



Poverty and Inequality Among British Columbia's Seniors

Summary

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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.



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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 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 RRRSPs 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.

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.

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.

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.

Download the full report at:
policyalternatives.ca/SeniorsInequality



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The senior pictured in the cover photograph is featured in an editorial and photo essay on our blog:
policynote.ca/seniors-stories

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