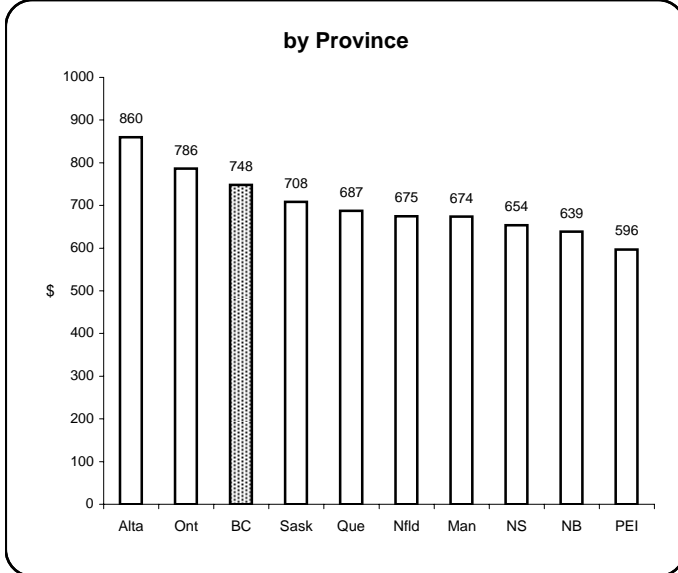
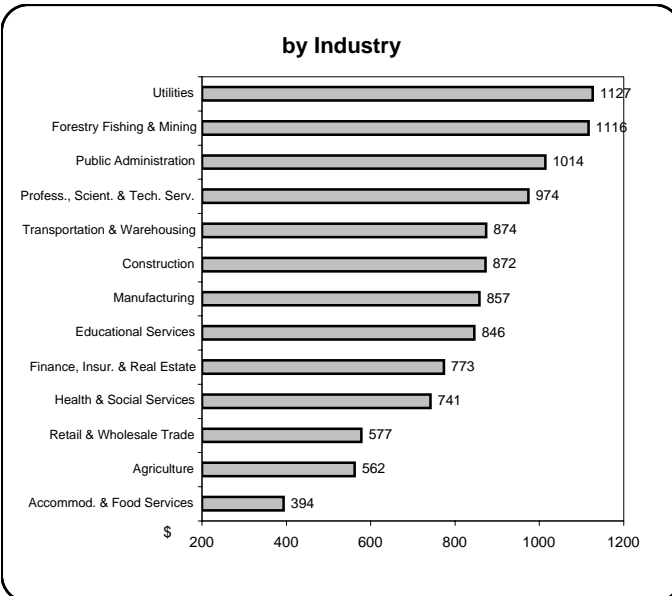
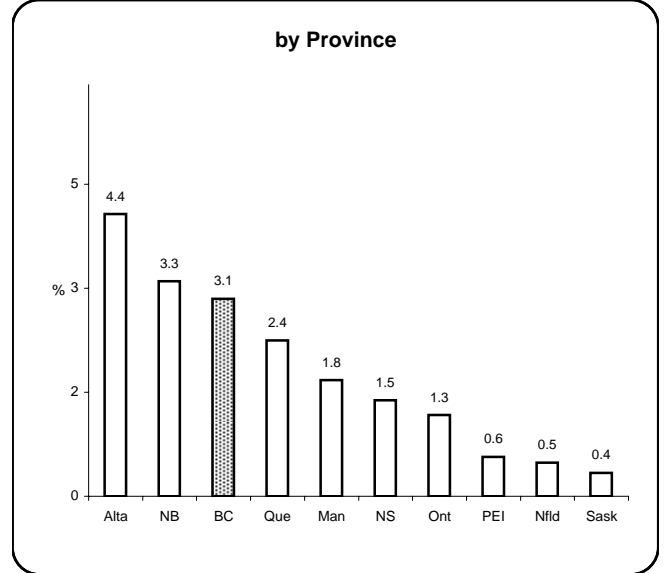


