

## ECONOMIC VIEWPOINT

# The Job Market for Canadians 55+ Older Canadians Are Working Longer

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Adults 55 and older make up a large share of the workforce, both in Canada and around the world. In fact, they represent a larger share than they did ten years ago. When people work longer, it helps ease the labour shortage affecting several sectors of the economy. And with people working longer, it also helps reduce the pressure on public finances and pension plans.

In Canada, the Prairies have the most 55- to 74-year-olds in the labour market. But while older Canadian workers have extended their working lives substantially over the past twenty years, other countries, including Japan, Germany, Sweden and the United States, have shown it's possible to delay retirement even longer. This means many Canadians 55 and older may have to learn the new technologies and ways of working that are transforming workplaces.

### A Substantial Contribution

In the early 2010s, a study by CIRANO<sup>1</sup> (Centre interuniversitaire de recherche en analyse des organisations) suggested that the decline in the workforce expected that decade would mean Quebec's economy would struggle to grow at an adequate pace and that public finances and pension plans would be under heavy pressure. It therefore recommended that measures be taken to encourage "seasoned" workers to extend their working lives. That's because workers 55 and older contribute substantially to the economy and public finances. Here's how.

Older workers have a wealth of expertise, which helps businesses and the civil service maintain quality and productivity. Their expertise and experience also translate to above-average incomes in their sectors. As a result, they have the financial means to drive demand for a variety of products and services, and they account for a substantial proportion of governments' tax revenues.

By postponing retirement, workers 55 and older alleviate some of the recruiting challenges facing many sectors. They also help balance public finances. For some of these workers, working longer means drawing government pension benefits later. Older

workers also help keep private and public pension plans balanced by putting off retirement.

Bolstering public finances and pension plans is especially important because life expectancy has increased substantially over the years. That means a large proportion of retirees will draw pensions or government benefits for many years. According to a 2011 report prepared for the Quebec government, someone who retires at age 55 is likely to be retired for almost as long as they were in the workforce.<sup>2</sup> The report added that life expectancy is much higher than it was in the 1960s, when the main retirement income security programs were set up.

This study looks at the labour force participation of adults 55 and older. It focuses on the similarities and differences between Canada and certain developed nations and between Canadian provinces and territories.

### Size of the 55+ Cohort in Canada

As of July 1, 2020, adults 55 and older account for 31.9% of Canada's population. This figure varies widely by province and territory, however. Older people generally make up a smaller

<sup>1</sup> Claude CASTONGUAY and Mathieu LABERGE, *La longévité : une richesse*, CIRANO, January 2010, 113 p.

<sup>2</sup> Commission nationale sur la participation au marché du travail des travailleuses et travailleurs expérimentés de 55 ans et plus, *Le vieillissement de la main-d'œuvre et l'avenir de la retraite : Des enjeux pour tous, un effort de chacun*, 2011, p. 16.

share of the population in Western Canada, and an even smaller proportion in the territories. People 55 and older make up the largest share of the population in Newfoundland and Labrador (38.6%) and the smallest share in Nunavut (11.3%) (table 1).

These numbers are essentially the same for the 55 to 74 cohort, which is most likely to transition from work to retirement. As you can see in table 1, as of July 1, 2020, this group represents nearly a third (31.8%) of the Canadian population 15 to 74, which roughly corresponds to the working-age population. They make up more than 34% of the population in Quebec and the Atlantic provinces. In Alberta, they account for just 27.3%. And they make up even less of the population in the Northwest Territories (25.4%) and Nunavut (15.2%), reflecting just how young the population is in these regions.

The same provincial and territorial disparities can be seen in the median age. As of July 1, 2020, the median age in Canada is 40.9. But this figure obscures the extremes—Newfoundland and Labrador with a median age of 47.4 and Nunavut with a median age of 26.2. In both cases, Quebec is slightly above the Canadian average, while Ontario is slightly below.

Statistics Canada publishes demographic projections for all of Canada and for the provinces and territories. These projections are based on various growth scenarios, which range from slow to rapid, and include a few average growth scenarios.

Table 2 on page 3 shows the projections for one of these average growth scenarios.<sup>3</sup> According to these projections, adults 55 to 74 will go from representing 24.8% of the Canadian population in 2021 to 23.1% in 2031 and 21.6% in 2041. Their relative share of the total population will decrease primarily because the 75+ group will grow for a variety of reasons. These reasons include increased longevity, the influx of the baby boomers, and the smaller size of Generation X, which will take the place of the baby boomers in the 55 to 74 group. The trend is the same in Quebec, where the relative share of the 55 to 74 group will drop from 26.2% of the population to 24.4% to 22.3%. The only difference is that 55- to 74-year-olds represent slightly more of the population in Quebec than in Canada as a whole. This disparity will disappear over time, however.

According to the definitions generally used by organizations that produce statistics on labour and employment, employed persons hold a job or operate a business, whereas unemployed persons are without work but are available and actively looking for work. Together, unemployed and employed persons form the labour force.

<sup>3</sup> This is scenario M3. Like the other scenarios, M3 is based on assumptions about the composite fertility index, life expectancy at birth, and interprovincial and international migration.

**TABLE 1**  
**Demographic data on Canada's provinces**

AS OF JULY 1, 2020	55+/TOTAL POPULATION 2016	55 TO 74/ 15 TO 74	MEDIAN AGE
	%	%	Years
Newfoundland & Labrador	38.6	38.7	47.4
Prince Edward Island	34.7	34.8	42.9
Nova Scotia	37.1	36.8	45.0
New Brunswick	37.9	37.8	46.1
Quebec	34.4	34.3	42.7
Ontario	31.4	31.0	40.4
Manitoba	28.6	29.4	37.6
Saskatchewan	29.0	30.0	37.8
Alberta	26.2	27.3	37.5
British Columbia	33.5	32.7	42.2
Yukon	28.4	30.9	39.4
Northwest Territories	22.1	25.4	35.5
Nunavut	11.3	15.2	26.2
Canada	31.9	31.8	40.9

Note: Median age is the age that divides a population into two groups of equal size, i.e., half the people are older than age X, and half are younger than age X.

