

PENSIONS IN CANADA:

**POLICY REFORM  
BECAUSE  
WOMEN MATTER**

Women Elders in Action (WE\*ACT)  
Vancouver, BC  
December, 2004

We would like to thank **Status of Women Canada** and **The 411 Senior Centre Society** in Vancouver for their funding support for Women Elders in Action (**WE\*ACT**) and the creation of this position paper. **PENSIONS IN CANADA: POLICY REFORM BECAUSE WOMEN MATTER** expresses the beliefs of its authors: Joanne Blake, Elsie Dean, Gerry Kilgannon, Alice West and Jan Westlund; **WE\*ACT** and our network. It does not necessarily represent the opinions of Status of Women Canada; nor of The 411 Senior Centre Society Board, staff or members.

It also represents months of conversation, research, discussion, circulation and re-writes. This collaboration of authors and reviewers across the province enjoyed several months of intense focus on this paper but the work actually began several years ago. In 1999, Senior Summit, a province-wide gathering of seniors in Vancouver led to a core group of women first coming together to form an *Income and Poverty Working Group* to learn about inequities in pensions for women and create the *Vancouver Declaration of Older Women's Rights*. We formalized our existence as **WE\*ACT** and eventually held a conference, *Women and Pensions*, to further educate ourselves and other women about these serious concerns. **WE\*ACT** has spent several years tracking developments and exploring alternatives to the current retirement system in Canada.

We are grateful to Dr. Monica Townson, Economist; Professor Claire Young, Associate Dean of Law, University of British Columbia; and Charmaine Spencer, LL.M. and Lillian Zimmerman, Research Associates, Gerontology Research Centre, Simon Fraser University for their sharing of research and consultation during the paper's development.

As well, we thank Jim Paterson of Paterson Pension Management Inc. (Vancouver) and many elder women around the province of British Columbia who commented on this paper's various iterations.

## Table of Contents

Summary	4
Women's Needs Should Define Pension Reform	5
Governments Are Responsible for Addressing Poverty	7
Some Inadequacies in Existing Programs	7
Economic, Political and Societal Factors	11
The Positive Effects of More Equitable Pension Policy	14
A Different Way	15
Recommendations for Canadian Pension Policy Reform	16
Endnotes	21

## SUMMARY

This paper articulates our position on the situation of women elders in Canada dependent on public pensions for their income. It notes that women make up the majority of all seniors living on public pensions and that they make up a disproportionate share of persons in Canada living on low incomes. Reasons outlined for this situation are mainly related to the conditions of women's employment, such as lower wages than men, more often part time, low paying work, breaks for unpaid care-giving and weakened social programs that are insufficient for assisting women to climb out of poverty once there. These and other conditions are particularly relevant for particular groups of women, such as aboriginals and immigrants.

This paper takes the position that in Canada, our governments have taken on the responsibility of providing a 'social safety net' for all citizens with the overarching goal of eliminating poverty.

A number of inadequacies in the present system are described. They include the effects on elder women upon the loss of their partners, the lifetime effect of income inequality based on gender, women engaging in periods of unpaid work such as care-giving and government policies related to taxation and immigration.

Some of the current trends in social policy are examined, with the conclusion that they appear to hold little evidence of improvement for this vulnerable population. Such trends include the funding cuts by government to many social programs and the move to increase individual responsibility rather than enhancing our traditionally more collective approach. These trends and others are a direct consequence of our country's involvement in the current global economy that puts the needs of the market place ahead of the well-being of its people.

The paper describes the positive aspects of having economically secure citizens who contribute to the general well being of the country rather than being a drain on it. In conclusion, it points out some of the detrimental effects of poverty, the value of eliminating them and makes twenty-three recommendations for doing so.

After considerable deliberation, these recommendations include a request for an increase in Old Age Pension and Guaranteed Income Supplement to meet pre-tax, low income cut off (LICO); the elimination of taxes for those below the poverty line; full Old Age Pensions to all permanent residents of Canada 65 years or older; and a conversion of Registered Retirement Savings Plan (RRSP) and Registered Pension Plan (RPP) deductions to credits under federal tax law.

## WOMEN'S NEEDS SHOULD DEFINE PENSION REFORM

Women make up the majority of the population of seniors and on average they live five years longer than men. Tucked away in public pension reform analyses, one often finds passing mention of how existing pension programs fail to properly provide for them. This is consistently done without acknowledging women as the most numerous recipients of publicly funded pensions. They are the people with the greatest need that extends over the longest period of time. Arguably the system should be designed to first meet their needs.

