

*Established  
1969*



**SUBMISSION TO THE STANDING COMMITTEE**

**ON**

**THE STATUS OF WOMEN (FEWO)**

**Study : Women and Pension Security**

**Canadian Pensioners Concerned, Ontario Division**

**Presented by :  
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**CANADIAN PENSIONERS CONCERNED, INC. ONTARIO DIVISION**

*Canadian Pensioners Concerned began in 1969 with a special concern about whether retirement income would allow for a good quality of life for seniors. We have expanded our interests over the years to include all age groups and those who are especially vulnerable by virtue of illness, impairment, economic need, or age. We are committed to social values that determine fairness and social justice in our multicultural society.*

## **OAS, GIS, C/QPP**

The depth of poverty of older persons in Canada has been significantly reduced because of the Collective investment in OAS, CPP/QPP and the GIS (plus provincial programs such as Ontario's GAINS program). However, if all one has to live on is OAS and GIS a person living below the Low Income Cut-Off (LIC O) is in poverty (\$1169 per month). This means that all the conditions of the known determinants of health negatively affect their possibility of healthy aging.

Statistics Canada has also noted that inflation increases have quite variable impacts on the different demographic groups in Canada. Often it is higher for older persons than among younger populations because of the nature of their expenditures. The issue here is that increases to OAS/GIS are based on the broad consumer price index.

## **Endemic Poverty of Older Persons**

There is a strong tendency in Canada to believe that the poverty of older persons is essentially solved. However, there is clear unwillingness to look at the deprivation of single unattached older women (and men) that continues to exist and has for decades. Single unattached women over 65 are still finding themselves in deep poverty and their poverty rate is about 25% higher than that of single older men in the same age groups i.e. 38% vs 28%. This disparity has existed for years and needs to be addressed.

## **Recent older immigrants**

Older persons who have been brought to Canada by their children to help with childcare for their grandchildren will be – and are – at high risk of being poor as they need 10 years of residency to be eligible for OAS and GIS or the provincial GAINS in Ontario

## **Aboriginal Communities**

Members of our Aboriginal communities – First Nations, Métis and Innu – are at the greatest risk of poverty and deprivation throughout their lives. We trust that your Committee is giving particular attention to women from these populations as to how changes to pensions can improve their lives and those of their family members.

## **Changing labour markets**

Contract work is replacing full time employment and workers thus have to make their own plans for retirement. Defined Benefit Pension Plans are steadily disappearing and being replaced – if at all – by Defined Contribution Pension Plans where the risks to investment funds available for pension income are high. The average worker lacks the necessary skills to make good investment decisions.

## **The longevity of women**

Women outlive men, and when the male partner dies – who has usually worked longer than the women - the loss in pension income OAS, CPP or QPP is significant. One cannot live that much more cheaply than two, so the survivor is at great risk of falling into deep poverty.

## **Women's paid labour**

Women as a group are paid significantly less than men and they are still predominantly clustered in the lower wage sector of the labour market – the service sector in particular. Their opportunities to save and invest in pensions are severely limited. Low wage workers live from day to day and cannot put money into Tax Free Savings Accounts or RRSPs. If such workers are solely dependent on OAS and GIS they will be poor in their older years. The data you have been provided do not match the data from Statistics Canada showing women at 65.7% of the wages of men in 2007, up from 62.8% in 1998.

## **Female single parents**

Single parent mothers, who comprise the largest segment of low-income women, have a very short time frame in which to return to the labour force and acquire the income that would allow for saving for their old age. Their future is increasingly grim the later they are able to return to the labour market.

## **The self-employed**

The number of self-employed persons is increasing rapidly with every downturn in the economy and a majority of those self-employed are women. The self-employed are frequently there out of necessity and not by choice. In order to get access to the CPP/QPP they have to make payments as employer and employee – this can be hard to achieve. We believe that all the self-employed should have a more reasonable system for building credits in the CPP/QPP.

