



Delayed Retirement

Rapid Response Survey

Survey date: March 2016

No. of participants: 170

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The over age 65 workforce is growing: Are benefit plan sponsors prepared?

Better health, the elimination of mandatory retirement, and economic necessity mean that many Canadians are working past the traditional retirement age of 65. This Aon survey asked Canadian organizations about their current benefits practices with respect to their active over age 65 employees.

There are steep challenges to face in meeting the unique benefits needs of older employee groups – challenges that are made more difficult by shrinking budgets, insurance limitations, and concerns over possible age discrimination. In this survey, employers acknowledge the rapid growth of the over age 65 employee population, yet few appear to be taking concrete action to address related workplace issues. It is incumbent upon plan sponsors to create specific policies addressing the unique needs and challenges faced by this cohort and review their benefit plans accordingly.

Estimated percentage of respondent workforce that is over the age of 65

Employers with 5% – 10% of workforce over age 65	
Now	8%
In 5 years	45%

What benefits are offered to active workers over the age of 65?

Benefit	% offering the same benefit to all employees regardless of age	% offering a different benefit to employees over age 65
Employee Assistance Program (EAP)	87%	1%
Dental	75%	6%
Medical	72%	7%
Out-of-country medical insurance	71%	2%
Short-term disability	58%	8%
Basic life insurance	39%	38%
Optional life insurance	35%	18%
Critical illness insurance	17%	4%
Long-term disability	8%	5%
Long-term care insurance	6%	2%

Figures representing “no benefit offering” or “change in progress” not displayed.

Only 30 percent of respondents have a formal policy governing benefits for older workers. Few employers are actively making plan design changes in relation to their over age 65 workers. It appears as though high coverage levels may be due to natural demographic increases rather than policy and plan review completed to address the needs and interests of older employees.

Are plan sponsors making proactive changes related to their over age 65 workforce?

The answer appears to be no. Fewer than 10% of survey respondents are making age 65 related changes to any benefit.

In key interest areas like life, and long- and short-term disability insurance, fewer than 6% are taking action relative to their over age 65 workers.

Life and long-term disability benefits

Over age 65 workers add a layer of complexity to an already complicated life and long-term disability benefit landscape. Plan sponsors must apply careful consideration when determining policy related to the provision of the benefits themselves, to whom, in what form, and for how long. Managing disability claims in pay as the disabled employee approaches or surpasses age 65 is also a concern. A proactive policy and benefit program review will help to mitigate financial, legal, and workforce management risks that may arise in the provision of these benefits in the over age 65 context.

Long-term disability insurance

(84% of respondents do not make this benefit available to workers over the age of 65.)

Age at which eligibility ceases	Percentage	Age at which benefit for an open claim ceases	Percentage
70	5%	Specified age <i>*typically identified as age 65</i>	9%
67	2%	Claim continues for specific duration <i>*typically identified as 1-2 years</i>	5%
Another age <i>*typically identified as “age 65”</i>	5%	Reducing scale	1%
At retirement, regardless of age	5%		

Life insurance

(16% of respondents do not make this benefit available to workers over the age of 65)

Age at which coverage volume decreases for workers of the age of 65? <i>*typical volume decrease is 50%</i>	
65	41%
70	22%
Same coverage for all employees regardless of age	18%
Another age	3%

How do employers feel about their over age 65 workforce?

Advantages	Rank	Challenges
Recognition of experience/ well-developed skill set	1	Maintaining productivity
Provision of training and mentorship for younger generations	2	Health and safety
Help to limit labour shortages/skills gap	3	Increased benefit costs
Leadership skills	4	Performance management
Maintain corporate memory/ networks	5	Potential for age discrimination challenges

The advantages and challenges of retaining older workers and managing an array of related workplace issues are varied and no single issue has emerged as a rallying point for action. While equitable benefit offerings are important for all workers, recognition of the unique needs of multiple generations, including over 65s, is crucial.