

OAS – The Facts

CARP Advocacy

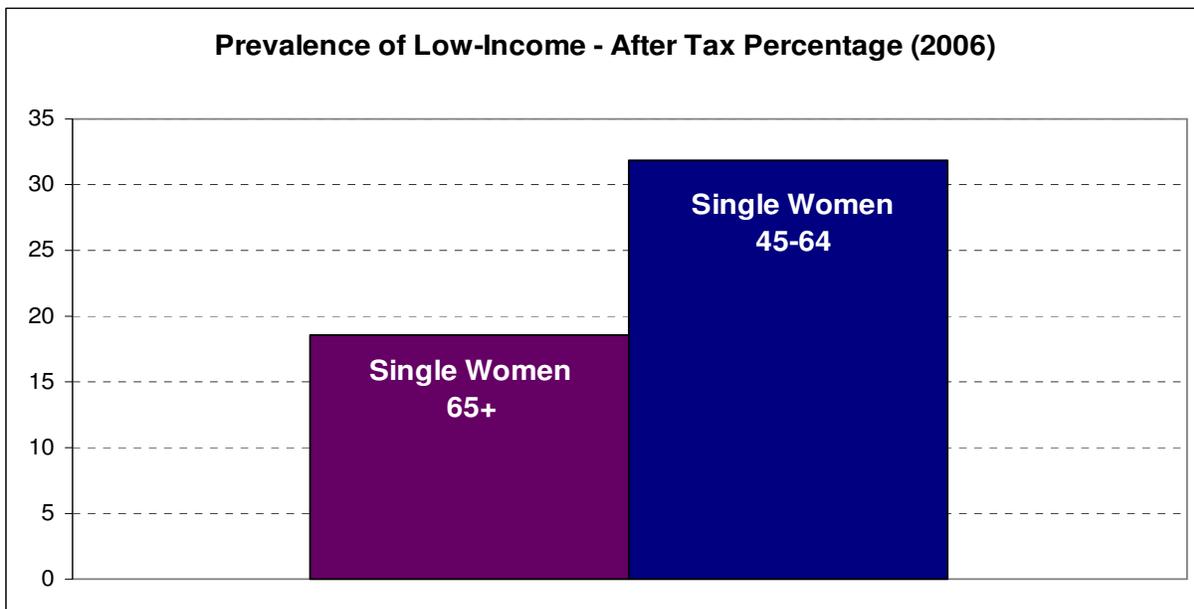


February 2012

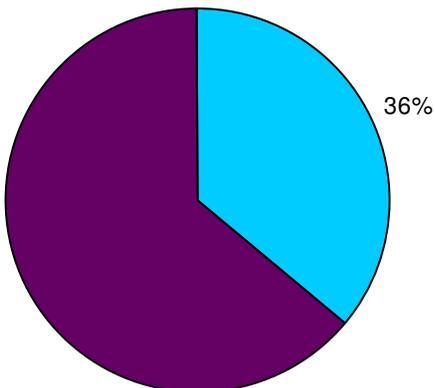
Delaying OAS Hits Hardest Where it's Needed Most

Almost 300,000 Canadians over 65 still live in poverty and many more straddle the low-income threshold and struggle with old-age financial insecurity. Between 2006 and 2009, nearly 128,000 more seniors became low income. Of that amount, an overwhelming 70% were women.ⁱ

The hardest hit group of Canadians are single, unattached, women over 65, almost 20% of whom live under the after tax low-income cut-off of approximately \$20,000/year. Subsequent generations may not fare better. Over 30% of single women between 45 and 64 are low-income. For many of these women, the combination of OAS and GIS is the deciding factor in preventing poverty.ⁱⁱ



