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**THE ECONOMIC CASUALTIES OF RETIRING BECAUSE OF
UNEMPLOYMENT**

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ABSTRACT

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This research reports on one aspect of a multimethod study which investigated the effect of involuntary retirement on retirement income. Using the *Survey on Ageing and Independence 1991*, a secondary data analysis was carried out which examined the economic effects of retiring because of unemployment. This analysis was followed by interviews with 33 men and women whose retirement was induced by unemployment.

In the secondary analysis, when the respondents who retired for reasons of unemployment were compared to those who retired for other reasons, there was little doubt that the unemployment retirees were disadvantaged on human capital variables, in terms of their work history, and ultimately, in their retirement income, whether personal or household. Returning to work part-time after retirement did not appear to raise their incomes which were lower than the incomes of those who retired for other reasons. Furthermore, they were more likely to receive government transfer payments such as disability benefits or social assistance. When the factors that significantly contributed to their income in retirement were considered they were a function of personal wealth such as investments and a private pension. The public pension system did not have a significant influence on their retirement income.

In the convenience sample, all respondents reported that unemployment lead to a drop in retirement income. For those most severely hit by unemployment, the transition period was extremely stressful with people reporting high levels of anger, depression, and sadness and constant worry about their straitened circumstances. People coped with their drop in income by changing their lifestyle, giving up valued assets like their homes and dipping into their savings and RRSPs. These strategies, in turn, depleted their resources for retirement and caused considerable consternation about what they saw as an uncontrollable and unforeseeable future. People also relied heavily on social assistance and disability benefits to survive until the age where they were eligible to draw down their retirement benefits. When they had to draw down their retirement pensions earlier than expected, they were frustrated because they had to accept lower pensions, a feeling that was compounded when they discovered that, if they were lucky enough to secure part-time work, this resulted in further reductions in their pensions. The incongruity of government retirement policy – threats of cutbacks to pensions or raising the age of retirement -- did not escape most retirees in our sample and served to create more uncertainty and stress for an already economically distressed group of Canadians

1. INTRODUCTION

Understanding who retires involuntarily, for what reasons, and the ensuing consequences, are issues that have been neglected in the retirement literature. Involuntary retirees are very likely to experience economic hardship as a result of cost-saving pension changes that many Western industrialized nations are either adopting or contemplating. For example, in the United States, raising the age of retirement will mean cuts to social security benefits for those who are forced to retire early (Wheeler and Kearney, 1996; Ozawa and Law, 1992); in the United Kingdom and the Netherlands, tightening up the definition of disability in order to discourage the use of invalidity benefits will have negative economic repercussions for older workers forced to retire because of poor health (OECD, 1996); in Canada, the proposal to reduce the “drop-out” of 15 percent of the years with the lowest earnings from pension calculations will reduce the pensions of women who retire to caregive (McDonald, 1996). When some of these pension changes are considered in light of the research on involuntary retirement, the implications are cause for concern.

The preliminary evidence from several countries suggests that older workers with lower socio-economic status are more vulnerable to involuntary retirement than older workers in general (McDonald, 1997; Ozawa and Law 1992). Specifically, involuntary retirees tend to have low wages prior to retirement; low pension coverage; little income from assets; and they tend to be less educated (McDonald, 1996; Ginn and Arber, 1995; Schellenberg, 1994; Ozawa and Law, 1992). After retirement, a substantial proportion of involuntary retirees report that their household income is less than adequate to meet their current needs (23 percent) and future needs (30 percent), (Schellenberg, 1994). In short, socioeconomically disadvantaged workers appear to have a high risk for involuntary retirement and subsequent financial distress in retirement.

In this research we extend the current knowledge by examining the factors associated with involuntary retirement induced by unemployment and its influence on retirement income. Although the rate of unemployment dropped in 1997, the labour market conditions in Canada have been poor in the nineties, with unemployment peaking over 11 percent in 1992. Youth have carried the burden of unemployment but middle-aged and older workers have also been affected. Indeed, the national unemployment rate was over ten percent in

1991, the time of the study, and the rates were close to 9 percent for those 25 to 54 years of age (Statistics Canada, 1998). By studying those who move into retirement because of unemployment during this decade, we begin to have an understanding of the financial retirement risks for future generations who are currently experiencing unemployment at unprecedented rates (Statistics Canada, 1998).

The theoretical framework guiding these analyses is the life course perspective. This perspective is chosen because it emphasizes the timing by which individuals and families make their transitions into and out of various roles in relation to the time schedules of society (Hareven, 1996). At the heart of the life course perspective is, “the synchronization of “individual time”, and “historical time, and the cumulative impact of earlier life events as shaped by historical forces on subsequent events” (Hareven, 1996:31). In short, retirement because of unemployment, which is an unsynchronized event, is the function of the meshing of past work history, family history, and current historical trends – the globalization of economic activity and accelerated technological development which have plunged Canada into an historical transformation of the industrial structure of the economy (McDonald, 1996).

2. LITERATURE REVIEW

The involuntary nature of retirement has been largely ignored in the current research on retirement, mainly because retirement has been found to be a positive transition for most people that occurs prior to age 65. As a result, the existing research on involuntary retirement dates back to the times before mandatory retirement was abolished at age 65 in the United States in 1979 when it was considered to be a forced situation for some workers (Palmore, Burchett, Fillenbaum, George and Wallman, 1985). At about the same time, the advent of early retirement in a number of western nations was considered to be an atypical deviation from the “normal” retirement age of 65, which in turn, produced a flurry of investigations into the effects of early retirement because of poor health (McDonald and Wanner, 1990) As a result, the existing literature on involuntary retirement tends to be limited, outdated, and undeveloped.

At the outset, there is no consistent definition of involuntary retirement and most definitions are not mutually exclusive. Researchers have used a host of terms which frequently are arbitrarily defined. Beck (1983) uses the term "unexpected" retirement, meaning that the timing of retirement was unanticipated, and therefore involuntary, although an event could be unanticipated but still voluntary. Retirement, because of the offering of an early retirement incentive package, would be an illustration of this case. As well, early retirement is often assumed to be involuntary retirement, especially in the research on early retirement and poor health, although workers may want to retire because their health is poor (McGoldrick and Cooper, 1989).

Other researchers have reclassified the "reasons for retirement" into voluntary and involuntary retirement, usually including job displacement, mandatory retirement and health problems in the involuntary category and wanting to retire, family caregiving, and wanting a pension in the voluntary category (Ozawa and Law, 1992). In each instance, the voluntary reasons could be construed as involuntary retirement and vice versa. A worker may want to stop work and retire because she has a new supervisor who is incompetent and no other job prospects. A woman may want to retire to care for her ailing parent. Some studies simply ask the respondent if they retired voluntarily (e.g. General Social Survey, 1994; Survey on Ageing and Independence, 1991) which is straightforward, although also subject to problems. Aside from the usual critique that it is a subjective definition,¹ the definition could reflect a socially acceptable response. That is, it may appear more socially acceptable to say one retired because one wanted to, rather than to acknowledge that one was forced out of the labour force.

A further problem in the retirement research relates to the difficulties inherent in the use of the "retirement-reason typology" which does not capture the actual process or the complexity of retirement (Henretta, Chan, and O'Rand, 1992). In essence, there is an overlap amongst reasons. For example, Henretta et al. (1992) in their analysis of the 1982 Social Security New Beneficiary Study found that, while there was relatively little overlap between

¹ Ekerdt and Deviney (1990) argue that the so-called objective definitions of retirement such as "level of income" are really a case of "investigator definition" and therefore are just as subjective. The same argument could be said about self-reports of voluntary retirement.

the lost job reason and other reasons, 10 percent of the lost-job retirees mention wanting to retire as important, and 7 percent mention health (p. S4).

Much of the current research suggests that a large proportion of early retirement is actually unemployment (McDonald, 1996; Guillemard, 1991; Casey and Laczko, 1989; Osberg, 1988, 1993). Using data from the 1982 New Beneficiary Survey in the United States, Ozawa and Law (1992) found that approximately 12 percent of the older workers reported retiring involuntarily as a result of either a lost job or business being bad. This was one of the most frequently cited reasons for involuntary retirement, second only to health. The UK researchers have found similar results. Using data from the 1983 Labour Force Survey, Laczko et al. (1988) found, that for men aged 60-64, approximately 14 percent of manual workers and 3 percent of non-manual workers reported leaving their last job because of redundancy or dismissal. Analysis of the data from the *Survey of Aging and Independence*, found that approximately 14 to 15 percent of involuntary retirees cited lack of work as their primary reason for retirement (McDonald, 1996; Schellenberg, 1994). Another Canadian data file, the *General Social Survey* (1994) found that 10 percent of men and women retired for this reason (Monette, 1996).²

While older workers may be less likely to become unemployed than their younger counterparts, they are more likely to be unemployed for longer periods of time and experience more difficulty in finding re-employment (Sum and Fogg, 1990; McDonald and Wanner, 1989). A Canadian study compared the labour force experiences of displaced older workers (55-64) with displaced younger workers (25-54) who had all lost their jobs between 1981 and 1984. By 1986, approximately 65 percent of the younger workers had found new work as opposed to only approximately 39 percent of older workers (McDonald and Wanner, 1989). In a further analysis of the data, it was found that the longer the unemployment of the older worker the more likely they were to consider themselves retired (McDonald and Wanner, 1989). A large proportion of these workers become “discouraged” or gave up

² The difference between the two national studies could be attributed to the times the surveys were carried out. The Survey on Ageing and Independence was carried out in 1991, a time of recession and the General Social Survey, Cycle 9, carried out in 1994 was considered for analysis but this survey did not occur during a formal recession.

searching for employment because they believed that there were no jobs available (Jackson and Taylor, 1994; Akyeampong, 1992; Laczko and Phillipson, 1991). Using the *Labour Market Activity Survey*, Osberg (1993) found that a lack of jobs accelerated the retirement rate among men aged 45-54 to about 45 percent of those who would have retired anyway. The rate was about a tenth of those men aged 55-64 (Osberg, 1993, p. 515).

