

Planning for Tomorrow's Seniors

DISCUSSION GUIDE



Demographic Planning
Commission

Summer 2008

www.TomorrowsSeniors.alberta.ca

Alberta

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PLANNING FOR TOMORROW DISCUSSION GUIDE

INTRODUCTION

Like those in most western jurisdictions, Alberta's population is aging. This is due to lower birth rates, longer life expectancy, and the aging of the very large population group known as the "baby boomers."

Alberta needs to prepare for this reality. The Demographic Planning Commission (the Commission) has been established to help lay the groundwork for those preparations.

"Alberta's population is aging. The Demographic Planning Commission will work with Albertans and experts to look at the shared roles of governments, communities, families and individuals in meeting the needs of future seniors, as well as the principles and values underlying these roles. "

The Honourable
Mary Anne Jablonski,
Minister of Seniors and
Community Supports

The Commission will work with Albertans and experts to look at the shared roles of governments, communities, families and individuals in meeting the needs of future seniors. The Commission will examine the principles and values underlying these roles. And it will ask Albertans about how they think public programs, services and supports for seniors should be allocated and sustained over the long term.

The Commission's work will help inform a new Aging Population Policy Framework, which will help guide Alberta over the longer term in addressing the needs of future Albertans aged 65 and over.

The Demographic Planning Commission

Premier Stelmach issued a mandate to the Minister of Seniors and Community Supports to establish a Demographic Planning Commission to provide analysis and examine issues relating to the needs of Alberta's aging population.

On May 29, 2008, the Honourable Mary Anne Jablonski, Minister of Seniors and Community Supports, announced the membership of the Commission.

The Commission is chaired by George VanderBurg, MLA Whitecourt-Ste. Anne, who is also Chair of the Seniors Advisory Council for Alberta.

The Commission's members are:

- Dr. David Hogan – Head, Division of Geriatric Medicine, University of Calgary;
- Dr. Daniel Lai – Professor, Department of Social Work, University of Calgary;
- Dr. Herb Northcott – Professor, Department of Sociology, University of Alberta;
- Martha Parker – Past Co-Chair, Alberta Non-Profit/Voluntary Sector Initiative;
- Dr. Mike Percy – Dean, School of Business, University of Alberta;
- Donna Lynn Smith – Past President, Alberta Association on Gerontology; and
- Don Szarko – Manager, Advocacy and Community Services, Alberta Motor Association.

The Commission is holding sessions with key subject matter experts and stakeholder organizations.

To participate by filling out the Demographic Planning Commission's online survey, please go to:
www.TomorrowsSeniors.alberta.ca

It is also seeking public input from Albertans through written submissions and an Internet-based questionnaire.

The Commission will report on its findings to the Minister of Seniors and Community Supports. This report will help inform the Minister in the development of a new Aging Population Policy Framework for Alberta.

This discussion guide provides some facts and trends concerning seniors and asks some questions about the issues facing an aging Alberta.

BACKGROUND

Alberta's Population is Aging

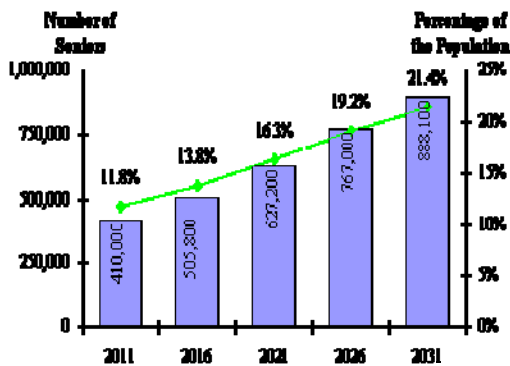
The average age of Alberta's population is rising. This is due to a number of factors, including lower average fertility rates and increases in Canadians' life expectancy.

It is also heavily influenced by the aging of the "baby boomer" generation. The baby boomer generation is defined by Statistics Canada as the group of individuals born between 1946 and 1965. As this large group approaches and enters its senior years, it will significantly contribute to the aging of Alberta's population.

In Alberta, a "senior" is defined as a person who is 65 years of age or older. Therefore, the first baby boomers (born in 1946) will become seniors in Alberta in 2011.

The population of seniors in Alberta has been growing steadily for years. Between 1974 and 2005, the number of Albertans aged 65 and older increased by 162%. In 2005, seniors comprised about 10.5% of Alberta's population. However, this was lower than the national average of 13%.