2013 - Percentage of OAS Recipients who Qualify for GIS

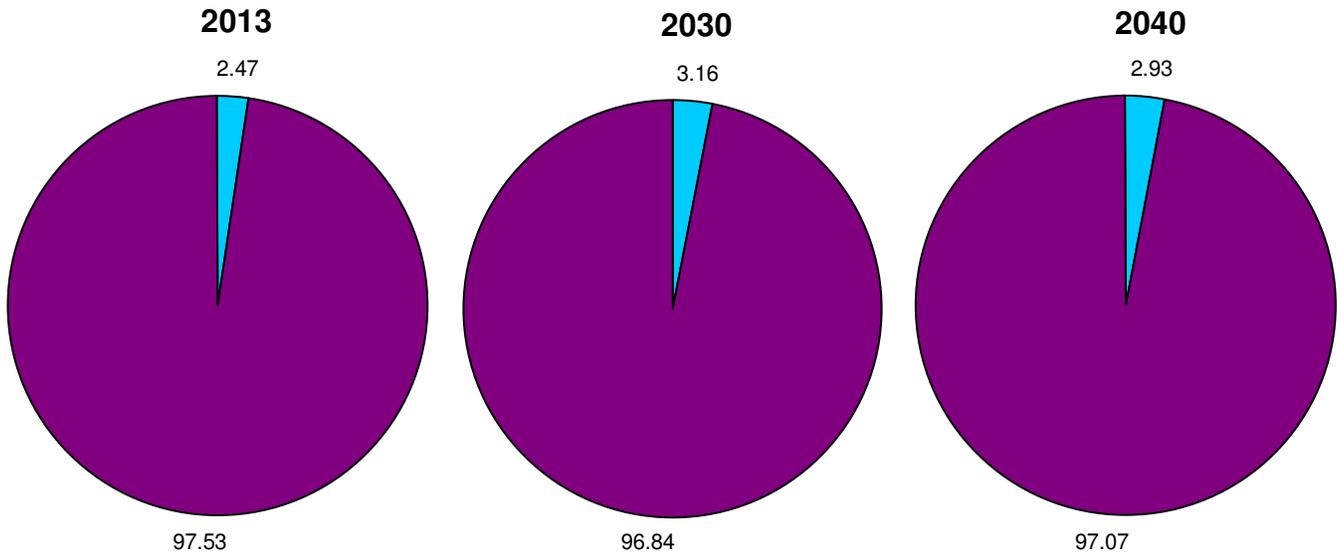


GIS eligibility is dependant on OAS eligibility. Moving OAS eligibility from 65 to 67 will target and hurt the Canadians who need the income supplement the most.

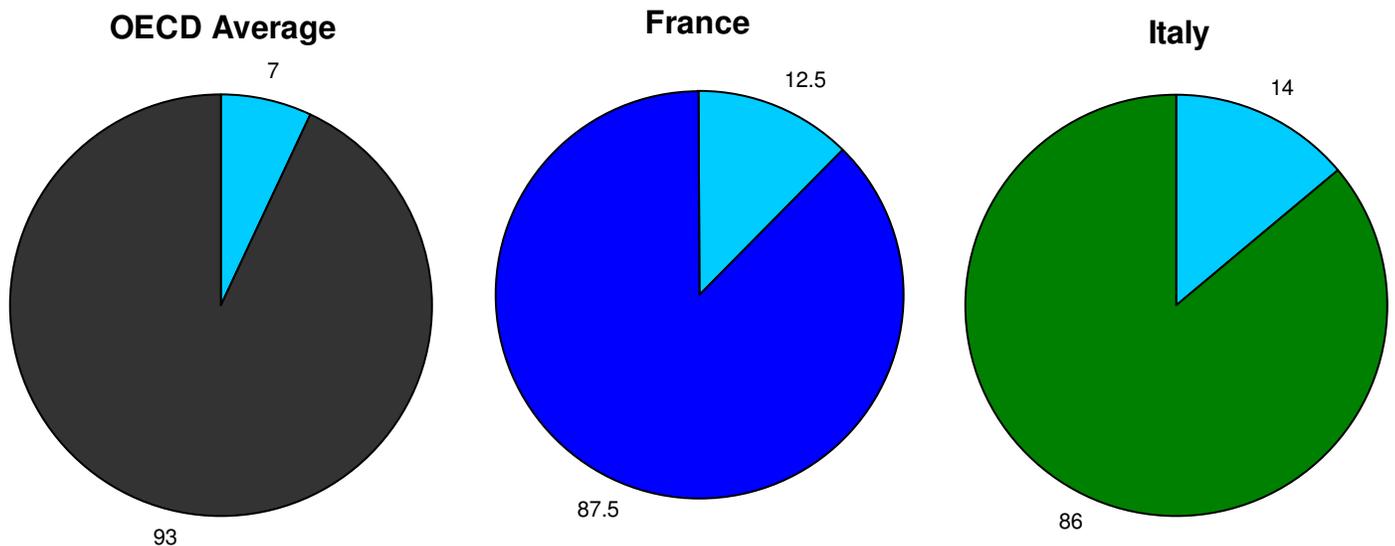
To qualify for GIS, an individual's income cannot exceed approximately \$16,000. Most low income seniors make less and for those on social assistance, incomes are likely between \$4,000 and \$10,000/year.ⁱⁱⁱ

Government Spending on Public Pensions

As of 2013, the official Actuarial Report on Old Age Security projects that Canada will spend 2.47% of GDP for both OAS and GIS. Accounting for inflation and the demographic changes, the percentage of GDP spent on OAS and GIS will only grow by 0.69% by 2030, for a total of 3.16% of GDP. By 2040, it is projected that the percentage will again decrease to 2.93% of GDP.^{iv}



