

REPORT



A fine line: Finding the right seniors' poverty measure in Canada

Paloma Griffin and Mohy Tabbara

October 2023

About the authors

Paloma Griffin is a Policy Researcher

Mohy Tabbara is Policy Advisor at Maytree

About Maytree

Maytree is committed to advancing systemic solutions to poverty and strengthening civic communities. We believe the most enduring way to fix the systems that create poverty is to ensure that economic and social rights are respected, protected, and fulfilled for all people living in Canada. Through our work, we support non-profit organizations, their leaders, and people they work with.

Copyright © Maytree 2023

ISBN: 978-1-928003-59-5

Maytree
77 Bloor Street West, Suite 1600
Toronto, ON M5S 1M2
CANADA

+1-416-944-2627

Email: info@maytree.com
Website: www.maytree.com
Twitter: [@maytree_canada](https://twitter.com/maytree_canada)

Acknowledgements

The publication of this report is the culmination of a year-and-a-half process, which would not have been possible without the dedication, hard work and passion of many contributors.

Our colleagues at Maytree, Sarah Craig, Yukon Damov, Sam DiBellonia, Bonnie Mah, Elizabeth McIsaac, and Markus Stadelmann-Elder, we thank you for your commitment to quality and excellence.

We would also like to thank our external reviewers, Bonnie-Jeanne MacDonald, Richard Mattern, and Geranda Notten for their insightful and constructive reviews. Any errors or omissions in the final version of the report are our own.

We would like to express our most sincere appreciation to all those who have contributed. Thank you.

Table of contents

Executive summary	1
Introduction	5
Context	6
Evolving perspectives on seniors' retirement adequacy.....	6
Existing adequacy measures in Canada.....	10
Analysis	15
Issues with the MBM	15
Challenges measuring retirement adequacy	20
Alternatives	28
What can adequacy measures look like?	28
Jurisdictional scan	31
Canadian alternatives and supplementary tools	34
The path forward	37
Recommendations	37
Conclusion	40
Appendix - Overview of retirement income supports	41
Works cited	44

Executive summary

In Canada, governments provide seniors with a spectrum of income supports and programs intended to maintain a baseline standard of living in retirement. For many years, the social safety net has been praised for producing lower poverty rates for seniors, as measured by the Market Basket Measure (MBM), Canada's Official Poverty Line. However, our understanding of seniors' income adequacy is often based on long-held assumptions about what an adequate life looks like in retirement and on "adequacy measures" that do not necessarily reflect the experiences of seniors.

In this report, we explore the question: **Are we accurately measuring seniors' income adequacy, and if not, how can we do better?**

We argue that the development of a seniors-specific measure of income adequacy is necessary to address seniors' poverty in Canada, as the MBM alone is not designed to do this effectively.

Existing measures are not well-suited to measure seniors' adequacy

In Canada, two adequacy measures, each with distinct methodologies, are used regularly to assess income adequacy:

- **The Market Basket Measure (MBM), Canada's Official Poverty Line:** This measures the cost of a basket of essential goods and services for a modest, basic standard of living, with thresholds defined based on a reference family of four and costed by region.
- **The Low Income Measure (LIM):** This is a relative measure, which means it is based on the quality of life of the general population. It is calculated using the median household income.

When looking at seniors' income adequacy, the MBM and the LIM present very different stories. The MBM shows that seniors are doing well—they are less likely to live in poverty than the general population. However, the LIM shows the opposite—that seniors are more likely to have low incomes than the general population.

Given that the MBM is the Official Poverty Line that decision-makers use to develop income security policy in Canada, it is imperative that it measures poverty as accurately and reliably as possible.

We raise three concerns:

- **The problem with “equivalizing”:** The MBM is initially calculated for a reference family of four consisting of two working-age adults and two children. That amount is then “equivalized” to determine the MBM of other family sizes using a multiplier. The MBM equivalization method has been criticized as an oversimplification that underestimates the poverty of small families, which includes almost all senior families.
- **Health costs are not included in the MBM basket:** To measure poverty, the MBM threshold is compared to a family’s disposable income. Of significant concern for seniors is that health-related expenses are not included in the MBM basket and are deducted from disposable income. This creates the perception that the income seniors need to live an adequate standard of living is lower than it is.

Furthermore, disposable income is complicated to calculate, so other definitions of income are often compared to the MBM instead. Because these definitions of income are typically higher than disposable income, some families of seniors may appear to live more adequately than they do in reality relative to the MBM thresholds.

- **The basket of goods and services is not designed for seniors:** The MBM basket is tailored to the needs of a “traditional” family of four, which are quite different than the needs of seniors. Some costs may be lower in retirement since most seniors no longer work. However, many of these lower costs are associated with seniors in good health—the cost of living increases with worsening health, which seniors face as they age. These additional costs are not accounted for in the MBM.

Challenging assumptions: The cost of living is not always lower in retirement

Building on our critique of the MBM, we review some of the key challenges associated with measuring seniors’ poverty. We challenge the assumption that basic needs become less expensive after retirement focusing on four issues:

- **Health costs:** It is often assumed that seniors’ healthcare needs are covered by medical supports offered by provincial or territorial programs. Yet many services are not included in those programs, which they must pay for out of pocket. A higher need for medical attention, a lower likelihood of having private insurance, and insufficient programs to meet age-related needs mean

that a higher proportion of retired individuals will struggle to cover health-related costs.

- **Housing:** Another assumption is that housing expenses decrease significantly in retirement, and that many senior homeowners can sell this asset to boost their retirement income. However, the current Canadian housing crisis and ongoing drop in homeownership mean that seniors who do not have the privilege of homeownership may face uncertain living conditions and ever-increasing rental costs.
- **The growing savings gap:** In recent years, defined benefit pension plan coverage has been declining and defined contribution pension plans have become more common, indicating shifts in how seniors must balance their finances. Coupled with longer life expectancies, and an increase in precarious work, the need for additional assets to ensure income security throughout retirement years is growing, posing a challenge for those who may not have had access to these pension plans during their working-age years.
- **Marginalization:** Many seniors are impacted by life-long systemic inequalities related to gender, race, ethnicity, disability, sexuality, labour protections, and length of time in Canada. The experiences of marginalized populations do not necessarily align with those of the majority, and adequacy may look different materially. Understanding the experiences and needs of marginalized groups is necessary to create adequacy measures that are intersectional and accurate.

Alternative measures could provide a different perspective on seniors' adequacy

In this report, we look at what a seniors-specific adequacy measures can look like, both theoretically and in practice. We consider measures in three broad categories: Material deprivation indices proposed in Canada and the United Kingdom, the Elder Standards developed in the United States and Canada, and the Multidimensional measures used by the United Nations and the World Bank.

These alternative measures could help us define what adequacy looks like for seniors in retirement.

Recommendations

Currently, governments do not have the necessary adequacy measuring tools to ensure that seniors can live a life of dignity and have an adequate standard of living. The federal government needs to recognize this gap and improve the set of measures available for evidence-based policymaking. To achieve this, we recommend the following:

1. **Develop a seniors-specific measure of income adequacy.**
 - 1a. **If the federal government wants to use the MBM as Canada's Official Poverty Line, it needs to develop a seniors-specific MBM.**
 - 1b. **Alternatively, the federal government needs to invest in developing a new adequacy measure that is adjusted to the experiences of seniors in Canada.**
2. **The current MBM poverty rate of seniors should not be the sole adequacy measure used to evaluate retirement income supports.**
3. **Until a new seniors-specific measure is developed, the LIM should be used alongside the MBM to account for a diversity of seniors' experiences.**
4. **Governments should take a more multi-dimensional approach to thinking about seniors' adequacy.**

The MBM alone does not effectively measure income adequacy for seniors. We recommend that the federal government either develop an MBM for seniors or adopt one of the measures developed by researchers in Canada. It should also consider a multi-dimensional approach to measurement to implement intersectional and human rights-based understandings of adequacy. Until a new measure is developed, we recommend using the LIM as an accompaniment to the MBM to reflect a range of seniors' experiences.

Introduction

In Canada, seniors have access to a spectrum of income supports and programs intended to maintain a baseline standard of living in retirement. For many years, Canada’s social safety net has been praised for producing lower poverty rates for seniors, as measured by the Market Basket Measure (MBM), Canada’s Official Poverty Line. However, our understanding of seniors’ income adequacy is often based on long-held assumptions about what an adequate life looks like in retirement and on “adequacy measures”¹ that do not necessarily reflect the experiences of seniors.

Meanwhile, Canada’s other adequacy measures, the Low Income Measure (LIM) and the Low Income Cut-offs (LICOs), offer alternative, and even conflicting perspectives, on the number of seniors living with low income. It is clear that the way we understand poverty in Canada is impacted by the measures we use, and not all measures account for the specific needs of particular demographic groups.

In this report, we explore the question: **Are we accurately measuring seniors’ income adequacy, and if not, how can we do better?**

Through our analysis, we argue that existing adequacy measures are not geared towards seniors and should be improved to better reflect the experiences of seniors living in poverty. We aim to illustrate what characteristics a seniors-specific adequacy measure should have and what possible alternatives exist.

Every person has a human right to an adequate standard of living. While often taken for granted, adequacy measures are one of the primary tools used by governments to determine who is in need of support and how much support they need to live adequately. It is therefore essential to question assumptions about what adequacy is and how we measure it, and keep governments accountable to ensure that every person’s right to an adequate standard of living is respected.

Governments in Canada must have the right tools to guide their decision-making and to measure progress. By challenging the assumption that existing measures effectively benchmark the needs of seniors in retirement, we pose fundamental questions about how Canada understands adequacy and why. We present options for crafting seniors-specific adequacy measures in Canada to identify those most in need.

1 “Adequacy measures” is an umbrella term used to define poverty (MBM) and low-income measures (LIM and LICOs) throughout this paper

Context

Evolving perspectives on seniors' retirement adequacy

Reflecting on how adequacy has been understood and perceived in Canada, will help reveal how those views impact Canada's adequacy measures today and help us align our perception of adequacy to present-day economic, social, and cultural conditions.

Here we explore how income supports for seniors and adequacy measures have evolved in Canada.

The introduction of retirement income supports

In the early 20th Century, though we did not yet have standardized adequacy measures, we know that many seniors had a low quality of life.² The existence of “poor houses” hosting large numbers of seniors, coupled with significant rural-urban migration, low life expectancy rates, and poor health reports signal conditions marked by extreme deprivation.

Retirement was a new idea in Canada, and support for seniors was typically offered locally through churches and other community groups as charity. In this charitable model, the local community was responsible for differentiating between “worthy” and “unworthy” recipients of support.³ As we know now, the idea of “worthiness” is exclusionary, and does not align with the human right to an adequate standard of living.

While countries such as Germany and the United States began introducing retirement supports for segments of their populations in the 1880s, the 1867 British North America Act prevented earlier development of federal retirement policies. This act gave provinces jurisdiction over income supports, and the provinces restricted federal involvement in retirement policy development until the 1908 Government Annuities Act. This became the first national act that allowed

2 Canadian Museum of History. (n.d.). *The History of Canada's Public Pensions*. Human Resources Development Canada. https://www.historymuseum.ca/cmhc/exhibitions/hist/pensions/1867-1914_e.pdf

3 Canadian Museum of History. (n.d.). *The History of Canada's Public Pensions*. Human Resources Development Canada. https://www.historymuseum.ca/cmhc/exhibitions/hist/pensions/1867-1914_e.pdf p.2

the federal government to take over the existing provincial supports for seniors who were male British subjects aged 70 and over.⁴

The Old Age Pensions Act followed in 1927 and saw collaboration between federal and provincial governments.⁵ However, the onset of the Second World War saw a pause in progress, and seniors' retirement income programs would not see significant improvements for two decades.

