

Position Statement

Incomes for Senior Women in Canada

Pension reform over two decades ago in Canada made life easier for many seniors. The poverty rate among elderly households dropped by 7.2 percentage points between 1981 and 1989, and another 1.8 percentage points between 1989 and 1997.¹

While BPW Canada applauds this improvement, we also recognize that too many seniors continue to live in poverty – *and the vast majority are women.*

The poverty rate for senior women in Canada is almost double that of men – 19.1% in 2003 compared to 10.2% for senior men.²

The largest group of poor seniors is single, widowed or divorced (“unattached”) women over 65 living alone – almost half (41% in 2003) live below the poverty line.³

The situation is particularly bleak for Aboriginal and immigrant senior women in Canada.

Women live longer than men so are much more likely to spend extended years living in poverty. Research shows a strong link between income and health – people living in poverty are much more likely to have medical problems, and to make use of the country’s already over-burdened health system.

It is clear to BPW Canada that policy reform on pensions in Canada is long overdue. As an organization, we have passed many resolutions and lobbied on an annual basis, and are dismayed with the lack of movement on this issue.

We believe that the government of Canada must begin to address the concerns of older persons and more specifically, the issue of older women and poverty.

As an organization, we join with the Women Elders in Action (WE*ACT) in British Columbia and the Canadian Association of Social Workers/Association canadienne des travailleuse et travailleurs sociaux in urging the federal government to work with concerned groups to develop a comprehensive strategy to address the issue of women and poverty.

Policies must be designed in consideration of the ageing society, and strategies must be put in place to ensure that women in Canada do not spend their senior years living in poverty.

¹ Canadian Council on Social Development. The Canadian Fact Book on Poverty (Données de base sur la pauvreté au Canada 2000), based on Statistics Canada Low Income Cut-offs (LICOs). Ottawa, 2000. www.ccsd.ca/research.htm

² Statistics Canada Table 202-0802 – Cat. no. 75-202-XIE. “Persons in low income before tax, by prevalence in percent.” Available at: www.statscan.ca/english/Pgdb/famil41a.htm

³ Ibid.

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There are many reasons why senior women are poor. Retirement income is based on lifetime earnings, and women are disadvantaged in several ways:

- Women in general are paid less than men – For every dollar a man earns, a woman earns less than 80 cents.
- Women are more likely than men to take frequent breaks from the workforce for unpaid child and elder care;
- Women do more part-time, contract and low paid work;
- Women are less likely to have employer-sponsored pension plans; and
- Women are less able to put money aside in private retirement savings plans.

In the 1990s, the federal government's intense focus on reducing the debt and the deficit meant that many social programs for vulnerable populations (such as seniors) were abandoned, and many of these have never been reinstated. The "sink or swim" mentality is very much alive in today's global economy.

Some suggest that the poverty of senior women is historic because many women in this age group today spent years outside of the workforce, caring for the home and children, and that it won't be a problem in future because most young women these days enter the labour force once their schooling is finished. But as the Position Statement of WE*ACT notes:

“Young women today will suffer hardship later due to factors such as: lack of reliable, cheap, quality daycare that keeps them out of the workforce or only working part-time; their need to care for ageing parents; cuts to good-paying union jobs during their earning years; the development of user-pay programs for seniors; and Joint and Last Survivor Rates set at 60% even though approximately 2/3 of previous pension income is required to maintain household and daily living expenses for a survivor upon the death of a spouse/partner.”⁴

Looking at the public pensions available to seniors in Canada when they retire, as of April 1, 2005, the basic Old Age Security (OAS) pension in Canada was \$473.65 per month. (Since 1973, OAS benefits have been adjusted quarterly, based on changes in the average Consumer Price Index.⁵) In addition to the basic OAS pension, low-income seniors may also qualify for the Guaranteed Income Supplement (GIS). In the February 2005 budget, the government of Canada announced the first non-cost of living increase to the GIS since 1984. Beginning January 1, 2006, the GIS will be increased by 7% over two years. This means that a senior woman living alone could receive \$473.65 OAS and \$562.93 GIS in 2006, for a total of \$1036.58 per month or \$12,438.96 per year.⁶

⁴ Women Elders in Action (WE*ACT). *Pensions in Canada: Policy Reform because Women Matter*. Vancouver, BC, December 2004.

⁵ www.sdc.gc.ca/en/cs/comm/sd/news/2005/050330.shtml#background

⁶ Ibid.

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Despite this increase, many senior women living alone will continue to live much below the poverty line. Statistic Canada Low Income Cut-offs (LICOs) for 2004, for a single person living in a city with a population greater than 500,000 was \$20,337. The LICO for a single person living in smaller urban areas (population less than 30,000) was \$15,928.⁷

The Canada Pension Plan is currently designed to replace only 25% of the income of all workers, which means that those who received the least income during their working years continue to receive the least income throughout retirement. This should be increased to 50% for low-income workers. In addition, increasing the contribution ceiling from its current \$40,500 to \$60,000 would mean higher income earners would contribute more to the fund.

Currently, a woman can discount the first seven years of her child's life, when she applies for CPP at age 65. When these years are *not* taken into consideration in the calculation, the impact is usually to *raise* the level of CPP benefits that she will receive. The same "drop-out" provision should apply for elder and other types of caregiving.

In addition, we know that there continue to be many inequities in terms of private pension plans, the rules and regulations of which are often set by government.

BPW Canada recommends the following:

- 1) The federal government should increase the Guaranteed Income Supplement (GIS) so that total Old Age Security/GIS is at a level at least equivalent to the pre-tax Low Income Cut-Offs (LICO).
- 2) The federal government should raise the income ceiling for maximum Canada Pension Plan (CPP) contributions from \$40,500 to at least \$60,000, and should restructure the CPP so that it replaces 50% of the income for low-income workers, a disproportionate number of whom are women.
- 3) The federal government should develop a "drop-out" provision in the CPP, similar to the existing "drop-out" provision for childcare, for people who are caring for individuals with disabilities or the elderly.
- 4) The federal government should eliminate taxes for all individuals in Canada with incomes below the poverty line.
- 5) The federal government should work with concerned groups to develop a comprehensive strategy that addresses the income, social and health support needs of seniors and, in particular, senior women in Canada. Such a strategy should include although not be limited to issues such as quality, available and affordable childcare, pay equity, affordable housing, social and health support programs and other issues affecting women throughout their working lives and in retirement.

⁷ www.ccsd.ca/factsheets/fs_lico04_bt.htm

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6) The federal government should review and revise all legislation and regulations governing private pension plans to remove any provisions that impact negatively on senior women.

BPW Canada joins with Women Elders in Action (WE*ACT) in British Columbia in stating that pension reform with women in mind is essential to fostering women's economic equality but that old age will continue to be a time of insecurity and suffering for large numbers of senior women without the key social reforms that promote and support working women's equality and recognition of their disproportionately-large contribution of unpaid work in the family and community. As the WE*ACT report states:

“Clearly, comprehensive childcare policies, organized support for people with disabilities, and elder care programs that lift the burden from the shoulders of individuals will all eventually improve the quality of life for senior women.”⁸

BPW Canada supports this statement, and urges the federal government to act immediately on these very important issues.

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⁸ WE*ACT, Ibid.