Sources: Statistics Canada and Desjardins, Economic Studies

A study<sup>4</sup> by Statistics Canada provides an overview of the medium-term trends in the labour force, defined as people 15 and older who are employed or unemployed in Canada's main census metropolitan areas (CMAs) (table 3 on page 3). The study is based on simulations run using labour force surveys and demographic trends from previous years. One hypothesis underlying the projections is that the population's participation rate drops sharply between the ages of 55 and 70. In 2017, the participation rate was 88.6% among 50- to 54-year-olds, and 17.5% for 70- to 74-year-olds.<sup>5</sup>

The forecasts initially show large variations in average annual labour force growth rates across the different CMAs<sup>6</sup> between 2017 and 2036. The rates range from 0.2% in CMAs in the Atlantic provinces to 1.5% in Toronto and 2.3% in Alberta. In Montreal, the average annual growth rate is forecast to be 1.2% during that period, but will be zero in Quebec's other CMAs. Immigration is the distinguishing feature between the large CMAs—Toronto, Montreal and Ottawa–Gatineau—and the other Ontario and Quebec CMAs.

<sup>4</sup> Laurent MARTEL, *The labour force in Canada and its regions: Projections to 2036*, Statistics Canada, March 20, 2019, 19 p.

<sup>5</sup> These projections are partly based on prior trends. The reality could differ due to the impact of factors such as a change in outlooks for provinces whose economies are heavily dependent on natural resources. Similarly, the participation rates of people in different age groups may change due to changes in employment outlooks, government assistance programs, skill requirements, etc.

<sup>6</sup> Statistics Canada [defines](#) a CMA as a territory formed by one or more adjacent municipalities centred on a population centre or urban core. A census metropolitan area must have a population of at least 100,000, of which 50,000 or more must live in the core.

**TABLE 2**  
Demographic projections by age group

IN THOUSANDS (EXCEPT IF INDICATED)	AGE GROUP					TOTAL POPULATION	55 to 74/ POPULATION
	55 to 59	60 to 64	65 to 69	70 to 74	55 to 74		%
<b>Canada</b>							
2021	2,700.7	2,611.2	2,320.4	1,854.5	9,486.8	38,284.5	24.8
2031	2,384.4	2,386.1	2,590.2	2,414.5	9,775.2	42,270.4	23.1
2041	2,784.9	2,533.4	2,320.4	2,249.4	9,888.1	45,843.0	21.6
<b>Quebec</b>							
2021	621.7	627.6	542.1	452.8	2,244.2	8,550.1	26.2
2031	518.2	516.9	589.8	573.8	2,198.7	9,020.5	24.4
2041	562.8	563.8	498.2	481.8	2,106.6	9,425.9	22.3

Sources: Statistics Canada and Desjardins, Economic Studies

**TABLE 3**  
Labour force projections in CMAs

IN % (EXCEPT IF INDICATED)	AVERAGE ANNUAL GROWTH	PARTICIPATION RATE		55+ / LABOUR FORCE		RATIO: PARTICIPANTS 15+/ NON-PARTICIPANTS 65+	
	2017 to 2036	2017	2036	2017	2036	2017	2036
Atlantic	0.2	65.9	60.4	19.5	27.8	3.9	2.3
Montreal	1.2	67.6	65.3	18.6	23.3	4.2	3.3
Other CMAs in Quebec	0.0	63.8	57.4	20.5	25.3	3.0	1.8
Ottawa-Gatineau	1.1	67.3	64.3	18.5	23.5	4.5	3.0
Toronto	1.5	66.9	65.5	20.0	25.6	4.7	3.6
Other CMAs in Ontario	0.7	64.8	61.5	20.6	26.3	3.7	2.5
Winnipeg, Regina and Saskatoon	1.5	68.5	67.5	19.3	23.0	4.6	3.7
Alberta	2.3	72.4	70.6	18.6	23.0	6.1	4.6
Vancouver	1.4	67.4	62.7	20.0	24.7	4.5	3.0
Territories	1.2	73.5	70.7	19.8	23.8	9.6	5.6

CMA: Census metropolitan areas  
Sources: Martel and Desjardins, Economic Studies

The participation rate is the number of people in the labour force, expressed as a percentage of the population 15 and older. Table 3 predicts a decline in the participation rate in all CMAs between 2017 and 2036 due primarily to the aging of the population. Because of the post-war baby boom, many in the labour force were fifty or older in 2017. Most of these workers will have retired by 2036, and there won't be enough new people entering the job market to make up for all the departures. As with population growth, the Atlantic CMAs and the Quebec CMAs other than Montreal are expected to have the lowest participation rates in 2036, at 60.4% and 57.4% respectively. If these trends persist, the participation rate will be the highest in the Alberta CMAs (70.6%) and the territorial CMAs (70.7%) in 2036.

Even bigger changes are expected between 2017 and 2036 with respect to the percentage of workers 55 and older in the labour force. This percentage, which was around 20% in all CMAs, will rise to around 25% during this time period. The Atlantic CMAs (27.8%) and non-Toronto Ontario CMAs (26.3%) are expected to have the highest percentages in 2036. These data suggest a dramatic aging of the workforce and relatively smaller cohorts of younger workers.