In the late 1940s, the Canadian government began introducing more inclusive retirement supports, expressing a commitment to delivering a social safety net. A means-tested old-age pension became available in 1947 and provided \$30/month, or \$440/month in 2022 dollars. This was replaced in 1952 by Old Age Security (OAS), which provided a universal payment of \$40/month, or roughly \$426/month in 2022 dollars.⁶

The Canadian Pension Plan (CPP) and the Quebec Pension Plan (QPP) were introduced in 1966 in response to lower living standards experienced by many Canadian seniors once they retired. The goal was to create a contributory program that would replace 25 per cent of the average lifetime earnings of workers up to a maximum level.⁷ In 2016, the federal government and the provinces agreed to enhance the CPP/QPP by increasing the percentage of earnings that could be replaced along with the maximum level of earnings covered beginning in 2019, at which point monthly CPP/QPP contributions would gradually increase. Once in place, the CPP/QPP maximum retirement benefit will increase by 50 per cent.⁸

As the Canadian social safety net expanded through the second half of the 20th Century, the number of seniors living in poverty fell sharply. In 1967, OAS was given a temporary addition, the Guaranteed Income Supplement (GIS).⁹ Initially, GIS was introduced as a short-term solution to provide worse-off seniors with

4 Canadian Museum of History. (n.d.). *The History of Canada's Public Pensions: Our First Old Age Pension*. Human Resources Development Canada. https://www.historymuseum.ca/cmhc/exhibitions/hist/pensions/cpp-m1915_e.html

5 *Ibid.*

6 Statistics Canada. (2007). *Consumer Price Index, annual average, not seasonally adjusted* [dataset]. <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000501> <https://www.jstor.org/stable/138138>

7 Canadian Museum of History, H. (n.d.). *The History of Canada's Public Pensions: What Canadians Received*. Canadian Museum of History. https://www.historymuseum.ca/cmhc/exhibitions/hist/pensions/cpp-a52-wcr_e.html

8 Department of Finance, D. of F. (2016, September 19). *Archived - Backgrounder: Canada Pension Plan (CPP) Enhancement* [Backgrounders]. <https://www.canada.ca/en/department-finance/news/2016/09/backgrounder-canada-pension-plan-cpp-enhancement.html>

9 Matteo, L. D. (2017). *A Federal Fiscal History: Canada, 1867–2017*. Fraser Institute. <https://www.fraserinstitute.org/sites/default/files/federal-fiscal-history-canada-1867-2017.pdf>

additional support or to help those who would retire before they began receiving their pensions. However, GIS became a permanent program and remains an important source of retirement income for many of the worst-off seniors.

Other important additions to the social safety net include the introduction of universal healthcare between 1968 and 1970, which alleviated the financial burden of healthcare for Canadians of all ages. Later, in the early 1970s, further improvements to retirement incomes were made as OAS benefits began to be indexed quarterly instead of annually to reduce the impact of inflation on seniors.¹⁰

Although the federal government has made progress in developing the first and second pillars of the retirement income system, OAS/GIS and CPP/QPP, more can still be done. Previous exclusions have restricted particular demographic groups from receiving retirement income, highlighting a continuous need to ensure that programs are inclusive and reflect Canada's population. For example, only in 1952 did Status Indians begin to receive retirement income support, nearly 25 years after the original Old Age Pensions was introduced. Likewise, OAS was originally only available to those aged 70 and over who had lived in Canada for at least 20 years before retirement.

In addition, despite Canada's commitment to delivering a comprehensive social safety net, the system has relied on assumptions that prevent adequate coverage and do not reflect the challenges of today's seniors. The government is also increasingly looking to individuals to manage their retirement savings by relying on the third pillar of the system, private savings, such as employer-sponsored pensions and home equity. However, this assumes that retirement saving is an individual responsibility, an assumption that leaves behind those without consistent life-long labour market attachment and does not reflect the experiences of many Canadian seniors today.

The introduction of adequacy measures

While Canada recognized that many seniors were in need of income support going back to the turn of the 20th Century, there were no standardized adequacy measures to assess how many people were in need or how much support they

10 Léonard, A. (2011). Indexing of Canada Pension Plan and Old Age Security Benefits (4 2011-74-E). Government of Canada. https://lop.parl.ca/sites/PublicWebsite/default/en_CA/ResearchPublications/201174E#ftn6

required. Developing new low-income measures became a priority, culminating in the introduction of Low Income Cut-Offs (LICOs) in 1967.¹¹

In 1991, Statistics Canada released the Low Income Measure (LIM) following the practice of many international organizations, thus cementing the LIM as one of Canada's adequacy measures.¹² According to the LIM, rates of seniors living in low income fell between 1977 and 1995, when it hit an all-time low of 4 per cent.¹³

Towards the end of the 1990s, federal-provincial-territorial ministers responsible for social services requested the creation of a Market Basket Measure (MBM). Human Resources Development Canada developed the MBM through the Working Group on Social Policy Research and Information, consisting of officials who report to these ministers.

Initially, the goal of the MBM was to complement existing measures of low income to evaluate the effectiveness of the National Child Benefit initiative, which aimed to reduce the incidence and depth of child poverty in Canada.¹⁴ Statistics Canada established a reference family consisting of two adults and two children to understand child poverty, with thresholds for all other families and unattached single adults derived from it. Seniors' families, therefore, were not the intended target during the MBM's development. The provinces' MBM thresholds were first published in 2002, using the 2000 base. In 2022, the Northern Market Basket Measure (MBM-N) was released for the Yukon and the Northwest Territories, using the 2018 base.¹⁵ The MBM-N for Nunavut is forthcoming.¹⁶

In 2015, the Canadian Minister of Families, Children and Social Development was tasked with developing a Poverty Reduction Strategy that set targets to reduce

11 Canadian Museum of History. (n.d.). *The History of Canada's Public Pensions: Reaching More Canadians*. Human Resources Development Canada. https://www.historymuseum.ca/cmhc/exhibitions/hist/pensions/cpp-m1968_e.html

12 Statistics Canada. (2016). *Low Income Lines: What they are and how they are created* (75F0002M; Income Research Paper Series). Minister of Industry, Statistics Canada. <https://www150.statcan.gc.ca/n1/en/pub/75f0002m/75f0002m2016002-eng.pdf?st=J0Ojs4pc>

13 Statistics Canada. (2015). *Low-income statistics by age, sex and economic family type* [dataset]. <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1110013501>

14 Hatfield, M. (2002). Constructing the Revised Market Basket Measure. *Human Resources Development Canada, Strategic Policy* (T-01-1E). <https://publications.gc.ca/collections/Collection/MP32-30-01-1E.pdf>

15 Statistics Canada. (2022). *Technical paper for the Northern Market Basket Measure of poverty for Yukon and the Northwest Territories* (75F0002M; Income Research Paper Series). <https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2022004-eng.htm>

16 Devin, N., Gustajtis, B., & McDermott, S. (2023). *Construction of a Northern Market Basket Measure of poverty for Nunavut* (Income Research Paper Series). Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2022003-eng.htm>

poverty, aligned with existing provincial/territorial/municipal strategies, and would include a plan to measure and publicly report on progress.¹⁷ “Opportunity for All: Canada’s First Poverty Reduction Strategy” was released on August 21, 2018, building on the nearly \$10 billion in new federal spending to support poverty reduction announced a few months earlier.¹⁸ The funding was allocated to programs like the National Housing Strategy, an increase in the GIS, and the Canada Child Benefit.

Most notably, the Strategy established the MBM as Canada’s Official Poverty Line. The decision was made through a deliberative process based on “overwhelming support” for the MBM during consultations.¹⁹ The Strategy recognized that what is considered a modest standard of living would change over time, thus proposing that the MBM should be rebased more regularly through a comprehensive review of the goods and services in the basket.

Over the past 50 years, the federal government has developed three measures of low income, the MBM, the LIM, and the LICOs, all of which are still used today. However, each measure offers a different perspective on what it means to have an adequate standard of living in Canada. To assess whether they are accurately measuring seniors’ retirement adequacy in particular, we must first understand their methodologies as well as their advantages and limitations.

Existing adequacy measures in Canada

In Canada, income adequacy can be assessed using three adequacy measures. The Market Basket Measure (MBM) is Canada’s Official Poverty Line and is considered a poverty measure. There are also two low-income measures: the Low Income Measure (LIM) and the Low Income Cut-Offs (LICOs). All three were developed between the late 1950s and early 2000s from research done in collaboration with federal-provincial-territorial working groups. Each measure was created using consistent and clear methodologies to identify those who are substantially

17 Trudeau, Justin. “Minister of Families, Children and Social Development Mandate Letter.” Office of the Prime Minister. November 2015. <https://www.pm.gc.ca/en/mandate-letters/2015/11/12/archived-minister-families-children-and-social-development-mandate>

18 Employment and Social Development Canada. (2018, August 21). *Opportunity for All—Canada’s First Poverty Reduction Strategy* [Navigation page]. <https://www.canada.ca/en/employment-social-development/programs/poverty-reduction/reports/strategy.html>

19 Employment and Social Development Canada. (2019, January 16). *Presentation: Opportunity for All—Canada’s First Poverty Reduction Strategy*. OECD Policy Workshop on “Enhancing Child Well-being: From Ends to Means?” <https://www.oecd.org/els/family/child-well-being/Bussiere.pdf>

worse off and in need of support.²⁰ Each measure is distinct, with strengths and weaknesses, and offers a different lens to define what low income or poverty means and quantify how many people in Canada live with low income or in poverty.

Today, the LIM and MBM are used most frequently, while LICOs have gradually fallen out of use due to their aging criteria for necessities, which have not been rebased for over 30 years. As such, we will focus our analysis on LIM and MBM.

Both measures are generalized and used across the country to set thresholds for low-income/poverty for households/families of different ages. This means that neither of them is specifically designed to measure if seniors are living with low income or in poverty, and no distinct seniors' measure is currently being used in Canada. As such, it is helpful to start by understanding the measures to discern better how they differ from each other and what their advantages and limitations are in measuring the income adequacy of people in Canada, including seniors.

Description and methodology

Low Income Measure (LIM)²¹

Description: The LIM was first published in 1991. It is a relative measure of low income, calculated based on the median household income of the general population. It was first suggested as an alternative to LICOs that could more easily be used in international comparisons as it does not rely on a country-specific set of necessities or a basket of goods and services.

Methodology: The LIM is calculated as the adjusted median household income divided by two. It is then multiplied according to an equivalence scale for each household size. Typically, the LIM is calculated for three different income types: market income, before-tax income, and after-tax income.²²

20 Statistics Canada. (2016). Low Income Lines: What they are and how they are created (75F0002M; Income Research Paper Series). Minister of Industry, Statistics Canada. <https://www150.statcan.gc.ca/n1/en/pub/75f0002m/75f0002m2016002-eng.pdf?st=J0Ojs4pc> p.5

21 Statistics Canada. (n.d.). *Low income measures* (75F002M). <https://www150.statcan.gc.ca/n1/pub/75f0002m/2012002/lim-mfr-eng.htm#n1>

22 The LIM thresholds are derived in multiple steps: (1) Calculate the adjusted household income for each household by dividing the household income by the equivalence scale, which is the square root of the number of persons in the household. (2) Assign this adjusted household income to each person in the household. (3) Determine the median of the adjusted household income over the population of all persons. The median is the level at which half of the population will have adjusted household income above it and half below. (4) Set the LIM for one-person households to 50 percent of this median and the LIM for households of other sizes to 50 percent of the median multiplied by the corresponding equivalence scale.

Market Basket Measure (MBM)²³

Description: The MBM was released in the early 2000s. It measures the cost of a basket of essential goods and services for a modest, basic standard of living, with thresholds defined based on a reference family and costed for different geographical regions. In 2018, the MBM became Canada's Official Poverty Line with the release of the Poverty Reduction Strategy, becoming Canada's first and only measure of poverty.

Methodology: MBM thresholds are calculated for different geographic regions using the costs for specific qualities and quantities of food, clothing, shelter, transportation, and other necessities for a reference family consisting of two working-age adults and two children. The threshold is then adjusted for different family sizes using a square root equivalization scale. Since its first release, the MBM has been rebased twice, in 2008 and 2018, yielding higher thresholds. The MBM is currently in the process of a third rebasing. The 2018 base has 53 geographic areas for provinces, including 19 cities and 34 combinations of community size and province.²⁴ The Northern Market Basket Measure (MBM-N) was released in 2022, which added nine regions in the Northwest Territories and the Yukon. An additional four MBM-N regions have been proposed for Nunavut.

Comparison

Due to their distinct methodologies, each measure has different qualities that contribute to our understanding of adequacy in Canada.

Basket of goods and services/necessities: The MBM methodology requires determining an appropriate level of basic needs. It has been criticized that the MBM basket of goods and services is not representative of the experience of all families in Canada and includes too many assumptions about lifestyle. In addition, the basket has been criticized for not being representative of the actual price of goods and services (e.g., the cost of housing being much higher than what is included in the basket). Meanwhile, the LIM only uses income information, so it does not have to rely on defining “necessities” or a “basket of goods and services.”