### **Women and Care-Giving**

Women still carry the major responsibility for care giving and this has led to interrupted participation in the labour force or a move to part-time work in order to accommodate care-giving responsibilities. This in turn leads to lower pensions and lower income in older years. CPP/QPP drop out provisions that are there for childcare should be replicated for other forms of family care – such as caring for older family members. The requirements for the caregiver credit must not be based on the expected imminent death of the person being cared for but should recognize the broader range of care needs that families face.

### **Cost of Living increases.**

Any attempt to limit or cut the cost of living increases in these National and Provincial Pension/Income programs (as has been done in the past) will have a significant impact on all workers but especially women who, demographically, comprise the largest number of older persons and who have the highest percentage of low income.

### **Impact of government services**

Furthermore, women with lower pensions are at risk from government service cuts. The lower the income the more dependent people are on government provision of services. Any cut to government services will put the lower income people at risk of deeper poverty.

### **Recent Immigrants and poverty**

Recent immigrants (especially those who have come to Canada over the past twenty or fewer years) are facing high levels of unemployment and underemployment. They are most at risk of becoming the new older poor, as they will not have the opportunity to build pensions credits. Given that women live longer than men, the risk of poverty and lack of personal pensions are very high.

## **Racialized women**

Racialized women, especially among the more recent immigrants to Canada have lower pay, high levels of under-employment and unemployment. (Last in, first out.) They comprise the marginal workforce and the overwhelming majority of workers in nursing homes, personal support workers, and paid care-givers. Many lack access to pension plans and this leads to their dependency on OAS and GIS or GAINS in their old age.

## **Increase in workers without pension plans**

The rising number of workers without access to any pension plan – and especially the people working in minimum wage jobs – will be increasingly at risk of poverty in their older years.

## **Issue of current younger workers**

We are worried by the evidence that a high percentage of workers aged 44 or younger have almost no pension assets. Stats Canada's report for 2007 put the assets of the average 44 year old at \$47,000 and those younger at \$10,000. This does not bode well for the future.

## **Threats to pensions through corporate bankruptcies**

We have not touched on the threat to pensions through corporate bankruptcies that affect all workers. This is an area that needs re-thinking by both the Federal and Provincial governments. We need a national insurance scheme to protect pensions. Ontario has a program that protects pensions up to \$1000 per month. This program is at risk in the current economic collapse.

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## Some possible strategies for change

1. The Maximum replacement rate for CPP should be changed to \$60,000 and be fully indexed. (It would be excellent if the indexing could recognize the real cost of living increases faced by older persons.) The percentage could remain at 25%. Reconsider the design of CPP in light of increasing variations in labour force participation.
2. The Committee's study should include the impact of increasing short-term and self-employment on contributions to, and the benefits of, CPP/QPP
3. The Federal Government and/or the Provinces need to bring in a supplemental contributory pension plan that would enable low paid workers and those without a plan to participate. They should create opportunities for contributory pension plans to be developed and professionally managed that would be open to all workers, particularly those employed in small businesses or who are self-employed.
4. There is particular concern right now for those unemployed between 60 and 65 years of age. There should not be a penalty for early uptake of CPP.
5. Ensure that Employment and Pay Equity programs are in place. The continued existence of lower wages for women compared with men in the same employment categories must be ended.
6. There needs to be a special focus on racialized women who are employed in the personal service and health and social services systems. Their working conditions and levels of pay doom them to poverty in their older years.
7. Some of the most serious threats to the health and well-being of older women would be alleviated if we had an adequate supply of affordable and supportive housing where rent is geared to income. This would help all low to moderate income seniors and, given their numbers, would have a very beneficial effect on older women.

8. The creation of a Guaranteed Annual Income would ensure a basic income for all Canadians, whatever their age. This would overcome the hardship for those living without private pension income or who are solely dependent on Government Programs.

9. We note that the benefits citizens receive through public services far outweigh any tax cuts. The possible reduction in government services because of the huge increases in the national and provincial debts would have the greatest impact on low to moderate-income people. The use of tax credits benefit those with high incomes and do nothing for those whose incomes are at or below the low-income cut-off.

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