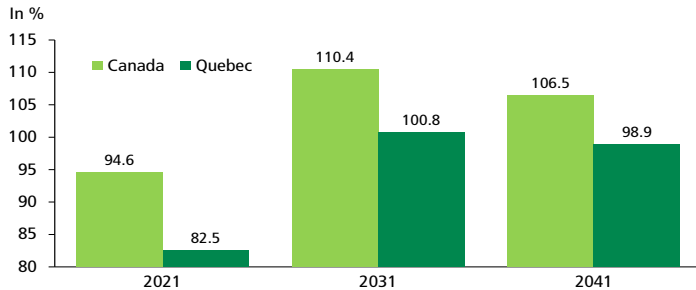
The percentage of people 65 and older in the labour force is also expected to change dramatically between 2017 and 2036. In all CMAs, it's expected to drop significantly as the baby boomers age, meaning that the remaining labour force will have to contribute more to maintain our collective prosperity. Non-Montreal CMAs in Quebec are expected to see the steepest decline in Canada and the lowest percentage in 2036 (1.8%).

The labour replacement index is another way to predict how demographic change could affect the job market in the coming decades. An index of 100 means the number of people entering the labour market (20- to 29-year-olds) is large enough to replace the number of people expected to leave it (55- to 64-year-olds).

According to graph 1 on page 4, both Quebec and Canada have labour replacement indexes below 100 this year. This is worrisome, especially in Quebec, where the index is much lower (82.5) than it is for Canada as a whole (94.6). Mass retirements in the 55 to 64 age group would exacerbate the current labour shortage in many sectors. Thankfully, the demographic projections show that the cohorts entering and exiting the job market should balance out in the 2020s, which would put the

### GRAPH 1 Labour replacement index

Labour replacement index: The number of people 20 to 29 per 100 people 55 to 64



Sources: Statistics Canada and Desjardins, Economic Studies

Quebec index at around 100 in 2031 and 2041. Nationwide, it's expected that there will be more people entering the labour force than retiring starting in 2031.

These projections suggest that across Canada, and especially in Quebec and the Atlantic provinces, governments will be tempted to encourage workers 55 and older to extend their working lives as much as possible as the participation rate of the overall population declines. While adults 55 to 74 will represent a shrinking proportion of the total population over the next 20 years, some projections suggest that the share of workers 55 and older in the labour force could increase appreciably nationwide in the years to come.

### Working Longer

Sooner or later, older workers who haven't already retired due to an illness, accident or other unforeseen event start thinking about leaving the labour market. When leaving is a choice, their decision is based on a variety of factors. Some factors are specific to the worker, while others have to do with their employer, industry or line of work or the economic outlook.

### Several Factors at Play

The decision to retire can also hinge on social and cultural values. In the 1990s, Quebec workers often considered early retirement. There was even a popular expression, "Freedom 55". This marked a major change, as previous generations viewed 65 as the normal retirement age. Many public and private sector employers encouraged this new normal and set up early retirement programs featuring attractive retirement incentives. At the time, both public and private sector employers wanted to reduce the fiscal burden created by employees at the top of the pay scale. Unemployment was high,<sup>7</sup> so it was easy to replace retirees. Governments may also have wanted to make room for young people, as Generation X was coming onto the job market.

<sup>7</sup> It was 9.6% for Canada and 11.8% for Quebec in 1996.

Perceptions of retirement changed again with the new millennium. For a growing number of people, the prospect of working after they were eligible for retirement seemed possible, and even desirable, given the many factors<sup>8</sup> at play:

- Longer, healthier life expectancy,
- Higher education level among workers nearing retirement age,
- Work that was less physically demanding in many fields,
- The growing scarcity of defined-benefit pension plans,
- The need to socialize and stay busy,
- Lower savings rates and lower returns on investment, especially in the early 2000s,
- Fear of outliving one's retirement savings,
- Various tax and regulatory relief measures that made it easier to work while drawing a pension<sup>9</sup>,
- More flexibility from employers who offer part-time work.

The average retirement age in Canada fell from about 65 in the late 1970s to 60.9 in 1998, then rose to 63.6 in 2016.<sup>10</sup>

Shifting attitudes toward retirement age can be seen in the long-term trends in participation rates. As graph 2 on page 5 shows, the participation rate for Canadians 55 and older rose substantially between 2000 and 2020 after declining from 1980 to 2000. The same is also true in Quebec, but with somewhat lower participation rates than Canada as a whole (graph 3 on page 5).

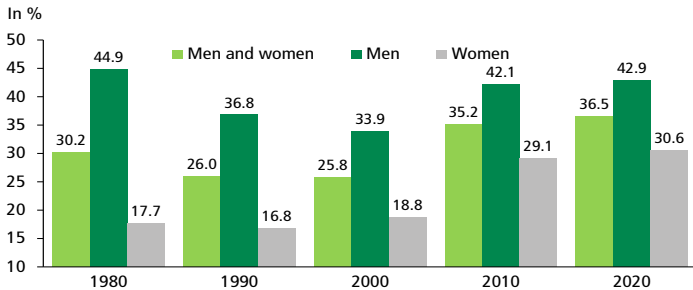
Graphs 2 and 3 on page 5 also show how the change differs by sex. In the 1980s, the participation rate of Canadian women 55 and older declined much less than that of their male counterparts. The subsequent rise that began in the 1990s was proportionally larger. Women may want to delay retirement simply because they don't have the same financial means. According to one study, women retire with 30% less savings than men do. This gender disparity is partly due to lower pay and more career interruptions. And because women have a longer life expectancy, on average they have to work two years more than men to have enough income for retirement. By 2020,

<sup>8</sup> National Seniors Council, 2011, and Carrière, Y., et. al. 2015; reported in ESDC (2018), p. 10.

<sup>9</sup> A recent study showed that the tax incentive for remaining in the workforce introduced by the Quebec government in 2012 yielded the hoped-for results, J.-M. COUSINEAU et P. TIRCHER, *Une évaluation de l'effet du crédit d'impôt pour la prolongation de carrière*, Université de Sherbrooke, Chaire en fiscalité et en finances publiques, April 2021, 24 p.