Retiring due to lack of employment may have far greater economic consequences for retirees than retirement because of mandatory or early retirement provisions. The most immediate consequence of unemployment prior to retirement is lost earnings (Sum and Fogg, 1990; Osberg, 1988). Unemployment also creates fewer opportunities to save for old age, as it may cause a depletion of retirement savings as well as a loss of pension contributions (Schellenberg, 1994; Laczko and Phillipson, 1991; Sum and Fogg, 1990; Osberg, 1988). The available evidence suggests that older workers who retire because of unemployment tend to be from unskilled and semiskilled occupations, in the periphery of the economy (McDonald, 1996; Schellenberg, 1994; Ozawa and Law, 1992; Casey and Laczko, 1989). Therefore, those least able to afford retirement are the very ones being forced into retirement by unemployment. Not only will these involuntary retirees enter retirement with fewer resources but will spend a longer period of time in retirement than voluntary retirees (Laczko and Phillipson, 1991), thereby exacerbating their already precarious financial position.

No research has directly examined the effect of involuntary retirement on retirement income due to unemployment. One exploratory study in the United States of seventy-three older, unemployed workers, indicates that 90 percent of their respondents stated they had financial difficulties and 93 percent indicated that they had to reduce their spending since becoming unemployed. Participants reported feeling depressed, socially isolated, and embarrassed, and were experiencing low life satisfaction generally (Rife and First, 1989). These workers were potentially at risk for economic and psychological risk. In a more recent study of older adult job-seekers, Mor-Barak (1995) examines the meaning of work for older workers and finds four key factors that matter: 1) The social contact factor – receiving respect status, and prestige, and socializing; 2) The personal factor – self-esteem, personal satisfaction, and a sense of pride in oneself; 3) the personal financial factor – income and

benefits associated with work; and, 4) the generativity factor – training the younger generation. This study found significant ethnic differences but no gender differences across the four factors.

In light of the limited research we would expect to find that involuntary retirement because of unemployment will have a substantial effect on retirement income, that those with lower socioeconomic status will be more adversely affected as will those from different ethnic backgrounds.

3. METHOD

The data reported here is from a larger study which investigated the effects of forced retirement for reasons of poor health, unemployment, caregiving and mandatory provisions on retirement income. The study employed a multimethod approach using national data files to investigate patterns of forced retirement and in-depth interviews with a purposive sample of persons forced to retire for the four reasons mentioned above in order to investigate the process and outcomes of involuntary retirement and its influence on retirement income. In this paper we report on the unemployed.

3.1 The Secondary Data Analysis

The data file used in this study is the *Survey of Ageing and Independence, 1991*. The *Survey of Ageing and Independence* is chosen for analysis because it was carried out during a recession and therefore has a considerable number of people who were affected by unemployment (Siroonian,1993).³ The *Survey of Ageing and Independence*, a survey of 20,036 respondents 45 years of age and older, were selected from the 1990-1991 Labour Force files. The survey was conducted to measure those factors contributing to the quality of life and independent living of today's and tomorrow's seniors (see *The Survey of Ageing and Independence: Microdata User's Guide*). The data that were collected by Labour Force Survey interviewers in September, 1991, via a 30 minute phone or face-to-face interview. Approximately ten percent of the interviews were conducted face-to-face. The questionnaire collected basic sociodemographic information and data about the health, social, and

³ The General Social Survey, Cycle 9, carried out in 1994 was considered for analysis but this survey did not occur during a formal recession.

economic conditions, and retirement behaviour of the respondents. In addition to the specially designed questionnaire content, a number of Labour Force Survey variables, such as industry, occupation, and job tenure, were added to the SAI microdata file. The SAI is based upon a complex sample design with stratification, multiple stages of selection, and unequal probabilities of selection of respondents. An adjusted weight was used in the main analyses to take into account the unequal probabilities of selection, however, this weight did not take into account the stratification and clustering of the sample's design.

The subsample used here includes only those persons who worked in the labour force at some time, whether they worked full-time or part-time and whether or not they retired because they could not find a job (N=4827). Retired was a self definition and unemployment as a reason for retirement is a "yes" or "no" response to "Your job ended and you were not able to find other work." As seen in Table 1, approximately 7 percent of the women and 6 percent of the men retired because of no work. There is some overlap between the no work reasons and the other reasons which provides us with some sense of the complexity of the process. Over a quarter of the unemployment retirees also mention wanting to retire (29 percent), 18 percent mention poor health, and 17 percent mention an adequate income as reasons for retirement.

The sociodemographic characteristics include those factors that are known to influence retirement income, factors that are consistent with a life course perspective in explaining retirement (McDonald, 1996). Place of birth is used in the analysis in lieu of ethnic background because there is clear evidence that ethnicity differentially affects access to social and economic resources and hence retirement income (Mor-Barak, 1995; Sum and Fogg, 1990; Gibson and Burns, 1991; Wanner and McDonald, 1986). Marital status and household size are indicators of consumption levels, financial resources and social support, all factors relevant to retirement income. Age is included because income generally increases with age. Formal education, like ethnicity, also affords differential access to social and economic rewards and is usually associated with larger incomes in retirement. Health is included here simply to provide a clearer description of the unemployed.

Of the work characteristics, a measure of socioeconomic status based on Blishen and McRoberts (1976) is included in the analysis since this factor is known to have a very strong influence on income in retirement (McDonald, 1996). Self-employment, although generally linked to individual control over work activities, is included here because this type of

employment is still influenced by the unavailability of work. A measure of economic segmentation is included because we already know that unemployment is higher in the periphery of the economy (McDonald, 1996). Whether the retiree previously worked full-time or part-time after retirement is considered since this factor would definitely affect retirement income.

The income variables are the log of total personal income and household income for the year of 1990. For the purposes of this analysis, the response categories were recoded to their midpoint and then the log was taken to correct for the slight skew in the income distribution. It is important to note that the non-response rate for the SAI on the income variables was quite high at 25 percent for personal income and 35 percent for household income. Owning one's own home is used as proxy for assets and dummy variables for receipt and non receipt of a public and private pension and investments were included in the analyses.

The analytic strategy first compared those who retired because of unemployment with those who did not on four sets of variables – sociodemographic, work, income and retirement characteristics. Selecting those whose retirement was involuntary and due to unemployment was the first choice for analysis but the numbers were too small to perform a reliable analysis. In short, all those persons who retired due to unemployment, whether involuntarily or not, were included in the analyses although, as seen in Table 2, 52 percent of the unemployment retirements were involuntary. Models which assessed the comparative effect of retiring due to unemployment on retirement income were then estimated followed by the estimation of retirement income models for only those who retired because of unemployment. The usual diagnostic tests were done for multicollinearity – an examination of the correlation matrix for correlations over .7 and an examination of the variance inflation factor. Even though there were no indications of multicollinearity, ridge regressions were also used and the results were virtually the same.

3.2 The Interviews

An exploratory investigation of the effects of the different forms of forced retirement were conducted through face-to-face interviews with those affected. The qualitative exploration was carried out because we have very little, if any information, as to how obligatory retirement plays out in people's lives and how it is perceived in relation to

economic independence. In fact, most recent studies in Canada, with the exception of one (CARNET, 1995), have relied on secondary data analyses to tell the Canadian retirement story.

Five groups were interviewed but the group of interest here are those persons who retired specifically to caregive. The respondents in the study were recruited from Pensioners' Concerned, the Canadian Association of Pre-Retirement Planners; the AMNI Centre (Anti-racist, Multicultural and Native Centre) at the U of T.; the Ontario Coalition of Services for Seniors, retired caregivers (primarily women) through the Ontario Network for Older women and several caregiving organizations, and people with poor health through community health centres and newspaper advertisements. Purposive sampling was used to insure representation of those people identified in the secondary data analyses as the most likely to be at risk for involuntary retirement. Approximately 20 respondents were chosen for each of the five groups (n=100), in order to encompass the variety of possible involuntary retirement scenarios. The sample reported on here were the people who defined themselves as forced to retire because of unemployment.

Guided interview schedules were developed on the basis of the secondary data analyses and the advice of the various senior groups. The schedule was pretested on several retirees and adjusted accordingly. The interviews focused on the respondent's experience of being forced into retirement and their interpretation of their economic security in light of this development. The role of public and private pension policies, RRSPs and government transfer payments in sustaining economic viability when forced into retirement were examined.

The unemployed retirees were one of the easiest groups to access, mainly because they were easy to find through community agencies where they were either seeking or offering help, and because they wanted to talk about their circumstances in the hope that they might help someone else. We actually had more than the required 20 subjects and stopped interviewing when we had completed 33 interviews.

The interviews which were, on average, two hours, were transcribed. A small sample of the transcriptions were compared to the original tape recordings to insure accuracy. The analytical strategy was to use two coders to identify themes and relationships amongst themes. The themes were first identified from the transcripts using open coding. Axial coding was used to prepare summary sheets of the codes and then the summary sheets were used

for selective coding in order to illustrate themes. The coders met on a regular basis as the analysis proceeded to compare and contrast the codes and work out relationships amongst categories.

4. FINDINGS

4.1 The Secondary Analysis

Table 1 shows the percentages for the reasons for retirement by gender. For the women, the most frequently reported reasons are, wanting to retire and poor health, followed by having an adequate income, mandatory retirement provisions, and retiring to caregive. Unemployment and early retirement incentive packages are the less frequently cited reasons by the women.

