.2	71.0	44.3	55.8
<b>1995</b>	45.4	67.2	42.7	53.9
<b>1996</b>	43.9	63.2	40.9	51.9
<b>1997</b>	42.6	62.5	40.4	50.7
<b>1998</b>	43.6	62.4	38.7	50.8
<b>Change (%)</b>				
<b>1993-1997</b>	-9.2	-9.0	-12.7	-6.5

Source: Morissette and Drolet (2001)

The net shrinkage of occupational pension coverage has probably been offset to some extent by increased savings, particularly RRSP contributions.

For example, contributions by men aged 35-54 in 1986 (the youngest of whom are now 'Boomers' in their 50s) averaged \$1500... not a princely sum. By 1997 this age group contributed \$1100 more on average, or \$2600.

However, it is well established that RRSP contributions rise with income, and are typically very small for lower income earners.<sup>3</sup>

To illustrate, while *total* RRSP contributions increased dramatically, from \$13.4 billion in 1991 to \$23.8 billion in 1996, contributions by *employees* only increased from \$6.3 to \$6.9 billion.

Interestingly, employees *with an occupational pension* were much more likely to contribute than those without one, presumably because they could afford to do so.

Moreover, during rough patches of unemployment, or in order to return to school, significant numbers of 'Boomers' have cashed in some of their RRSP savings.

So the key question is, "Will the 'Boomers' be financially secure when they retire?"

Those who will probably be okay or even well off include:

Well-educated men with steady, life-long employment in full-time, well-paid, professional and managerial jobs with pensions and RRSPs (primarily the first wave of the 'Boomers').

Well-educated, married *women* who entered the labour force while raising children or shortly after, and who have had reasonably steady, well-compensated full-time professional and managerial employment in public sector jobs (teaching, health and social services and business).

Well-educated, ever-single women with lifelong careers in public sector or corporate jobs, whose patterns of pension coverage are similar to men's.

Those who may not be so fortunate include:

Life-long low-income earners, those with frequently interrupted attachment to the labour force, and those with non-standard jobs. This includes workers displaced in later middle age by structural unemployment; and some 'late Boomers' or 'Gen-Xers', particularly men, who have had difficulty obtaining the good jobs already, filled by the 'early Boomers'.

Women who will be widowed or separated/divorced in later life, and do not have enough financial resources in their own right to avoid a drop in living standards.

Monica Townson, an economist and private consultant on income security and retirement, describes women who are currently in their middle years as a "transition generation". While they have participated in the paid work force in record numbers, they have often not been able to accumulate significant retirement savings, and will therefore be largely dependent on government income security programs.

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<sup>1</sup> Myles, J. (2000). "The Maturation of Canada's Retirement Income System: Income Levels, Income Inequality and Low-Income among the Elderly." Canadian Journal on Aging 19(3): 287-316.

<sup>2</sup> Morissette, R. and M. Drolet (2001). "Pension coverage and retirement savings." Perspectives on Labour and Income (Summer): 39-46.

<sup>3</sup> Akyeampong, E. (1998). "RRSP Contributions and Withdrawals: an Update." Perspectives on Labour and Income 10(1): 29-33.

### **Audience Questions, Answers, Discussion**

1. Catherine Larmer, questioned measures of poverty and said that both the low income & low-income cutoff do not take into account the costs of living. She mentioned that there is another measure being developed by federal/provincial/territorial governments, which will take into account living costs. She also said that it is important to look at after tax amounts, especially for seniors and the near poor. She remarked that unattached women are not a homogeneous group (those who are separated or divorced have lower incomes than do widows).
2. Another AgeQuake participant commented that we always talk about the negative possibilities and asked why don't we think about how the money will be handled if the markets have a better return than anticipated.

Malcolm Stewart responded that it will be resolved politically and that it is a political question. It is important to look at other indicators of wellbeing, not solely income (also occupational pension plans, RRSPs home ownership). Among those aged 44 to 64, at least one third are not saving enough for retirement, and therefore, will not have the same standard

of living in retirement as they had before. In addition, unattached middle-aged men usually have fewer assets than women do in the same age range. Malcolm Stewart wondered if this is because the wife often receives the house in the case of marriage breakdown.

3. Malcolm Hamilton challenged Malcolm Stewart on the definition of financial security and argued that what would help those in need to achieve a comparable standard of living would be to boost their income before retirement rather than after.

Malcolm Stewart said he agreed and felt we needed “investments in people” citing the example of allowing the use of RRSP funds for education by low-income earners. Malcolm Hamilton replied “we shouldn’t say our first priority nationally should be eliminating destitution among the elders but we’re happy tolerating it among the Youngers”.

4. Robert Drummond, commented that “we depend on the economy growing. For us to be able to provide income support to people in retirement we anticipate that the economy will grow. We are not only ready to deal with the surplus, we depend on it.”
5. An AgeQuake participant from Sudbury commented on early retirees in the United States who need a higher percentage of income than did previous retirees. He speculated that Boomer's pre-retirement spending habits may continue into retirement and said that, in fact, some retirees need more income after retirement than before, and this is scary. Malcolm Stewart remarked that the theme of individual responsibility is important.
6. Barb Carter asked if there were statistics comparing costs of living in Toronto or elsewhere.

Malcolm Stewart replied that the statistics were out there but he hadn’t looked into them. He said he felt that people moved outside Toronto to have a different quality of life because there is a marked difference between urban and rural living. One of the concerns with rural living is more limited access to services.

7. Nancy Conroy spoke of the concern of couples with no children. What will they spend their money on or whom will they leave it to? How many are in that position?

Malcolm Stewart thought this group would be thinking more about philanthropy. Nancy observed that “as we age it's normal for human beings to feel more like giving back. Will the Baby Boomers do that?” Malcolm Stewart thinks that they will.

8. Nancy Lawand said that the data shows more urban GIS recipients in Quebec, Ontario and British Columbia. Elsewhere there are more rural GIS recipients.

9. Malcolm Hamilton said the question of too much money is a very common problem amongst seniors. He said that the average senior couple will either save or give away 20% of their after tax income and the top quintile will save or give away 40% of their after tax income. He thought seniors' being disproportionately poor or disadvantaged was a myth. While, there are a number of disadvantaged seniors, there are also many of low-income working Canadians.. Myles report only adjusts for children and income tax so when you make proper adjustments, seniors on average are just like Boomers in their adult consumption.
10. One participant asked if there would be a surge of Volunteerism? What are Boomers going to do in their spare time?
11. Leona Fields wanted discussion about why there is a retirement age of 65. Why are we unnecessarily concerned about keeping seniors busy?

Robert Drummond felt circumstances would change the eligibility date, people will be asked to work longer and those people who love their work will want to do that. Those involved in physical labour may not want to delay retirement and many people who do not like what they do will want to retire sooner than later. If we are creating more desk and service jobs then we may see people invited and entitled to work longer.

12. Catherine Larmer asked why people are withdrawing funds from RRSPs?

Malcolm Stewart said that we see it during a potential recession and said that it's being tracked. Malcolm Hamilton said that many people aim to be without much money close to age 65 because they will lose a number of government entitlements if they have a higher income. It is not people making silly shortsighted decisions.

Catherine Larmer asked why should people have to liquidate their assets in order to qualify for income security programs.

13. Sheryl Smolkin commented that, for the most part, younger people put money into an RRSP to get a tax advantage. It is not seen as a retirement planning strategy. Youth have a different perception on the use or value of RRSPs (short term versus long term). There is a movement to unlock pension funds for hardship purposes in Ontario. She asked if we believe that these should be locked in.

### **Session 3: Financing Retirement – the New Paradigm**

Baby Boomers grew up in a world of affluence, optimism and opportunity. Will the new global realities undermine the confidence of future retirees? Are the traditional “three pillars” of finance starting to crumble?

*Elizabeth Maynes, Facilitator, Professor of Finance, Schulich School of Business, York University.*

*Nancy Lawand is Director of Canada Pension Program Policy, Human Resources Development Canada.*

Ms. Lawand said the Old Age Security (OAS) and the Canada Pension Plan (CPP) provide Canadians with a secure and modest base on which to build additional savings for retirement. These programs will continue to help reduce poverty among retirees and respond to a variety of individual circumstances and retirement patterns.

Canada’s multi-pillared retirement income system is based on a mix of public and tax-assisted savings and private pension elements. Canada is recognized internationally for its retirement income system, which balances flexibility, adequacy and affordability. Canada has also made reforms to the Canada Pension Plan to sustain it through the retirement of the Baby Boomers. Assisting Canadians to understand the retirement income system and plan effectively for their future needs is an important challenge for us all.

A rapidly aging workforce and a shortage of skilled workers will increasingly characterize the labour market of the future. Some attention is already being given to ways and means of retaining older workers and facilitating a more gradual transition to retirement.

Ms. Lawand provided a handout (See Appendix A) identifying selected information sources on Canada’s retirement income system and then gave an overview of Canada’s public pension system: O.A.S., G.I.S., C.P.P. She described changes introduced in 1998 primarily to strengthen the governance of the plan, and the acceleration of the contribution rate. In 2001 the 18<sup>th</sup> issue of the actuarial report confirms the fiscal projections of the C.P.P. with the new steady state rate will be sufficient through the period of the entry of the Baby Boomers (between now and 2020).

Over 3.6 million seniors are receiving income security and this will increase 40% over the next 15 years. Less than one of three receive G.I.S. and 11% of those get the full supplement.

It’s the 75th anniversary of the old age pension, first given at age 70 for those with low income. The intention was to replace about 25 percent of the average industrial wage, but it is not doing that now.

Almost 50% of seniors’ income come from the public plans, 30% from RRSPs, and 5.4% from employment income. People tend not to retire based solely on income from C.P.P., however, when it is linked to the company pension plan, it is an incentive.

