



Poverty and Inequality Among British Columbia's Seniors

By Iglia Ivanova

with Shannon Daub, Marcy Cohen and Julie Jenkins

APRIL 2017



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CANADIAN CENTRE
for POLICY ALTERNATIVES
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Summary

Looking at how markers of identity intersect allows us to engage in a more nuanced discussion about poverty and inequality that better reflects the reality of seniors' experiences.

POVERTY AND ECONOMIC INSECURITY present a unique hardship for seniors, particularly when combined with the many overlapping challenges of aging—chronic disease, loss of mobility, declining health and loss of spousal and community support. And given that BC's population is aging, any gaps in our system of public supports for seniors will affect more and more people.

This report uses Statistics Canada data to study the economic well-being of BC seniors. We take a closer look at the changes in the poverty rate among seniors over the last four decades in BC, examine income and wealth inequality among BC seniors, and compare seniors with working-age families. We broaden the analysis of economic insecurity among seniors to include indicators such as core housing need, the costs and accessibility of essential care and prescription medications, and food insecurity.

In addition to age, key factors such as gender, race and ethnicity, education and occupation, disability, sexual identity and immigrant status affect the risk of facing economic insecurity. Looking at how these markers of identity intersect allows us to engage in a more nuanced discussion about poverty and inequality that better reflects the reality of seniors' experiences and helps us develop more effective ways to support vulnerable members of our communities.

Seniors' poverty has increased since the mid-1990s

The decline in seniors' poverty since the 1970s is one of the big success stories of social policy in Canada. Public programs that provide income in old age, including the Canada Pension Plan (CPP), Old Age Security (OAS) and the Guaranteed Income Supplement (GIS) brought seniors' poverty in BC down from over 30 per cent in the mid-1970s to less than 5 per cent in the mid-1990s. However, this trend has since reversed.

Seniors' poverty in BC rose from a low of 2.2 per cent in 1996 to 12.7 per cent in 2014 (according to Statistics Canada's low income measure). A total of 96,000 BC seniors lived in poverty in 2014.

Seniors living alone and women face a higher risk of poverty

Seniors living alone are more than four times as likely to be poor than those living with a spouse or other relatives (29.7 per cent compared to 6.8 per cent). Senior women are more likely to be



poor than men, particularly those living alone. One in three BC senior women living alone were poor in 2014 (33.8 per cent) compared to 22.5 per cent of senior men.

While seniors living alone are most at risk of poverty, a significant minority of poor seniors in BC (40.6 per cent) do live with spouses or with other family. Thus, policy measures targeted exclusively at boosting incomes for single seniors are likely to miss a large proportion of seniors who are poor.

Many more single seniors have incomes just above the poverty line

Seniors are much less likely to have a “very low income” (below \$15,000 after tax for singles and \$20,000 for families) than working-age adults. This is because OAS/GIS provides eligible seniors with a basic income above that level while no comparable program exists for working-age adults.

However, a large share of single seniors has incomes very close to the poverty line: 44 per cent report an after-tax income between \$15,000 and \$25,000. In contrast, only 17 per cent of single working-age adults have an income in that range. This suggests that many single seniors have little income above the basic public pension provided by OAS/GIS and a modest CPP.

While many of these seniors are not technically “in poverty,” they still struggle to make ends meet and are at risk of becoming poor, particularly if they have higher health care expenses due to chronic illness or disability or if they are faced with an unexpected bill. These seniors are largely invisible and are missed by many public policies that narrowly target those below the poverty line.

Single seniors are also much less likely than working-age adults to be in the middle and upper-middle income brackets (between \$40,000 and \$100,000 after tax).

Unlike single seniors, the incomes of senior families do not cluster around the poverty line.

A large share of single seniors has incomes very close to the poverty line: 44 per cent report an after-tax income between \$15,000 and \$25,000.



A gender income gap exists in all generations

Women working full-time, full-year in BC earn 32 per cent less on average than men. Women of colour, Indigenous women, immigrant women and women with disabilities are even farther behind. Compounded over a full working career, the gender wage gap adds up to hundreds of thousands of dollars and makes it more difficult for women to save for retirement, which leads to poverty in old age, especially for senior women living alone. This is why old-age income support programs that are independent of work history are essential for women.

The median income of single senior women in BC is \$24,660, which means that half of the seniors in this group had lower incomes and half had higher incomes. The median income of single senior men is \$26,660. The gender income gap increases with age: the median income of single women over the age of 85 is \$23,710, which is 19 per cent lower than the median income of single men over the age of 85.

Unequal access to pension income drives income inequality in old age. There is no gender difference in eligibility for Canada's public pension system. However, while senior men and women in BC receive the same median OAS/GIS benefit, there is a sizeable gender gap in the amount of CPP benefits received: the median annual CPP benefit is \$8,200 for men and \$6,500 for women.

The gender gap is even larger among the two-thirds of seniors who have private retirement income from RRSPs or employer-sponsored pension plans. The typical senior man in BC gets almost double the private retirement income a woman does (\$17,700 versus \$9,300).

This is because women who are now seniors were much less likely to have participated in the paid workforce than young women today. They also faced a larger gender wage gap, resulting in lower CPP entitlements and lower private retirement savings.

There is a sizeable gender gap in the amount of CPP benefits received: the median annual CPP benefit is \$8,200 for men and \$6,500 for women.

Significant wealth inequality exists among seniors

Seniors have higher average wealth and are more likely to own a home than working-age families, largely because they have had more time to earn income and save. However, a significant number of Canadian seniors have very little wealth. In 2012, the median wealth of the poorest 20 per cent of senior families in Canada was \$15,000.

On average, seniors are a lot less likely to carry debt than working-age households, again, largely because they have had longer to pay off their debt. However, the percentage of senior households carrying debt has increased significantly over the last 15 years both in Canada and in BC. Only 29 per cent of senior households in BC carried debt in 1999 compared to 39 per cent in 2012. The increase in BC seniors' debt is largely due to non-mortgage sources (including lines of credit, credit card debt and car loans), as the share of seniors with a mortgage on their home has remained stable.

The increase in seniors' debt speaks to the challenge of those who may be "property rich but cash poor"—they may own their home mortgage-free, but if their annual income is low, they still wrestle with paying their bills and are increasingly racking up consumer debt.

That said, rising household debt is a serious problem for all generations and reflects a broader story of growing inequality, soaring housing prices and decreasing government investment in public programs and services that help ease the cost of living.

A significant number of Canadian seniors have very little wealth. In 2012, the median wealth of the poorest 20 per cent of senior families in Canada was \$15,000.

Housing affordability is a big concern for seniors who rent

Senior households experience core housing need at the same rate as working-age households (just over 15 per cent). A disturbingly large share of seniors who rent—42 per cent—experience core housing need, compared to 29 per cent of non-senior renters.

Core housing need means living in housing that either requires major repairs, costs more than 30 per cent of total before-tax household income, and/or does not have enough bedrooms for the size of the resident households.

Increasingly unaffordable rents affect more seniors than might be expected. One in five seniors' households in BC (19 per cent) rents and therefore faces the same challenges associated with low vacancy rates and an increasingly unaffordable rental market that working-age renters do.

Gaps in access to health services hurt lower income seniors the most

Canada's cherished public health care system does not cover a number of essential health services that seniors rely on. These include home support, residential care, prescription medications, community mental health, vision and dental care.

Out-of-pocket health care costs are rising. A 2015 survey administered by the Office of the Seniors Advocate in BC found that 65 per cent of seniors with a low income (less than \$30,000 per year) did not have an extended medical benefit plan, compared to 40 per cent of middle-income



seniors (\$30,000 to \$60,000 per year). Low-income seniors have statistically higher health care needs associated with aging in poverty, making the lack of access to publicly funded services even more problematic.

One in 10 BC seniors reports having unmet health care needs. Women, people of colour and recent immigrants have significantly more unmet needs than their counterparts. Four and a half per cent of BC seniors are moderately or severely food insecure, meaning they do not have reliable access to a sufficient quantity of affordable, nutritious food. The risk of food insecurity is significantly higher for seniors with low or no income.

Prescription drugs represent the largest and fastest-growing out-of-pocket health care expense for seniors in BC. A disturbing number of BC residents report not filling all their prescriptions because of cost. BC's shift from an age-based public drug plan to an income-tested pharmacare plan increased the cost of prescription medication not only for high-income seniors but also for seniors in the lowest-income quintile because of the considerable co-payments and deductibles.

Access to publicly funded home support services—such as assistance with bathing, managing medications and preparing meals—and to residential care and assisted living has declined over the last 16 years. Increasingly, outside of hospital and physician services, we have a two-tiered health system. Higher-income seniors have the option to buy services privately while seniors with a more moderate or low income are left to rely on an underfunded public system, to depend on family and friends or to go without. Furthermore, these low-income seniors are at greater risk of being socially isolated and experiencing health challenges that go unnoticed until they become acute and result in an emergency room visit or hospitalization.

In addition to putting seniors' health at risk, lack of access to home and community care puts more pressure on hospitals—the most expensive part of our health system—and contributes to hospital overcrowding, bed shortages and longer wait times for all patients.

In addition to putting seniors' health at risk, lack of access to home and community care puts more pressure on hospitals.

RECOMMENDATIONS

We find that BC seniors are not a homogenous group and that while most (particularly seniors living in families) tend to fare well and have enough resources to ensure a decent standard of living, a significant number of BC seniors have an income just above the poverty line and struggle to meet their basic needs.

The findings suggest that current public policy fails to meet the needs of a significant number of seniors, particularly those who live alone, most of whom are women.

Large income and wealth inequalities exist among both seniors and working-age British Columbians, and economic insecurity affects all generations (if somewhat differently). In the end the story that emerges is not a new one. The defining problem we face is not about intergenerational inequality, but rather income inequality—the growing gap between rich and poor.

The report makes the following recommendations to better meet the needs of vulnerable seniors and address gender and income inequality in all generations:

1. **Implement a poverty reduction plan** with targets and timelines to address the increase in seniors' poverty over the last twenty years.
2. **Enhance home and community care** to help more seniors stay healthy and independent in their homes even if they can't pay for these services privately.
3. **Improve retirement security by further enhancing the CPP and increasing old-age income supports for low-income seniors.**
4. **Tackle income inequality in all generations** with provincial and federal tax reform and accessible, quality public services and social programs that contribute to a greater quality of life for all British Columbians.
5. **Address gender inequality in all generations** by eliminating the gender pay gap and investing in \$10-a-day child care and other programs that shift the burden of caregiving from the shoulders of women and makes them a collective, societal responsibility.
6. **Invest in a diverse range of affordable housing options**, including for renters.
7. **Introduce a universal pharmacare program** to improve the access to health care regardless of family resources.

The findings suggest that current public policy fails to meet the needs of a significant number of seniors, particularly those who live alone, most of whom are women.

Introduction



Today, seniors are sometimes portrayed as a well-off generation that benefits from overly generous government supports. This narrative ignores the reality of large inequalities in income and wealth among seniors.

AS RECENTLY AS 40 YEARS AGO, old age meant living in poverty for more than a third of Canadian seniors.¹ At the time, poverty among seniors—those aged 65 and over—far exceeded child poverty and poverty for working-age Canadians. Much has changed since then.

That is because in the 1960s, Canadians made a collective decision to tackle poverty among seniors and introduced a number of public programs to provide income in old age, including the Canada Pension Plan (CPP), Old Age Security (OAS) and the Guaranteed Income Supplement (GIS). These programs were so successful that by the mid-1990s, the seniors' poverty rate in Canada was among the lowest in the western world. This reduction in seniors' poverty is often described as "the major success story of Canadian social policy in the 20th century."² However, instead of being celebrated and built upon, this success story is being used by some to construct a narrative that pits generations against one another.

Today, seniors are sometimes portrayed as a well-off generation that benefits from overly generous government supports at the expense of younger Canadians.³ This narrative ignores the reality of large inequalities in income and wealth in Canada, including among seniors—many of whom remain in poverty despite the positive impact of the CPP and OAS/GIS.

This narrative also misses an important dimension of fairness related to government benefits. Over their lifetime, people rely more heavily on public programs when they are not able to support themselves through paid work. In other words, it is fair that children and seniors are net beneficiaries of public subsidies, while working-age individuals are expected to contribute to the system through taxes more than they receive in government transfers and public services. Although a strong case has been made that children (and by extension, families with children) do not receive enough public resources, especially resources to support child care and early learning, and that single unattached working-age adults who fall on hard times are poorly served by our social safety

1 In this report, seniors are defined as people aged 65 and over. Statistics Canada annual survey data are only available since 1976, but earlier reports on poverty among seniors suggest that old-age poverty was much higher in the 1950s and 1960s. See Lars Osberg, "Poverty Among Senior Citizens," *The State of Economics in Canada: Festschrift in Honour of David Slater*, ed. Patrick Grady and Andrew Sharpe (Kingston: McGill-Queen's University Press, 2001), 151–81.

2 Osberg, "Poverty Among Senior Citizens," 170.

3 See, for example, this 3,800-word essay in *Maclean's* with the provocative title "Seniors and the generation spending gap: Why are we doing so much to try to help seniors when they're already the wealthiest generation in history?" by Tamsin McMahon, September 6, 2014, <http://www.macleans.ca/society/life/seniors-and-the-generation-spending-gap/>.



net, enhancing services for those groups need not be done at the expense of programs supporting seniors.⁴

Recent evidence reveals that the trend of declining seniors' poverty rates has reversed and that income inequality among this cohort is increasing.⁵ After dramatic declines in the 1980s and 1990s (from over 30 per cent in the late 1970s to 3.9 per cent in 1995), the seniors' poverty rate has started to rise again (to 12 per cent in 2011).⁶ In 2014, half of all single seniors had an income of \$25,000 or less. As a result, many of them struggle to pay basic living expenses and cover necessary health services such as home support, physiotherapy, dental and vision care, and prescription medications.