## Earnings & Employment Trends ♦ December 2007

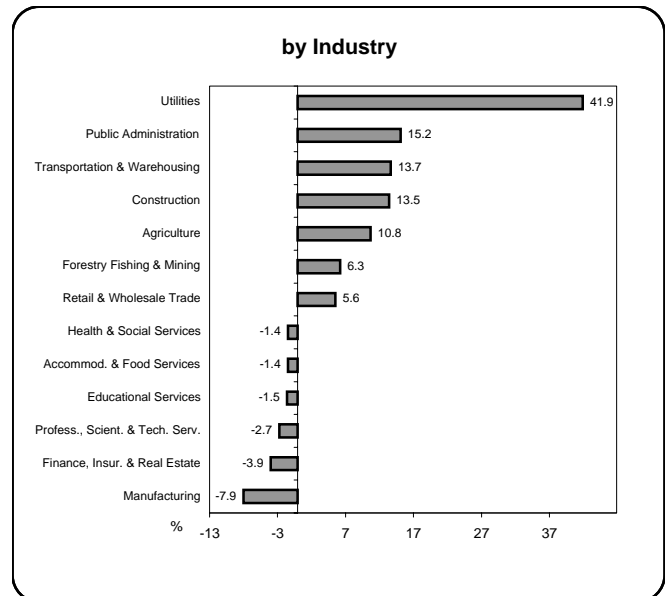
**Average Weekly Wage Rate\* - December 2007**



**Employment Growth\* - December 2007**



\* Latest 12 month average



\* Month over same month previous year (unadjusted)

Prepared by: BC STATS

Source: Statistics Canada Labour Force Survey

Feature Article: Older Workers in BC: Trends and Labour Market Characteristics

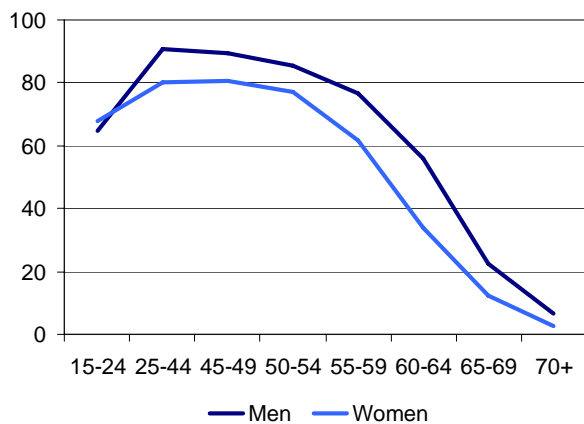
# Older Workers in BC: Trends and Labour Market Characteristics

## Introduction

Low unemployment rates along with an aging population point to potential labour market shortages in British Columbia. Older workers (those nearing or past retirement age) represent an important component of BC's labour force. As BC's population continues to age, older workers may play a critical role in alleviating potential labour market shortages.

This article focuses primarily on historical trends and labour market characteristics of older workers aged 55-64. Since most people are expected to retire sometime between age 55 and 64, this age group is of particular interest.<sup>1</sup> Although workers aged 65 and over may also form an important component of BC's labour force, labour force participation rates are quite low for those aged 65 and over.

Labour Force Participation Rates Fall Sharply After Age 55; Most Have Retired by Age 65

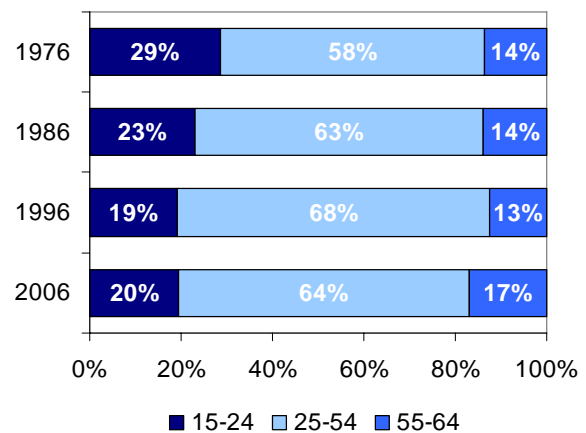


Source: Statistics Canada, Labour Force Survey, 2006 (Data shown for BC)

## BC's Aging Workforce

Over the past 30 years, the age structure of the BC population has changed considerably. As the baby boom generation has aged, the age structure of BC's working age population (aged 15-64) has also changed. Younger workers (aged 15-24) make up a considerably smaller portion of the total working age population than in the past. Approximately half of this decrease has been offset by an increase in older workers (aged 55-64) as a fraction of BC's total working age population.