Rebasing: The MBM has been rebased twice since its inception, with a third currently underway, allowing for updated thresholds based on more representative

23 Government of Canada, S. C. (2021). Market Basket Measure (MBM). In *Dictionary, Census of Population, 2021*. <https://www12.statcan.gc.ca/census-recensement/2021/ref/dict/az/Definition-eng.cfm?ID=pop165>

24 The 2000 base has 49 MBM regions, and the 2008 base has 50 MBM regions.

baskets of goods and services. However, because each base has a different basket, conducting a time series analysis across bases is more difficult.²⁵

Region and community size: The MBM has costed thresholds according to both a community's population size and province/territory, with each of the 62 MBM/MBM-N regions' baskets yielding a distinct threshold (53 MBM regions and 9 MBM-N regions). This allows for a more precise understanding of a particular region's poverty level and a more accurate comparison between regions. Conversely, the LIM threshold is applied across Canada with no variation in a community's population size or region. This obscures critical information about rent or food costs, for example, between cities and rural regions or even among communities of the same size but in different provinces.

Household versus economic family: The LIM is measured according to household, whereas the MBM is calculated according to economic family. Households can be composed of several economic families, which can impact our perception of who is living inadequately. For example, a boarder living in the basement of a doctor's house would not be considered low income according to the LIM because the household income would be the doctor's plus the boarder's. However, the boarder could be in poverty according to the MBM because the doctor's economic family's income is separated from the boarder's economic family's income.

Moving goal posts: Relative measures such as LIM have been criticized because, theoretically, there will always be people considered to be low-income. To illustrate, if the incomes of all households in a society increase above the relative income adequacy threshold, the threshold would then increase itself relative to the society. This means that when using relative measures, there will always be people living inadequately.

International comparisons: Many countries and international organizations, such as the United States and the OECD, use measures similar to the LIM, which allows for international comparisons. On the other hand, measures that rely on a basket of goods and services or necessities, like the MBM, tend to be country-specific, which limits their usability in international comparisons.

Longevity: The LIM is available from 1976 onwards, allowing for low-income analysis over a longer time series. The MBM is only available from 2002 onwards, and the 2018 base MBM is only available from 2015 onward, which does not allow for a long time series comparison of poverty.

25 Benjamin, W., Christophe, C., Devin, N., Dion, S. M., Dugas, É., & Gustajtis, B. (2022). *Market Basket Measure Research Paper: Poverty Index (75F0002M; Income Research Paper Series)*. Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2022005-eng.htm>

Summary

Table 1 – Summary of Canadian Low-income and Poverty Measures

Measure	Low Income Measure (LIM)	Market Basket Measure (MBM)
Year of release	1991	Early 2000s
Low-income or poverty measure	Low-income	Poverty, established as Canada's Official Poverty Line in 2018.
Concept	A household has low income when they live below half the median household income.	A family is living in poverty when their income cannot cover the cost of a basket of goods and services representing a modest, basic standard of living.
Components	None, LIM is a relative measure.	The basket includes clothing, shelter, food, transportation and other necessities.
Frequency of updating	Updated each year in line with the median household income.	Rebased in 2008 and 2018; adjusted to inflation yearly.
Regions	None	53 geographic areas for provinces, 9 in territories (NT and YT only, 4 proposed in NU). Vary by province/territory and a community's population size.
Adjusted by household/family size	Yes	Yes
International comparisons	Yes, used at the OECD.	No
Adjusted to seniors	No	No

The LIM and the MBM are still used regularly, but since the MBM was established as Canada's Official Poverty Line in 2018, it has become Canada's primary measure. While the MBM is disaggregated geographically and by family size, it is not disaggregated by age or retirement status. Thus, the MBM poverty threshold of a working-age couple is currently the same as that of a retired couple. However, the cost of living and the needs of a family can change significantly as they age, and it is unlikely that the same poverty threshold would apply to couples at different life stages.

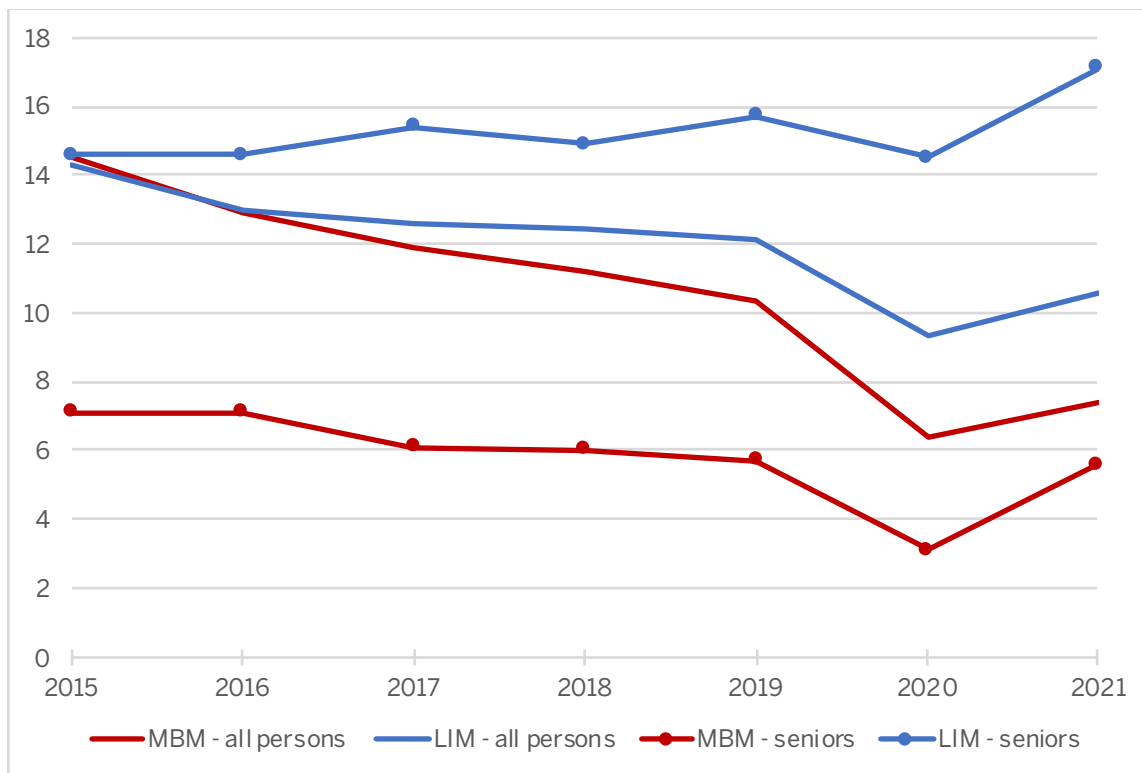
Analysis

Issues with the MBM

Since the MBM has been designated as Canada’s Official Poverty Line, we rely on it to accurately portray the adequacy of all groups, including seniors. As such, we must better understand how it is applied to seniors and whether its methodology is well suited to measuring seniors’ adequacy.

When looking at the MBM, the poverty rate of seniors in Canada has been consistently lower than that of the general population.²⁶ However, when looking at the after-tax LIM, the low-income rate of seniors in Canada has consistently been higher than the national low-income rate. To highlight this difference, figure 1 below compares seniors’ poverty and low-income rates to those of the general population since 2015, the earliest year the 2018 base MBM is available.

Figure 1: Seniors’ and general population’s MBM (2018 base) poverty rate and after-tax LIM low-income, in percentage, 2015-2021



26 Government of Canada, S. C. (2023b). *Low-income statistics by age, sex and economic family type* [Database]. <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1110013501>

Figure 1 highlights that while the after-tax LIM low-income rate has been less than two percentage points above the MBM poverty rate for the general population, the gap for seniors is much more significant. Since 2015, the LIM low-income rate for seniors has been more than double the seniors' MBM poverty rate. For example, in 2021, 5.6 per cent of seniors lived in poverty according to the MBM, while 17.1 per cent lived in low income according to the after-tax LIM.²⁷ This means that there was about an 11.5 percentage point difference between the rates for seniors in 2021 depending on which threshold had been used.

Canada's adequacy measures have different methodologies, so it is not unexpected that they would yield different rates. Since their introduction, MBM thresholds have typically been lower than the after-tax LIM across all provincial MBM regions. A likely explanation for the large difference between the LIM low-income rate and the MBM poverty rate for seniors is that a sizeable number of seniors have incomes that are lower than the LIM threshold but above the MBM threshold. This means that these seniors would not be considered poor according to the MBM, but they would be considered to have low incomes according to the LIM. They are counted in the low-income rate but not the poverty rate.

However, given that the MBM is the Official Poverty Line that decision-makers use to develop income security policy in Canada, it is imperative that it measures poverty as accurately and reliably as possible. Otherwise, some groups may be seen as having an adequate standard of living when they are actually in need of support.

Several concerns with the MBM methodology make it less reliable as a measure of seniors' income adequacy in Canada. The three most important are: the problem with "equivalizing," the omission of health costs from the MBM, and the composition of the basket of goods and services.

The problem with "equivalizing"

While the MBM is used for all families in Canada, it is initially calculated for a reference family of four with two adults aged 25-49, one male and one female, and two children, a girl aged nine and a boy aged 13.²⁸ For all five categories of goods and services, the cost of the basket is first determined for this family in each geographical area, then that amount is "equivalized" to determine the MBM of

²⁷ *Ibid.*

²⁸ Hatfield, M., Pyper, W., & Gustajtis, B. (2010). *First Comprehensive Review of the Market Basket Measure of Low Income* (SP-953-06-10E). Human Resources and Skills Development Canada. https://publications.gc.ca/collections/collection_2011/rhdcc-hrsdc/HS28-178-2010-eng.pdf

other economic family sizes.²⁹ This is done by multiplying the MBM for a family of four by the square root of the desired family size and then divided by two.

The basket is tailored to the needs of what can be considered a “traditional” family of four. The use of multipliers to calculate the MBM of other family sizes has been criticized as an oversimplification and an inaccurate portrayal of the needs of families of different sizes.³⁰ It has been argued that the MBM equalization method does not translate well for smaller family sizes.

While the MBM threshold as a whole is equalized for different family sizes, the components of the MBM are not. To illustrate how equalization can underestimate the needs of smaller families, we can compare the MBM threshold of an unattached single adult to the real value of one of the five components. For example, the cost of the shelter component of the MBM for the reference family of four is based on the median cost of three-bedroom rental units occupied by households in the second income decile.³¹ The equivalent for the unattached single would be the median cost of a one-bedroom rental unit. In the case of Vancouver, the median cost of a three-bedroom apartment in 2018 was about \$1,600 per month or \$19,200 for the year. The median cost of a one-bedroom was \$1,250 per month, or \$15,000 for the year.³² Since the MBM for the unattached single adult in Vancouver in 2018 was \$24,339, about 62 per cent of the MBM would be dedicated to shelter alone, leaving just 38 per cent for the four other components.

Almost all senior economic families consist of one or two individuals, which means that their level of poverty is more likely to be underestimated due to the use of multipliers to calculate the MBMs of smaller families.

29 Heisz, A. (2019). *An Update on the Market Basket Measure Comprehensive Review* (Income Research Paper Series). Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2019009-eng.htm>

30 Djidel, S., Gustajtis, B., Heisz, A., Lam, K., Marchand, I., & McDermott, S. (2020). *Report on the second comprehensive review of the Market Basket Measure*. Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2020002-eng.htm>

31 Djidel, S., Gustajtis, B., Heisz, A., Lam, K., Marchand, I., & McDermott, S. (2020). *Report on the second comprehensive review of the Market Basket Measure*. Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2020002-eng.htm>

32 Canada Mortgage and Housing Corporation. (2022). *Housing Market Information Portal* [dataset]. <https://www03.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/Table?TableId=2.1.31.3&Geography-Id=2410&GeographyTypeId=3&DisplayAs=Table&GeographyName=Vancouver#1%20Bedroom>

Health costs are not included in the MBM basket

To assess the adequacy of a family's income, their disposable income is compared to the cost of the MBM basket for their region and family size. If their disposable income is below the MBM, they are deemed to be living in poverty.

Statistics Canada defines disposable income as total income (including government transfers) minus income tax and several non-discretionary expenses.³³ Amongst deducted expenses are public health insurance premiums, direct medical expenses, including private insurance premiums, CPP/QPP and EI contributions, union dues, childcare expenses, and spousal support payments.

For seniors, deducting non-discretionary expenses related to direct medical expenses and both public and private insurance premiums from disposable income and the MBM basket is of significant concern. Given that seniors have higher medical expenses,³⁴ which usually increase as they age and may not be covered by government programs, the exclusion of these expenses creates the perception that the amount of income seniors need to live an adequate standard of living is lower than it is. If medical expenses were added to the MBM basket of goods and services, the poverty thresholds for seniors would likely see a meaningful increase.

