May 2006

PERSPECTIVES

ON LABOUR AND INCOME

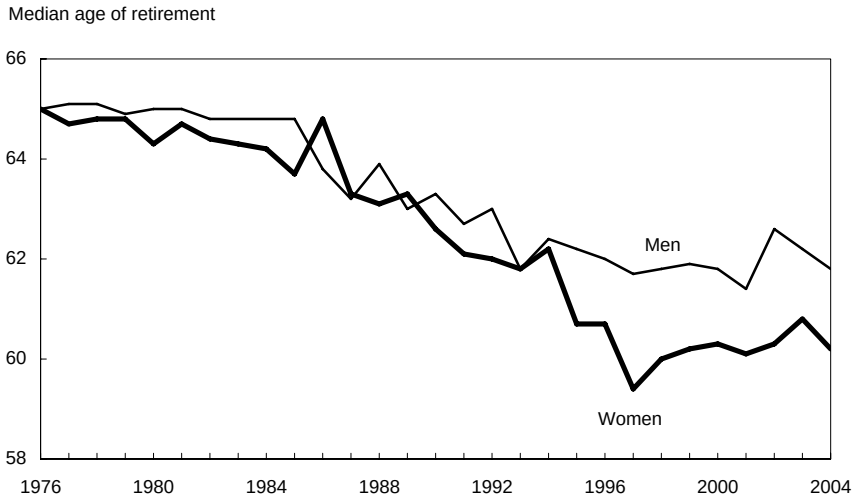
Retirement

Over the past three decades, the age of retirement has changed dramatically. The median age was close to 65 in the late 1970s and early 1980s, but since the mid-1980s, it has declined considerably.

Between 1986 and 1993, the decline was more or less steady. The sharp drop between 1986 and 1987 is likely explained by the lowering in 1987 of the minimum age at which one could draw benefits from the Canada Pension Plan: from 65 to 60. In 1988, the age increased, probably because most people wishing to take advantage of this early retirement option had done so the previous year. After 1988, however, the downward trend resumed, stabilizing somewhat after 1997.

The retirement age fluctuations in the 1990s may reflect government cutbacks and corporate downsizing. The popularity of early retirement incentives as a tool for workforce adjustment may also have had an impact.

The age of retirement has been stable in recent years.



Source: Labour Force Survey

Over most of the past three decades, women retired slightly earlier than men, with the two sexes following a similar trend. There were exceptions, however. In 1986, for example, women retired later than men. After some fluctuation following 1999, the median retirement age returned to its 2000 levels in 2004 for both men and women, stabilizing at 60.8 overall.

Statistics Canada Statistique Canada

Canada

Distribution of ages at retirement

	1995 to 1999		2000 to 2004	
	'000	%	'000	%
Total	**667**	**100**	**734**	**100**
50 to 54	103	15	90	12
55 to 59	177	26	219	30
60 to 64	213	32	227	31
65 to 69	128	19	142	19
70 and over	45	7	56	8

Source: Labour Force Survey

The statistics presented here are for people who retired between 1995 and 1999 or between 2000 and 2004. During the first period, the most popular age for retirement was 60 to 64 (one-third of retirees, or 32%). During the second period, this age group was joined in popularity by those 55 to 59, who now represented 30% of retirees compared with 26% five years earlier. These percentages illustrate a steady upward trend in retirement at age 55 to 59.

At the same time, the percentage retiring between 50 to 54 decreased from 15% to 12%, while figures for the two oldest groups (65 to 69, 70 and older) remained virtually unchanged.

Measuring retirement

The Labour Force Survey (LFS) was designed to measure labour force activity at a certain point in time: one reference week each month. To provide a meaningful series on retirement, each survey month is scanned and everyone who claims to have retired in the past year is recorded. The month of retirement is taken to be the same as the month last worked. A list of retirees is then organized according to the *month in which they retired*, rather than the month of the survey. Special adjustments to the sampling weights produce an unbiased estimate of retirees.

Since very few people under 50 report retirement as a reason for leaving their job, only those who retired at 50 or over are included here.

For all retired people (except a few 'permanently unable to work'), information is gathered on the last job—specifically, industry, occupation, length of tenure, and employment class (employee or self-employed).

The data refer to the last job, but some people's last job may not be indicative of their careers. These people may have switched jobs shortly before retirement. For this reason, those with brief job tenures are best considered a residual group—that is, representing people with a wide but unknown mix of work histories.

Respondents remain in the LFS sample for six consecutive months. For this study, however, only the response in the first month is used. This self-perceived retirement status is not updated thereafter, even though the respondent's situation may have changed after the first interview.