Canadian women “make up a disproportionate share of the population in poverty” confirms the Canadian Association of Social Workers (CASW) 2004 report, *Women's Income and Poverty in Canada Revisited*.<sup>1</sup>

The CASW states “women continue to be the poorest of the poor in Canada”. They report that female poverty has declined somewhat, “but family status remains a strong factor in determining who is poor”. This is particularly the case for senior women living on their own and for female lone-parent families.

The 2001 Census of Canada found there were 2.4 million women in poverty compared with 1.9 million men. When women reach pensionable age their poverty in many cases deepens. Well over 40% of women over 65 living alone struggle to make ends meet with income below LICO.<sup>2</sup>

This position paper examines the economic situation of women, focusing on how their long-term trend of income inequality with men follows them into old age. Low wage jobs and employment gaps are two important causes of female poverty. They affect women's income in their retirement years because Canada Pension Plan/Quebec Pension Plan (CPP/QPP) and private workplace pensions are based on lifetime earnings.

Women have different lifetime patterns of paid and unpaid work than men. They tend to have frequent gaps in employment due to child-rearing, elder care, caring for people with disabilities and taking responsibility for their grandchildren because increasingly burdened parents are unable to do so.

Canadian social policy has been designed with the unspoken expectation that women will quietly absorb the responsibility for providing care and attention to others. They are then penalized in later life for having lived up to these social responsibilities. In essence, women sacrifice their ability to take care of themselves in old age.

The ratio of male to female earnings tells a story of persistent, systemic inequality between male and female incomes whether from employment or pensions.

When women are compared with men in terms of both employment earnings and pension income, women fall far short. Women are concentrated in low wage and part-time sectors of the economy where a workplace pension plan is the exception rather than the rule. Recent Statistics Canada figures show 60% of women who work outside the home have no private pension plans. They depend much more heavily on public pensions for their retirement security. Sixty five percent of recipients of Old Age Security are women.<sup>3</sup>

According to Statistics Canada, 2001, “Women earn only 73 cents for every dollar a man earns” based on full-year, full-time work.<sup>4</sup> Many women do not have the opportunity for full time work: they are employed in non-standard jobs such as temporary, part-time and contractual arrangements and are not represented by this figure.

First Nations women who have lived a traditional and rural life are especially vulnerable to economic hardship. The average annual income of an aboriginal woman is \$13,300, compared to \$18,200 for an aboriginal male and \$19,350 for a non-aboriginal woman.<sup>5</sup> As well, discrimination, childhood poverty, and lower educational achievement exacerbate their already poor economic status into old age.

Two groups of women, immigrant and visible minorities, are some of the worst off economically of all women. Their employment picture shows that “among visible minority women, 38% were without employment income compared to 43% of immigrant women and 34% of non-immigrant women”.<sup>6</sup> In addition, many immigrant women over the age of 65 who have less than 10 years residency in Canada are completely without income.

Finally, radical cuts to basic social programs made by provincial and federal government over the last ten years have weakened the Canadian social safety net making it ever more difficult for some women to climb out of poverty in their younger years.

Pension reform with women in mind is essential to fostering women’s economic equality. However, old age will continue to be a time of insecurity and suffering for large numbers of senior women without the key social reforms that promote and support working women’s equality and recognition of their disproportionately-large contribution of ‘unpaid’ work in the family and community. Clearly, comprehensive childcare policies, organized support for people with disabilities, and elder care programs that lift the burden from the shoulders of individuals will all eventually improve the quality of life for senior women.

## **GOVERNMENTS ARE RESPONSIBLE FOR ADDRESSING POVERTY**

Eliminating poverty is the responsibility of governments. As a matter of fact both federal and provincial governments have made a public commitment to this end, which has been reiterated during each election. The Canadian government has also proclaimed its intentions on the global stage by signing international agreements: *Forward Looking Strategies for the Advancement of Women* (1985); *The Platform for Action and the Beijing Declaration* (1995); and *The Convention on the Elimination of All Forms of Discrimination Against Women* (1996).

In the early 1980s, governments reformed the pension system in order to reduce poverty amongst senior women. In 1980, the poverty rate for unattached women aged 65 and over was 70.1%. This decreased to a low of 41.2% in 2001.<sup>7</sup>

One of the primary reasons that many more seniors in Canada have income above the poverty line/low-income cut-off has been the availability of government funded benefits and Canada Pension Plan. If those are reduced or the eligibility requirements, such as age, are increased, many older couples may slip back into poverty.<sup>8</sup>

In 2004, despite the suggestion that poverty for senior women is historic, the scene is being set for a continuation of unmanageably low retirement incomes. Women are experiencing the contracting out of their decent-paying union jobs and watching the ratio of their wages to men's earnings lose ground. As they face a shift of emphasis to private pension plans they can ill afford and have modest access to, their economic future continues to be insecure.

