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Retirement Lost?

Lynn McDonald
Peter Donahue

SEDAP Research Paper No. 291

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Requests for further information may be addressed to:
Secretary, SEDAP Research Program
Kenneth Taylor Hall, Room 426
McMaster University
Hamilton, Ontario, Canada, L8S 4M4
FAX: 905 521 8232 e-mail: sedap@mcmaster.ca

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March 2012

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RETIREMENT LOST?

Lynn McDonald PhD
Professor and Director
Faculty of Social Work
Institute for Life Course and Aging
University of Toronto
222 College Street Suite 106
Toronto ON M5T 3J1
Email: lynn.mcdonald@utoronto.ca
Telephone: 416-978-7065
Fax: 416-978-4771

Peter Donahue, PhD
Associate Professor
School of Social Work
Renison University College
University of Waterloo
240 Westmount Road North
Waterloo, ON N2L 3G4
Email: pdonahue@renison.uwaterloo.ca
Telephone: 519-884-4404, ext. 28659
Fax: 519-884-5135

Abstract

In this paper we raise the question, as to whether retirement is lost as we currently know it in Canada. Here we look at the retirement research according to the scope of retirement and the new retirement, possible theoretical developments, the timing of transitions into retirement and life as a retiree including the quality of pensions. On the basis of this selected review we propose that retirement is undergoing modifications based on several trends that commenced before the 2008 economic downturn. The data would appear to lean towards the emergence of a different retirement, insofar as the collective Canadian vision of retirement is lost, notwithstanding the economic meltdown in global markets.

Keywords: Retirement, pension shift, retirement planning, work and retirement, pension policy, retirement theory, retirement and the life course

JEL Classification: Z10

Résumé

Dans cet article, nous tentons d'identifier si le concept de la retraite, comme nous le comprenons aujourd'hui au Canada, existe encore. Nous passons en revue les recherches sur la retraite en fonction de ses champs d'application, des nouvelles modalités de la retraite, des développements théoriques possibles, de la période de transition qui mène à la retraite et la vie de retraité, y compris la qualité des pensions. Sur la base de cet examen, nous mettons en avant l'idée que le concept de la retraite est en mutation à la lumière de plusieurs indicateurs pertinents et que ces changements commencèrent avant le ralentissement économique de 2008. Les données semblent suggérer l'émergence d'une retraite différente, dans la mesure où la vision collective canadienne de la retraite semble disparaître, nonobstant la crise économique sur les marchés mondiaux.

Introduction

"Canada's aging work force hasn't saved enough to retire. Pension benefits are being slashed, employees are working longer, the elderly are selling their homes and going back to work."

(Globe and Mail, 2009)

The observation from the Globe and Mail in 2009 following on the heels of a world economic downturn is the latest retirement crisis identified by the economic sector, the public and the media. Retirement, as a social institution, emerged in modern industrialized societies at the beginning of the 20th century. Scholarship into retirement began in earnest in the late 1940s and early 1950s, but because of its rapid evolution, there is always doubt about the relevance of research conducted in earlier times to retirement today. Just when scholars have a sound grasp of retirement, the picture shifts, presenting new economic conditions, followed by related policy debates and changing individual preferences that require new explanations. For example, retirement was initially developed as a reward for loyal older workers to encourage life-long attachment to their firms as realized by the Hudson Bay Company and the Grand Trunk Railway in the 1870s. In a recession such as the one in the early 1990s, retirement was used as a mechanism to remove older workers from the labour force through early retirement programs in government and the corporate sector.[1] These variations on retirement are founded on the underlying premise that retirement, as a societal institution, moves Canadians out of the labour force in an organized fashion according to age, and defined by the state through public pensions and in the workplace, through private pensions (Atchley, 1976; McDonald, 1997; McDonald, Donahue, & Marshall, 2000; McDonald & Wanner, 1990; Myles, 1984). Since the economy and society are always in flux so too is retirement, a circumstance that currently contributes to the supposed retirement crisis in Canada today.

Twenty years following the publication of *Retirement in Canada*, there is little question that the societal foundations of retirement have been transformed in profound ways (Ekerdt, 2009b). First, non-standard work has been on the rise since the 1990s in Canada. In 2001, it was estimated that 38 percent of the Canadian working population was employed in non-standard work (Kapsalis & Tourigny, 2004; Townson, 2006; Vosko, Zukewich, & Cranford, 2003) which is still growing today (Vosko & Clark, 2009). In fact, in some quarters, non-standard work is now referred to as “precarious employment” to emphasize the possible negative consequences non-standard work can create through employment insecurity, lower earnings and limited or no access to employer benefits such as pension plans (Townson, 2006; Vosko, MacDonald, & Campbell, 2009). Furthermore, those in non-standard work may not be able to retire at all because they won’t have access to employer-sponsored pensions or pensions from the Canada Pension Plan, and this will become even more problematic in the future as the size of this group continues to grow. Second, the nature of work has changed in the last decade due to a continuous increase in mentally stressful job demands in the form of higher requirements for mental concentration as well as time pressures and work volume, all of which can add to the unattractiveness of work (Diestel & Schmidt, 2009; Eschuk, 2003; Johnson, 2004; Sonnetag & Frese, 2003; Turcotte & Schellenberg, 2005). Conversely, it also can be argued that because jobs have become less physically demanding, work may be more attractive, increasing attachment to the labour force (Johnson, Mermin, & Resseger, 2007).

Third, the ranks of mature workers have burgeoned with the flood of women into the labour force that began in the late 1960s. In 1954, only 12.9 percent of woman aged 55 to 64 were in the labour force compared to 48.7 percent in 2006 (Statistics Canada, 2007). Looked at another way, 54 percent of the first wave of baby boom women aged 16 to 25, were in the labour force in 1971. Ten years later, 70 percent of the second wave of baby boom women of the same age, were in the labour force (Galarneau, 1994). The effect of this development is that the majority of boomer women will constitute the first female cohort whose labour force participation will span most of their adult lives. They will qualify for their own retirement pensions (Brown & Warner, 2008; McDonald, 2006; Wong & Hardy, 2009), they will be challenged to coordinate their retirement with family and partners (Schellenberg, Turcotte, & Ram, 2006; Szinovacz, 2006) and are likely to have some immediate impact on the overall structure of retirement that will reflect the complexity of their lives (e.g. caring for children and their parents), (McDonald, 2006).

Lastly, the fiscal implications of an aging society have finally infiltrated public and corporate consciousness. The specter of the retirement of the baby boomers, the largest population cohorts in Canadian history, who are now part of the 45 to 64 year old age group and who, as of July 2009, accounted for 40.4 percent of the nation's working-age population, has struck a chord of uneasiness in Canada (Abbott, Beach, Boadway, & MacKinnon, 2009; Globe and Mail, 2009; Marshall & Ferrao, 2007; Robson, 2009; The Daily, 2009, July 1; The Economist, 2009, June 25). It is estimated by the C.D. Howe Institute that the impact of the boomers on public monies threatens to push the aggregate cost of Canada's government age-sensitive programs for health, education, seniors and families in 2009 from 15.0 to 19.4 percent of GDP over the next half-century (Robson, 2009). The fact that people are expected to spend more time in retirement is not helpful either because of the longer dependence on financial support (Denton & Spencer, 2010). Canadians spend 21.9 years in retirement compared to the French who are expected to spend 25.8 years in retirement and the Americans who spend 19.4 years in retirement (OECD, 2010).

All of these major transformations happen to coincide with the worst worldwide economic downturn since World War II. The 2008 meltdown of financial markets resulted in the recent loss of over $200 billion of household wealth in Canada (Abbott, et al., 2009). The trickle of companies retreating from their pension obligations accelerated after the global recession and led some companies into bankruptcies (e.g., Nortel, January 2009). In the process, the recession exposed the underfunding of many pension plans (e.g., Air Canada), with estimations suggesting a $50 billion deficit in corporate pension funds (Globe and Mail, 2009). While the absolute number of members in employment pension plans, usually referred to as Registered Pension Plans [RPPs] or Employment Pension Plans [EPPs], continued to grow due to the addition of women (Moussaly, 2010; The Daily, 2010, May 25), in relation to the size of the employed workforce, RPP membership has been declining since the late 1970s and has fallen from 46.1 per cent of paid workers in 1977 to 38.3 per cent in 2007 (Baldwin, 2009; Mintz, 2009; The Daily, 2010, May 25).[2] However, private pension plans grew from 23 percent in 1992 to 32 percent in 2006 as a proportion of the average retirement income of Canadians 65 and over (Gougeon, 2009) underscoring their growing contribution to retirement income.