Furthermore, using disposable income makes the MBM more challenging to use accurately, particularly for researchers and stakeholders outside of government. Disposable income is complicated to calculate, so other definitions of income, such as employment income or after-tax income, are often used as proxies. Calculating income using different definitions is often easier because it requires fewer deductions and is less reliant on tax return data. Incomes calculated using different definitions are typically higher than disposable income, and when compared to the MBM may suggest some families appear to live more adequately than they do.

The basket of goods and services is not designed for seniors

The determination of what is in the basket for a “traditional” family of four has been researched and reassessed during periodic reviews, although some may argue that there are still modifications to be implemented. However, the research was

33 Djidel, S., Gustajtis, B., Heisz, A., Lam, K., & McDermott, S. (2019). *Defining disposable income in the Market Basket Measure* (Income Research Paper Series). Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2019014-eng.htm>

34 Sharratt, A. (2015, November 18). Hidden healthcare costs can be a shock for retirees. *The Globe and Mail*. <https://www.theglobeandmail.com/globe-investor/retirement/retire-health/hidden-health-care-costs-can-be-a-shock-for-retirees/article27324248/>

done for a family consisting of two working-age adults and two children, who likely have very different needs and priorities than seniors.

Some costs may be lower for seniors since most no longer work in retirement. The cost of transportation is likely lower because while they may still need a car, they are no longer driving to work daily, which would reduce the amount spent on gas. In urban areas, many public transportation networks offer senior discounts. The cost of shelter could also be lower if they have rented the same apartment for a more extended period, especially in cities with established rent control. They are also more likely to be owners without a mortgage.

However, many of these lower costs are associated with seniors in good health and do not account for the cost-of-living increases that come with worsening health as seniors age. Many seniors rely on others to perform daily tasks on their behalf, often having to pay for services such as meal and private transportation services. These additional costs that are specific to seniors are not accounted for in the MBM.

Together, the three methodological concerns highlighted in this section make a clear argument that the MBM was not designed to measure the adequacy of seniors and, thus, does not accurately represent the seniors' poverty rate in Canada. Nevertheless, the MBM continues to be used to make the case that seniors are living more adequately than the general population. A new measure is needed for the government to understand what an adequate standard of living looks like for seniors and how many seniors are living inadequately.

Until a new measure is developed, we cannot rely on the MBM as the primary measure to make policy decisions to improve seniors' income adequacy. In the meantime, we must use the LIM alongside the MBM. The LIM also has shortcomings as it is based on the national median income and is not seniors-specific either. However, the higher income threshold of LIM compared to the MBM can account for a diversity of seniors' experiences that could otherwise be missed, given the large gap between the seniors' LIM low-income rate and the MBM poverty rate.

In developing a new seniors-specific adequacy measure, we must understand the challenges of measuring retirement adequacy. Any new measure should address the existing concerns with the MBM and the existing assumptions about what life in retirement looks like for seniors.

Challenges measuring retirement adequacy

The general assumption is that seniors' basic needs become less expensive after retirement. The cost of transportation, clothing, food, entertainment, housing, and education are all affected by this shift. Yet the assumption that all categories will see decreases in spending is not necessarily true. In one study, “Basic Living Expenses for the Canadian Elderly,” researchers emphasized that individual circumstances have the greatest impact on expenditures, and studies show that some seniors may see cost categories increase to reflect their unique challenges.

Here we explore four challenges in accurately measuring senior's adequacy: health costs, housing, the growing savings gap, and marginalization.

Health costs

An assumption is often made that seniors' healthcare needs are covered by medical supports offered by provincial or territorial programs. Yet many services are not included in those programs, such as home care or long-term care, which they must pay for out of pocket and are out of reach for many seniors.

A higher need for medical attention, a lower likelihood of having private insurance, and insufficient programs to meet age-related needs mean that a higher proportion of retired individuals will struggle to cover health-related costs. Under the Canada Health Act,³⁵ Canadian residents receive universal health care,³⁶ but this has historically excluded out-of-hospital dental coverage, physiotherapy, mental health, and vision care for those without insurance. Likewise, there are limits to prescription drug coverage and “extended health care services,” such as home care and nursing home care.³⁷ Some of these supports are provided to seniors by provincial and territorial governments, with little consistency across the country. The federal government is introducing the Canada Dental Benefit, which will provide dental coverage to seniors as early as the end of 2023.³⁸

Healthcare issues like dental and mobility do not always begin after retirement and are often tied to life-long factors. Long-term health requires proactive, preventative

35 Government of Canada. (2017, December 12). *Canada Health Act (RSC, 1985, c. C-6)*. Justice Laws Website. <https://laws-lois.justice.gc.ca/eng/acts/c-6/page-1.html>

36 *Ibid*, section 10: Universality.

37 Government of Canada, H. (2003, April 3). *Home and community health care*. Health Canada. <https://www.canada.ca/en/health-canada/services/home-continuing-care/home-community-care.html>

38 Prime Minister of Canada. (2023, March 31). *Getting Canadians the dental care they need*. Prime Minister of Canada. <http://www.pm.gc.ca/en/news/news-releases/2023/03/31/getting-canadians-dental-care-they-need>

support, and individuals who lacked medical care in their working-age years will see a build-up of health concerns that may be exacerbated in their senior years. Some adults may have faced financial barriers to health care during their working-age years, particularly in accessing those extended healthcare services. According to the 2018 Canadian Community Health Survey, people in Canada in the lowest income quintile were less likely to see a dental professional, both for those with and without insurance.³⁹ For minority groups like Indigenous populations, access to extended health care is limited further by systemic barriers and a lack of providers in remote regions.⁴⁰

The long-term effect of limited health coverage means that seniors either pay out of pocket or go without care until it becomes a severe problem. Many individuals with inadequate incomes and ill-health in their working-age years will see worsening conditions through retirement. There are important health and lifestyle impacts these individuals will have to face that more affluent seniors will not have accrued.

Housing

Another assumption is that housing expenses decrease significantly in retirement, and that many senior homeowners can sell this asset to boost their retirement income. However, the current Canadian housing crisis and ongoing drop in homeownership will result in a higher proportion of renters and produce a larger population of seniors who will not achieve the kind of housing security anticipated by the retirement system.

According to Statistics Canada,⁴¹ Canada saw a peak of 69 per cent homeownership in 2011, which has dropped to 66.5 per cent by 2021. Furthermore, Canadian Housing Survey data shows that the growth of renter households has outpaced owner households.⁴² For seniors, the decline is less

39 Statistics Canada. (2019, September 16). *Dental Care, 2018*. Health Fact Sheets. <https://www150.statcan.gc.ca/n1/pub/82-625-x/2019001/article/00010-eng.htm>

40 National Collaborating Centre for Indigenous Health. (2019). *Access to health services as a social determinant of First Nations, Inuit and Métis health* (Social Determinants of Health). <https://www.nccih.ca/docs/determinants/FS-AccessHealthServicesSDOH-2019-EN.pdf>

41 Statistics Canada. (2022, September 21). *Homeownership rates declined from 2011 to 2021 in all provinces and territories except Northwest Territories*. <https://www150.statcan.gc.ca/n1/daily-quotidien/220921/mc-b001-eng.htm>

42 Statistics Canada. (2022, September 21). *To buy or to rent: The housing market continues to be reshaped by several factors as Canadians search for an affordable place to call home*. The Daily. <https://www150.statcan.gc.ca/n1/daily-quotidien/220921/dq220921b-eng.htm>

pronounced but still visible, as the homeownership rate fell from 75.5 to 74.8 per cent between 2011 and 2021.⁴³

While seniors have not been significantly impacted by decreased homeownership yet, the drop in working-age populations owning houses foreshadows a concerning trend for their future retirement. Senior renters may experience unrelenting rental increases coupled with fixed incomes. In addition, seniors may face the costs needed to retrofit their homes and make them more accessible as they age. While tax credits are available for seniors retrofitting their homes, often only homeowners are eligible for these credits, while renters have fewer supports available to them.⁴⁴

As we see an increase in seniors without home equity, those seniors who are not homeowners may experience housing insecurity or poor housing conditions. In addition, seniors who are not homeowners lack the safety buffer of selling assets to boost their retirement income. Much of the literature informing Canadian pension development plans emphasizes the idea of “aging in place” or “aging at home” as the ideal condition for seniors in retirement.⁴⁵ Seniors who do not have the privilege of homeownership are not afforded the dignity of aging in place and lack the buffer of financial security through assets. As a result, they may face uncertain living conditions and higher costs.

The growing savings gap

The savings gap is the difference between the savings needed for an adequate retirement and the actual savings accumulated. The smaller the gap between a person’s actual savings and the savings they need, the more comfortable their retirement will be. Public retirement supports and programs provide seniors with income to decrease this gap, but they are insufficient on their own to guarantee adequacy in retirement, especially for vulnerable seniors who may not be eligible to receive them.

While many people save privately through registered retirement savings plans (RRSP) and tax-free savings accounts (TFSA), one of the primary determinants of how significant a person’s saving gap will be is the type of registered pension plan

43 *Ibid.*

44 Canada Revenue Agency. (2016, March 3). *Line 31285 – Home accessibility expenses* [Service description]. <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-31285-home-accessibility-expenses.html>

45 Employment and Social Development Canada. (2016, October 3). Thinking about aging in place [Research]. <https://www.canada.ca/en/employment-social-development/corporate/seniors/forum/aging.html>

they have access to through their employer, which is typically a defined benefit plan or a defined contribution plan.

Defined benefit pension plans are managed by the employer and provide an assured annual income for the rest of the retired employee's life. The income received is usually based on employer and employee contributions and the employee's working-age salary, with benefits tied to inflation. In contrast, the employer can fully or partially fund defined contribution plans, but the employee manages the savings – that is, the contribution is defined, but not the annual benefit. Upon retirement, the retiree can draw from these savings as they need, but the amount is not assured, and the funds can be exhausted, which means they offer less stability.

In recent years, defined benefit pension plan coverage has been declining relative to defined contribution pension plan coverage, indicating shifts in how seniors must balance their finances.⁴⁶ Especially for the worse-off households, even access to defined contribution plans is decreasing, and coupled with falling return on investments and longer life expectancies, the need for additional assets to ensure income security throughout retirement years is growing.

Furthermore, an increasing number of people in Canada are non-standard workers, many of whom have precarious employment. These workers are less likely to have access to employer-sponsored pension plans, which means they will not have access to this pillar of retirement income and are more likely to face an inadequate standard of living in retirement.

While some seniors rely on private wealth and savings to cover the costs associated with aging, many seniors have limited savings or may rely entirely on public retirement supports and programs for their retirement income.⁴⁷ However, there is a lack of data on whether these public retirement supports and programs alone can provide an adequate standard of living in retirement. More research needs to be done to understand the savings gap of vulnerable seniors in Canada.

46 Glenzer, Franca, Pierre-Carl Michaud, and Stefan Staubli (2022). "Registered Pension Plans (RPP) and Other Types of Savings Plans - Coverage in Canada." Office of the Superintendent of Financial Institutions. https://www.osfi-bsif.gc.ca/Eng/Docs/rpp_rpa_2022.pdf

47 Boisclair, David et al. (2020). "Canadians' Preparation for Retirement: A Summary Report on the Simulator and Base Results." Retirement and Savings Institute, HEC Montreal, Working Paper.