TABLE 1. REASONS FOR RETIREMENT BY GENDER. SURVEY OF AGEING AND INDEPENDENCE 1991.

REASON FOR RETIREMENT	PERCENTAGES		
	WOMEN	MEN	TOTAL
POPULATION ('000)	783	1083	1866
WANTED TO RETIRE			
YES	57%	51%	55%
NO	43%	49%	45%
CARE GIVE			
YES	13%	5%	8%
NO	87%	95%	82%
UNEMPLOYMENT			
YES	7%	6%	7%
NO	93%	94%	93%
HEALTH			
YES	28%	31%	30%
NO	72%	69%	70%
EARLY INCENTIVES			
YES	7%	17%	14%
NO	93%	83%	86%
MANDATORY RETIREMENT			
YES	13%	21%	17%
NO	87%	79%	83%
ADEQUATE INCOME			
YES	27%	38%	34%
NO	73%	62%	66%

For the men, the most frequently reported reasons, in order of importance, are wanting to retire, having an adequate income, followed by poor health, mandatory retirement provisions, early retirement incentive packages, caregiving and unemployment.

The models estimating the effect of no work as a reason for retirement on household income and personal income, relative to other reasons, are presented in Table 2. The household income model indicates that being younger, a male, married, having higher levels of education, and higher socioeconomic status is associated with a higher income in retirement. As we expected, retiring because of no work is associated with lower incomes in retirement, however, it is the second most important reason associated with a low income in retirement. The standardized coefficients indicate that retiring for poor health has the most

detrimental effect on retirement income of all the reasons for retirement, followed by retirement because there was no available work and lastly, retirement to caregive.

Early retirement and wanting to retire are both associated with higher incomes in retirement and are consistent with existing research which shows that the more financially secure retire because they want to and tend to retire earlier (McDonald, 1996; Schellenberg, 1994). The personal income model is almost identical except for self-employment and caregiving, although both variables approached significance in the models.

TABLE 2. ORDINARY LEAST SQUARES REGRESSIONS OF 1990 LOG OF HOUSEHOLD INCOME AND LOG OF PERSONAL INCOME ON SOCIODEMOGRAPHIC AND RETIREMENT CHARACTERISTICS. AGEING AND INDEPENDENCE SURVEY, 1991.

	1990 TOTAL HOUSEHOLD INCOME	1990 TOTAL PERSONAL INCOME
SOCIODEMOGRAPHIC CHARACTERISTICS		
Age	-0.071* (-0.757)	0.331* (2.167)
Age Squared	3.755* (0.557)	-0.002* (-2.067)
Gender ^a	0.066* (0.043)	0.644* (0.260)
Marital Status ^a	0.278* (0.175)	-0.329* (-0.127)
Education	0.024* (0.123)	0.038* (0.121)
Born in Canada ^a	0.012 (0.006)	0.051 (0.018)
Own Own Home ^a	0.113* (0.066)	0.108* (0.038)
Socioeconomic Status ^b	0.015* (0.251)	0.019* (0.200)
Self Employed Prior to Retirement ^a	-0.050 (-0.025)	-0.264* (-0.080)
RETIREMENT CHARACTERISTICS		
Retired Early ^a	0.141* (0.064)	0.272* (0.075)
Retired Voluntarily ^a	0.007 (0.004)	-0.011 (-0.004)
Years Retired	-0.002 (-0.019)	-0.006 (-0.038)
Worked After Retirement ^a	0.023 (0.011)	0.060 (0.019)

continued...

TABLE 2. ORDINARY LEAST SQUARES REGRESSIONS OF 1990 LOG OF HOUSEHOLD INCOME AND LOG OF PERSONAL INCOME ON SOCIODEMOGRAPHIC AND RETIREMENT CHARACTERISTICS. AGEING AND INDEPENDENCE SURVEY, 1991. - *continued*....

	1990 TOTAL HOUSEHOLD INCOME	1990 TOTAL PERSONAL INCOME
<i>Reasons For Retirement:</i>		
Caregiving ^a	-0.095* (-0.035)	-0.037 (-0.008)
Respondents Own Health ^a	-0.138* (-0.082)	-0.154* (-0.056)
Mandatory Retirement Policy ^a	0.023 (0.011)	-0.010 (-0.003)
Lack of Available Work ^a	-0.169* (-0.050)	-0.434* (-0.081)
Wanted to Stop Working ^a	0.085* (0.055)	0.156* (0.063)
Intercept	11.979*	-3.712*
R ²	.33	.23
R ² _{Adj}	.33	.22
NUMBER OF CASES	2569	3009

Note: All coefficients are unstandardized least-squares estimates; standardized coefficients are presented in parentheses.

^a Dummy variables defined as follows: 1 if Respondent is male, 0 female; 1 if R was married, otherwise 0; 1 if R was born in Canada, otherwise 0; 1 if R owns own home, otherwise 0; 1 if R was self-employed, otherwise 0; 1 if R retired early, otherwise 0; 1 if R retired voluntarily, otherwise 0; 1 if R worked after retirement, otherwise 0; 1 if R retired to caregive, otherwise 0; 1 if R retired for own health, otherwise 0; 1 if R retired due to mandatory policy, otherwise 0; 1 if R retired due to lack of work, otherwise 0; 1 if R retired because wanted to stop working, otherwise 0.

^b Derived from Blishen and McRoberts' (1976) revised socioeconomic index of occupations in Canada.

* Coefficients within the models significantly different from 0 at $\alpha \leq .05$

Table 3 presents the means and proportions for the four sets of characteristics by unemployment as the reason for retirement. An examination of the means and proportions for the sociodemographic factors indicates that the unemployment retirees are younger, they are more likely to have been born in Canada, they are more likely to be women and are more likely to be married. A number of factors could explain why more women than men moved into retirement via unemployment. Although women only constituted less than a third of the goods-producing industries in 1990-1992, more women than men lost their jobs in the manufacturing industries. As well, men

took over half the new part-time jobs in the services industries although they only made up 44 percent of these industries. This observation is further supported by the finding that the majority of the unemployment retirees previously worked in the goods-producing industries as noted in Table 3. And, as past research has shown, it is usually easier for married women than married men to retire because their marital status tends to afford them considerable income protection in retirement (McDonald, Donahue and Moore, 1998). Consistent with Canadian immigration policy, immigrant workers to Canada have consistently higher levels of education and skills than the Canadian born so are probably less likely to lose their jobs.

TABLE 3. MEANS AND PROPORTIONS FOR SOCIODEMOGRAPHIC, SELECTED LABOUR FORCE CHARACTERISTICS OF THE RETIRED DUE TO LACK OF WORK, SURVEY OF AGEING AND INDEPENDENCE, 1991

	RETIRED DUE TO LACK OF WORK	
	NO	YES
Population ('000)	1683	117
Age		
Mean	69.8*	67.9*
Std Deviation	8.2*	7.1*
Gender		
Female	41.8%*	48.0%*
Male	58.2%*	52.0%*
Born in Canada		
No	22.6%*	30.0%*
Yes	77.4%*	70.0%*
Marital Status		
Married	67.4%*	69.4%*
Single	6.6%*	5.0%*
Widow	20.9%*	16.1%*
Separated / Divorced	5.2%*	9.5%*
Spouse's Labour Force Status		
Working	14.4%	11.2%
Not in the Labour Force	85.6%	88.8%
Household Size		
Mean	2.1	1.9
Std Deviation	.99	.80
Highest Level of Education		
Mean	9.7	9.3
Std Deviation	3.9	3.9
Occupation		
Professionals	10.6%*	6.8%*
Managers	12.3%*	7.9%*
Technicians	15.8%*	8.1%*
Skilled / Unskilled Workers	61.3%*	77.2%*
Class of Worker		
Self-employed	17.5%*	8.6%*
Paid employee	82.5%*	91.4%*
Industrial Sector		
Goods	31.0%*	45.0%*
Dynamic	23.0%*	14.0%*
Traditional	16.0%*	25.0%*
Nonmarket	29.0%*	14.0%*
Socioeconomic Status^a		
Mean	44.5*	40.3*
Std Deviation	12.5*	11.1*

-Continued

TABLE 3. MEANS AND PROPORTIONS FOR SOCIODEMOGRAPHIC, SELECTED LABOUR FORCE CHARACTERISTICS OF THE RETIRED DUE TO LACK OF WORK, SURVEY OF AGEING AND INDEPENDENCE, 1991- continued...

	RETIRED DUE TO LACK OF WORK	
	NO	YES
Years Retired		
Mean	9.2*	7.3*
Std Deviation	7.5*	6.4*
Retired Voluntarily		
No	22.9%*	51.8%*
Yes	77.1%*	48.2%*
Planned for Retirement		
No	47.8%*	59.4%*
Yes	52.2%*	40.6%*
Age retired		
Mean	60.6	60.8
Std Deviation	7.4	5.8
Worked after Retirement		
No	83.4%*	76.2%*
Full-time	3.4%*	3.0%*
Part-time	13.2%*	20.8%*
Total Personal Income^b		
Mean	21,925.0*	15,456.5*
Std Deviation	14,618.4*	11,428.9*
Total Household Income^b		
Mean	30,895.3	23,174.6
Std Deviation	19,937.6	14,581.8
Receives Income from:		
Investments / Interest	57.4%	50.0%
Private Pension	57.8%	51.5%
RRSPs	47.0%	48.0%
<i>Government Transfer Payments:</i>		
CPP / QPP	93.2%	94.4%
OAS / GIS / Spousal Allowance	86.1%	82.7%
Disability, Social Assistance, etc.	10.4%*	18.5%*
Household Member Owns Home		
No	24.6%	21.5%
Yes	75.4%	78.5%
Self-Reported Health Status		
Excellent	23.1%	22.0%
Very Good/Good	69.8%	74.3%
Same/Worse Off	7.1%	3.7%
Income Satisfies Current Needs		
Very Well	24.1%*	11.0%*
Adequately	66.5%*	61.5%*
Not Very Well	11.5%*	23.1%*
Totally Inadequate	.8%*	4.4%*

* Denotes significant differences between those retiring due to lack of work and those retiring for other reasons at $\alpha \leq .05$.