At the same time, the form of private pension coverage began to shift from defined benefit to defined contribution plans, a transition witnessed in a number of countries (Baldwin & Fitzgerald, 2010)[3]. Although membership in DB plans still accounts for a majority of RPP plan members, the trend to a declining portion of RPP members in a DB plan is seen in both the public and private sectors (Baldwin, 2009). Without detailing the minutiae of the various plans, it worth noting that fluctuations in the world economic situation can affect income from private pension plans, depending on their characteristics. With the prevailing situation in Canada beginning in 2008, the financial circumstances of current and future retirees could become riskier, depending on the type of plan and investment as with DC plans (Beck, 1992; Giddens, 1990). We would add that with the increase in DC plans, the responsibility for investment is passed on to the individual and to his or her financial analyst or banker - just when the Federal *Task Force on Financial Literacy* (June, 2009) - proclaimed in their first report that "… many Canadians lack some or all of the skills, knowledge and confidence necessary to be financially literate." (2010, p. 4). There is also a conflict of interest on the literacy front where the financial industry may not be ready to provide the kind of advice that people need as opposed to the kind that sells products at high prices (Ambachtsheer, 2008). In terms of retirement, the *2009 Canadian Financial Capability Survey* found that an astonishingly low 45.6 percent of those aged 25 to 64 had a good idea of the savings required to maintain their standard of living in retirement (Schellenberg & Ostrovsky, 2010).

The immediate upshot of these major transitions - but mainly the worldwide recession - is the re-galvanization of the pension debate, albeit in fairly narrow terms. At the end of the 1980s, the *Great Pension Debate*, (1976-1984) which focused on the expansion of the earnings-related Canada Pension Plan, had been shelved, but by 1989, the 'clawback' of Old Age Security benefits was securely in place. The 1990s in Canada saw the retrenchment of the welfare state with an ambitious effort to scale back Old Age Security benefits in the mid-1990s, an effort ultimately abandoned (Battle, 1997; Béland & Myles, 2008; Little, 2008; McDonald, 1997; Weaver, 2004). The only feasible possibility for change at the time, was the Canada Pension Plan (Little, 2008), which underwent fairly significant adjustments such as increased contribution rates, de-indexation of the payroll tax exemption level, the reduction of disability benefits and the creation of an investment board for a hybrid pay-as-you go scheme (Béland & Myles, 2005; Hicks, Halliwell, Hébert, & Lenjosek, 2008). By 2010, the debate became fixated on reform of the private pension system (RPPs/RRSPs) with chiefly economists and financial analysts at loggerheads over DB and DC plans, (Baldwin, 2008; Baldwin & Fitzgerald, 2010; Bonnar, 2008, 2009; Brown, 2010; Canadian Institute of Actuaries, 2009; Jametti, 2008; McLellan, 2009; Mintz, 2009; Pesando, 2008), those who saw this debate as an "unhelpful preoccupation with two familiar but flawed models" (Robson, 2010, p. 1) and those who would like to see a reformed model (Ambachtsheer, 2008; Baldwin, 2009; Hicks, et al., 2008; Robson, 2010).[4]

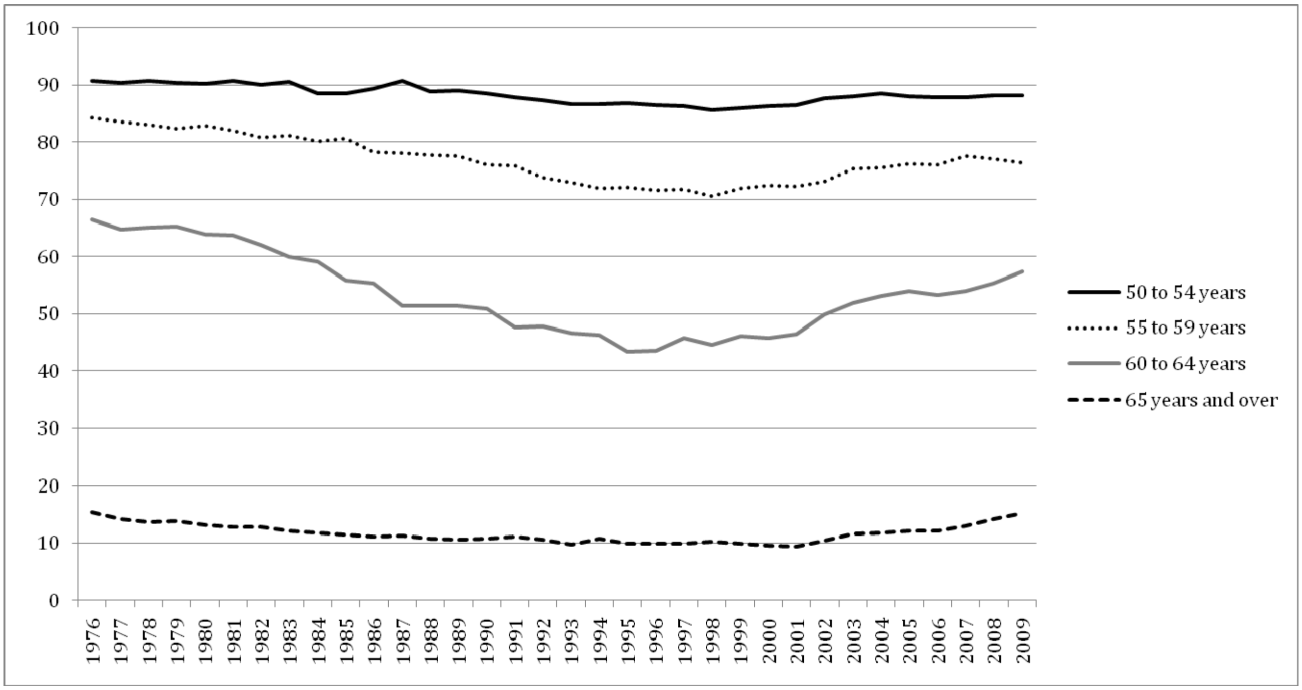
In this paper we raise the question, as to whether retirement is lost, as we currently know it in Canada. There is a certain crisis mentality circulating in the public sphere when it comes to the effect of the downturn on retirement, seemingly the only significant issues being the coverage and adequacy of private pensions with some criticism of the solvency of the Canada Quebec Pension Plan (CPP/QPP).[5]

Here, we take a broader approach and look at the retirement research according to the scope of retirement and the 'new' retirement, recognizing that most retirement research still is plagued by definitional and measurement issues. The developments in theory related to the use of longitudinal data are explored and the issues important to Canadians such as the risks involved in planning for retirement, the timing of retirement, the different routes into retirement and family contingencies are revisited. The function of pensions in driving forward retirement policy is considered, as is the possibility of poverty for some Canadians. On the basis of this selected review we propose that retirement is undergoing modifications based on several trends that commenced before the 2008 economic crash. We ask the question, knowing that the timing of the answer will be skewed by the present instability in the economy. For certain, those nearer retirement are more likely to be negatively affected then the already retired because they are still in a labour market distinguished by a "jobless recovery" and they have little time for the resurgence of the economy in order to regain lost ground in their private pensions and investments (OECD, 2009; Sass, Monk, & Haverstick, 2010, February).

The Scope of Retirement

It is well known that earlier retirements are slowing in a number of countries like the United States and policy strategies to raise the age of retirement continue to be proposed to curb early retirement as recently witnessed in France and Canada (Hering & Klassen, 2010). Figure 1 indicates that in 1976, 90.7 percent of men aged 50 to 59 years were in the labour force compared to 88.2 in 2009, higher then the low rate of 85.6 in 1998. In the next age group, 55 to 59, 84.2 percent of men were in the labour force in 1976 compared to 76.4 percent in 2009 with a low of 70.6 in 1998. For those men 60 to 64 years of age, 66.5 percent were in the labour force in 1976 compared to 57.4 percent in 2009, having bottomed out at 43.4 percent in 1995. The trends for those age 65 and older start at 15 percent in 1976, plunge downward to as low as 9.4 percent in 2001, and then back up again to 15 percent in 2009. In all scenarios for the last 33 years, the labour participation rate first drops as more and more men exit the labour force earlier but then begins a slow upward climb in the beginning in the mid 1990s (Marshall & Ferrao, 2007). The slowing of earlier retirement is nowhere as pronounced as in the United States but there is some suggestion in this Canadian data that the first wave of the baby boomers aged 63 in 2010, may strengthen their labour force participation rate in the next few years. Although the trend started before the economic downturn it may be strengthened by a weak economy (Copeland, 2007; Marshall & Ferrao, 2007; Martel, Caron-Malenfant, Vézina, & Bélanger, 2007; Wannell, 2007a). Changes in the self-reported average and median ages of retirement for men are not quite as dramatic but also show a beginning upward trend, as seen in Figure 3.