At any age, living in poverty and economic insecurity is unjust, and it is unnecessary in a wealthy country like Canada. When the experience of poverty is combined with the many overlapping challenges of aging—chronic disease, loss of mobility, additional costs associated with health care, loss of spousal and community support (both financial and social)—it becomes clear that poverty and economic insecurity present a unique hardship for seniors.

We cannot afford to become complacent about the economic security of seniors, as people are living longer and the population in British Columbia is aging. Any gaps in our system of public supports for seniors will affect an increasing number of people going forward, so it is important

When the experience of poverty is combined with the many overlapping challenges of aging, it becomes clear that poverty and economic insecurity present a unique hardship for seniors.

4 See, for example, Lynell Anderson, "From Rose-Coloured Glasses to Reality: Addressing the Family Policy Deficit in Canada," *Healthcare Quarterly* 15, special issue 4 (July 2012), 18–25; John Stapleton, *Income Security for Working-Age Adults in Canada: Let's Consider the Model Under Our Nose* (Toronto: Metcalf Foundation, 2008); Canadian Centre for Policy Alternatives, *Alternative Federal Budget 2017: High Stakes, Clear Choices* (Ottawa: Canadian Centre for Policy Alternatives, 2017).

5 See Tammy Schirle, "Income Inequality Among Seniors in Canada: The Role of Women's Labour Market Experience," Canadian Labour Market and Skills Researcher Network, Working Paper no. 51 (2009).

6 Conference Board of Canada, "Elderly Poverty," *Society Indicators*, <http://www.conferenceboard.ca/hcp/details/society/elderly-poverty.aspx>.

to regularly monitor the economic security of seniors to identify and address deficiencies.⁷ This is particularly true of BC, which has a slightly higher share of the population aged 65 and over than the Canadian average.⁸

This report examines the economic well-being of BC seniors and looks more closely at the group of seniors who experience economic insecurity. Using Statistics Canada household survey data, the report begins with a closer look at the changes in the poverty rate among seniors over the last four decades in BC and how it compares to the poverty rates among younger British Columbians. The analysis considers the characteristics of poor seniors in order to identify potential gaps in public policy that put particular groups at higher risk of poverty in old age.

Next, the report looks into the distribution of BC seniors' incomes and wealth. We compare seniors with working-age British Columbians to get a sense of intergenerational inequality and how it compares to income and wealth inequality within generations, though a thorough analysis of intergenerational income inequality is beyond the scope of this report.

This report also considers additional indicators of economic insecurity that reflect some of its associated hardship, including core housing need, inability to afford essential care and prescription medications, and food insecurity and nutritional risks.

The report finds that BC seniors are not a homogenous group, and while most have sufficient resources to ensure a decent standard of living—and a small group can be described as “well off”—a significant number of BC seniors struggle to meet their basic needs. The evidence also points to large income and wealth inequalities within each generation.

We conclude by assessing the areas in which current public policy fails to meet the needs of seniors and present policy recommendations for increasing the economic security of vulnerable seniors.

Age is only one of a number of factors—such as gender, race and ethnicity, education and occupation, disability, sexual identity and immigrant status—that affect economic security. Looking at how these markers of identity intersect allows us to engage in a more productive discussion about poverty and inequality and what to do about them. And it makes it possible to look at inequalities between generations without masking major disparities within them.

In that spirit, this report endeavours to speak to as many key markers of inequality as possible. Unfortunately, Statistics Canada data on the poverty rates and incomes of Indigenous seniors, immigrant seniors, seniors with disabilities and lesbian, gay, bisexual, transgender or queer (LGBTQ) seniors are not easily available.

Age is only one of a number of factors—such as gender, race and ethnicity, education and occupation, disability, sexual identity and immigrant status—that affect economic security.

7 BC Stats projects that 25 per cent of the province's population will be 65 or older in 2032, a significant increase from 2016's estimate of 18 per cent and much larger than the 10 per cent it was in 1976. BC population projections as of July 2016, <http://www.bcstats.gov.bc.ca/StatisticsBySubject/Demography/PopulationProjections.aspx>.

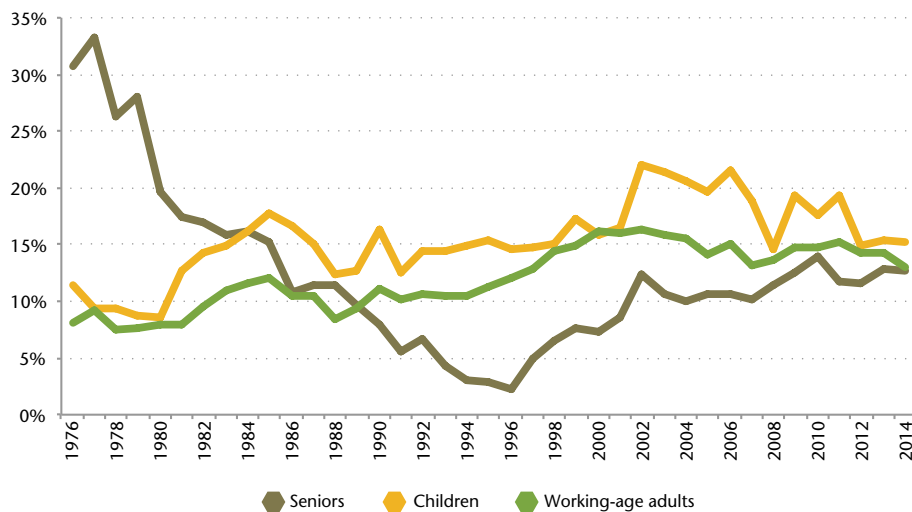
8 Calculations based on Statistics Canada, CANSIM 051-0001.

Seniors' poverty has increased since the mid-1990s

ANNUAL DATA ON SENIORS' INCOMES are available since 1976 from Statistics Canada's Canadian Income Survey and its predecessors, the Survey of Labour and Income Dynamics and the Survey of Consumer Finances. These data reveal that after a striking decline between 1976 and the mid-1990s, the seniors' poverty rate in BC has started to climb again. According to Statistics Canada's low income measure (LIM), seniors' poverty in BC rose from a low of 2.2 per cent in 1996 to 12.7 per cent in 2014 (Figure 1).⁹ The trend is similar across Canada, with seniors' poverty increasing from a low of 3.9 per cent in 1995 to 12.5 per cent in 2014.

After a striking decline between 1976 and the mid-1990s, the seniors' poverty rate in BC has started to climb again.

Figure 1: Poverty rates by age group in BC, 1976 to 2014



Source: Statistics Canada, CANSIM Table 206-0041.

⁹ This report uses Statistics Canada's low income measure (LIM) for after-tax income to track seniors' poverty over time. See the Appendix for more information on the different measures of poverty and low income in Canada.

The dramatic decline in seniors' poverty between the 1970s and the 1990s has been attributed to public programs designed to provide income in old age, which act as a guarantee of basic income for most Canadian seniors. No similar decline occurred in the poverty rate of younger British Columbians (and Canadians) because parallel income support programs do not exist for working-age Canadians and child benefit programs tend to provide much lower amounts than public pensions.

Some researchers have argued that the increase in the seniors' poverty rate since the mid-1990s does not represent a significant deterioration in the living standards of the elderly. They contend that the LIM—which is set at 50 per cent of median income adjusted for family size—is picking up the fact that since the early 2000s the median income of working-age Canadians has increased faster than the income of seniors, especially lower-income seniors.¹⁰ This is why this report examines other measures of economic security to assess the quality of life of lower-income seniors and complement the analysis of BC seniors' poverty trends.

Although the basic income provided by Canada's public pension system lifts many seniors out of poverty, the OAS/GIS program alone is not enough to do that. In 2014, the maximum amounts of OAS/GIS and the BC Senior's Supplement brought a single BC senior with no other income to about 75 per cent of the poverty line. Couples aged 65 or older where both spouses were eligible for maximum benefits received 87 per cent of the poverty line.

In 2014, the maximum amounts of OAS/GIS and the BC Senior's Supplement brought a single BC senior with no other income to about 75 per cent of the poverty line.

Table 1: Maximum OAS/GIS and BC Senior's Supplement benefits in 2014 compared to the poverty line

	Single senior eligible for full benefits	Senior couple with both spouses eligible for full benefits
OAS maximum	\$6,676.59	\$13,353.18
GIS maximum	\$9,053.10	\$12,005.88
BC Senior's Supplement	\$591.60	\$1,446.00
Total income	\$16,321.29	\$26,805.06
Poverty line (LIM)	\$21,773	\$30,792
Total income as % of the poverty line	75.0%	87.1%

Note: Where only one spouse is eligible for full benefits (e.g. if the other spouse is younger than 65 or is an immigrant who does not meet the residency requirement), a couple would receive less.

Source: Calculations based on Employment and Social Development Canada, "Old Age Security (OAS)—Maximum Amounts by Quarter and Benefit Type," data available online at <http://open.canada.ca/data/en/dataset/ff1e4882-685c-4518-b741-c3cf9bb74c3e>, BC government website (for BC Senior's Supplement) and Statistics Canada, CANSIM Table 206-0094.

¹⁰ See for example, Brian Murphy, Xuelin Zhang and Claude Dionne, *Low Income in Canada—A Multi-line and Multi-index Perspective* (Ottawa: Statistics Canada, 2012).

In an attempt to bring the OAS/GIS benefits of single seniors closer to the poverty line, the 2016 Federal Budget increased the maximum GIS benefit for this group by \$947 per year as of July 2016 (seniors living in couples did not see an increase). This increase is welcome, and it is estimated to reduce poverty among seniors by 5 per cent.¹¹ However, this increase still leaves a single senior who receives no income except OAS/GIS significantly below the poverty line.

Although the vast majority of seniors do have other sources of income in addition to OAS/GIS, one obvious way to reduce seniors' poverty would be to further increase the GIS (the low-income top-up to OAS).

Currently, the poverty rate for seniors is about the same as the poverty rate for working-age adults, and both are slightly lower than the poverty rate for children (Figure 1). A total of 96,000 BC seniors lived in poverty in 2014 (the latest data available). As a recent CCPA-BC report documents, poverty remains a serious problem for British Columbians of all ages and must be urgently addressed with a comprehensive and ambitious poverty-reduction plan.¹²

A total of 96,000 BC seniors lived in poverty in 2014.



Public pensions and income supports available to BC seniors

Old Age Security and the Guaranteed Income Supplement

Old Age Security (OAS) is a (semi)universal benefit that is independent of an individual's working history. It is provided to Canadian citizens and permanent residents aged 65 and over who have lived in Canada for at least ten years. The OAS was introduced in 1952 and the current eligibility criteria have been in place since 1965. The full benefit (\$6,879 for 2016) is available to people who have lived in Canada for at least 40 years after turning 18. It is taxable and is clawed back for higher-income seniors (currently the clawback starts at an individual income of \$73,756, and individuals with an income of \$119,615 or more do not receive OAS).

The Guaranteed Income Supplement (GIS) is an income-tested benefit for low-income seniors who are eligible for OAS (i.e. it acts as a top-up to OAS). The GIS was launched in 1966 and the first benefits were paid out the following year. In 2016, the GIS maximum was \$9,803 for single seniors and \$6,185 each to seniors living with their senior spouse. The GIS is clawed back for single seniors with non-OAS income above \$17,544 and for senior families with income above \$23,184. Together, OAS and the GIS form a basic income for eligible seniors. They are financed from general government revenues.

BC Senior's Supplement

The BC government provides a small top-up to OAS/GIS for low-income seniors. Currently, up to \$592 per year is available for single seniors and up to \$723 per year for each senior in a couple. The amounts are the same today as they were in 1987 when this program was first introduced.

11 See David Macdonald, "3 Positive Steps Toward Ending Poverty in Canada," *Behind the Numbers Blog*, July 20, 2016. Accessed March 16, 2017.

12 Seth Klein, Iglia Ivanova and Andrew Leyland, *Long Overdue: Why BC Needs a Poverty Reduction Plan* (Vancouver: Canadian Centre for Policy Alternatives, 2017), <https://www.policyalternatives.ca/publications/reports/long-overdue>.

Canada Pension Plan

The Canada Pension Plan is a public retirement pension plan with benefit amounts of up to 25 per cent of an individual's earnings between the ages of 18 and 65 (in calculating the benefit, some exceptions are made for time spent raising young children, time spent not working because of a disability and up to eight years of a person's lowest earnings). The CPP was introduced in 1965 and the first benefits were paid out in 1967 (though full pensions were not available until 1976). The benefits are financed from mandatory contributions from all workers in Canada and from matching employer contributions on behalf of employees. In 2016, the maximum CPP payment was \$13,110 for individuals who earned at least the maximum pensionable earnings in every year they contributed to the plan. According to federal government data, the average CPP payment as of October 2016 was \$644.35 per month, which is much lower than the maximum. In 2016, a federal-provincial deal was reached to expand the CPP, with the changes to be phased in between 2019 and 2025.

More information about each of these retirement income programs can be found at <https://www.canada.ca/en/services/benefits/publicpensions.html>.

