

# Seniors Poverty and Economic Status in Guelph & Wellington County

## HIGHLIGHTS

**Some Guelph Seniors are surviving on low or very limited incomes...**

Over 7% of seniors in Guelph live below the Low Income Cut-Off (LICO) and/or with access to limited financial resources

Living on a fixed or limited income can impact seniors' access to transportation, social activities and events, and necessary medical and support services.

## WHAT IS POVERTY?

There are two different ways to measure poverty: absolute and relative. Absolute poverty is determined by evaluating individuals' total incomes against the total cost of purchasing the specific goods and services that constitute the essentials of daily life. People whose incomes do not cover the costs of these items are said to be living in absolute poverty<sup>1</sup>.

Relative poverty examines individuals' total incomes and spending patterns and compares those values with the total incomes and spending patterns of the general population. People with lower incomes who spend larger portions of their earnings on goods and services compared to the general population, are considered to be living in relative poverty<sup>2</sup>.

The overarching characteristic of any measure of poverty however, is that individuals' income levels fall below the minimum costs of goods and services that meet their basic needs.

For the purposes of this research profile, the low-income-cut-off (LICO) employed by Statistics Canada, will be used. The LICO is a measure of the "income level at which a family may be in strained circumstances because it has to spend a greater proportion of its

income on necessities than the average family of similar size"<sup>3</sup>.

Those who are below the LICO are said to be living in poverty. After- and below-tax LICO estimates for rural areas are often lower than the same estimates for cities; this difference in LICO estimates reflects the different costs of living in rural versus urban areas. As cost of living increases, the low-income cut-off amounts will also increase. In 2006, Statistics Canada reported that 5.4% of those over the age of 65 live below the after-tax Low Income Cut-Off (LICO).<sup>4</sup>

In Guelph just under 3% of seniors live below the after-tax LICO; this is less than the national average. Using the before-tax information shows that over 7% of seniors live below the LICO<sup>4</sup>. Taken together, we know that at least 7% of Guelph seniors survive on very limited incomes (whether or not they are considered to be living below the LICO). Living on a fixed or limited income can impact seniors' access to transportation, social activities and events, and necessary medical and support services.

	After-Tax	Before-Tax
<b>Low Income Cut-Off for one person living alone in rural area<sup>5</sup></b>	\$11,494	\$14,596
<b>Low Income Cut-Off for one person living alone in Guelph<sup>6,7</sup></b>	\$14,859	\$18,620
<b>Number of Guelph seniors 65+ living below the Low Income Cut-Off in 2006<sup>8</sup></b>	430	1,095
<b>% of Guelph seniors 65+ living below the Low Income Cut-Off in 2006<sup>9</sup></b>	2.9%	7.4%

### AFFORDING TO LIVE

The Consumer Price Index (CPI) provides a measure of the cost of living in Canada. The Government of Canada uses the CPI to adjust the rates of the CPP and OAS pensions (described below)<sup>10</sup>. As the cost of living increases, seniors pensions should subsequently be modified to reflect this change. Despite this process, many service providers in the Guelph-Wellington area feel that it is difficult for some seniors to be able to afford the costs of living with their current incomes.

Throughout 2008, for example, the price of gasoline was the highest it had ever been. As these prices increased, service providers expressed a concern over the lack of volunteer drivers for transportation programs (these concerns were also highlighted in the Profile: *Seniors and Transportation*). Local service providers stated that some individuals were no longer volunteering to drive their cars to provide transport services because of the rising gas prices. For seniors with limited or fixed incomes, there was simply no extra money to spare.

The economic issues that we will continue to face in 2009 may lead seniors to evaluate where they feel it is important to spend their money. As a result, individuals may feel as though they have to give up certain activities that they previously enjoyed because they can no longer afford to do them.

### SENIORS AND POVERTY

As seniors are living longer, there are increasing concerns about the financial resources that will be available to support them through their elderly years. Increasingly, seniors are required to find financial resources to support themselves and this can be problematic particularly for seniors with low-incomes.

Household income averages are higher for senior couples than for seniors living alone (see chart below). In 2003 the average income of senior couples (defined by statistics Canada as, *married individuals in which the major income earner is 65 years or older and children or other relatives are not present*) was \$42 800 (after-tax) and \$49,300 (before-tax); these averages increased \$6500 and \$9500 (respectively), from 1980<sup>11</sup>. Although

many seniors are married, and thus reside as couples, with age the likelihood of living alone increases dramatically, particularly for women who tend to have longer life expectancies than men. When residing alone, seniors' incomes may be much lower even though their costs of living remain the same as those with larger incomes. The median after-tax incomes in 2003 for elderly males and females was \$20,200 and \$18,200 respectively<sup>12</sup>. The gender-specific discrepancy in income levels may in part result from the under representation of women in the workforce in previous generations, and therefore their lack of pensions and inability to qualify for work-related retirement funds.

