

**The Income Support Program for Older Workers (ISPOW)  
(Programme de soutien du revenu pour les travailleuses  
et travailleurs âgés - PSRPTA)**

**Why Quebec's four central labour organizations  
are calling for this program**

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The inter-union coalition, made up of the CSD, the CSN, the CSQ and the FTQ<sup>1</sup>, considers that in the event of a collective dismissal or company shutdown, older workers are faced with a dramatic situation that requires a specific, rapid response. Although some labour market reviews express concern about potential workforce shortages in the coming years, and consider it necessary to adopt social policies to keep the present workforce on the labour market, they nonetheless recognize that some older workers are faced with insurmountable obstacles in their attempts to re-enter the active working population, not the least of which is discrimination in hiring.

## **The context**

Since the disappearance of the Program for Older Worker Adjustment - POWA (*Programme d'adaptation pour les travailleurs âgés - PATA*) in March 1997, there are no longer any support program geared specifically to the needs of older workers who are out of work due to a collective dismissal or company shutdown. Age is nonetheless acknowledged as a particular problem when older employees lose their jobs, as employers are more reluctant to hire them. This means that although workers who are 55 and over are generally less affected by unemployment than younger workers, when they do become unemployed, it is for a much longer period than the average. For some, this situation would indicate that older workers are victims of *ageism* -- discrimination based on age.

Some studies have also shown that the older workers get, the more difficult it is for them to have access to training. The experience of losing their job is therefore much more difficult for older workers than for younger ones, because the skills acquired by older workers who haven't had access to further training appear to be increasingly out of step with the skills required on today's labour market.

## **The fate of those considered to be “too old”**

If they have not managed to find another job by the time their benefits run out, older workers must apply for social assistance, which is now called last recourse financial help since January 1<sup>st</sup>, 2007, when the *Individual and Family Assistance Act* (Loi sur l'aide aux personnes et aux familles) was put into effect. However, to qualify for employment assistance and be “assisted”, they must first have depleted their assets. This means that if

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<sup>1</sup> The Centrale des syndicats démocratiques (CSD), the Confédération des syndicats nationaux (CSN), the Centrale des syndicats du Québec (CSQ) and the Fédération des travailleurs et des travailleuses du Québec (FTQ).

their bank account contains a sum greater than the monthly benefit, they first have to use up all their savings before receiving any help (*Individual and Family Assistance Regulation*, article 52). It also means that if their home is worth more than \$90,000 or their car is worth more than \$10,000, the government will only assist them after deducting \$20 from their monthly benefit for every \$1,000 that exceeds the “allowable” amount of assets (*Regulation*, articles 146-147 and 151). Lastly, if they have the misfortune of owning land or a cottage, their monthly benefit will be cut by \$20 as of the first \$1,000 of those assets.

The level of benefits is already considered to be too low to ensure a decent living – and with a cut in benefits, people feel forced to sell their property, often at a loss. Indeed, given that older workers are thus backed into a corner, they feel obliged to accept the first offer to purchase, even when it is clearly insufficient. Older workers not only have to part with their property, they also have to take a loss -- and they're made to feel that owning property is a punishable offence. What's more, the government won't help them until all the money from the sale has been exhausted.

### **A situation that can't be allowed to go on**

In the aim of preventing these situations from recurring in the future, Quebec's four central labour organizations decided to form an inter-union coalition to develop a blueprint for an Income Support Program for Older Workers (ISPOW) that would enable older workers to reach normal retirement age in dignity. They also decided to call on various levels of government to institute such a program.

This new program should address the needs of workers aged 55 and over who have been laid off as a result of a collective dismissal or company shutdown, who can demonstrate that they have been active on the labour market for at least ten of the past thirty years, and whose acquired skills are too out of step with the skills now required on the labour market for them to find substantially gainful employment in their region.

As for the method of financing this new program, the inter-union coalition has chosen the hypothesis of federal and provincial co-funding, as was the case for the Older Worker Adjustment Program: i.e., 70% from the federal government and 30% from the provinces.

## Eligibility criteria for the ISPOW

In order to be eligible for the ISPOW, workers will have to meet the aforementioned criteria. These criteria were selected for the following reasons:

- **Workers aged 55 or over:**

This is the age at which an individual can apply for the ISPOW. Our knowledge is limited of the situation facing older workers in the age brackets defined by Statistics Canada (45-54, 55 and over). However, it seems to us that although the data shows that those aged 55 and over are subject to longer periods of unemployment than others, a more detailed breakdown of data may well demonstrate that this situation begins earlier than at age 55. To reflect this concern, the inter-union proposal allows older workers to apply for the ISPOW up to three years after their employment insurance ends.