Tax subsidies for private savings

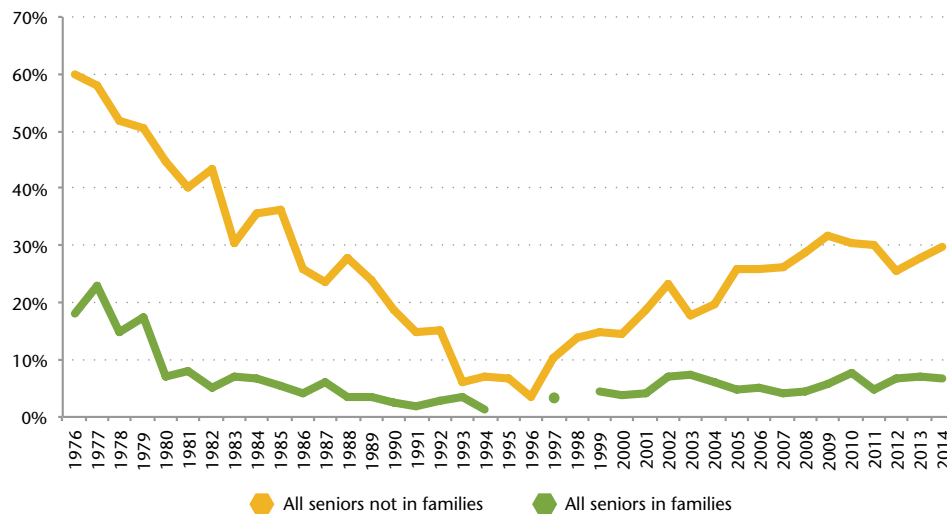
The federal government provides tax incentives for private savings through sheltered accounts such as the Registered Retirement Savings Plan (RRSP) and the Tax-Free Savings Account (TFSA). Employer-sponsored registered pension plans (RPPs) also receive preferential tax treatment. Pension income splitting, a rule that allows seniors in a couple to split their pension income on their tax forms to lower the tax bill for the higher-income earner, was introduced in 2007 and represents another tax subsidy to retirement incomes. It is well documented that these tax subsidies disproportionately benefit higher-income Canadians.¹³

13 See Claire Young, "Pensions, Privatization, and Poverty: The Gendered Impact," *Canadian Journal of Women and the Law* 23, no. 2 (2011), 661–85, and David Macdonald, *Out of the Shadows: Shining a Light on Canada's Unequal Distribution of Federal Tax Expenditures* (Ottawa: Canadian Centre for Policy Alternatives, 2016).

Some groups of seniors face a higher risk of poverty

SENIORS LIVING ALONE OR WITH NON-RELATIVES are more than four times as likely to be poor than those living with a spouse or other relatives (29.7 per cent compared to 6.8 per cent). Strikingly, the increase in the poverty rate for BC seniors in the last 20 years is largely concentrated among single seniors, while the poverty rate for senior families has been relatively stable since the early 2000s.

Figure 2: Poverty rate for BC seniors by economic family type, 1976 to 2014



Source: Statistics Canada, CANSIM Table 206-0041. Data for seniors in families are not available for the years 1995, 1996 and 1998 because of small sample sizes.

The increase in the poverty rate for BC seniors in the last 20 years is largely concentrated among single seniors.

Seniors living alone or with non-relatives are more than four times as likely to be poor than those living with a spouse or other relatives.



Statistics Canada's surveys from which the seniors' poverty data are derived do not allow analysts to separate the single seniors not living in an economic family into those who live alone and those who live with non-relatives (roommates). However, data from the 2011 census show that the vast majority of BC seniors not in economic families live alone, which is why this report uses seniors living alone as a shorthand for seniors living alone and with non-relatives (Figure 3).

Different family definitions in Statistics Canada data

Statistics Canada uses several family definitions to capture the reality of Canadian living arrangements.

Census families

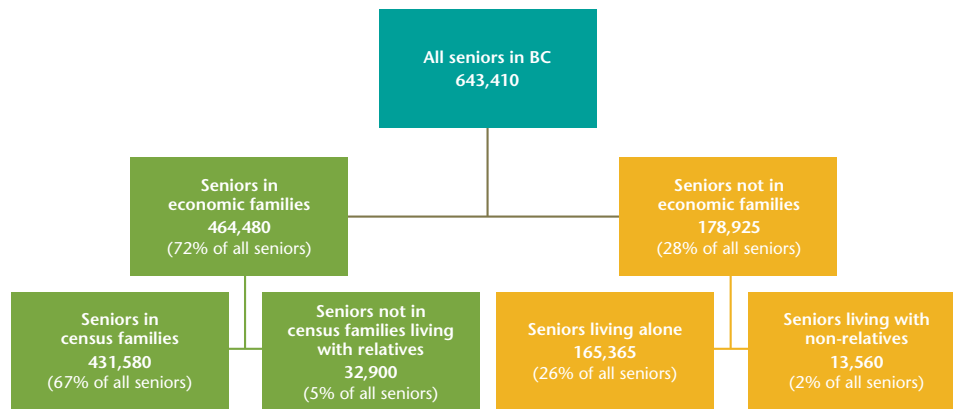
Similar to the concept of nuclear family, census family includes only spouses and their unmarried children (including adopted and foster children) and excludes any other relatives living in the same household. People "not in a census family" may live alone, with non-relatives or with their married children or other relatives.

Economic families

This broader definition of families includes two or more people living in the same household who are related by blood, marriage (including common-law), adoption or a foster relationship. People "not in an economic family" live alone or with non-relatives (roommates).

The difference between the two definitions is how they categorize people living with relatives outside the nuclear family. This category included 5 per cent of BC seniors in 2011.

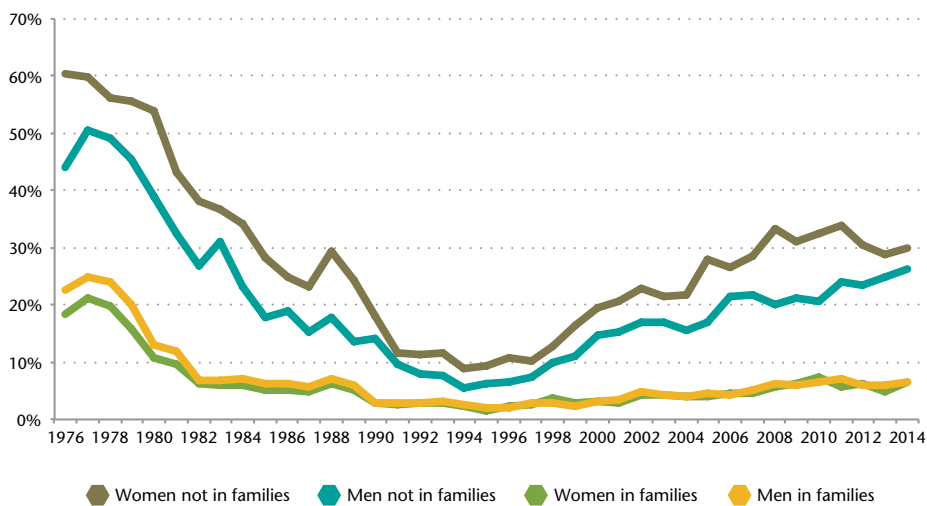
Figure 3: Living arrangements of BC seniors by family definition, 2011



Source: Author's calculations based on Statistics Canada, 2011 Census of Canada data, catalogue no. 98-312-XCB2011030. Numbers may not add up due to rounding.

These data could further be broken out by gender to examine trends in the poverty of different groups of seniors over time. Unfortunately, the sample sizes of BC seniors in the Canadian Income Survey are relatively small, making data variability higher, and in some years the data were too unreliable to be published. Data for Canada as a whole show that senior women living alone are most at risk of poverty today (Figure 4). This group has also seen the largest increase in poverty rates over the last 20 years.

Figure 4: Poverty rate for Canadian seniors by gender and economic family type, 1976 to 2014



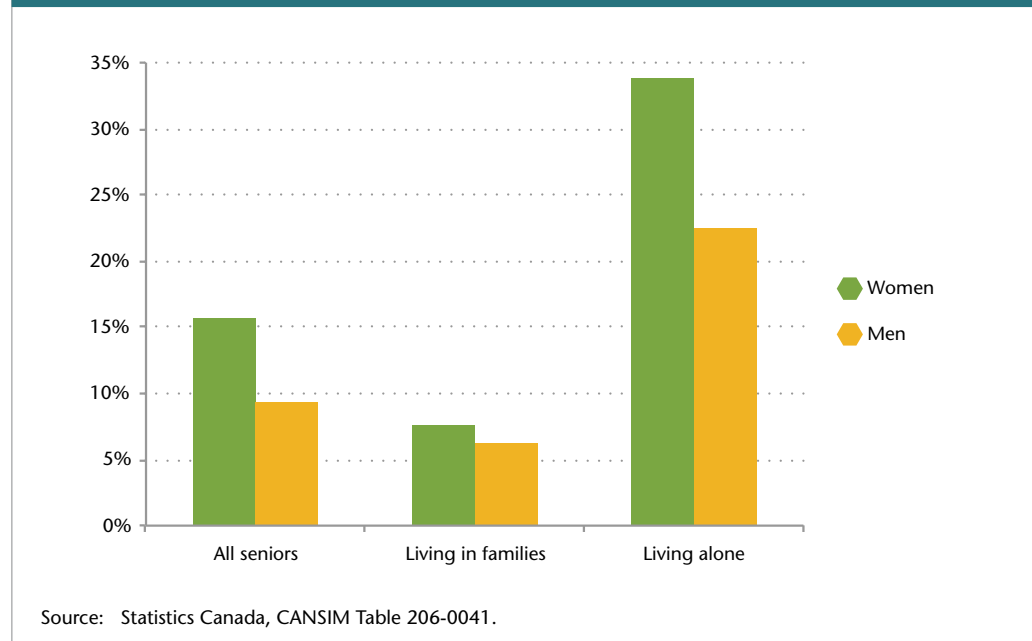
Source: Statistics Canada, CANSIM Table 206-0041.

The gender wage gap meant these senior women earned less, which reduced the CPP benefits they are eligible for and made it more difficult to save for retirement.

Canada-wide, the gender gap in seniors' poverty has narrowed since 2011 but this does not appear to be the case in BC. And while the gender gap is fairly small for BC seniors living with a spouse or other relatives, senior women living alone are much more likely to live in poverty than senior men living alone. One in three BC senior women living alone was poor in 2014 compared to one in five senior men living alone (Figure 5). Because women who are now seniors were a lot less likely to have participated in the paid workforce than young women today, a substantial portion of them do not receive any CPP benefits or receive very little. Moreover, the gender wage gap meant these senior women earned less, which reduced the CPP benefits they are eligible for and made it more difficult to save for retirement (private savings are discussed in more detail in the section on pension income).¹⁴

In addition to having a lower retirement income, women are almost twice as likely to live alone in their senior years than men, which puts them at a higher risk of poverty.¹⁵ As a result, two-thirds of poor seniors in BC are women.¹⁶ Given the growth in single-person households in working-age cohorts, the share of single senior households is likely to rise in the future. Without a policy change, this trend will likely contribute to further increases in seniors' poverty rates.

Figure 5: Poverty rate for BC seniors by gender and economic family type, 2014



14 Although the gender wage gap was higher when today's senior women were younger, a large gender wage gap in BC and Canada persists to this day, and research has documented that progress on closing it has stalled over the last 20 years. See, for example, the Shadow Report on Canada's Implementation of the Beijing Declaration and Platform for Action prepared by a network of non-governmental organizations, trade unions and independent experts, *Progress on Women's Rights: Missing in Action* (Ottawa: Canadian Centre for Policy Alternatives, 2014).

15 Calculations for BC by the author based on 2011 census data show 35.5 per cent of senior women in BC lived alone or with non-relatives in 2011 compared to 19.2 per cent of senior men. The numbers for Canada as a whole are slightly lower, 31.5 per cent and 16.0 per cent, respectively, as shown in Tamara Hudon and Anne Milan, "Senior Women" in *Women in Canada: A Gender-based Statistical Report, 7th edition* (Ottawa: Statistics Canada, 2016).

16 In Canada, women make up 62 per cent of poor seniors compared to 66 per cent in BC. Calculation based on Statistics Canada, CANSIM Table 206-0041.

At the same time, it is important to note that while seniors living alone are most at risk of poverty, a significant minority of poor seniors in BC (40.6 per cent) do live with spouses or with other family. Thus, policy measures targeted exclusively at boosting incomes for single seniors are likely to miss a large proportion of seniors who are poor.

Research on the poverty rates of Indigenous seniors, immigrant seniors, racialized seniors, seniors with disabilities, and gay, lesbian and transgender¹⁷ seniors in Canada has been limited and has not kept pace with the increasing diversity of our aging population.¹⁸ However, the little research that is available suggests that Indigenous, immigrant and racialized seniors, seniors with chronic health problems and seniors with disabilities experience substantially higher poverty rates than the national average.¹⁹ Other risk factors for seniors' poverty identified by Canada's National Seniors Council include lower levels of education, an intermittent work history and low wages.

Little research has been done about the income of LGBTQ seniors in Canada; however, the qualitative research that exists documents ongoing discrimination toward this group of seniors despite the progress made in recognizing the rights of sexual minorities in Canada.²⁰

The little research that is available suggests that Indigenous, immigrant and racialized seniors, seniors with chronic health problems and seniors with disabilities experience substantially higher poverty rates than the national average.

17 Sexual minorities in Canada also use other terms of self-identification, including queer and LGBTQ2S.

18 Income statistics for Indigenous, immigrant and racialized seniors are collected every five years in the national census. However, replacing the mandatory long-form census questionnaire in 2011 with a voluntary National Household Survey compromised the quality of the data to the point that a number of researchers recommend not using it. (See, for example, Tavia Grant, "Canadian income data 'is garbage' without census, experts say," *The Globe and Mail*, October 4, 2013, which quotes a number of academic researchers, urban planners, consultants and health policy experts.) The 2016 census is expected to produce high-quality data, which will become available in late 2017, to allow a detailed analysis of low income by various demographic characteristics.

19 See, for example, National Seniors Council, *Report of the National Seniors Council on Low Income Among Seniors* (Ottawa: National Seniors Council, 2009), <https://www.canada.ca/en/national-seniors-council/programs/publications-reports/2009/low-income-seniors.html>.

20 See National Seniors Council, *Who's at Risk and What Can be Done about It? A Review of the Literature on the Social Isolation of Different Groups of Seniors* (Ottawa: National Seniors Council, 2017), <https://www.canada.ca/en/national-seniors-council/programs/publications-reports/2017/review-social-isolation-seniors.html>.

The myth of high-income seniors is not supported by the data

A large share of single seniors has an income very close to the poverty line.

A CLOSER EXAMINATION OF THE INCOME DISTRIBUTION among seniors provides a more nuanced picture of their economic well-being. It shows both how close to the poverty line the income of many seniors is and just how far below it (deep poverty) the income of some seniors is. Unfortunately, the Canadian Income Survey data used in the earlier parts of this report do not have a large enough sample size to allow more detailed examination of the similarities and differences in income distribution between seniors and working-age adults living alone or in families, or between older and younger seniors or between senior men and women.

