



Visions for Change Policy Challenge:

Key barriers faced by older adults
staying in the workforce or returning to
the workforce once they have exited

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EXECUTIVE SUMMARY

Canada's population is aging at an unprecedented rate. A changing demographic structure is expected to result in labour force shortages and shortages in skilled labour. One solution to offset these shortages is to increase the labour force participation of older Canadians. However, older workers face barriers in staying or returning to the workforce. This policy report aims to identify these key barriers as well as to provide recommendations to address them. As ageism is a key barrier for older workers, it focuses on policies and programs that, indirectly, reduce ageism in the labour force market.

To accomplish this aim, a scoping review of the research literature; a jurisdictional scan on existing legislation, policies, and programs; and an evaluation of current government mandate letters, annual budgets, and party platforms were conducted. Moreover, an in-depth case analysis of Nova Scotia and Quebec's policies and programs was carried out. Financial incentives, retirement income systems, skills development, and employment services were seen as promising in terms of higher employment rates, increased employment income, older worker retention rates, and later expected age of retirement. It is expected that policies and programs that facilitate the hiring and retention of older workers would, in turn, reduce ageist stereotypes, prejudice, and discrimination because of increased exposure to positive intergenerational relations.

Based on these key findings, policy recommendations were identified. The first recommendation is to establish provincial and territorial wage subsidies for older adults who remain or return to the workforce to incentivize employers in hiring or retaining older workers. The second recommendation is to establish provincial and territorial services that provide employers who employ older workers and older workers themselves with the support needed to stay in or return to the workforce. The third recommendation suggests that employers and employees are provided with opportunities for positive intergenerational relations to reduce ageism in the workplace. Similarly, the first and second recommendation are thought to indirectly reduce ageism in the workplace by providing increased exposures to positive intergenerational relations.

POLICY QUESTION

What are the key barriers faced by older adults to allow them to stay in the workforce or return to the workforce once they have exited?



DEFINITIONS

In order to answer this policy question, the following definitions—adapted from the World Health Organization’s World Report on Aging and Health¹ and Statistic Canada’s Labour Force Survey²—were used for the important terms found in this report:

Age of Retirement	The age a retiree had when they retired
Ageism	Stereotyping, prejudice, and discrimination against individuals or groups on the basis of their age
Barriers	Factors in a person’s environment that limit functional ability through their absence or presence
Facilitators	Factors in a person’s environment that improve functional ability through their absence or presence
Labour Force	Persons over the age of 15 years who contribute or are available to contribute to the production of goods & services
Life Expectancy	Average number of years that a newborn would be expected to live if they were subject to the age-specific mortality rate during a given period
Old	A social construct—frequently used in a pejorative sense—that defines the norms, roles, and responsibilities that are expected of an older person
Older Adults	Persons aged 65 years or older
Older Worker	Persons over the age of 55 years who are participating in the labour force
Participation	A person’s involvement in a life situation (e.g., labour force participation)
Population Aging	A shift in the population structure whereby the proportion of people in older age groups increases
Working-Age Population	Persons aged between 15 and 64 years

BACKGROUND

Canada's population (especially in Eastern Canada) is aging at an unprecedented rate due to longer life expectancy in combination with lower fertility rates.³ Canada's changing population structure is expected to result in labour force shortages as well as shortages in skilled labour.⁴ Ultimately, these shortages will hinder Canada's economic growth and, therefore, jurisdictions need to increase the labour force participation of older Canadians to offset these shortages.⁵ Although a general trend in increased labour force participation by older Canadians has been observed, barriers to staying in or returning to the workforce exist for this age group. One such barrier is ageism, defined as stereotyping, prejudice, and discrimination against individuals or groups based on their age.⁶

Legislation to reduce the experience of ageism in the workplace exists. For example, according to the *Canadian Charter of Rights & Freedoms*, every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, of particular relevance to this policy report, without discrimination based on age. Moreover, all provinces and territories in Canada have human rights statutes which prohibit discrimination based on age.

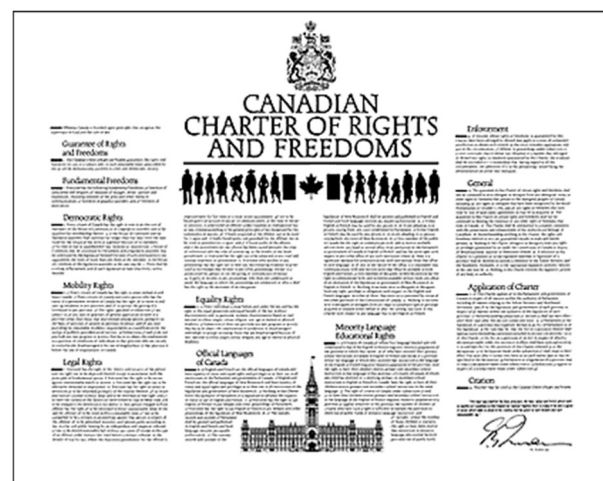
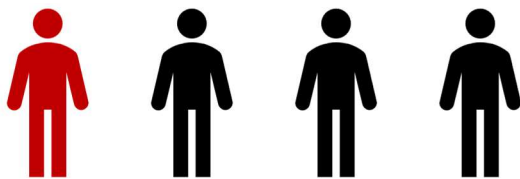


