

*Ottawa
November, 2001*



The Retirement Tsunami

INTRODUCTION

A “tsunami” is a huge tidal wave caused by a great disturbance under the ocean, such as a strong earthquake or volcanic eruption.

Canada is beginning to experience a great demographic shock that will have profound effects on our country, as thousands upon thousands of working age people all near their retirement age at the same time – our own retirement tsunami.

Our tsunami was caused by a ‘boom’ – the baby boom that resulted after the Second World War when Canadians had children at an enthusiastic rate, which means we have a concentration of people in Canada that were born between 1946 and 1964.

225,000 Canadians currently retire every year. The figure will climb to 370,000 a year by 2010 and 425,000 annually by 2020.

Many of these potential retirees carry vital skills and organizational memories, so much so that this demographic tsunami could cause turmoil in many workplaces.

The impact on our membership will be significant. For example, 23% of the public service pension plan members in Nova Scotia are age 50 or over. 63% are between the ages of 36 and 49.

In BC, 29% of plan members are age 50 or over. 54% are between the ages of 36 and 49. These figures reflect trends across the country.

The same phenomenon will occur in many of our workplaces, not just the public sector. A huge number of both government employees and private sector employees will have retired within five or ten years.

This change will have important implications for us as organizations, because our leadership is drawn from the members, so as the members retire, our leadership will retire.

Our organizations will also be affected because our staffs are part of this overall trend – many of them will be eligible for retirement within a very concentrated period of time.

The retirement wave will have important effects on the programs and services our members currently deliver, the jobs they do.

But there will also be the “Chicken Little” cries that in some way or other the sky is falling. There will be claims that the



retirement age needs to be raised. There will be the usual cries of alarm about the pension system being unable to sustain the number of retirees. We will be told that our health care system cannot cope with the influx of seniors.

We need to be ready both to deal with the real impacts and to defend against alarmist attempts to use the retirement tsunami to justify the unacceptable.

THE WORKFORCE IN CANADA

Canada's current workforce is heavily weighted with workers between the ages of 37 and 55. The age distribution chart of our workforce resembles the hump of a camel with proportionately fewer younger workers or workers over the age of 54.

As the hump moves, all together, towards retirement there will be a disproportionate number of people retiring.

It's simple mathematics – in five years the first of the most populous generation in history will be 60 years old. Huge numbers will start to retire and that rate will increase until the groups' front-runners reach 65, in the year 2011.

This increased rate of retirement will continue for some 18 years.

While this retirement extravaganza is going on, we will see huge percentages of the employees of individual companies, government agencies, hospitals, nursing home – almost every kind of enterprise we can imagine except flipping hamburgers – all leaving within a few years of each other.

The Canadian Federation of Independent Business (CFIB), claims that close to one in two small businesses are already having difficulty finding qualified workers; 1 out of every 20 jobs remains unfilled because skilled workers can't be found.

Canada's Human Resources Minister says that that the overall shortage of skilled workers in Canada could grow to one million by 2020 unless the country changes its approach to education and training.

These problems will be made worse by the retirement tsunami.

A recent survey of business and labour leaders shows a growing concern over the looming retirement of older, experienced workers and the ability to replace their skills in the Canadian workplace. The Canadian Labour and Business Centre surveyed more than 800 management and labour respondents in the public and private sectors. Many anticipated "very significant problems" in replacing retirees, particularly in the public sector.



• According to CLC President Ken Georgetti, Canada has
• failed to produce enough tradespeople in areas ranging
• from pipefitters to short-order cooks and computer special-
• ists. Georgetti says that the average age of fully qualified
• tradespeople is now 50.

Construction Industry Skill Shortages

An HRDC study examined employment trends in the construction industry in and around London, Ontario. Aging of the workforce was consistently identified as one of the most pressing problems facing the industry.

The study concludes that the construction industry will soon confront the issues raised by the retirement of large numbers of skilled, experienced workers.

A second issue, says the study, concerns age at retirement. Construction workers are increasingly opting for earlier retirement. In certain trades working to an older age is difficult given the physical demands of the job. A shift to earlier retirement will intensify the need to recruit (and train) new workers in many parts of the industry.

The Public Sector Workforce

The Provincial Government Picture

All of the above information applies to the provincial governments of Canada, but more so. Because of program cuts, ill informed early retirement programs and a failure to recruit new employees during the years when all governments were fixated on their deficits, the percentage of employees nearing retirement age sooner rather than later is even higher.