Older Workers Represent an Increasing Proportion of BC's Working Age Population (Aged 15-64)



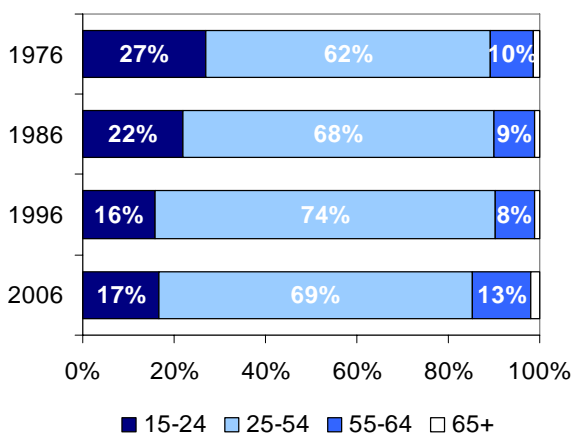
Source: Statistics Canada, Labour Force Survey

As the age structure of BC's working age population has changed, so too has the age structure of BC's labour force (those actively participating in the labour market, either employed or looking for work). Younger workers (aged 15-24) make up a smaller share of the labour force than in the past. This can be explained partly by the declining share of the working age population accounted for by this age group, and partly by an increase in the average age that students transition into the labour market.

<sup>1</sup> Statistics Canada, "Participation of Older Workers", *Perspective on Labour and Income*, August 2007

Together, these factors have combined to increase the relative share of older workers in BC's current labour market. Since 1976, the percentage of BC's labour force accounted for by workers aged 55-64 has increased from 10% to 13%.

Older Workers are Becoming an Increasingly Important Component of BC's Labour Force

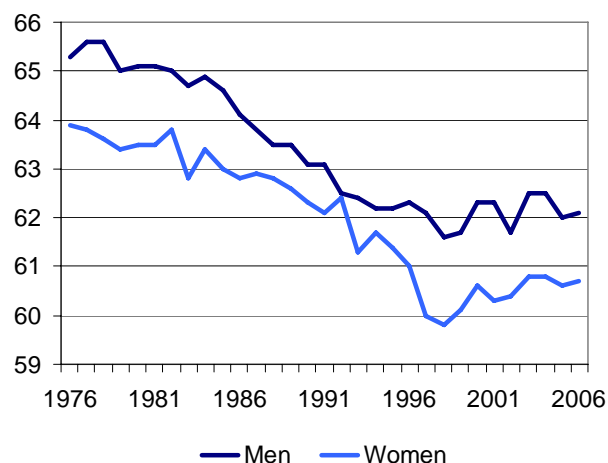


Source: Statistics Canada, Labour Force Survey

### Retirement Age Trends

Across Canada, the average retirement age fell relatively steadily between 1976 and 1998. In 1998, the average retirement age for men was 61.6 years, while for women it was 59.8 years. Since 1998, the average retirement ages for both men and women have risen. In 2006, the average retirement age for men was 62.1, and for women it was 60.7. Due to relatively small sample sizes, Labour Force Survey estimates of average retirement ages at the provincial level are too unreliable to examine short-term trends. However, the Labour Force Survey data indicate that the average retirement age in BC follows the same general trend as the national average.

The National Average Retirement Age Reached Its Lowest Point in 1998



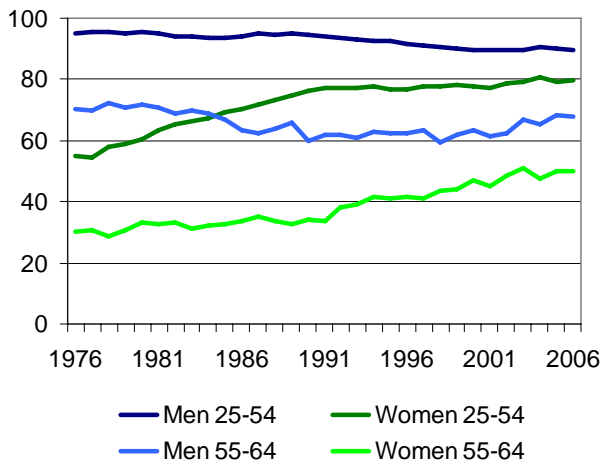
Source: Statistics Canada, Labour Force Survey

### Trends in Participation and Unemployment Rates of Older Workers

Trends in labour force participation rates of older workers over the past 30 years are quite different for men and women. In BC, men aged 55-64 showed a slow decline in their labour force participation rate between 1976 and 1990. The participation rate of older males was relatively stable for the next decade, but has steadily increased in recent years. The labour force participation rate of males aged 55-64 was 68% in 2006.