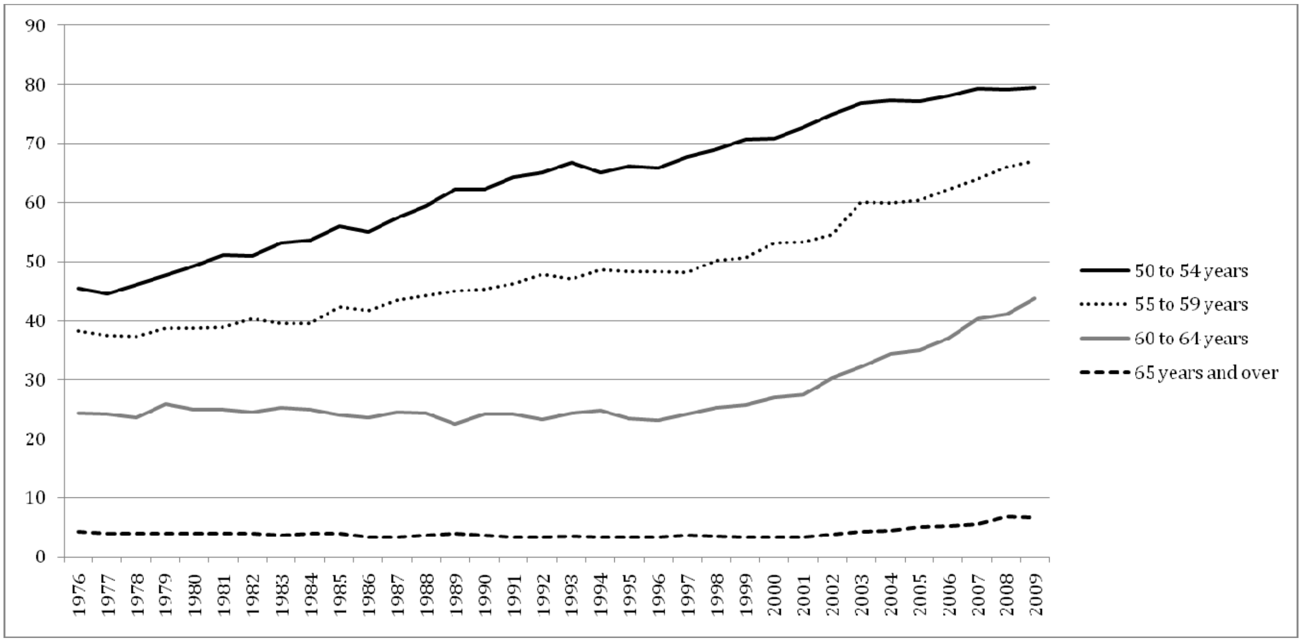
Figure 1: Labour Force Participation Rates, 1976-2009, Men



Note: The participation rate is the number of labour force participants expressed as a percentage of the population 15 years of age and over. The participation rate for a particular group (age, sex, marital status) is the number of labour force participants in that group expressed as a percentage of the population for that group. Estimates are percentages, rounded to the nearest tenth.
Source: Statistics Canada. Table 282-0002 - Labour force survey estimates (LFS), by sex and detailed age group, annual (persons unless otherwise noted) (table), CANSIM (database). http://cansim2.statcan.gc.ca/cgi-win/cnsmcgi.exe?Lang=E&CNSM-Fi=CII/CII_1-eng.htm (accessed: November 2, 2010)

Turning to women in Figure 2, there has been a constant increase in their in labour force participation rates beginning in the 1960s jumping from 38.2 percent in 1976 to 67.1 percent in 2009 for those aged 55 to 59 years and from 24.2 to 43.8 percent for those aged 60 to 64 years. The percentage of women working aged 65 years and over has never been as high for women as was in 2008 and 2009 at 6.8 and 6.7 percent, respectively. An examination of women's average and median age of retirement in figure 3 indicates a slight upward trend beginning at the end of the 1990s when it averaged 59.8 years in 1998 and 61.7 years in 2009 while the median age is very similar. Whether short term or long term, changes are definitely afoot in the direction of a later retirement.

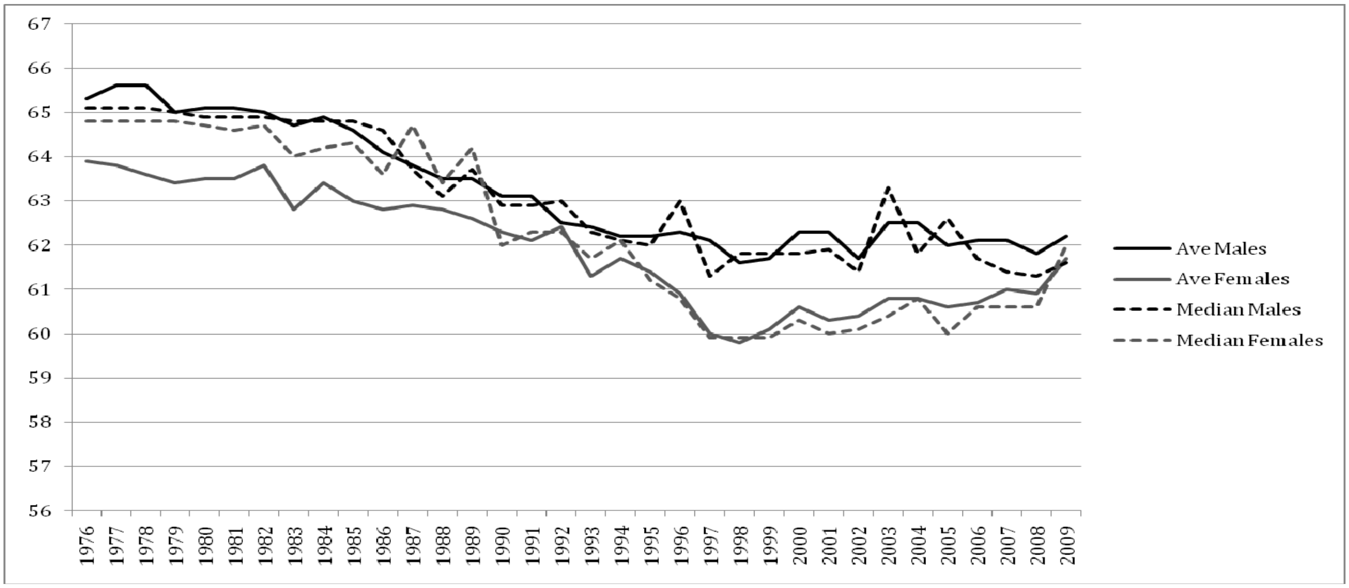
Figure 2: Labour Force Participation Rates, 1976-2009, Women



Note: The participation rate is the number of labour force participants expressed as a percentage of the population 15 years of age and over. The participation rate for a particular group (age, sex, marital status) is the number of labour force participants in that group expressed as a percentage of the population for that group. Estimates are percentages, rounded to the nearest tenth.
Source: Statistics Canada. Table 282-0002 - Labour force survey estimates (LFS), by sex and detailed age group, annual (persons unless otherwise noted) (table), CANSIM (database).
Source: http://cansim2.statcan.gc.ca/cgi-win/cnsmcgi.exe?Lang=E&CNSM-Fi=CII/CII_1-eng.htm (accessed: November 2, 2010)

The intentions of Canadians are consistent with the trends. Drawing on data from three different surveys in 1991 (SAI), 2002 (GSS) and 2007 (GSS), it appears that Canadians in their late forties and early fifties intend to push back their retirement plans and are not planning on retiring as early, a development reported prior to the economic downturn. For example, between 1991 and 2007, the proportion of near-retirees aged 45 to 49 planning on retiring before age 60 decreased by about 4 percentage points, while those planning on retiring at age 65 or older increased by about 7 percentage points (Schellenberg & Ostrovsky, 2008a). About 39 percent of near retirees are uncertain about the timing of their retirement: 14 percent do not know at all when they will retire, 14 percent are not at all certain of the timing and 11 percent do not intend to retire at all, which is higher then in 2002 (Schellenberg & Ostrovsky, 2008a).

Figure 3: Mean and Median Retirement Age 1976-2009 for Both Sexes



Note: The labour force survey asks people who are not working and who have left their last job within the year prior to being surveyed, why they left this job. One of the response categories is retired. The average or median retirement age is calculated from this variable.
Source: Statistics Canada. Table 282-0051 - Labour force survey estimates (LFS), retirement age by class of worker and sex, annual (years) (table), CANSIM, (database).
http://cansim2.statcan.gc.ca/cgi-win/cnsmcgi.exe?Lang=E&CNSM-Fi=CII/CII_1-eng.htm (accessed: November 2, 2010).

