

Navigating the New Workforce: Adapting to Demographic Shifts and Economic Challenges

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The Canadian labour force is undergoing significant transformations, influenced by demographic trends and economic factors that will shape the employment landscape from now until 2030, and likely beyond. This article explores the dynamic changes anticipated in the workforce, focusing on the mass retirement of Baby Boomers, the ascent of Millennials, and the necessity for organizations to adapt to the evolving preferences and challenges of the workforce, including the intensification of mental health issues due to societal pressures.

DEMOGRAPHIC SHIFTS: BABY BOOMERS TO MILLENNIALS

By 2031, every Baby Boomer, a person born between 1946 and 1965, will be at least 65 years old. As this generation begins to exit the workforce, employers will see a drop-off in experienced workers, which could lead to a significant skill gap in various industries. Organizations will need to have a deep understanding of their workforce composition in order to implement strategies to successfully transfer that knowledge to the next generation of employees. Employers looking to retain top talent will also need to support a workforce seeking to redefine their existing benefit programs.

By 2029, Millennials, people born between 1981 and 1996, will become the largest generation in Canada, and, for the first time, outnumber Baby Boomers.¹

For organizations in urban areas, there's already a significant likelihood that Millennials outnumber other generations at the company. This generation brings different

¹ Population projections used in this document are the M1 medium-growth scenario and are based on the 2016 Census. For reasons of comparability, the Census net undercoverage has been removed from the projected populations. These custom projections are based on those in Population Projections for Canada (2018 to 2068), Provinces and Territories (2018 to 2043) (Statistics Canada Catalogue no. 91-520-X).

expectations to the workplace, including a preference for greater control over the benefits they receive, flexible working arrangements, a focus on work-life balance, and a desire for meaningful work. For those organizations seeing a growing proportion of younger employees within their demographics, succession planning, knowledge transfer, and restructuring benefit plans will become a key priority in coming years, if not already.

ECONOMIC FACTORS: ADAPTING TO WORKFORCE REFERENCES

Millennials face a 91% higher average cost for housing, water, electricity, gas, and other fuels than the previous generation, after adjusting for inflation.² While some statistics show that younger generations may have relatively higher median net worth as compared to young Gen-Xers, born between 1965 and 1980, it is important to note that those disparities in economic well-being have exacerbated over time.³ A recent survey of Gen-Xers also found that 28% of them have not started saving for retirement due to the rising cost of living, having school-aged children, dealing with aging parents, etc.⁴

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As these economic factors persist, so does the downward pressure they apply to the current value of an employer's total rewards strategy. Younger generations will see the successful exit of Baby Boomers as a breakdown of the social contract they bought into years ago, where putting away a percentage of your pay, investing in a home, and building a family cease to be an achievable reality. Economic factors, such as globalization, technological advancements, and the shift towards a knowledge-based economy, are increasingly influencing workforce preferences. Adapting to these changes is crucial for maintaining a competitive edge.

² <https://betterdwelling.com/statcan-millennials-make-more-than-previous-generations-but-spend-it-on-necessities/>

³ <https://www150.statcan.gc.ca/n1/pub/11-626-x/11-626-x2019006-eng.htm>

⁴ <https://www.benefitscanada.com/news/bencan/28-of-canadian-gen-xers-have-nothing-saving-for-retirement-survey-finds/>

WORKFORCE CHALLENGES: THE GROWING EMPHASIS ON MENTAL HEALTH

Mental health issues are becoming increasingly prevalent in the workplace, intensified by societal pressures and the stress of adapting to rapid changes. Poor mental health is leading to higher rates of absenteeism and employee turnover.

Millennials, as well as younger generations, report drastic increases in the severity and pervasiveness of mental health conditions, resulting in more claims specific to this category.⁵

As these trends persist, the need to treat employee health and welfare benefits as a form of 'enterprise risk management of human capital' is crucial. Employers are now, more than ever, responsible for fostering a workplace that supports employee well-being, for both ethical and economic reasons.

CONCLUSION

As Canada approaches 2030, organizations must prepare for significant demographic shifts and economic factors that will reshape their labour force. The retirement of Baby Boomers, coupled with the ascendance of Millennials, demands tailored, strategic planning to bridge the skills gap, and meet evolving workforce expectations. The growing importance of mental health in the workplace also necessitates a proactive approach to creating supportive environments. By addressing these challenges, organizations can ensure a resilient and productive workforce for the future.



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⁵ <https://www.sunlife.ca/workplace/en/group-benefits/focus-updates/over-50-employees/new-designed-for-health-report--long-term-disability-claims---tr/>