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CANADA

Actuaries consulting on the future of Canada's retirement age

Jennifer Paterson | October 2, 2017



retirement ages

"I think there's a broad issue facing society that we're trying to address," says Joe Nunes, president of Actuarial Solutions Inc. and a co-chair on the Canadian Institute of Actuaries' task force on the topic. "The idea is that our policy-makers will be making decisions, and we want to try to give them some thoughtful research and analysis to contribute to those decisions."

The questions to consider, according to Nunes, include: Is Canada running out of employees for its future workforce? Do people need to work longer? Should people just work longer because they live longer? And what's the consequences to the tax system of having so many retirees and not a lot of people working?

"At this stage, there's no answer, which is why the whole process is unfolding," adds Nunes. "We need to take some time to look at these questions and say, 'Do we think that there's a single answer that we want to guide policy-makers towards or are there advantages and disadvantages to everything . . .'"

Read: [Half of Canadians expect to work longer than planned as retirement savings fall short](#)

The consultation notes the second issue under examination is the most controversial. "Some argue that maintaining the normal pensionable age of 65 is not realistic and that an increase in age of eligibility is long overdue," it states. "Others argue that instituting a self-adjusting mechanism for the normal pensionable age would reduce the cost of [government] programs and minimize future political interference.

The Canadian Institute of Actuaries is consulting with its members on the development of a public statement for policy-makers about what's next for Canada's retirement age.

The consultation covers two main issues: whether Canadians should plan to work longer and what measures to employ to encourage that behaviour; and whether to raise the pensionable ages for old-age security benefits, the guaranteed income supplement and the Canada Pension Plan and Quebec Pension Plan from their current levels.

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“The normal pensionable age was established some 50 years ago, and although the current government has confirmed it to be 65 for CPP, OAS and GIS, one would expect that in the future, this will become totally disconnected with the age at which Canadians effectively retire. When plan designs need to be updated, actuaries should feel compelled to provide guidance to policy-makers.”

Read: [Number of OAS beneficiaries to swell as boomers reach retirement](#)

Nunes believes the first issue in the consultation leads straight to the second. “If we need people to be working longer, then maybe we should be recommending changes like an increase to the retirement age,” he says. “But if the answer to the first question is the system will self-adjust and we’ll have enough workers and we don’t need to do anything specific to encourage individuals to stay longer . . . then maybe the answer is we don’t need to be tinkering with our social programs that, in large part, Canadians see as an entitlement.”

Another relevant issue is the effect of an aging population on economic growth, tax revenues and health-care costs. Nunes believes these issues are all connected. “What we’re trying to do is bring a lot of these thoughts together in one place to say, ‘Look, here’s a clear rationale for status quo,’ or, ‘Here’s a clear rationale for starting to move our social programs to a later retirement age,’ as they’re doing in a number of other countries,” he says. “I know, for a fact, we do not have a clear answer as of today.”

The consultation is open to members of the Canadian Institute of Actuaries until Oct. 12, 2017. Nunes expects a paper summarizing the results will be available in 2018.

Read: [Discussion about retirement age resurfaces as census shows big rise in senior population](#)

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