As was anticipated from the research, the unemployment retirees are more likely to be paid workers, skilled or unskilled workers, and they are more likely to be from the goods producing sector of the economy which was hard hit by previous recessions. Indeed, between

1990 and 1992, job loss in the Canadian goods-producing industries was 25 times that in the service producing industries. Even though the unemployment retirees have about the same level of education as the other retirees, they have a significantly lower socioeconomic status.

Turning to the retirement variables, the unemployment retirees retired at the same age as those who retired for other reasons but they have been retired for a shorter period of time, probably a reflection of their tendency to return to work after retirement. Consistent with the unexpected nature of retirement because of unemployment, well over half of the unemployment retirees did not plan for their retirement. Not surprisingly, the no work retirees have lower personal incomes, they are more likely to receive income from social assistance or a disability benefit, and their income is less likely to satisfy their current needs.

TABLE 4. ORDINARY LEAST SQUARES REGRESSIONS OF 1990 LOG OF HOUSEHOLD INCOME AND LOG OF PERSONAL INCOME ON SOCIODEMOGRAPHIC AND INCOME CHARACTERISTICS FOR PERSONS RETIRING DUE TO LACK OF WORK. AGEING AND INDEPENDENCE SURVEY, 1991.

	1990 TOTAL HOUSEHOLD INCOME	1990 TOTAL PERSONAL INCOME
SOCIODEMOGRAPHIC CHARACTERISTICS		
Gender ^a	.315* (.068)	.242* (.221)
Age	-0.092 (-1.137)	-.168 (-1.932)
Age Squared	0.0006 (1.035)	0.001 (2.026)
Education	0.02 (.123)	0.022* (.195)
Socioeconomic Status ^b	0.008* (.157)	0.005 (.085)
Years Retired	-0.00006 (-.001)	-0.021* (-.239)
INCOME CHARACTERISTICS		
Income from Investments ^a	.337* (.314)	0.386* (.356)
Income from Private Pension ^a	.295* (.271)	0.353* (0.322)
Income from RRSP	0.032 (.029)	-0.003 (-.003)
<i>Government Transfer Payments</i>		
CPP / QPP ^a	0.042 (.019)	.185 (.087)
OAS/GIS/Spouses Allowance ^a	-.265 (-1.59)	0.098 (.054)
Disability, Social Assistance, etc. ^a	0.044 (.025)	.207 (.110)
Intercept	12.642	14.297
R ²	.64	.59
R ² _{Adj}	.60	.56
NUMBER OF CASES	121	146

Note: All coefficients are unstandardized least-squares estimates; standardized coefficients are presented in parentheses.

^a Dummy variables defined as follows: 1 if Respondent is male, 0 female; 1 if R receives income from investments, otherwise 0; 1 if R receives income from private pension, otherwise 0; 1 if R receives income from RRSPs, otherwise 0; 1 if R receives income from CPP/QPP, otherwise 0; 1 if R receives income from OAS, otherwise 0; 1 if R receives income from other government source (disability, UI, social assistance), otherwise 0.

^b Derived from Blishen and McRoberts' (1976) revised socioeconomic index of occupations in Canada.

* Coefficients within the models significantly different from 0 at $\alpha \leq .05$

In Table 4, household and personal income are regressed on sources of income, controlling for sociodemographic factors for the respondents who retired because they could

not find a job. Consistent with the bivariate analysis, being male, having a higher socioeconomic status, and receiving income from investments, and a private pension are significantly related to higher household incomes in retirement for those who reached retirement via unemployment. The most important factors associated with personal retirement income are, net of the others, being male, possessing higher levels of education, being retired for a shorter time frame, and income from investments and a private pension. In comparing the household and personal income models the differences make sense. Education and years retired are more closely linked to personal income through personal work history, while socioeconomic status is more reflective of household wealth. Wealth, in the form of investments and a private pension, are what carries the unemployed into retirement. Given the significance of a private pension and investments in the model – the two most important coefficients -- it is important to remember that only half of the unemployment retirees have income from these sources. Disability benefits and social assistance make no impact on bolstering retirement income for these retirees.

Considering all of the data to this point, we have evidence that retirement due to unemployment has a deleterious impact on retirement income, second only to poor health, and that the most vulnerable are the persons most likely to take this route into retirement, a retirement that is not planned. Wealth in the form of pensions and investments play an important role in the transition but only half of the unemployment retirees have access to this wealth. The next step in the analyses is to examine how older workers actually experience retirement because of unemployment and what it means to them in terms of economic independence. In the next section we report on the views of the unemployment retirees.

4.2 The Unemployed Retirees Speak

4.2.1 Respondent Profile

Although a convenience sampling was used, the 16 women and 17 men that agreed to be interviewed comprised a diverse group. The length of time individuals had been retired ranged from under a month to several years. The sectors of the economy that the individuals had been employed in varied greatly, including such things as manufacturing, the retail trades and other service industries, health and social services and the corporate world. The respondents ranged in age from 56 to 77, with the average age being 64.

Although a few of those interviewed had substantial retirement incomes, the majority of respondents (71%) had annual incomes under \$20,000 with 65% having annual incomes under \$15,000. The marital status of those interviewed varied greatly, as 49% were married, 33% were either separated or divorced, 6% were single, and 12% were widowed. The sample was evenly split between renters (50%) and homeowners (50%), and the majority had at least completed high school or better (72%). Eighteen of the respondents had also immigrated to Canada at some point in their lives. These respondents came from the United Kingdom, Jamaica, Tobago, India, Sri Lanka, Finland and the USA. The following themes were identified based on an analysis of the 33 transcripts by two coders.

4.2.2 Employment Prior to Retirement

Life course theorists suggest that work over the life span lays the cornerstone of the foundation for economic well-being in old age. Not only is it a determinant of economic well-being, but it is also a determinant of both how and when people exit the labour force (McDonald, 1996).

As was the case for many of the retirees in the study, previous labour force participation of the lower income retirees, particularly the women, had a significant impact upon their retirement income. The majority of these individuals had multiple, short-term jobs, worked part-time and/or had very broken work histories. As two individuals noted:

R: "I've been working since I was 14 and, when I finished high school, of course, then I started working full-time. I've always been pretty much self-supporting on minimum wage, it's usually been office jobs, if I couldn't get an office job, then I'd get temp work."

R: "Oh my, I worked in so many jobs. I had, in one week, it was only six working days and I had seven jobs."

Many of the women interviewed had been out of the labour force at varying points throughout their life due to familial responsibilities such as raising children. These labour force participation practices served to reduce the benefits they derived from both the public and private pension systems. The labour force participation of the women interviewed deserves further attention, given the large number of women whose retirement income was negatively affected by it.

Many of the women we interviewed indicated that they left employment or were limited in their employment opportunities early on in their careers, either because they married and/or chose to start of family. As several women observed:

R: "...I'm a late bloomer. Well, let's put it this way, I placed my family first and then entered the labour force..."

R: "...I did secretarial work in the pay office until after the war. And then married ladies would have to go first, and that's when I was left out."

R: "Well women still have that issue, that dilemma that we're caught, right, because women tend to be the main caregivers to the family, to children, so how do they do that and have income security, independent income security? I grew up with this too."

The women themselves were also influenced by the social norms of the day surrounding women and employment. This was expressed in their attitudes towards their own work as well as the dilemmas they faced in trying to balance family and work. Most of the middle class women subscribed to the values of the times believing that women should be at home with their children, that mostly their jobs were "just a job" to bring in extra money:

R: "But they're still making lower wages than men and it's still a man's world as far as I can see. The only thing is that women are expected to have careers and look after children and look after the house as well. At least in my time there was some places if you were married you couldn't get a job. You had to be single to get a job and that was way back in the 50's."

The financial implications of these employment patterns are not encouraging. Many retirees of today, especially women, are financially distressed because they lacked the opportunity for employment that offered good wages and benefits such as a pension in retirement. For example, many of the women, especially the low-income or lower-middle class women we interviewed, were concentrated in the services sector in retail trade and business services where they worked part-time and where there is little hope of a job-related pension. As one woman noted:

R: "It was a part-time job...I don't think you can work over 33 hours, or 36 because if you do that then you have to pay full-time wages, so they always had enough staff that they could

run their whole business on a part-time basis, which is very unfair because you have no benefits.”

Even where pensions were available, some women were not eligible, at least in their early working years, to take part in these programs. As one woman commented:

R: “And not only that, when I started to work, of course, women didn’t have, the company I started with they didn’t have a pension for the women, just the men.”

Their part-time work patterns also served to decrease the benefits these women would receive from the public system (C/QPP). Their low incomes further served to reduce the amount of money that they might have put into savings and investment vehicles such as RRSP’s, and GIC’s that would have provided additional income in their later years, especially upon becoming retired due to unemployment.

For the most part, the men interviewed benefited in retirement from their long-term, stable employment in sectors of the economy that provided them with private pensions and work-related benefits. These labour force patterns served as a buffer against the negative financial consequences of forced retirement due to unemployment. This is not to say that all of the men interviewed fit this description, as several had labour force participation patterns very similar to that of their female counterparts. Given the current trends in the labour market today, it is likely that many more men will have work force participation patterns similar to women, a trend referred to as the “feminization of work”.