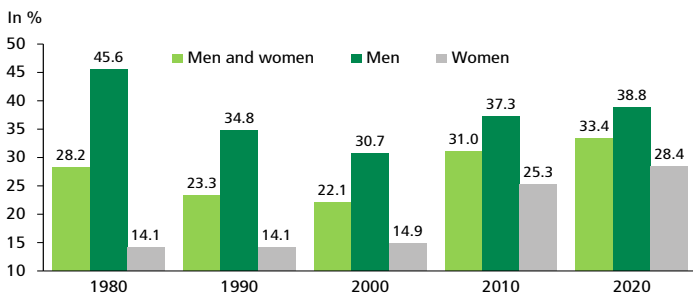
<sup>10</sup> Emploi et Développement social Canada (2018), p. 11.

**GRAPH 2**  
**Canada: The participation rates of those 55 and older have been rising since the early 2000s**



Sources: Statistics Canada and Desjardins, Economic Studies

**GRAPH 3**  
**Quebec: The participation rates of those 55 and older are on the rise, but remain lower than the Canadian average**



Sources: Statistics Canada and Desjardins, Economic Studies

the gap between the participation rates of men and women 55 and older was much smaller than it was in 1980. However, the over 55 participation rate is much lower among women than men, though this gap is closing among younger generations.

Main Obstacles

Although the labour market participation of Canadians 55 and older has gone up substantially over the last twenty years, some in this group have had to retire even though they wanted to keep working. A number of factors can make older workers leave a job they love or give up trying to find a new job to feel useful, increase their income or just have a sense of belonging.

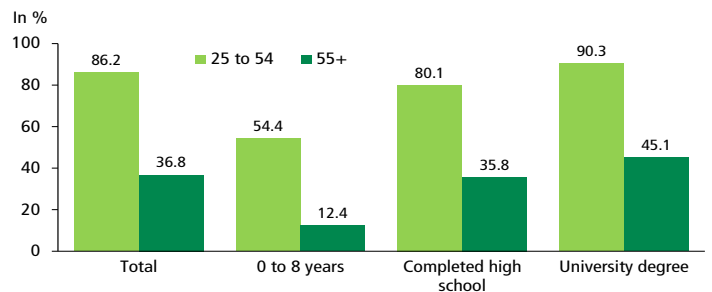
For some people, the ability to deal with stress declines over the years, and they can no longer cope with the pressure of deadlines and productivity demands.<sup>11</sup>

And some employers believe that older workers are less productive, more at risk of a workplace accident or illness, or more resistant to change.<sup>12</sup> While this may be true of some

workers and some situations, seasoned workers can face fairly explicit ageism as well.

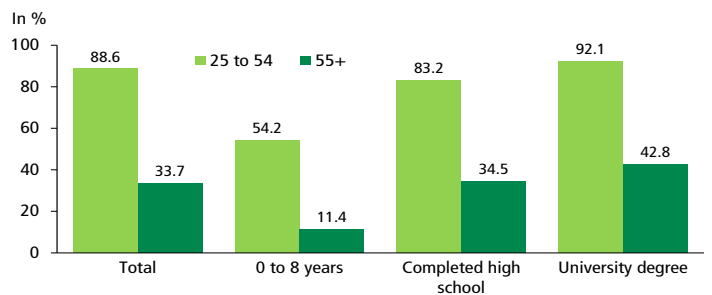
Lack of education can also be an obstacle to working longer. As you can see in graph 4, in 2020, the labour market participation of Canadians 55 and older was nearly four times higher among university graduates (45.1%) than it was among people who had eight years of education or less (12.4%). The situation was similar in Quebec (graph 5). Unsurprisingly, the labour market participation rate of Canadians 55 and older was much lower than that of adults 25 to 54, regardless of education level.

**GRAPH 4**  
**Canada: The participation rate is higher among university graduates, even among those 55 and older**



Sources: Statistics Canada and Desjardins, Economic Studies

**GRAPH 5**  
**Quebec: The participation rate of those 55 and older is higher for people with university degrees**



Sources: Statistics Canada and Desjardins, Economic Studies

Even if older workers have some post-secondary education, their skills may no longer be recognized or meet current standards in their field. In some cases, new requirements force older workers to have degrees or certificates that didn't exist when they were in school.<sup>13</sup> These workers must therefore update their computer and technical skills to land a job in a quickly changing field or just continue doing their job to their employer's satisfaction.

<sup>11</sup> VAILLES, Francis, *Le stress pousse à la retraite*, La Presse+, April 6, 2021.

<sup>12</sup> Emploi et Développement social Canada (2018), p. 12.

<sup>13</sup> Emploi et Développement social Canada (2018), p. 13.

Finally, older workers are less likely to move within or outside their province, which could prompt them to retire rather than take a transfer or look for a new job in another region.<sup>14</sup>

### The 55+ Job Market in Canada and Other Countries

Using data from the Organisation for Economic Co-operation and Development (OECD) and the International Labour Organization, we can compare the Canadian job market for adults 55 and older with the markets in other countries. But because the latest numbers released by these organizations date to 2019, we don't know how much the pandemic disrupted labour markets.

#### Median Age of the Labour Force

Table 4 shows the median age of the labour force globally, in Canada, and in eight other countries selected for their proximity to Canada (the United States), their similar size to Canada (United Kingdom, France, Germany, Australia) or to Canada's biggest provinces (Sweden, Belgium), or their population's high average age (Japan). Africa and China are also shown. The median age is the age that divides a population into two groups of equal size. That means in table 4, the labour force is equally distributed above and below the median age indicated.