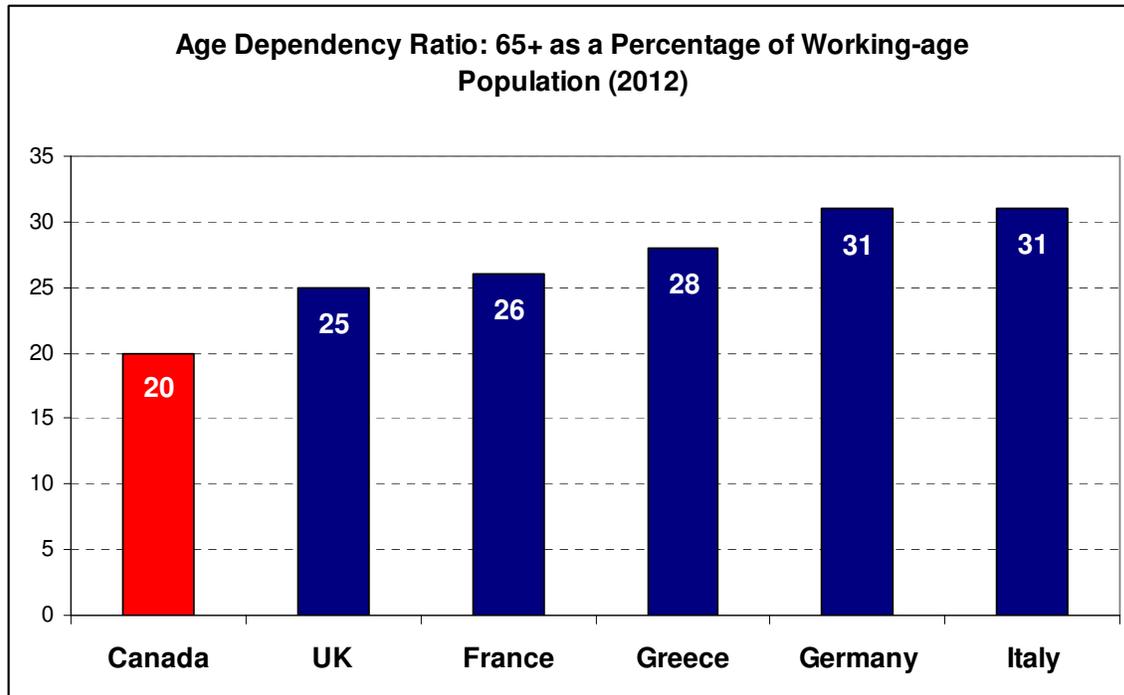
Canada spends a substantially smaller portion of GDP on OAS/GIS than the current OECD average of 7%. And we spend significantly less than France and Italy, which currently spend 12.5% and 14% of GDP respectively, on public pensions.^v



Canada is Already Ahead of the Demographic Curve

Canada's population is younger than those of most OECD countries. More importantly, the ratio of retired to working Canadians is more favourable as well.

All of the countries represented in the table below have older populations and fewer workers for every retired individual than Canada has and they spend a significantly larger share of GDP on public pensions.^{vi}



As it stands, Canada spends a significantly smaller portion of its GDP on public pensions, and has a notably younger population than most other OECD nations. There is little justification for taking away OAS and GIS for the Canadians who need it the most.

References

ⁱ Conference board of Canada: <http://www.conferenceboard.ca/hcp/hot-topics/canInequality.aspx>

ⁱⁱ Statistics Canada: <http://www12.statcan.ca/census-recensement/2006/dp-pd/tbt/Rp-eng.cfm?LANG=E&APATH=3&DETAIL=0&DIM=0&FL=A&FREE=0&GC=0&GID=0&GK=0&GRP=1&PID=94206&PRID=0&PTYPE=88971,97154&S=0&SHOWALL=0&SUB=0&Temporal=2006&THEME=81&VID=0&VNAMEE=&VNAMEF=>

ⁱⁱⁱ Food Banks Canada: Fairness for Canadian Seniors - A Reality Check on Pensions Food Banks Canada, September 2010.

^{iv} Old Age Security Program – 10th Actuarial Report, 2009: http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/oca/OAS10_e.pdf

^v OECD, Pensions at a Glance: http://www.oecd.org/document/49/0,3746,en_2649_34757_42992113_1_1_1_1,00.html

^{vi} World Bank: <http://data.worldbank.org/indicator/SP.POP.DPND.OL>