It must also be noted that a number of the men interviewed that did have long-term employment, private pensions and other job-related benefits were in manufacturing or goods producing sectors of the economy. As has been well documented in the literature, these are the very sectors where the majority of layoffs and shut-downs occurred during this time frame in Canada and was experienced first-hand by many of the men interviewed (Tindale, 1991).

The labour force participation of immigrants also warrants special focus. As documented in the literature, many immigrants have had to bear the brunt of racial and cultural discrimination in the workplace which has led to lower paying jobs, greater part-time work and a higher participation in the periphery of the economy (Jacobson, 1990). Depending upon what age people immigrated to Canada, many immigrants are not eligible for full benefits from either the C/QPP or the OAS. As one man commented:

R: “You see, the unfortunate irony of this...we don’t qualify according to the law, for Old Age Security for 10 years...So even for the voluntary work I do for the community, I have to find money for my local transport...”

4.2.3 Pathways to Retirement

Although all of the respondents indicated they retired because of no work, the reasons for their unemployment varied, to include layoffs, downsizing, restructuring, office and plant closures, and firings. The actual decision to retire after becoming unemployed was influenced by a number of factors: how closely the timing of the unemployment episode coincided with the respondent’s planned time for retirement, eligibility for retirement benefits, discouragement after an unsuccessful job search, and negative changes in health. This finding mirrors the overlap we found in the reasons for retirement in the national data file.

Timing and Eligibility for retirement Benefits

For some, the timing of their unemployment experiences coincided closely with the age at which they had been planning to retire, often within one to three years. At the same time, many of them were also eligible to apply for retirement benefits from the C/QPP, OAS and private pension plans and other retirement investments. As a result, some of the individuals felt they could move into retirement:

R: “Oh, we were gearing down...we figured we’d retire at 60, so it was three years earlier...”

R: “And at that time, at my age, I didn’t think I wanted to go into all that again and I said to them, if they couldn’t find anything more secure for me I didn’t think I wanted to be in that job and they gave me time to consider it and I realized that, that was just my way out.”

Volunteer work replaced paid employment for many of the respondents. Their involvement in volunteer work further negated their desire to remain in the paid labour force.

As one individual said:

R: “And one time in the local one (newsletter) it said the branch – this s going on six years ago – the branch could use some assistance with a computer. So I thought, “Well, I can spare a little time.” So I went ... so from there on, especially after I quit teaching, that’s become

a full-time job. I run the office and... and a computer and I have... I've got two gals I'm training, so on."

When another respondent was asked why she didn't try to find work again, she cited her deep involvement in the voluntary sector:

R: "Because I didn't pursue it, because, as I said, they needed me to help them to work... to help things along. I got so involved in it, I liked it so much, that I never think of going ask to work."

Discouragement

Others tried to find some form of re-employment for a period of time, many unsuccessfully. As a result, many of these workers became discouraged and simply gave up looking for work. This is a growing trend that has been well-documented in the literature (Akyeampong, 1992).

R: "...I never had a job there, for two and a half years during that period, 'cause I lost my UIC, eventually landed on welfare, still no job and then last September, that's when I thought, this is it for me. I can't, I don't have any money to spend on stamps, bus tickets, I don't. I have refused, I just can't handle this anymore..."

R: "well when I... after all the time and never received the interviews and no answer back, I...made up my mind, that's it. Like, that's me finished for the rest of my life for working."

Another component of the discouragement for some, was the anger and hurt they felt regarding the manner in which they were released from their last major job. This was a mediating factor in the retirement decision for some individuals. As expressed by some of the retirees:

R: "I'm really angry about losing that last job. Still angry. Em, and with the way things are now in this country, and with employers, no, I, you know, won't go back to work any more. I won't go back to work and pay UIC and have some asshole harass me out of my job and then not be able to collect unemployment insurance. No, I won't do it...But the way things are for employers and employees now, no I'm sorry, you know, like I'm nobody's slave and I won't put up with shit just because some idiot is paying me."

R: "I didn't want to try. I got to the stage that I couldn't care less, I just wanted to die because all them years I gave them and what have I got? Nothing."

R: "...it's not nice to tell someone they are incompetent. That's not a nice thing to do. And if anyone's kind of sensitive and they hurt and they hurt badly, and if you don't like yourself, its very hard to go and sell yourself to somebody else."

At the time of the interview, some still hoped that they will be able to find work or indicated that they would like to take paid employment if it were to come along. As several respondents commented:

R: "...if I were asked, are you retired or working, yes I'm retired, but I'm ready to do what I can..."

R: "...I wouldn't mind working, but I know that I am extremely limited in what I can look for..."

Deteriorating Health

A negative change in health following unemployment was cited by a number of respondents as being the major factor determining their retirement. As several of the individuals interviewed said:

R: "...I do have arthritis and, you know that's filtering through ... I can't any longer go for walks any more than ten minutes in duration. If I'm on my feet for any more than ten minutes, my back is just, I'm in tears..."

R: "...ever since I quit work in '93, I really never felt good. I don't know why, I just, I couldn't understand it because I never felt that bad when I worked, but as soon as I quit working, I started to really, I have a health problem and it just seemed to get worse."

R: "No, I didn't look because that is the time when things were getting bad, you're not getting any job and things like, and so and then I was sick. I was sick and then the doctor says to me, "you know you're sick at this time, at your age, there is no job out there, and at your age, nobody's going to employ you..."

4.2.4 Returning to Work

A number of the individuals interviewed indicated that they had either returned to paid employment at some point following retirement or, in some cases, were trying to get back into the labour force in some capacity. This trend towards re-employment has been well-documented in the literature (McDonald, 1997; Ruhm, 1994; Myers, 1991). The reasons for this varied. A number of people indicated that it was the enjoyment of working, personal satisfaction and being active that led them to seek further employment, a finding consistent with the research of Mor-Barak (1995). Work also provided them with some continuity in making the transition from work to retirement. As two individuals commented:

R: “We would like to do some work...you get a lot of satisfaction that you are making use of your resources and your talents and your experience.”

R: “...I would like another job because another, a job keeps you active, it does. If you don't have anything to do, you soon fall apart, and I'm a person that needs something to do...”

For others, the desire or drive behind returning to work was purely financial. Many of these individuals did not have adequate resources to sustain themselves in retirement. As a couple of respondents said:

R: “I feel very depressed because, again, work for another 4 or 5 years, I need money...I will not be able to get any benefits, so I have to find some work during this period to supplement the family income...”

R: “And then of course, financially, I also need additional income because my pension is not sufficient for me to maintain the lifestyle I had before I lost my job.”

For those that were successful in finding employment, the nature of their employment had changed dramatically. The work people were able to secure tended to be part-time or contract positions and, as such, were without work-related benefits, such as medical and dental plans and tended to be on a much lower pay scale. In the search for employment, both the successful and unsuccessful respondents indicated that they had used a number of different strategies that can be divided into two general areas: formal and informal.

Formal Job Search Strategies

The formal strategies employed by job seekers varied greatly, from searching through employment listings in newspapers to registering with employment agencies. Many of the individuals interviewed used multiple strategies towards finding employment. Two individuals described their job search strategies:

R: “I nevertheless did a lot of things. I went to libraries, looked at the books, looked at the newspapers, came home...wrote letters all across Canada...I mean, I was very, very busy. Then I started a computer course to upgrade my skill, and that took 99% of my time. But even in between there I was looking for jobs.”

R: "I will still go through the papers...I make phone calls. I try, I send out my resume. I see jobs and I'm forever sending out resumes..."

Part of the strategy for a number of individuals included educational upgrading, most often with regard to computer software programs:

R: "...a lot of the companies that I was talking to, were into Microsoft Office. So I went back...I probably took about four months of courses, all of them Microsoft Office...I worked with and used Ac-Pac, which is an accounting program...but I took the brush-up, like just upgraded myself on Ac-Pac, so yeah, I took those courses and stuff and have all that."

Informal Job Search Strategies

Informal job strategies were employed less often by the individuals interviewed in the study. These strategies most often involved making contacts with friends and past work colleagues in order to find leads or to receive recommendations for various positions. A couple of people commented on how they used this approach:

R: "So the networking works on the basis of I know someone and basically saying look, you know my background...what would you suggest for me...how should I go about it from what you know about me...That gets two or three names because I'll ask for two or three names which leads to others, others. That is the only way to do it and keep doing it. My sustaining power is in that..."

R: "So in other words, I have saw this. If any of your relatives are working in some...or your friend is working in some factory, he can help you to get a job..."

4.2.4.1 Barriers to Work

All of the individuals that looked for employment, both successfully and unsuccessfully, indicated that they felt that they had encountered a number of barriers in seeking employment. While many of those interviewed, particularly women, were subject to employment barriers throughout their careers, they were again faced with new forms of employment challenges. While these barriers were often perceived as being intertwined and competing with one another, they may be separated out into several thematic areas: ageism, sexual discrimination, racism, lack of employment skills, and the shrinking of the labour market.

Ageism

The barrier to employment most often indicated by those interviewed was age. This has been well-substantiated in the literature, which has found that many employers hold negative images or stereotypes of older workers. (Tindale, 1991; Laczko and Phillipson, 1991). A number of the respondents were quite vocal in regard to this issue:

R: "And they're not supposed to discriminate...but you know, once you walk in the door and they see the gray hair, and they...they know from the number of years of experience that you've got on your resume, and that type of thing, that you're an older person. And once they see...once they see that, then you're basically put to the bottom of the list. I think there's a lot of that, and a lot of it is going on now."