**TABLE 4**  
Median age of labour force in various countries in 2010 and 2019

IN YEARS		MALES AND FEMALES	MALES	FEMALES
Canada	2010	41.1	41.3	40.9
	2019	41.4	41.7	41.0
Australia	2010	39.4	39.4	39.3
	2019	39.9	39.9	39.9
Belgium	2010	40.8	41.2	40.3
	2019	42.1	42.4	41.9
France	2010	40.8	40.6	41.1
	2019	42.3	42.1	42.6
Germany	2010	43.0	43.0	42.9
	2019	44.5	44.2	44.9
Japan	2010	44.2	44.6	43.7
	2019	46.5	46.9	46.0
Sweden	2010	41.9	42.0	41.8
	2019	42.2	42.3	42.1
United Kingdom	2010	40.7	40.8	40.7
	2019	41.5	41.4	41.5
United States	2010	41.7	41.5	41.9
	2019	41.4	41.4	41.4
Africa	2010	33.5	33.7	33.3
	2019	34.1	34.3	33.8
China	2010	39.1	39.5	38.6
	2019	41.6	42.0	41.0
World	2010	37.6	37.5	37.8
	2019	38.9	38.7	39.1

Source : International Labour Organization estimates

<sup>14</sup> Emploi et Développement social Canada (2018), p. 14.

For Canada, you can see that the median worker age didn't change much between 2010 (41.1) and 2019 (41.4), and that it was about the same in 2019 for men (41.7) and women (41.0). This is in line with other developed nations, but there are some differences. The median age of the labour force has risen substantially in the last decade in Belgium, France, Germany and Japan. In 2019, Japan (46.5) and Germany (44.5) had the biggest disparity with Canada (41.4).

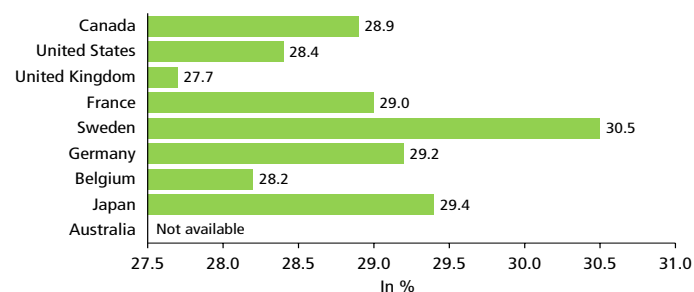
In 2019, Canada and the eight other developed nations had median labour force ages that were higher than the global average (38.9). For Canada (41.4), the difference was 2.5 years. The gap was much larger (7.3 years) with Africa (34.1). However, the difference with China was slight. There, the median worker age only exceeded Canada's by 0.2 years.

Globally, in Canada and in the other countries in table 4, there's no substantial difference between the median ages of male and female workers.

#### Share of 55- to 74-Year-Olds in the Population

Graph 6 shows the relative share of adults 55 to 74 in some countries. This figure varies little from one country to the next, with the United Kingdom having the smallest share (27.7%) and Sweden the largest (30.5%). When these numbers are broken down into five-year age bands (table 13 in Appendix 1), slightly larger differences emerge in the older groups. This is most noticeable in the case of Germany, where 70- to 74-year-olds represent just over half the share of the 55 to 59 group. Everywhere else, the difference between the two bands is less pronounced. In Japan, there are more 70- to 74-year-olds (7.7%) than 55- to 59-year-olds (6.9%). Meanwhile Canada and the United States have very similar percentages in each five-year band.

**GRAPH 6**  
The share of people 55 to 74 in the total population is very similar



Sources: Organisation for Economic Co-operation and Development and Desjardins, Economic Studies

#### Share of Workers 55 to 74 in the Labour Force

There are striking differences in the share of adults 55 to 74 in the labour forces of the various countries shown. The share is appreciably larger in Japan (27.3%) than it is in France

(17.3%) and Belgium (17.0%). Canada is in between (21.1%). The five-year bands (table 14 in Appendix 1) show that labour market participation declines rapidly as worker age increases. The Belgians and the French leave the workforce most abruptly. Their labour market participation goes from 11.2% among 55- to 59-year-olds to 0.3% among 70- to 74-year-olds. The differences from one age band to the next are much smaller in Japan. As with the demographic data in graph 6 on page 6, Canada and the United States have fairly similar numbers and are in the middle of the pack.

### Participation Rate

Table 5 shows the participation rates of various cohorts in the 55 to 74 age group in Canada and the eight other OECD nations. It also includes the participation rate for all 37 OECD member nations.

First, you can see that the participation rate of the 55 to 59 cohort is lower than that of the 25 to 54 cohort. The difference is at least 10 percentage points across the board,

**TABLE 5**  
Participation rate of people 55 to 74 in various countries

IN %	25 TO 54	55 TO 59	60 TO 64	65 TO 69	70 TO 74
Canada	87.4	75.8	56.9	28.8	14.1
United States	82.5	72.9	57.5	34.3	19.8
United Kingdom	86.7	76.8	58.0	23.5	10.3
France	87.4	77.1	35.4	7.8	3.0
Sweden	91.2	89.0	73.8	25.0	11.2
Germany	88.0	83.8	63.7	18.1	8.2
Belgium	84.8	72.3	34.4	5.8	2.6
Japan	87.9	83.7	71.9	49.5	32.6
Australia	84.9	74.9	58.5	29.0	n/a
OECD	82.8	73.5	54.4	34.3	16.9

OECD: Organisation for Economic Co-operation and Development; n/a: not available  
Source: OECD