She said that the majority of Canadians do not understand what benefits are in place for them and concludes that "there will be more of a blurring of retirement and work as the Baby Boomers start to retire in much more diverse ways than their parents. Their needs, interests and economic behavior may be different. It's an exciting thing to look at and plan for and watch."

*Chris Robinson, Professor of Finance, Schulich School of Business, York University*

Forget Freedom 55. Struggling 65 is More Likely...

Chris Robinson announced he had good news and bad news.

- The good news is that you are likely to live much longer than you thought, with better health.
- The bad news is that you are likely to live much longer than you thought – and you will have to find a way to finance your long retirement.

Some people will live poorly in retirement and some will live well. If you assume that economies operate as they have in the past, you can plan for a financially secure retirement roughly similar to what you enjoy now. Following the past evidence, you need to invest in a balanced portfolio, including lots of diversified equity holdings, well into retirement. With public and private pension systems, this should work for both lower and middle-income groups, with moderate discipline and expectations.

BUT

He did not think the past was going to repeat itself. I think two fundamental realities will change the world for all of us in retirement as the Boomers hit retirement age, and the change is not temporary, because:

- We are trashing the global ecosystem so quickly that the cheap ecosystem services (non-renewable energy, extractable resources, clean air and drinking water, good agricultural land) that we have been taking for free will become very expensive. As we age, the effects of this will hit us very hard, since we can't physically make up for the lost services.
- We will not have a big enough young labour force to 1) do the jobs we do now, 2) deliver ecosystem services - particularly cheap energy and the private automobile, 3) provide the human services an older population will require.

Today's seniors have survived challenges of the depression and war. The new generation of retirees will have their own set of challenges.

*Malcolm Hamilton is Principal at Mercer Human Resources Consulting*

**Chart: Today's Seniors Have Much Lower Incomes than Working Boomers...**

**Average Income in 1997**

Fully Retired Senior Couples (1)	\$35,600
Boomer Couples, With or Without Children Ratio	\$69,700
Ratio	51%

Source: 1997 Survey of Consumer Spending

(1) both spouses over 65; no employment income

(2) reference spouse between 30 and 50

**Chart: Where Boomers Have Employment Income, Seniors Have Government Benefits...**

**Sources of Income**

	<b><u>Boomer Couples</u></b>	<b><u>Fully Retired Senior Couples</u></b>
Employment	92%	0%
Pension and RRSP	2%	32%
Investment Income	2%	13%
Government Transfers	4%	55%
	-----	-----
	100%	100%

**Chart: Once Incomes Are Adjusted For Differences in Taxes, Mortgages, Childcare, Savings and Gifts, Seniors Are Not Poor ...**

	<u>Boomer Couples</u>	<u>Fully Retired Senior Couples</u>
Gross Income	\$69,700	\$35,000
Taxes	(18,600)	(5,000)
Mortgage	(6,100)	(200)
Savings	(6,100)	(3,700)
Gifts	500	(2,000)
Dues and Daycare	(1,000)	(0)
Provision for Children	(9,800)	(0)
	\$28,600	\$24,700
		\$30,400
		Before gifts & savings

**Chart: Senior Couples Have High Net Worths...**

	<u>Median Net Worth</u>
Elderly Couples	\$303,000
Non-Elderly Families	\$159,000
	Survey of Financial Security

**Chart: And Unlike Younger Families, Seniors Appear To Be Getting Wealthier...****Increase in Real Net Worth  
1984-1999**

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Elderly couples	\$50,000
Families with children	(\$200)

**Conclusions:**

- Seniors have low income and high net worths.
- They are neither rich nor poor, but they are frugal.
- Their standard of living is not unlike that of the Boomers who grew up in a world of “affluence, optimism and opportunity”.
- Today’s Boomers, like their parents, should be able to retire early on low incomes.
- Most will be able to retire comfortably on 50% (not 70%) of employment income.
- With government pensions replacing 40% of employment income, people can save much less than conventional wisdom suggests, or retire much earlier.

**Chart: Heavy Savers retire early...**

	<b>Average Retirement Age</b>		
	<u>1983</u>	<u>1999</u>	
	<u>Reduction</u>		
Self Employed	65	64	1 year
Private Sector Employees	65	61	4 years
Public Sector Employees	65	57	8 years

**In Canada, the finance industry will play a relatively small role...**

Low Income Canadians	Generous State pensions make retirement savings unnecessary and overzealous income testing makes RRSPs disadvantageous.
High Income Canadians	Low RRSP limits and heavy taxation of investment income make spending the better alternative.
Middle Income Canadians	Can't afford to save until they hit middle age; if they retire early, they must draw their savings down quickly.

## Audience Questions, Answers, Discussion

1. Elizabeth Maynes asked about the integrity of these government programs. Can the Boomers count on having workers continue to support them?

Chris Robinson said there would be a big tax hit when Boomers start to use RRSP funds. Will that be enough for the government to maintain programs such as health?

Malcolm Hamilton said that would be help but not nearly enough. The C.P.P. should be sustainable at 10% contribution but it is very poor value for future generations of Canadians. No one knows about the future of Medicare. O.A.S. and G.I.S. will be more expensive so they will be a burden on future generations. He said, “one of the largest concerns is that the Boomers are going to stop paying taxes and the Boomers are the meal ticket for the government”.

Nancy Lawand argued that getting a 2% real rate of return on C.P.P. contributions is not a bad amount to count on. Malcolm Hamilton contended that there is no need to justify the government programs but to say that the rate of return is good value because you can go out and get a Canada bond at 3.5% per annum over 30 years is wrong. The program worked well for what it was intended to do, but young people are being asked to pay a price for what this program did.

2. AgeQuake participants asked if we do not use the mandatory age of 65 for these programs, which age are we to use. Nancy Lawand replied that these programs are not tied to whether you are working or not. There was general consensus from the panel.
3. The AgeQuake participant also noticed when talking about the adjustments to expenses people have that utilities were not mentioned. She expressed concern that people do not have enough food or heat.

Malcolm Hamilton did not feel this was a realistic portrayal. He said that while unattached seniors may not be able to have a very high quality of life in Toronto, they are eligible for the basic amount of \$13,000.

Catherine Larmer agreed with Malcolm Hamilton that this was not the norm. She said that in 1999, of 300,000 seniors across the country, 8.2% experienced low income. The government has realized that there are seniors who are not receiving their full entitlements and HRDC has undertaken a public awareness campaign to help resolve the situation.

Nancy Lawand elaborated on the program. It involves contacting people based on their income tax returns. Over 100,00 of those contacted qualified for more entitlements.

4. Nancy Conroy asked if the provision to collect C.P.P., early i.e. at age 60 would be changed. Nancy Lawand said that the arrangement is fairly flexible now and is being monitored. Sheryl Smokin's organization and other industry associations are participating in a dialogue on workable models for modifications.
5. An AgeQuake participant commented about the shortage of 13,000 nurses in Ontario. He said we need to consider how these things are going to be funded, how individuals are going to be required to take on more responsibility for ensuring that care will be available to them as they age.

Malcolm Hamilton argued that we have mis-aligned the wishes of the individual with the interests of the country. What the country wants right now is to have people working longer and yet people want to retire early. During collective bargaining negotiations we should not think of adding more money because it will go toward enhancing pensions that will lead to early retirement.

6. Robert Drummond observed that we have aligned our incentive systems to serve the interests of individuals who want to retire early but that society in the future will need those people. He also mentioned Chris Robinson's observation that we're not paying enough attention to the ecosystem making it more costly for us to employ a declining number of people to look after us. Is there anything that can be done and by whom? What level of political will is required to reorder these systems and to alter these incentive structures?

Malcolm Hamilton said that there is nothing popular that can be done. The thing about wages, if wages are raised, five years later more money will be in their pension fund because wages and pensions are connected. We have to find ways to pay people incentive funds, which will not be considered when calculating pensions.

Nancy Lawand said that you have to look at the nature of the work. In the nursing profession, for example, there are higher levels of injuries and health related disabilities as workers get older.

Malcolm Hamilton commented that almost every occupation has a compelling story of why no one should be asked to do their job after the age of 55.

7. John Kenny asked whose responsibility is it to provide retirement and in particular, investment education for young people? He challenged organizations to lobby the Ministry of Education to include this in the curriculum.

Chris Robinson disagreed. Students have only a limited time in the education system and we need to ensure reading, writing and numeracy skills before teaching any other ones.

Elizabeth Maynes agreed with Chris Robinson and said that Grade 9 is just too soon.

Nancy Lawand mentioned Nova Scotia's module on Canada's income system, which HRDC is examining for use in educating the consumer. There was also mention of materials being developed by the Canadian Bankers' Association aimed at young people.

An AgeQuake participant commented that trying to educate kids on how to save their money is difficult. Banks want people to borrow and the consumer society want people to spend.

8. John Kenny commented that Sudbury has lost 10,000 of its 160,000 citizens. Young people are forced to leave the north to come to Toronto for employment while they may have more financial security in the south; they now have to contend with air pollution. He said "You can be well off but what does it matter if you can't breathe the air".
9. Pam Churchill stated that there are many people over 50 who feel they do not have choices. We have to look at the statistics for early retirees, because a fair number were not voluntary retirees. They may be disadvantaged because of age. They are often the first to be let go; are laid off in their peak employment years; have difficulty finding new work and, therefore, became unable to participate in the work force. This group will have a retirement far different than what they anticipated.

### **Session 4: Boomers@work**

With Boomers on the brink of retirement will their leaving the labour force put an unbearable burden on workers who are not retired? How will the nature of work, retirement, and the workplace be re-designed for first or second wave Boomers?

*Nancy Conroy, Facilitator, President of RTC Services and Chair of the Professional Development Committee for CAPP National.*

Ms. Conroy's perspective is that people in their Boomer years like their jobs but they may not like the working environment. They are conscientious and care about making a contribution in their particular field. On the one hand they are committed to working, on the other hand, many of them are very, very stressed.