The next three sections of this report use Statistics Canada data drawn from tax files (T1FF). The advantage of this source is that it represents 95 per cent of the Canadian population. The main drawback for this analysis is that the data are based on the more restrictive definition of census family, which includes only spouses and their dependent children (including adopted and foster children). Tax files do not identify other relatives who may be living together and pooling their income, instead classifying them as separate families (see box on different family definitions on page 18).

Table 2 and Figures 6a and 6b summarize the distribution of after-tax income among BC seniors and working-age adults who are not part of census families. Note that seniors are a lot more likely to be single (not in census families) than working-age adults, and single seniors account for 28 per cent of all seniors in the BC taxfiler sample (while only 16 per cent of working-age adults are single). These single individuals may be living alone, with non-relatives or with relatives other than a spouse or dependent children (for example, with siblings or their own parents).

Table 2: Income distribution of single seniors and working-age adults in BC, 2014

	Single working-age adults	Single seniors
After-tax income less than \$10,000	17.1%	2.9%
After-tax income less than \$15,000	31.0%	5.2%
After-tax income less than \$20,000	39.9%	29.1%
After-tax income less than \$25,000	47.7%	49.7%
After-tax income less than \$40,000	67.5%	76.2%
After-tax income over \$70,000	9.5%	5.8%
After-tax income over \$100,000	2.6%	2.4%
After-tax income over \$200,000	0.3%	0.5%
Median income	\$26,570	\$25,130

Sources: Statistics Canada, custom tabulation based on T1FF taxfiler data. Includes the small number of people who report negative after-tax income (0.4 per cent or fewer people in each age category).

These data tell an interesting story. While the median income of single seniors in BC is only slightly lower than the median income of working-age single adults, the distribution of income around the median varies strikingly with age. First, single seniors are much less likely to have an income below \$15,000 than working-age adults.²¹ This is because OAS/GIS provides eligible single seniors with a basic income above that level (see Table 1); it effectively acts as a guaranteed minimum income for seniors. No comparable program is available to working-age adults, however, as provincial social assistance rates (even for people with disabilities) provide much lower benefit amounts. As a result, nearly one in three single working-age adults has an income lower than \$15,000.

Second, a large share of single seniors has an income very close to the poverty line: 44 per cent report an after-tax income between \$15,000 and \$25,000. In contrast, only 17 per cent of working-age adults have an income in that range. The results presented in Table 2 may overestimate somewhat the prevalence of low income among single seniors. However, as noted in Figure 3, only 5 per cent of seniors in BC are single but live with relatives and thus likely have access to a higher family income. Even if all of these single seniors living with relatives reported an income below \$20,000, the share of single seniors living alone or with non-relatives with incomes clustered around the poverty line is still much larger than younger singles in the same living arrangements.

Third, single seniors are much less likely to be in the middle and upper-middle income brackets of individual after-tax income (between \$40,000 and \$100,000). Roughly the same share of single seniors and working-age adults report an individual after-tax income above \$100,000, though seniors are slightly more likely to report a very high income. The small percentage of both seniors and working-age adults who fall into the top income categories reflects the highly unequal distribution of income that characterizes all age groups (more on this below).

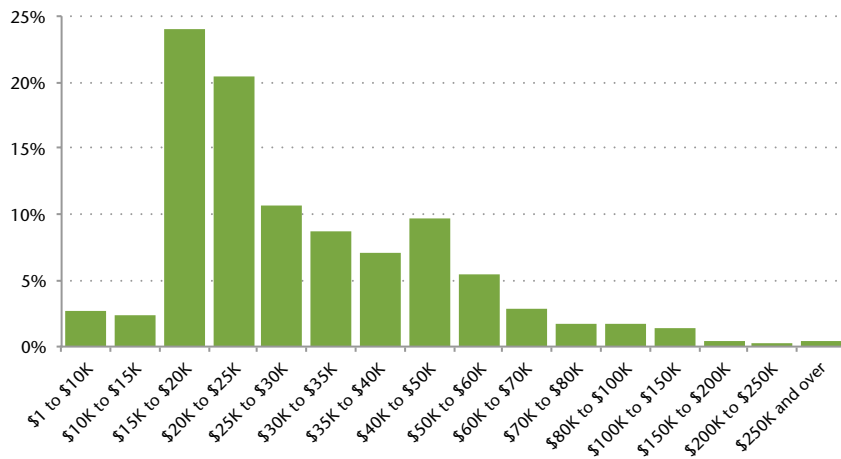
While these seniors are not technically “in poverty,” they likely still struggle to make ends meet and are at risk of becoming poor, particularly if they have higher health care expenses due to chronic illness or disability or if they are faced with an unexpected bill.

21 Note that the census family definition likely overestimates the prevalence of low income among working-age adults, some of whom may be living with extended family and have access to free rent or lower food costs, or may be students temporarily out of the workforce whose student loans allow them to maintain a higher standard of living than their income alone would suggest.

The large share of single seniors with an income very close the poverty line suggests that many single seniors have little income above the basic public pension provided by OAS/GIS and a modest CPP. While these seniors are not technically “in poverty,” they likely still struggle to make ends meet and are at risk of becoming poor, particularly if they have higher health care expenses due to chronic illness or disability or if they are faced with an unexpected bill. These seniors are largely invisible and are missed by many public policies that narrowly target those in poverty.

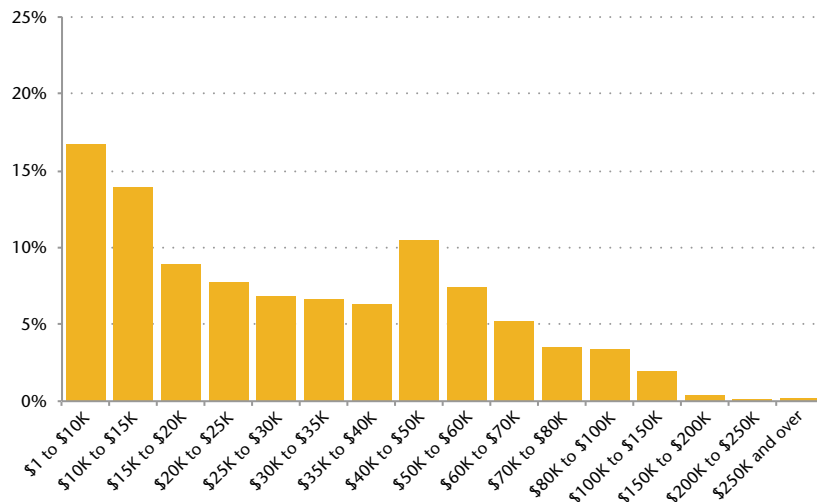
Table 3 and Figures 7a and 7b summarize the income distribution of census families in British Columbia. Families are divided into senior and non-senior families based on the age of the oldest

Figure 6a: Income distribution of single seniors in BC, 2014



Sources: Statistics Canada, custom tabulation based on T1FF taxfiler data.

Figure 6b: Income distribution of single working-age adults in BC, 2014



Sources: Statistics Canada, custom tabulation based on T1FF taxfiler data.

spouse (aged 65 and over or under 65, respectively). The results show that senior families have somewhat lower incomes than working-age families.²² This is partially because younger families are more likely to have several wage-earners while senior families are more likely to rely primarily on retirement income.

As is the case with singles, senior families are a lot less likely than working-age families to report a very low income. Only 4 per cent of senior families have an income below \$20,000 compared to nearly 10 per cent of working-age families, again due to the OAS/GIS basic income guarantee.

One important difference between the income distribution of single seniors and senior families is that, unlike single seniors, the incomes of senior families do not cluster around the poverty line.

In addition, while the income distribution of single British Columbians is skewed toward the low end—in every age group, more singles report having a relatively lower income than a middle income—the income distribution of families is more uniform in the modest to middle income ranges. That is, a very similar share of families in every age group report an income in each \$10,000 bracket between \$30,000 and \$80,000.

Senior families are less likely to have an income above \$70,000 per year than working-age families. Senior families are also less likely to report a very high income—above \$150,000 or \$250,000—which is not the case among singles.

Younger families are more likely to have several wage-earners while senior families are more likely to rely primarily on retirement income.

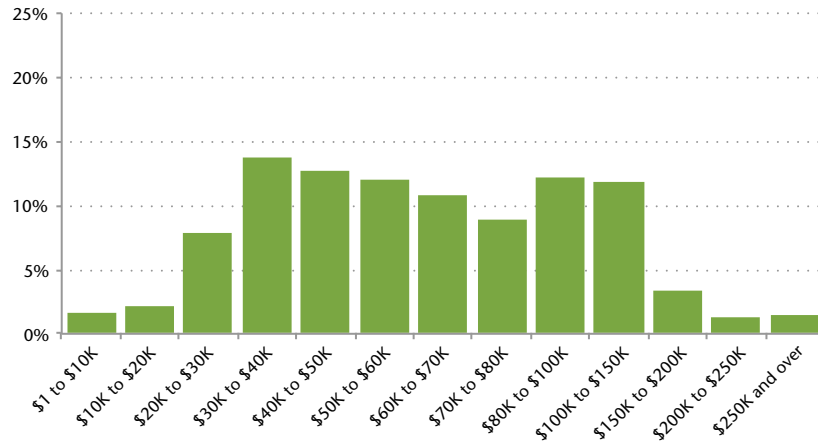
	Working-age families	Senior families
After-tax income less than \$10,000	4.8%	1.9%
After-tax income less than \$20,000	9.7%	3.9%
After-tax income less than \$30,000	16.6%	11.7%
After-tax income less than \$40,000	24.1%	25.5%
After-tax income less than \$50,000	32.1%	38.3%
After-tax income over \$70,000	52.3%	38.9%
After-tax income over \$150,000	10.1%	5.9%
After-tax income over \$250,000	1.8%	1.4%
Median income	\$72,960	\$59,710

Sources: Statistics Canada, custom tabulation based on T1FF taxfiler data. Includes the small number of people who report negative after-tax income (0.4 per cent or fewer people in every category).

²² Note that some of the families categorized as “senior families” in this report include individuals younger than 65.

Unlike single seniors, the incomes of senior families do not cluster around the poverty line.

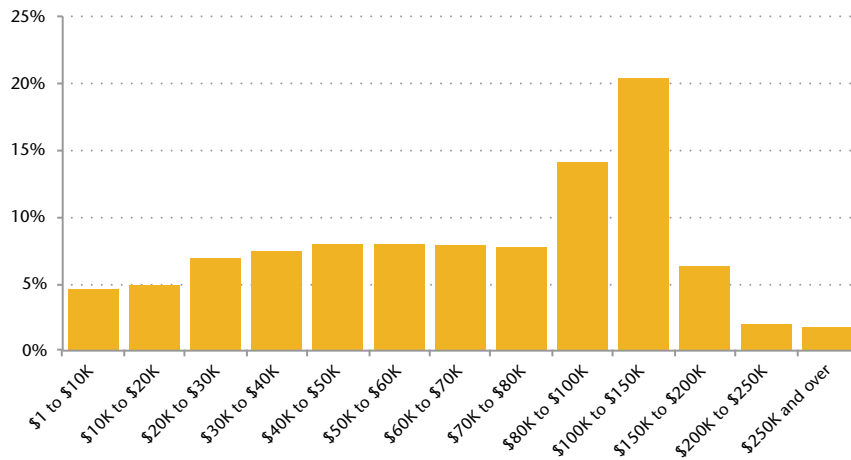
Figure 7a: Income distribution of senior census families in BC, 2014



Sources: Statistics Canada, custom tabulation based on T1FF taxfiler data.

It is not as easy to compare the economic well-being of senior and non-senior families with the

Figure 7b: Income distribution of non-senior census families in BC, 2014



Sources: Statistics Canada, custom tabulation based on T1FF taxfiler data.

same income as it is to compare singles because working-age families tend to be slightly larger, thus sharing the income among more family members (the average size of a senior family is 2.2 people, compared to 3 people on average for working-age families).

In addition, senior families are more likely to own their own home, which reduces their shelter expenses (and is conceptually equivalent to providing additional income). However, a Statistics Canada paper that estimates the contribution made by home equity to working-age and retirement-age households (age 70 plus) finds that this contribution reduces the difference between

income in peak household earning years and retirement-age households but has a relatively small impact (the gap is reduced by three percentage points for both data sources used).²³ The role of housing in seniors' inequality is also examined in the section on wealth inequality below.

Importantly, despite the OAS/GIS (near) universal income guarantee, a small but significant share of seniors in each family type reports an income below the maximum available amount (reported in Figure 3). Michael Veall, a professor of economics at McMaster University, outlines several possible explanations in a 2008 paper:²⁴

- Seniors or their spouses may be recent immigrants and thus not be eligible for OAS/GIS at all or not eligible for the full OAS benefit because they do not meet the residency requirements or because one of the spouses in the senior family may be too young for the GIS or the Allowance, which is available to those over the age of 60 whose spouse is eligible for the GIS.
- Some seniors may have negative income from business losses or capital losses, which would bring their after-tax income down.
- Seniors may not be applying for OAS or the GIS even if they are eligible. Dr. Veall found that 35 per cent of poor seniors in his sample appeared to be eligible for the GIS but did not take it up. He identifies the administrative burden of having to file separate applications for OAS and the GIS as a barrier.²⁵

It is important to note that the residency requirements in the eligibility criteria for public pensions put seniors who are recent immigrants at a significantly higher risk of poverty. For example, Dr. Veall found that in 2004, 71 per cent of seniors who had immigrated in the previous ten years were in poverty. Although only 2 per cent of seniors were recent immigrants, they represented 20 per cent of the seniors living in poverty.

The residency requirements in the eligibility criteria for public pensions put seniors who are recent immigrants at a significantly higher risk of poverty.