**TABLE 6**  
Share of people 55 to 74 among unemployed workers in various countries in 2019

IN %	55 TO 59	60 TO 64	65 TO 69	70 TO 74	55 TO 74	RIU*
Canada	8.7	7.3	2.3	0.8	19.1	0.91
United States	6.8	5.0	2.8	1.5	16.1	0.73
United Kingdom	7.0	5.1	1.2	0.3	13.6	0.69
France	8.5	4.4	0.4	0.1	13.4	0.77
Sweden	6.5	5.4	0.9	0.4	13.2	0.63
Germany	10.0	8.0	0.7	0.1	18.8	0.80
Belgium	8.1	4.2	0.3	0.0	12.6	0.74
Japan	7.4	7.4	6.2	2.5	23.5	0.86
Australia (2018)	6.5	4.9	0.9	n/a	n/a	n/a

n/a: not available; \* Relative incidence of unemployment among people 55–74 (share of unemployed/share of labour force).  
Sources: Organisation for Economic Co-operation and Development and Desjardins, Economic Studies

except in Sweden (2.2 points) and Japan (4.2 points). Predictably, the participation rate drops off as you move into higher age groups. Belgium and France have the steepest declines, while the decrease is much more gradual in Japan. The participation rate of Canadians under 65 is fairly similar to the OECD average. But the Japanese are much more active than Canadians, regardless of age group. In the 55 to 59 band, Canadians (75.8%) lag behind the Japanese (83.7%), the Germans (83.8%) and especially the Swedes (89.0%). The Germans and Swedes are also very active between the ages of 60 and 64, but their participation rates drop off sharply from age 65 to 74.

### Unemployment Rate

Table 6 shows the share of 55- to 74-year-olds among the unemployed in the countries listed. Once again, Japan has the largest share (23.5%), while Belgium has the smallest (12.6%). Canada has the second-highest rate (19.1%), but is well behind Japan.

To assess whether workers 55 to 74 experience more or less unemployment than the rest of the labour force, we divide their share of the unemployed population by their share of the labour force. This is called the relative incidence of unemployment (RIU). See the last column on the right in table 6. The index is below 1.00 in the nine countries listed, which means that, across the board, 55- to 74-year-olds experience less unemployment than the rest of the labour force. Canada has the highest RIU. That means Canadian workers 55 to 74 experienced more unemployment in 2019 than their counterparts in the other eight countries.

### Takeaways

The demographics and labour markets in these countries are very similar, but they do have a few notable differences. Japan has by far the most older workers in its labour force, including workers over 74. Conversely, France and Belgium have the lowest labour market participation among adults 55 and older. The Germans and Swedes remain very active between the ages of 55 and 64.

By most measures, Canada falls in the middle, but it does have a high unemployment rate among workers 55 to 74. And while the participation rate of Canadians 55 and older has risen in recent decades, it's still below that of other countries in all age bands, which means there's still room for improvement in this area, especially for the over 64 group.

### The 55+ Job Market in Canada's Provinces

#### Participation Rate

Graphs 7 and 8 show the participation rates of people 15 and older and adults 55 and up in Canada's provinces in 2019.<sup>15</sup> Nationwide, the participation rate of adults 55 and up (37.9%) is well below that of the entire population 15 and older (65.6%). Canadian women 55 and older are less active in the labour market (32.3%) than men their age (44.0%). For more details, see table 15 in Appendix 1. However, the gender gap isn't specific to this age group. It's basically the same among all workers 15 and older.

Graph 8 shows the differences across provinces in the participation rates of residents 55 and older. The biggest gap is between Newfoundland and Labrador (31.9%) and Alberta (44.6%). In most other provinces, the participation rate doesn't depart much from the Canadian average (37.9%). The participation rates in Quebec (34.7%) and Ontario (36.6%) are slightly below the national average.

Table 7 shows that the participation rate drops off precipitously as you move up the age bands. The decline is steeper in Quebec and in the Atlantic provinces other than Prince Edward Island. Conversely, in Saskatchewan and Alberta, the participation rates for the 65 to 69 and the 70+ bands are well above the rate for Canada as a whole.

#### Employment Rate

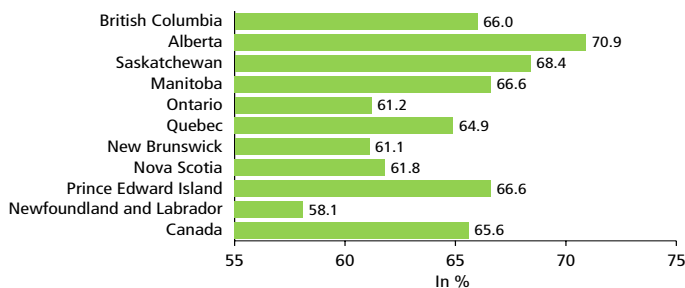
For any group, the employment rate is the number of people who are employed expressed as a percentage of the total number of people in that group. The difference between the employment rate and the participation rate is the number of people out of work.

The takeaways from table 8 on page 9 are similar to those for table 7 in terms of provincial trends and the gender gap. Aside from Prince Edward Island, the employment rate generally trends upward as we move from east to west to Alberta. The rate is lower in British Columbia, but is still above the Canadian average. These trends hold true for adults 55+ and all people 15 and older.

#### Unemployment Rate

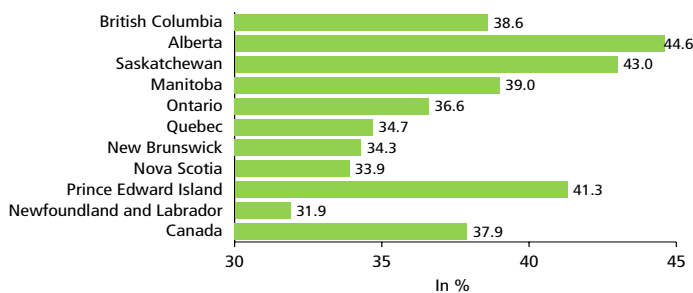
For any group, the unemployment rate is the number of people who are out of work expressed as a percentage of the group's labour force.