They work very long hours, often without being paid for overtime. They often wake up in the middle of the night thinking about work and dealing with the challenging issues they face during the day. They are becoming cynical about some of the issues around work. Some are fed up; some are disillusioned with their organizations. Many thought that the end of their career would be a positive time; instead it's not. Many are seriously considering early retirement. A lot have retirement on their minds. Some are visualizing being Boomers NOT at work, NOT doing what they do now. Many indicate an interest in working part-time in retirement. Organizations are faced with the problem of how to manage this group through to retirement.

**Keith Norton, Chief Commissioner, Ontario Human Rights Commission**  
Human Rights Perspective

The Chief Commissioner said that a new approach to aging is needed, one that promotes the dignity and worth of older persons and ensures their independence, security, full-participation and self-fulfillment. The Commission has been actively engaged in research and consultation on ageism and age discrimination since 1999. Chief Commissioner Keith Norton discussed:

- Ageism and age discrimination
- Retirement issues from a human rights perspective
- The Commission's recently announced policy to address discrimination against older persons because of age

He began by mentioning a new paper on age discrimination now featured on the HRC website, [www.ohrc.ca](http://www.ohrc.ca). He outlined research on age discrimination throughout the 90s. There has been a steady increase in the number of reported complaints of age discrimination from the mid 1990s. There has been an increase in the percentage of the total caseload from 5 to 9 % by the end of the decade.

He described how the Commission undertook a project to examine issues around age discrimination. The first step was to develop a research paper for discussion purposes, which gave, rise to a lot of interest. Next they did a consultation across Ontario, meeting with groups advocating for older people and individuals too. At the conclusion they produced "***Time for Action - Advancing Human Rights for Older Ontarians***". The Commission outlined its commitment in two areas: to develop a policy on age discrimination and to undertake a province-wide public awareness campaign, both launched in June 2002.

He stated that 70 –75% of human resources complaints arise from the workplace.

The Commission cannot accept complaints based on age discrimination from individuals in the workplace over 65 years of age. Chief Commissioner Norton stated "it's a glaring problem for me." Many elements, which were taken for granted over the years, are now changing. There's little moral outrage about the way in which older Ontarians are being treated.

He mentioned the "age" definition in the ***Human Rights Code***, Section 10. Age means an age that is 18 years or more, except in subsection 5.1 where age means an age that is more than 18 and less than 65. And that section 5.1 grants equal treatment in employment. It creates serious consequences. It means it permits retirement at age 65 in collective agreements or work place policies across the province whether the person wishes to retire or not and worse, where a person who is beyond the age of 65, the code affords no protection against discrimination, regardless of personal and family needs, or their capability of performing their work. Those who work past the age of 65 may be denied training opportunities, and promotions. They might be denied equal remuneration or benefits.

He gave the example of a woman over age 65 working for a community college, which had renegotiated the retirement plan, thereby requiring mandatory retirement at 65. This woman was rehired to do the same job under contract for 50% less pay and no benefits. He commented that because the United States does not have mandatory retirement, we are starting to see a brain drain of older professors to American universities. He addressed the issues of loss of self worth along with the loss of economic resources. With appropriate changes in the law we should be starting to see more flexible arrangements, though not on a broad base collective bargaining arrangement as these may not be appropriate for everybody within the bargaining unit.

*Arlene Wortsman, Director of Labour, Canadian Labour and Business Centre*  
Labour and Management Perspective

Ms. Wortsman said the large number of retirements from the workforce will present skills challenges. She posed these questions. Will businesses try to keep older workers? If so, how will they do it? What will the incentives be? If they are going to be replaced, where will the new labour come from? How will corporate memory work? What will be the succession plan and how will it take place? How will you pass along information from retiring workers to new workers?

Ms. Wortsman gave a brief introduction to the Canadian Labour and Business Centre. She mentioned that their website, [www.clbc.ca](http://www.clbc.ca) gives the 2001 skills inventory results. She spoke to the following overheads:

### **The Viewpoints Survey**

- A snapshot of business, labour and public sector leaders' perceptions on a range of issues
- Conducted every two years - first done in 1996
- Deals with challenges facing the economy, potential solutions, demographic and skills issues, healthy workplace practices, and labour-management relations
- In 2002, largest response ever: 1,145
- Response rate of 20%

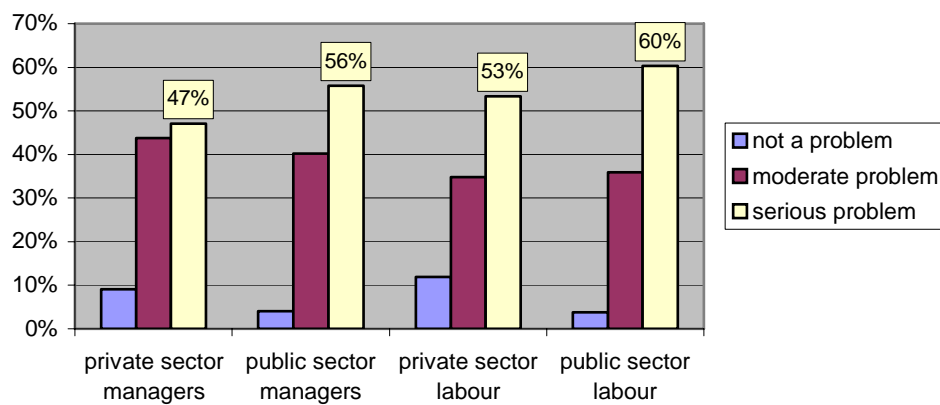
### **Which Leaders Were Surveyed?**

- CLBC Board;
- Boards of directors of Chamber, CME; Corporate members of CCA;
- Dun & Bradstreet Database of
  - CEOs, Owners, Senior VPs of businesses;
  - Labour leaders;
  - Chief Administrators of hospitals,
  - School principals;
- Labour Canada list of labour leaders;
- Presidents of universities and community colleges;
- Federal and provincial DMs with labour market and education/training responsibilities
- Chief administrative officers of municipal governments

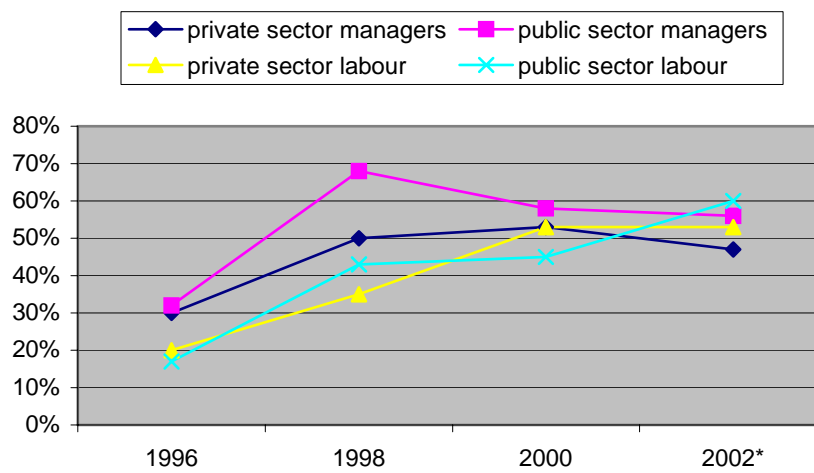
### Composition of Responses

- 36% private sector managers (n=409);
- 23% private sector labour (n=264);
- 25% public sector managers (n=291);
- 16% public sector labour (n=181)

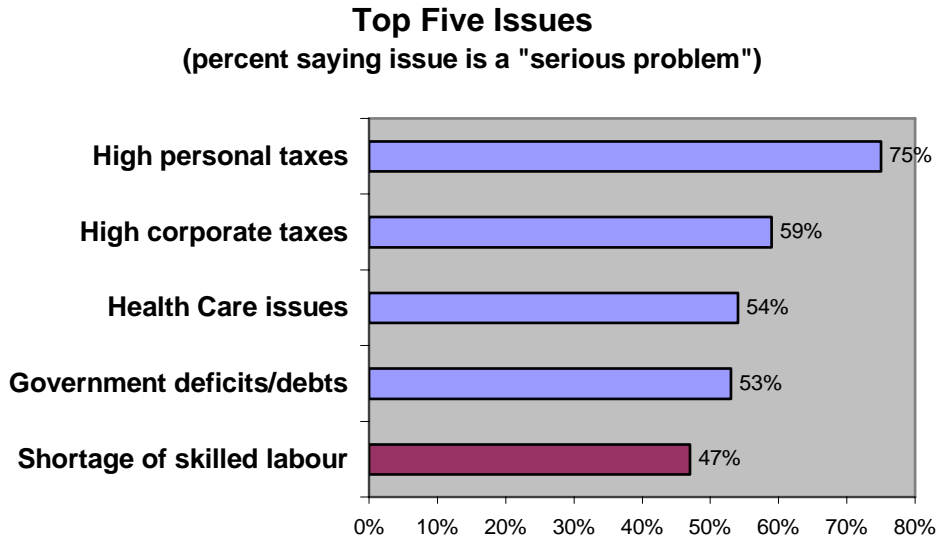
**Graph: Leadership Views on Skills Shortages 2002**



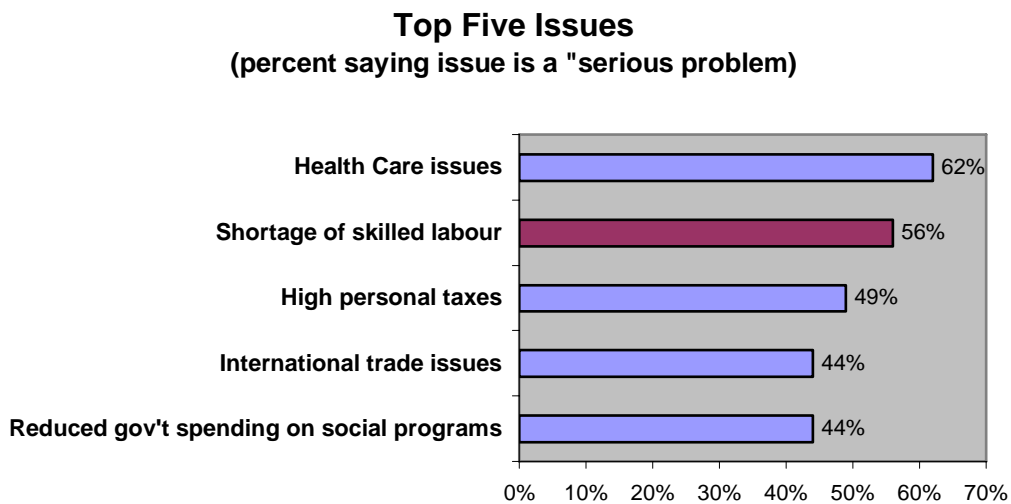
**Graph: What Past Respondents Were Saying About Skills Shortages**



