

# Freeland mum on when career extension tax credit will come forth

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Agencies working to connect older Canadians with jobs are happy that Ottawa is promising to develop a “career extension tax credit,” though some predict it will be an “incremental” measure that will fall short of driving the “wholesale culture change” needed.

Finance Minister **Chrystia Freeland**’s mandate letter, released in late 2021, ordered her to tackle labour shortages by introducing a tax credit of up to \$1,650 per year for “seniors who want to stay in the workforce.” Labour Minister **Seamus O’Regan** is expected to help her in that work.

While Ottawa has been rolling out a string of tax credits in recent months, there is no word yet on when legislation related to that one will come.



A spokesperson for Finance Minister **Chrystia Freeland**’s office declined to provide more details on the rollout of the career extension tax credit. She framed it as recognition that Ottawa needs to “take care” of seniors’ well-being. (*Facebook/Chrystia Freeland*)

Challenge Factory president **Lisa Taylor**, whose group brands itself as the first Canadian company to offer career services targeting older workers, told *Parliament Today* that Ottawa is picking up on “best practices” from other countries around the world that recognize people are living and working longer.

Workers are increasingly open to transitioning to new jobs later in their careers, often into their 50s and 60s, decades after they wrap up their formal post-secondary education or other training, she added.

“Most Canadians are not familiar or comfortable with the idea that career paths and patterns have really changed, and that it’s incredibly normal to remain engaged in society well past the traditional age of retirement,” she said.

The retirement age sits at about 65 across the country; the Liberals lowered it from 67 soon after taking office, reversing a **Stephen Harper**-era policy change.

Taylor framed the credit as part of a push from governments to counter “outdated mindsets” around work, career and aging, but said it is an “incremental tax credit” that will need to be accompanied with “strong communication” to ensure sufficient uptake.

“You’ve got to know, to know,” she said. “A 64-year-old isn’t necessarily going to go looking for a tax credit that helps them stay engaged in the workforce, when all of the reinforcing messages they’re hearing is that it’s time for them to retire.”

Taylor pointed to the Canada Pension Plan, which people can begin tapping into at 60, as a measure that may discourage people to work into their later years. She said financial penalties under the regime “far outstrip any benefit that this tax credit could provide.”

Ottawa should also be clear in the kind of behaviour it wants to incentivize before the rollout of the credit.

Taylor said the average age of retirement has gotten younger over the last decade while the labour market participation rate of those over 65 has risen. That suggests while people may “technically” consider themselves retired, work is not “eliminated from their life just because they have crossed over.”

Most workers in their 50s and 60s say they want to stay “relevant and productive” into future years, though they may not want to do the same work or “in the same way” as before, said Taylor. That means there is “urgency” in how governments “shift the mindset of Canadians and employers related to aging work,” she argued, noting the youngest baby boomers are poised to hit the 65-year mark in 2030.

That gives governments seven years to “recognize that normalizing work and engagement” at that age is needed.

It's an issue immigrant service providers are also contending with.

**Samina Sami**, CEO of COSTI Immigrant Services, agreed there is “value” in bringing the tax credit online, noting some of COSTI’s services fold in employment networking groups that dole out advice for job seekers in the 50-to-70 age group.

Her team offers immigrants lessons on the “current job market, how to build their networks and how to effectively learn and manage virtual platforms such as Zoom,” she added in an email.

Sami said older newcomers face several barriers in Canada, including social isolation, difficulties linked to language and health outcomes, and in securing “good, stable jobs.” An aging population that was hit hard by the pandemic is grappling with rising living costs and finding affordable housing, which provides an impetus for Ottawa to act sooner rather than later, she argued. (Sami also cited feedback from one of her housing help managers who relayed that 60 per cent of their clients are seniors needing help covering rent or seeking subsidized housing.)

**Luc Godbout**, a University of Sherbrooke professor who studies taxation and public finance, said it appears the Grits are taking lessons from a similar tax credit already available in Quebec.

A provincial web page shows the non-refundable measure in question is aimed at those over 60 and reduces the income tax payable on the part of eligible work income that exceeds \$5,000.

**Jessica Eritou**, a communications advisor with Freeland’s office, declined to provide more details on the measure. She framed it as recognition that Ottawa needs to “take care” of seniors’ well-being, touting decreased poverty rates among the cohort over the Grits’ mandate.

The credit is a reflection Ottawa is exploring how to boost “seniors’ income security, including through increased labor force participation,” said Eritou — though she declined to wade into targets for its uptake and say how much its administration could cost Ottawa.

## **Host of benefits**

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For Taylor, hiking the retirement age is among the reforms Ottawa should consider.

Working is a way for older generations to stay active in their community, which can produce better mental health outcomes and put less strain on other sectors, like health care.

“It’s not just about the economic argument of keeping older workers working, and the productivity gains that happen when we actually capitalize on our entire workforce,” she said, adding that cutting off connections with colleagues upon retirement can also lead to isolation.

Taylor said it makes little sense to slap a “best-before date, artificially, on certain workers,” predicting that there are “millions” of existing workers in Canada who are available to help governments tackle labour shortages.

Her comments come as a growing number of experts say Ottawa’s rising immigration levels plan will squeeze housing, health care and other public offerings. While Freeland’s 2022 budget referenced the need for a “workforce for the 21st century,” it placed an emphasis on doing that through immigration. (Last April’s document hinted the feds “intend[ed] to engage with experts on the role” a tax credit could play in boosting participation from seniors who want to continue to work.)

The 65-retirement age was set when life expectancy sat much lower than today, said Taylor, questioning what the “reasonable equivalent [is] with an 82-year lifespan.” But raising the age could be “tricky because it goes back on promises and the way that people thought their life would unfold — so it needs to be done in a way that honours and respects that this is something that’s a big transition.”

That means any consideration to lift it should be done “so long as career development supports are also provided” to reinforce the message that older workers still have opportunities to transition to other roles and pick up new skills.

Bank of Canada chief economist **Stéfane Marion** questioned whether the tax credit will have an impact on the labour force participation of those 65 and older. He said a “marginal” hike to the retirement age to align with life expectancy will be a better move in encouraging older workers to remain in the market.