Projected Population of Seniors



The Effects of the Baby Boom

Due to their sheer numbers, baby boomers have influenced, directed and commanded changes in cultural trends, consumerism, social policy and the economy for decades. Their influence as a major population group is expected to be no less pronounced as they reach age 65 and beyond.

Alberta currently has over 370,000 seniors, or about one in 10 Albertans. About 1,000 additional Albertans are added to this number each month. This gradual growth is expected to continue until 2011.

As members of the baby boomer generation begin to turn 65 in 2011, the rate of growth of Alberta's senior population will increase very rapidly.

The number of seniors in Alberta is expected to increase by more than 40% over 10 years, to about 555,000, and will double today's number in less than 20 years.

How will the lives of baby boomers evolve over their senior years?

As the final baby boomers reach age 65 in 2030, it is estimated there will be over 880,000 seniors in Alberta. Based on Alberta's population projections, this means that **over one in five Albertans will be a senior**.

What will the impact be on public policy and the need for services?

These population projections raise important questions about how Alberta will prepare for future seniors. In particular, there needs to be serious consideration given to how the lives of baby boomers will evolve as they enter their senior years and the impact this will have on public policy and the demand for services.

Baby boomers have views different from those of previous generations throughout their lives. How will they view retirement?

Baby boomers have had different perspectives than preceding generations throughout their lives. As seniors, it is anticipated they will continue this trend, and that they will view retirement, community involvement, labour force participation, and a number of other factors differently.

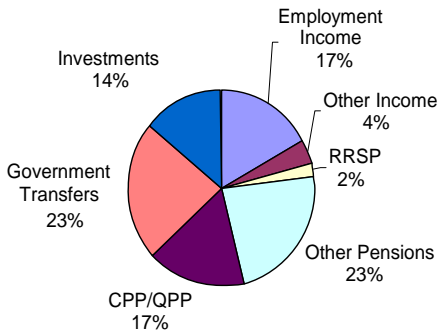
Financial Perspectives About Senior Years

The average income of seniors has been steadily rising over the last 25 years. The average pre-tax income of seniors families in Alberta was \$56,200 in 2004, up from \$44,200 in 1984 (based on 2004 constant dollars). This is an increase of over 27%. Seniors are also receiving larger proportions of their income from savings and investment vehicles, including Registered Retirement Savings Plans (RRSPs), Registered Pension Plans (RPPs), and private investments (e.g. stocks, bonds, mutual funds, T-bills, etc.) Consequently, the proportion of income coming from government transfers has been declining.

Some statistics from 2004 illustrate the changing financial circumstances of seniors in Alberta:

- About 60% of seniors' average income came from sources not related to government transfers. The majority of this was from private pensions, employment earnings, and investments.
- Approximately 62% of seniors had some form of private investment income (including dividend income and interest income).
- Almost 55% of seniors received income from other pensions (such as private pensions), outside of Canada Pension Plan or Old Age Security benefits.

Alberta Seniors Income Sources, 2004



These trends are expected to continue in regards to baby boomer seniors. Public opinion surveys conducted in the last few years have revealed some financial expectations among future seniors:

- 61% of Canadian baby boomers still have a mortgage. However, a significant majority (83%) think it is important to have their mortgage paid off entirely before retirement, with 63% saying it is “very important”.¹
- Almost two-thirds of baby boomers (65%) express willingness to sell their assets to fund retirement. Almost a third (30%) of baby boomers intend to use this strategy.²
- The vast majority of Albertans (83%) say that the amount of money they will need in retirement is a very important factor in deciding when to retire. This is much higher than the national average (69%), suggesting that Alberta’s future seniors are very conscious about financial needs in retirement.³
- Future Canadian retirees appear to place strong reliance on their own financial resources. Nearly three in 10 (28%) say their primary source of income in retirement will be their employer pension plan. Almost an equal number (27%) expect that their primary source of income in retirement will be income from their own investments. Only 17% say their largest source of income will be a government pension.⁴

Future seniors who are working in Alberta today are also benefiting from a strong economy with steady job growth.