**Graph: How Skills Shortages Rank as an Issue of Concern - Private Sector Managers**

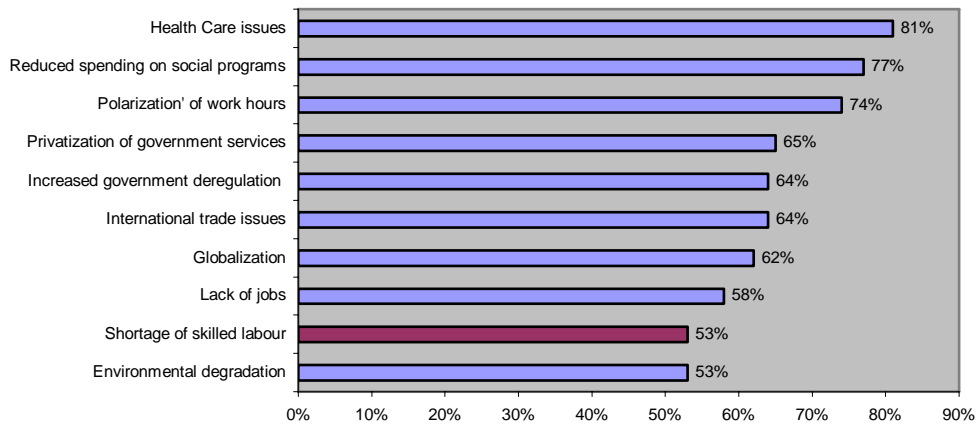


**Graph: How Skills Shortages Rank as an Issue of Concern - Public Sector Managers**



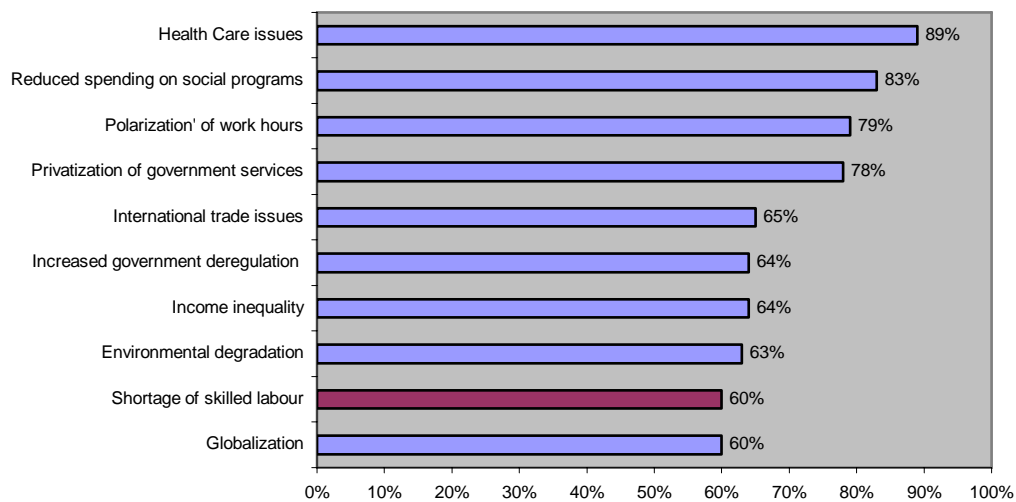
### Graph: How Skills Shortages Rank as an Issue of Concern - Private Sector Labour

**Top Ten Issues**  
(percent saying issue is a "serious problem")

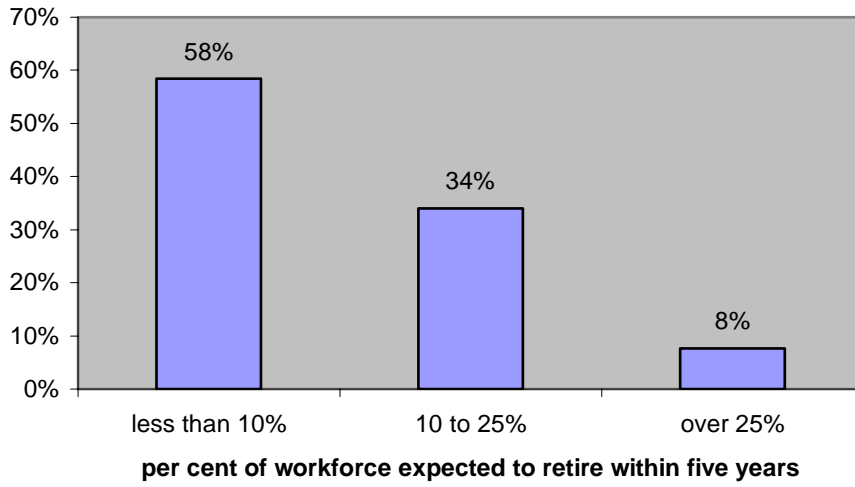


### Graph: How Skills Shortages Rank as an Issue Of Concern - Public Sector Labour

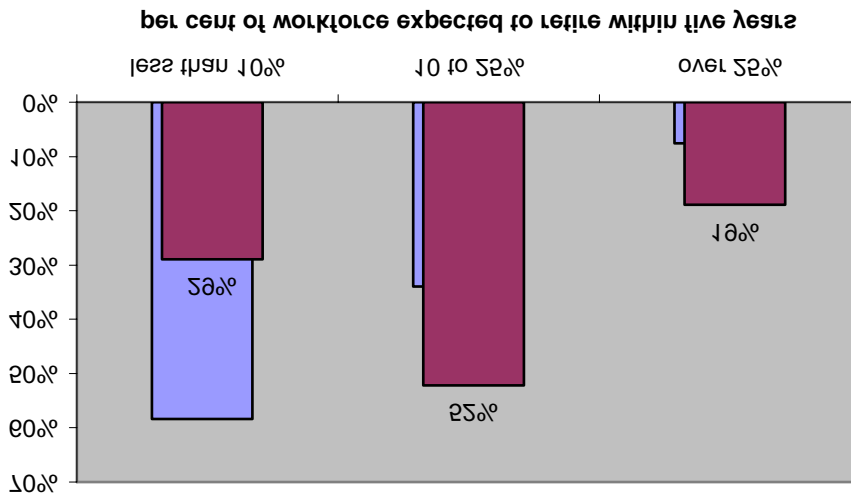
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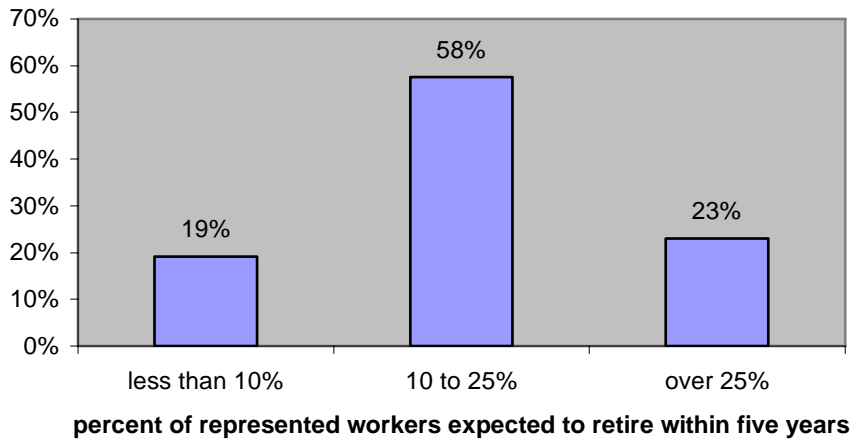
**Graph: Expecting Retirements: Private Sector Manager Response**



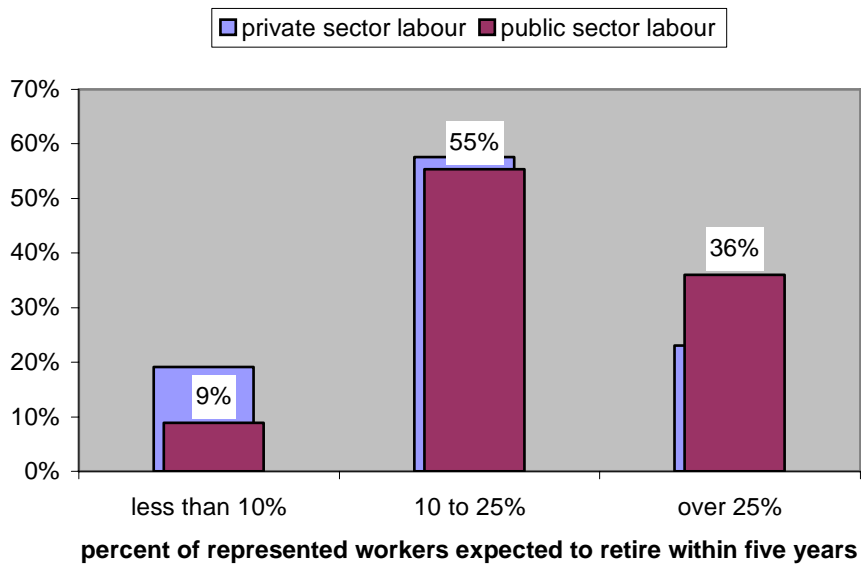
**Graph: Expecting Retirements: Public Sector Manager Response**