R: "...I had a couple of interviews, but once they see how old you are, you see they don't have to, you know, there's no age mentioned, but all they have to do is look at you when you come in for an interview, and you know you can just tell by the way they're interviewing you."

R: "They can't say to *** we're not hiring you because you're 60, they can't say that, it's against the law. They can just say we have no openings, you know and then they can come up with 47,000 different reasons and never say, ageism. They never say that, but you know full well."

Sexual Discrimination

Consistent with their early work experiences, several of the women felt that their gender was a barrier to finding employment in later life. As two women noted:

R: "...I think it is so difficult at a certain age group because there is discrimination against females, as we all know...there is especially in management and also maybe not so much in the health care sector management, but nevertheless it is there."

R: "...they treat you, because you've lost your looks, because women's values are in their looks. I don't care what anybody says, it's true, and the older you get, the more you're dismissed..."

Racism

Several of the immigrants interviewed, particularly those that were members of visible minority communities, felt that their ethnocultural background or race were factors in their inability to find employment. Much like sexual discrimination, this was something that they had been dealing with throughout their working lives. This is supported in the literature which finds that discrimination leads to lower-paying jobs, greater part-time work

and higher participation in the periphery of the economy (Jacobson, 1990; McDonald and Wanner, 1990). As several individuals commented:

R: “And when you look at this situation, I left when I was 54 years old and it’s different when I was a 39 year old black woman, because now I’ve got three barriers, female, black and old.”

R: “The stock question that is asked is, do you have any Canadian experience? ...we come here 6 months, 9 months ago, how can you have Canadian experience when the person comes with a wealth of experience in the homeland. You see that to , this is a slap, a form of discriminating, hey you guy, you come here yesterday, the day before, you want a job...”

R: “But when I came to this country, I was 50 years old and I was either overqualified for the job or I’m very, very old for that job too.”

Lack of Employment Skills

Despite attempts to upgrade skills, a number of individuals indicated a lack of current or specific employment skills and education as an additional barrier to finding employment. The longer the individual was out of work, the larger this barrier was perceived to be. As several people commented:

R: “...and that’s one of the big drawbacks also because if you go for an interview, do you notice it’s not this system, it’s the other system and it’s no point lying my way through...”

R: “...I wouldn’t mind working, but I know that I am extremely limited as to what I can look for because I am not interested in technology. I can manage, I can do my job, I can go and learn other programs, but I’m not really a whiz with computer skills and that’s what everyone is looking for today, in what I am able to do.”

R: “The job market out there for my type of work in the business that I’m in, they want certification, they want a university degree and they want very little experience.”

Shrinking Job Market

A number of respondents indicated that the shrinking of the labour market, in which they had to compete with more and more people for fewer and fewer jobs, was a significant barrier to finding paid employment. This steady decline in employment opportunities, specifically within certain sectors of the economy, has been substantiated in the literature (Picot, 1992; Moore, 1990). As several individuals explained:

R: "...there was a recession and there really wasn't much around and there were lots of young people. There were certainly, my age was against me shall we say."

R: "I was just too old and they obviously think that. And apart from that in ***, manufacturing jobs have just gone out...out the window."

R: "And there might have been people that might have hired me except at the time, everybody was feeling the pinch, '87 was a bad year. And I don't think anybody was hiring anybody."

R: "...I've never had a problem before finding a job, but you are talking in the middle of a recession and at age 54 in the recession, it's not easy."

Volunteer Work

For many of the individuals spoken with, the maintenance or replacement of activities and/or roles as they moved out of the paid labour force and into retirement was extremely important. It seemed that these people found ways to replace the meaning of work in their life with something very similar. This was often accomplished through involvement in some form of volunteer work. Those involved in volunteer work had a more positive view of their retirement and, consequently, themselves. As several people noted:

R: "Yes, that was, that was how I was brought up by my parents, to give...and it is something that I am still doing right now, giving up my time. I have no time of my own now that I'm retired. All being used up to give, to give..."

R: "...I got active with ***; been a wonderful thing for me, forget what they do for other people. They've given *** a whole new life and you've seen me there, I just open up and bubble up there..."

R: "I don't think I'd have been able to keep this well and this health if I was just sitting at home moping and watching my pennies and see other people suffering without doing anything."

R: "...it's a way of getting out of the house and not being bored all the time, it's some outlet."

4.2.5 Retirement Planning

A large majority of the individuals we interviewed, both women and men, had done little, if any, formal planning for their retirement. At least three main factors were identified as having impacted upon planning for retirement: the timing of their retirement, lack of

financial resources and personal outlooks. A fourth factor was significant for many of the women we spoke to; a reliance on their spouse's retirement income and retirement planning.

Timing of Retirement

For some, the timing and circumstances under which they retired played a strong role in retirement planning or the lack of planning. This was especially pertinent for many of the individuals interviewed, as they had retired suddenly, often with little notice because of such things as layoffs, plant and office closures, and firings. Involuntary retirement, for many of these individuals, meant a decrease in their earnings both in the short-term (a loss of actual salary) and the long-term (decreased pension credits). As expressed by several respondents:

R: "That was poor timing. It was very poor timing. We'd expect our last 10 years or so to be...getting some of our own financial books in order."

R: "...we hadn't been doing an awful lot, like I said, my wife and I are both workers and...we hadn't looked at early retirement, we hadn't been doing any planning as far as early retirement is concerned..."

R: "And two years ago I knew I was going to be out of a job anyway, so I just couldn't see the point in my going into it then. All the rest of the time I worked for them I wasn't eligible because if you were an "on call" employee, you couldn't join any of those benefits."

It was anticipated that those who were in sectors that had been experiencing massive job losses or those that had some foresight that they would become unemployed would have planned for their retirement to some degree. Surprisingly, a large majority of these individuals did not take this opportunity to make plans for their retirement. Reasons for this varied, including denial of the situations they were facing. As one respondent said:

R: "...the handwriting was on the wall, sort of, that things were happening. But I didn't sort of expect it to me, you know."

For the majority, however, the reasons included those previously identified; a lack of financial resources, individual attitudes towards planning and, for many women, reliance upon their spouse's retirement plans.

Lack of Financial Resources

Many of the lower income individuals (usually women) that we interviewed felt that they just didn't have enough money to do any type of planning for retirement. The money that they had earned during their working years went to pay for things such as basic household expenses like food and repairs as well as to support children. Many of the individuals were quite clear about the immediacy of their needs that militated against long-term planning:

R: "...I wouldn't say do any advanced planning for retirement because I don't have nothing to plan, I don't have nothing like money and things to plan..."

R: "Didn't have surplus money to put into RRSP's, I had kids going to university..."

R: "...well how can you join an employment, a retirement fund, when you don't work at any place steady. How can you put money away when you're working on minimum wage and you're only making enough money to pay your rent, buy your clothes and transportation and your food, when you're living pay cheque to pay cheque quite literally, how can you make any kind of advance planning?"

Inattention to the Future

Others indicated that advanced planning, not just for retirement but planning in general, was something that they did not do; it was not part of their personal outlook on life or their personal style. Some suggested that they were too consumed with the present and others stated that planning for retirement did not receive the emphasis it does today. When asked why they hadn't planned for retirement, several individuals explained:

R: "...I never planned particularly...I never planned sort of long-term, long-term means, to me long-term is anything over a year..."

R: "...I worry just to get it, get me through the day. I just have no concept of that. My mind doesn't do that and it should...my mind will not deal with the planning process."

R: "No, I never think about the pension, I never even bother about these things, you know...because when you work, you know, you don't have time to think about these things..."

R: "You know, really, I hadn't given it that much thought. And, you know, everything you hear today, plan for your retirement. But, um, I guess my philosophy has always been, I don't know whether its negative or just naiveté, that we live one day at a time."

Reliance on Spouse's Retirement Planning

For several women, planning for retirement was not an image they could apply to themselves but rather one they applied to their husbands. A few of the women had expected that the retirement incomes generated by their husbands would be shared by them. Marital breakdown or widowhood in later life, however, eradicated this possibility for many of them. In their own words the women said:

R: "Well, again I thought my husband would take care of everything, a 50's woman, stupid eh..."

R: "...I had my money, but his money was always saved for retirement, for the farm supposedly. So mine was always used."

R: "I always felt we were going to be together for the rest of our lives and he was going to take care of me and I, being a nurse, would be able to augment the family income...It didn't work, of course, work out that way...and I didn't even realize somewhere along the line that I should pay now a little bit more attention to what's happening to me in the future when I was on my own."

The people who did plan for retirement employed a wide range of different strategies to assist them. These individuals generally were wealthier, had long-term, stable employment and tended to have access to occupational pension plans. In the words of one respondent:

R: "But a lot of the people that I've worked with...that were doing some planning towards it, they were usually the ones ...a little better position, a little more education, little better position, in other words, making more money..."

Strategies included such things as putting money away in RRSP's, GIC's, and other investments, building private pensions if they were eligible, purchasing insurance policies and paying down mortgages as quickly as possible. For example:

R: "...when I knew *** was going to run down, I owed about \$5,000 on the house, which I paid off. So I haven't got a mortgage, so that's one thing that really saved us."

R: "...we were doing planning to the respect that we know what Old Age Pension was going to be doing, we knew what Canada pension was going to give us and that type of thing, we knew that we still wanted to have a little bit more money than that going into it, so we were putting as much money as we could put away in RRSP's a the time."

R: "I had an RRSP and I got a house so that I used my money to buy the house so when I stopped working, what I did as I had some boarders too for the time, that helped subsidize me. So now, as I said, I was not suffering monetarily...and I bought some bonds, you could always buy bonds as well as you could buy from the bank so I was planning, I thought of preparing for that. Yet you never prepare as much as you should. You never have as much as you want..."