A random survey of pre-retiree and retired Canadians 45 years of age and older that followed the economic downturn found that 42 percent of pre-retirees were not prepared for retirement, while 64 percent of pre-retirees said the economic downturn had not affected their retirement plans very much or at all, although they had concerns. About 41 percent of pre-retirees did not believe they would be able to maintain the same standard of living in retirement; 62 percent were concerned about being able to pay for adequate health care, and 62 percent were concerned about depleting their savings. The pre-retirees reported they were more than twice as likely as retirees to work during their retirement (Canadian Institute of Actuaries, 2010). Their strategies to prepare for retirement were more likely to focus on investing in stocks or mutual funds than were retirees (57 percent vs. 49 percent) and were much more likely to try to save as much money as they could to protect themselves financially (83 percent vs. 69 percent). Among both groups, 54 percent have or planned to move their assets to more conservative investments while the pre-retirees were more likely to buy a guaranteed income product or employer plan option. About fifty percent of pre-retirees already were or planned to work longer while only 9 percent of retirees had already done so or planned to do so (Canadian Institute of Actuaries, 2010).

There have been many arguments that there is a ‘new’ retirement, and as would be expected, it is difficult to pin down what is new about the new retirement (McDonald, 2006). Some scholars argue that the new retirement is longer and fuzzier (Kohli & Rein, 1991), is more asynchronous (Han & Moen, 1999; O'Rand, 2003; O'Rand & Farkas, 2002; O'Rand & Henretta, 1999; Settersten, 2006), and that public pensions no longer regulate early retirement exits (Guillemard, 2000). The length of the time frames in the life course, have shifted between education, work and retirement, thereby moving and blurring the boundaries. For example, it has been suggested that there are extensions in education at the front end of the life course, shorter periods of gainful employment at midlife and increased longevity at the end of the life course (Ekerdt, 2009b; Settersten, 2006). Other scholars suggest that the life course is still uniform but becoming more variable in timing (Henretta, 1992) while Gardyn (2000) proposes that retirement is being reinvented to not only include second careers, but continuing education and volunteerism (Butrica, Johnson, & Zedlewski, 2009). McDonald (2006) provides evidence as to the ‘new routes into retirement’ that involve unexpected early retirement, caregiving for family, disability, poor health and unemployment (McDonald, 2006; McDonald & Donahue, 2000; McDonald, et al., 2000; McDonald, Sussman, & Donahue, 2002, October). Barely have researchers described the nature of the new retirement and dramatic drops in labour force participation when the kaleidoscope rotates again and labour force participation begins moving upward to imply a later retirement on the horizon.

What is Retirement is Still the Question

The one constant in the evolution of retirement is that retirement has little meaning outside of the paid labour force, no matter how the concept is defined. When retirement research was on the ascendancy in the 1960s, retirement was defined as, “… the creation of an economically non-productive role in modern societies which are capable of supporting large numbers of persons whose labor is not essential to the economic order.”

(Donahue, Orbach, & Pollak, 1960, p. 331). In 2007, Bowlby, on behalf of Statistics Canada, offered the agency's standard definition, "…'retired' refers to a person who is aged 55 and older, is not in the labour force, and receives 50% or more of his or her total income from retirement-like sources." (p. 17).   Ever since scholarship began on retirement, researchers have recognized the many problems attendant on defining retirement and have used many definitions over time (c.f. Denton & Spencer, 2009; Ekerdt & DeViney, 1990; Gower, 1997; Lazear, 1986; Palmore, Burchett, Fillenbaum, George, & Wallman, 1985; Streib & Schneider, 1971). The challenges are numerous: conceptually retirement has been seen as a social institution at the structural level, a social role, a process or a phase of life at the individual level, analytically as a dependent, independent or intervening variable and has been operationalized in dozens of ways. Most researchers would agree that retirement relates to withdrawal from the paid labour force and the rest of the definition would be contested.

As recently as 2009, Denton and Spencer are still asking the same question. These scholars review and assess the many concepts and measures of retirement and provide an overview of the ways used to conceive retirement: non-participation or reduced participation in the labour force, receipt of pension income, end-of-career employment, self-reported retirement, or combinations of those characteristics (Denton & Spencer, 2009). In light of their exhaustive analyses several factors are self-evident. Almost all retirement research in Canada is based on secondary data analyses of large data files except in two instances, the *Retirement and Pre-retirement Survey 1975* and in 1991, *The Survey of Ageing and Independence*, both cross-sectional and both carried out by the Canadian government. There are two data sets that are both longitudinal and new to the retirement scene but neither were developed to study retirement, the primary problem with secondary data analysis. The limited number of longitudinal files in Canada and their relatively recent appearance is highlighted when compared with the United States where longitudinal studies of retirement were possible with the *National Longitudinal Surveys of Labor Market Experience* (*NLS*), especially the *Young Men and Older Men Survey* that started in 1966, the *Retirement History Longitudinal Survey* (*RHLS*), 1969-1979, and the highly utilized *Health and Retirement Study (RHS)* started in 1992.

The two most significant surveys in Canada are the *Longitudinal Administrative*

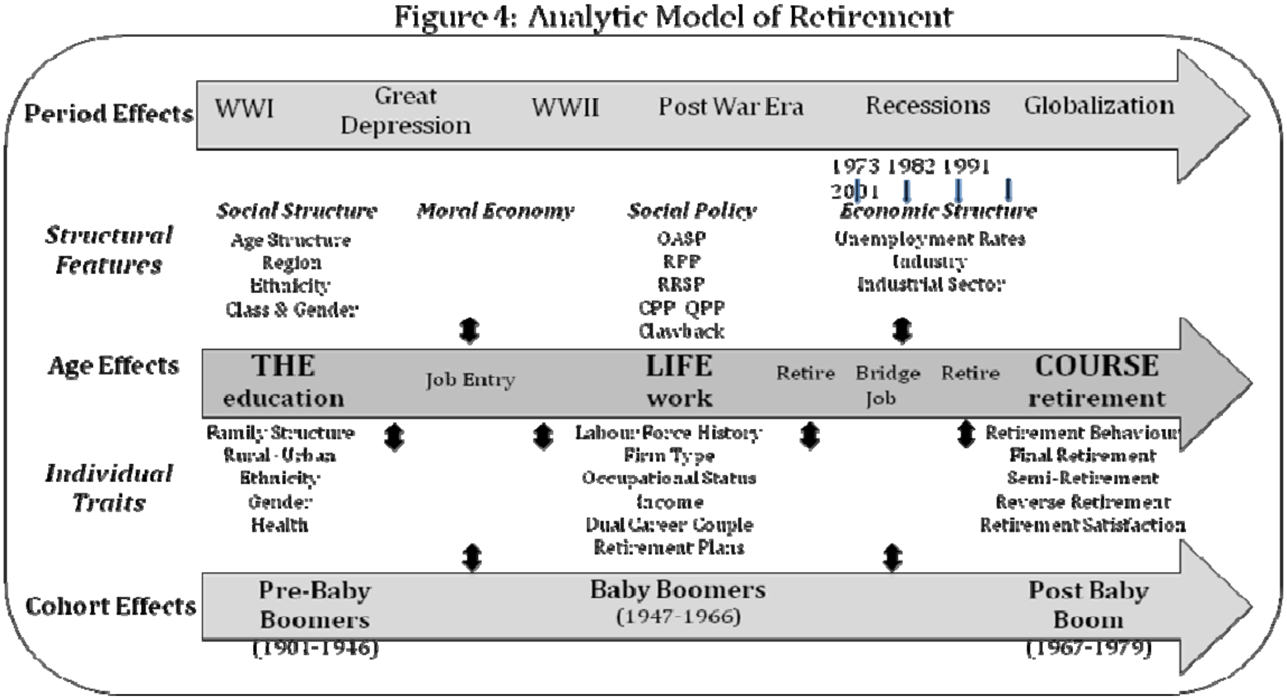
Database (Grafstrom, Nordberg, & Winblad) (*c.f.* Halliwell, 2009; Tompa, 1999), which links individual tax returns and the *Survey of Labour and Income Dynamics (SLID)* (*c.f.* Compton, 2001; Deschênes & Stone, 2006; Pyper & Giles, 2002). The LAD is rich in sources of income but short on labour force variables but is valuable because of it length of 26 years up to the 2007 tax year. SLID, started in 1992, has both income sources and labour force variables but not enough people retire in any given year for viable longitudinal analysis (Denton & Spencer, 2005). We add the problem that even within these data files, researchers create different definitions of retirement that limits national and international comparability (e.g., Denton, Finnie, & Spencer, 2009; Halliwell, 2009). One new longitudinal file coming on line will be the *Canadian Longitudinal Study on Aging* (CLSA), a large, national, long-term study that will follow approximately 50,000 Canadian men and women between the ages of 45 and 85 for at least 20 years. The study will collect information on the changing biological, medical, psychological, social, and economic characteristics of Canadians and has a module on retirement. Many of those researchers reading this article are not likely to exploit the longitudinal findings from this study since they will have a long wait, which is always drawback in collecting longitudinal data.