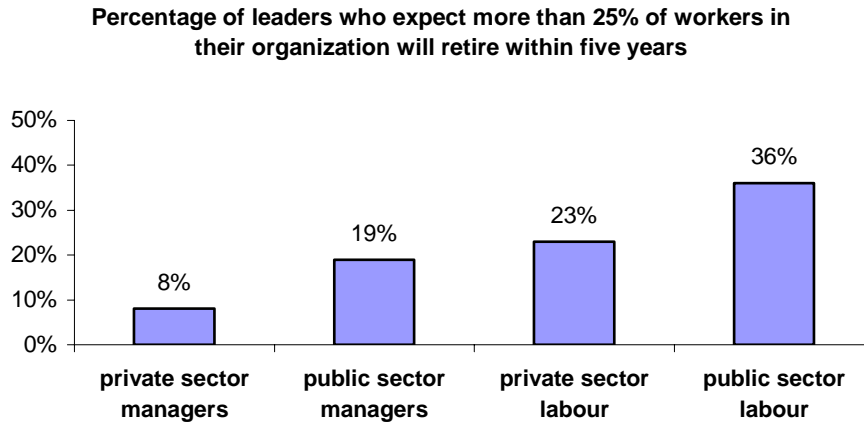
**Graph: Expecting Retirements: Private Sector Labour Response**



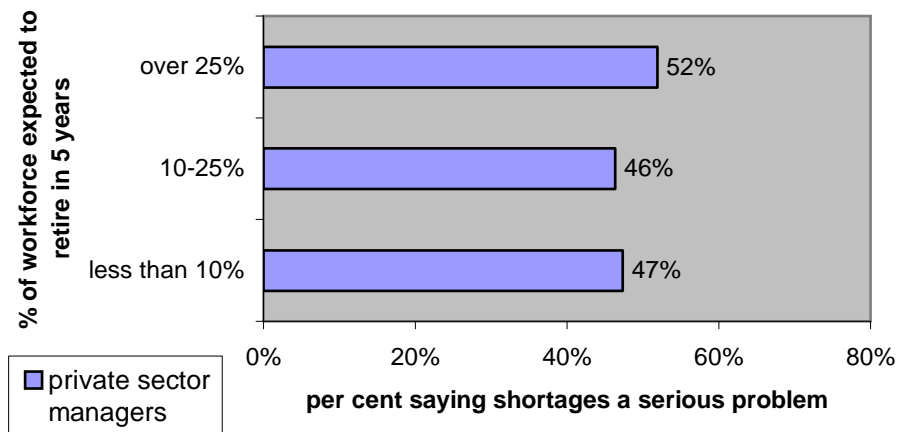
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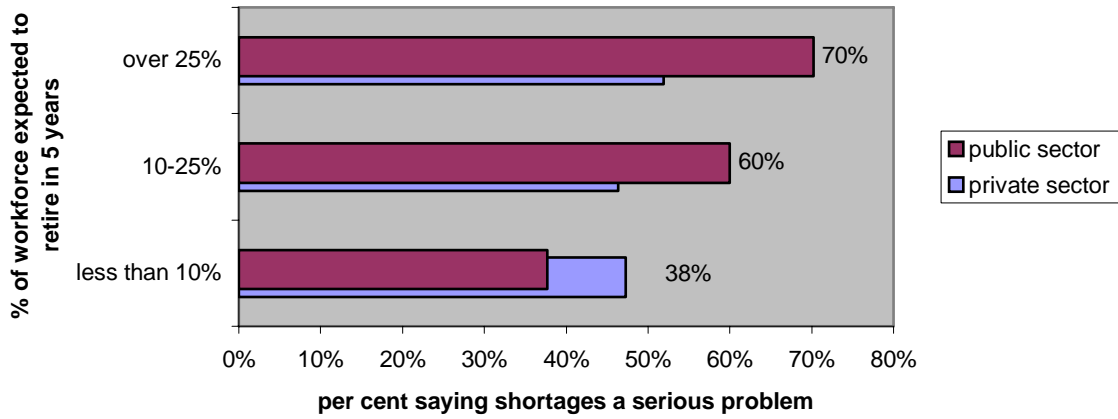
### Graph: Labour Leaders See Higher Levels of Retirement



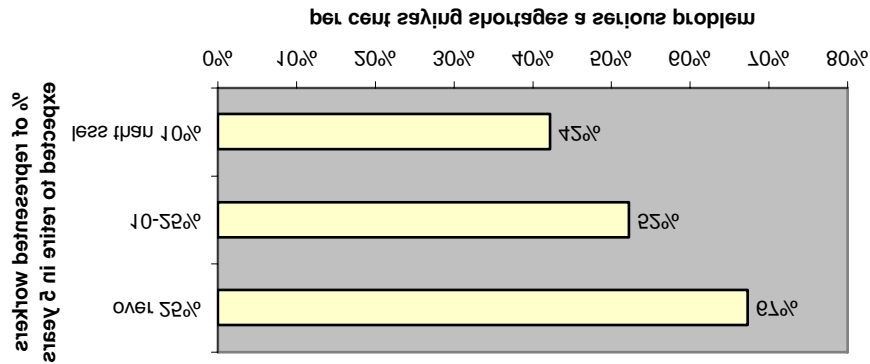
### Graph: Are Managers' Concerns About Skill Shortages Related to Retirement Expectations?



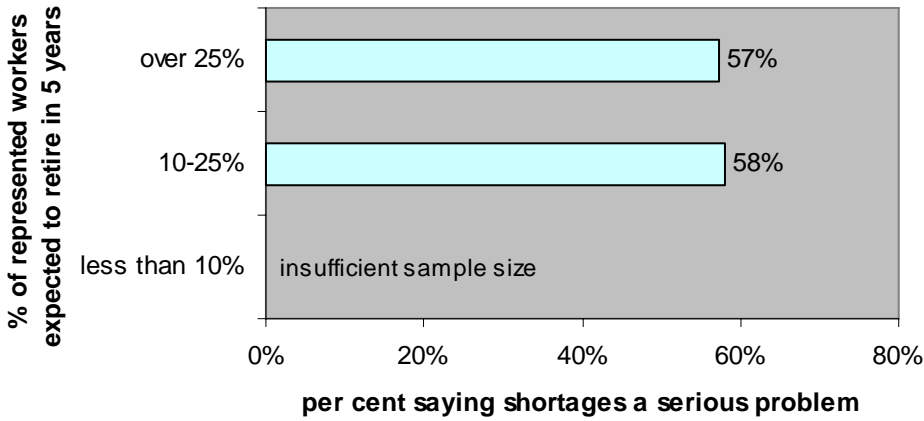
**Graph: Public Sector Managers most likely to see skill shortages as a serious problem when retirement expectations are high**



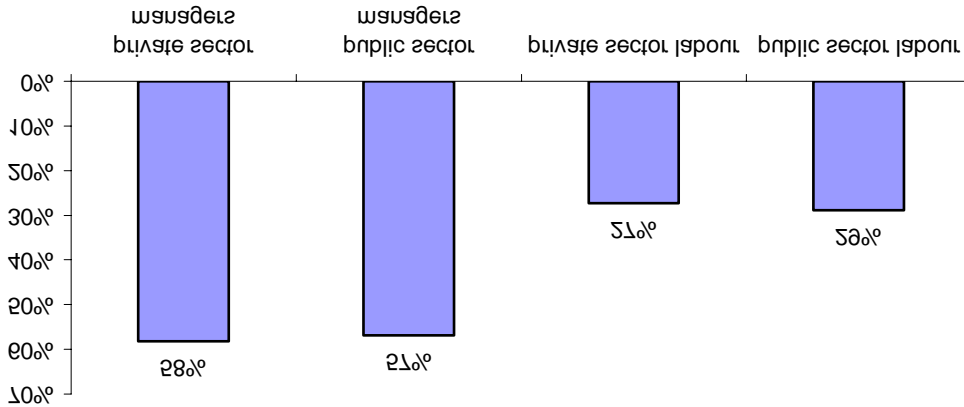
**Graph: Are Concerns About Skill Shortages Related to Retirement Expectations? Private Sector Labour Response**



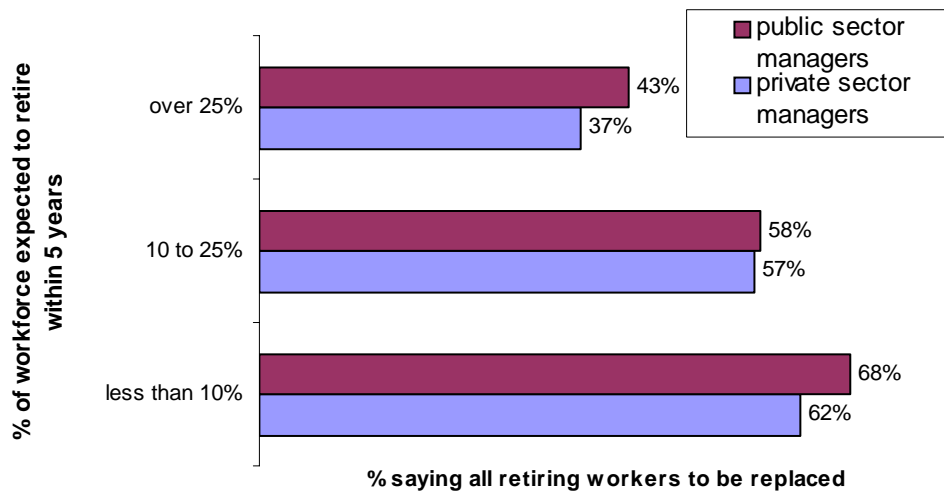
**Graph: Are Concerns About Skill Shortages Related to Retirement Expectations? Public Sector Labour Response**