Marginalized populations

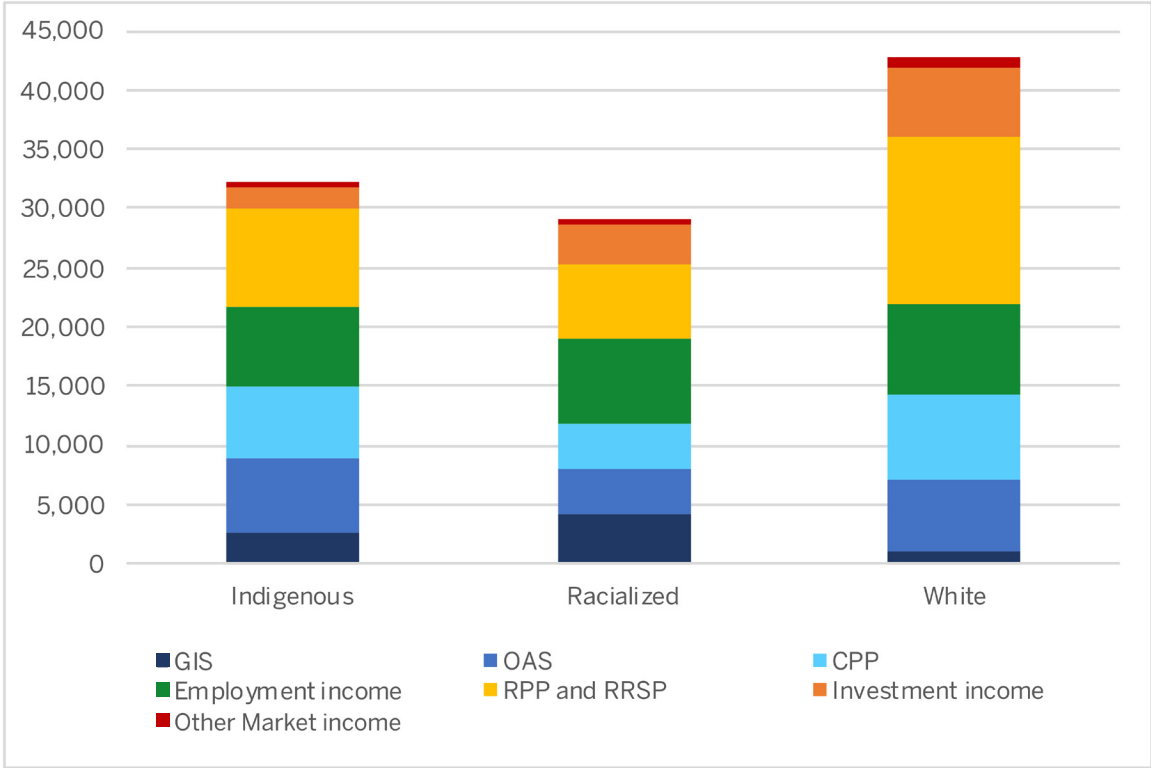
There is a growing savings gap between what seniors need to retire with stability, dignity, and quality of life and what they are saving. This gap is exacerbated by structural inequalities that include gender, race, ethnicity, disability, sexuality, labour protections, and length of time in Canada.

Seniors who have experienced lifelong marginalization, such as migrants, racialized communities, Indigenous peoples, LGBTQIA2S+ individuals, and people with disabilities, disproportionately face inadequate living standards in retirement. This is due to lifelong factors such as lower income and savings, inconsistent labour attachments, higher economic insecurity, and lack of access to healthcare. Furthermore, existing adequacy measures do not account for the basic needs and experiences of marginalized populations, omitting items such as culturally appropriate foods.

Marginalized peoples often have lower incomes, leading to a higher savings gap and insufficient retirement income. In “Colour-coded Retirement: An intersectional analysis of retirement income and savings in Canada,” Block, Galabuzi, and King demonstrate that white Canadian seniors experience the greatest income security and have the most diverse sources of retirement income. Their average retirement income is roughly 25 per cent higher than Indigenous seniors and 32 per cent higher than racialized Canadian seniors.⁴⁸

48 Block, S., Galabuzi, G.-E., & King, H. (2021). *Colour-coded Retirement: An intersectional analysis of retirement income and savings in Canada*. Canadian Centre for Policy Alternatives. <https://policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2021/06/Colour%20coded%20retirement.pdf>

Figure 2 – Average source of income in retirement for Indigenous, racialized, and white seniors, 2015



Source: Statistics Canada, 2016 census, special tabulations by Block, Galabuzi, and King, 2021. Originally published in *Colour-coded Retirement: An intersectional analysis of retirement income and savings in Canada* by the Canadian Centre for Policy Alternatives.

By providing a snapshot of how different groups save for retirement, this report finds that Indigenous and racialized groups experience lower than average incomes throughout their lives and contribute less to RPPs and RRSPs (figure 2). As a result, public retirement supports such as OAS and GIS are even more critical sources of retirement income for Indigenous and racialized populations.

In addition, many marginalized individuals may experience inconsistent labour attachment during their working-age years due to systemic discrimination and exclusion. For seniors, work-related retirement savings plans often depend on consistent, reliable labour attachment for contributions.

For example, working-age individuals with disabilities may face labour insecurity throughout their lives. The United Nations’ objective on the reduction of poverty among older persons notes that those with disabilities are at greater risk of poverty

“because of workplace discrimination, including employer discrimination, and the absence of workplace accommodation of their needs.”⁴⁹

Likewise, LGBTQIA2S+ individuals experience employment disparities compared to their heterosexual, heteroromantic, cisgender counterparts. A recent study found that discrimination on the basis of sexual orientation and/or gender identity is a barrier to employment and skill development and is the root cause of disparities in labour market outcomes for LGBTQIA2S+ people in Canada.⁵⁰

Furthermore, migrant access to seniors’ income supports varies based on the number of years they have lived and worked in Canada. Newcomers or Canadian seniors who have lived abroad for a proportion of their working-age years before retirement will often see their pensions negatively affected. A lack of lifelong contributions to CPP/QPP and lack of lifelong contributions to RPPs/RRSPs, despite working throughout their lives, may force migrant seniors to critically rely on OAS and GIS, creating conditions for inadequacy.⁵¹ In addition, seniors who have lived fewer than 40 years in Canada will not have access to the full OAS pension, and those who have lived fewer than 10 years in Canada will not have access to OAS at all.

It is also essential to consider that the experiences of marginalized populations do not necessarily align with those of the majority. Indigenous seniors living on and off reserve may have had very different experiences concerning healthcare access and housing security in their lifetimes.⁵² Likewise, senior migrants may struggle with barriers to healthcare related to their migration, including racism, language, and cultural barriers. Seniors with long-term disabilities may also have experienced healthcare access challenges, which may only increase with age. Inadequate access to healthcare and economic insecurity throughout one’s life can accumulate and impact seniors’ wellbeing in retirement, requiring additional support and services to live adequately.

49 *Report of the Second World Assembly on Ageing: Madrid, 8-12 April 2002 (A/CONF.197/9)*. (2002). World Assembly on Ageing, New York. UN. <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N02/397/51/PDF/N0239751.pdf?OpenElement> p. 24.

50 Kinitz, D. J., Gould, W. A., Shahidi, F. V., MacEachen, E., Mitchell, C., Craig-Venturi, D., & Ross, L. E. (2023). *Addressing knowledge gaps about skills of 2SLGBTQ+ people in Canada: A scoping review and qualitative inquiry* [A report for employment and social development Canada]. Dalla Lana School of Public Health, Researching for LGBTQ2S+ Health, Government of Canada. <https://lgbtqhealth.ca/projects/docs/skillstrainingandemployment.pdf>

51 Open Policy Ontario. (2023). *Low Income Retirement Planning*. https://openpolicyontario.s3.amazonaws.com/uploads/2023/10/Low-Income_Maximizing-GIS_-Determining-OAS-and-GIS-English-booklet_Oct-2023-R1.pdf p. 30.

52 National Collaborating Centre for Indigenous Health. (2019). *Access to health services as a social determinant of First Nations, Inuit and Métis health* (Social Determinants of Health). <https://www.nccih.ca/docs/determinants/FS-AccessHealthServicesSDOH-2019-EN.pdf>

Adequacy may also look different materially, based on the distinct needs of marginalized populations. The set of basic needs used in the MBM are based on the needs of the majority and may not align with minority groups. For example, the food component only accounts for one environmental and cultural experience. Yet for individuals with disabilities, food restrictions may be necessary to support or prevent a healthy lifestyle. Racialized and migrant populations may face similar restrictions or have important cultural ties that maintain a distinct set of food groups and essential items.

Access to cultural foods is part of the Indigenous principle of food sovereignty, which is regularly expressed as “the right of people to have access to healthy and culturally appropriate foods, while defining their own food systems.”⁵³ Recognized by the United Nations Food and Agriculture Organization, culturally appropriate foods are an important part of cultural identity and are a central element of the right to food with particular importance to Indigenous Peoples.⁵⁴

By viewing food adequacy amongst marginalized seniors by standards that are not fit for them, existing measures risk compounding seniors’ marginalization and alienation from their own cultures and communities. Recently, MBM-N was calculated to include culturally appropriate foods, presenting an important benchmark for inclusion. However, this work has not been undertaken for the Canadian provinces.

Understanding the distinct needs of marginalized groups is necessary to create adequacy measures that are inclusive of the experience of every person in Canada. The risk of homogenizing these groups is very high, and careful analysis would go a long way to helping understand the landscape of adequacy for all seniors. As marginalized populations disproportionately face inadequate standards of living in Canada, these groups are also disproportionately impacted by assumptions about their needs and experiences. Thus, more meaningful work must be done to increase the intersectionality of our existing measures.

53 Blue Bird Jernigan, V., Maudrie, T. L., Nikolaus, C. J., Benally, T., Johnson, S., Teague, T., Mayes, M., Jacob, T., & Taniguchi, T. (2021). Food Sovereignty Indicators for Indigenous Community Capacity Building and Health. *Frontiers in Sustainable Food Systems*, 5. <https://www.frontiersin.org/articles/10.3389/fsufs.2021.704750>

54 Food and Agriculture Organization of the United Nations (FAO). (2008). *Joint Brief: The Right to Food and Indigenous Peoples* [Joint Brief]. United Nations, FAO, UNPFII, Right to Food Unit. https://www.un.org/esa/socdev/unpfi/documents/Right_to_food.pdf

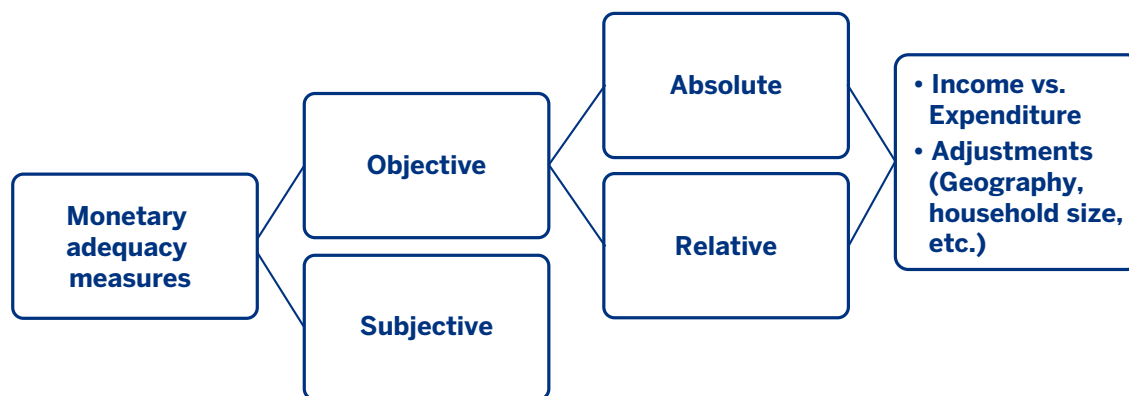
Alternatives

What can adequacy measures look like?

To guarantee the human right to an adequate standard of living for all seniors in Canada, we must have the right tools to define what adequacy looks like in retirement. In this section, we look at what a seniors-specific adequacy measure can look like and what characteristics can be considered. Examining the various options is essential because our chosen characteristics will impact our understanding of adequacy.

While we describe and analyze several characteristics of measures, we will focus here on monetary adequacy measures, which are governments' most commonly used measures. Monetary measures include all measures that rely on a sum of money to establish what is an adequate standard of living. As an alternative to monetary measures, we will further explore multi-dimensional measures in the jurisdictional scan below.

Figure 3: Characteristics of monetary adequacy measures



Subjective versus objective measures

Subjective measures represent a household/family or individual's perspective on their level of adequacy, typically through surveys. It is difficult to establish a subjective measure as the primary adequacy measure for public policy because perspectives on poverty depend on societal norms, expectations, and personal

experiences. However, subjective measures can complement other measures, offering an individualized perspective on the understanding of poverty within society.⁵⁵

Objective measures have an established methodology that sets a threshold on what constitutes inadequacy in a society. An objective measure can be either absolute or relative. All three existing Canadian adequacy measures are objective.