As we said 20 years ago, definitions are important because they determine who is retired and who isn't, they determine whose view matters and why contradictory answers to the same research questions co-exist. The implications of the 'definition' problem have serious ramifications for the formulation of public policy, for determining the size and age composition of the labour force and for the security of older adults in retirement. Nevertheless, there is still no general consensus on how to define retirement, the definition is mainly determined by what data sets are available in Canada, and these are still firmly tethered to income and labour force participation. What is more, the inability of the current longitudinal data files, including the cross-sectional ones like the *Canadian Census, The General Social Surveys, or the Canadian Labour Force Surveys,* to take account of objective and subjective factors (Gustman & Steinmeier, 2001), and the impact of structural influences like state or global policies (Phillipson, 2006)[6] can lead to misspecified models of retirement that are far removed from Canadian citizens. The data also lags behind contemporary circumstances providing limited information about family dynamics and retirement (e.g., dual career couples, raising grandchildren), data about the unpaid labour of older women, especially immigrant women (McDonald, 2006)[7] and most recently, of course, the social psychological turmoil of the economic meltdown.

The Theory and Retirement: Edging Forward

Theories explicitly designed to explain retirement are scarce and are little more than re-jigged theories or models found in any discipline interested in retirement (e.g., economics, sociology, psychology, anthropology and the professions like nursing, social work, business administration, etc.) (*c.f.* Wang and Schultz (2010) for a recent review). If any theories are in evidence, most are either focused on the micro-level of individual behaviours (e.g., activity theory, human capital) or the macro-level of structure and policy (critical theory or political economy) in explaining retirement (Cooke, 2006; Estes & Associates, 2001) with the majority focusing on the individual (Pushkar et al., 2010). Those theories that attempt to link both micro and macro-perspectives are extremely rare (Stone & Nouroz, 2006). Twenty years later, however, there are more attempts to apply longitudinal approaches to retirement research such as the life course perspective from sociology, life span development in psychology and life cycle theories in economics, which recognize that retirement is the accumulation of many factors over a life time (Bulanda & Zhang, 2009 ; Denton, et al., 2009; Kubicek, Korunka, Hoonakker, & Raymo, 2010; McDonald & Valenzuela, 2009; Pleau, 2010). For example, using the LAD to examine pathways to the *Guaranteed Income Supplement* (GIS), Uppal, Wannell and Imbeau (2009) provide evidence that job or personal difficulties in middle age like unemployment, using social assistance or a disability, increase the probability of receiving GIS benefits in retirement (2009, p. 3). Using the longitudinal features of the *National Population Health Survey*, Park (2010) found that men retired earlier if they assessed their health as poor ten years earlier. A longitudinal approach has become so important to retirement research that pseudo-cohorts and trend studies are also the norm (Baker & Benjamin, 1999; Gougeon, 2009; Uppal, 2010). Using six, five-year waves of the Canadian Census from 1981 to 2006 Uppal (2010) shows how the labour force activity of men over age 65 has increased over time. A longitudinal view, while a step forward, is nonetheless not synonymous with theory and most studies are still focused on the individual level of analysis or the societal level but not the connections between the two. The links between the micro, meso and macro levels that simultaneously influence retirement are overlooked, as are their possible intersections. As a result, retirement research often suffers from a certain type of reductionism or a sense of “false necessity” (Block, 1990) that market realities are the *only* factors driving retirement research (Phillipson, 2006; Vincent, 2006). For example, the narrow debate on the pros and cons of defined benefit and contribution plans that has become louder in the face of the market crash is really only about a change that favoured private-sector employers long before the economic crisis and which was initiated by employers to diminish their pension risks and pass them on to the individual (Gougeon, 2009). This flurry of research on DB and DC plans is misplaced and overlooks other important factors that influence retirement (Robson, 2010).

Figure 4: Analytic Model of Retirement



One of the more interesting aspects of the life course framework is that it is not a genuine theory but rather a perspective or framework within which theories can be nested (Ferraro, Shippee, & Schafer, 2009) or from which principles can be drawn and incorporated into other theories (Flippen & Tienda, 2000) depending on what is being studied and the proclivities of the researcher (Ferraro, et al., 2009). Figure 3 provides a 'life course" skeleton of the basics of retirement and the possible areas for study that include age, period and cohort effects and the ways they intersect. Historical events influence the social structure, the economy and social policy. As an example, it is hard to ignore one of the main themes of globalization that private provision is inherently superior to that provided by the public sector (Stiglitz, 2003; Walker & Deacon, 2003) and how this neoliberal ideology has been spread by supranational bodies like the OECD, the WTO, the World Bank and the IMF as well as supranational corporations like pharmaceuticals (Phillipson, 2006; Polterovich & Popov, 2006) or how the global recession has further fanned the flames of privatization of the welfare state. How these bodies influence pensions and retirement in Canada could be better understood before the retirement system is lost to international policies Canadians may not value (Monk, 2010; Orenstein, 2008). In turn, social structure, social policies and differences across the economy shape the life course to which the individual brings his or her own capabilities. At the same time, the individual belongs to a specific age group, a cohort such as the baby boomers, which can influence experiences and views of retirement over time. Interestingly, a recent study that examined changes in work values over generations from the boomers to GenMe (born 1982-1999) showed an increasing value of leisure and a decline in the centrality of work. A major suggestion was that boomers may not be the generation so eager to retire but rather the GenMe generation who basically 'works to live' (Twenge, Campbell, Hoffman, & Lance, 2010). In addition, dual economy theory could be used to study rates of retirement in different economic sectors (e.g. the well protected public versus private sector retirement)[8] as could the cumulative disadvantage/advantage hypothesis where the inequalities created by work histories prior to retirement are perpetuated after retirement and become amplified by cumulative effects over time (Chappell, McDonald, & Stones, 2008). A recent study of a life course approach to retirement using Dutch longitudinal data clearly showed that retirement is a matter of personal agency within structure over time and that income and wealth are significant variables but they are not the only significant or most important explanatory variables when it comes to explaining retirement. Further, the experiences in midlife set the stage for retirement in later life (Damman, Henkens, & Kalmijn, 2010).

The approach has limitations, mainly related to a singular interest in the individual that reduces the likelihood that research will mirror Canadian retirement; the other obvious problem is the perspective is representative of life in western industrialized nations, a condition that does not apply to all people in Canada (Dannefer, 2003). The life course perspective is not new as far as research is concerned; it is just used more frequently by retirement researchers (e.g., Kubicek, et al., 2010). What might be new at this juncture in Canada is the serious need to take account of structural factors like globalization and how these influence Canadian retirement choices and whether these choices reflect the political will.

Retirement Issues that Matter

There are a myriad of issues that have occurred since publishing *Retirement in Canada*, and not all can be considered here. We examine some of the more significant factors that indicate that retirement will be different in the immediate future: changes in retirement policy, planning for retirement, involuntary retirement, reverse retirement, family contingencies and the quality of pensions.

Retirement Policy Encourages Later Retirement

Retirement policy is primarily about the age of eligibility and other requirements that regulate when and how people retire while pension policy makes it all possible according to how Canadians design and finance the accumulation of pensions benefits. Retirement policy has been minimally examined by Canadians, if not worldwide (Myles, 2006).[9] The two are strange bedfellows even though a change in one policy noticeably affects the other. In Canada, the way retirement policy is reformed would appear to be primarily through the back door of pension policy which tends to be sensitive to pressures in the market, mainly to remedy whatever the current fiscal imperative. Pension discussions are also the type of debate that marginalizes ordinary Canadians because of the complicated financial niceties that require substantial financial literacy that we know many Canadians do not possess (The Federal Task Force on Financial Literacy, 2010). Indeed, probably many retirement researchers would struggle to conduct a fine-grained, cost-benefit analysis, of defined benefit and contribution pension plans.