In 1997, the median age of Canada's workforce was 38. The median age of provincial government workers was 42 – even higher than the federal government's median age of 41. Well over half the provincial government workforce is older than 40.

In Alberta, the percentage of workers aged between 25 and 34 has fallen from 35% to about 17%. The pattern holds for other provinces.

In Manitoba, some 36% of the provincial government workforce is between 45 and 54; in Ontario it's about 34%, in Nova Scotia some 33%.



The Federal Government

As a result of downsizing, limited recruitment and other changes, the percentage of federal government workers aged 45 to 54 increased between 1992 and 2000, from below 24% to over 39%. In fact, since 1986, their proportion has almost doubled.

The situation is about the same in all occupational categories except executives, where it is much worse. Close to 65% of executives are now in the 45 to 54 age group; and another 16% are over 54 years of age.

At the same time, the percentage of workers under 35 years of age is roughly half that in the Canadian work force.

The federal government recently instituted a flurry of human resource strategies to deal with these and many of the other issues it should have recognized prior to instituting its extreme privatizing, downsizing, right-sizing and other mechanisms in the early to mid-1990s.



Tsunami pounds 100 foot lighthouse

SOME SNAPSHOTS

Nursing: slash and burn take their toll

A study by the Canadian Institute for Health Information (CIHI) shows that Canada's nursing workforce is getting older, fewer young people are working in the profession and the number of registered nurses employed in nursing continues to drop.

Of the 227,651 registered nurses employed in nursing in 1998, 57,966 (25.4%) were over the age of 50. Over the same period, the number of registered nurses employed in nursing under the age of 29 declined and now represent only 10% of the total.

Our existing nursing shortages—and related shortages of other types of health care workers—are projected to worsen. A study by the Urban Futures Institute says that some 70,000 nurses will retire within the next five to 10 years.



This is all occurring after a period of slash and burn budget cuts across the country, and hiring freezes that frequently targeted nursing positions.

Help wanted: universities and colleges

The Association of Universities and Colleges of Canada estimates that the country's university population will increase by 20% over the coming decade - even more in some provinces. Enrolment in Ontario will increase as much as 38% over the same period. This will occur at the same time as faculty hired in the early 1970s hits mandatory retirement. Carleton University says that between 350 to 400 members of its of 650 full-time academic staff will retire by 2010 – and to maintain the current teacher-pupil ratio in the face of increasing enrolment, projections suggest that the university will need an additional 150 faculty members.

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● A study prepared for the Ontario College of Teachers in
● 1998 estimated that more than 41,000 of the province's
● 171,500 qualified teachers would retire by 2003 and more
● than 78,000 by 2008. This means that by 2003, about
● one in four qualified teachers living in Ontario in 1998
● would retire and about one in two by 2008.
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The situation is similar elsewhere: the University of British Columbia is reportedly facing the retirement of more than 45% of its faculty by 2005.

According to Association of Universities and Colleges of Canada President Robert Giroux, Canadian universities will have to hire 32,000 new faculty over the next several years. Universities now employ about 33,000 teachers.

The situation is similar in the community college sector. As one example, according to a B.C. government web site, the average age of British Columbia's college and vocational instructors is 42 and some 61% of all instructors are between the ages of 35 and 54.

Some 8,490 instructor jobs will become available in British Columbia between 1998 and 2008, approximately 59% of which will be the result of retirements.

Social workers: traditional and new roles

The aging of the baby boom generation is expected to increase the demand for social workers, both in traditional fields dealing with mental health issues and also in related fields.

Employment of social workers in hospitals is projected to grow due to greater emphasis on discharge planning, which promotes early discharge of patients by ensuring that the necessary medical services and social supports are in place when individuals leave the hospital. Social workers will also



be employed in home health care services and the growing number of assisted living and senior living communities.

Will there be enough social workers to handle these jobs?

Approximately 1,890 total employment openings for social workers are projected in BC between 1998 and 2008. Of these, 58% or 1,090 will be the result of workers retiring. An aging Saskatchewan population is expected to increase the demand for community and social service workers in that province too. However, according to a government web page, budgetary restraints in all levels of government will limit the employment prospects for these workers in the short term.

