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Demographics and Old Age Security

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Touching financial benefits for seniors is a dangerous game for politicians. When Prime Minister Stephen Harper broached the topic of reforms to Old Age Security payments at the end of January 2012, the result was a political firestorm. When thought of gradually raising the retirement age from 65 to 67 came up, out came the knives. How could the Prime Minister throw seniors under the bus, when they had just lost a huge portion of their retirement to corrupt Wall Street bankers?

Parliamentary Budget Officer Kevin Page weighed in, stating that with current projections for economic growth, the government would have no problem funding OAS and could even increase it. [1]

The undercurrent of these reactions is the belief that it would be unjust to deviate from the status quo. All this while our demographic situation is entering a time that has not been seen before. The consequences of this shift are real and profound. The longer Canada waits to begin to deal with these consequences of demographic change, the higher the price will be to future generations.

Within a few years Statistics Canada indicates the number of seniors over 65 will outnumber those 14 years and under for the first time in Canadian history. [2] At the same time, they predict that the ratio of workers to retirees will shrink from less than 5:1 in 2005 to a projected 2:1 in 2056. [3] Research shows that per capita health costs increase dramatically the older we get. [4] Growing older also entails higher health care costs for that reason.

Prior Institute of Marriage and Family Canada research shows that as a society we need to grapple with how we are going to care for our senior citizens now that the Baby Boom generation is entering retirement. We have found that the demands on long-term care homes in Ontario will increase exponentially just as large numbers of staff members are reaching the age of retirement themselves. [5]

Governments need to balance budgets and pay down debt. Dr. Ian Dowbiggin, history professor at the University of Prince Edward Island wrote as early as 2006: "From the prestigious pages of *Foreign Affairs*, the *New York Times*, the *Washington Post*, the *Wall Street Journal*, and Germany's *Der Spiegel*, to a rash of new books, experts predict this 'birth dearth' in many countries could cripple future generations. As the baby boomers approach retirement age and the pool of young workers shrinks, anxious governments wonder if costly social programs such as medicare and social security will survive in the coming years." [6] Keeping spending on seniors under control is a necessary part of this scheme, while at the same time, everyone will be effected by the necessary changes.

The fact of the matter is that governments need to start preparing for these changes now. Individual Canadians need to consider future generations before writing off proposed changes as too draconian. If the retirement age is raised to 67 now, it will very likely need to be raised even more for the next generation.

Governments, as in all things, are limited in what they can do to address the issues of an aging population. As a result, family and community will need to be well prepared. Children and grandchildren need to discover ways in which to better care for aging parents and grandparents. Health care delivery models need to allow people to stay in their homes as long as possible. Employers, where possible, should consider instituting flex time to allow employees to care for aging parents. [7] Colleges and universities could consider expanding degrees aimed at offering services for the growing senior population.

We welcome efforts by any government to tackle the issue of population aging in Canada. And we challenge all Canadians to plan for the future in a way that does not depend on government.

Sacrificing the future of our children and grandchildren for the sake of the status quo simply isn't an option. We can't keep our heads in the sand, while the demographic earth is shifting beneath us.

Endnotes

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- [1] Page, K. (2012, February 16). Letter to parliamentarians. Ottawa: Office of the Parliamentary Budget Officer. Retrieved from http://www.parl.gc.ca/pbo-dpb/documents/Letter_to_Parliamentarians.pdf
- [2] Statistics Canada. (2010). Population projections for Canada, provinces and territories. p. 16. Retrieved from <http://www.statcan.gc.ca/pub/91-520-x/91-520-x2010001-eng.pdf>
- [3] Statistics Canada. (2010). Healthy people, healthy places. See dependency ratio. Retrieved from <http://www.statcan.gc.ca/pub/82-229-x/2009001/demo/dep-eng.htm>
- [4] Miedema, D. (2009). Care-full? The demographic crunch and senior care in Canada. Ottawa: Institute of Marriage and Family Canada. Retrieved from <http://www.imfcanada.org/issues/care-full>
- [5] Miedema, D. (2009, September). Getting ready for the boom. Ottawa: Institute of Marriage and Family Canada. Retrieved from <http://www.imfcanada.org/issues/getting-ready-boom>
- [6] Dowbiggin, I. (2006). Where have all the babies gone? Ottawa: Institute of Marriage and Family Canada, p. 1. Retrieved from <http://www.imfcanada.org/issues/where-have-all-babies-gone>
- [7] Miedema, D. (2009). Care-full? The demographic crunch and senior care in Canada.