Canadian public policy has supported historically low retirement ages that began with the 'early retirement movement' in the 1980s to deal with the dual trend of inflation and recession, the financial plight of older women, unemployment and the pressure of the baby boom on entry-level jobs. As noted above, the story is now slowly changing in favour of later retirement. The changes in retirement policy per se have been few. For example, all provincial governments have recently eliminated contractually mandatory retirement at age sixty-five with the exception of federal employees, but even here the government plans to prohibit this practice as announced in 2010. Pension plan changes are more in evidence. For example, recent changes have been made that support part-time work for some workers, since they are allowed to continue to accrue pension benefits if they work later; the age for contributing to RRSPs was raised to age 71 from age 69 and a tax credit was made available to encourage paid work for low-income earners aged 65 and over by reducing the disincentives to paid employment found in the OAS/GIS programs.

Keeping with the plan to increase the age of retirement, several modifications to the Canadian Pension Plan Act, recommended by the federal, provincial and territorial governments became law and will apply to those retiring in 2012. The new rules will gradually change the pension adjustments for early and late CPP take-up, remove the work cessation test, mandate plan participation for working beneficiaries under age 65 and enhance the general drop-out provision. Removal of the current work cessation test in 2012 will allow individuals to receive a CPP retirement pension as early as age 60 without requiring the person to reduce earnings or stop working. Those individuals under age 65 who elect to receive a CPP retirement benefit while working will be required to continue participation in the plan. Such individuals, and their employers, will still make compulsory CPP contributions. It is important to note that those between the ages of 60 and 65 who plan to apply for a CPP pension early will have their benefits reduced. Those workers age 65 and over may voluntarily elect to continue CPP participation, in which case regular employer contributions will also be required. In other words, early retirement will be penalized and later retirement rewarded. What this means to the employer who will have to continue to contribute to payroll taxes for a longer time frame remains to be seen.

This back door method to increase the age of retirement through pension policy has been suggested many times in the past to reduce the cost of pensions but has never really been successful (Brown, 1995; Hicks, 2003; Lam, Cutt, & Prince, 1996, February). The justifications are many: gains in life expectancy requires re-setting the retirement age (Denton & Spencer, 1996, 2010; Hering & Klassen, 2010); a reduction in morbidity and mortality rules out a sickly labour force (Fries, 1989); retirement goes on too long (Hicks, 2003); generational equity demands it and a later age would be much less expensive (Hering & Klassen, 2010). It is no surprise that France, the United States, Germany, the United Kingdom, and Australia, have already passed legislation that will, over time, raise the age of retirement. But the Canadian public has not had this discussion (Myles, 2006) even though pension policy will shortly begin to influence a later age of retirement. Whether or not this is the desire of Canadians or their collective vision of retirement, remains to be seen, especially for those who are too ill to work, those who lost some of their savings, those who are caregiving and those who maybe unemployed or older immigrants to this country.

Preparing for Retirement: Uncertainty and Risk

Preparation for retirement has implications not only for the timing of retirement, but the retirement experience itself (*c.f.* Topa, Moriano, Depolo, Alcover, & Morales, 2009 for a meta-analysis). Retirement preparation is multi-faceted and runs the gamut from financial planning to use of time. Regardless of the type of planning done in anticipation of retirement, research has shown that those who do more planning report a greater increase in well being (Noone, Stephens, & Alpass, 2009; Schellenberg, Turcotte, & Ram, 2005a; Topa, et al., 2009). As would be anticipated, financial preparation for retirement has received considerable attention in the retirement literature. According to the Canadian Financial Capability Survey (CFCS), 81 percent of Canadians nearing retirement reported that they were financially preparing for retirement in 2009 (Schellenberg & Ostrovsky, 2010). Despite the focus on financial preparation for retirement, however, many older Canadians expressed concerns with their financial preparedness to leave the labour force (Canadian Institute of Actuaries, 2009; Schellenberg, 2004; Schellenberg & Ostrovsky, 2008a). For example, using the 2007 General Social Survey, 61 percent of near-retirees thought that their income in retirement would only be adequate while 19 percent expected their retirement income to be “barely adequate” and 9 percent “inadequate” or “very inadequate”. About 3 percent couldn’t estimate the adequacy of their income for retirement (Schellenberg & Ostrovsky, 2008a).

The perceived adequacy of retirement preparation has been linked to a number of demographic and labour market characteristics, including, gender, marital status, immigration status, and financial status. Women generally speaking, are disadvantaged in planning for retirement compared to men, which has been linked to their lower socioeconomic status (Moen, Sweet, & Swisher, 2005; Noone, Alpass, & Stephens, 2010; Wong & Hardy, 2009). Compared to their married counterparts, those who are widowed, separated or divorced are more likely to indicate their retirement preparation as inadequate (Schellenberg, 2004). This is likely a reflection of the financial penalties that result from the dissolution of a marriage or partnership (McDonald & Robb, 2004). Immigrants, particularly those who have immigrated to Canada since the 1980’s, have expressed concerns with their preparations for retirement. This has been attributed to a number of factors, including differences in pensions coverage - they haven’t been in Canada long enough to build up adequate pensions (Schellenberg, 2004) and difficulties in the labour market (Frenette & Morrisette, 2003).

Not surprisingly, health status also plays a major role in the perception of retirement preparedness, with those in poor health indicating that they are far less prepared for retirement than those in good health (Gupta & Larsen, 2010). This is likely attributable to the limited labor-force participation of near retirees who are already in poor health with implications for their earnings, pension coverage and, ultimately, savings (Schellenberg, 2004). Certain financial characteristics are also linked to concerns about retirement preparation, such as lack of pension coverage, lack of home ownership, having lower personal and household incomes and fewer weeks of employment during the year (Schellenberg, 2004).

All of these characteristics taken together point to those who are the most vulnerable in our society – new immigrants, women, those without partners, those in poor health and those with limited human capital and, therefore, those least likely to prepare. Worse yet, the social media is awash in selling retirement products and offering retirement advice.   Financial Institutions' spend more than $1.5 billion a year, marketing their services to consumers in the United States, and in Canada, through shared media. That's nearly $40 million a week of advertising dollars trying to catch the consumer's attention. Under these circumstances, confusion about retirement planning would not be uncommon nor would the potential for 'bad' retirement plans, especially given the unevenness of financial literacy in Canada. Using data from the Mature Market Survey (MMS) that examined financially distressed consumers' information search behaviors for retirement plans, researchers found that financially distressed consumers sought financial information from media and professional services when making a retirement plan. Income and gender were positively related to the extent of the information search for retirement planning information while financial attitude and retirement income sources were not significantly associated with the information search. The results indicated that there is a great need for financial education programs and efficient financial information delivery for older financially stressed consumers (Kim & Kim, 2010).

The Timing of Retirement

Research on the timing or age of retirement is the most researched area in the retirement literature and has often focused on the role of health and wealth in the retirement decision and its timing (Ekerdt, 2009a). Wealth affords greater opportunities in the retirement decision: those with greater wealth often opt to retire earlier (Barnett, James, Sargent, & Lavoie, 2004). Tied into the whole wealth equation are pensions, particularly employer-sponsored pensions, which especially influence the decision to retire earlier (Baker, Gruber, & Milligan, 2003; Gunderson, 2001; Schirle, 2008). On the other hand, health plays a significant role in the decision too. Retiring due to poor health has been found to be one of the most prevalent reasons cited for retiring (McDonald & Donahue, 2000; Morissette, Schellenberg, & Silver, 2004; Statistics Canada, 2002). Using data from the 2002 General Social Survey, health problems were found to be a consideration for many recent retirees, as 26 percent of them said they would have continued working had their health been better (Schellenberg & Silver, 2004). In 2002, almost 30 percent of those who had retired between 50 and 59 years of age indicated health as the reason for retirement (Statistics Canada, 2002). It comes as no surprise, then, that poor health has consistently been shown to increase the likelihood of entering into early retirement (Compton, 2001; Gunderson, 2001; Schirle, 2005, 2007) and likely interacts with income and wealth (Chappell, et al., 2008; Flippen & Tienda, 2000; Pond, Stephens, & Alpass, 2010). For example, in an analysis of data from the Canadian Survey of Labour and Income Dynamics (SLID), Schirle (2007), examined the effects of health and employer-provided pensions on retirement decisions. By jointly modeling the impact of financial incentives and health on the retirement decisions of Canadians, it was found that both factors have substantial and significant effects on retirement; having poor health increases the likelihood of entering retirement by up to 25 percentage points. In addition, those in poorer health are more uncertain of their retirement plans (Schellenberg & Ostrovsky, 2008a).