Photo: Library of Parliament

Despite existing legislation, ageism still occurs within the Canadian labour force. As an example, just over 75% of claims received by the Ontario Human Rights Tribunal allege discrimination in employment and, of these claims, approximately 15% allege discrimination on the basis of age.⁷ In another report by PricewaterhouseCoopers LLC, 26% of Canadians reported having experienced age-based discrimination.⁸ Discriminatory practices may be experienced in finding employment (e.g., job advertisements make reference to age), unequal



Approximately 1 in 4 Canadians have experienced age-based discrimination

treatment on the job (e.g., limiting employment opportunities such as promotions), or lack of age-friendly accommodations on the job (e.g., not allowing flexible hours and conditions of work).⁹ Whether older adults want or need to work out of necessity,¹⁰ it is important to implement policy and program changes to reduce the prevalence of age-based discrimination for older adults in the workforce.

RESEARCH APPROACH

This policy report explores the barriers that older adults face when staying in or returning to the workforce by examining the experience of ageism. To better understand the experience of ageism in relation to the workforce, a scoping review of the research literature; a jurisdictional scan on existing legislation, policies, and programs; and an evaluation of current government mandate letters, annual budgets, and party platforms were conducted. Finally, an in-depth case analysis of Nova Scotia and Quebec's policies and programs was carried out.

KEY FINDINGS

Employment and Social Development Canada (ESDC) has identified the following categories of policies and programs aimed at increasing the labour force participation of older workers: awareness initiatives, financial incentives, workplace health & safety, employment legislation, retirement income system, skills development, workplace accommodations, and employment services.¹¹ An evaluation of the impact of pan-Canadian and international policies and programs in each of the identified categories—apart from awareness initiatives—has also been conducted.¹² Of note, although this policy report aims to look at the role of ageism in the experience of older workers, evidence regarding awareness initiatives aimed at reducing ageism are difficult to evaluate. Thus, this report focuses on other types of initiatives that may indirectly reduce ageism in the workforce. Below are a few policies and programs that have successfully increased the labour force participation of older adults:

Targeted Wage Subsidies:

Under the Labour Market Development Agreements with the federal government, targeted wage subsidies may be provided by provinces and territories. An evaluation has shown that older workers who are former or active Employment Insurance (EI) claimants have a higher rate of employment and increased employment earnings when targeted wage subsidies are in place.

Guaranteed Income Supplement:

A monthly non-taxable benefit for low-income Old Age Security (OAS) recipients has been shown to result in increased employment earnings.

Employment Pension Plans:

Changes made to the Income Tax Act has allowed provincial pension legislation to allow individuals to continue to contribute to defined benefit pension plans while receiving partial pension benefits. A study found that 40% of workers reported they would continue to work if they could collect their pension while continuing to work.

Skills Development:

Under the Labour Market Development Agreements with the federal government, skills development programs may be provided by provinces and territories. Older workers who are former or active EI claimants and have completed skills development programs have a higher rate of employment and increased employment earnings.

Canada Pension Plan (CPP) Disability Vocational Rehabilitation Program:

This program assists CPP Disability recipients to return to work on a voluntary basis. An evaluation demonstrated improved employment outcomes for participants in this program.

Targeted Initiative for Older Workers (TIOW):

The program aimed to assist older adults in returning to the workforce through employment assistance and employability improvement activities. This program results in higher rates of employment among its participants.

Employment Assistance Services:

Under the Labour Market Development Agreements with the federal government, employment assistance services may be provided by provinces and territories. An evaluation has shown that older workers who are active EI claimants and have used employment assistance services have a higher rate of employment and increased employment earnings.

Although further rigorous evaluations of existing policies and practices are needed, the above-mentioned initiatives are promising in terms of higher employment rates, increased employment income, older worker retention rates, and later expected age of retirement. Future evaluation research should also include an assessment of the direct impact of these initiatives on ageism in the workforce. While evaluations in this area are lacking, it is nevertheless expected that policies and programs that facilitate the hiring and retention of older workers would, in turn, reduce ageist stereotypes, prejudice, and discrimination because of increased exposure to positive intergenerational relations.¹³ Facilitating positive intergenerational relations through workplace initiatives will be an important addition to the more concrete initiatives suggested above (e.g., financial incentives, retirement income system, skills development, employment services).