Absolute versus relative measures

Absolute measures establish minimum basic needs for a household, such as food, clothing, housing, and transportation. The cost of these basic needs is set as the threshold. Common examples include the cost of basic needs, such as the MBM and LICOs, and other types of measures such as food ratios and program-specific measures.⁵⁶

Relative measures assess adequacy with respect to the population as a whole. Commonly, they are based on a fraction of the median or average income/ expenditure in a population, such as the LIM in Canada.⁵⁷

55 Eurostat. (n.d.). *Classifications* [dataset]. Metadata. <https://ec.europa.eu/eurostat/web/metadata/classifications>

56 Förster, M. (1994). *Measurement of Low Incomes and Poverty in A Perspective of International Comparisons* (OECD Labour Market and Social Policy Occasional Papers). OECD. <https://doi.org/10.1787/112854878327>

57 Zhang, X. (n.d.). *Low income Measurement in Canada: What do different Lines and Indexes tell us?* (Section 2: A comparison of LICO, LIMs and MBM). Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/75f0002m/2010003/section/s2-eng.htm>

Table 2: Strengths and weaknesses of absolute and relative adequacy measures

Type	Strengths	Weaknesses
Absolute Measures	<ul style="list-style-type: none"> Define what people living in poverty need to live an adequate standard of living. Allow for a more straightforward analysis of the effects of social programs. 	<ul style="list-style-type: none"> Reliance on basic needs requires regular rebasing to reflect societal changes.⁵⁸ Limit cross-country comparisons as the composition of each basket of goods and services is specific to the country.⁵⁹
Relative Measures	<ul style="list-style-type: none"> They forgo the task of deciding what constitutes an essential basket of goods and services, an exercise that can be fraught in large and diverse societies. International organizations often use relative measures to conduct cross-country comparisons. 	<ul style="list-style-type: none"> Critiqued for “moving the goal post,” meaning that no matter what policy changes are implemented, a certain percentage of the population will always be living inadequately since the measure is, by definition, relative to the whole population.⁶⁰

Income versus expenditure

Objective monetary measures of poverty, whether absolute or relative, are commonly based on either income or expenditures.

- **Income** is the flow of economic resources that a household/family receives, including wages or salaries from employment, government supports, pensions, and investment returns, among other sources. It is often used as a proxy for a low standard of living because households with low incomes have a restricted capacity to consume the goods and services they need. All three Canadian adequacy measures are based on income.
- **Expenditure** is the value of goods and services a household/family purchases to satisfy its needs. It can be used as a proxy for a low standard of living because households with lower expenditure levels can be considered to have a lower level of well-being.⁶¹

58 *Ibid.*

59 Förster, 1994.

60 Eurostat. (n.d.). <https://ec.europa.eu/eurostat/web/metadata/classifications>

61 *Ibid.*

Adjustments

Adequacy measures do not typically have singular thresholds but rather a range of thresholds based on adjustments. The most common adjustment modifies the threshold based on the number of household/economic family members and is used for all three Canadian measures.

Geography is another common adjustment, which modifies the threshold based on a household's location, community size, or a mixture of community size and province/territory, as is the case of the MBM.

Other adjustments have been suggested but less often seen in practice, such as:

- **Household/economic family composition:** The makeup of a household or family is considered alongside the number of individuals, notably differentiating between adults and children.
- **Tenure type adjustment:** Homeowners without a mortgage, homeowners with a mortgage, renters, and subsidized renters have different costs of living, and the threshold can be adjusted accordingly. This was introduced to the MBM with the 2018 rebasing.⁶²
- **Health or disability:** People who have ongoing health concerns or a disability have a higher cost of living, but this is not always reflected in the thresholds of adequacy measures. As such, the inadequacy of groups particularly affected by this, such as seniors or people with disabilities, is often underestimated.
- **Racialized or Indigenous Peoples:** In particular, absolute measures that determine basic needs based on the general population can overlook the specific needs of these groups, such as culture/faith-based dietary customs or cultural attire.
- **Sex or gender:** Sex and gender both influence basic needs, such as the often higher cost of goods and services targeted to women/females, sometimes referred to as the “pink tax.”

Jurisdictional scan

With an understanding of what adequacy measures can look like, we will first explore which characteristics other jurisdictions and international organizations have chosen to implement for their seniors' adequacy measures.

62 Djidel et al., 2020.

United States (US)

In the US, the Gerontology Institute at the University of Massachusetts Boston has developed the Elder Economic Security Standard (The Elder Standard),⁶³ a geographically sensitive measurement tool that accounts for the changes to the cost of living after retirement. The Elder Standard models the expenses of individuals or couples over the age of 65 and aims to achieve a sufficient standard of living for seniors while accounting for age-specific expenses and geography.

The Elder Standard specifies the market basket of necessities required for an adequate living standard, with adjustments for geographic variation. This basket includes expenses for shelter, food, transportation, healthcare, and other household and personal supplies. The Elder Standard operates on the commonly shared premise that expenses in senior years are different than in working-age years.

The Elder Standard also accounts for circumstances that go under-recognized in generalized adequacy measures. In the US context, geographic variability plays an even more prominent role on seniors than it does for working-age adults, including access to health care and basic goods and services.

Currently, the Elder Standard is used as a tool in advocacy campaigns across the US. It has already been used to help improve access to seniors' Medicare savings programs in Massachusetts, and property tax relief programs for seniors in New Jersey, among others.⁶⁴

United Kingdom (UK)

The UK has explored seniors-specific measures as well. Concerned that their Material Deprivation Indices (MDIs) for the general population only partially captured deprivation among seniors, the UK government commissioned a report to develop a seniors-specific MDI.⁶⁵ This research demonstrated that when taking surveys of their needs, seniors' responses differed significantly from the general population, often under-reporting the extent of their deprivation. Senior respondents were more likely to state that they “do not need” an item, rather than

63 Elder Index. (2022). The Elder Index™ [Public Dataset]. Boston, MA: Gerontology Institute, University of Massachusetts Boston. <https://elderindex.org/>

64 The Elder Index. (2021). *The Elder Index at Work: How a Data Resource is Making a Difference in Service and Advocacy for Older Adults*. Gerontology Institute, University of Massachusetts Boston. https://www.umb.edu/media/umassboston/content-assets/demographyofaging/pdf/ElderIndexatWork_April2021.pdf

65 Kotecha, M., Arthur, S., & Coutinho, S. (2013). *Understanding the relationship between pensioner poverty and material deprivation* (827). Department for Work and Pensions, UK.

“cannot afford” it, even in circumstances where those items were required to cover ill health, disability, or social isolation.⁶⁶

The UK report also noted that “although income levels do influence material circumstances, a wide range of other factors influence the extent to which pensioners living on relatively low incomes are materially deprived.”⁶⁷ These factors include social support, health, financial management, and attitudes shared by seniors. While this research has contributed to comparative research on deprivation scales internationally, the UK government has not yet released a seniors-specific MDI.

OECD

The OECD uses an adequacy measure similar to LIM, where poverty is measured as half the median household income of the total population. According to 2021 OECD data,⁶⁸ Canada has recently dropped out of the top ten of OECD countries with the lowest rates of seniors’ poverty. It is also worth noting that Canada spends a lower-than-average percentage of national income on retirement supports and has been able to keep the cost of administration of these programs low relative to national income.

For many OECD countries, there is a certain level of old-age poverty that remains difficult to budge, and several countries have engaged in independent research to generate more accurate seniors’ adequacy measures.

United Nations (UN) and World Bank

The UN and the World Bank have also diversified their approach to measuring poverty. Introduced in 2010, the UN Development Programme’s Multi-dimensional Poverty Index (MPI) was established as a complex method of measuring acute multi-dimensional poverty to compete with existing poverty indicators.⁶⁹ The MPI is based on a dual cut-off method for poverty identification that accounts for the overlapping deprivations experienced by a household through three dimensions of human development: health, education, and standard of living. Each dimension is measured by ten indicators, each weighted equally. A household and its members

66 *Ibid*, p.9.

67 *Ibid*, p.2.

68 OECD (2023), Poverty rate (indicator). doi: 10.1787/0fe1315d-en (Accessed on April 11, 2023)

69 Dotter, C., & Klasen, S. (2014). *The Multi-dimensional Poverty Index: Achievements, Conceptual and Empirical Issues*. Human Development Report Office. <https://hdr.undp.org/system/files/documents/mpidotterandklasempdf.pdf> p.2

are classified as poor if they experience overlapping deprivations in at least 33 per cent of the weighted indicators.

In addition, the MPI estimates the average depth of deprivation amongst those identified as poor, reflecting on urban/rural divides, ethnicity, and gender. Their annual report also provides a profile of this data for each country. Compared to other indices, such as the UN's Human Development Index, analysts have argued that the MPI is a more "actionable and policy-relevant" index.⁷⁰

Guided by the MPI, the World Bank adopted its own measurement tool, the Multi-dimensional Poverty Measure (MPM), in April 2023. Both the MPI and MPM recognize that many vulnerable individuals are not captured by monetary adequacy measures, as they are deprived in non-monetary dimensions, such as access to schooling and basic infrastructure, as well as compound poverty and cycles of inequality, which cannot be understood based on income or expenditures alone.⁷¹

These adequacy measures developed in other jurisdictions offer interesting perspectives to consider when developing a seniors-specific adequacy measure in Canada. It is also worth considering options developed by researchers in Canada, which have not yet been adopted.

Canadian alternatives and supplementary tools

When searching for alternative ways of understanding adequacy in Canada, a trend emerged showing that there has been a notable drop in dedicated seniors' income adequacy research since the early 2010s.

Canadian experts have warned that more attention needs to be paid to seniors' income adequacy and how we measure it. Despite previous funding cuts and lack of attention, work is underway by research groups who recognize the challenges of measurement. These groups are working to develop supplementary or alternative adequacy measures.

70 *Ibid*, p.7.

71 World Bank. (2018). *Multi-dimensional Poverty Measure* [Text/HTML]. World Bank. <https://www.worldbank.org/en/topic/poverty/brief/multidimensional-poverty-measure>

The Canadian Elder Standard

In 2010, MacDonald, Andrews and Brown published the Canadian Elder Standard⁷² to recognize and identify the unique income requirements of seniors in Canada. Based on the United States' Elder Economic Security Standard, this project sought to account for various life circumstances and their effects on the cost of basic expenses to price a *typical* cost of basic needs for seniors rather than a bare minimum.

This project considered the basic needs of a senior to include food, shelter, medical care, transportation, miscellaneous expenses, and home-based long-term care for those who require it. Not traditionally considered when basing expenses for seniors, the cost of home care threatens to be severe, particularly for seniors without disposable income. Those who require home care cannot consider it an avoidable expense and forego that cost, and it is often the least predictable cost to affect low-income seniors. The Canadian Elder Standard's inclusion of home care as a basic need reflects the importance of aging in place, with dignity and independence, even for those in the lowest income bracket.

In creating a “reasonable, but still low-budget, standard of living threshold for the elderly,”⁷³ the Canadian Elder Standard methodology also recognizes that although needs are similar between working-age and post-retirement living, the extent of those needs and their underlying causes will be significantly impacted by life circumstances. For example, younger seniors and older seniors will experience considerable differences. The Elder Standard, therefore, categorizes seniors into two age groups, 65 to 74 and 75+, and presents a pricing breakdown for each identified cost component. In addition to age, they similarly cost basic needs across key circumstances: gender, city of residence, household size, homeowner (with and without a mortgage) or renter status, means of transportation (public or private automobile), and health status (at three levels). This presents an important understanding that seniors should not be treated as a monolith when determining income adequacy.

The Canadian Elder Standard's methodology presents helpful inclusions for areas where our current measures fail by recognizing the non-voluntary features of life circumstances among seniors and establishing their varying effects on the cost of basic expenses. However, it builds a helpful foundation by indicating some important distinctions between the cost of basic needs for seniors in different circumstances.

72 MacDonald, B.-J., D. Andrews and R.L. Brown. (2010). The Canadian Elder Standard - Pricing the Cost of Basic Needs for the Canadian Elderly. *Canadian Journal on Aging*, 29(1), 39-56.

73 *Ibid*, p.42.

Presently, the National Institute on Aging (NIA) is working on developing a new measure to support accurate costing of seniors' basic needs. This builds on its previous work on the Canadian Elder Standard and may be a helpful tool to be considered by government and other members of the sector.

Material Deprivation Index (MDI)

Moderate food insecurity has increased in recent years despite increased overall wealth in the country. Food Banks Canada's upcoming Material Deprivation Index will present a different way to assess the extent of inadequacy and how it relates to food insecurity. Unlike other adequacy measures, which are based on income, the MDI looks at the goods and activities a household with an acceptable, adequate, standard of living would be expected to have in a wealthy country like Canada. The MDI is a complimentary tool that could be used in conjunction with the MBM or other income-based adequacy measures, such as the Low Income Measure.

The MDI was originally presented by the Daily Bread as the Ontario Deprivation Index and has more recently been taken on by Food Banks Canada, which is developing an updated MDI for all of Canada. The data collection phase of the project ensured sufficiently large sample sizes for vulnerable populations such as lone parents, persons with disabilities, and seniors. By doing this, the new MDI will allow researchers to highlight and understand what adequacy looks like for specific groups and identify the differences amongst their experiences.