23 The Statistics Canada analysis is based on a definition of household that refers to everyone who lives at the same address, regardless of whether or not they are related. This definition is broader than both census and economic families. The authors adjust for differences in household size between working-age and older households. See W. Mark Brown, Feng Hou and Amélie Lafrance, "Incomes of Retirement-age and Working-age Canadians: Accounting for Home Ownership," Economic Analysis Research Paper Series (Ottawa: Statistics Canada, 2010).

24 Michael R. Veall, "Canadian Seniors and the Low Income Measure," *Canadian Public Policy* 34 (November 2008), 47–58.

25 The federal government announced plans to phase in automatic enrollment between 2013 and 2016; however, I am not aware of any public reports on its implementation and reach.

A gender income gap exists in all generations

Compounded over a full working career, the gender wage gap adds up to hundreds of thousands of dollars and makes it more difficult for women to save for retirement, which leads to poverty in old age.

THE GENDER WAGE GAP IN CANADA'S LABOUR MARKET has been well documented. The evidence suggests that while women are getting more education than men, this has not translated into equal pay.²⁶ International comparisons reveal that Canada's gender pay gap is the seventh largest among 34 Organisation for Economic Co-operation and Development (OECD) countries.²⁷ Women working full-time, full-year in Canada earn 26 per cent less on average than their male peers. Women in BC earn 32 per cent less on average.²⁸ Women of colour, Indigenous women, immigrant women and women with disabilities are even farther behind.²⁹ Compounded over a full working career, the gender wage gap adds up to hundreds of thousands of dollars and makes it more difficult for women to save for retirement, which leads to poverty in old age, especially for senior women living alone.

When studying income inequality, economists and statisticians typically assume that family income is pooled and divided equally among all members of the family so that a gender gap in access to financial resources does not exist for Canadians living in families. However, empirical research finds this is not always the case; families differ in the extent to which they share decision-making about the use of family finances.³⁰

Because of the large differences in how income is shared between spouses within families, we are only able to examine the gender gap in seniors' incomes for single seniors.

Statistics Canada taxfiler data reveal that single senior women are slightly more likely to have a low income than their male peers and so are single working-age women (Table 4). Women in both age groups are considerably less likely to have a high income than men and have an

26 See, for example, Kate McInturff and Brittany Lambert, *Making Women Count: The Unequal Economics of Women's Work* (Ottawa: Canadian Centre for Policy Alternatives and Oxfam Canada, 2016), among others.

27 OECD Employment Database 2014, <https://www.oecd.org/gender/data/genderwagegap.htm>. Accessed March 10, 2017.

28 Calculations based on Statistics Canada, CANSIM 206-0053.

29 Statistics Canada, *Women in Canada: A Gender-based Statistical Report, 7th edition* (Ottawa: Statistics Canada, 2016).

30 See Peter Burton, Shelley Phipps and Frances Woolley, "Inequality within the Household Reconsidered" in *Inequality and Poverty Re-Examined*, ed. Stephen Jenkins and John Micklewright (Oxford: Oxford University Press, 2007), 103–25.

almost identical median income. The gender gap appears slightly less pronounced for single senior women, though this gap increases significantly with age.

Table 4: Income distribution of single seniors and working-age adults in BC by gender, 2014

	Single working-age adults		Single seniors	
	Women	Men	Women	Men
After-tax income less than \$10,000	17.8%	16.5%	3.0%	2.5%
After-tax income less than \$15,000	31.9%	30.3%	5.1%	5.5%
After-tax income less than \$20,000	41.7%	38.3%	29.4%	28.4%
After-tax income less than \$25,000	50.2%	45.3%	51.0%	46.6%
After-tax income over \$70,000	6.8%	11.9%	5.0%	7.7%
After-tax income over \$100,000	1.7%	3.4%	2.0%	3.3%
After-tax income over \$200,000	0.2%	0.4%	0.4%	0.7%
Median income	\$24,780	\$28,480	\$24,660	\$26,660

Single senior women over 85 are half as likely to have an income over \$70,000 as men, and the gap persists at higher income levels as well.

Sources: Statistics Canada, custom tabulation based on T1FF taxfiler data. Includes the small number of people who report negative after-tax income (0.4 per cent or fewer people in every category).

Single senior men aged 85 or over have a median income of \$29,190 compared to \$23,710 for single senior women over the age of 85 (Table 5). While both women and men over 85 are equally unlikely to have a very low income (2.4 per cent versus 2.3 per cent, respectively), senior women over 85 are much more likely than men to have an income between \$15,000 and \$25,000. More than half of single senior women have an income in that range compared to a third of their male counterparts (52.9 per cent versus 37.5 per cent). Single senior women over 85 are half as likely to have an income over \$70,000 as men, and the gap persists at higher income levels as well.

Table 5: Income distribution of BC seniors not living in families, by age and gender, 2014

	65 to 74 Single		75 to 84 Single		85 and over Single	
	Women	Men	Women	Men	Women	Men
After-tax income less than \$10,000	4.0%	3.2%	3.0%	2.0%	1.5%	1.4%
After-tax income less than \$15,000	7.4%	7.7%	4.2%	3.4%	2.4%	2.3%
After-tax income less than \$20,000	30.7%	33.8%	29.0%	25.0%	27.9%	17.8%
After-tax income less than \$25,000	46.9%	48.7%	52.5%	46.7%	55.3%	39.8%
After-tax income less than \$40,000	73.6%	71.7%	80.0%	73.8%	82.1%	70.1%
After-tax income over \$70,000	5.9%	8.1%	4.7%	6.7%	4.1%	8.2%
After-tax income over \$100,000	2.3%	3.5%	1.9%	3.1%	1.7%	3.2%
After-tax income over \$200,000	0.5%	0.8%	0.4%	0.7%	0.4%	0.6%
Median income	\$26,370	\$25,690	\$24,270	\$26,470	\$23,710	\$29,190

Sources: Statistics Canada, custom tabulation based on taxfiler data. Includes the small number of people who report negative after-tax income (0.4 per cent or fewer people in every category).

Older senior women are a lot less likely to report very low income (below \$15,000) than younger senior women: only 2 per cent of single senior women over the age of 85 have an income below \$15,000 compared to 7 per cent of women aged 65 to 74. However, more than half of single senior women over 85 have an income close to the poverty line—between \$15,000 and \$25,000—compared to 40 per cent of single women aged 65 to 74.

The vast majority of single seniors over 85 have an income less than \$40,000 (79.5 per cent of all older seniors compared to 72.9 per cent of those aged 65 to 74). This is largely because most older seniors (over 85) are women and they have a much lower income than senior men at that age.

The low median income of single senior women over 85 (\$23,710 in 2014) is of particular concern. Low income puts these women at risk of social isolation and poverty at the very time that many of them face higher out-of-pocket health and transportation expenses due to increasing illness and disability, and the loss of social support from their spouse due to spousal illness or death.³¹

³¹ Women generally live longer and are on average two years younger than their spouses, which is why nearly half of senior men in Canada were part of a couple at age 85 or over (46 per cent) but only 10 per cent of senior women that age were. Data from the 2011 census reported in Hudon and Milan, "Senior Women."

Unequal access to pension income helps explain low income in old age

SOME OF THE GENDER DIFFERENCES IN SENIORS' INCOME may be explained by differences in access to pensions. The vast majority of BC seniors have access to Canada's public pension system, which includes the federal income security programs (OAS/GIS) and the CPP.

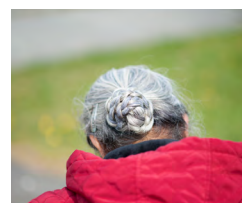
Men and women are equally likely to receive OAS/GIS, and they receive the same median pre-tax amount (the OAS amount, as 28 per cent of BC seniors received the GIS in 2014 so the median amount over the entire population was zero). Access to the CPP is also nearly universal, but the gender gap in the amount of the (pre-tax) benefits received is much larger: the median annual CPP benefit is \$8,200 for men and \$6,500 for women.

About two-thirds of all seniors have access to private forms of retirement income, employer-sponsored pensions and/or RRSPs. Men are somewhat more likely to have this kind of retirement income. Among seniors who receive private retirement income, the typical senior man in BC gets almost double what the typical senior woman does (\$17,700 versus \$9,300).

Both the CPP and private retirement income are based on earnings during an individual's working life (and the ability to save enough money to contribute to RRSPs). As a result, they reflect the reality of a substantial gender wage gap in the labour market and the higher likelihood of women to take time out of the paid workforce to care for young children, ill or disabled family members and/or elderly parents. The gender wage gap is somewhat smaller now than when today's seniors were in the workforce, but it remains a significant concern for women's economic security in retirement. This is why old-age income support programs that are independent of work history are essential for women. In contrast, increasing reliance on private retirement savings such as RRSPs or TFSAs will only make gender inequalities worse in old age.³²

The recent federal-provincial agreement to modestly enhance the CPP is a good step forward: virtually all Canadian workers participate in the CPP, it's inexpensive to administer and it delivers a secure, predictable monthly benefit in retirement that is protected against inflation. The CPP

Among seniors who receive private retirement income, the typical senior man in BC gets almost double what the typical senior woman does (\$17,700 versus \$9,300).



32 See Young, "Pensions, Privatization and Poverty," 661–85.

enhancement will have a noticeable impact on the CPP retirement income of workers and the self-employed. However, the CPP expansion did not extend to the child-rearing and disability provisions of the current CPP benefit, which will maintain or even potentially increase the gap between women's and men's average CPP retirement benefits and put people with disabilities at a disadvantage in retirement.³³

Table 6: Share of BC seniors with income from private and public pension sources, 2014

	All seniors	Women	Men
Private retirement income (incl. employer-sponsored pensions and RRSP income)	65%	62%	69%
OAS and GIS	94%	94%	94%
CPP/QPP	92%	91%	94%
Social assistance	3%	–	–

Source: Statistics Canada, CANSIM Table 206-0052.

The CPP and private retirement income reflect the reality of a substantial gender wage gap in the labour market and the higher likelihood of women to take time out of the paid workforce to care for young children, ill or disabled family members, and/or elderly parents.

Table 7: Median income by source for BC seniors with income from that source, 2014

	All seniors	Women	Men	Gender gap	For every dollar a man had, a woman had
Private retirement income (incl. employer-sponsored pensions and RRSP income)	\$12,800	\$9,300	\$17,000	45%	55¢
OAS and GIS	\$6,700	\$6,700	\$6,700	0%	\$1
CPP/QPP	\$7,500	\$6,500	\$8,200	21%	79¢
Total income	\$27,100	\$21,600	\$33,400	35%	65¢

Source: Statistics Canada, CANSIM Table 206-0052.

While access to OAS/GIS and the CPP is nearly universal among seniors, those living in families are a lot more likely to have access to private retirement income than those living alone (81 per cent versus 67 per cent). Single seniors are less likely to have access to private retirement income than

³³ CPP benefits are now calculated as 25% of a person's average lifetime pensionable earnings up to a maximum of \$55,300 in 2017 dollars. Parents leaving paid work to raise children under the age of seven (largely women) are allowed to "drop out" years of little or no income from the calculation of their retirement benefit. In addition, individuals can similarly "drop out" years of CPP disability benefits. These "drop-out" provisions result in higher retirement benefits for many women and people with disabilities and it is a significant drawback of the CPP expansion that they will not apply to the enhanced CPP.

seniors living in families (67 per cent versus 81 per cent). This fact underscores the importance of public pensions and income support programs to reduce seniors' poverty, in particular for women who are more likely to live alone.

Table 8: Share of BC seniors with income from private and public pension sources, 2014

	Senior families (incl. living with relatives)	Seniors living alone or with non-relatives
Private retirement income (incl. employer-sponsored pensions and RRSP income)	81%	67%
OAS and GIS	98%	97%
CPP/QPP	97%	96%

Source: Statistics Canada, CANSIM Table 206-0021. Income is assumed to be shared among all family members (though in reality this is not always the case) so if one person in the family has access to a particular income source, the family is categorized as having access.

Table 9: Median income by source for BC seniors with income from that source, 2014

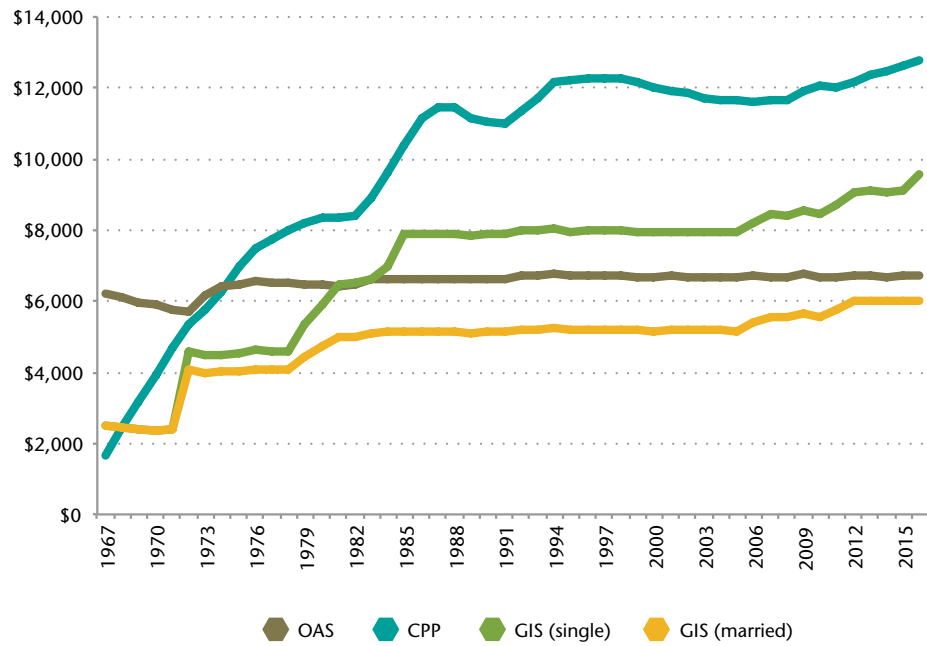
	Senior families (incl. living with relatives)	Seniors living alone or with non-relatives
Private retirement income (incl. employer-sponsored pensions and RRSP income)	\$23,200	\$14,200
OAS and GIS	\$13,400	\$6,700
CPP/QPP	\$12,200	\$8,100
Total income	\$59,400	\$28,300

Source: Statistics Canada, CANSIM Table 206-0021. Income is assumed to be shared among all family members (though in reality this is not always the case).

