



BEARDWINTER LLP

# Defender

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## Economic Loss and Retirement Age: The Truth Behind the Numbers

If you are like me, you undoubtedly are frustrated when counsel for the Plaintiff states that 50 year old Mrs. Smith, who was employed as a packer on the assembly line pre-accident, would have worked until the age of 65 if not for the accident. Similarly, I find it exasperating when I receive a report from an orthopaedic surgeon who comes to the conclusion that Mr. Jones's degenerative back problems will force him to retire from his job as a truck driver at the age of 60 as opposed to 65. Without fail, the Plaintiff will have provided oral evidence at the discovery that he or she would have worked until the standard age of retirement of 65, (if not longer), but for the accident.

However, if we take a step back for a moment and look at the statistics, we would see that the actual "standard" retirement age is appreciably less than 65. The use of certain basic statistics in future economic loss cases is one easy, neutral, and impressive way of debunking certain myths and lowering loss of income exposure. The sheer fact of the matter is that the median retirement age since the 1980's has dropped rather than increased. One would have expected that with greater health and financial obligations that people would be working longer than the prior generation. In fact, the opposite is true.

According to Statistics Canada, the average age of retirement in the mid-1980's was 65 but this has consistently been reduced and in

the year 2005 it is now 61 years old. The average age of retirement for men in 2005 is 62.6 years and for women it is 60 years old. The statistics reveal that 76% of all males and 82% of all females retire before the age of 65.

There is also a significant difference between public sector employees, and self-employed individuals in terms of their work life expectancy. Public sector employees, (i.e. health care, education, government, and social assistance), have an average retirement age of 58.7 while as those who work for themselves retire at somewhere between 64.3-66. This would be very helpful evidence to use to cross-examine a nurse who alleges that she would have worked until the age of 65 and would lend credence to the argument of a self-employed small retail store owner who provided the same answer.

It is also important to note that people with higher levels of education are more likely to retire three years earlier than those with eight years of education or less. The average retirement age for men with 0-8 years of education was 61.8 and for women it was 60. Conversely, in the same years the average retirement age for men with a university degree it was 59.8 while as for a women it was 56.3. Similarly, the more money you make, the more likely you are likely to retire early. According to Statistics Canada the following was found to be true (1994 study):



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Your comments are appreciated and if there are any commercial or insurance related topics that you would be interested in reading about, please feel free to email us and we will certainly explore the possibility of writing an article. Contact: [defender@beardwinter.com](mailto:defender@beardwinter.com)

Income	Male	Female
Less than \$20,000	62.6	59.4
\$20,000 - \$39,000	61.9	57.6
\$40,000 - \$59,999	59.9	58.7
\$60,000 - \$79,999	62.8	52.9
\$80,000 and over	61.2	56.8

Below is a selection of the occupation classifications and their median retirement age as compiled by Statistics Canada:

Job Title	Retirement Age
Management, and Administration.....	64.7
Professional, Scientific, and Technical.....	63.2
Accommodation and Food Services .....	62.9
Construction.....	62.3
Trade.....	62.3
Sales and Service .....	61.8
Manufacturing.....	61.6
Transportation and Warehousing.....	60.9
Health Care and Social Assistance.....	60.2
Finance, Insurance, Real Estate and Leasing.....	59.6
Information, Culture and Recreation .....	59.2
Public Administration .....	58.4
Education Services.....	57.3

Certainly the compilation of job classifications is an inexact science and one can make the argument that certain job classifications fall under different headings and that this particular claimant would have worked longer than the norm. Although we must assess the particulars of each case on its own, the statistics do not lie. Mrs. Smith the packer, likely would have retired between 60-61, while as Mr. Jones the truck driver would likely have retired at approximately 60-62.

Statistics Canada adds teeth to various arguments that we have used peripherally to assess economic loss claims. Other examples include: (1) The availability of a company pension plan or early retirement packages is an incentive for early retirement as it provides for financial security; (2) Widowed and single men and women work longer than people in relationships and; (3) People in poor health do retire earlier than people in good health.

Statistics may be boring and tedious; but they are cheap, impressive, and effective. By use of these statistics you have now reduced the value of Mrs. Smith's future economic loss claim by as much as 33% by simply using the average retirement age for a woman as a starting point. In Mr. Jones' case, you have neutralized the opinion of the orthopaedic surgeon as the statistics show that the Plaintiff would have been retired at the time of the deterioration of his degenerative condition in any event. The use of uncontroverted statistics will likely surprise an unsuspecting counsel and put him on the defensive. Once you have achieved this, you will have set the stage for a favourable resolution.

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