Chicken Little is Still Wrong

The situation is dramatic, and there will be profound implications for working people. Some of the predicted results, however, are based on the usual assumption that if things are changing, the sky must be falling!

1) ***Our retirement system is safe and reliable.*** The CPP is being more than adequately funded with increased contributions and the CPP, with its admittedly low but essential public pensions, will be available to all the retirees on the horizon. Our other pensions, public and private sector alike, are almost all fully funded which means the money to

pay for future pensions is being put aside now, so when everyone retires there will be pensions for all those entitled.

2) ***The taxpayers of the future will not be expected to pay for all the retirees.*** Since when did retirees stop paying taxes? They'll pay taxes on their pension income, they'll pay property taxes, they'll pay the GST. They'll pay substantial taxes on their RRSP's if they have them. Their pension plans, including the CPP, have been fully funded in advance. The idea that there will be intergenerational conflict is based on pure ignorance about the real situation.

3) ***Our health care system will not be in crisis because of all the old folks.*** The seniors of today are a very healthy bunch and all expectations are they will get healthier. Even Canada's Senate – and they are experts on aging – says the idea that aging Canadians will break our health system is a “myth”.

Our Challenges

1) We can anticipate a concerted effort to raise the retirement age, or at the very least, the age at which people become eligible for an unreduced Canada Pension. In the US the age for receipt of Social Security is being increased from 65 to 67 over the next few years. Canada's armed forces have already raised their retirement age from 55 to 60. ***We***



need to protect workers from being forced to work for more years than they wish to.

2) At the same time we should consider whether we need to continue to insist that workers automatically retire at a certain age if they don't want to. Is there still a social need for mandatory retirement? ***It's time for the labour movement to revisit this issue.***

3) Our workplaces won't work as well when experienced workers leave in large numbers. As the Canadian Council on Social Development says, "When older workers leave the labour market, they take with them a considerable cache of knowledge and valuable experience – much of it essential to the smooth functioning of their organizations." We've seen this already when some early retirement programs ended up stripping government departments of their senior employees, and crippling the effectiveness of the department as a result.

We need to insist that our employers take action to plan for the retirement tsunami before our workplaces become ineffective – and unhappy – places to work. We have long since abandoned the idea that all management decisions can be left to management alone. ***We have to insist on the right of our members to deliver quality services and do quality work and that requires a quality workforce.***

4) ***We need to support a reasonable immigration policy.*** Canada's population would be decreasing already if not for immigration. We will in fact have less of a demographic crisis than many other western nations because of our immigration rules. But immigration doesn't mean that we import a skilled workforce so Canada's governments and employers don't have to train new workers – it doesn't mean stripping poorer countries of their skilled workers.

5) We need to insist on effective programs for seniors so they can enjoy a decent quality of life and enjoy an independent, healthy retirement. ***Safe, well maintained communities, public transportation, accessible affordable housing, public home care and the backing of decent long term care facilities are all part of the policy mix.***

6) How could governments have cut education funding when this retirement wave was so clearly looming? ***Community colleges and institutes will have a key role to play in the development of tomorrow's workforce,*** through training thousands of skilled people to fill current and expected future jobs - but only if provincial governments dedicate enough money to funding the programs and staff those colleges will need. The importance of this sector in training new people to fill skilled positions will be huge.

7) Pensions will continue to be an important issue for our unions for the next couple of decades. We will



have large numbers of our members in the 'about to retire' age group for many more years and they will insist of the union focusing on decent pensions for them when they do retire.

8) The retirement wave will affect our organizations. Our leadership comes from the membership and current leadership is of much the same age groups as the workforce as a whole. ***_If one suddenly removed from the picture all the elected leaders that are 40 to 55, it would be quite a remarkably different scene.*** We need to cultivate a new generation of leaders that will be ready to assume the challenges. Perhaps create a membership involvement program where newly elected members are taken off the job temporarily to work full time in the union and thereby get practical education to supplement their formal union education.

9) ***Our current staff are much the same age.*** If you took out of the picture all the staff members that are 40 to 55, what would our organizations look like? We need to consider mentoring programs, hiring staff before it's absolutely necessary so they can learn from the existing senior staff, pick up the skills, but perhaps more importantly the ways of operating, the 'union culture', so that by the time the existing staff retire these apprentices are ready to take over their positions. We will need to consider retaining retired staff in different 'teaching' roles. ***We need to have mechanisms in place to renew our organizations.***

10) Much of the history of our organizations – the culture, the ways of operating, the reasons things are as they are – is stored in the memories of activists/staff/leaders. Without a sense of history, of the collective experience of the organization, the value of what *is* can be lost because it isn't understood.