R: "Oh yes, right from the beginning I believe very strongly in RRSP's, whatever was the maximum allowable I was putting into my plan and also the spousal plan..."

4.2.6 Financial Impact of Retiring Due to Unemployment

The most immediate and obvious consequences of unexpected retirement are lost earnings as well as decreased pension benefits. Retiring due to unemployment had a financial impact on almost every individual that was interviewed in the study. The respondents outline how the drop in income affected them:

R: "I've never been as poor, having worked all these years as I am today."

R: "I manage, but I'm on the edge of you know, just on the edge. It's hard to get ahead."

R: "...there's no room for luxuries whatsoever, there's no room even for tobacco...I can just feed myself and I can't even clothe myself on what I have. I bought some books...cost me about \$100 last month and last week I had to borrow \$20 from my son for food."

R: "Well, I get physically anxious and worried, I don't think I would call it depression, I don't think I've reached the stage of depression. But yeah, I get worried, I mean, I don't like the idea that I'm into my RRSP's now. I mean, we amassed a little bit, but we haven't been able to put a lot of money away..."

R: "I am only spending the little money which I brought when I came here and that will be over in another month or so. After that I'll find it very difficult even for transportation..."

Perceptions of Income

Despite their diminished income as a result of retiring due to unemployment, the majority of the individuals perceived their incomes as being able to meet their needs adequately. This phenomenon, which has been well documented in the literature (Goetting et al., 1996) may be a result of a number of factors. Their satisfaction may represent a cohort effect. Many members of this particular age have come from families of very modest means, or have experienced very lean years throughout their lives:

R: "But I'm a survivor and somehow I will get by. And my whole life has been doing survival, one of survival... You, you survive... and I've been very good at that all my life and if I hadn't been good at it, I'd probably have trouble living on the amount, the amount of money I get now."

R: "It's been a case of being low income, minimum wage all my life, having to depend on an insufficient pay cheque, ease scale down, live a life where you don't have... you don't take trips, you don't expect to, you don't go window shopping because you don't have the money. You got out of the habit of doing that or you never got into the habit of doing it. You just don't expect it so, you live on what you have..."

For others, their perceptions of income were closely tied to their general philosophies or their outlooks on life:

R: "...retirement depends on your attitude to life. Others may have said, oh I need more money to live and how can I live, how can I do that but I make do with what I have and I'm very happy."

R: "Well, you know, its, its not a lot, its small but what am I going to do? I just give thanks for what I'm getting. You know, I give thanks for what I'm getting because I could have not get any and whatever I'm getting I give thanks for it, I just do what I have to do. I don't go overboard, I don't do more than I can I'm, I'm just making myself satisfied with what I'm getting."

R: "It is a learning experience, and I follow a philosopher... and he says money comes and money goes, it is not something real and important. He says position comes, position goes, the titles, again, it's not something real, it's something temporary. What is permanent is your approach, your philosophy, your attitude to life..."

R: "I'm quite happy with my lot... of course, I always have been. Well, this is our philosophy in life. I've always been happy with my lot."

Although a number of the people expressed satisfaction with their current income levels, however diminished, there were also a number of people who were quite troubled by their current financial situation. It is important to note their comments because they probably offer a more realistic evaluation of life for many of the people who retired due to unemployment:

R: "Yes money is very essential, money is independence, money is freedom. If you don't have that, you don't have anything."

R: "I think when it comes time that my quality of life has really come down to the level that it was previously...then I'll terminate my life."

Financial Strategies

Regardless of whether the respondents reported satisfaction or dissatisfaction with their financial situations, virtually all of them indicated that they have had to develop strategies in order to deal with the changes in their income as a result of retirement due to unemployment. Depending on the individual circumstances, these strategies ranged in scope from sharing living accommodations to shopping for groceries more wisely:

R: "...we used to be great ones for having movies and stuff like that, which is a minor thing, but we've noticed we've cut back on that. Uhh...my wife and I both enjoy eating and we used to go out, and we enjoy buying good steaks and that type of thing...we've cut back on that..."

R: "...*** and I share all our expenses that have to do with the house. So it makes it easier...you always know that if anything comes up, it's not all going to fall on you so it makes it easier..."

R: "...I have to be very careful with my money, I mean, you know, I can't just go to the grocery store and just buy what I want, I have to be careful of what I'm going to buy..."

R: "...the odd times I'll have, might be a student, somebody might ask, can you keep somebody for us...enough to pay bus fare so you don't have to take it from your pension all the time..."

R: "Yeah, you know, finances and cutting back on things that you want to do and...just watching things financially and cutting back on my itinerary...on normal things I want to do. Let's say I like to go out to restaurants every...maybe once or twice a week, that has to be cut back. Maybe not go out at all."

Overall, most individuals did without something or foresaw having to make some tough choices in the near future. Unlike the findings in the national data, RRSPs had a role to play in helping people get by:

R: "...all you'd see was an outlay of cash. More and more and more and more, so you're dwindling the supply of what you had, plus, I sold, I guess I sold the cottage, somewhere in there...and you're dwindling that down, you know."

R: "I'm coping, I'm coping. But I have to dip into my RRSP. I cannot survive on what I receive...and now I'm planning to move out of my apartment to look for cheaper accommodation."

R: "...I had some RRSP's set up and because of this, we has to use some...some of it for other expenses, so that's been, let's say, gone by the wayside now."

The ability to project their financial needs or financial security into the future was a difficult exercise for many of those interviewed. They felt this would depend on a number of factors, such as unexpected expenditures, changes in pension benefits and inflation to name only a few, that were both beyond their control or impossible to predict.

4.2.7 Health Consequences of Retirement Due to Unemployment

The concept of health, for the purposes of the interviews in this study, was operationalized in its broadest sense through questions pertaining to physical, mental and social well-being. Participants were asked to comment on any short-term or long-term changes in their overall health as a result of unemployment.

Physical Well-Being

For the most part, the individuals interviewed did not attribute changes in their physical health, particularly adverse changes, to becoming unemployed. Those that did tended to indicate an amplification of pre-existing health conditions, often as a result of the stress associated with retiring due to unemployment:

R: "...I had a heart attack a few years ago, so I imagine all that was caused from all the aggravation."

R: "I've been told that the rheumatism in my neck and the tendons is also stress related. If you're under stress your muscles crunch up and it produces more pain. And I've been under a great deal of stress..."

Emotional Well-Being

Many of the respondents indicated a number of changes in their mental or emotional well-being resulting from the stresses of retiring due to unemployment. These changes manifested themselves in a variety of ways including feelings of anxiety, depression, guilt, anger, and sadness. The respondents were very clear as to how their unemployment experiences had affected them:

R: "...when they, when they closed down that place, it was a very hard time for me. It's like something was missing, not going out in the mornings because at that time I could go out a little, you know, but there was nothing I could do."

R: "...I was so stressed out that I think it showed in my face, maybe even in my eyes. I wasn't confident. I had lost my self-esteem, my self-confidence and everything and trying to analyze...did I do something wrong? And then it was a roller coaster, up and down and up and down and up and down."

R: "Sometimes I get this feeling over me that nobody wants me and I wish I were dead and I just go down into the basement...and I sit down there and I cry for hours."

R: "And there are some days where I would be really frustrated and I become depressed sometimes. Or...and this would affect me during the day. then at night I wouldn't sleep. The next day I'd be tired and I just didn't feel like doing anything or just felt like hiding."

R: "I think that was probably the most difficult part for me, was I went through a lot of trauma. You don't realize the trauma you go through until you really look back on it, I guess. But uh, leaving the job was very traumatic from me..."

R: "...I contemplated suicide at one point, it was that bad..."

Social Well-Being

Many of the respondents indicated long-term changes in their patterns of social interactions and their social networks which is consistent with the existing research. Several individuals commented on this:

R: "...and we used to go to a lot of their socials and stuff like that, we find that we don't go out to them as much because of the expense and that type of thing..."

R: "...because you find yourself sometimes wanting company and, of course, you don't have any because, well and not only that, after you've worked all, you know for years, you rely on your co-workers for a lot of things. You go out for dinner, you know, you socialize, but then when you quit working, well that's gone."

R: "...without money...it is not possible for anybody to be associated with so many people, because to see so many people... you need a certain amount of money..."

R: "...you know, going out among friends, they are all fully employed...some people have lost their job... they feel uncomfortable going amongst their friends and you know, see people aren't doing well and you feel uncomfortable, you feel like an outcast sometimes."

Although many noted changes in their health as a result of unemployment, particularly their emotional and social well-being, the majority perceived their overall health to be quite good. This was further confirmed in a brief questionnaire that was administered at the end of each interview. The respondents were asked to rate their health in comparison to other people their age as either poor, fair, good or excellent. The majority of the individuals in the sample rated their health as good or excellent (88%).

In interpreting these findings, however, one must also remember that the largest part of the sample was drawn through a variety of seniors' groups and community centres. As a result, we did not contact those that were not involved in larger social networks, particularly those individuals whose health or unemployment issues may have isolated them to some degree.

4.2.8 Importance of Social Assistance and Income Replacement Programs

The importance of social security programs was made clearly evident through the interviews. Programs such as health care, subsidized housing, and income replacement programs including social assistance, CPP Disability, regular CPP benefits, private pensions and the Old Age Security were the force behind the economic security of the majority of the respondents. While the income replacement programs were only able to provide some individuals with a small portion of their pre-retirement earnings, for the majority, these benefits made up the largest part of their post-retirement income. In fact, if it were not for these programs, many more of our respondents would have fallen well below the poverty line. One woman, reflected back on how she felt prior to receiving the Old Age Security and her Canada Pension:

R: "...I spent very insecure years, you know, before I was 65, I really did. It was very, you know I kind of forgotten it now, but I can remember I used to be in an absolute panic sometimes you know."