Moving beyond the health-wealth debate, the central question is whether the trend toward a later retirement will continue and the reasons behind the trend. Some explanations have been offered in the research (Blau & Goldstein, 2007; Johnson, 2002; Munnell & Sass, 2008) but all have been contested because of the recency of the trend. Examples of factors include the end of mandatory retirement (Shannon & Grierson, 2004), the beginning shift from DB to DC pensions, restructuring and job displacement (Dunn, 2005, December), co-retirement by dual career couples (Compton, 2001; Schellenberg & Ostrovsky, 2008a) and healthier and more educated workers (Mermin, Johnson, & Murphy, 2007). American research, using data from the Health and Retirement Study from 1992 and 2004, found that the mean self-reported probability of working full time past age 65 among workers aged 51 to 56 increased from 27 percent to 33 percent. Lower rates of retiree health insurance, higher levels of educational attainment, and lower rates of defined benefit pension coverage accounted for most of the growth of boomers who expected to work longer (Mermin, et al., 2007). As Ekerdt (2009a, p. 73) notes “If the trend persists, it represents nothing less than a reallocation of work and leisure in later life such that increased life expectancy will now be paid for by employment rather than transfers of resources from younger cohorts.” It means a different type of retirement too.

Forms of Retirement are New

Although the traditional model of retirement assumes a lifetime of steady full-time work followed by a clean break from the labour force, there are other patterns of retirement open to older workers. For example a return to work after retirement is becoming a common later-life trajectory (Duchesne, 2002, 2004; Schellenberg, et al., 2005a). In 2002, about 22 percent of Canadians went back to work after retiring while 4 percent were looking for work but could find none. More retired men then women went back to work (23 percent versus 15 percent) and 38 percent returned to work for financial reasons compared to 55 percent for non- financial reasons (Schellenberg, et al., 2005a). That the respondents were in good health, had postsecondary education, and skills and experience from prior employment in professional and managerial occupations, bodes well for those boomers who may have to return to the labour force.

Another form of retirement that is very popular is gradual or part-time retirement where older workers do not want to move straight from full-time employment to complete retirement. In Canada, 1 in 5 older workers 65 years and over work part-time and two thirds chose to work part-time (Marshall & Ferrao, 2007). A number of earlier studies have shown that more than half of all older workers prefer to exit the labor force this way (Hutchens & Papps, 2005). Many policies makers also view gradual retirement favorably, because workers can extend their careers and thereby improve retirement income security as recent changes to the CPP indicate. However, some scholars are dubious (De Vaus, Wells, Kendig, & Quine, 2007; Gustman & Steinmeier, 2007) that gradual retirement will increase average working lives. Although a favoured mechanism for leaving the labour force, newer research indicates that the change in happiness between the last wave of full employment and the first wave of full retirement, using longitudinal data from the HRS, suggests that what matters is not the type of transition but whether people perceive the transition as chosen or forced (Calvo, Haverstick, & Sass, 2009).

One of the newer forms of retirement is involuntary retirement, which is often masked behind more justifiable reasons such as ‘voluntary’ early retirement plans (Wang

& Shultz, 2010). With an economic downturn, involuntary retirement, due to unemployment, which rose from 6.3 percent in 2008 to 8.5 percent in 2009, will be an important factor in retirement in Canada even though the unemployment rate spiked earlier and higher in the United States at 9 percent, in 2010 (LaRochelle-Côté & Gilmore, 2009). In the *Canadian General Social Survey* 2002, it was found that 26.9 percent of recent retirees indicated they retired involuntarily (Policy Research Initiative, 2004). In the same analysis, the reasons cited for involuntary retirement included: health (42.8 percent), job downsizing (24.9 percent), unemployment (15.2 percent), mandatory retirement policies (15.3 percent), early retirement incentives (13.5 percent), and care for a family member (7.9 percent). The asynchronous and unwanted nature of involuntary retirement has significant consequences for those affected, including financial hardship and negative social, emotional, psychological and physical health issues. As an example, using the HRS, it was found that gender-specific models indicated that unmarried women and those with low pre-displacement incomes had heightened risk for subsequent functional disability. No differential effects of job loss were found for men (Gallo, Brand, Teng, Leo-Summers, & Byers, 2009). Another study showed that estimates indicated that earnings losses associated with displacement rose sharply with age and were larger for those subsequently reemployed in different industry sectors. These findings are consistent with the idea that earnings decline following displacement due to losses of firm-specific human capital (Couch, Jolly, & Placzek, 2009). For this group of retirees, the recent movement towards a later age of entitlement for retirement benefits such as public and private pensions may serve to further penalize an already vulnerable group of retirees.

As an employment option for organizations, bridge retirement, emerged recently when baby boomers' retirement started to create labor force shortages (e.g., AARP, 2005). The fate of the bridge job is likely to change with the economic downturn. Many retirees choose to participate in some form of bridge employment—part time, self-employment or temporary work that follows an individual's long-term or career job and precedes permanent retirement (Davis, 2001, April; Feldman, 1994; Pyper & Giles, 2002; Schellenberg, et al., 2005a; Singh & Verma, 2001; Wannell, 2007a, 2007b). The proportion of individuals age 50 to 69 in bridge employment averaged about 9 percent over the 1999 to 2004 period, going from 7.9 percent in 1999 to 9.7 percent in 2004

(Hébert & Luong, 2008). Bridge employment is important, as it has been shown to redefine retirement through its impact on the transition process into retirement (Ulrich & Brott, 2005; Wang, 2007). Firms may rely more on promoting partial early retirement as a socially acceptable approach to cutting labor costs or more retirees may be hired as contingent workers because organizations will need to maintain flexible access to a skilled and experienced workforce (Greller & Stroh, 2003). On the other hand, from the individual's perspective, older workers today may be more interested in hanging on to their career jobs and the importance of bridge jobs could wane. This could be a problem because Wang (2007) found that bridge employment helped retirees maintain their psychological well-being during the retirement transition process, and in another study showed that health outcomes following bridge employment were superior compared to those who took complete retirement (Zhan, Wang, Liu, & Shultz, 2009).

Family Contingencies

The life course perspective has drawn attention to the family as a salient life domain that may influence retirement and employment status through the obvious, - that life trajectories are linked over the life course (McDonald, 2006; Szinovacz, 2006; Szinovacz, 2003). In 2002, more than two million family members and friends aged 45 years and older reported assisting an older adult because of the person's long-term health condition (Cranswick, 2003). In 2007, the number of caregivers aged 45 years and older increased by over 670,000 to 2.7 million caregivers (Cranswick & Dosman, 2008). While both men and women provide care, it is women who shoulder the majority of care for older adults (Pyper, 2006; Stobert & Cranswick, 2004). The research indicates spouse's working status, spousal support, and marital and dependent care status have been shown to be related to retirement decisions (An, Christensen, & Gupta, 2004; Gustman & Steinmeier, 2004; Henkens, 1999; Henkens & Tazelaar, 1997; Henkens & Van Solinge, 2002; Moen, Huang, Plassmann, & Dentinger, 2006; Moen, Kim, & Hofmeister, 2001; Szinovacz & Davey, 2005; Szinovacz, DeViney, & Davey, 2001). At the same time, there are studies (e.g., Wang, Zhan, Liu, & Schultz, 2008) that have shown other family-related variables, such as marital status and quality, were not related to retirement decisions. Because there have been relatively fewer studies investigating this type of antecedent, it is still too early to draw conclusions. Married retirees usually adjust better than single or widowed retirees (e.g., Pinquart & Schindler, 2007), but this beneficial effect disappears when their spouses are still working (e.g., Moen, et al., 2001; Wang, 2007). Retirees with happier marriages (e.g., Rosenkoetter & Garris, 1998; Szinovacz & Davey, 2004; Wang, 2007) and fewer numbers of dependent children (e.g., Kim & Feldman, 2000; Marshall, Clarke, & Ballantyne, 2001) are more likely to achieve better retirement adjustment outcomes. Finally, van Solinge and Henkens (2008) showed that losing a partner during the retirement transition had a negative impact on retirement satisfaction.

There are three developments in the family research that will have to be closely monitored because they will affect both the timing and quality of retirement (McDonald, 2006). For example, Schellenberg et al., (2006) provide evidence that the interdependence of men and women in dual career couples is fast changing, heralding new relationships that affect retirement. Among dual-earner couples in the 2001, 29 percent of the spouses retired within two years of each, falling within the ranges found in other countries of 20 to 40 percent (Blau, 1998; Gower, 1998; Hurd, 1990; Johnson, 2004; O'Rand & Farkas, 2002). While a significant proportion of couples still retired jointly, the most prevalent pattern was for women to retire after their husbands, some times up to five years later leading some researchers to suggest that the process between spouses is becoming disjointed and more independent (Schellenberg & Ostrovsky, 2008b). It seems that retirement has become a serious undertaking for women who are usually a couple of years younger then their partners, an issue that may become more important as more women complete the full work-retirement cycle. A related challenge is that the age-differential between spouses makes it difficult for couples to retire at the same time anyway because of age requirements found in pension policies.