From 2003 to 2007, the number of people employed in Alberta increased from 1,716,660 to 1,959,445, for an average annual increase of 60,696. In 2007, Alberta’s employment rate was 71.5%, compared to the Canada-wide rate of 63.5%. During 2007, a total of 78,986 full-time jobs and 9,789 part-time jobs were created.⁵

¹ RBC 15th Annual Housing Survey, conducted by Ipsos-Reid, January 17-21, 2008.

² BMO State of the Baby Boomer Study, conducted by The Strategic Counsel, May 24-June 5, 2006.

³ 18th Annual RBC RRSP Poll, conducted by Ipsos-Reid, October 23-November 5, 2007.

⁴ Ibid.

⁵ 2007 Annual Alberta Labour Market Review, Alberta Employment and Immigration.

Secure Living Arrangements in Senior Years

The vast majority of Alberta's seniors live in urbanized areas. In 2001, 81% of Alberta's seniors lived in urban areas. 60% of seniors lived in the two census metropolitan areas of Edmonton and Calgary. Older seniors, in particular, tend to reside in urban areas.

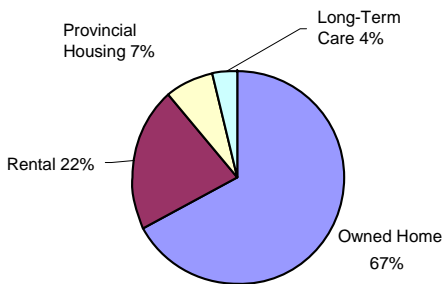
Seniors also are staying in private housing, mostly in homes that they own. Roughly two-thirds (67%) of seniors were homeowners in 2001. Seniors have the highest percentage of home ownership among Albertans, and a very high percentage of them (84%) had paid off their mortgages in 2001.

In 2001, 90% of seniors lived in one- or two-person households. Two-person senior households were more likely to occur in rural areas than in urban areas. About 13% of Alberta households headed by a senior had children living in their home.

Baby boomers are likely to continue current trends of staying in private residences, especially their own homes, during their senior years. 60% say they prefer to stay where they currently live when they retire.⁶

As a group, baby boomers also exhibit high levels of home ownership: 80% of baby boomers currently own a home, and nearly one in five (19%) own a second house.⁷

Where Alberta Seniors Live, 2001



⁶ *Supra*, note 2.

⁷ *Supra*, note 3.

Alberta baby boomers see themselves as being mobile in their senior years – almost half indicate that they will be moving into a smaller home and 55% anticipate moving to a different climate.

Ipsos Reid

An Ipsos-Reid survey from earlier this year revealed a number of preferences among Alberta baby boomers about living arrangements in retirement:⁸

- 95% report that their parents or in-laws do not currently live with them.
- 89% wish to live within walking distance of most services they need, such as grocery stores and doctor offices, during retirement.
- Over three-quarters (77%) expect to live in areas where there is a mix of older and younger residents.
- The vast majority (88%) would like a home suited to entertaining family and friends; the same proportion would like a home with everything they need or want on one floor.
- About one-quarter (24%) express the likelihood of moving to a condominium.

Baby boomers also anticipate changes to their living arrangements that will allow them to live comfortably, easily and actively with few chores or maintenance.

Nearly half (47%) indicate they will be moving to smaller home in retirement, and nearly six in 10 (59%) express interest in a newer constructed home with the latest designs and features. A significant majority (81%) say it is not likely they will do major remodeling of their home, and most do not wish to purchase a home that requires upgrading as a “project”. Over three-quarters (78%) expect to hire maintenance services for their homes such as grass cutting and snow shoveling.⁹

The same survey found that of all age groups, Albertans of retirement age (55%) are most likely to move to a different climate, and most likely to want a home that is close to nature (92%). Retirement-age Albertans are also more likely to move to be closer to friends and family (54%) or into a condominium (40%).

⁸ *Supra*, note 2.

⁹ *Supra*, note 3.

Healthy Living in Senior Years

As noted earlier, Alberta seniors are living much longer. Between 1971 and 2003, there has been an 18% increase in life expectancy from age 65. The average Alberta senior who now turns 65 is expected to live for another 21 years. This has significant implications for programs, actuarial planning, and retirement lifestyles.

And, Alberta seniors are getting healthier. In the *2004 Public Survey About Health and the Health System in Alberta* conducted by Alberta Health and Wellness, 78% of Alberta seniors reported they enjoyed excellent, very good or good health.

