

# A CRISIS IS LOOMING FOR AGING BOOMERS



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It is almost impossible to engage a baby boomer in conversation without touching on the subject of aging parents. Just as their children are abandoning the home for university, the work force, marriage or parenthood, baby boomers' attention is now being focused on the challenges of caring for old and sometimes sick parents. This new preoccupation is a relatively recent phenomenon for Canadians and represents one of our most challenging public-policy issues.

The number of seniors in Canada has more than doubled in the past 25 years. At the same time, life expectancy has also increased the pool of elderly Canadians. As a result, there will be more than 4.3 million Canadians

over the age of 65 in 2006 and almost eight million in 2026.

One significant product of these circumstances is that this emerging cohort of seniors will have to rely increasingly on family for informal care, as their larger numbers will increase the demand for institutional support that is currently not available. In a recent study, the Caledon Institute of Social Policy describes the profound impact that aging currently has on caregivers, families, workers, the labour pool and employers.

As an example, it highlights how caregiving increasingly affects labour-market activities as family members search for new workplace arrangements that give them flexibility in dealing with their parents' changing needs. It also asserts that the "aging of the population and the increase of the 'oldest old' has hampered the ability of caregivers to provide the care that is needed to maintain an independent senior population who reside in their own homes."

Given the expected increase in health-care spending — in particular

for the frail elderly — another key policy challenge is to develop a framework beyond the parameters set out in the recent health accord that covers health- and long-term care services for the elderly. Almost all countries that are part of the Organization for Economic Co-operation and Development have recognized how aging-related policies need to be re-examined in light of the growing demand for services among the aging population. As a result, it is not surprising that the OECD has argued in a recent publication that "the earlier this reform process begins the better."

**As more and more Canadians spend less time in the workforce, we may have to look for ways to extend working opportunities by limiting incentives to retire early.**

Three problem areas in the current retirement-income system have been highlighted in recent research.

- There is a growing imbalance in the time spent in work and in retirement, as more people opt to take early retirement.
- Another challenge is to change the mix of different retirement-income systems. Many Canadians rely on public and private pension schemes and

their personal savings to finance their retirement. While these three sources can be very generous to the highly paid employee, according to the OECD, only one in three Canadians has access to an employer-provided pension plan, and very few Canadians have sufficient savings to make retirement as comfortable an experience as they had hoped.

- Finally, there are vulnerable groups among the retired that require special attention. In particular, these include older women who have had no attachment, or a very weak one, to the work world and who are living alone. This is especially the case if these women are single, as they are most likely to be poor.

What has to be done? One out-of-the-box proposal from the C. D. Howe Institute is to allocate some of the recent budget surpluses to create a seniors' health account that anticipates the cost of the aging baby-boomers' health care and shields their children from future massive cash requirements. "Establishing a seniors' health grant and particularly pre-funding it through a seniors' health account would put Canadians in better shape to deal with the demographic challenge to publicly funded health care," says the institute.

One practical observation is that we need to develop a new attitude toward

our aging population. In time, as the baby boomers approach senior-citizen status, we will likely see that living longer means we have better opportunities to contribute to society and to enjoy an active life over a longer period. That means we will have to find more effective ways of easing the transition for citizens to move in and out of the workforce and volunteer sector.

Increases in life expectancy, and the fact that young Canadians are taking longer to enter the work world, mean the imbalance between periods spent in and out of the workforce has been growing dramatically. Under current practices, Canadians will spend less time in full-time employment relative to their life expectancy than ever before. As a result, in the not-too-distant future, we may be forced to look at ways to extend working opportunities by limiting the incentives to retire early.

These are only modest and inadequate proposals to deal with such a major social adjustment. At a minimum, we need to develop an ongoing dialogue with the key stakeholders around the challenges of aging parents and the shifting demographic profile of Canada.

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