Beyond an analysis of pan-Canadian policies and programs, an in-depth case analysis was conducted. Nova Scotia and Quebec were selected as jurisdictions for this analysis to highlight our key findings. The reasons that these two provinces were selected is that the population in Eastern provinces is aging at a quicker rate compared to the rest of Canada and the integration of older workers into the labour force has, therefore, been identified as a priority for both jurisdictions.¹⁴

Nova Scotia

Shift: Nova Scotia's Action Plan for an Aging Population was released in 2017. In this report, the government of Nova Scotia recognizes the role of ageism in the workplace. Specifically, the government aims to value the social and economic contributions of older adults, including the value of older adults in the workplace. In line with these aims, the government of Nova Scotia has committed to work with employers and the public to promote the value of older workers and encourage their participation in the labour market. To ensure accountability for these commitments, the government has recently released a progress report regarding the *Shift* action plan:

Initiatives	How does it support older workers and their employers?
Business Workforce Consultants	Work provincially on sectoral human resources priorities of relevance to older workers.
Employer Engagement Specialists	Work directly with employers and sectors on recruitment and retention issues of relevance to older workers.
Job Bank Employer Service Representatives	Provide advice and guidance to employers on the hiring of older workers.
New Training for Career Practitioners	A detailed learning plan with online modules will be developed by the Nova Scotia Career Development Association so that career practitioners can better serve older adults.
Nova Scotia Work Centers	Provides a common suite of services accessible to all Nova Scotians, including older workers, to help individuals to prepare for, obtain, and maintain employment.
Generations in the Workplace	A training program for all employees on the benefits of an intergenerational workplace.
Nova Scotia Skills Online	Age-friendly workplaces series that includes information on the benefits to hiring older workers and how to create all-ages friendly work environments where older workers are valued and supported.
Nova Scotia Centre on Aging	Engaged in a research collaboration on barriers to older worker employment to inform program and policy development.
Welcoming Workplaces	Online program for employers to understand and succeed in recruiting and retaining a diverse workforce that includes older workers.

Québec

In the 2019 - 2020 budget, the provincial government of Québec has made it a priority to increase workforce availability by encouraging experienced workers to remain in the labour force.¹⁵ Specifically, they have introduced a tax credit for career extension that is available to experienced workers who are at least 60 years of age who remain in the workforce. They have also introduced a reduction in payroll taxes with respect to wages for workers who are at least 60 years old. Details regarding this tax credit and reduction in payroll taxes are presented in the table below.

Initiatives	How does it support older workers and their employers?
<p>Wage Subsidy for Experienced Workers</p>	<p>This refundable tax credit will be granted to qualified corporations that employ individuals aged 60 years or older based on the employed individual's age and the corporation's total payroll. If an employee is between the ages of 60 and 64 years, a corporation can claim a refundable tax credit of up to \$1,250 annually and, if an employee is 65 years or older, a corporation can claim a refundable tax credit of up to \$1,875 annually.</p>
<p>Tax Credit for Experienced Workers</p>	<p>The tax system grants older workers, aged 60 years or older, a tax credit that allows them to eliminate the income tax payable on a portion of their eligible work income that exceeds the first \$5,000 with a maximum eligible work income above the first \$5,000 of \$10,000 for those between the ages of 60 and 64 years and \$11,000 for those 65 years or older.</p>

POLICY RECOMMENDATIONS

Based on the key findings presented in this report, efforts to increase labour force participation rates among older workers should focus on the areas that are best supported by the available evidence: financial incentives, retirement income systems, training opportunities, and employment services. Nova Scotia and Québec have identified the integration or re-integration of older workers into the workforce as a priority for their jurisdiction. However, other jurisdictions have been slower to follow. It is highly likely that Nova Scotia and Québec, which are both located in Eastern Canada, have experienced a higher rate of population aging than other jurisdictions whose populations are still relatively young (e.g., Alberta, Saskatchewan). The hope is that the implementation of action items such as the ones listed below will facilitate the hiring or keeping of older workers within Canada's labour force so that the Canadian economy can continue to benefit from the experience that this sector of the population brings to the table.



Recommendation #1: Establish provincial and territorial wage subsidies for older adults who remain or return to the workforce to incentivize employers in hiring or keeping older workers.

The wage subsidy should be structured as a refundable tax credit to employers who employ individuals aged 60 years or older, similar to the wage subsidy offered in Québec, so as to encourage employers to hire or retain older workers past their eligible age of retirement. Each province and territory could establish the amount or percentage of this wage subsidy based on their population demographics. Wage subsidies are expected to lead to higher rates of employment and increased employment income among older workers.



Recommendation #2: Establish provincial and territorial services that provide employers who employ older workers and older workers themselves with the support needed for older workers to stay in or return to the workforce.

These services should be structured as skills development and employment assistance services for older adults to lead in higher rates of employment and increased employment earnings among older workers who are returning to the workforce. Furthermore, services aimed at employers—such as those offered in Nova Scotia (e.g., business workforce consultants, employer engagement specialists, job bank employer service representatives)—may improve older workers' success in returning to the workforce since employers may be better prepared to serve this sector of the population.



Recommendation #3: Employers and employees are provided with opportunities for positive intergenerational relations to reduce ageism in the workplace.

Like Nova Scotia's approach, such opportunities can be facilitated by providing training on the benefits on intergenerational workplaces and how to create age-friendly workplaces as well as education on ways to recruit and retain a workforce that includes older adults. Since the evidence of interventions aimed at reducing ageism in the workplace is lacking, these initiatives should be implemented alongside rigorous research evaluations to determine whether they are of benefit to older workers and their employers.

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