In 2003, Statistics Canada reported:

- Only 12% of seniors consider themselves daily or occasional smokers, much lower than the proportion of the total population (23%).
- Nearly four in 10 Alberta seniors report being physically active, although just over half admit to being inactive.

Who will care for aging boomers?
About one-third (34%) of Canadian baby boomers are currently assisting aging relatives, and 36% of those who are not caring for an aging relative expect to do so in the future. However, only 26% of baby boomers report having a plan in the event they personally need assistance in the future.

BMO Financial Group

About 44% of Alberta seniors reported disabilities in 2001. Of these, 34% reported a severe or very severe disability, meaning that about 15% of all Alberta seniors had this condition. Most seniors disabilities are related to mobility, pain or hearing.

On average, Alberta seniors also spend less money on health-related services and supports than non-seniors. In 2004, Alberta seniors spent an average of \$1,733 each on health, including health care supplies, pharmaceutical products, eye-care, and health insurance premiums. By comparison, non-seniors in Alberta each spent an average of \$2,220.

Future seniors are expected to continue the trend of improved health, in part because they have had greater opportunities for higher education and to earn greater incomes as compared to those in previous generations. However, future seniors are also experiencing rising rates of obesity and higher rates of hypertension, arthritis and diabetes.

In addition, nearly six out of 10 Albertans (58%) say their health care needs rank in “high importance” when considering retirement. Nearly half of Albertans (48%) expect to use some of their retirement savings to pay for health care.¹⁰

¹⁰ *Supra*, note 4.

Rising rates of chronic diseases such as hypertension, heart failure and diabetes will challenge baby boomers and the system.

The findings from one study in March 2007¹¹ also suggest that baby boomers are currently spending time caring for their senior parents, but may not be making sufficient plans for their own care in senior years. About one-third (34%) of Canadian baby boomers are currently assisting aging relatives, and 36% expect to do so in the future. Only 26% of baby boomers report having a plan in the event they personally need assistance in the future.

High Quality of Life and Involvement in Senior Years

What needs to be adapted to help people remain independent, manage their conditions and develop collaborative approaches with professionals and caregivers?

Seniors in Alberta stay in the labour force longer than other Canadians. Alberta has the second-highest median age of retirement in Canada, at 63.7 years, and this has been increasing over the last number of years.

In 2003, Alberta's seniors were more active in the workforce than the national average, with over 17% of senior males and about 6% of senior females in the workforce. Approximately 58% of employed seniors worked full-time. Employed senior females in Alberta are far more likely to work part-time (62%) than employed male seniors (32%).

A continuing trend is that more Alberta seniors in the workforce are opting for self-employment. About half (51.4%) of Alberta seniors in the workforce were self-employed in 2003, up from 39% in 1981. A greater proportion of rural seniors (31.6%) than urban seniors (10.2%) were in the workforce in 2003.

Alberta boomers expect to stay in the labour force longer, remain active and stay involved with their communities.

Over a third of Alberta seniors participated in volunteer work in 2004, and contributed more hours on average than non-seniors (254 hours per year versus 166 hours per year). The vast majority (83%) also made donations to charities.

What role will public and personal transportation play in their plans?

Future Alberta seniors expect to stay in the labour force longer. A significant majority of Albertans (83%) say they would continue to work even if they thought they had enough money to retire. Almost six in 10 Albertans (59%) say they would work part-time or occasionally even if they had enough money to retire, which is higher than the national average (53%).¹²

How can traffic planning and vehicle design contribute to safer driving by seniors?

Over 61% of future Alberta seniors say they plan to "work as long as possible," which is also higher than the Canadian average (56%). And

¹¹ *BMO Financial Group*, conducted by Ipsos-Reid, reported March 29, 2007.

¹² *Supra*, note 4.

three-quarters of Albertans say they are confident they can return to the workforce during their retirement if they think they need additional income.¹³

Based on current educational trends, future generations of Alberta seniors are expected to have attained higher levels of formal education. They may also exhibit a greater desire to engage in lifelong learning.

The seniors of tomorrow, especially baby boomers, are likely to put a priority on lifestyle pursuits, including fitness and recreation. There may be much greater demands placed on Alberta communities for investments such as recreation facilities and programs.