The National Seniors Council makes the important point that “[g]enerally, most people do not experience dramatic declines in income when they turn 65. Rather, low income as a senior is often the result of the inability to accumulate assets over time.”³⁴ This statement implies that many lower-income seniors were lower-income individuals during their working lives and have less private retirement savings, which is why access to public pensions plays an important role for these seniors. Increases in the maximum benefits for OAS/GIS and CPP over time help explain the dramatic reduction in seniors' poverty rates between the late 1970s and the mid-1990s.

³⁴ National Seniors Council, *Report of the National Seniors Council on Low Income Among Seniors*.

Figure 8: Maximum amount of public retirement benefits in Canada, 1967 to 2016 (in 2014 dollars)



Source: Calculations based on data from Employment and Social Development Canada, Statistics Related to the Old Age Security Program and the Canada Pension Plan, 2017, <https://www.canada.ca/en/employment-social-development/programs/pensions/pension.html>. Accessed March 10, 2017. Adjusted to 2014 dollars using the Consumer Price Index (CPI) for Canada, Statistics Canada, CANSIM Table 326-0021.

Significant wealth inequality exists among seniors

IN STATISTICS CANADA'S SURVEY OF FINANCIAL SECURITY, wealth refers to a household's net assets, or the total value of assets minus all debts. Depending on family circumstances, a household may have negative wealth, meaning it has more debt than assets.

Seniors have higher average wealth and are more likely to own a home than working-age families, largely because they have had more time to earn income and save. However, tremendous wealth inequality exists among seniors, as is the case for the wider population.³⁵

The sample sizes of Statistics Canada's Survey of Financial Security are too small to examine the wealth of BC seniors by quintile, so I examine the distribution of wealth for all Canadian seniors (Figure 9). The latest available data show that a significant number of Canadian seniors have very little wealth. In 2012, the median wealth of the poorest 20 per cent of senior families in Canada was \$15,000.

Housing ownership explains much of the difference in wealth between seniors and working-age households. Seventy-five per cent of senior households in BC own their home compared to 58 per cent of younger households. The gap in home ownership between seniors and non-seniors in BC is larger than the average for Canada (71 per cent versus 60 per cent),³⁶ likely because of the province's expensive housing market. Increasingly, younger families are having to wait longer before they are able to buy their first home and are being priced out of the real estate market altogether.

Interestingly, BC seniors are less likely to own real estate in addition to their principal residence than working-age households (15 per cent compared to 19 per cent), while virtually no gap in other real estate ownership exists between these groups in Canada as a whole (19 per cent of seniors and 18 per cent of working-age households).

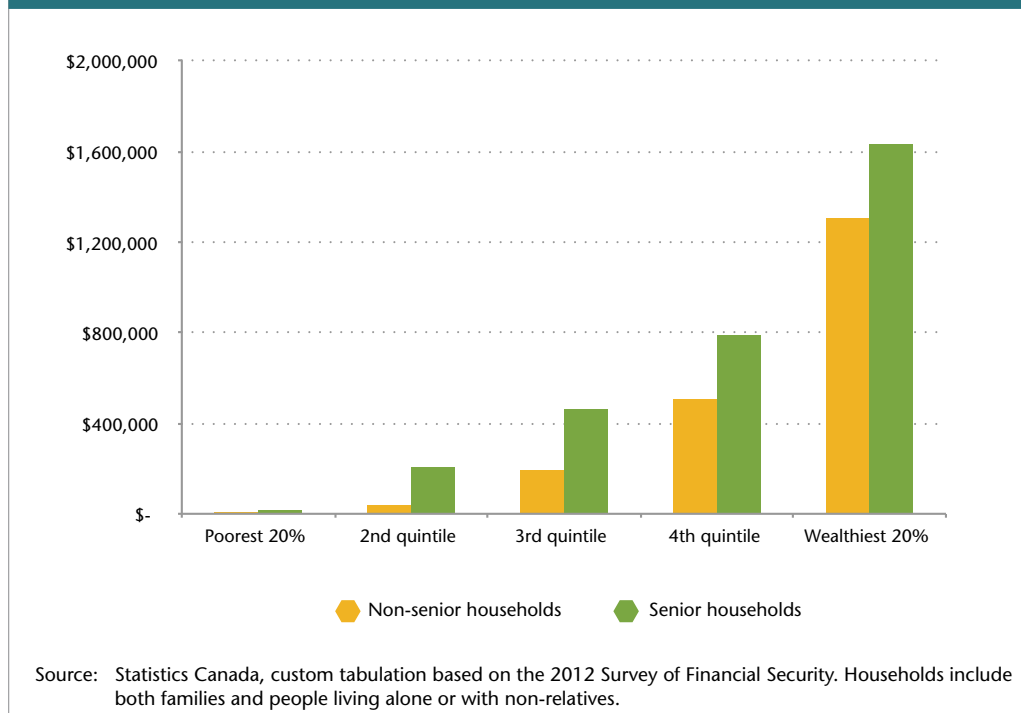
Besides being more likely to own their home, seniors are much more likely to have paid off their mortgage, which partly explains seniors' stronger financial position. Only 9 per cent of

The percentage of senior households carrying debt has increased significantly over the last 15 years both in Canada and in BC.

³⁵ The median wealth of both senior and non-senior families is only about 60 per cent of their average wealth.

³⁶ A very small gap existed in other real estate ownership across generations, with 15 per cent of BC seniors and 19 per cent of working-age households owning real estate other than their home. Data for this section come from Statistics Canada, CANSIM Table 205-0002.

Figure 9: Median wealth by quintile for Canadian senior and non-senior households, 2012



The increase in seniors’ debt speaks to the challenge of those who may be “property rich but cash poor;” they may own their home mortgage-free, but if their annual income is low, they still wrestle with paying their bills and are increasingly racking up consumer debt.

senior households in BC had a mortgage on their home in 2012 compared to 38 per cent of working-age households. The gap is similar across Canada.

On average, seniors are a lot less likely to carry debt than working-age households, including credit card debt, lines of credit, car loans, student loans and other debt—again, largely because seniors have had longer to pay off their debt. However, the percentage of senior households carrying debt has increased significantly over the last 15 years both in Canada and in BC. Only 29 per cent of senior households in BC carried debt in 1999 compared to 39 per cent in 2012. In contrast, the share of working-age BC households carrying debt has stayed around 77 per cent between 1999 and 2012 (though it is increasing slowly in the rest of Canada).

The increase in BC seniors’ debt is largely due to non-mortgage sources, as the share of seniors with a mortgage on their home has remained stable at 9 per cent in BC (though it rose slowly from 8 to 12 per cent in Canada). Detailed data on consumer debt for BC are not available, but Canadian data show a disturbing increase in senior households with lines of credit (an increase from 5 to 14 per cent), credit card debt (an increase from 15 to 21 per cent) and car loans (an increase from 6 to 16 per cent). Rising debt among seniors needs close attention going forward as it may affect their economic security.

The increase in seniors’ debt speaks to the challenge of those who may be “property rich but cash poor;” they may own their home mortgage-free, but if their annual income is low, they still wrestle with paying their bills and are increasingly racking up consumer debt.

That said, rising household debt is a worrisome pattern for all generations and reflects a broader story of growing inequality, rising housing prices and decreasing government investment in public programs and services that help ease the cost of living.

Housing affordability is a big concern for seniors who rent

EVEN THOUGH A LARGER SHARE OF SENIORS OWN THEIR HOME than working-age British Columbians, senior households experience core housing need at the same rate as working-age households (15.6 per cent compared to 15.3 per cent). Data from Statistics Canada's 2011 National Household Survey show that BC has the highest core housing need of any province in Canada and the third-highest core housing need among seniors nationwide. A disturbingly large share of seniors who rent—42 per cent—experience core housing need.

A disturbingly large share of seniors who rent—42 per cent—experience core housing need.

Core housing need

The Canadian Mortgage and Housing Corporation (CMHC) defines core housing need as living in housing that fails to meet one or more of the following standards:

- Adequate: Housing that does not require any major repairs.
- Affordable: Housing that costs less than 30 per cent of total before-tax household income.
- Suitable: Housing that has enough bedrooms for the size and makeup of resident households, according to the National Occupancy Standard (NOS) requirements.³⁷

³⁷ Canada Mortgage and Housing Corporation, "Housing Standards," 2014, available online at http://cmhc.beyond2020.com/HiCODefinitions_EN.html#_Adequate_dwellings. Accessed March 16, 2017.

Core housing need is much lower among homeowners, for seniors and non-seniors alike. However, senior renters are significantly more likely than non-senior renters to be in core housing need. In 2011, 29 per cent of non-senior renters were in core housing need compared to 42 per cent of BC's senior renter households.³⁸ BC had the highest rate of core housing need among senior renters in Canada (tied with Alberta).

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Core housing need among senior renters in BC rose between 2006 and 2011 after steadily declining between 1991 and 2006.³⁹ Given the rapid price increases in the BC housing market in the last couple of years, core housing need has likely worsened but we will have to wait for the 2016 census data to know for sure.

The high core housing need among senior renters suggests that affordable rental housing becomes increasingly unattainable with age, as people leave the paid labour force and begin to rely on income from pensions. This fact points to an age-specific housing crisis that demands a solution focused on the specific challenges faced by aging renters.

Certain groups of senior renters face even higher rates of core housing need than seniors as a whole. Senior renters living alone are more at risk than those living in families (51 per cent compared to 23 per cent). Women are disproportionately affected: more than half of all senior

Figure 10: Rate of core housing need for different BC households, 2011



38 Canada Mortgage and Housing Corporation, "Characteristics of households in core housing need, Canada, provinces, territories and metropolitan areas, 2001, 2006, 2011," available at https://www.cmhc-schl.gc.ca/en/hoficlincl/homain/stda/data/data_024.cfm. Accessed March 16, 2017.

39 Calculations are based on data from Canadian Mortgage and Housing Corporation (CMHC), Housing in Canada Online, available online at <http://cmhc.beyond2020.com/>.



Provincial housing policy has not kept up with need.

women renters living alone experienced core housing need (54 per cent) compared to 45 per cent of senior men living alone.

Increasingly unaffordable rents affect more seniors than might be expected. Although a majority of Canadians will become homeowners in their lifetimes, one in five seniors in BC (19 per cent) rents and therefore faces the same challenges associated with low vacancy rates and an increasingly unaffordable rental market that working-age renters do.⁴⁰

Across all age groups, home ownership is furthest from reach for women, Indigenous people and recent immigrants. In BC, 41 per cent of Indigenous households are renters compared to 31 per cent of the general population.⁴¹ This number is even higher in urban areas off-reserve, where more than half of Indigenous people are renters.⁴² Immigrants who have lived in Canada for five years or less are more likely to be renters—only 36 per cent of these newcomer households own their homes, which represents just over half the 70 per cent rate of non-immigrants.⁴³

The BC government provides some supports for seniors who struggle to secure affordable, suitable housing in BC. However, provincial housing policy has not kept up with need.

Low-income seniors in BC (aged 55 or older) are eligible to apply for seniors' subsidized public housing. As of December 31, 2016, BC Housing subsidized 20,716 units for low-income seniors.⁴⁴ Despite recent investments in new affordable rental housing, the waitlists for subsidized units are

40 Calculated from Statistics Canada, 2011 National Household Survey, catalogue no. 99-014-X2011028.

41 CMHC, "Aboriginal Households in Canada, by Aboriginal Identity, Location and Tenure, Canada, Provinces and Territories, 2011," *Canadian Housing Observer*.

42 Ibid.

43 CMHC, "Fast Facts," in "Chapter 6: Newcomers' Housing," *Canadian Housing Observer 2014*, 6-3.

44 BC Housing tracks the number of units it subsidizes, not the number of people living in subsidized housing. Data prepared by BC Housing's Research and Corporate Planning Department, March 2017, provided by request.

long.⁴⁵ BC Housing allocates social housing units as they become available based on the needs of the households waiting at the time and the urgency of that need. Other housing providers have different criteria for prioritizing clients. The Office of the Seniors Advocate reported that the average waitlist time for seniors seeking subsidized housing in March 2016 was 2.2 years.⁴⁶

With rent typically set at 30 per cent of a tenant’s monthly income, social housing successfully eliminates core housing need and provides stable, long-term, affordable housing for seniors on fixed low incomes. Although the supply of social housing units in BC has increased slightly since 2005/06, the number of units available to low-income seniors has barely budged, making this option available to only a small number of those in need (Table 10).

Although the supply of social housing units in BC has increased slightly since 2005/06, the number of units available to low-income seniors has barely budged, making this option available to only a small number of those in need.

Table 10: Number of subsidized social housing units in BC, 2005/06 to December 31, 2016		
	Low-income senior units	Total units (all age groups)
2005/06	21,273	34,773
2006/07	24,293	43,639
2007/08	20,996	41,645
2008/09	20,799	40,633
2009/10	20,729	40,481
2010/11	21,018	40,853
2011/12	21,269	41,043
2012/13	21,336	40,998
2013/14	21,387	41,183
2014/15	21,510	41,186
2015/16	21,271	41,391
December 31, 2016	20,716	40,905

Source: BC Housing annual reports from 2005/06 through 2013/14, and statistics provided by BC Housing’s Research and Corporate Planning Department, March 2017.

Low-income senior renters without access to social housing qualify for monthly subsidies through the Shelter Aid for Elderly Renters (SAFER) program. The subsidy reimburses part of the difference

45 No single centralized waitlist for social housing exists in BC. The Housing Registry is a database used by BC Housing to manage applications for social housing. However, only about 110 of the over 800 housing providers BC Housing works with participate in the registry; the rest manage their own waitlists. As of December 31, 2016, 5,874 senior households were on the Housing Registry waitlist. Data prepared by BC Housing’s Research and Corporate Planning Department, March 2017, provided by request.