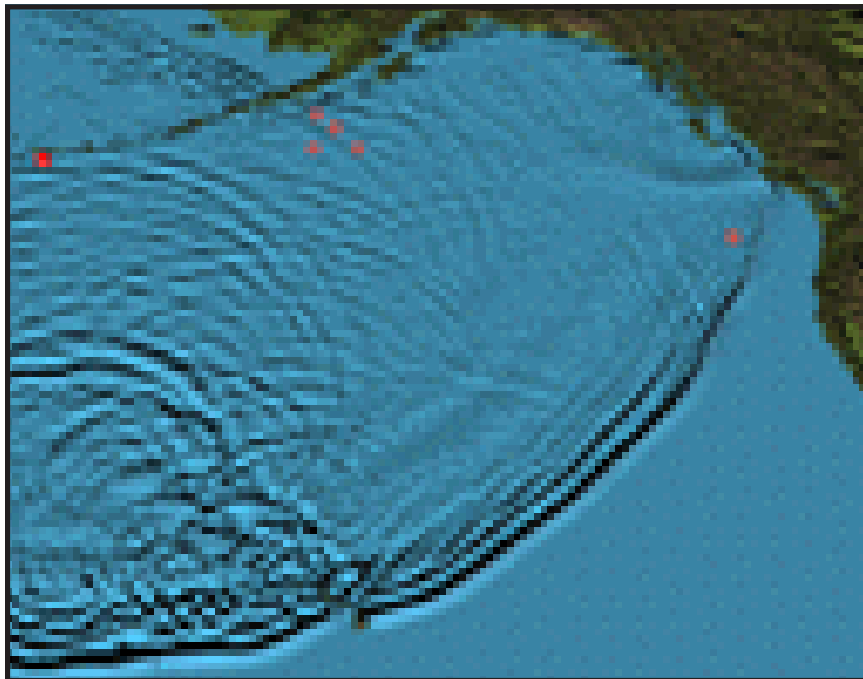
We don't have external sources to reinforce our collective memory; the history books don't tell us much about how unions in Canada developed, why they have evolved as they did. Certainly we don't have external sources to tell future leaders about the reasons why our components operate as they do.

Unless we want to sentence a future generation of leaders to 'hard time', where they are required to reinvent all the wheels that were painfully invented over years of struggle, where they are required to remake all the mistakes we learned from – unless we want that, we need to meet the challenges of this looming transition. ***We need to find ways to transfer as much as we can of our collective heritage to the new generation. The National Union has a series of Leadership Development courses aimed at responding to this need – general leadership, arbitrations, collective bargaining, pensions. More will be needed.***



Perhaps we also need a living history education program where retired/retiring leaders can transmit their experiences to new leaders, both staff and elected, so that the history of the union isn't lost in the transition.

There is no reason to assume that coming generations of workers will go non-union. But as existing unionized workplaces are stripped of their union members by retirement, ***we need to reinforce our commitment to organizing – organizing the unorganized and organizing the organized*** – new members coming in to unionized workplaces will have to be educated about the gains made by the union, the reason for the union.



Tsunami from a satellite

Conclusion

The retirement tsunami will have a major impact in our country, on our organizations and our members. This is not, does not have to be, a doom and gloom scenario. It's life and life is about change.

It will be a challenge, but challenges are our bread and butter.

The first step is always to identify the situation, anticipate the impacts.

The next step is to make sensible and realistic plans for dealing with this looming social phenomenon - preparing for a major transition.

Part of our response has to be at the component level, part of our response has to be at the national level.

We will be required to act internally so that our organizations are ready, and we will be required to work for reasonable social policies – and against panic driven policy reactions. In short, we will have to act. We can't just sit on the shore as this tidal wave approaches.

It's up to us to leave a foundation that new generations can build on as they create an even better future.



Together we'll meet this challenge, as we've met so many others over the years. We'll leave to the future a legacy of all the best that our organizations are, all the best that we've learned, all the best that we've accomplished.

As Malcolm X said "The future belongs to those who prepare for it today."