In contrast, BC women aged 55-64 have shown a steadily increasing labour force participation rate since 1976. This increase parallels the general increase in women's labour force participation of recent decades. The overall increase in the labour force participation rate of older women (up almost 20 percentage points since 1976) is similar to the overall increase in the labour force participation rate of women aged 25-54 (up 25 percentage points since 1976). In 2006, the labour force participation rate of females aged 55-64 was 50%.

The Labour Force Participation Rates of Older Workers Have Risen in Recent Years

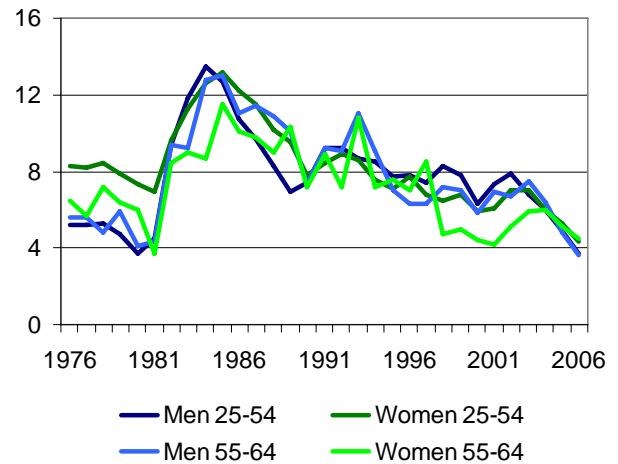


Source: Statistics Canada, Labour Force Survey

The unemployment rates of older workers (both male and female) have closely paralleled the unemployment rates of their prime working aged (25-54) counterparts. While the unemployment rate of women aged 55-64 is usually lower than the unemployment rate of women aged 25-54, there is no general trend when comparing the unemployment rates of men aged 55-64 and men aged 25-54.

Based on unemployment rate data, it appears that labour market conditions affect the employment opportunities of older workers in much the same way as they affect the employment opportunities of workers aged 25-54.

Older Workers Have Similar Unemployment Rates as Workers Aged 25-54



Source: Statistics Canada, Labour Force Survey

### Industries and Occupations of Older Workers

In 2006, the distribution of older workers across industries and occupations was remarkably similar to the distribution of prime working aged (25-54) workers across industries and occupations.

At the industry level, older workers were a little more likely to work in educational services (10%) and health care and social assistance (13%) than their 25-54 year old counterparts (of which 8% and 11% worked in these industries, respectively). Older men were slightly less likely to work in construction (12%, vs. 14% of 25-54 year old men), and older women were a little less likely to work in trade (13%, compared to 15% of 25-54 year old women).

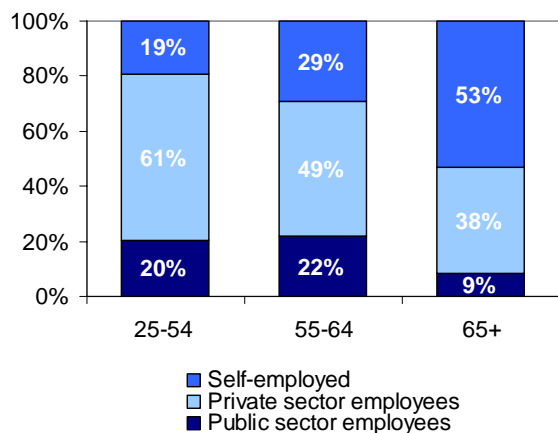
Older men were more likely to work in management occupations (17%) than their 25-54 year old counterparts (12%), which could be a direct result of increased years of experience. However, older men were less likely (8%) than 25-54 year old men (12%) to work in natural and applied sciences and related occupations.

The occupational differences between older women and women aged 25-54 were less pronounced, although older women were slightly more likely to work in health occupations (13%, vs. 11% of 25-54 year old women) and occupations in social science, education, government service and religion (14%, compared to 12% of 25-54 year old women).

### Self-Employment Among Older Workers

Self-employment is far more prevalent among older workers than among their prime working aged counterparts. In 2006, 29% of workers aged 55-64 in BC were self-employed, while just 19% of workers aged 25-54 were self-employed. Beyond age 65, self-employment becomes even more common – over half of all BC workers aged 65 and over were self-employed in 2006.