## **SOME INADEQUACIES IN EXISTING PROGRAMS**

### **DEATH OF A PARTNER:**

The death of their partners precipitates the slide of senior women into poverty. Between 1990 and 2001, the standard of living declined steadily for those who became widowed; while it remained relatively constant for their married counterparts. Chris Li, Statistics Canada researcher reports, "Unfortunately, once these senior widows were in low income, it was very difficult for them to climb out".<sup>9</sup>

The loss of a spouse has negative financial ramifications for even women with the highest incomes. Financial planning that includes life insurance policies is one way to protect against dramatic income loss. Unfortunately, many families with low income find this 'pie in the sky' option unavailable to them.

There are many reasons for the decline into poverty women experience with the loss of a partner. One is *Joint and Survivor Benefit* rates that are currently established at 60% across most of Canada; with the exception of Manitoba, where it's set at a more realistic 66 2/3%.<sup>10</sup>

This means a survivor's income from an occupational pension plan and/or CPP/QPP is reduced by 40% upon a spouse's death. This is certainly an improvement from not too many decades ago when a woman found her husband's pensions disappeared entirely upon his death or were cut in half.

However, women who are receiving only 60% of that previous pension income may not be able to maintain their standard of living as the rate required to cover living expenses for one person is somewhere between 2/3 and 70% of living expenses for a couple. This institutionalized inadequacy may cause many widows to eventually become impoverished.

We believe a full review of the *Joint and Last Survivor* rates must be undertaken and written into federal government policy. This would cover pensions under their control and model better standards for the provinces.

*Adverse Effects Discrimination* refers to a supposedly neutral policy or practice that may be fair for many groups in society but has a negative effect on one particular group.<sup>11</sup>

## **UNPAID WORK:**

According to information taken from Statistics Canada's *2002 General Social Survey*, working women devote more than twice as much time to elder care as their male counterparts, logging on average 29 hours per month in addition to their paid employment and homemaking responsibilities. This is a contribution that many are happy to make as they see themselves giving back what they have received in care. However, providing these services results in increased stress, health and sleep problems.

Of most interest to our pension concerns, women who contribute these 29 hours of care per month are more than 3 times as likely to do shift work, and

more than twice as likely to reduce work hours and to experience a reduction in income.<sup>12</sup> All of these required adjustments have long-term negative pension outcomes as CPP/QPP is now designed.

This situation is not likely to improve soon as the baby boomers become seniors and require care. Decreased fertility rates and increased life expectancy means the average married couple may have more living parents than children to tend. This will translate into an unacceptable financial, physical, and emotional burden on women unless radical compensations are written into government policy.

Government policy must also address the disturbing trend of working women who are also grandmothers facing a reduction in paid work commitments in order to care for grandchildren, when their parents are unable to do so for whatever reason. Having these additional responsibilities thrust upon them will obviously result in lessened pension income even though their willingness to accept these roles has immeasurable societal and economic value.

Quality, easy-to-access child-care will aid this situation; as will the inclusion of grandchild-care drop out in CPP/QPP.

Other areas where women traditionally contribute unpaid work are more challenging to rectify but must be tackled, regardless. Women who stay at home raising their own families or foster children are able to eventually qualify for Old Age Pension and Guaranteed Income Supplement. However, their defining lack of financial remuneration for the many types of work undertaken for the family (and society) results in their inability to make contributions to CPP/QPP. This translates into a loss of that additional financial payoff for their labours that others working for pay have come to expect.

## **GENDER INCOME INEQUALITY**

From 1990 to 2000 about 65% of people receiving both Old Age Security and Guaranteed Income Supplement were women, compared to 35% of men who tend to rely more heavily on occupational pensions plans and RRSPs for income.<sup>13</sup>

According to Cindy Wiggins, current contribution figures indicate 39% of employed women have occupational pension plans compared with 42% of men.<sup>14</sup> This is due in part to the fact that women frequently change their low paying, part time jobs. This mobility works against having pensions that must be vested for two years or more.