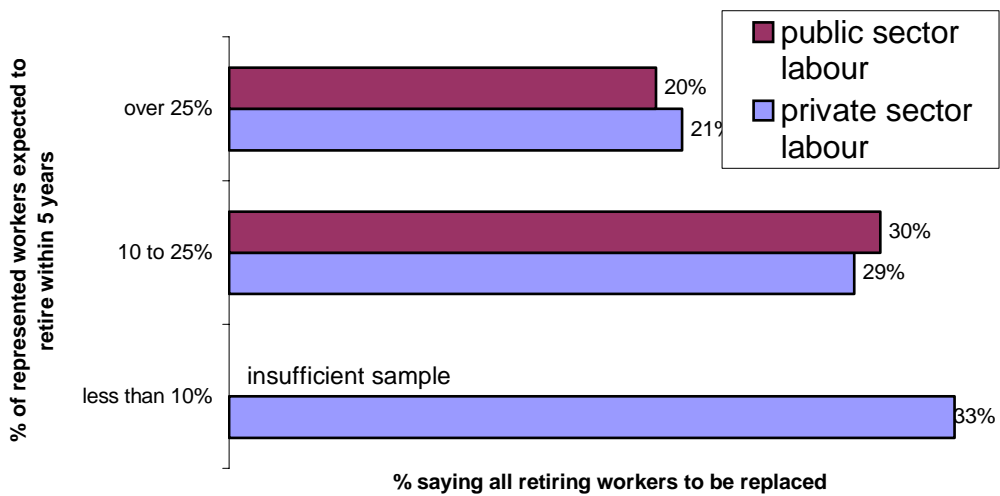
**Graph: Percent of Leaders Who Expect All Retiring Workers to be Replaced**



**Graph: When Expected Retirement is High ...Expected Replacement is Lower**

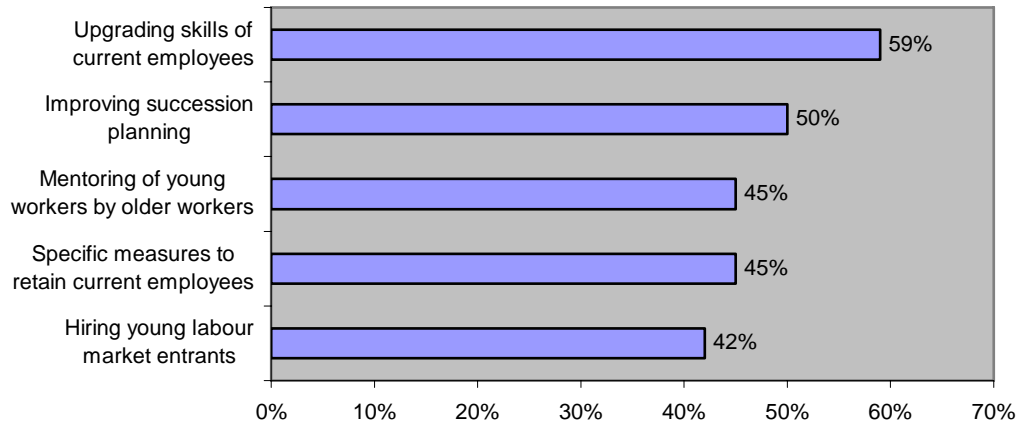


**Graph: When Expected Retirement is High ... Expected Replacement is Lower**



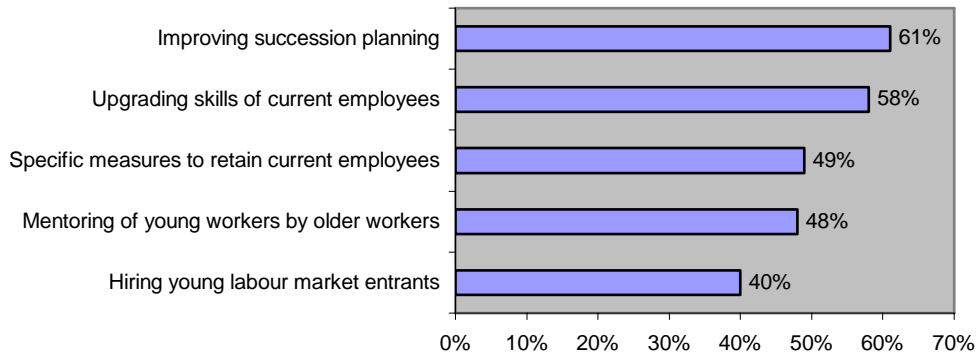
### Graph: Top 5 Solutions to Skills Shortages: Private Sector Managers

(based on percent saying action is "very important")



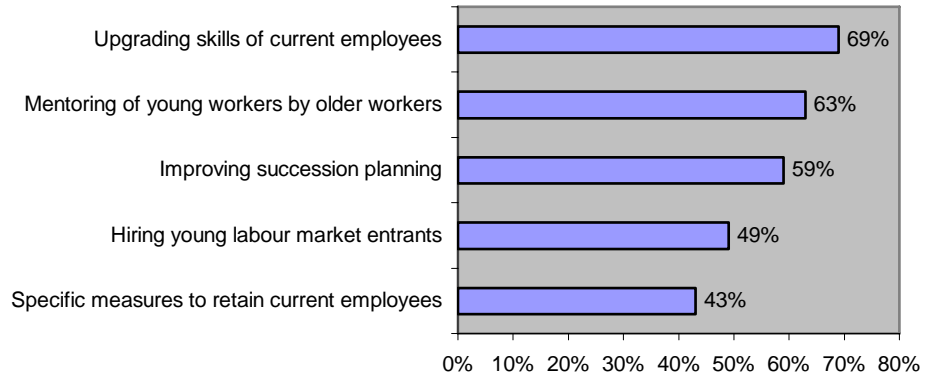
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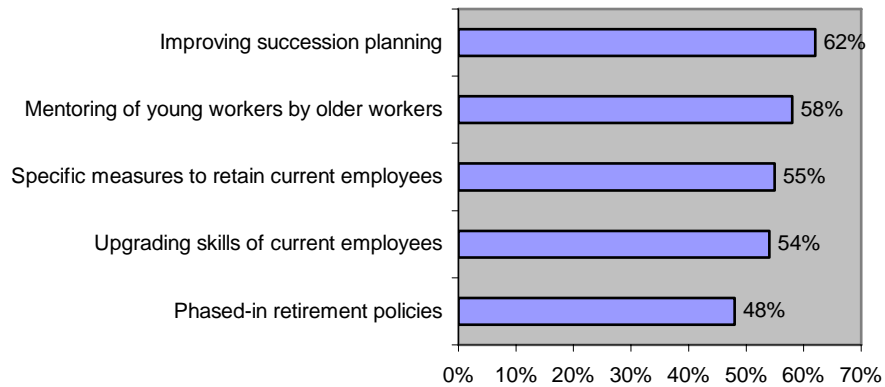
### Graph: Top 5 Solutions to Skills Shortages: Private Sector Labour

(percent saying action is "very important")

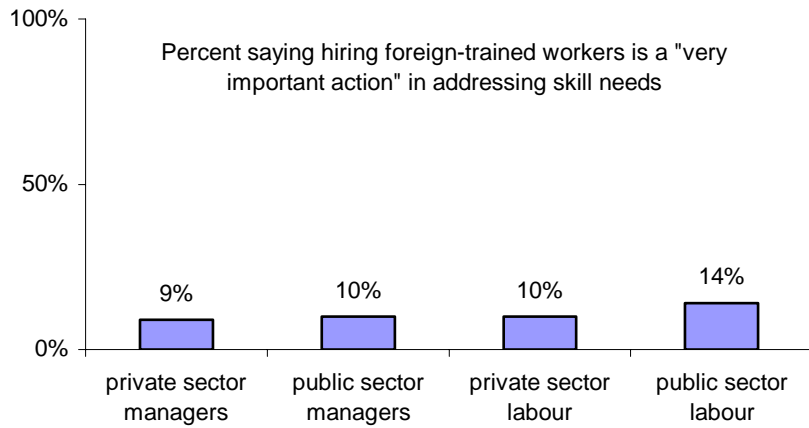


### Graph: Top 5 Solutions to Skills Shortages: Public Sector Labour

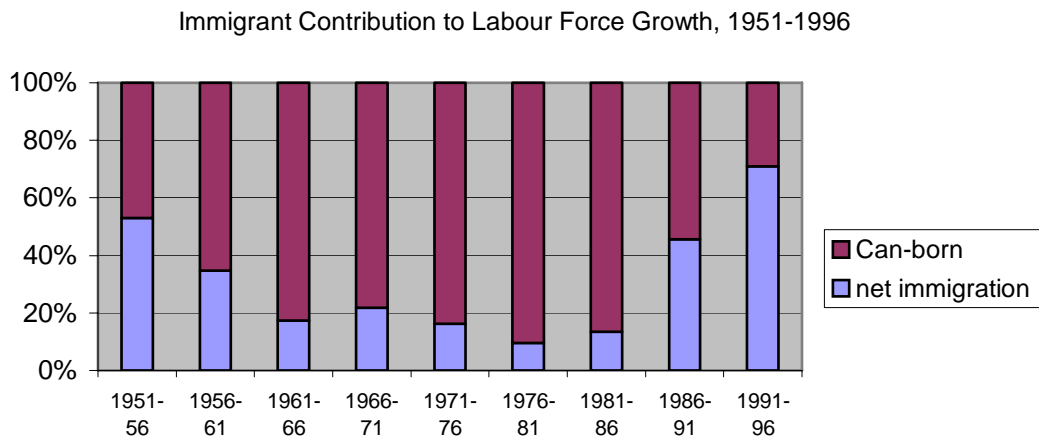
(percent saying action is "very important")



**Graph: Where Does Immigration Fit in the Picture?**



**Graph: What Does The Research Tell Us About the Importance of Immigration?**



## Observations

- Skill shortages are of concern for both management and labour.
- Management and labour have different views on the magnitude of the retirement issue but a fair degree of consensus around the importance of upgrading skills of current employees.
- Results to date beg the question: How prepared are we for current/upcoming skills development challenge?