**GRAPH 7**  
Canada: In 2019, the participation rate of those 15 and older ranged from 58.1% to 70.9% depending on the province



Sources: Statistics Canada and Desjardins, Economic Studies

**GRAPH 8**  
Canada: In 2019, the participation rate of those 55 and older fluctuated between 31.9% and 44.6%



Sources: Statistics Canada and Desjardins, Economic Studies

**TABLE 7**  
Participation rate by age group in 2019

IN %	55 TO 59	60 TO 64	65 TO 69	70+*
Canada	75.4	56.1	28.2	8.0
Newfoundland & Labrador	69.3	47.7	21.3	5.3
Prince Edward Island	77.3	64.0	33.3	10.2
Nova Scotia	70.8	51.4	23.9	6.7
New Brunswick	72.5	53.3	21.6	7.2
Quebec	75.3	51.5	23.4	6.1
Ontario	74.8	57.4	28.7	8.3
Manitoba	77.5	56.7	29.2	8.7
Saskatchewan	78.7	60.8	36.4	12.1
Alberta	77.7	62.5	36.3	10.5
British Columbia	76.2	57.4	30.5	8.6

\* Separate data are not published for the 70 to 74 age group.  
Sources: Statistics Canada and Desjardins, Economic Studies

<sup>15</sup> Statistics Canada doesn't publish detailed information on the labour force in Canada's territories (Yukon, Northwest Territories, Nunavut).



**TABLE 8**  
**Employment rate of Canadians by province in 2019**

IN %	MALES AND FEMALES		MALES		FEMALES	
	15+	55+	15+	55+	15+	55+
Canada	61.9	35.9	65.8	41.6	58.0	30.8
Newfoundland & Labrador	50.9	27.3	53.3	31.3	48.6	23.5
Prince Edward Island	60.8	37.0	63.1	41.5	58.6	32.9
Nova Scotia	57.2	31.6	59.2	35.7	55.3	28.0
New Brunswick	56.2	31.1	58.6	35.5	53.9	27.1
Quebec	61.5	32.9	64.7	38.4	58.4	27.9
Ontario	61.2	36.6	65.5	42.5	57.1	31.3
Manitoba	63.0	37.6	67.9	44.2	58.2	31.5
Saskatchewan	64.6	41.3	69.7	48.5	59.5	34.6
Alberta	66.0	41.4	70.6	47.2	61.4	36.0
British Columbia	62.9	36.9	66.7	42.2	59.2	32.1

Sources: Statistics Canada and Desjardins, Economic Studies

**TABLE 9**  
**Unemployment rate of Canadians by province in 2019**

IN %	MALES AND FEMALES		MALES		FEMALES	
	15+	55+	15+	55+	15+	55+
Canada	5.7	5.1	6.1	5.4	5.3	4.7
Newfoundland & Labrador	12.3	14.5	14.3	16.9	9.9	11.3
Prince Edward Island	8.8	10.6	10.6	12.7	6.5	8.1
Nova Scotia	7.4	6.6	8.5	7.4	6.3	5.6
New Brunswick	8.1	9.4	9.6	10.7	6.5	7.9
Quebec	5.1	5.2	5.7	5.6	4.5	4.7
Ontario	5.6	4.2	5.8	4.2	5.5	4.2
Manitoba	5.3	3.7	5.9	3.9	4.8	3.4
Saskatchewan	5.6	3.8	5.6	3.7	5.5	3.9
Alberta	7.0	7.2	7.6	8.4	6.2	5.7
British Columbia	4.7	4.2	4.7	4.2	4.7	4.3

Sources: Statistics Canada and Desjardins, Economic Studies

As you can see in table 9, in 2019, Canadian workers 55 and older experienced slightly less unemployment (5.1%) than all workers 15 and older (5.7%). This could be because older workers are more likely to leave the labour market if they have little hope of finding a job that meets their expectations. Moreover, the unemployment rate for women 55 and older was lower than that of men in the same age group in nearly all provinces, except for Saskatchewan and British Columbia, where their unemployment rate was slightly higher than men's.

Quebec had an unemployment rate of 5.2% among those 55 and older, very close to the Canadian average. The Atlantic provinces all had unemployment rates above the Canadian average for this age group, with Newfoundland and Labrador the highest at 14.5%. There, the high unemployment rate among adults 55+ could be partly due to the ups and downs in the oil sector. These factors could also explain the relatively high unemployment rate among adults 55 and older in Alberta (7.2%).

### Summary

Adults 55 and older are generally more active in the job market in the Western provinces than in the Atlantic provinces. Quebecers and Ontarians in this age group fall somewhere in the middle. But Prince Edward Island differs from the other Atlantic provinces in some respects. What's more, the labour market participation of people 55 and older is slightly lower in British Columbia than in the Prairie provinces, although it's higher than it is in Central Canada and the Atlantic provinces.

As in the countries featured above, women 55 and older are less active in the labour market than men their age, regardless of province.

### Adults 55+: A Large Share of the Labour Force

Over the past few decades, Canada's population has aged as a result of lower fertility and increased longevity. This is true everywhere, but especially in Quebec and the Atlantic provinces.

Due to demographic changes, Canadian workers 55 and older now account for a larger share of the labour force than they did ten years ago. And in a generational shift, older workers are now staying on the job longer or seeking out new job opportunities. This is a welcome trend because it helps ease the labour shortage in several sectors of the economy. It also reduces the pressure on public finances and pension plans from the aging of the population.

While older Canadian workers have extended their working lives substantially over the past twenty years, other countries, including Japan, Germany, Sweden and the United States, have shown it's possible to delay retirement even longer. This

means many Canadians 55 and older may have to learn the new technologies and ways of working that are transforming workplaces.

Adapting can bring uncertainty and require an investment of time and money, prompting workers with a big enough nest egg to retire. In recent years, some governments have introduced tax incentives to retain older workers. But given the labour shortage and the impact the pandemic may have had on older workers' desire to stay in the workforce (box), new incentives may be needed.