Even more problematic, women only work for pay for 75% of their potential work years; while men work for 94% of their potential.<sup>15</sup> This means a woman's years of contributions may be inadequate even for this minority of female contributors. In addition, the majority of women workers frequently miss out on the employer contributions to pensions that more working males often receive.

In 1999, 46% of women filing taxes saved through an RRSP or an occupational RPP, compared to 56% of men. The higher participation rate for men overall is largely attributable to income differences between men and women.<sup>16</sup>

However, in 2003, only 59% of females over the age of 15 had paid employment compared with 73% of males.<sup>17</sup> Thus a vast number of women have no hope of accessing these avenues for ensuring income in retirement; not to mention tax breaks today.

The loss in federal government tax revenue from deductions given to cover employee and employer contributions to RPPs and individual contributions to RRSPs is one type of tax expenditure. Estimates from 2003 put the 2004 tax expenditure for RPPs and RRSPs at approximately \$30,000,000,000.<sup>18</sup> This tax subsidy is one of Canada's largest social programs and benefits the wealthy disproportionately.

Because the value of a tax deduction is tied to the rate at which one pays tax, those with high incomes who pay tax at higher rates benefit more from the tax deduction than those with lower incomes. For example, a person with a high income who pays tax at an average rate of 40% choosing to put \$10,000 into an RRSP receives a \$4000 tax subsidy; while a person with a lower income paying tax at an average rate of 10% only receives a \$1000 tax subsidy. This disadvantages women in comparison to men because of women's lower incomes.<sup>19</sup>

When addressing senior women's poverty through government policy, it makes better sense to implement a system of tax credits rather than deductions for RPP and RRSP contributions to curb this extravagant tax break that benefits high-income earners. The revenues could then be used to provide much needed increases to OAS/GIS.

## **IMMIGRANT WOMEN**

Many countries in the developing world have no government pensions of any kind. Housewives in particular, from most other nations, are not entitled to pensions in their own right at age 65.

In July 1977, changes were made to Old Age Security to require that new immigrants live in Canada four decades before qualifying for a full public pension at age 65 (each decade being worth 25% of pension income to its recipient). This harsh requirement coupled with tragically high unemployment rates for younger immigrant women guarantees them many years of anguish in the 'new world'. WE\*ACT believes Canada must change these restrictive Old Age Security rules as they create a mainly female, third world subclass of senior citizens.

As well, better pensions are needed for immigrants to comply with the Canadian Charter of Rights and Freedoms that includes a right of individuals to adequate income and housing. Canada has formally committed to uphold these and other social rights by signing on to International Agreements including: the United Nations International Covenant on Economic, Social and Cultural Rights (1976) and the Fourth World Conference on Women (1995), Beijing Declaration and The Platform for Action.

## **ECONOMIC, POLITICAL AND SOCIETAL FACTORS**

It is important to keep in mind some of the influences on the pension position of women today to help explain why the future does not hold promise of an improvement for many women.

While one of the reported reasons for Canada's involvement in the retirement income system at its inception was to, "alleviate poverty among the elderly"<sup>20</sup> as a response to a growing concern among many groups about their current and future well-being; that concern is no longer driving social policy in Canada.

Instead trends in programming appear to be based on cutting costs, on reducing the role of government, and on shifting from collective responsibility to individual initiative. This is, in part, a result of governments feeling pressured by the need to rationalize the 'bottom-line' and to harmonize with our trading partners.

Global economic policy, accepted by our governments, designed and administered by corporations through the World Trade Organization, demands that the market's insatiable need for growth and profit must be paramount. From this perspective, people are considered to be 'human capital', thriving only if they're able to effectively compete in the marketplace. Unfortunately, we know that a growing number of our citizens are not.

In the past acquiring a post secondary education assured young people, traditionally men but more recently women, of the ability to compete and succeed with promising careers: thus ensuring better pension protection in old age.

However, with globalization that encourages the flow of not just manufacturing but now banking and high tech jobs off shore,<sup>21</sup> recent research indicates an alarming trend. Our educated workforce is less and less able to find the lucrative, full time long-term jobs that would allow them to thrive. In 2003, people over 20 with a post-secondary certificate, diploma or degree held 38% of low-paying jobs that feature little opportunity of advancement.<sup>22</sup>

Regardless of this new reality, provincial and federal government policies show a shift of responsibility to the individual away from society as a whole. This new approach decries the importance and benefits of resource pooling and risk-sharing of universal programs. It is accompanied by a simplistic view of the needs of those struggling to keep up.