## Case Studies & Concluding comments

She described an innovative solution at Iron Ore Labrador where the Employee of the Future program has been very successful. Arlene did not have time to describe two additional case studies in her concluding comments.

*Sheryl Smolkin, Director, Canadian Research and Information Centre, Watson Wyatt*

### Retirement Options Perspective: Keeping older workers longer

Ms. Smolkin said that for demographic reasons, serious labour shortages loom in various sectors. The recent recession exacerbated by the events of September 11, 2001 have masked the evolving problem in industries such as manufacturing and high tech. However, the public sector, health care and education are already feeling the “crunch”.

Some replacement workers may be drawn from the ranks of the currently unemployed. However a report issued by The Urban Futures Institute (Vancouver) in the fall of 2001 indicates that many people choose not to work for personal and family reasons. In other cases there are skills mismatches or the jobs are in a different location than available workers. As a result, there are really three keyways to deal with labour shortages:

- increase the productivity of existing workers,
- immigration, or
- keep older workers longer.

The first two alternatives are the more effective in the longer term. However, there is interest in the last of these alternatives, namely keeping the more productive or skilled older workers on staff for a period of a year or two. A particular aspect of this alternative is “phased retirement”, one approach being studied to delay the exit of valuable experienced workers.

She briefly explored the concept of phased-in retirement, which is any arrangement that enables employees approaching retirement age to reduce work hours and /or job responsibilities. Its purpose is to allow the employee to gradually ease into full retirement. It is intended to defer full retirement rather than accelerate partial retirement. When structuring phased retirement programs, compensation and benefits issues are very important.

One of the ways to deal with those plans; which base their pension calculations on best last years of service, is to give the employee a partial pension and salary from their reduced hours. Some regulatory issues that are in the way of implementing this kind of program include:

- May be unable to accrue a defined pension while on a pension from same/related employer
- Mandatory retirement (both a political and cultural issue)

Quebec/Alberta models have pension legislation that allow workers to reduce their working hours and draw down a lump sum, on an annual basis, from their pension to supplement their income. The Quebec model has not been popular because there are caps on the amount you can draw down. The way the actuarial calculations have to be done to satisfy the legislation results in an impact on the final pension you would receive upon retirement. It is not to people's advantage to go with that arrangement.

#### Employer challenges

- Existing early retirement incentives are regarded as an entitlement. Unions still want to negotiate them. "Freedom 55 has become the Holy Grail." Employers have to amend their programs to cut back on early retirement incentives. That will not be an easy thing to do.
- Flexibility is required to accommodate part time preferences of older workers. This requires a supportive culture in the organization. It will be hard to introduce this idea and will generate a lot of resistance. Employers need workers at all stages of their working life – entry level, moms on maternity leaves, and leaves of absence for personal reasons. Phased retirement and dealing with the older worker is dealing with a bigger issue.
- Phased retirement is in its third generation. Previously it was used for reducing the workforce, now we are thinking of it as a way to retain the workforce.

Air Canada has provided phased retirement for some time. They allow employees to come back on a contract basis. This type of program has proven very costly for employers and has not been particularly attractive in the private sector.

The Treasury Board allows staff members to take a reduction in hours two years prior to their normal retirement date. This model encourages an early retirement exit. You have to agree to leave in two years time.

Ms. Smolkin mentioned other interesting solutions, including the BC. Provincial Judges who are 55 years old and have ten years service. They can retire and continue to sit for up to a further five years or age 70 and top up their pensions to the level of their former salary. Other examples included Ontario Teachers Pension Plan, Algoma Steel and the DSM Dutch Chemicals Group.

Ms. Smolkin also reported on a mini-survey of about 50 organizations which was conducted for a Wyatt Watson presentation made in February 2002.

### Chart: Watson Wyatt Day 2002: Phased Retirement Survey

Question	Yes (no. of plans)	Yes (% of plans)	No (no. of plans)	No (% of plans)
Do you have significant problems currently attracting or retaining workers?	15	29%	37	71%
Do you expect significant problems attracting or retaining workers in the next five years?	40	76%	13	24%

Question	Yes (no. of plans)	Yes (% of plans)	No (no. of plans)	No (% of plans)
Would you consider pension plan changes to discourage early retirement among full-time employees?	23	44%	29	56%
Would you support regulatory changes that allow employees to receive pension payments while still employed?	46	82%	10	18%
Does your firm provide phased retirement?	11	19%	41	71%

All 11 plans (19%) with phased retirement plans have negotiated individual arrangements, as opposed to a package communicated to all employees

Primary reasons for implementing phased retirement are:

- 46%: To control early retirement costs
- 18%: To offer the opportunity to retire gradually
- 18%: To facilitate the training of new workers

Key elements of firm's phased retirement program:

- 91%: Reduced workdays or work weeks
- 64%: Hiring retirees as consultants
- 36%: Transfer to job with reduced responsibility
- 18%: Transfer to job with reduced pay
- 18%: Seasonal employment
- 9%: Job sharing

Main reasons for not implementing phased retirement :

- 68%: Have not considered it yet
- 32%: No need for it
- 26%: Employment costs (health insurance etc.)

- 21%: Incompatibility with corporate culture

#### Commitment of Older Workers

- WatsonWyatt's 1999 WorkCanada™ surveyed Canadian employees on workplace issues.
- 60+ group has stronger preference to stay even if comparable jobs were available elsewhere.
- Some of these have few other options; may not be top performers.
- Employees with varied abilities will be needed since there will be fewer new workforce entrants.
- Challenge is to develop compensation programs and a corporate culture that will help retain older workers.
- Total rewards strategy including extrinsic and intrinsic rewards.

### **Audience Questions, Answers, Discussion**

1. Malcolm Stewart commented that the Supreme Court of Canada has upheld mandatory retirement on other occasions. He asked Keith Norton if that was looked at specifically He also said there seems to be some professions that are not subject to this ruling.

Keith Norton replied that the Supreme Court has justified its position. He mentioned that the B.C. Court of Appeal revisited this decision and felt differently, therefore, the Supreme Court will be reviewing it again. He said it will be interesting to see if they change their position.

2. Malcolm Hamilton had a concern about the use of demographics and the issues being discussed. In response, Arlene Wortsman said demographics do make an impact, as well as workplace stresses.
3. An AgeQuake participant asked which occupations have gaps where we need younger people?

Sheryl Smolkin reminded us that there will never be zero unemployment. There are skill mismatches. There are jobs we can not fill because people may be in the wrong part of the country, or may not have the training.

Nancy Conroy talked about the desire of some older workers to give back to the younger workers. Informally, there may be older workers mentoring younger workers.

4. Ian Johnston asked what happen if someone retires, starts to collect a pension, and then goes back to work? Is there a restriction on how many pensions they are allowed to receive because they are working?

Sheryl Smolkin said it was permissible to work for the same organization as long as they do not accumulate further pension contributions.

5. Nancy Conroy asked what term is acceptable now? Is it older worker, senior, aging, elderly or vintage? What impact will the baby boom worker have on how we value or view the older worker?

Keith Norton said that there will be a significant impact. Over 48% of Canada's population will be older than 47 and will impact on how older persons are viewed. They will be playing a more significant role in decision making, and having much greater political clout. Younger people will need to pay more attention to issues concerning older people.

6. Sheryl Smolkin added that we are seeing some blocking now because we did not hire entry level people and we no longer have the middle people in organizations. One of the challenges in re-defining work and roles for older people is to make sure you are developing people in the workforce, especially younger people, who perceive they have a career path. If there's a sense that older workers are simply sitting at the top, blocking opportunities and telling people they have to pay their dues or they aren't going to get a chance; then that organization will not be handling this issue successfully.
7. Arlene Wortsman discussed the impact of workplace practices. With older workers there are issues of ergonomics, health plans and eldercare. Managers don't have realistic expectations on how to replace older, retiring workers so there will be a shift to work retention and how to keep workers longer. That will require of adjustments in policies and HR manuals. There will be a greater value put on older workers because you want to keep them longer.
8. An AgeQuake participant commented that people she works with feel they are younger than their actual chronological age. The most accepted term seems to be "older adult".
9. Another AgeQuake participant commented on the stress level of former colleagues who are counting the days to retirement. He said that employers are a resilient group who will do anything to maintain their enterprises. They will train, rehire retired employees, and bring in staff from offshore – so there is not really a crisis.
10. Arlene Wortsman thinks that there is an impact in certain sectors. There is a huge skills shortage, in the trades where they have an older workforce, with the average age over 50. In the past they relied on bringing people in from offshore but that seems to be reversed. Because of trends or perceptions, we are not attracting young people into those areas. It is a very big problem right now for the construction trades.

An AgeQuake participant concurred saying that we will probably see more training on the job and mentoring programs to attract new workers.

11. Another AgeQuake participant asked how can we get unions and employers to start thinking of phased retirement in a more positive way?

Arlene Wortsman replied that it is a matter of supply and demand. Where there are needs, employers are going to be looking at ways to fill those needs. "Life will go on but it will be different." Organizations that want to be more competitive will look for more competitive solutions. Business will change.

12. Nancy Conroy stated that many stressed-out Boomers will want to leave even sooner than they would otherwise if the workforce was a little more humane. Pressure may cause employers implement phased retirement.
13. An AgeQuake participant asked about the issue of productivity in the remaining workforce. Sheryl Smolkin replied that some ways to increase productivity are training, education, and further use of technology. These approaches have their own set of problems. For example, labour shortages were starting to be felt in the United States very significantly last spring. The economy after September 11, 2001 shifted the focus away, but she felt certain that the issue of skill shortages would return to the spotlight soon.
14. Malcolm Hamilton had both a comment and a question. He remembers the first baby boom scare. Baby Boomers stopped entering the workforce in the mid 1980s however other pressures skewed the actual outcomes. His conclusion is that things don't always turn out how you think. His question for Keith Norton was "Ontario doesn't mandate retirement at 65. What Ontario does is to permit employers either unilaterally or in negotiation with their union to require employees to retire at 65 and the vast majority of unions seem to... support that and most employers prefer that... Why do they favour this practice?"