The MDI would allow us to better understand the conditions of those with an inadequate standard of living, disaggregating them into groups that would support the development of better social policies. For seniors, this means that researchers will have another way to understand the extent of inadequacy and the sacrifices being made to make ends meet.

The path forward

Recommendations

Currently, Canada does not have an adequacy measure that accurately assesses the needs of seniors. This means that governments do not have the tools necessary to ensure that seniors can live a life of dignity and have an adequate standard of living. The federal government needs to recognize this gap and improve its set of measures used for evidence-based policymaking. To achieve this, we recommend the following:

1. Develop a seniors-specific measure of income adequacy.

1A. If the federal government wants to use the MBM as Canada's Official Poverty Line, it needs to develop a seniors-specific MBM.

The reference family used to calculate the MBM is a family of four consisting of a working-age couple and two children. This family requires a different basket of goods and services than seniors to have an adequate standard of living. A new basket should be created based on a reference family of seniors to better reflect their needs. The basket should still be adjusted by region of residence and family size, and other adjustments should be considered.

The MBM's basket of goods and services should also include health-related costs, which are currently excluded. These costs are, on average, much higher for seniors, and their exclusion creates lower MBM thresholds and results in an underestimation of the amount of income needed for seniors to live out of poverty.

1B. The federal government needs to invest in developing a new adequacy measure that is adjusted to the experiences of seniors in Canada.

While creating a seniors-specific MBM is one option, another option would be to create a new seniors-specific adequacy measure. This new measure can either be an alternative to a seniors-specific MBM or complementary to it.

Other countries, such as the United States, have attempted this with various degrees of success, and their experiences can help inform the process of creating a new measure in Canada. Furthermore, researchers in Canada have independently

proposed alternative measures, most notably the Elder Standard by the National Institute on Aging and the Deprivation Index by Food Banks Canada. The federal government should support these measures as it develops a new adequacy measure and consider them as potential options.

2. The current MBM poverty rate of seniors should not be the sole adequacy measure used to evaluate retirement income supports.

Since the release of the Poverty Reduction Strategy, the elevation of the MBM as Canada's Official Poverty Line has impacted perceptions of seniors' poverty rate compared to the general population. However, because the current MBM is not a reliable measure of seniors' poverty, it should not be the sole adequacy measure used to evaluate retirement income supports.⁷⁴ While the Government of Canada does use 12 additional indicators to evaluate its policy decisions, including the LIM, the MBM is the measure used to assess the poverty reduction strategy's primary targets.⁷⁵

3. Until a new seniors-specific measure is developed, the LIM should be used alongside the MBM to account for a diversity of seniors' experiences.

Governments cannot solely rely on the current MBM to assess the adequacy of seniors' retirement incomes. The gap between the LIM low-income rate and the MBM poverty rate for seniors is significant, close to triple in 2021. Until a new measure more reflective of seniors' experiences is developed, the federal government should use the LIM alongside the MBM to provide a different perspective on an adequate standard of living for seniors.

74 Statistics Canada. (n.d.). *Dimensions of Poverty Hub*. <https://www.statcan.gc.ca/en/topics-start/poverty>

75 Government of Canada, E. and S. D. (2018, August 21). *Canada's First Poverty Reduction Strategy* [Navigation page]. <https://www.canada.ca/en/employment-social-development/programs/poverty-reduction/reports/strategy.html>

4. Governments should take a more multi-dimensional approach to thinking about seniors' adequacy.

An adequate retirement income is only one element of an adequate standard of living for seniors. By taking a multi-dimensional approach, governments would address adequacy beyond income, including integrating an intersectional framework that accounts for the experiences of gender, Indigeneity, racialization, disability, LGBTQIA2S+, and immigration.

Additional dimensions of adequacy include access to health services and consistent, stable housing to ensure every senior achieves their right to an adequate standard of living. Furthermore, an intersectional framework may help connect the experiences of those who live with intersecting identities and uncover important information about the systematic exclusions that prevent the realization of human, economic and social rights.

Conclusion

In this report, we explored the methodology, history, and characteristics of Canada's income adequacy measures, and we have made the case that none of them are well suited to assess whether seniors in Canada have an adequate standard of living.

Focusing on adequacy measures is essential, as decision-makers employ them to assess the needs of all populations in Canada, including seniors, and use them to develop policies on income supports, housing, or healthcare services. Without appropriate measures, the federal government does not have the right tools to make such crucial decisions.

In the case of seniors, their low-income rate as measured by the LIM is higher than that of the general population, whereas their MBM poverty rate is lower. However, because the MBM was established as Canada's Official Poverty Line in 2018, and not the LIM, seniors in Canada are seen as less poor than other groups. If the LIM were chosen instead, seniors would be seen as one of the groups in greatest need of support.

Many have argued that seniors require less income than working-age people to live adequately. However, we have shown that this argument is based on assumptions that do not reflect the experiences of seniors, especially those who are worse off. Notably, contrary to assumptions, not all health costs are covered by the universal healthcare system, so seniors often pay high out-of-pocket costs. Also, many seniors do not own a home and face higher costs due to the increasing price of rent. Furthermore, seniors who were worse off in their working-age years often will not have savings they can rely on in retirement. This particularly impacts marginalized populations, such as racialized and indigenous peoples, immigrants, LGBTQIA2S+ individuals, and people with disabilities.

The federal government needs to either create a seniors-specific version of the MBM or create a new seniors-specific adequacy measure. In the meantime, governments should avoid basing policy decisions on the low seniors' MBM poverty rate alone.

Appendix - Overview of retirement income supports

The retirement income system in Canada has three pillars: Programs funded through general tax revenues, publicly sponsored pension plans (CPP/QPP), and private savings, such as tax-incented individual savings plans. In addition, seniors may receive refundable tax credits and benefits and may supplement their retirement income with employment.

Federal retirement income programs

*Old Age Security (OAS):*⁷⁶

- OAS is funded through general tax revenues and qualifies as taxable income.
- All citizens and legal residents in Canada over the age of 65 qualify for either a full or partial OAS pension, subject to the following restrictions:
 - Those with 40 years of residence after age 18 are eligible for the full pension.
 - Those who have lived in Canada for less than 40 years may receive a partial pension on a prorated basis, conditional on at least ten years of residence in Canada.
- Recipients with retirement income over a certain threshold are subject to a repayment of 15 percent of the income above the threshold. Above a second threshold, OAS is phased out entirely, and they receive \$0.

*Guaranteed Income Supplement (GIS):*⁷⁷

- Funded through general tax revenues with no contributions required and are non-taxable benefits.
- GIS is income-tested. The higher the income, the less supplement is provided.

76 Government of Canada. (2015, October 29). *Old Age Security: Overview* [Service initiation]. <https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security.html>

77 Government of Canada, E. and S. D. (2015, October 28). *Guaranteed Income Supplement – Overview* [Service initiation]. <https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security/guaranteed-income-supplement.html>

- GIS also provides an additional Allowance for the Survivor. This monthly payment is provided to seniors aged 60-64 whose spouse or common-law partner has died and whose annual income is below the income threshold.

*Canada/Quebec Pension Plan (CPP/QPP):*⁷⁸

- Based on mandatory employer and employee contributions, CPP/QPP benefits count as taxable income. They are earnings-dependent programs that provide retirement income to contributors.
- CPP/QPP also provide support to individuals and their families against loss of income due to disability and death,⁷⁹ including Children's and Orphans' benefits and the Survivor's Pension.
 - Survivor's Pensions are provided to legally married individuals or a common-law partner to a deceased CPP contributor.

Registered Pension Plans (RPPs)⁸⁰

- Plans are usually Defined Benefit or Defined Contribution plans.
- In a Defined Benefit plan, both the employer and employee typically contribute to a pension managed and invested by the employer. Upon retirement, the employee will receive a pension based on the number of years in service and a percentage of employment salary. This pension is provided for the rest of their lives, with protection from inflation.
- In a Defined Contribution plan, the employer will match a certain percentage or dollar amount that the employee contributes to their pension. The employee is responsible for investing and managing these savings and can draw from them when they retire.

78 Government of Canada. (2015, October 8). *Canada Pension Plan—Overview* [Service initiation]. <https://www.canada.ca/en/services/benefits/publicpensions/cpp.html>

79 Canadian Museum of History, H. (n.d.). *The History of Canada's Public Pensions*. Canadian Museum of History. Retrieved July 3, 2023, from https://www.historymuseum.ca/cmhc/exhibitions/hist/pensions/cpp-timeline_e.html

80 Government of Canada. (2005, March 14). *Registered Pension Plans (RPPs)* [Service description]. <https://www.canada.ca/en/revenue-agency/services/tax/registered-plans-administrators/about-registered-pension-plans-rpps.html>

Tax-incented individual savings vehicles⁸¹

- Tax-incented individual savings plans include Registered Retirement Savings Plans (RRSPs) and Tax-Free Savings Accounts (TFSAs).
- Both saving plans were launched to incentivize Canadians to save and invest more money, providing two different tax benefits on savings. TFSAs shelter tax on investment returns, while RRSPs allow individuals to defer tax until withdrawal, typically during retirement years. Both plans have yearly contribution limits: A fixed yearly amount for the TFSA and a percentage of employment income up to a maximum for the RRSP.

Employment income

- According to Statistics Canada, in March 2023, of the almost 7.2 million people in Canada who are 65 and over, about 1 million were employed, which is 14 per cent. Many work into their later years, with 7.6 per cent for the nearly 4.9 million people in Canada over 70 having employment.
- The median employment income (excluding seniors outside the labour market) was \$5,900 in 2019, and the average income was \$20,100.⁸²

81 Government of Canada. (2017, June 22). *Tax-Free Savings Account (TFSA), Guide for Individuals* [Guidance]. <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4466/tax-free-savings-account-tfsa-guide-individuals.html>

82 Government of Canada, S. C. (2023a). *Income of individuals by age group, sex and income source, Canada, provinces and selected census metropolitan areas* [Data set]. <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1110023901>

Works cited

- Benjamin, W., Christophe, C., Devin, N., Dion, S. M., Dugas, É., & Gustajtis, B. (2022). *Market Basket Measure Research Paper: Poverty Index* (75F0002M; Income Research Paper Series). Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2022005-eng.htm>
- Block, S., Galabuzi, G.-E., & King, H. (2021). *Colour-coded Retirement: An intersectional analysis of retirement income and savings in Canada*. Canadian Centre for Policy Alternatives. <https://policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2021/06/Colour%20coded%20retirement.pdf>
- Blue Bird Jernigan, V., Maudrie, T. L., Nikolaus, C. J., Benally, T., Johnson, S., Teague, T., Mayes, M., Jacob, T., & Taniguchi, T. (2021). Food Sovereignty Indicators for Indigenous Community Capacity Building and Health. *Frontiers in Sustainable Food Systems*, 5. <https://www.frontiersin.org/articles/10.3389/fsufs.2021.704750>
- Brown, R. L. (2011). *Economic Security in an Aging Canadian Population* (285; Social and Economic Dimensions of an Aging Population). McMaster University. <https://socialsciences.mcmaster.ca/sedap/p/sedap285.pdf>
- Canada Mortgage and Housing Corporation. (2022). *Housing Market Information Portal* [dataset]. <https://www03.cmhc-schl.gc.ca/hmip-pimh/en/TableMap-Chart/Table?TableId=2.1.31.3&GeographyId=2410&GeographyTypeId=3&DisplayAs=Table&GeographyName=Vancouver#1%20Bedroom>
- Canada Revenue Agency. (2016, March 3). *Line 31285 – Home accessibility expenses* [Service description]. <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-31285-home-accessibility-expenses.html>
- Canadian Museum of History. (n.d.-a). *The History of Canada's Public Pensions*. Human Resources Development Canada. https://www.historymuseum.ca/cmhc/exhibitions/hist/pensions/1867-1914_e.pdf
- Canadian Museum of History. (n.d.-b). *The History of Canada's Public Pensions: Our First Old Age Pension*. Human Resources Development Canada. https://www.historymuseum.ca/cmhc/exhibitions/hist/pensions/cpp-m1915_e.html

