



Canadian Labour and Business Centre

Phased-In Retirement Options Needed for Skill Shortage Challenge

A CLBC Commentary

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Each year the number of Canadians choosing retirement grows. Statistics Canada reports that 706,000 Canadians retired in the period from 1997 to 2001 – up from 605,000 in the previous five-year period. It's an increase driven by two factors – the boomer generation nudging up in years and a trend to earlier retirement. We're going to need a lot of retirement condos – but who's going to build them?

Like many western countries, looming skill shortages will stimulate Canada's focus on workplace training, immigration and improving employment opportunities for aboriginal populations and other underutilized groups such as visible minorities and the disabled. One of the largely overlooked pools of skilled workers, however, has been the newly retired. Of those retiring since 1997, 53% had post-secondary education and 19% had a university degree. As a group, today's retirees are the youngest, healthiest and best educated of any Canadian generation.

The challenge is to balance the “freedom 55” aspirations of Canadians with policies that enable and encourage those seeking to scale back - but not abandon their connection to the workforce. The benefits are longer working careers for those who want them, and increased access to valuable skills and experience for the economy as a whole.

In New Brunswick the notion of phased-in retirement made it to the bargaining table in contract talks between nurses and their employers. Exhausted by the wear of overtime, the nurses' union saw hope in phased-in retirement to help meet the province's nursing needs. They knew that given a choice between retirement or more of the same – older nurses would usually opt for an early exit, taking their skills with them.

Although there's plenty of evidence of looming skill shortages in various industries and some parts of the country, the health sector strikes a chord with Canadians – everyone can understand how a shortage of nurses might impact their own lives.

We know that the average age of retirement is dropping faster among public sector workers – falling 2.1 years to 57.6 in the latest five-year period. The Canadian Institute for Health Information recently reported that the average age of registered nurses (RNs) rose from 42.6 to 44.2 over the past four years. Even more telling is the data on the near-retirement population, those over the age of 55. Only 8.5% of Newfoundland and Labrador's RN population is over 55 – in sharp contrast to British Columbia at 19.8%

As they say, do the math. One in five RNs in British Columbia is over the age of 55 and the average age of retirement among public sector workers is now 57.6. To make the human resource challenge in British Columbia even more compelling, the CIHI data finds that nearly half of that province's RNs were trained outside the province – making it the most dependent on immigration and inter-provincial migration.

Proportion of Registered Nurses over the Age of 55
By province, 2002

	<i>Percentage</i>
British Columbia	19.8
Alberta	17.8
Saskatchewan	16.7
Manitoba	15.2
Ontario	18.2
Quebec	12.1
New Brunswick	12.0
Nova Scotia	15.2
Prince Edward Island	18.3
Newfoundland	8.5

Source: CIHI, Workforce Trends in Registered Nurses in Canada in 2002.

A 2002 survey of business, public sector and labour leaders conducted by the Canadian Labour and Business Centre found that phased-in retirement is not prominent on the list of possible solutions cited to growing fears of skill shortages. (see Viewpoints Research at

http://www.clbc.ca/Research_and_Reports/Archive/archive08010201.asp)

- 21% of public sector managers believe 25% of their workforce will retire within five years.
- Public sector managers are far more likely today to cite skill shortages as a serious problem – 32% in 1996, 57% in 2002.
- 57% of public sector managers cite skill shortages as a serious problem – and 28% consider phased-in retirement a very important option – ranking 6th on a list of possible remedies.
- 48% of private sector managers cite skill shortages as a serious problem, but only 14% consider phased-in retirement as a ‘very important’ option.

Phased-in retirement is really a catch phrase that can include special assignments, mentoring, job sharing, and end to shift work, reduced hours and telecommuting. Unfortunately, the tax, pension and paperwork implications of these accommodations pose barriers that can translate into inertia.

In New Brunswick it was the nurses’ union that brought phased-in retirement to the bargaining table. Having spent so many years fighting for improved pensions, unions are cautious about sending mixed signals to employers. As our Viewpoints survey found, however, the strongest support for phased-in retirement does in fact come from public sector unions, (48% citing this option as very important in meeting the skill shortage challenge, Viewpoints 2002).

To prosper, Canada must address the skill shortages threatened by an aging workforce and declining birth rate. We simply can't ignore the potential contribution of those who have earned the right to an early retirement but might be attracted to alternative workplace arrangements.

* Visit the CLBC website to see how the "near-retirement" population varies across different industry sectors. www.clbc.ca