#### Self-Employment is Common Among Older Workers



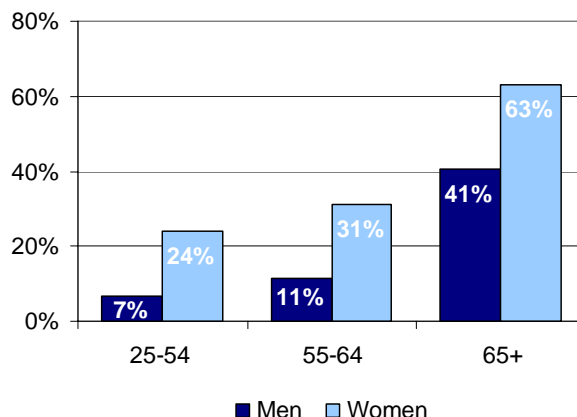
Source: Statistics Canada, Labour Force Survey, 2006

### Hours of Work

Compared to 25-54 year old workers, older workers are more likely to be employed part-time. In 2006, 11% of BC men aged 55-64 worked less than 30 hours per week at their main (or only) job, compared to just 7% of men aged 25-54. Women of all ages were more likely to work part-time than

men, but older women (aged 55-64) were still more likely to work part-time (31%) than 25-54 year old women (24%).

#### Older Workers are More Likely to Work Part-Time (Less than 30 hours per week at their main job)



Source: Statistics Canada, Labour Force Survey, 2006

When prime working aged (25-54) workers were asked why they worked part-time, in 2006, 28% said personal preference. The remainder stated other reasons such as caring for children, business conditions, going to school, illness, or other personal or family responsibilities. However, older workers (aged 55-64) were far more likely to say the reason they worked part-time was because of personal preference (69%).

Although older workers were more likely to work part-time, the average 55-64 year old worker did not necessarily work fewer hours per week than the average 25-54 year old worker in BC.

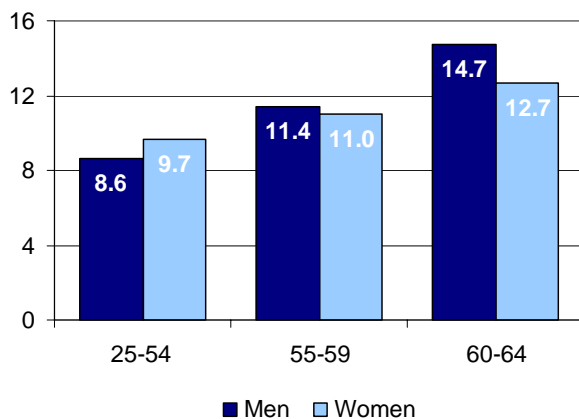
The Labour Force Survey asks workers to report the usual number of hours they work per week at their main job. In 2006, the average usual hours for men aged 25-54 was 40.9, while the average usual hours for men aged 55-64 was close behind at 40.3. Similarly, the average usual hours for women aged 25-54 was 34.1, while the average usual hours for women aged 55-64 was 32.7.

## Absences from Work

Older workers are more likely than their 25-54 year old counterparts to be absent from work due to illness, disability, or other personal reasons. Furthermore, the average number of days lost from work per year is even higher for 60-64 year olds than for 55-59 year olds.

In 2006, the average number of days lost per year due to personal reasons was 11.4 for men aged 55-59, 14.7 for men aged 60-64, and only 8.6 for men aged 25-54. Similarly, women aged 55-59 lost an average of 11.0 days per year due to personal reasons (excluding maternity leave), while women aged 60-64 lost 12.7 days, and women aged 25-54 lost only 9.7 days.

The Average Number of Days Lost Per Year Due to Personal Reasons Increases with Age



Source: Statistics Canada, Labour Force Survey, 2006

## Participation of Older Workers in BC Compared to the Rest of Canada

In 2006, older workers in BC were almost equally likely to participate in the labour force as older workers in the rest of Canada. At 68.0%, the labour force participation rate of men aged 55-64 in BC was slightly above the national average of 66.3%. The labour force participation rate of women aged 55-64

in BC (49.9%) was slightly below the national average of 51.3%.

Alberta and Saskatchewan had the highest participation rates for men aged 55-64 in 2006, with Alberta's rate at 78.6% and Manitoba's rate at 74.9%. The highest labour force participation rates of women aged 55-64 in 2006 were found in Alberta (60.7%), Manitoba (59.3%), and Saskatchewan (58.0%).