Recently, some policy makers in this country have proposed shifting the emphasis from public pensions to individually managed savings plans, mirroring a movement that exists in the United States.<sup>23</sup> However, it's clear that today's women who fill two-thirds of low-paying, dead-end or part time jobs<sup>24</sup> will be unable to save enough for their retirement to lessen reliance on public pensions.

Policy-makers are quietly and stealthily planning to redesign Canada's social programs or, in the jargon so popular in social policy circles, they are trying to develop a new 'social architecture' for Canada.<sup>25</sup>

## **IN BRITISH COLUMBIA**

"Overall, the availability and generosity of social supports and entitlements has eroded as the government weakens or eliminates key public services and increasingly emphasizes the necessity of individual self-reliance and participation in a de/re-regulated labour market as the only legitimate route to economic security".<sup>26</sup>

At the same time, government policy is propelling more women into poverty and could be increasing their burden of unpaid volunteer work. Many older women are being laid off due to privatization of public services. Among other things, this means they may experience long periods of unemployment at a time when changes to Employment Insurance rules means fewer are able to qualify for benefits.<sup>27</sup>

Spending cuts and privatization initiatives implemented since 2001 in British Columbia have resulted in a total loss of more than 20,000 public sector jobs, nearly three quarters of which were held by women. Downsizing in this sector is especially hard on women as it eliminates an important pool of secure and fairly

paid jobs. Men's wages in the public and private sector with similar jobs and qualifications are about the same. But women's wages in the public sector are substantially higher, even when similar work is compared.

Recent research by Sylvia Fuller and Lindsey Stephens, *Employment in BC: Effects of Government Downsizing and Employment Policy Changes 2001-2004*, indicates this is not because the public sector pays women too much, but because the private sector pays them too little.<sup>28</sup>

According to Fuller and Stephens, cuts to public services change in education policy and weakened legal protection for workers in BC have also combined to undermine key employment conditions for women.

Due to these changes, their families will suffer the negative effects of reduced income now; while the longer-term effects of reduced public and, in some cases eliminated, private pension contributions will live on to distort these women's lives long into the future.

The BC government's adoption of a new type of social architecture has had a negative financial impact on this generation of seniors by cutting social programs, downloading costs, privatizing public services and property, introducing user-pay in health care, etc. (The latter has occurred even though a recent study of drug user fees implemented in Quebec shows that such ideological driven choices are experimentation at its worst. Research in that province by epidemiologist, Dr. Robyn Tamblyn, has shown that after introduction of a cost-sharing drug policy in 1996, essential drug use by the elderly decreased by 9%; while emergency room visits increased by 14.2%, accompanied by an 6.8% increase in serious adverse events).<sup>29</sup>

The new BC *Act for Home Support* lists family, friends, and community resources, as 'assets', along with income, in determining the need for subsidized support. This practice could result in the off-loading of care giving to an applicant's friends, neighbours and any other community charity or volunteer that can be pressed into service, if a senior is unable to cover the cost of hiring private assistance.

All of these changes take their toll. While implementing its new social policy, BC government's reductions in programs, services and benefits previously available to seniors in this province have breath-taking scope. Individually, each loss has some negative impact. Cumulatively, that impact undeniably increases the burden on low-income seniors, the majority of whom are women, and undermines their financial, health and social well-being.<sup>30</sup>

These examples focus on our provincial government's policies, but they reflect a trend being felt elsewhere in the country. Cuts in public sector jobs in other provinces in recent years have a similar effect on women. While the recent

Supreme Court decision permitting the Government of Newfoundland and Labrador to abrogate its responsibility to compensate women workers for pay discrimination in the late '80s and early '90s is a case in point.

The experience of women's economic inequality across the country must be taken into consideration when considering the viability of this new approach to social policy. Women still face multiple employment barriers, low pay and are often under-employed; while continuing to be society's main caregivers. It is unreasonable to deny their complex realities when designing public policy.

## **THE POSITIVE EFFECTS OF MORE EQUITABLE PENSION POLICY**

The Canadian Centre for Philanthropy states, "by participating in civil society [activities], Canadians play a central role in building vibrant communities and providing services to citizens. Indeed the contribution of volunteers is a key factor in the ability of social organizations to do their work".<sup>31</sup>

However, citizens struggling with inadequate incomes are not very likely to be active contributors. Income is "one of the most powerful influences on health in the modern world", according to the World Health Organization.<sup>32</sup>

Health Canada reports that people with the lowest incomes are five times more likely to report poor (or only fair) health than those with higher incomes.<sup>33</sup> It is widely accepted that health depends, in part, on having adequate food, shelter, and income. It is also dependent on one's job and working conditions.