## BOX

### 2020: Preliminary Findings on the Impacts of the Pandemic

It's too soon to say definitively how the COVID-19 pandemic affected the labour force participation of adults 55 and older, but we do have some early indications.

Like people 15 and older, adults 55+ saw their participation rate decline last year in Canada. The decline was 1.5 percentage points for the first group and 1.1 for the second. For adults 55 and older, the biggest declines were in Newfoundland and Labrador (-3.4 points), Alberta (-2.8) and Saskatchewan (-2.4). Unsurprisingly, these are the biggest oil-producing provinces, and oil prices temporarily collapsed due to the global economic recession.

## TABLE 10

### Canada: Participation rate in 2019 and 2020

IN % (EXCEPT IF INDICATED)	15+	55+
2019	65.6	37.9
2020	64.1	36.8
Variation (in % points)	-1.5	-1.1

Sources: Statistics Canada and Desjardins, Economic Studies

The employment rate declined even more than the participation rate. It fell 3.9 percentage points for people 15 and older and 2.0 percentage points for adults 55+. Once again, Newfoundland and Labrador (-3.9 points), Alberta (-3.9) and Saskatchewan (-3.2) saw the biggest declines among adults 55 and older.

The unemployment rate rose in both age categories. It increased 3.8 percentage points for people 15 and older and 2.8 points for adults 55+. Five provinces recorded increases greater than or equal to the Canadian average for adults 55 and older. They were Newfoundland and Labrador (+3.7 percentage points), Quebec, Alberta and British Columbia (+3.3 percentage points) and Ontario (+2.8 percentage points).

## TABLE 11

### Canada: Employment rate in 2019 and 2020

IN % (EXCEPT IF INDICATED)	15+	55+
2019	61.9	35.9
2020	58.0	33.9
Variation (in % points)	-3.9	-2.0

Sources: Statistics Canada and Desjardins, Economic Studies

## TABLE 12

### Canada: Unemployment rate in 2019 and 2020

IN % (EXCEPT IF INDICATED)	15+	55+
2019	5.7	5.1
2020	9.5	7.9
Variation (in % points)	3.8	2.8

Sources: Statistics Canada and Desjardins, Economic Studies

What's the takeaway? The economic slowdown didn't leave the 55+ cohort unscathed. Their participation and employment rates fell in 2020, reversing a long upward trend. Meanwhile the unemployment rate rose. It'll be interesting to see how long it takes to return to pre-pandemic levels. But adults 55 and older still fared better than the 15+ group. Young people make up a large share of the workforce in retail and hospitality, and the pandemic hit these sectors especially hard. The pandemic may have pushed workers and job seekers 55 and older out of the labour force. But at the time of writing, the national employment rate has not quite returned to its February 2020 level, and many sectors are reporting a labour shortage. This could encourage adults 55 and older to stay in their current jobs, start new careers or rejoin the workforce.

# Appendix I

**TABLE 13**  
Share of the population 55 to 74 in various countries

AS A % OF THE TOTAL POPULATION	55 TO 59	60 TO 64	65 TO 69	70 TO 74	55 TO 74
Canada	8.7	8.0	6.7	5.5	28.9
United States	8.3	8.0	6.7	5.4	28.4
United Kingdom	8.2	7.0	6.3	6.2	27.7
France	8.0	7.6	7.2	6.2	29.0
Sweden	8.1	7.6	7.3	7.5	30.5
Germany	9.5	7.9	6.8	5.0	29.2
Belgium	8.4	7.6	6.5	5.7	28.2
Japan	6.9	6.8	8.0	7.7	29.4
Australia	7.5	6.7	6.0	n/a	n/a

n/a: not available

Sources: Organisation for Economic Co-operation and Development and Desjardins, Economic Studies

**TABLE 14**  
Share of workers 55 to 74 in the labour force in various countries

IN %	55 TO 59	60 TO 64	65 TO 69	70 TO 74	55 TO 74
Canada	10.1	6.9	2.9	1.2	21.1
United States	9.6	7.2	3.6	1.7	22.1
United Kingdom	9.9	6.4	2.3	1.0	19.6
France	11.2	4.8	1.0	0.3	17.3
Sweden	9.9	7.6	2.5	1.1	21.1
Germany	12.8	8.1	2.0	0.7	23.6
Belgium	11.2	4.8	0.7	0.3	17.0
Japan	9.4	7.4	6.4	4.1	27.3
Australia	8.5	5.9	2.6	n/a	n/a

n/a: not available; \* Relative participation rate of people 55 to 69 (share of the labour force/share of total population).

Sources: Organisation for Economic Co-operation and Development and Desjardins, Economic Studies

**TABLE 15**  
Participation rate of Canadians by province in 2019

IN %	MALES AND FEMALES		MALES		FEMALES	
	15+	55+	15+	55+	15+	55+
Canada	65.6	37.9	70.1	44.0	61.3	32.3
Newfoundland & Labrador	58.1	31.9	62.3	37.7	54.0	26.5
Prince Edward Island	66.6	41.3	70.7	47.6	62.7	35.7
Nova Scotia	61.8	33.9	64.7	38.6	59.0	29.7
New Brunswick	61.1	34.3	64.8	39.7	57.7	29.3
Quebec	64.9	34.7	68.6	40.6	61.1	29.3
Ontario	61.2	36.6	65.5	42.5	57.1	31.3
Manitoba	66.6	39.0	72.1	46.0	61.1	32.6
Saskatchewan	68.4	43.0	73.8	50.4	63.0	36.0
Alberta	70.9	44.6	76.4	51.5	65.5	38.1
British Columbia	66.0	38.6	70.0	44.1	62.1	33.5

Sources: Statistics Canada and Desjardins, Economic Studies

## Appendix 2

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