Future seniors are likely to desire greater mobility, consistent with their changing attitudes about labour force involvement, active retirement lifestyles, and community involvement. Transportation options and accessibility may be a prominent area of concern among future seniors, but the extent to which their concerns will differ from today's seniors is unknown. The ways in which they expect to receive government services may also be different; they may have higher expectations for internet-based services rather than traditional bricks-and-mortar delivery methods.

Future seniors will also be living in a more diverse Alberta than previous generations. In-migration from other provinces has steadily increased, and Alberta is now the fourth-largest immigration-receiving province.

In 2006, 58% of Alberta's population growth was attributable to inter-provincial migration. Another 20% of Alberta's population growth came from immigration, with China, India and Philippines being the top three countries of origin for new Albertans.¹⁴

The diverse makeup of Alberta's population may have an impact on the nature and scope of support that future seniors require.

¹³ *Ibid.*

¹⁴ *Alberta Immigration Facts and Figures*, Alberta Employment and Immigration, November 2007..

PLANNING FOR THE FUTURE

What we know about the baby boomer generation, and other future generations - like the “echo” generation - suggests that their needs and priorities in their senior years may be quite different from the needs and priorities of today’s seniors.

As a large demographic group, baby boomers in particular have been trendsetters for decades, and have influenced private sector trends, consumer products and services, and public policy choices.

As they turn 65, the attitudes of baby boomers about their senior years and their desired lifestyles during these years will likely continue to have the same influence. Consider aspects of life such as:

- the size of price labels on goods sold in stores;
- the design of highways, roads, signage and road markers;
- the size, cost and features of new vehicles;
- the standard features available in new homes and condominiums;
- the degree of health care choices available; and
- the new and various kinds of financial instruments that are or will become available (e.g. tax free savings accounts, reverse mortgages, etc.).

Some or all of these will be influenced by the baby boomers, as companies and organizations adjust their business practices to respond to new and changing demands in the marketplace.

Governments will also be under pressure to respond to the changing needs and circumstances of this new group of seniors, as they comprise a much larger segment of the population.

The Alberta government offers a number of programs and services based on the needs of today’s seniors. Some of these programs are for seniors in need. Other programs are delivered universally to all seniors, regardless of their economic and social circumstances. (For example, for the past several years all seniors received a full subsidy for health care premiums, meaning no Alberta senior needs to pay these.)

What challenges face us in the areas of health care, income support, housing, transportation, the labour force, accessible public infrastructure and family and community supports?

As Alberta prepares for this new generation of seniors, some key questions need to be considered. These questions will serve as a starting point for dialogue among experts, stakeholders, and all Albertans:

- What are the issues of importance to today's seniors? What can we learn about the future needs based on these issues?
- What will be issues of importance to Albertans who will become seniors in 10-15 years time (e.g. baby boomers)?
- What are the similarities and differences between these sets of issues?
- What role should government take in addressing these issues, whether that is federal, provincial or municipal? What's the role of community? The individual and his or her family?
- In what ways will a growing senior population make contributions to Alberta communities and workplaces? How do we capitalize on these benefits?
- What can the adult children of current seniors expect in the way of wealth transfer? What role will that play in their lives as they become seniors?
- What should baby boomers be doing now to prepare for their senior years? What actions should primarily be their responsibility?
- What should be done to help future seniors who might not have sufficient savings to fund their senior years?
- What programs, services or supports need to be in place or need to be adapted so that baby boomers can remain as independent as possible as seniors?
- Who will care for aging boomers when they need assistance? What support will those caregivers need?
- Will baby boomer seniors have the same health care concerns as current seniors in areas such as prescription drugs, home care, or long term care? How will they be different?

- What housing options should be available? Whose responsibility is it to provide those options?
- What do employers need to understand an aging workforce? What if any accommodations need to be made?
- What role will public and personal transportation play in their plans? How can traffic planning and vehicle design contribute to safer driving by seniors?
- To what degree will future seniors have concerns about accessibility? What will need to be done to address concerns?
- How can our communities and processes become more senior friendly? What investments have to be made? Who should make those investments?
- How important will fitness and recreation be in the lives of baby boomer seniors? What impact will this have on community planning and infrastructure?
- What do we need to understand seniors' needs at 65? 75? 85? 95 and beyond? What changes? What needs to be adapted?

Responses to these questions and other input gathered will inform the work of the Demographic Planning Commission and its report to Alberta Seniors and Community Supports as the department works to create an aging population policy framework for the Government of Alberta.