A man commented on how he and his wife were going to benefit financially from the income they would receive from the Old Age Security and Canada Pension Plan when they reached 65:

R: “And then, of course, we get our old age pension, which we get another \$400 a piece, and that’s another \$800 a month. So if we can make it to 65...we really won’t be too bad off.”

Another man expressed how receiving his pensions and living in subsidized housing has affected his life:

R: “I’ve never been more comfortable in a place. I’ve never been more comfortable with who I am and what I do and my living situation.”

Shortfalls of Social Security & Income Replacement Programs

Although the value and necessity of these programs is evident, the respondents did identify significant shortcomings with these programs, specifically with the income replacement programs. The source of discontent for the majority of individuals was the financial penalty for having to draw upon these sources as a result of retirement due to unemployment. As a couple of individuals noted:

R: “...when you work for 30 years and then because you can’t work the last 5 you lose 30%...it’s a third of your pension plan...”

R: “And that made a drastic change in it, like I took...early retirement on my pension, so it took my pension down from oh, \$500 down to \$275...”

A final source of frustration for many of those interviewed were the restriction placed on them with regard to paid employment. In order to receive benefits, one had to give up work completely or they were penalized financially for taking on extra work to supplement their incomes. As a couple of individual commented:

R: “...that’s one of the reasons why I’m on Family Benefits as opposed to CPP disability, because when I applied for Canada Pension Disability, they told me that I wasn’t allowed to work ever again, not even volunteer work. And I still don’t see spending the rest of my life not working at something.”

R: "I worked at ***, Tuesdays and Thursday nights, I used to keep the kids for an hour. But then when I made up my income tax, they cut down on my pension \$480 so I didn't work no more."

The major limitation of the private income replacement programs (occupational pensions) was, as previously discussed, their lack of accessibility to lower-income earners. Based on the individuals we spoke with, only those in the upper income categories or those who worked full-time or for a certain length of time were eligible for these types of benefits. As one respondent noted:

R: "...like there's no pension fund, there's none of those things, so you end up when you eventually retire, you're retiring on a great deal less than someone who has worked in an organization where you have a policy put in..."

Some Final Thoughts

Throughout the interviews, a number of observations and suggestions were made by the retirees themselves which have implications for policy developments pertaining to work, unemployment, retirement and pensions that warrant further consideration:

R: "There's a lot of emphasis on what we do for our seniors, which I am assuming is 65 and over. Well, there's a group of people that are from the range, in the range of 45 to 60 years old that seem to be forgotten. These are the people that are being affected by these changes in the work market right now. And, you know, at 55, I put myself in that position. You take a look at governments trying to increase your pension age, and your retirement age, you take a look at the companies letting people 45 to 60 years old go, in their downsizing and stuff like that, and...the two just aren't compatible."

R: "...I think there should be more, but now I hear they're trying to even cutback...I don't know, it just seems to me that governments are like corporations; some of them are very badly managed. They say if all the big corporations paid all their taxes we wouldn't have any debt, any deficit and we could well enjoy our security programs..."

R: "I think any immigrants who come from any country and if one is in a position to work and government must help those people first...who can work. They should...there are some vacancies in factories or somewhere else, it can maybe be subsidized by the government so that the mature person who is in a position to work physically or mentally can work..."

4.2.9 The Retirees' Fears

The most common concerns respondents expressed were doubts as to whether their incomes would continue to meet their needs in the years to come. This is a realistic fear,

since we saw in the national data file that for each year of retirement, income decreased for the unemployed retirees. As well, many of the lower-income people are living on fixed incomes. This may also be a concern for the upper income earners, as many of them rely on income generated from investments which are subject to fluctuations in the marketplace. Several individuals voiced their concerns:

R: "I always feel very insecure about the future because, you know...if anything major comes...I feel so tired, you know, it's not a physical tiredness. It's some kind of stress that has really taken lots of your energy out..."

R: "Like I say, there's apprehension, there's apprehension of how long I'm going to be able to go...the house is not paid for yet, and we're still paying on it, and that's one of my big things. I don't want to lose our house, we've got a lot of money invested in our house."

R: "You know you don't know how things are going to be 20, say 20 years from now, it's going to be really important that I have money and even more important than now. Okay, I can't plan that you know because I don't know what it's going to be like in 20 years from now. I don't know where, you know, if I'm going to have to rely on welfare, or you know, you just , you just don't know. And I think, you know, the best made plans can, can go astray..."

R: "...I had this...this fear of not having enough finances to carry me by. I just had this little fear since all of this has happened."

R: "...I know costs are getting more expensive and maybe the need down the road will be to move in with some of my family. I mean I've given a lot of thought to what if's. Not made specific plans, but, you know, what if the money's not here for this, then what's the next step..."

5. SUMMARY AND CONCLUSIONS

This research provides rudimentary evidence that retiring because of unemployment has a significant and negative effect on retirement income, especially for women. Although the national data from the Survey of Ageing and Independence are correlational and retrospective, and the unemployment retirees represent a convenience sample drawn from community agencies, there is considerable agreement between the two different data bases, to suggest that retirement due to unemployment can cause economic stress in retirement and limit independence. When the respondents who retired for reasons of no available work are compared to those who retired for other reasons, there is little doubt that the unemployment retirees are disadvantaged on human capital variables, in terms of their work history, and

ultimately, in their retirement income, whether personal or household. Returning to work part-time after retirement did not appear to raise their incomes which were lower than the incomes of those who retired for other reasons. Furthermore, they are more likely to receive government transfer payments such as disability benefits or social assistance. When the factors that significantly contributed to their income in retirement were considered they were a function of personal wealth such as investments and a private pension. The public pension system did not have a significant influence on their retirement income. In short, the data suggest that the social safety net does not bolster retirement income in the face of unemployment; it is private pensions and investments, that provides protection to the older worker, the two sources of wealth 50 percent of the unemployed retirees are not likely to possess.

The findings from the national survey were supported in the interviews. Overall, retiring for reasons of unemployment was seen by most people as a very stressful transition that had long lasting effects on retirement income, not to mention their mental and social well-being. The retirement decision was not straightforward and was affected by the interplay of a number of factors, namely their closeness to retirement, their eligibility for retirement benefits, their health and their level of discouragement if they had searched for another job. The search for work after retirement was motivated by financial need or the need to find a meaningful activity to fill their time. The finding that people chose volunteerism as an acceptable alternative to work was not anticipated in the data and underscores the meaningfulness of work that transcends financial security. Many reported the usual barriers to work after retirement: racism, sexism, ageism, and lack of skills. The quick onset of the loss of a job militated against retirement planning, as did a lower socioeconomic status over the life course, and a disregard for the future which arrived sooner than expected. Many of the women in the sample believed that their spouses would do the retirement planning and overlooked the possibility that a substantial number of them would be separated and without a job.

Unemployment lead to a drop in income for all persons in the sample whether rich of poor. For those most severely hit by unemployment, the transition period was extremely stressful with people reporting high levels of anger, depression, and sadness and constant worry about their straitened circumstances, for now and in the future. People coped with their drop in income by changing their lifestyle, giving up valued assets like their homes and

dipping into their savings and RRSPs. These strategies, in turn, depleted their resources for retirement and caused considerable consternation about what they saw as an uncontrollable and unforeseeable future. People also relied heavily on social assistance and disability benefits to bridge the gap between unemployment and the age where they were eligible to draw down their retirement benefits. When they had to draw down their retirement pensions earlier than expected they were frustrated because they had to accept lower pensions, a feeling that was compounded when they discovered that, if they were lucky enough to secure part-time work, this resulted in further reductions in their pensions. The incongruity of government retirement policy – threats of cutbacks to pensions or raising the age of retirement -- did not escape most retirees in our sample and served to create more uncertainty and stress for an already economically distressed group of Canadians. Notwithstanding the retirees' rather bleak situations, most did not complain - they were survivors who always had done without, or, they were thankful they had anything at all. Any negative comments that were made addressed the diminished quality of their life, a life that some thought they might end.

From a policy perspective, the wisdom of using retirement to deal with unemployment seems dangerously short-sighted. Historically, management has always used retirement as a mechanism for controlling the size and composition of the labour force but usually there has been minimum economic support to protect the older worker. For example, mandatory retirement schemes and early retirement packages obviously are accompanied by permanent pensions. Unemployment is accompanied by temporary employment insurance, social assistance and disability benefits as financial bridges to retirement. The older unemployed worker is in a holding pattern, however, where he or she cannot continue to contribute to their own pensions or save, where he or she will exhaust what retirement savings they have just to live day-to-day. Even in the unlikely scenario that employment is available, the safety net serves as a disincentive to work through the reduction of benefits. When the unemployed retirees finally reach the age of eligibility for public and private pensions -- which will be reduced because they are drawn down at the earliest age -- they have seriously depleted their retirement income, an income that will continue to diminish over time. The unemployment retirees are economic casualties before they even hit retirement.

The essential policy problem is that employment insurance, with its goal of making periods of unemployment tolerable (McGilly, 1998), is not suited to deal with the issues of retirement and, when it does, it undermines the purpose of pension policy to replace retirement income. At the same time, the pension system is not a suitable solution to unemployment because it is a permanent solution, not a temporary solution, i.e. workers do not go back to work. The human suffering and destitution resulting from the misuse of social policies is not warranted. Policies that stimulate the employment of this select group of workers would undoubtedly be a cheaper solution than pensions, in both the short and the long run and for both individuals and for the State.

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