Keith Norton said that surprisingly, few unions and employers actually participated, when they were invited, in this consultation. He has spoken to the academic community who seems resistant. The argument has been that it might be too costly to keep on the senior people when you can retire them at 65. The other argument is that a 35-year-old professor can generate better ideas than someone can over age 65. He wants to see proof of that statement.

The decision to terminate their employment ought not to be an arbitrary decision. As a parallel, how would we react if the Human Rights Code had a definition of gender that said gender means *except in the workplace* and then it means something different. We would be outraged. Or if it said race means, *except in the workplace*. The notion of discrimination for reasons of colour, gender is not accepted in the workforce, so why is age?

15. Malcolm Hamilton said employers are concerned that there is a pro older person bias in Canadian Law, particularly around severance. You can sever young people quite cheaply but if you try to sever someone 65 who is not performing, it is very expensive. Employers do not want severance tied to age. We need to establish a level playing field rather than eliminate those things that are adverse to the interests of older people while keeping all of the things that are advantageous.
16. Robert Drummond commented that most unions would be in favour of preserving mandatory retirement because it would preserve them from the necessity of regular performance reviews especially when they knew that at 65, the person would be gone. Unions may not put it that

way. In the absence of a known date of departure, there would be an increasing tendency to subject older workers to successive performance reviews in the expectation that as expensive workers they were inconveniently required. One reason to uphold this ruling in the courts was to make room for new employees coming on board. There are too many other variables affecting the available entry of the labour force.

17. Arlene Wortsman said that attitudes are changing with willingness to accept a more flexible approach. Employees want the ability to choose how they work and when they exit the workforce. There is some suspicion about how employers will treat members so their collective agreement, which has a set date of retirement, is their protection.
18. Keith Norton stated that there is an assumption that if people were subjected to performance evaluations they would be gone at the age of 65. He does not think this is so. At the Human Rights Commission everyone is subject to regular performance reviews.
19. An AgeQuake participant asked, "What is the rationale that the Supreme Court of Canada used to uphold mandatory retirement?"

Sheryl Smolkin replied that it seemed to be based on getting young people and new ideas into the workforce, particularly in hospitals and universities. Cost was also an issue, particularly in the academic setting. She mentioned the Olive Dickinson case at the University of Alberta. The case was successful at the Court of Appeal, but not at the Supreme Court of Canada.

Today, people will tell you that it is not cheaper to hire younger faculty members. Salary pressure has pushed up the salaries of young doctoral students to an extent, which is often, as costly or more costly, as senior people, who could be at the top of their salary scale. Younger people may have bright ideas but not the collective wisdom of managing the administrative responsibilities. Sometimes, you may need 1.5 or 2 people to do the job of one good person. There are a lot of inherent fallacies. Compensation is not an exact science and few organizations have absolute internal equity.

20. An AgeQuake participant asked, "When are people retiring, in countries which do not have mandatory retirement? What does the data show?"

Nancy Conroy replied that U.S data showed that not having mandatory retirement seemed to have very little effect. Most people wanted to retire at age 65 or before.

Sheryl Smolkin commented on the Canadian experience. The average retirement age in the private sector is 61, and in the public sector, the average age is 58. The average retirement ages are lowest in Quebec and Quebec does not have mandatory retirement. Even if you were to take away mandatory retirement, you can still have an early, a normal or a late retirement date in pension plan documentation and contracts.

## **Plenary Session**

*Gail Vanstone, Professor in the School of Women's Studies and Academic Advisor to Stong College, York University*

Ms. Vanstone said that Baby Boomers we have had the ability to make each stage of our development from the time we occupied baby carriages to today. We are still interested in looking at how our parents had handled their retirement situations and what models they followed. She described how her father was forced to retire at age 69, two years before Canada Pension Plan benefits came into effect. He went back to work as a machinist a few years later and continued until he was 80. She described how her mother learned from living through the depression years to be careful with her money and was able to support herself for a number of years after the death of her husband on her retirement savings.

In thinking of Professor Drummond's remarks about keeping the lessons of our parent's generation in mind, She left with the thought that we may need to find a broadly based sense of social responsibility. She said we heard a series of competing discussions, which both reassured and unsettled us with respect to future financial prosperity. Individual concerns and wishes were balanced against larger group concerns. As someone remarked earlier, some of the things that the country need do not necessarily mesh with what individuals (the Baby Boomers) want.

Both Chris Robinson and Malcolm Hamilton posed provocative frameworks that were able to shake us out of comfortable positions and cause us to look at previously familiar territory with fresh eyes. Their comments, read together about, on one hand, possible financial prosperity, along with the notion of a deteriorating ecological system coupled with yesterday's considerations about health care needs, raise a whole series of ongoing and productive questions that lead us beyond the boundaries of this conference. These questions involve appreciating the needs and demands of the individual in relation to the needs and demands of the group as a whole.

Some of the suggestions and comments given in the evaluations for yesterday's sessions included

- the formation of a steering committee to provide a forum for ongoing discussions,
- we need to think through individual needs and concerns, group issues and the relationship between the two,
- include youth cohort as a bridge,
- explore Baby Boomer myths because not all fit the narrow profile,
- consider the town hall concept to illuminate issues in a broader context and to explore an interesting and productive future

Three questions for AgeQuake participants

1. Is there any philosophy or cultural coherency to Baby Boomer thinking? Have we picked up on political and economic trends from the freer thinking earlier decades or are we using "rightwing" thinking from such leaders as Margaret Thatcher, Ronald Reagan and Brian Mulroney in the late 70s and 80s?

2. Titles and labels provide ways to order or categorize our thinking but they obscure individual differences. How can these categories be rethought?
3. “Canada’s Boomers Remake the Nation” – the conference title is spirited, quite cocky and very “boomerish”. Boomers not only have to consider their financial situations but also their position in the nation. Where do Boomers fit? What kind of social responsibilities do they have? Are they going to be the prosperous elders who are encouraged to spend money on the younger generations? Will the Boomers be willing to share? Boomers are encouraged to use their smarts, their understanding of the political machinery. They are also encouraged to think about how to revision a nation and to redress some ecological damage because, in fact, they may have to pay for it.

### **Audience Questions, Answers, Discussion**

1. An AgeQuake participant spoke about the role of community newspapers and asked for support for a proposal on “mini media”, a community newspaper network in Toronto.
2. An AgeQuake participant commented “...why remake a nation, is it necessary?” She continued by saying that she wanted to preserve it and not have it mandated for change.

Gail Vanstone responded that speakers and participants are trying to imagine how to make an effective voice. We are proud of our traditions but the shape of the nation changes with immigration patterns, with aging Boomers, and with various social service facilities, which change. My understanding is that this conference is looking at the large picture, identifying what’s there, and thinking where we can move from there.

3. An AgeQuake participant asked how do we establish the criteria for reporting about our own geographic area and then give feedback in a similar forum?

Gail Vanstone responded that the more voices we have, the better we can identify the issues or the territory and move on more efficiently.

4. An Age Quake participant suggested that the title could be “Can Boomers Remake the Nation”? "Boomers are very fortunate, well educated, creative and they have got a group behind them that is even more creative and adaptable. Maybe we could use the town hall concept for a follow-up session. Canada is a very good nation but there are things that could improve it".
5. Leo Davids said the social responsibility questions got him thinking a bit more directly. Boomers, unlike those who come after them, have the resources - human capital, social capital, as well as, money capital to be able to do big things - good things. Boomers can afford it, and so, they have a bigger responsibility to share goods, selves, and to engineer change.

Gail Vanstone mentioned the comments earlier in the day about couples with no children who had amassed a certain amount of wealth and wondered what to do with it. “Maybe

instead of the Fathers of Confederation, there could be the "Boomers of Continuation" who could be responsible for engineering something.”

6. An AgeQuake participant spoke about the emphasis on pre-Boomers in the media today. It's because advertizing agency staff is in that age bracket too. Boomers are living their lives – and those attending AgeQuake are concerned on their behalf - but who is really going to be responsible for remaking the nation?

Gail Vanstone invited the conference organizers to use the array of ideas and questions from this two-day session to pursue another one, possibly titled “Seeking Boomers”.

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**(Appendix A)**

**Selected Information Sources on Canada's Retirement Income System:**

1) For OAS and CPP benefit information, visit HRDC's Income Security Programs website at:

<http://www.hrdc-drhc.gc.ca/isp/>

2) The Eighteenth Actuarial Report on the CPP as at 31 December 2000, & The OAS Fifth Actuarial Report can be viewed at the Office of the Superintendent of Financial Institutions (OSFI) website:

<http://www.osfi-bsif.gc.ca>

3) C.D. Howe Institute has a number of pension publications at:

<http://www.cdhowe.org/english/publications/subject.html>

4) The Division of Aging & Seniors (Health Canada)

<http://www.hc-sc.gc.ca/seniors-aines/>

5) Myles, John. The Maturation of Canada's Retirement Income System: Income Levels, Income Inequality and Low-Income among the Elderly. Statistics Canada, Analytical Studies Branch research paper series Catalogue no. 11F0019M1E2000147. Ottawa, March 6, 2000

6) Organization For Economic Co-operation and Development (OECD), Ageing and Income . Financial Resources and Retirement in 9 OECD Countries. Paris, 2001.

7) Robson, William B.P. Ageing Populations and the Workforce: Challenges for Employers,. British-North American Committee 44. Winnipeg, 2001.

8) Statistics Canada, The Assets and Debts of Canadians .focus on private pension savings Income Statistics Division, Catalogue no. 13-596-XIE, Ottawa, 2001.

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