46 Office of the Seniors Advocate, *Monitoring Seniors’ Services 2016 Report* (Victoria: Office of the Seniors Advocate, 2016), 34.

between 30 per cent of their income and the actual rent they pay (up to a maximum rental amount). In 2015/16, close to 19,900 senior households each month received this rental subsidy. BC Housing reports that the average monthly payment was \$175.⁴⁷

While the SAFER formula should effectively eliminate the risk of core housing need, the program has long placed a cap on how much of the monthly rent a senior pays is eligible for the subsidy. In October 2016, the median monthly rent for a one-bedroom home in BC was \$952⁴⁸—an amount nearly \$300 higher than SAFER’s maximum eligible monthly rent amount of \$667 for single seniors and \$727 for a senior couple (outside of Metro Vancouver). For a single senior renting in Metro Vancouver, the maximum eligible rent amount is \$765, which is just over \$300 lower than the average \$1,085 monthly rent for a one-bedroom apartment.⁴⁹ As a result of this cap, SAFER subsidies rarely decrease a senior’s rent payments to below 30 per cent of their income, the affordability threshold to relieve core housing need, and thus the program fails to lift most seniors out of this situation.

Further, the SAFER subsidy is not automatically provided to seniors with modest incomes; seniors must apply to receive it. According to a study by the Office of the Seniors Advocate in BC, only 42 per cent of older low-income seniors (75 plus) and 50 per cent of younger low-income seniors (65 to 74) are even aware of the SAFER program.⁵⁰ A concerted effort to increase awareness and assist seniors with registration is needed, along with an adjustment to the rental cap to reflect actual rental costs.

BC’s increasingly unaffordable housing market and inadequate provincial housing policy have contributed to an increase in homelessness, including among seniors. According to the 2014 Metro Vancouver Homeless Count, people over the age of 55 represent the fastest-growing segment of the homeless population. In 2002, only 4 per cent of Metro Vancouver’s total homeless population was aged 55 or older; by 2014, that number had ballooned to 18 per cent, or 371 seniors.⁵¹ Vancouver’s homeless shelters have observed a similar demographic shift among their users and have been vocal about the unique health challenges associated with aging in homelessness.⁵²

BC’s increasingly unaffordable housing market and inadequate provincial housing policy have contributed to an increase in homelessness, including among seniors.

47 BC Housing, “Fact Sheet,” <https://www.bchousing.org/news/fact-sheet>. Accessed March 10, 2017.

48 Median monthly rent statistics from CMHC Housing Market Information Portal, British Columbia, 2017, <https://www03.cmhc-schl.gc.ca/hmportal/en/#TableMapChart/59/2/British%20Columbia>. Accessed March 16, 2017.

49 Ibid.

50 Office of the Seniors Advocate, *BC Seniors Survey: Bridging the Gaps* (Victoria: Office of the Seniors Advocate, 2015), 3. Available online at <https://www.seniorsadvocatebc.ca/app/uploads/sites/4/2015/09/SurveyReport.pdf>. Accessed March 16, 2017.

51 Greater Vancouver Regional Steering Committee on Homelessness, *Results of the 2014 Homeless Count in the Metro Vancouver Region*, 2014. Available online at <http://www.metrovancouver.org/services/regional-planning/homelessness/HomelessnessPublications/2014MVHomelessCountJuly31-14Results.pdf>. Accessed March 16, 2017.

52 Emily Fister and Nicole Gibillini, “Homeless shelters overwhelmed by increase in homeless seniors,” *The Thunderbird*, April 8, 2014. Available online at <http://thethunderbird.ca/2014/04/08/vancouver-shelters-overwhelmed-by-increase-in-homeless-seniors/>. Accessed March 16, 2017.

Low income affects seniors' health and well-being

The Canada Health Act does not cover other essential health services that seniors and other high-needs populations rely on. These include home support, residential care, prescription medications, community mental health, vision and dental care.



WHEN BRITISH COLUMBIANS NEED TO SEE A DOCTOR or go to the hospital for treatment, they know these services will be available to them based on their need and not their income. These service guarantees are entrenched in the five principles of the Canada Health Act: 1) public administration, 2) portability, 3) comprehensiveness, 4) universality and 5) accessibility (no user fees). A province's eligibility for federal transfer payments depends on its willingness to ensure that its hospital and physician services adhere to these five principles. This legislation, effectively, defines Medicare—Canada's publicly funded system of universal health care and its most treasured social program.

However, the Canada Health Act does not cover other essential health services that seniors and other high-needs populations rely on. These include home support, residential care, prescription medications, community mental health, vision and dental care. When it comes to providing these services, each province can determine the level of funding it will provide and is permitted to introduce user fees and change eligibility criteria to limit access and control public costs. This provision allows provincial governments to shift the burden of costs for these essential health services from the public coffers to individuals and families. Higher-income seniors and their families can opt to pay for these services privately (directly out-of-pocket or through private health insurance); lower-income seniors cannot. Their only option is to turn to their families for support or go without.

In the 2012 Canadian Community Health Survey, which collects data from health regions across the country, one in 10 BC seniors reported having unmet health care needs. Women, people of colour and recent immigrants had significantly more unmet needs than their counterparts.⁵³ Women and visible minorities were 30 per cent more likely to report unmet care needs than men and Caucasian British Columbians, respectively. Alarming, three in 10 immigrants living in Canada for nine years or less reported unmet care needs, a rate three times as high as the general population.⁵⁴

53 Calculated using data from Statistics Canada, Canadian Community Health Survey (CCHS), Annual Component, 2012.

54 Ibid.

Not only in BC but across Canada, research points to the growing burden of out-of-pocket health care costs. Between 1997 and 2009, all Canadian households (not just seniors) saw their out-of-pocket expenditures on health care rise substantially, with the greatest increases occurring for those in the poorest 20 per cent of households.⁵⁵ A 2015 survey administered by the Office of the Seniors Advocate in BC found that 65 per cent of seniors with a low income (less than \$30,000 per year) did not have an extended medical benefit plan, compared to 40 per cent of middle-income seniors (\$30,000 to \$60,000 per year).⁵⁶ Low-income seniors have statistically higher health care needs associated with aging in poverty, making the lack of access to publicly funded services even more problematic.⁵⁷

Low-income seniors have statistically higher health care needs associated with aging in poverty.

55 Claudia Sanmartin, Deirdre Hennessy, Yuqian Lu and Michael Robert Law, "Trends in out-of-pocket health care expenditures in Canada, by household income, 1997 to 2009," *Health Reports* 25, no. 4 (2014), 13–17. Available online at <http://www.statcan.gc.ca/pub/82-003-x/2014004/article/11924-eng.htm>. Accessed March 16, 2017.

56 Office of the Seniors Advocate, *BC Seniors Survey*, 4.

57 Gillian E. Hanley, Steve Morgan, Morris Barer and Robert Reid, "The Redistributive Effect of the Move from Age-Based to Income-Based Prescription Drug Coverage in British Columbia, Canada," *Health Policy* 101 (2), 185–94.

Prescription drug coverage is particularly important for seniors

Income-based insurance plans like Fair PharmaCare have been criticized as regressive and unfairly punitive of seniors with lower incomes, for whom even a small, income-adjusted fee may be prohibitively expensive.



PRESCRIPTION DRUGS REPRESENT THE LARGEST and fastest-growing out-of-pocket health care expense for seniors in BC. Prior to 2003, BC's age-based drug plan provided universal prescription drug coverage to all residents over the age of 65. In 2003, the BC government replaced its age-based drug plan with its Fair PharmaCare Plan, which makes public drug coverage available based on income regardless of age.⁵⁸

Now individuals pay an annual deductible based on their family income, after which they pay 30 per cent of the cost of prescription drugs up to a maximum amount. After the maximum amount is reached, Fair PharmaCare covers the entire cost of prescription medications for the rest of the year.

This shift has increased the cost of prescription medication not only for high-income seniors but for seniors in the lowest-income quintile as well.⁵⁹ The income cut-off to qualify for Fair PharmaCare coverage without a deductible is \$15,000, a threshold that is unchanged since 2003 when the program was introduced and no longer reflects the reality of poverty incomes in BC in 2017. As inflation erodes the income threshold of the program, individuals have to be poorer in real terms to qualify for the maximum level of coverage, with the result that fewer people qualify with every passing year.

Moreover, income-based insurance plans like Fair PharmaCare have been criticized as regressive and unfairly punitive of seniors with lower incomes, for whom even a small, income-adjusted fee may be prohibitively expensive.⁶⁰ For example, a person with income of \$15,000.01—below the poverty line—faces a deductible of \$300 before Fair PharmaCare kicks in at all. There is no deductible for British Columbians with family income below \$15,000, but they are still expected

58 For more information about the program, see the BC Government website, <http://www2.gov.bc.ca/gov/content/health/health-drug-coverage/pharmacare-for-bc-residents>. Accessed March 16, 2017.

59 Steven G. Morgan, Jamie R. Daw and Michael R. Law, "Are Income-Based Public Drug Benefit Programs Fit for an Aging Population?" Institute for Research on Public Policy Study no. 50, December 2014, <http://irpp.org/research-studies/study-no50/>.

60 Ibid.

to cover 30 per cent of the cost of their prescriptions up to an amount based on their income. For example, an individual with income between \$13,750 and \$15,000 faces an annual maximum of \$300.

In BC, access to several major drug classes and compliance with prescription drug treatments fell significantly following the introduction of Fair PharmaCare.⁶¹ According to the Canadian Community Health Survey, “residents of BC were twice as likely as residents of Ontario to report skipping prescriptions in 2007 because of cost, even when patient age, health, income and insurance coverage (private or public) were accounted for in statistical analysis.”⁶² Pharmaceuticals are the largest out-of-pocket health care expense for seniors, representing an average cost of \$615 annually for BC seniors—more than twice the average \$277 paid by seniors in Ontario. Between 1998 and 2001 (prior to the cancellation of BC’s age-based drug policy), seniors in BC and Ontario paid approximately the same out-of-pocket expenses.⁶³

“Residents of BC were twice as likely as residents of Ontario to report skipping prescriptions in 2007 because of cost.”

61 Ibid.

62 Ibid.

63 Ibid.

Access to home and community care services has declined

Today, BC has some of the most restrictive criteria for accessing basic home support services (such as meal preparation and laundry) of any province in the country.

ACCESS TO PUBLICLY FUNDED HOME SUPPORT SERVICES—such as assistance with bathing, managing medications and preparing meals—is essential for lower-income seniors who are not able to purchase these services privately. Despite the BC government’s stated goal to support seniors to remain in their own homes for as long as possible, access to the home support services that seniors require to continue living independently in the community has declined significantly over the last 16 years.⁶⁴

From the 1960s to the mid-1990s, BC was considered a leader in Canada in the provision of home support services.⁶⁵ Today, BC has some of the most restrictive criteria for accessing basic home support services (such as meal preparation and laundry) of any province in the country.⁶⁶ A 2012 survey by the Health Council of Canada showed that these are the very services that seniors most often require to continue to live in their own homes and communities.⁶⁷

The result of the shortfall in public funding for home support is an increase in health inequalities among BC’s aging population: seniors who can afford to pay for care privately have an alternative to the underfunded public home support system; lower-income seniors do not. Furthermore,

64 Marcy Cohen and Joanne Franko, *Living Up to the Promise: Addressing the High Cost of Underfunding and Fragmentation in BC’s Home Support System* (Vancouver: Integrated Care Advocacy Group and the BC Health Coalition, 2015), <http://bchealthcoalition.ca/sites/default/files/uploads/Living%20Up%20To%20The%20Promise%20-%20Full%20Report%20-%20press%20-%20new%20appendixA.pdf>.

65 Marcy Cohen, Arlene McLaren, Zena Sharman, Stuart Murray, Merrilee Hughes and Aleck Ostry, *From Support to Isolation: The High Cost of BC’s Declining Home Support Services* (Vancouver: Canadian Centre of Policy Alternatives, 2016), http://www.policyalternatives.ca/sites/default/files/uploads/publications/BC_Office_Pubs/bc_2006/support_to_isolation.pdf.

66 Janice Keefe, Rachel Ogilvie, Susan Stevens, Darla MacPherson and Nancy Stoddart, “Provincial/Regional Variation in Availability Cost of Delivery and Wait Times for Accessing Home Care Services to Address Avoidable Admissions to Long Term Care, Alternate Level of Care Bed Days and Hospitalization,” 2014. Prepared for Health Canada.

67 Health Council of Canada, *Seniors in Need, Caregivers in Distress: What are the Home Care Priorities for Seniors in Canada?* (Toronto: Health Council of Canada, 2012), http://www.carp.ca/wp-content/uploads/2012/04/HCC_HomeCare_2d.pdf.

these low-income seniors are at greater risk of being socially isolated⁶⁸ and experiencing health challenges that go unnoticed until they become acute and result in an emergency room visit or hospitalization.

The situation in residential care and assisted living is no better. Over the same period, from 2001 to 2016, access to residential care beds for seniors aged 75 and over declined substantially. Yet very few seniors can afford to pay privately for residential care. According to a 2016 CMHC survey, the average cost of a private-pay “heavy care space” in BC—a bed in a facility with 1.5 hours or more of high-level care per day for such conditions as Alzheimer’s, dementia and reduced mobility—was \$6,214 a month, or \$74,568 a year.⁶⁹

In 2003, the government introduced assisted living to the continuum of community care for seniors as an alternative to residential care for those with more moderate needs. However, even this wider range of care options, access to assisted living and residential care beds declined between 2001 and 2016 for seniors aged 75 and older.⁷⁰

What is even more shocking is the extent to which the shift to assisted living has resulted in a move away from publicly funded to private-pay services. By 2016, 43 percent, or 3,350 out of a total of 7,758 assisted living beds in BC, were entirely private pay.⁷¹ Additionally, close to 18,000 entirely unregulated private-pay spaces in seniors’ residences exist in BC, none of which are accessible to low-income seniors.⁷² According to the 2016 survey, over 80 percent of these residences charge more than \$2,000 a month, or \$24,000 a year.⁷³ A more affordable option for relatively well-off seniors than private-pay residential care, these residences provide no personal or nursing care and can therefore quickly become unaffordable if deteriorating health leads residents to pay out-of-pocket for additional care and support.