- **Following a collective dismissal or company shutdown:**

The inter-union coalition refers to the existing parameters in the body of laws and regulations in Quebec and Canada, in the hope that this will facilitate acceptance of the ISPOW by the various levels of government. A collective dismissal is thereby defined as one involving ten persons or more, as set out in Article 84.0.1 of the *Labour Standards Act* (R.S.Q., c. N-1.1), which stipulates that all employers must notify the *Ministre de l'Emploi, de la Solidarité sociale et de la Famille* as soon as there is a collective dismissal “involving not fewer than 10 employees of the same establishment in the course of two consecutive months.” The presence of just one older worker among those laid off is sufficient to entitle that worker to the ISPOW.

Following the closure of a company, given that there are no limits in the body of legislation as to the number of workers that must be involved in order for provisions to apply, our demands follow suit: i.e., regardless of the number of workers involved, those who are laid off as a result of a company shutdown will be eligible for the ISPOW.

- **Active participation on the labour market for at least ten of the past 30 years:**

The inter-union coalition included this criterion, as it takes into account the proliferation of casual, non-regular forms of employment over the past thirty years, and it doesn't penalize those – most of whom are women – who have had to interrupt their periods of active participation on the labour market in order to look after their family.

- **Too great a gap between acquired skills and those required for today's labour market:**

The situation has greatly changed since the implementation of the program for worker adjustment benefits (PAT)<sup>2</sup> and that of the Program for Older Worker Adjustment (POWA). Today there are mechanisms for promptly setting up adjustment committees in the event of a company shutdown or collective dismissal. Expertise has been developed to measure workers' skills in terms of those required in today's labour market. We propose to use this expertise to determine whether or not the gap between workers' acquired skills and those that are now required can be bridged. The Income Security Program for Older Workers thus covers a very specific segment of older workers – those who haven't any chance of returning to the labour market, regardless of job re-entry measures that would be welcome in other instances.

- **Unable to find employment...**

This criterion should be differentiated by age, as is the case with the disability pension in the Quebec Pension Plan. For workers who are 59 or younger, the QPP refers to an inability to do any kind of work -- but as of age 60, it refers to an inability to fulfill one's regular occupation. It would therefore be "easier" to be eligible for the ISPOW as of age 60.

- **Substantially gainful employment:**

The concept of substantially gainful employment is included here, since it is already found in the legislation on income support, notably in the *Loi sur le régime des rentes du Québec*. In practical terms, this notion means that the earnings from such employment must be at least equivalent to the average salary paid in the region where the older worker lives.

- **In their region:**

As the aim of the ISPOW is to allow older workers to conclude their active participation in the workforce in dignity, it seems essential, in our view, that the program should allow people to live where they intend to live, rather than unnecessarily forcing them to relocate wherever jobs may be found.

Contrary to the POWA<sup>3</sup> and the PAT program that preceded it, then, eligibility for the ISPOW should be judged on an individual rather than a

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<sup>2</sup> This program was replaced by the POWA in 1987.

<sup>3</sup> For example, in order to qualify for the POWA, 10% of the laid-off workers had to be 55 or over and the lay-off had to constitute a loss for the region. This meant that if 100 people were laid off in Montreal, they would not be eligible for the POWA, whereas in the regions, the opposite would be true. And if only 8 of the 100 laid-off employees were 55 or older, those older workers would not qualify for the POWA either, regardless of the region in which they lived.

collective basis. As soon as an older worker is laid off as a result of a company shutdown (whatever the size of the company) or a collective dismissal involving ten or more employees (regardless of the region), that person would be eligible for the ISPOW if an adjustment committee or a similar type of organization deems that the gap between the worker's acquired skills and those required on the current labour market is too great for the person to find substantially gainful employment in his or her region.

This individualized eligibility meets the current objectives of government policies to strive to prevent the forced exclusion of older workers from the labour market, by all available means. It must nevertheless include an assessment of the person's ability to re-enter the labour market after being laid off as a result of a collective dismissal or company shutdown. It must also consider all reasonable efforts that older workers have made, however unsuccessfully, to re-enter the labour market. Forcing them to take part in a training program that will not yield results in their case, or requiring them to accept casual, non-regular jobs would injure their dignity, in the view of the inter-union coalition.

### **Support offered by the ISPOW**

Once eligibility has been established, older workers would have access to benefits that would allow them to keep their immovable property. For the inter-union coalition, it is imperative that older workers not fall into a state of financial decline that would force them to part with the little property they have managed to accumulate in their many years of grueling work. This is particularly important, as they already have had to endure the grief of losing their job and of being systematically refused work in the months following a collective dismissal or company shutdown. In our view, it would be inhumane to add further hardships to their already difficult ordeal.