	After-Tax	Before-Tax
<b>Average Income of Senior Couples (1980)</b>	\$36,300	\$39,800
<b>Average Income of Senior Couples (2003)</b>	\$42,800	\$49,300
<b>Median Income of Senior Couples (2003)</b>	\$36,500	N/A
<b>Median Income of Single Male Seniors (2003)</b>	\$20,200	N/A
<b>Median Income of Single Female Seniors (2003)<sup>13</sup></b>	\$18,200	N/A

*Note: "Median income is the amount which divides the income distribution into two equal groups, half having income above that amount, and half having income below that amount. Mean income (average) is the amount obtained by dividing the total aggregate income of a group by the number of units in that group."<sup>14</sup>*

As more Canadians become seniors the needs of this population will shift as the social and economic climates change. For example, receipt of pension support will look different in the years to come. As the next cohort of seniors ages, more women will have spent time in the workforce and thus be entitled to receive Canadian Pension Plan or Quebec Pension Plan (CPP and QPP) benefits. From 2000 to 2005 CPP/QPP benefits increased by approximately 23% for senior women

living independently. Consequently, the proportion of their total incomes represented by CPP/QPP benefits rose from 18.5% to 19.5%<sup>15</sup>. As more women enter the workforce and subsequently become eligible for private workplace pensions and CPP/QPP benefits, the income gap between the genders may decrease. However, in order for the next cohort of seniors to be financially secure, it will be increasingly important for policy makers and service agencies to provide adequate support to those men and women who must interrupt their working careers for significant periods of time in order to care for a disabled child, spouse or elderly parent.

Furthermore, over the past 25 years, retirement income, such as private pensions, has grown faster than any other income source for seniors, rising from less than 15% of their income in 1980 to over 30.0% in 2005<sup>16</sup>. In 2006, 2,494,340 Canadians and 1,008,280 Ontarians received pensions other than CPP and OAS<sup>17</sup>. Since many of today's senior population and most of the upcoming senior population has been in the workforce, they will be entitled to receive private pensions from the organizations that grant their workers such compensation.

In April and May 2008, the United Way Social Planning Department held a series of three roundtable discussions for service providers, volunteers and researchers working in the areas of seniors and health and independent living. Through those conversations a number of broad themes emerged. One area in particular that participants talked about was *Financial Management and Resources*. Participants suggested that some local seniors are struggling to afford necessities such as housing and assistive mobile devices, home help supports and other services. At the same time, they suggested that while some local seniors had the financial resources to pay for needed services and supports, they may be hesitant to spend money on these things because of a fear about having money left over for their long term needs or emergencies. These observations suggest that it is important for all seniors to have access to no-cost services and supports so that their long term financial security will not be in jeopardy.

As noted in the Profile: *Seniors' and Housing Supports*, there are some free in-home services offered to individuals who are eligible. There are however, those who do not qualify for such no-cost supports or those who need immediate help that cannot be delayed because of waitlists. As a result, if these persons require assistance, they are forced to pay for it themselves. This can be a costly endeavour, as some private home care services cost close to \$47.00/day for two hours of personal care. This totals approximately \$327.00/week and almost \$17,000.00/year<sup>18</sup>. If the median income for women is approximately \$20,000.00, this type of service will not be an option for them or for others with similarly low or fixed incomes<sup>19</sup>.

## FINANCIAL RESOURCES AVAILABLE TO SENIORS

Seniors have certain financial concerns that are unique to their age group. With longer life expectancies, as described in the Profile *Seniors Demographics*, seniors face further worries about how to financially support themselves as they continue to age.

The main sources of seniors' incomes are:

- Old Age Security Program (OAS);
- Canada Pension Plan (CPP)/Quebec Pension Plan (QPP);
- Private savings;<sup>20</sup>
- Guaranteed Income Supplement (GIS) (which is available for seniors if their income is below a certain threshold. Receipt of GIS is based on individuals' marital status' and incomes).

### *Old Age Security Program (OAS)*

The OAS pension grants all individuals over the age of 65 a monthly payment from the federal government. To qualify for the full pension, individuals must have been living in Canada for at least 40 years between the ages of 18 and 65 or they must have been born on or before July 1, 1952, have lived in Canada for some period of time between the time they turned 18 and July 1, 1977, and have lived in Canada for the 10 years immediately before their applications were approved<sup>21</sup>. If individuals do not meet this criteria, they may qualify

for partial pensions. The full OAS pension is currently \$505.83 per month and the partial is calculated on an individual basis<sup>22</sup>. In 2006, 4,089,690 Canadians and 1,540,200 Ontarians over the age of 65 were receiving an OAS pension<sup>23</sup>. The OAS pension is granted to individuals regardless of their financial situation. If however, individuals have an annual income of approximately \$64,000 or more, they will have to pay an OAS recovery tax, which calculates a certain percentage of their incomes against a threshold amount determined by Service Canada<sup>24</sup>. The GIS is given to individuals who receive OAS and who have little or no additional income<sup>25</sup>. In order to qualify for the GIS, single individuals must have an annual income of less than \$15,336, not including the OAS pension payments<sup>26, 27</sup>.