Since 2001, the BC government’s policy goals of fiscal restraint, reduced taxation and balanced budgets have resulted in increases in user fees for prescription drugs, more restrictive criteria for accessing subsidized home support and residential care services, and a growth in the number of private-pay assisted living and seniors’ residences. Increasingly, outside of hospital and physician services, we have a two-tiered health system. Higher-income seniors have the option to buy services privately while seniors with a more moderate or low income are left to rely on an underfunded public system, to depend on family and friends or to go without. These seniors are at much higher risk of finding themselves in a health crisis that will land them in a hospital, either in an emergency room and/or admitted to a ward. In addition to putting seniors’ health at risk, lack of access to home and community care puts more pressure on hospitals—the most expensive part of our health system—and contributes to hospital overcrowding, bed shortages and longer wait times for all patients.

Low-income seniors are at greater risk of being socially isolated and experiencing health challenges that go unnoticed until they become acute and result in an emergency room visit or hospitalization.



68 National Seniors Council. *Report on the Social Isolation of Seniors 2013–2014*, (Ottawa: National Seniors Council, 2014), http://www.seniorscouncil.gc.ca/eng/research_publications/social_isolation/page00.shtml.

69 Canada Mortgage and Housing Corporation, *Seniors’ Housing Report—Canada Highlights* (Ottawa: CMHC, 2016), 7, 12.

70 Andrew Longhurst, *Privatization and Declining Access in BC Seniors’ Care: An Urgent Call for Policy Change* (Vancouver: Canadian Centre for Policy Alternatives, 2017).

71 Office of the Seniors Advocate, *Monitoring Seniors’ Services Report 2016*, 14–15.

72 Canada Mortgage and Housing Corporation, *Seniors Housing Report—Canada Highlights*, 5. <https://www03.cmhc-schl.gc.ca/catalog/productDetail.cfm?cat=160&itm=31&lang=en&sid=MEmBAvZ12CPga9t5oFVNp2wPjDJlCMf9LQH3TfRMxSBKAqq1MOUcjStA0G1h0&fr=1490114101157>.

73 *Ibid.*, 9. These seniors’ residences offer a meal plan but not necessarily any care.

Food insecurity exists among seniors



ACCORDING TO THE CANADIAN COMMUNITY HEALTH SURVEY, 4.5 per cent of BC seniors are moderately or severely food insecure, meaning they do not have reliable access to a sufficient quantity of affordable, nutritious food. The risk of food insecurity is significantly higher for seniors with low or no income.⁷⁴ According to a 2012 Statistics Canada survey, 13.3 per cent of seniors with a household income below \$20,000 were moderately or severely food insecure. That rate virtually triples for seniors without any personal income: 38.1 per cent were moderately food insecure. Visible minority seniors are also slightly more likely than the general population to be moderately

⁷⁴ More recent data exist for other provinces, but British Columbia chose not to participate in the optional food security module in the 2013/14 round of the Canadian Community Health Survey.

or severely food insecure (6.5 per cent). For immigrants who have lived in Canada for nine years or less, nearly a third (28.3 per cent) are moderately or severely food insecure.⁷⁵

A Statistics Canada study found that 34 per cent of Canadian seniors living in the community (as opposed to residential care facilities) were at nutritional risk.⁷⁶ The risk factors of poor nutrition included being female; having a disability; having a low income, low social support, depression, poor oral health; and taking prescription drugs. For seniors living in the community, high nutritional risk is associated with a 50 per cent increase in the likelihood of hospitalization.

A recent Canadian study found that a shocking 45 per cent of adult patients admitted to hospital were malnourished.⁷⁷ Key risk factors included complex health conditions (more likely in older adults) and living alone or relying on adult children for grocery shopping. Malnourished patients are more likely to stay in hospital for two to three days longer on average, which puts more pressure on Canada's hospital care system.

A Statistics Canada study found that 34 per cent of Canadian seniors living in the community (as opposed to residential care facilities) were at nutritional risk.

75 Calculated using Statistics Canada, Canadian Community Health Survey (CCHS), Annual Component, 2012.

76 Pamela Ramage-Morin and Didier Garriguet, "Nutritional Risk Among Older Canadians," *Health Reports* 24, no. 3 (2013), 3–13.

77 Johane Allard, H. Keller, K. Jeejeebhoy et al., "Malnutrition at Hospital Admission—Contributors and Effect on Length of Stay: A Prospective Cohort Study from the Canadian Malnutrition Task Force," *Journal of Parenteral and Enteral Nutrition* 40, no. 4 (2016), 487–97.

Conclusion and policy recommendations

The findings suggest that current public policy fails to meet the needs of seniors living alone, most of whom are women.

THE ANALYSIS OF SENIORS' INCOMES, assets and service needs reveals large inequalities among seniors. And as with all generational groups, gender, immigration status and ethnicity exacerbate these divides. We find that BC seniors are not a homogenous group and that while most (particularly seniors living in families) tend to fare well and have enough resources to ensure a decent standard of living, a significant number of BC seniors have an income just above the poverty line and struggle to meet their basic needs despite the relatively low official poverty rates.

In addition, the analysis finds evidence of large income and wealth inequalities among both seniors and working-age British Columbians, and identifies some common trends of rising inequality and economic insecurity that affect all generations (if somewhat differently).

The results show that living arrangements—whether a senior is living in a family or living alone or with non-relatives—make a big difference for their income and well-being. Living alone puts seniors at risk not just of social isolation but also of low income and poverty. Seniors over the age of 85, and senior women in particular, are disproportionately affected, as they are more likely to live alone. The findings suggest that current public policy fails to meet the needs of seniors living alone, most of whom are women.

The challenges faced by these seniors are largely invisible in our society. A 2016 report by the Broadbent Institute suggests that poverty among seniors is going to become a bigger problem going forward unless we do something about it.⁷⁸ Roughly half (47 per cent) of Canadians aged 55 to 64 are on track to retire without an employer-sponsored pension plan and most of them have not saved enough for retirement in RRSPs or other savings plans.

The recent federal-provincial agreement to modestly enhance the CPP is a good step forward. However, this report's findings point to a number of policy gaps that can be filled to improve the income security, health and well-being of vulnerable seniors.

78 Richard Shillington, *An Analysis of the Economic Circumstances of Canadian Seniors* (Toronto: Broadbent Institute, 2016), https://d3n8a8pro7vnm.cloudfront.net/broadbent/pages/4904/attachments/original/1455216659/An_Analysis_of_the_Economic_Circumstances_of_Canadian_Seniors.pdf?1455216659.

1. **Implement a poverty reduction plan with targets and timelines.** Although the number of seniors living in poverty is small, the poverty rate among seniors has increased over the last twenty years. Single senior women are particularly at risk. *A Poverty Reduction Plan for BC*, a 2008 report by the Canadian Centre for Policy Alternatives (CCPA), outlines a comprehensive set of recommendations that BC policy-makers can draw on.⁷⁹
2. **Enhance home and community care.** Increasing investment in home and community care can help more seniors stay healthy and independent in their homes. Home support services to help with cooking and bathing, home nursing, long-term residential care and end-of-life palliative care are vital for lower-income seniors (mainly women) and will also help people with physical and mental disabilities.
3. **Improve retirement security by further enhancing the CPP and increasing old-age income supports for low-income seniors.** The CCPA's Alternative Federal Budget recommends increasing the CPP replacement rate from 33.5 per cent to 40 per cent of earnings and extending the child-rearing and disability dropout provisions to the entire CPP benefit.⁸⁰ This change would mostly help future seniors. For seniors today, the federal government could target the lowest-income seniors with an increase in the GIS top-up for both single seniors and couples.
4. **Tackle income inequality in all generations.** Tax reforms both provincially and federally can make our tax systems more fair and reduce income inequality after taxes. Accessible, quality public services and social programs contribute to a greater quality of life for British Columbians with very different incomes. We need both home support for frail seniors and affordable child care for families with young children.
5. **Address gender inequality in all generations.** Tackle the gender pay gap, invest in \$10-a-day child care and other programs that shift the burden of caregiving from the shoulders of women and makes them a collective, societal responsibility. This change will allow women to fully and equally participate in the economy and will reduce the gender pay gap, thus narrowing the gender income gap in retirement for seniors in the future.
6. **Invest in a diverse range of affordable housing options.** Growing housing insecurity is being felt among all generations in all segments of the market, and an increasing number of British Columbians, including seniors, are in core housing need. Renters are at particularly high risk of housing insecurity as they typically have a lower income and fewer assets. Despite BC's rent subsidy for seniors (SAFER), an alarming 42 per cent of seniors who rent are in core housing need. The BC government's 2016 announcement of \$500 million for new affordable housing is a welcome start, but BC has much catching up to do. It is time to invest in new affordable housing, from housing for people who are homeless to assisted living and residential care for seniors to co-operative housing and innovative tenure arrangements like community land trust models.
7. **Introduce a universal pharmacare program.** A disturbing number of British Columbians are not filling their prescriptions because they cannot afford the high cost of medications. Universal pharmacare would improve the access to health care for these people. Seniors tend to have higher rates of illness and disability and are likely to benefit the most, but other families with chronic and other health conditions would be helped as well. As an

Addressing the gaps in public supports for seniors need not detract from or mask the serious and growing economic insecurity experienced by younger generations.

79 Seth Klein, Marjorie Cohen, T Garner, Iglia Ivanova, Marc Lee, Bruce Wallace and Margot Young, *A Poverty Reduction Plan for BC* (Vancouver: Canadian Centre for Policy Alternatives, 2008).

80 Canadian Centre for Policy Alternatives. *Alternative Federal Budget 2017*.

added benefit, universal public prescription drug coverage would be a lot cheaper than private extended health insurance in Canada, thanks to savings from bulk purchasing and other economies of scale.

It is important to note that addressing the gaps in public supports for seniors need not detract from or mask the serious and growing economic insecurity experienced by younger generations. Indeed, much of the CCPA's research has focused on issues such as rising tuition; the urgent need for universal child care, funding in K-12 education and affordable housing; and youth unemployment trends, among others.

Measuring poverty

Much debate surrounds the measurement of poverty. No official “poverty line” exists in Canada. Instead, Statistics Canada produces three annual measures of “low income”: the low income cut-off (LICO), the low income measure (LIM) and the market basket measure (MBM).

For years, the most commonly used measure, and the one treated as the unofficial poverty line by many, was the LICO.

The LICO is defined as an income threshold below which a family is likely to spend 20 per cent more of its income than the average family on basic necessities (food, shelter and clothing). It is a hybrid of an absolute and a relative measure because it references both expenditures on basic items and the distribution of income. According to the most recent base, the 1992 Family Expenditures Survey, the average Canadian family spent 43 per cent of its after-tax income on shelter, food and clothing. A family spending 20 percentage points more than the average family on these three necessities (i.e. 63 per cent or more of their income) is considered to be in “straitened circumstances.” Statistics Canada estimates an income threshold at which families are expected to spend more than 63 per cent of their income on necessities for seven family sizes (from one to seven people) and five community sizes. Since 1992, the LICO thresholds for subsequent years are calculated by applying the Consumer Price Index (CPI) to the 1992 cut-offs.

The fact that the base for the LICO has not been updated since 1992 makes it an increasingly unreliable metric. Given that the costs of housing and other necessities have risen faster than the general CPI, the LICO base no longer reflects the experience of Canadian families. The LICO is particularly problematic in BC, as it fails to capture the higher cost of housing in our province. For this reason, CCPA economists no longer recommend using the LICO, and instead we track poverty rates using the more reliable LIM and MBM.

The LIM is a purely relative low-income measure. It is set at 50 per cent of median household income adjusted for family size, and is produced for both pre-tax and after-tax incomes. One of LIM’s benefits is that it allows for easy international comparisons, as the same measure is produced for most countries. Like the LICO, LIM uses the same income thresholds for all of Canada and thus fails to reflect the higher cost of housing in most of BC. However, it remains the best measure of the poverty rate over time, as the MBM is only available from 2002.

The MBM is based on the actual costs of a specified and modest basket of goods and services. It includes five broad types of expenditures—shelter, food, clothing and footwear, transportation, and other basic household needs (such as personal care, furniture, basic telephone service, school supplies, and a modest level of reading material, recreation and entertainment)—for a reference family of two adults and two children. The MBM is calculated for five community sizes. With this measure, a family is considered to have a low income if it is unable to purchase this basket of essential goods in the local community. The income compared to the MBM threshold is not gross before- or after-tax income, as with LIM and LICO, but rather “disposable income” (or the actual income available to purchase these necessities). Statistics Canada calculates “disposable income” by deducting items such as child care and health care expenses, income taxes and all mandatory payroll deductions from before-tax income.⁸¹ Unlike any of the other measures, the MBM captures differences in local costs of living (such as housing), which are particularly high in BC.

In this report, we use the LIM after-tax to measure seniors’ poverty because it allows us to track poverty rates over long periods of time.

81 The reason that child care and health care costs are not included as components of the market basket measure (MBM) is that spending on these items varies dramatically among families depending on their particular circumstances (unlike spending on food or shelter, for which the needs of Canadian families of a particular size in a particular region are much more similar). For more on the MBM methodology, see Human Resources and Social Development Canada, *Low Income in Canada: 2000–2004, Using the Market Basket Measure*, www.publications.gc.ca/collections/collection_2013/rhdcc-hrsdc/HS28-49-2004-eng.pdf.

The seniors pictured in the photographs throughout this report are featured in an editorial and photo essay on our blog: policynote.ca/seniors-stories



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The Canadian Centre for Policy Alternatives is an independent, non-partisan research institute concerned with issues of social, economic and environmental justice. Founded in 1980, it is one of Canada's leading progressive voices in public policy debates.

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