The majority of people over 50 who left the workforce gave reasons other than retirement for leaving the last job. The two most common ones were 'laid off' and 'sickness or disability'. A high percentage of this group re-entered the labour force within five months of the initial LFS interview. Many more likely found jobs later.

Many factors influence the timing of retirement. Among the most important are the type of last job and length of tenure.[1]

People employed in the public sector (which includes education, health and social services, and government), already the youngest to retire from 1995 to 1999, saw a slight increase in retirement age between 2000 and 2004, from 58.0 to 58.6. Employees in the private sector retired an average four years later than public sector workers during the first period (62.2 versus 58.0), the gap decreasing to about three years during the second period (61.8 versus 58.6).

The self-employed, whose median age of retirement remained close to 65 during both periods, retired later than employees. Industry accounts for much of the age difference between employees and the self-employed (see *Retirement patterns by industry*).

The length of time one has worked in a job prior to retirement seems to have a strong correlation with retirement age. Employers who offer longer tenure, such as government and some large companies, also generally offer good pension plans. This combination allows many employees to build up large entitlements. As might be expected, early retirement is more prevalent in such workplaces. Employer pensions have also been linked with higher retirement incomes (Gower 1995).

Between 2000 and 2004, workers with job tenure of 20 years or more retired three years earlier than those with less than 20 years (59.9 versus 62.9). Among the self-employed, however, the opposite was true. On average, those who had worked 20 years or more retired 3.1 years later than those who had worked less than 20 years (67.3 versus 64.2). This, combined with the rate of increase in their median retirement age, suggests that self-employed workers reach the decision to retire in a very different manner.

Median age at retirement, and length and sector of employment

		1995 to 1999		2000 to 2004	
		'000	Median age	'000	Median age
Job tenure	**Sector**				
Overall	**All retirees (aged 50+)[1]**	667	61.0	734	61.1
	Public employees	243	58.0	247	58.6
	Private employees	314	62.2	353	61.8
	Self-employed	106	64.9	129	65.1
Less than 20 years	**All retirees (aged 50+)[1]**	267	62.8	335	62.9
	Public employees	66	60.7	76	60.4
	Private employees	149	63.6	189	63.6
	Self-employed	51	63.7	70	64.2
20 years or more	**All retirees (aged 50+)[1]**	398	60.1	396	59.9
	Public employees	177	57.0	172	57.4
	Private employees	164	61.1	164	60.4
	Self-employed	55	66.0	59	67.3

1 Because unpaid family workers are not accounted for in the sub-categories but are included in the totals, numbers do not add to totals.
Note: Job tenure and sector refer to last job prior to retirement.
Source: Labour Force Survey

Distribution of retirees by month of departure, 2000 to 2004

	Both sexes		Men		Women	
	%	Median age	%	Median age	%	Median age
All months	**100.0**	**61.1**	**100.0**	**61.9**	**100.0**	**60.3**
January	8.2	60.8	7.8	61.6	8.7	60.3
February	4.7	61.3	5.0	60.6	4.5	62.0
March	6.7	60.3	6.6	61.4	6.9	59.6
April	6.5	61.2	6.5	61.4	6.4	60.4
May	8.0	60.8	8.5	60.9	7.3	60.6
June	17.0	59.6	15.2	60.2	19.3	58.8
July	7.4	61.0	7.4	62.4	7.4	60.0
August	7.1	62.3	7.7	63.3	6.3	60.3
September	8.1	62.6	8.8	63.7	7.2	60.3
October	7.4	63.0	8.0	63.3	6.6	61.4
November	6.4	62.4	6.8	62.6	5.9	62.1
December	12.6	61.3	11.9	62.8	13.7	60.8

Source: Labour Force Survey

Not surprisingly, people favoured some months over others to retire. Two months stand out: June and December, with the former more popular. People who retired in June tended to be younger on average. Little has changed over the last three decades. The patterns for men and women are similar, although women were more likely to retire in June. This may relate to the number of women retiring from teaching.

Between 2000 and 2004, below average retirement ages were recorded in utilities; transportation and warehousing; finance, insurance, real estate and leasing; educational services; health care and social assistance; information, culture and recreation; and public administration.

The greatest decline was found in 'other' primary industries (forestry, fishing, hunting, mining, and oil and gas extraction), where the retirement age dropped from 62.6 to 60.3. Notable declines also occurred in industries with higher than average retirement ages, such as accommodation and food industries (-1.8 years) and professional, scientific and technical industries (-1.4 years). In contrast, the trend seems to have been stable in industries with early retirement ages.