We have come to understand that many senior women living alone (something most of them will do some day) become impoverished. Thus a sizeable, experienced segment of our society is marginally engaged due to the pressing needs of their own daily struggles and threatened health.

In our view, the larger society is losing in two ways by allowing so many of its seniors to live in poverty. These elder citizens unnecessarily increase public health costs, furthering a belief in the inadequacy of the system. At the same time, the country is suffering 'opportunity loss', which is the absence of the positive contributions that women struggling to simply survive their poverty could be making to build and sustain healthier communities.

WE\*ACT believes that the primary purpose of Canada's social policy should be to contribute to the well being of all its citizens. Research has conclusively demonstrated that citizens whose feelings of well-being are secure are much healthier and are more likely to contribute positively to the greater community.

## A DIFFERENT WAY

Analysts have enunciated another approach to social policy. For example, Point 7 of the European Union Council's communication to the Nice European Council states that,

“People are Europe's main asset and should be the focal point of the Union's policies. Investing in people and developing an active and dynamic welfare state will be crucial both to Europe's place in the knowledge economy and for ensuring that the emergence of this new economy does not compound the existing social problems of unemployment, social exclusion and poverty”.

“the promotion of economic competitiveness is conditional upon the preservation of accustomed social entitlement and a fight against social exclusion”.<sup>34</sup>

Furthermore, our public “policies should have gender equality as one of its goals. Such policies should not be regarded as simply a concession to women's claims”.

“There's clearly a strong case for a women-friendly social contract because improving the welfare of women means improving the collective welfare of society”, according to Esping-Andersen.<sup>35</sup>

With this in mind, we recognize that,

“the key issues to address are how to manage the transition so as to satisfy principles of intergenerational equity and intra-generational justice while contributing to the further democratization of retirement among men and women”. At the same time, “the main policy challenge posed by population aging per se is neither demographic or economic but distributional”.<sup>36</sup>

Genuine changes in policy direction for the public good are needed in Canada. It's necessary to give more than just lip service to the commitment to eliminate poverty. We must approach policy development with the understanding that all citizens are assets, regardless of their life situation.

If that belief were acted upon, the creation of better pension outcomes for women would be seen as one way to strengthen the collective welfare of society.

# **WOMEN ELDERS IN ACTION (WE\*ACT) RECOMMENDATIONS FOR CANADIAN PENSION POLICY REFORM – DECEMBER, 2004**

## **PUBLIC PENSIONS:**

1. Increase Guaranteed Income Supplement (GIS) so that total Old Age Security/GIS is at a level at least commensurate with the pre-tax low-income cut off (LICO). Currently, most recipients of this supplement are women and/or immigrants with little or no paid work experience. These programs can answer their most pressing need for adequate support.
2. Make full entitlement to OAS/GIS universal so that every individual who is a permanent resident of Canada at age 65 or older whose income/circumstances meet the GIS requirement, is entitled to OAS/GIS regardless of the time they've spent in this country.

These pensions are needed to reduce the additional health and social problems present when a segment of society is marginalized by lack of income; as well as the potential abuse of immigrant elders.

3. Raise the income ceiling for maximum CPP contributions from \$40,500 to at least \$60,000. Thus, higher income earners would contribute more to the fund. (*CPP/QPP Position Paper*; Older Women's Network Pension Committee; Revised March 1999).

Depending on how this increase was designed, this could raise the resources needed to support a caregiver drop out and the increase in replacement rate for low-income workers mentioned below.

4. Modify CPP/QPP so that it replaces 50% of the income for low-income workers, disproportionately women. The current maximum of 25% of average wage consigns those receiving the least pay to a continuation of extreme poverty throughout their retirement years.

This is one way to utilize a work-based pension program to alleviate retirement income disparities and compensate for our unwillingness to legislate a 'living wage'. (*Using Pension Policy to Address the Poverty of Older Women*. Townson, Monica. 2001)

5. Oppose privatization of public pensions. Privatization of pensions in jurisdictions outside of Canada provides important lessons. Research clearly indicates moving to privatization puts low-income earners at great risk. They may find themselves without enough discretionary income to contribute. Even if they are able to contribute, they lose a sizeable portion of that investment for fees, commissions and program maintenance paid to private financial institutions.

