

# Intelligence MEMOS



**From:** Eva Klein and Leonard Waverman  
**To:** Canadians Concerned About Prosperity  
**Date:** July 21, 2022  
**Re:** ADDRESSING AGEISM: KEEPING OLDER WORKERS

---

New Statistics Canada [data](#) highlights the gravity of a demographic and economic crisis.

The numbers show that 20 percent of the working age population is now between the ages of 55 and 64. For the first time in Canadian history, people approaching retirement (65) outnumber younger people aged 15 to 24 who are just entering the labour market.

This demographic reckoning comes on top of a seismic attitude shift as many Canadians reassess their lifestyle and work-life balance following two years of the pandemic.

The product of these twin phenomena is the rising number of unfilled jobs and firms facing challenges of retaining experienced workers, knowledge transfer, and workforce renewal.

To reduce vacancies in the job market, we need to retain older workers in the labour force. Instead, ageism tends to push them out even before that 65-year milestone. This ageism reinforces discrimination beyond inequity – it is a serious barrier to retaining valuable talent in a talent-stretched economy.

The magic number of age 65 for retirement (and thus old-age pensions) can be attributed to Otto von Bismarck, the German Chancellor who in 1889 set 70 as the threshold as he introduced the world's first public old-age pension system. That age was lowered to 65 in 1916.

But the average life expectancy (at birth) in Germany in 1889 was 40.3 years and in 1916 it was 47. Therefore, very few people received old age pensions.

In following decades, other countries followed suit using identical numbers. The 1927 Canadian *Old Age Pensions Act* set the retirement date at 70; the pension was means-tested and average life expectancy in Canada at birth that year was 60.5. This date was not reduced to 65 until 1969.

Is 65 an appropriate retirement age today when the average Canadian lives to 83 and newborns can expect lifetimes closer to 100 years? Why does Bismarck's 1889 threshold still govern policy – more than 130 years later when life expectancy has changed so radically?

And that discrepancy between the Bismarckian retirement age and life expectancy will continue to increase. By 2030, it is expected that those over 65 will make up 25 percent of the population up from only 7.5 percent in 2000. In addition, people living over 85 are the fastest growing group in our population.

The bottom line is that we are a rapidly aging society at the precise moment when we urgently need a larger workforce. We cannot expect to reset that magic retirement date now after decades of acceptance, but we do need to change policies and mindsets that force or encourage older workers to leave the workforce well before 65.

One social barrier and a prevailing myth that we need to contend with is that older workers prevent younger ones from entering the work force.

Research, based on population and work force data in several countries, shows that a greater use of older workers is associated with [higher](#), not lower, employment of younger workers.

Older workers, by definition, have more experience and more on-the-job training, generally more wisdom and greater emotional intelligence. They are not digital natives like [millennials](#), but they have many other learned skills and their presence as mentors and team workers can improve the performance of younger counterparts. Research demonstrates, as intuition suggests, that teams that reflect diversity, including age diversity, [outperform](#) non-diverse teams.

Tomorrow, we explore the roots of ageism, the role of governments and of society in general and offer some remedies.

*Eva Klein is professor in the Department of Psychiatry and Behavioral Neuroscience at McMaster University where Leonard Waverman is Professor and former Dean at the DeGroot School of Business.*

*To send a comment or leave feedback, email us at [blog@cdhowe.org](mailto:blog@cdhowe.org).*

*The views expressed here are those of the authors. The C.D. Howe Institute does not take corporate positions on policy matters.*