Median age at retirement by industry, and change over time

	1995 to 1999	2000 to 2004	Change
	Median age		Years
Industry[1]	**61.0**	**61.1**	***0.1***
Goods-producing	**63.0**	**62.2**	***-0.8***
Primary	65.4	64.6	*-0.8*
Agriculture	67.2	67.3	*0.1*
Other	62.6	60.3	*-2.3*
Utilities	55.9	57.0	*1.1*
Construction	63.7	64.3	*0.6*
Manufacturing	62.0	61.2	*-0.8*
Service-producing	**60.3**	**60.6**	***0.3***
Trade	63.1	63.2	*0.1*
Transportation and warehousing	60.9	60.8	*-0.1*
Finance, insurance, real estate and leasing	60.4	60.8	*0.4*
Professional, scientific and technical	65.0	63.6	*-1.4*
Business, building and other support	64.6	65.0	*0.4*
Educational services	57.4	58.2	*0.8*
Health care and social assistance	60.2	60.3	*0.1*
Information, culture and recreation	60.0	59.6	*-0.4*
Accommodation and food services	64.6	62.8	*-1.8*
Other services	63.6	65.0	*1.4*
Public administration	58.3	58.4	*0.1*

1 According to last job prior to retirement.
Source: Labour Force Survey

Median age at retirement by sex and education, 2000 to 2004

	Both sexes		Men		Women	
	'000	Median age	'000	Median age	'000	Median age
Education	**734**	**61.1**	**420**	**61.9**	**314**	**60.3**
0-8 years	90	64.8	60	64.9	30	64.6
Some secondary	100	63.0	61	63.6	39	62.7
High school graduate	135	60.3	67	60.8	68	59.6
Postsecondary	251	60.6	144	61.3	108	60.3
University degree	157	59.4	88	59.8	69	58.3

Source: Labour Force Survey

Men tended to retire slightly later than women (aged 61.9 versus 60.3). This difference held for people in most education groups except those with eight years of schooling or less.

Changes in the LFS prevent a comparison of education groups over time but, as was the case in the 1990s, differences between education groups in the early 2000s were much greater than differences between men and women. For example, people with a postsecondary certificate or diploma, or a university degree retired more than four years earlier than those with eight years of schooling or less.

Four major occupations showed notable changes in their retirement age trend. Management as well as social science, education, government service and religion—two occupations with below average retirement ages between 1995 and 1999—showed increases of 1.3 and 1.0 years respectively. On the other hand, primary occupations as well as trades, transport and equipment operators—two occupations with higher than average retirement ages—showed declines of 1.0 and 0.9 years respectively.

In both periods, public sector occupations had the lowest retirement age.

Primary occupations still had the highest age of retirement in both periods, despite a decline of one year.

Median age at retirement by occupation, and change over time

	1995 to 1999	2000 to 2004	Change
	Median age		Years
All occupations[1]	**61.0**	**61.1**	**0.1**
Management	59.9	61.2	1.3
Business, finance and administrative	60.3	60.4	0.1
Natural and applied sciences	60.2	60.6	0.4
Health	60.3	60.1	-0.2
Social science, education, government service and religion	57.3	58.3	1.0
Art, culture, recreation and sport	62.0	62.3	0.3
Sales and service	62.2	62.3	0.1
Trades, transport and equipment operators	62.8	61.9	-0.9
Occupations unique to primary industry	66.4	65.4	-1.0
Occupations unique to processing, manufacturing and utilities	61.7	61.6	-0.1

1 According to last job prior to retirement.
Source: Labour Force Survey

Between 1995 and 1999, the gap between the highest median retirement age (64.7 in Saskatchewan) and the lowest (58.6 in Newfoundland and Labrador) was 6.1 years. In the 2000 to 2004 period, the gap narrowed to 5.0 years (64.6 in Saskatchewan and 59.6 in Newfoundland and Labrador).

The overall age of retirement remained virtually stable, increases in some provinces being offset by declines in others. These declines varied between 0.1 year in Saskatchewan and 0.9 in Prince Edward Island and New Brunswick. Only Newfoundland and Labrador saw a notable increase in retirement age (one full year).

Different factors influenced provincial findings. For example, in Saskatchewan, the agricultural milieu may help to explain the high and relatively stable retirement age. Further east, Quebec's lowering of the minimum age of entitlement for the Quebec Pension Plan from 65 to 60 in 1984—three years before a similar move by the Canada Pension Plan—may have contributed to the stable trend to younger retirement in the province (59.9 in 2000 to 2004). For Newfoundland and Labrador, an unusually good economic performance spurred by a booming energy sector may have led to a higher demand for labour and thus an increase in retirement age.