- Canadian Museum of History. (n.d.-c). *The History of Canada's Public Pensions: Reaching More Canadians*. Human Resources Development Canada. https://www.historymuseum.ca/cmhc/exhibitions/hist/pensions/cpp-m1968_e.html
- Canadian Museum of History, H. (n.d.-d). *The History of Canada's Public Pensions: What Canadians Received*. Canadian Museum of History. https://www.historymuseum.ca/cmhc/exhibitions/hist/pensions/cpp-a52-wcr_e.html
- Canadian Museum of History, H. (n.d.-e). *The History of Canada's Public Pensions*. Canadian Museum of History. https://www.historymuseum.ca/cmhc/exhibitions/hist/pensions/cpp-timeline_e.html
- Department of Finance, D. of F. (2016, September 19). *Archived - Backgrounder: Canada Pension Plan (CPP) Enhancement* [Backgrounders]. <https://www.canada.ca/en/department-finance/news/2016/09/backgrounder-canada-pension-plan-cpp-enhancement.html>
- Devin, N., Gustajtis, B., & McDermott, S. (2023). *Construction of a Northern Market Basket Measure of poverty for Nunavut* (Income Research Paper Series). Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2022003-eng.htm>
- Djidel, S., Gustajtis, B., Heisz, A., Lam, K., Marchand, I., & McDermott, S. (2020). *Report on the second comprehensive review of the Market Basket Measure*. Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2020002-eng.htm>
- Djidel, S., Gustajtis, B., Heisz, A., Lam, K., & McDermott, S. (2019). *Defining disposable income in the Market Basket Measure* (Income Research Paper Series). Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2019014-eng.htm>
- Dotter, C., & Klasen, S. (2014). *The Multi-dimensional Poverty Index: Achievements, Conceptual and Empirical Issues*. Human Development Report Office. <https://hdr.undp.org/system/files/documents/mpidotterandklasenpdf.pdf>
- Employment and Social Development Canada. (2016, October 3). Thinking about aging in place [Research]. <https://www.canada.ca/en/employment-social-development/corporate/seniors/forum/aging.html>
- Employment and Social Development Canada. (2018, August 21). *Opportunity for All—Canada's First Poverty Reduction Strategy* [Navigation page]. <https://>

www.canada.ca/en/employment-social-development/programs/poverty-reduction/reports/strategy.html

Employment and Social Development Canada. (2019, January 16). *Presentation: Opportunity for All—Canada’s First Poverty Reduction Strategy*. OECD Policy Workshop on “Enhancing Child Well-being: From Ends to Means?” <https://www.oecd.org/els/family/child-well-being/Bussiere.pdf>

Eurostat. (n.d.). *Classifications* [dataset]. Metadata. Retrieved August 3, 2023, from <https://ec.europa.eu/eurostat/web/metadata/classifications>

Food and Agriculture Organization of the United Nations (FAO). (2008). *Joint Brief: The Right to Food and Indigenous Peoples* [Joint Brief]. United Nations, FAO, UNPFII, Right to Food Unit. https://www.un.org/esa/socdev/unpfi/documents/Right_to_food.pdf

Förster, M. (1994). *Measurement of Low Incomes and Poverty in A Perspective of International Comparisons* (OECD Labour Market and Social Policy Occasional Papers). OECD. <https://doi.org/10.1787/112854878327>

Government of Canada. (2005, March 14). *Registered Pension Plans (RPPs)* [Service description]. <https://www.canada.ca/en/revenue-agency/services/tax/registered-plans-administrators/about-registered-pension-plans-rpps.html>

Government of Canada. (2015a, October 8). *Canada Pension Plan—Overview* [Service initiation]. <https://www.canada.ca/en/services/benefits/publicpensions/cpp.html>

Government of Canada. (2015b, October 29). *Old Age Security: Overview* [Service initiation]. <https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security.html>

Government of Canada. (2017a, June 22). *Tax-Free Savings Account (TFSA), Guide for Individuals* [Guidance]. <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4466/tax-free-savings-account-tfsa-guide-individuals.html>

Government of Canada. (2017b, December 12). *Canada Health Act (RSC, 1985, c. C-6)*. Justice Laws Website. <https://laws-lois.justice.gc.ca/eng/acts/c-6/page-1.html>

Government of Canada, E. and S. D. (2015, October 28). *Guaranteed Income Supplement – Overview* [Service initiation]. <https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security/guaranteed-income-supplement.html>

- Government of Canada, E. and S. D. (2018, August 21). *Canada's First Poverty Reduction Strategy* [Navigation page]. <https://www.canada.ca/en/employment-social-development/programs/poverty-reduction/reports/strategy.html>
- Government of Canada, H. (2003, April 3). *Home and community health care*. Health Canada. <https://www.canada.ca/en/health-canada/services/home-continuing-care/home-community-care.html>
- Government of Canada, S. C. (2021). Market Basket Measure (MBM). In *Dictionary, Census of Population, 2021*. <https://www12.statcan.gc.ca/census-recensement/2021/ref/dict/az/Definition-eng.cfm?ID=pop165>
- Government of Canada, S. C. (2023a). *Income of individuals by age group, sex and income source, Canada, provinces and selected census metropolitan areas* [dataset]. <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1110023901>
- Government of Canada, S. C. (2023b). *Low income statistics by age, sex and economic family type* [Database]. <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1110013501>
- Government of Canada, S. C. (2019, September 16). *Dental Care, 2018*. Health Fact Sheets. <https://www150.statcan.gc.ca/n1/pub/82-625-x/2019001/article/00010-eng.htm>
- Government of Canada, S. C. (2022, September 21). *Homeownership rate declines from 2011 to 2021 in all provinces and territories, except in the Northwest Territories*. <https://www150.statcan.gc.ca/n1/daily-quotidien/220921/mc-b001-eng.htm>
- Government of Canada, S. C. (2022, September 21). *To buy or to rent: The housing market continues to be reshaped by several factors as Canadians search for an affordable place to call home*. The Daily. <https://www150.statcan.gc.ca/n1/daily-quotidien/220921/dq220921b-eng.htm>
- Hatfield, M. (2002). Constructing the Revised Market Basket Measure. *Human Resources Development Canada, Strategic Policy*(T-01-1E). <https://publications.gc.ca/collections/Collection/MP32-30-01-1E.pdf>
- Hatfield, M., Pyper, W., & Gustajtis, B. (2010). *First Comprehensive Review of the Market Basket Measure of Low Income* (SP-953-06-10E). Human Resources and Skills Development Canada. https://publications.gc.ca/collections/collection_2011/rhdcc-hrsdc/HS28-178-2010-eng.pdf

- Heisz, A. (2019). *An Update on the Market Basket Measure Comprehensive Review* (Income Research Paper Series). Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2019009-eng.htm>
- Jones, N. L., Gilman, S. E., Cheng, T. L., Drury, S. S., Hill, C. V., & Geronimus, A. T. (2019). Life Course Approaches to the Causes of Health Disparities. *American Journal of Public Health*, 109(Suppl 1), S48–S55. <https://doi.org/10.2105/AJPH.2018.304738>
- Kinitz, D. J., Gould, W. A., Shahidi, F. V., MacEachen, E., Mitchell, C., Craig-Venturi, D., & Ross, L. E. (2023). *Addressing knowledge gaps about skills of 2SLGBTQ+ people in Canada: A scoping review and qualitative inquiry* [A report for employment and social development Canada]. Dalla Lana School of Public Health, Researching for LGBTQ2S+ Health, Government of Canada. <https://lgbtqhealth.ca/projects/docs/skillstrainingandemployment.pdf>
- Kotecha, M., Arthur, S., & Coutinho, S. (2013). *Understanding the relationship between pensioner poverty and material deprivation* (827). Department for Work and Pensions, UK.
- Léonard, A. (2011). *Indexing of Canada Pension Plan and Old Age Security Benefits* (4 2011-74-E). Government of Canada. https://lop.parl.ca/sites/PublicWebsite/default/en_CA/ResearchPublications/201174E#ftn6
- MacDonald, B.-J., Andrews, D., & Brown, R. L. (2010). The Canadian elder standard—Pricing the cost of basic needs for the Canadian elderly. *Canadian Journal on Aging = La Revue Canadienne Du Vieillessement*, 29(1), 39–56. <https://doi.org/10.1017/S0714980809990432>
- MacDonald, B.-J., Moore, K. D., Chen, H., & Brown, R. L. (2011). The Canadian National Retirement Risk Index: Employing Statistics Canada’s LifePaths to Measure the Financial Security of Future Canadian Seniors. *Canadian Public Policy*, 37(Supplement 1), S73–S94. <https://doi.org/10.3138/cpp.37.suppl.s73>
- Matteo, L. D. (2017). *A Federal Fiscal History: Canada, 1867–2017*. Fraser Institute. <https://www.fraserinstitute.org/sites/default/files/federal-fiscal-history-canada-1867-2017.pdf>
- National Collaborating Centre for Indigenous Health. (2019). *Access to health services as a social determinant of First Nations, Inuit and Métis health* (Social Determinants of Health). <https://www.nccih.ca/docs/determinants/FS-AccessHealthServicesSDOH-2019-EN.pdf>

- OECD. (2021). *Inequality—Poverty rate* (OECD Data) [dataset]. <http://data.oecd.org/inequality/poverty-rate.htm>
- Open Policy Ontario. (2023). *Low Income Retirement Planning*. <https://openpolicyontario.s3.amazonaws.com/uploads/2023/10/Low-Income-Maximizing-GIS-Determining-OAS-and-GIS-English-booklet-Oct-2023-R1.pdf>
- Prime Minister of Canada. (2023, March 31). *Getting Canadians the dental care they need*. Prime Minister of Canada. <http://www.pm.gc.ca/en/news/news-releases/2023/03/31/getting-canadians-dental-care-they-need>
- Report of the Second World Assembly on Ageing: Madrid, 8-12 April 2002* (A/CONF.197/9). (2002). World Assembly on Ageing, New York. UN. <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N02/397/51/pdf/N0239751.pdf?OpenElement>
- Ruggeri, G. C., Howard, R., & Bluck, K. (1994). The Incidence of Low Income among the Elderly. *Canadian Public Policy / Analyse de Politiques*, 20(2), 138–151. <https://doi.org/10.2307/3552102>
- Sharratt, A. (2015, November 18). Hidden healthcare costs can be a shock for retirees. *The Globe and Mail*. <https://www.theglobeandmail.com/globe-investor/retirement/retire-health/hidden-health-care-costs-can-be-a-shock-for-retirees/article27324248/>
- Statistics Canada. (n.d.-a). *Dimensions of Poverty Hub*. <https://www.statcan.gc.ca/en/topics-start/poverty>
- Statistics Canada. (n.d.-b). *Low income measures (75F002M)*. <https://www150.statcan.gc.ca/n1/pub/75f0002m/2012002/lim-mfr-eng.htm#n1>
- Statistics Canada. (2006). *Low income cut-offs (75F0002M; Income Research Paper Series)*. Minister of Industry, Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/75f0002m/2012002/lico-sfr-eng.htm>
- Statistics Canada. (2007). *Consumer Price Index, annual average, not seasonally adjusted* [dataset]. <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000501>
- Statistics Canada. (2015). *Low income statistics by age, sex and economic family type* [dataset]. <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1110013501>

- Statistics Canada. (2016). *Low Income Lines: What they are and how they are created* (75F0002M; Income Research Paper Series). Minister of Industry, Statistics Canada. <https://www150.statcan.gc.ca/n1/en/pub/75f0002m/75f0002m2016002-eng.pdf?st=J0Ojs4pc>
- Statistics Canada. (2022). *Technical paper for the Northern Market Basket Measure of poverty for Yukon and the Northwest Territories* (75F0002M; Income Research Paper Series). <https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2022004-eng.htm>
- Trudeau, Justin. “Minister of Families, Children and Social Development Mandate Letter.” Office of the Prime Minister. November 2015. <https://www.pm.gc.ca/en/mandate-letters/2015/11/12/archived-minister-families-children-and-social-development-mandate>
- Wolfson, M. C. (n.d.). *Bill C-87, Updating the MBM, and the Role of Statistics Canada*. Experts Panel on Income Security and the Council on Aging in Ottawa. <https://coaottawa.ca/wp-content/uploads/documents/Wolfson-C-87-Updaing-the-MBM-and-StatsCan-15DEC2018.pdf>
- World Bank. (2018). *Multi-dimensional Poverty Measure* [Text/HTML]. World Bank. <https://www.worldbank.org/en/topic/poverty/brief/multidimensional-poverty-measure>
- Zhang, X. (n.d.). *Low income Measurement in Canada: What do different Lines and Indexes tell us?* (Section 2: A comparison of LICO, LIMs and MBM). Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/75f0002m/2010003/section/s2-eng.htm>



77 Bloor Street West, Suite 1600, Toronto, Ontario M5S 1M2 | www.maytree.com