The inter-union coalition therefore proposes that the amount of support provided by the ISPOW be equal to the income replacement rates stipulated in the Employment Insurance Plan, while taking into account the fact that a minimum limit should be established, as was the case with the POWA as of 1987.

To determine this minimum limit, the inter-union coalition sought to find out what might correspond to the minimum monthly benefit stipulated in the Program for Older Worker Adjustment (POWA). It is important to bear in mind that this minimum monthly benefit was set at \$760 per month. Yet it appears that on January 1, 1993, income security provisions (social assistance) were offering \$762 a month in financial support for a non-participating couple -- shortly after the Canada-Quebec agreement came

into effect on December 17, 1992<sup>4</sup>. As the category of non-participant no longer exists for social assistance, the closest equivalent today is the category of people with severe employment restrictions, given the population targeted by the ISPOW. A couple in this situation would thus receive a monthly benefit of \$1,266.67, which is equal to \$15,200 in annual financial support.

Another adjustment method yielded roughly the same results. A monthly benefit of \$760 in 1987 (the year the POWA was implemented) came to a total of \$9,120 in annual financial support. The Bank of Canada's inflation calculator indicates that \$ 9,120 in 1987 would be worth \$14,989 in April 2007. Taking into account the rate of inflation, we arrived at approximately the same level of benefits as with the preceding method, with a difference of only \$211.

These comparisons demonstrate the importance of including a mechanism for increasing the minimum income level that could be applied on January 1<sup>st</sup> each year, and that would be equal to the average monthly industrial wage increase over the previous two years.

As for the maximum level, the ISPOW would have the same ceiling as Employment Insurance at present, i.e., \$423 per week, which comes to \$21,996 per year.

If the ISPOW were instituted tomorrow, then, it would offer monthly support ranging from \$1,266.67 to \$1,833, which would come to between \$15,200 and \$21,996.00 per year. Between those limits, the benefits would be calculated as they are for Employment Insurance, that is 55% of the salary earned before the collective dismissal or company shutdown.

Lastly, the inter-union coalition recommends that the mechanisms found in the last Program for Older Worker Adjustment (POWA) be used to determine the amounts that will be deductible in the new assistance program we are proposing (see APPENDIX 1), as these mechanisms already have the consensus of both levels of government.

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<sup>4</sup> This agreement renewed the government of Canada and Quebec's commitment to the POWA, which had been set up five years earlier, while introducing certain changes.



## **A five-year review period for the ISPOW**

The necessity of this program rests primarily on the fact that older workers face numerous obstacles. Their longstanding skills are no longer in demand. They don't have the necessary skills for the new and developing sectors. Their level of literacy and schooling is among the lowest. They lack job-search experience and are not interested in relocating because of the social and financial implications. We also note that measures to help them re-enter the job market have not yielded convincing results, and in some cases cannot reasonably be considered.

These realities could nonetheless change and evolve as better-educated future generations enter the 55 and over age group. This is why we suggest that the ISPOW be reviewed every five years to make any necessary adjustments or to eliminate it, if after analysis it is deemed that the program no longer serves its purpose.

## **Conclusion**

The governments of Canada and the provinces already have experience in implementing programs such as the ISPOW. The program we are demanding is not only feasible, then -- it is imperative, in our view, if we are to come to terms with the actual situation facing older workers who have been laid off as a result of a collective dismissal or company shutdown, and who, despite all efforts and good intentions, are unable to reintegrate the labour market.

It is high time we took action to rectify the situation resulting from the elimination of the Program for Older Worker Adjustment in 1997. All that's needed is the will to do it.

## **Appendix 1**

### **Income that is 100 % deductible (gross amount):**

- Employment Insurance benefits;
- Workers' compensation due to employment injury (CSST);
- Quebec automobile insurance compensation (SAAQ);
- Company benefits (received or pending);
- Private disability benefits.

### **Income that is 60 % deductible over and above the \$200.00 monthly exemption (gross amount)**

- *Régie des Rentes du Québec (RRQ)*: disability benefits.

### **Income that is 40 % deductible over and above the \$300.00 monthly exemption (gross amount)**

- Gross employment income;
- Net business income;
- Net rental income.

**If you have income that is 40 % and 60 % deductible, a maximum exemption of \$400.00 per month may apply.**

### **Non-deductible income**

- Veteran's pension;
- Interest income;
- Personal RRSPs;
- QPP or CPP:
  - retirement benefits;
  - spousal allowance;
  - income supplement.