The second issue is the retirement of both men and women to caregive. In her analysis using data from the 2002 General Social Survey Pyper (2006), found that 21 percent of women 45 to 64 who were caregivers reported that the need to provide care would be a likely reason for retirement, compared with 13 percent of women 45 to 64 who were not providing care at the time. For men, non-caregivers aged 45-64 mentioned this reason only slightly more often than caregivers (11 percent versus 9 percent). Another way of looking at the problem is that 14 percent of Canadian workers age 55 and over reported being dissatisfied with their work–life balance in 2005. Close to one-half of those who were dissatisfied felt they spent too much time on the job, while over one-quarter indicated that they did not have enough time for their families. Financial considerations appeared to be a major factor making it difficult to cut back on hours. Work–life balance dissatisfaction among these workers was associated with having a disability, providing elder care, working long hours, occupying a managerial position and being a woman (Uriarte-Landa & Hébert, 2009).

Retiring to caregive usually occurs prior to even early retirement and can result in the loss of wage income, the ability to invest and make contributions to pension plans. Caring for grandchildren may also necessitate time out of the labour force or retirement, with similar consequences to those retiring to caregive for older adults. In fact, the economic impacts may be even greater for grandparents raising grandchildren. Using data from the 1996 Census of Canada, Fuller-Thomson (2005), found that many grandparents raising grandchildren were living in extreme poverty; more than 30 percent of such families had household incomes under $15,000 per annum. Part of the financial difficulties may be attributed to the fact that more than half of grandparent caregivers were not in the labour force. These findings are of particular relevance to women, as in 1996, three in five grandparent caregivers were female.

Life as a Retiree

Canadians have been very pleased with their retirement over the years. Analysis of data from the 1989, 1992 and 2002 General Social Surveys indicate that Canadian retirees enjoy life either more or the same as the year prior to retirement (Alan, Atalay, & Crossley, 2008). Of course, health and wealth are closely related to happiness in retirement: those whose health or financial situation had deteriorated since retirement were most likely to indicate their enjoyment of life had decreased since retirement (Schellenberg, Turcotte, & Ram, 2005b). Of the two, health concerns were more often cited as a reason for a decrease in enjoyment of life following retirement (Alan, et al., 2008).

Given the global economic meltdown, notwithstanding that Canada has supposedly emerged unscathed, what could be wrong? For example, the market is up, and investments have almost returned to pre-recession levels, banks are making profits and the financial stability provided by the public pension system (C/QPP, OAS, GIS) helps to lessen risk although not so much for the poor (LaRochelle-Côté, Myles, & Picot, 2008; The Daily, 2008, March 10). A few factors may, however, may have negative affects on retirement

Originally, the pension system was intended to provide an income replacement rate for the average worker corresponding to 60 or 70 percent of the level of earnings prior to retirement. Public pensions were intended to pick up approximately, 40 percent of public pension retirement income. The current cohort is better off than previous cohorts but their advantage is largely related to the higher levels of private pension benefits received by the more recent cohorts, which in turn reflects higher earnings levels during their working years. Whether these increased benefit levels will continue for future cohorts is unknown but it is clear that private pension coverage has been falling among younger workers, and it could affect their benefits levels at retirement (LaRochelle-Côté, et al., 2008). It is also evident that RRPs have declined in the last while (Baldwin, 2009) and it is well known that changes in the economy will definitely influence the amounts of private pensions. While almost inconceivable, the number of older adults in Canada, living below poor income cut-off measures, rose sharply between 2007 and 2008, the largest increase amongst any group (Campaign 2000, 2010). While older adults had already started to work later in life before the downturn, it seems like some retirees may have to go back to work if they wish to maintain their retirement income. Add to this the "blame the victim" message that chastises Canadians for not saving enough for retirement, in spite of the global financial downturn (Baldwin, 2009; The Federal Task Force on Financial Literacy, 2010) adds to the sense of crisis.

Retirement is Lost

Having reviewed only a small part of the enormous body of research on retirement, the data seems to lean towards the emergence of a different retirement, insofar as the collective Canadian vision of retirement is lost, notwithstanding the economic meltdown in global markets. As researchers, we still can't define or clearly explain retirement because it is the result of a life-lived and is a moving target that becomes more and more complex. The trend to a later retirement, meaning a shorter retirement, is already occurring and changes are underway to officially increase the age of retirement in the Canada Pension Plan. To think that this is a Canadian-made solution is to ignore considerable global pressure to move as quickly as possible for privatization, even the though the plan is solvent. The timing of retirement is likely to become more difficult for many sub-groups like those who are ill, lose their jobs, are poor, women caregivers and new immigrants, especially if the retirement is involuntary – a good possibility and one of the more powerful new variables in the study of retirement and its aftermath. The sense of uncertainty and the management of more risk by individual Canadians is a troubling reality exacerbated by their lack of financial literacy and, we would add, the financial literacy of those "counseling" them to part with their hard-earned money so they can plan for retirement. To think that Canada may have gone full-circle back to poverty in retirement is astounding and can only be temporary if the public pension is left intact. The final thoughts that come to mind are, where are the voices of the social gerontologists on retirement issues, and who is really benefiting from the current pension non-debate and ensuing panic that already is influencing the retirement behaviour of Canadians?

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End Notes

[1] Some state that retirement is a target in motion because it is the handmaiden of the ever-changing economy and is used as a tool to manipulate the size of the labour force when the economy is poor (Halliwell, 2009; Phillipson & Smith, 2005; Walker, 2006).

[2] The pension system of Canada has three pillars: the first pillar is comprised of public plans (Old Age Security, the Guaranteed Income Supplement and the Canada/Quebec Pension Plans for paid workers); the second, employer-sponsored plans (RPPs, deferred profit-sharing plans and group registered retirement savings plans [group RRSPs]); and the third, personal savings—including registered retirement savings plans (RRSPs) (Baldwin, 2009; Gougeon, 2009).

[3] Registered pension plans are made up of defined-benefit (DB), defined-contribution (HRSDC) and hybrid/mixed (H/M) plans. For employees, DB plans provide some security because benefits are predefined, and the investment risk rests mainly with employers while with DC plans, the retirement risk rests with the employee because retirement benefits are entirely dependent on contributions and plan performance. Generally, when economic times are poor DB plans are better and when economic times are strong DC plans are better (Gougeon, 2009).

[4] The need for reform of the regulation and design of employer pension plans for Canadians generated provincial reviews between November 2008 and January 2009 by Ontario (*A Fine Balance: Safe Pensions, Affordable Plans, Fair Rules,* prepared by the Ontario Expert Commission on Pensions), Alberta and British Columbia (*Getting Our Acts Together: Pension Reform in Alberta and British Columbia,* Joint Expert Panel on Pension Standards), and Nova Scotia (*Promises to Keep*, Pension Review Panel). The reasons for the inquiries were such issues as declining coverage, the financial problems of defined-benefit plans, the emergence of hybrid alternative plan designs, the lack of harmonization and a common legal framework, and unresolved legal and regulatory issues (c.f. Baldwin & Fitzgerald, 2010 to compare provincial recommendations).

[5] The crisis approach is an enduring theme in retirement research stretching back to the early 1950s when retirement was considered a chronological guillotine where death immediately followed retirement (MacLeans, 1961).

[6] Gustman and Steinmeier (2001) proposed a measure of retirement based on meeting four criteria to be retirement: left main employer, be working fewer hours than before, the hours fall below some minimal level, and the person sees themselves as retired.

[7] It is important to note that women may have their own pensions but their position will likely only be better if they have RPPs that are secure because the C/QPP, RRSPs and investment savings all depend on earnings and length of time in the labour market. Women still work in the traditional female occupations. In 2006, 67 percent of all employed women were working in one of teaching, nursing and related health occupations, clerical or other administrative positions or sales and service occupations compared with 30 percent of employed men (Statistics Canada, 2007, p. 9). The female-to-male average earnings ratio was 71.3 percent in 2008, faint progress from 65.3 in 1988 (Statistics Canada, 2010).

[8] In the public sector, the RPP coverage rate was 84 percent; in the private sector it was just over 25 percent (The Daily, 2010, May 25).

[9] An important exception was the announcement of the Government of Canada in 1985 that beginning in 1987 persons entitled to a Canada/Québec Pension Plan benefit would be permitted to draw benefits at any time between the ages of 60 and 70 with the benefits adjusted downward if the person was under age sixty-five (McDonald & Wanner, 1990).

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