

**Increase retirement age: report**  
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The solution to Canada's workforce conundrum requires some fresh thought and tough choices, according to the C.D. Howe Institute. Some of the suggestions contained in the think tank's latest report are sure to raise a few eyebrows.

Instead of increasing the number of young immigrants to the country to offset the mass exodus of the boomers from the workforce, the C.D. Howe Institute suggests Canadians do two things: work longer and have more babies.

The institute's commentary paper, *Faster, Younger, Richer? The Fond Hope and Sobering Reality of Immigration's Impact on Canada's Demographic and Economic Future* suggests that the standard retirement age should be raised from 65 to 70 years of age. Comparatively, immigration to Canada would need to be doubled—to more than 600,000 people a year—to achieve the same result, a scenario the report dubs "unrealistic."

Should current workforce conditions continue, the think tank believes the old-age dependency rate—the ratio of Canadians age 65 and over to those of working age—will soar from its current level of 21% to more than 45% by 2058. To delay this, the authors suggest that policy makers look to measures that delay the retirement age and promote higher fertility rates.

"Advances in longevity and shifts toward later workforce entry and less physically demanding occupations mean that the equivalent of working until age 65 in 1970 is now working until at least age 70," states the report. "Yet, for a variety of reasons, people are retiring earlier than they did in 1970. A later average or standard retirement age would provide a medium-term boost to workforce growth."

The report concedes that Ottawa has moved in the right direction with recent changes to the Canada Pension Plan that reward Canadians who delay retirement until age 70 with a richer benefit. However, it notes that making an official change to the retirement age to 70 would be politically unpopular and would likely draw the ire of public sector unions, whose members look forward to generous defined benefit pensions at age 65.

A less controversial option, according to the report, is to try and improve growth in labour productivity, or the output per hour worked. Productivity rose 0.3% in the first quarter of 2009, the largest gain in two years.

"Unlike later retirement, faster productivity growth involves an ongoing, rather than one-time shift," the study reports. "And unlike higher fertility, it increases incomes without increasing the number of people among whom the higher incomes must be divided."

"Delaying the normal age of retirement can help both workforce growth and the OAD ratio in the near term. Higher fertility would help achieve both goals in the next generation and beyond, and faster productivity growth will do more for real income growth."