

Benefits CANADA

New report calls for updated retirement age to reflect reality of today's workforce



Lauren Harris | April 15, 2019

Canada's governments should consider updating the current retirement age to match the reality of today's workforce, according to a new report by the Canadian Institute of Actuaries.

"Canadians are living longer than ever, and many are choosing to work beyond age 65," said John Dark, president of the CIA, in the report. "It makes sense to update our country's retirement income programs to reflect this fact."

The report also noted life expectancy at age 65 has increased significantly since 1966, with men living another 19.9 years (up from 13.6), and women living another 22.5 years (up from 16.9).

Read: [Pension stakeholders call on feds to remove barriers to longevity risk pooling](#)

It recommended deferring the age at which Canada Pension Plan/Quebec Pension Plan and old-age security benefits are paid out by raising the retirement age from 65 to 67, the early retirement age from 60 to 62 and the maximum retirement age from 70 to 75.

The CIA suggested these changes be rolled out over a 10-year period, meaning they wouldn't impact people currently over the age of 60. The first two years should be used to advise Canadians about what's ahead, noted the report, while each of the eight years following should include a gradual increase to the retirement age in three-month increments.

"In addition to the financial benefit of receiving higher lifetime retirement income, our proposal provides financial protection for retirees against the cost of living longer and the significant erosion of savings from the effects of inflation," said Jacques Tremblay, a fellow of the CIA, in the report.

Joe Nunes, executive chairman of Actuarial Solutions Inc. and a fellow of the CIA, says the association is trying to encourage people to think about accessing their savings earlier and wait on the government programs until later for their own benefit.

Read: [Physical workers face retirement challenges as longevity rises: survey](#)

This is a good strategy for most Canadians, said the report, though it noted members of the physical labour force may have concerns due to the nature of their work and the potential need to retire earlier. It added governments should continue with ancillary social programs like guaranteed income supplement, and said it isn't suggesting the qualifying age be deferred to 67.

"I think that the deferral to age 67 or some later age is going to happen in the next decade, [but] I think the question is, what benefit will be promised?" says Nunes. "And we're trying to say, let's make sure it's a bigger benefit so that there's an incentive for people to wait longer for [it]."

The CIA acknowledged its proposal is just getting the conversation started and noted it's up to governments to decide how to proceed.

"We would welcome the opportunity to help governments review the country's retirement programs and decide what changes work best for all Canadians," said Dark.

Read: [How does Canada's public pension system measure up globally?](#)