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## Employers lack clarity on LTD insurance for 65-plus workers

Kevin Press 4-5 minutes 4/25/2025

As more Canadians choose to work past the traditional retirement age, employers are struggling with costs and unanswered legal questions

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- April 25, 2025 April 25, 2025
- 14:53



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It has been more than a decade since Ottawa followed the provinces' lead and outlawed mandatory retirement in all but a few cases. In important ways however, public- and private-sector stakeholders are still catching up with the idea that Canadians want to work past their 65th birthday.

A new study by Joe Nunes, co-founder and executive chairman of Actuarial Solutions Inc. in Lakeshore, Ont. highlights a key area in which we need to catch up — long-term disability (LTD) insurance.

In [Rethinking Age-Cutoffs for Long-Term Disability Insurance](#), published this week by the C.D. Howe Institute, Nunes reports that according to Statistics Canada, 28% of those 65 to 69 worked last year. Eight per cent of those 70 and older did the same.

“As the workforce ages and an increasing number of workers remain employed past age 65, age-based distinctions in the design of an LTD insurance program remain broadly appropriate,” Nunes writes. “However, a fixed age cutoff of 65 for benefits may no longer be appropriate for all workforces or legally defensible, notably where the cutoff is not linked to pension eligibility.”

Nunes has been a leading light in the employer-sponsored benefit space for years. He is a Fellow of both the Society of Actuaries and the Canadian Institute of Actuaries.

While he believes that “65 is a very fair age to define the limit of LTD coverage,” Nunes is recommending a balanced approach in which employer-sponsored LTD programs get better at meeting the needs of 60- and 70-something workers, without putting undue financial pressure on plan sponsors and the rest of the plan member population.

He and I traded emails on Thursday.

“Everything has a cost,” Nunes said. “I think it is better for employers to proactively work with employees — union and non-union — to build a plan that makes sense for their workforce. Better to bargain an arrangement that has broad support than to fight in courts and arbitrations.”

It’s not just these older workers who stand to benefit from the extension of LTD coverage past 65. Employers who value these seasoned professionals do too, in terms of their ability to attract and retain that talent. Taxpayers will benefit when fewer of these older professionals have to turn to government programs for assistance when an illness or injury prevents them from working.

Some large employers can make the math work by virtue of their ability to invest in talent and spread the costs of LTD coverage across a large workforce.

Nunes suggests that employers provide coverage to workers 63 to 70, with benefits running a maximum 24 months. This balances the interests of plan sponsors and members, and “reflects the reasonable expectation that most workers will not work forever, and if they do, they will not need meaningful income protection over their extended working life,” he writes.

If that’s not possible, employers should at least consider the needs of their specific workforce and find ways to extend benefits in an affordable manner.

What can advisors do to help?

“Two things,” Nunes said. “First, advisors ... should review their client’s coverage and discuss what additional protection, if any, is needed. Second, advisors that are working with C-suite executives may want to alert them to this issue so they can think about changes they might want to make to their group program. I think proactive employers will be winners in the evolving workforce.”

Meantime, employers lack clear guidance from lawmakers on all of this. As a result, benefit plan design from employer to employer is inconsistent.