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

The CPP retirement pension is composed of monthly payments to individuals who have contributed to the Canada Pension Plan throughout their working years. Individuals qualify for the CPP retirement pension if they are 65 years of age or older and have made at least one valid payment to the Canada Pension Plan<sup>28</sup>. The amount of money given monthly is dependent upon how much each individual pays into the program over time. Monthly payments can range from \$2.00 to \$844.44<sup>29</sup>. In 2006, 3 780 480 Canadians and 1 425 730 Ontarians collected money from the CPP<sup>30</sup>.

**Ontario Disability Support Program (ODSP)**

The Ontario Disability Support Program (ODSP), funded through the Ministry of Community and Social Services, also provides financial assistance to individuals who are mentally or physically disabled and as a result are unable to work. In order to qualify for ODSP, individuals must not have an income of more than \$999.99/month (\$11,999.88/year). ODSP is not usually given to individuals over the age of 65 without exceptional circumstances. Those who are over the age of 65 and may qualify for ODSP are usually immigrants who do not qualify for OAS and have not been sponsored or their sponsorship has broken down so they have no means of support<sup>31</sup>.

**Summary**

As the senior population changes and ages, their needs will also start to look different than in the past. Seniors living below or close to the Low-Income-Cut-off face unique challenges related to being able to access and afford the supports and necessities that are part of a healthy life. Although there are a number of financial resources available to seniors, over 7% of Guelph seniors live with very limited incomes. Some local service providers have noticed that their senior clients struggle to afford necessities such as housing and assistive devices. With this information in mind, along with the economic downturn we are facing in 2009 and beyond, it is crucial that local services are accessible, affordable and adapt to the changing needs of seniors; service providers, governments, funders and policy makers all play a role in ensuring seniors have access to the supports and services they need.

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<sup>1</sup> Government of Canada. (2007). *Economic concepts: Poverty*. Retrieved July 23, 2008, from <http://www.canadianeconomy.gc.ca/English/economy/poverty.html>

<sup>2</sup> Government of Canada. (2007). *Economic concepts: Poverty*. Retrieved July 23, 2008, from <http://www.canadianeconomy.gc.ca/English/economy/poverty.html>

<sup>3</sup> Statistics Canada (2001). *Income trends in Canada 1980 to 2001 - User's guide*. Retrieved Dec. 2007 from

<http://www.statcan.ca/english/research/75F0002MIE/75F0002MIE2003003.pdf>

<sup>4</sup> Statistics Canada. (2008, June 12). 2006 Census of Population, Statistics Canada catalogue no. 97-563-XCB2006029. Retrieved August 11, 2008, from <http://www12.statcan.ca/english/census06/data/topics/RetrieveProductTable.cfm?TPL=RETR&ALEVEL=3&APATH=3&CATNO=&DETAIL=0&DIM=&DS=99&FL=0&FREE=0&GAL=0&GC=99&GK=NA&GRP=1&IPS=&METH=0&ORDER=1&PID=94206&PTYPE=88971&RL=0&S=1&ShowAll=No&StartRow=1&SUB=0&Temporal=2006&Theme=81&VID=0&VNAMEE=&VNAMEF=&VID=844116>

<sup>5</sup> Statistics Canada. (2007). *Low Income Cut-offs for 2006 and Low Income Measures for 2005*. Retrieved

July 30, 2008, from  
<http://www.statcan.ca/english/research/75F0002MIE/75F0002MIE2007004.pdf>

<sup>6</sup> Statistics Canada. (2007). *Low Income Cut-offs for 2006 and Low Income Measures for 2005*. Retrieved

July 30, 2008, from  
<http://www.statcan.ca/english/research/75F0002MIE/75F0002MIE2007004.pdf>

<sup>7</sup> Statistics Canada. (2007). *Guelph, Ontario (table). 2006 community profiles*.