While higher income earners may find it easier to continue making the same or greater pension contributions, they too will be paying a greater percentage of their savings to institutions rather than to the actual investments. (*Pensions Under Attack*. Townson, Monica. 2001)

6. Develop a parallel 'dropout' provision in the CPP/QPP to the existing child care dropout to include persons who are caring for people with disabilities or providing eldercare or care for grandchildren so that women's care-giving contributions are recognized and not penalized when benefits are calculated. This is necessary to compensate for the extreme pressure care-giving puts on the disproportionately large number of women who take on these social responsibilities; as public policy makers increasingly shun a social obligation for providing care. **Ensure that these drop out provisions are incorporated within the body of all CPP applications.**

This care-giving often substitutes for much more costly institutionalization. Women, many of whom are still wage earners and may be at the peak of their (albeit, proportionately-smaller) earning powers, should not suffer for taking on this work that has tremendous value to Canadian society. They must not be triply penalized by undertaking difficult, unpaid work that ultimately also reduces their retirement income. (*Using Pension Policy to Address the Poverty of Older Women*. Townson, Monica. 2001)

7. Establish equality for all same-sex, common-law and legal marriages by backdating CPP/QPP Credit Splitting rules to 1978 and incorporating all subsequent improvements.
8. Eliminate the cap that limits the Lesbian Gay Trans-gendered and Bisexual (LGTB) community's claim on CPP/QPP Survivor Benefits back to no later than January 1998. That date is arbitrary, unfair, and penalizes older members of the LGTB community. Discriminatory policies must not be allowed to continue. (We are waiting for the federal government's decision whether to launch a Supreme Court challenge to the Ontario Court of Appeal's decision of November 26, 2004 at time of writing).

9. Ensure the CPP/QPP Investment Board (CPPIB), responsible for the public pension plan, is streamlined, transparent and accountable. Ordinary pensioners must be proportionately represented, in relation to income levels and gender, on this Board to oversee the life-long investment of their own money to ensure that it is grounded in the common sense and ethical perspectives of ordinary Canadians.

Pension plan funds themselves must remain firmly out of the reach of politicians and bureaucrats who may seek to manipulate or appropriate resources.

10. Develop ethical investment policies for CPP/QPP to ensure that our pension investments are socially responsible and do not support companies or enterprises that manufacture or trade in military arms or weapons; have records of poor labour practices; contribute to environmental degradation; or whose conduct, practices or activities are similarly contrary to Canadian values. (Motion to the House of Commons. Pat Martin, NDP, MP Winnipeg Centre. 2004)

Invest CPP/QPP dollars in the communities where they were generated for good financial return on investment; as well as social return of more jobs, clean environment, etc.

#### **PRIVATE OCCUPATIONAL PENSIONS:**

11. Protect private pensions through more stringent regulation and oversight of administration fees. Put safeguards in place for contributors to protect them from unscrupulous companies that would siphon off funds from pension plans.
12. Encourage the provision of components such as child rearing drop outs, care for people with disabilities and eldercare in workplace pension plans to duplicate those that should be available through CPP/QPP.

By using its power to regulate workplace pension plans through negotiations with their own employees, the government will ensure accounting is done to recognize that some women now qualifying for private pensions have carried an unfair burden of large, unremunerated contributions to societal well-being through their roles as care-givers.

13. Set Joint and Last Survivor rates to cover the real costs of maintaining the same residence and standard of living for the survivor once a spouse is gone. Research needs to determine that figure suggested between 66 2/3 and 70%.

14. Create policy to ensure that all workers logging more than 10 hours a week have access to workplace pensions. Currently, approximately 60% of working women do not have access to company plans. Women, who are 'under-employed' or frequently choose part time work as a way to help juggle their lion's share of the workload at home continue to be penalized in the long term by diminished pension income. (Statistics Canada, 2001)

Ensure that these pensions are portable and do not have to be vested. This requirement works against the short term and mobile nature of many women's experience of paid employment.

## **TAXATION CONSIDERATIONS**

15. Ensure incomes below the poverty line (commonly understood as Low Income Cut Off) are not taxed. The gap between the wealthiest in the country and the poorest widens daily. It has become untenable for those with the very least income to continue to help subsidize programs for those better off (e.g. subsidies/grants to businesses; energy retrofitting programs for homeowners; generous pensions for MPs; education saving funds utilized disproportionately by higher income families; etc.) (Statistics Canada, 2001)

16. Reform income tax policy to convert deductions for RPPs and RRSPs savings to credits to be subtracted from taxes owed. This would make contributions more equitable between those in higher and lower tax brackets. Use the subsequent revenue increase to fund changes to OAP/GIS.