Median age at retirement by province

	1995 to 1999		2000 to 2004		Change
	'000	Median age	'000	Median age	Years
Canada	**667**	**61.0**	**734**	**61.1**	**0.1**
Saskatchewan	23	64.7	25	64.6	-0.1
Alberta	55	63.6	55	63.7	0.1
British Columbia	86	62.3	99	61.8	-0.5
Prince Edward Island	3	62.3	3	61.4	-0.9
Ontario	255	61.6	292	61.4	-0.2
Manitoba	26	61.3	28	61.3	0.0
Nova Scotia	18	60.3	21	61.1	0.8
Quebec	174	59.6	182	59.9	0.3
New Brunswick	16	60.6	19	59.7	-0.9
Newfoundland and Labrador	10	58.6	10	59.6	1.0

Source: Labour Force Survey

Perspectives

Note

1 The data relate to the retiree's last job. At least some of those with less than 20 years tenure may have held a long-term job sometime earlier. If those jobs could also be measured, differences in retirement age between people with short and long tenure would probably increase.

References

Gower, D. "Men retiring early: How are they doing?" *Perspectives on Labour and Income* (Statistics Canada, Catalogue no. 75-001-XPE) 7, no. 4 (Winter 1995): 30-34.

For further information, contact Henry Pold, Labour and Household Surveys Analysis Division. He can be reached at (613) 951-4608 or perspectives@statcan.ca.

Retirement patterns by industry[1]

	1995 to 1999		2000 to 2004	
	'000	Median age	'000	Median age
All workers (aged 50+)	**667**	**61.0**	**734**	**61.1**
Goods-producing	**179**	**63.0**	**196**	**62.2**
Primary	37	65.4	36	64.6
Agriculture	24	67.2	22	67.3
Other	13	62.6	15	60.3
Utilities	11	55.9	10	57.0
Construction	34	63.7	42	64.3
Manufacturing	96	62.0	107	61.2
Service-producing	**487**	**60.3**	**535**	**60.6**
Trade	65	63.1	80	63.2
Transportation and warehousing	40	60.9	44	60.8
Finance, insurance, real estate and leasing	36	60.4	39	60.8
Professional, scientific and technical	22	65.0	31	63.6
Business, building and other support	16	64.6	19	65.0
Educational services	102	57.4	108	58.2
Health care and social assistance	75	60.2	84	60.3
Information, culture and recreation	22	60.0	21	59.6
Accommodation and food	15	64.6	19	62.8
Other services	25	63.6	28	65.0
Public administration	68	58.3	61	58.4
Employees (aged 50+)	**557**	**60.3**	**600**	**60.3**
Goods-producing	**135**	**61.8**	**158**	**61.3**
Primary	12	62.3	19	60.9
Agriculture	3	65.3	6	64.4
Other	10	61.7	13	59.8
Utilities	11	55.9	10	57.0
Construction	21	63.2	26	63.9
Manufacturing	91	61.9	103	61.2
Service-producing	**422**	**60.1**	**442**	**60.0**
Trade	49	63.0	63	62.3
Transportation and warehousing	36	60.8	37	60.1
Finance, insurance, real estate and leasing	30	60.0	31	59.8
Professional, scientific and technical	11	64.1	11	62.2
Business, building and other support	10	64.7	11	64.8
Educational services	100	57.3	103	57.7
Health care and social assistance	68	60.0	78	60.2
Information, culture and recreation	21	59.6	18	58.0
Accommodation and food	12	64.6	12	62.1
Other services	16	62.6	18	64.9
Public administration	68	58.3	61	58.4
Self-employed (aged 50+)	**106**	**64.9**	**129**	**65.1**
Goods-producing	**42**	**65.0**	**37**	**65.9**
Primary	24	67.3	17	69.9
Agriculture	20	68.2	15	70.0
Other	4	64.9	2	67.8
Construction	13	64.2	16	65.2
Manufacturing	5	64.7	4	62.2
Service-producing	**65**	**64.7**	**92**	**65.0**
Trade	16	63.6	17	64.9
Transportation and warehousing	4	64.9	6	65.1
Finance, insurance, real estate and leasing	6	63.7	8	63.7
Professional, scientific and technical	11	66.1	20	64.6
Business, building and other support	6	63.6	8	65.3
Educational services	3	62.0	6	63.2
Health care and social assistance	7	65.3	6	68.9
Information, culture and recreation	0	0.0	3	64.3
Accommodation and food	3	64.9	7	65.7
Other services	8	64.6	11	65.1

1 Excludes some groups with too small a sample to provide a reliable estimate, so the groups will not add to total. Likewise, industries in the self-employed category exclude unpaid family workers.

Note: These categories describe the last job held prior to retirement. They may or may not reflect a person's lifetime work history.

Source: Labour Force Survey