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<http://www12.statcan.ca/english/census06/data/profiles/community/Index.cfm?Lang=E>

<sup>8</sup> Statistics Canada. (2008, June 12). 2006 Census of Population, Statistics Canada catalogue no. 97-563-XCB2006029. Retrieved August 11, 2008, from  
<http://www12.statcan.ca/english/census06/data/topics/RetrieveProductTable.cfm?TPL=RETR&ALEVEL=3&APATH=3&CATNO=&DETAIL=0&DIM=&DS=99&FL=0&FREE=0&GAL=0&GC=99&GK=NA&GRP=1&IPS=&METH=0&ORDER=1&PID=94206&PTYPE=88971&RL=0&S=1&ShowAll=No&StartRow=1&SUB=0&Temporal=2006&Theme=81&VID=0&VNAMEE=&VNAMEF=&GID=844116>

<sup>9</sup> Statistics Canada. (2008, June 12). 2006 Census of Population, Statistics Canada catalogue no. 97-563-XCB2006029. Retrieved August 11, 2008, from  
<http://www12.statcan.ca/english/census06/data/topics/RetrieveProductTable.cfm?TPL=RETR&ALEVEL=3&APATH=3&CATNO=&DETAIL=0&DIM=&DS=99&FL=0&FREE=0&GAL=0&GC=99&GK=NA&GRP=1&IPS=&METH=0&ORDER=1&PID=94206&PTYPE=88971&RL=0&S=1&ShowAll=No&StartRow=1&SUB=0&Temporal=2006&Theme=81&VID=0&VNAMEE=&VNAMEF=&GID=844116>

<sup>10</sup> Bank of Canada. (2000, January). *The Consumer Price Index*. Retrieved July 29, 2008, from  
<http://www.bank-banque-canada.ca/en/backgrounders/bg-i4.html>

<sup>11</sup> Statistics Canada. (2006). *A Portrait of Seniors in Canada*. Catalogue No. 89-519-XIE. Released February. 2007. Retrieved August 25, 2008, from

<http://www.statcan.ca/english/freepub/89-519-XIE/89-519-XIE2006001.pdf>.

<sup>12</sup> Statistics Canada. (2006). *A Portrait of Seniors in Canada*. Catalogue No. 89-519-XIE. Released February. 2007. Retrieved August 25, 2008, from

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<sup>13</sup> Statistics Canada. (2006). *A Portrait of Seniors in Canada*. Catalogue No. 89-519-XIE. Released February. 2007. Retrieved August 25, 2008, from

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<sup>14</sup> Wikipedia (2008). *Median Household Income*. Retrieved October 2008 from

[http://en.wikipedia.org/wiki/Median\\_household\\_income](http://en.wikipedia.org/wiki/Median_household_income)

<sup>15</sup> Statistics Canada. (2008). *Earnings and incomes of Canadians over the past quartercentury*. 2006 Census. Statistics Canada Catalogue no. 97-563-X. Ottawa. Released May 2008.

<sup>16</sup> Statistics Canada. (2008, May 13). *Earnings and Incomes of Canadians Over the Past Quarter Century, 2006 Census: Definitions and Notes*. Retrieved July 30, 2008, from  
<http://www12.statcan.ca/english/census06/analysis/income/definitions.cfm>

<sup>17</sup> Statistics Canada. (2008, June). *Small Area and Administrative Data Division – Table S-05*.

<sup>18</sup> We Care Home Health Services. (2008, July 23). *Personal Communication*.

<sup>19</sup> Statistics Canada (2008, May 5). *The Daily: Income of Canadians*. Retrieved June 20, 2008 from

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<sup>20</sup> National Advisory Council on Aging. (2005). *Aging in poverty in Canada*. Retrieved July 29, 2008, from

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<sup>21</sup> Service Canada. (2006, October 18). *Old Age Security (OAS) Program – Frequently Asked Questions*.

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<sup>22</sup> Service Canada. (2008, July 29). *Personal Communication*.

<sup>23</sup> Statistics Canada. (2008, June). *Small Area and Administrative Data Division – Table S-05*.

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<sup>24</sup> Service Canada. (2008, July 31). *Personal Communication*

<sup>25</sup> Service Canada. (2006, October 10). *Overview of the Old Age Security Program*. Retrieved July 28, 2008, from

<http://www.hrsdc.gc.ca/en/isp/oas/oasoverview.shtml>

<sup>26</sup> Service Canada. (2008, June 17). *Old Age Security (OAS) Payment Rates*. Retrieved July 29, 2008, from

<http://www.hrsdc.gc.ca/en/isp/oas/oasrates.shtml>

<sup>27</sup> Service Canada. (2008, July 29). *Personal Communication*.

<sup>28</sup> Service Canada. (2006, May 4). *Canada Pension Plan (CPP) – Retirement Pension*. Retrieved July 29, 2008, from

<http://www.hrsdc.gc.ca/en/isp/pub/factsheets/retire.shtml>

<sup>29</sup> Service Canada. (2008, July 29). *Personal Communication*.

<sup>30</sup> Statistics Canada. (2008, June). *Small Area and Administrative Data Division – Table S-05*.

<sup>31</sup> Special Services – County of Wellington. (2008, August 13). *Personal Communication*.