

## Head to head: Is it time to change the retirement age?



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As the pension industry faces shifting demographics and rising longevity, and both the former and current federal governments have taken opposite positions on changing the retirement age, the issue is still up for debate.

### **Carly Wybrow, spokesperson for the Canadian Institute of Actuaries**

When the Canada Pension Plan and Quebec Pension Plan were established in the mid-1960s, life expectancy at age 65 was 13.6 years for men and 16.9 years for women. According to the most recent CPP actuarial report, those figures have increased to 19.9 and 22.5, respectively.

Over the past decades, retirement has become more expensive, due in large part to lower interest rates. Private sector employers have moved away from defined benefit pension plans, replacing them with defined contribution plans or, sometimes, no pension at all.

### **Read: [New report calls for updated retirement age to reflect reality of today's workforce](#)**

Faced with these changing demographics and financial pressures, many Canadians are already choosing to work beyond age 65. Yet, the target eligibility age for CPP/QPP and old-age security benefits remains at 65.

It's time to update Canada's retirement age from 65 to 67 to reflect the reality of how long Canadians are choosing to work, as well as their needs in retirement.

Improvements in technology and flexible working arrangements, such as phased retirement, make it possible for Canadians to stay actively engaged in the workforce for a longer period. Encouraging older, experienced workers to stay in the workforce longer will help address labour shortages and ease the cost pressures associated with retirement.

The CIA believes the Canadian government should shift the retirement age from 65 to 67 for CPP/QPP and OAS without any reduction in benefits, and to offer more flexibility for registered pension plans and registered retirement savings plans with later retirement options. By delaying the receipt of CPP by just two years, a recipient could receive 16.8 per cent more in benefits at age 67, and every year for the remainder of the recipient's lifetime. The bottom line: taking benefits later means higher lifetime retirement income. A later retirement age would help all Canadians retire with increased financial security.

**Laura Brownell, senior research officer at the Canadian Union of Public Employees**

It is true that Canadians are living longer, but that fact shouldn't lead to an increase in the retirement age.

The Harper government planned to increase the OAS eligibility age from 65 to 67. The Trudeau government overturned that policy, but the issue is still being debated. [A recent study by the Canadian Institute of Actuaries](#) proposed increasing the retirement age in order to encourage Canadians to work longer. This is unnecessary and would result in adverse consequences for the most vulnerable in our society.

Canadians are already working longer. According to the most recent census data, Canadians are increasingly working at a later age. Some work past age 65 because they need to, but most do so because they want to. Incentives for working past age 65 are already built into the CPP/QPP and OAS.

**Read: [Editorial: Communicating CPP enhancements and more pension action on the way](#)**

Government programs such as CPP/QPP, OAS and the guaranteed income supplement are sustainable. The CIA study doesn't question this fact. CPP and QPP are projected to be stable for decades. OAS and GIS costs are expected to remain stable relative to GDP and will begin a sharp decline after the baby boom peak in 2030. These programs have reduced senior poverty and are good for the economy because they provide stable, indexed lifetime income.

Increasing the eligibility age for CPP and OAS will harm those who are most vulnerable. OAS is a flat-rate universal program, making it especially valuable to lower income and disabled Canadians. Workers in jobs requiring physical labour often need to stop working at age 65. Socio-economic status is a proven and significant factor in longevity, so higher-net-worth individuals will receive a disproportionate benefit from these government retirement programs. Lower income workers will be further disadvantaged if their benefits start at a later age.

A better option is to continue the expansion of the CPP and increase the OAS benefit — better for individual Canadians, better for the economy, better for our society.