## **INDEXING**

17. Ensure that all pensions both public and private are fully indexed.

## TO SUPPORT THESE CHANGES

18. Provide education on all aspects of pensions that is accessible, available, and understandable to women of all ages and life-stages. Ensure that information is translated in appropriate languages and, given literacy issues, in a variety of mediums. Most importantly, all information targeted to seniors must be in large print and plainly written.
19. Provide accessible problem-solving counsellors at a 1-800 number to aid seniors in the language of their choice.
20. Provide seniors with a list of government programs for which they might qualify upon making application to receive pension. Include a full explanation for the formula used to calculate the amount of benefits.
21. Ensure that all future changes to pension policy in Canada first include analyses of the differential impacts on women and men as provided for under the *1995 Federal Plan for Gender Equality*.

## ADOPT COMPLEMENTARY POLICIES

22. Implement affordable childcare, adequate paid maternity and parental leave, and community support for the care of seniors and people with disabilities. This will help ensure that women's unpaid family responsibilities do not continue to undermine their future financial security.
23. Improve women's wages and employment opportunities in the paid work force with **enforceable** pay and employment equity policies so they are better able to accumulate funds for their old age. Recent developments that permit governments to pass legislation to roll back contract agreements (**including pay equity**) should be disallowed.

---

## ENDNOTES:

<sup>1</sup> Canadian Association of Social Workers report. 2004. *Women's Income and Poverty in Canada Revisited*.

<sup>2</sup> LICO – The low income cut-off is the most consistently used measure of poverty in Canada. Several years ago Statistics Canada found the average Canadian families were spending about 50% of their total income on food, shelter and clothing. They arbitrarily estimated that families spending 70% or more of their income (20 percentage points more than the average) on the basic necessities would be in 'straitened' circumstances. Working from this assumption, they set low income cut-off points (LICOs) for five different sizes of families. LICO is a consistent and well-defined research method that identifies people who are substantially worse-off than average. For a definitive explanation of why pre-tax LICO figures are preferable to post-tax figures, see: Canadian Council on Social Development, 2000. *The Canadian Fact Book on Poverty*, pages 35-37, & 41. Ottawa.

<sup>3</sup> Statistics Canada. 2003. *Canada's Retirement Income Programs: A Statistical Overview (1990-2000)*, Pensions Section. Ottawa.

<sup>4</sup> Target Groups Project. 2000. *Women in Canada 2000: A gender based statistical report*. Catalogue No. 89-503-XPE, Ottawa: Social Statistics Division.

<sup>5</sup> Canadian Research Institute for the Advancement of Women. 2002. *Factsheet/Women and Poverty*. Ottawa: Status of Women Canada.

<sup>6</sup> Canadian Association of Social Workers report. 2004. *Women's Income and Poverty in Canada Revisited*.

<sup>7</sup> Statistics Canada. 2001. *Persons in low income before tax, by prevalence in percentage*. CANSIM table 202-0802; Catalogue #75-202-X1E. Web site: [www.statcan.ca/english/Pgdb/famil41a.htm](http://www.statcan.ca/english/Pgdb/famil41a.htm)

<sup>8</sup> Spencer, Charmaine and Lillian Zimmerman. 2004. *Research Paper Created for Women Elders in Action (WE\*ACT)*. Vancouver: Gerontology Research Centre, Simon Fraser University.

<sup>9</sup> Li, Chris. 2004. *Widowhood: Consequences on Income for Senior Women*. Ottawa: Statistics Canada. Income Statistics Division.

<sup>10</sup> Morneau Sobeco and CCH Canadian; 2003, ed. *Summary of Pension Legislation in Canada*. Toronto: Canadian Clearing House.

<sup>11</sup> British Columbia Human Rights Commission. 2001. *Factors Affecting the Economic Status of Older Women in Canada, Implications for Mandatory Retirement*. Vancouver.

---

<sup>12</sup> Williams, Cara. 2004. *Study: The Sandwich Generation; Perspectives on Labour and Income*, Vol. 5, No. 9; (75-001-XIE) Labour and Household Surveys Analysis Division. Ottawa: Statistics Canada.

<sup>13</sup> Statistics Canada. 2003. "Canada's Retirement Income Programs." Ottawa: *The Daily*. Friday, February 14.

<sup>14</sup> Wiggins, Cindy. 2003. *Women's Work: Challenging and Changing the World*. Research paper prepared for the 2003 Canadian Labour Congress - Women's Conference, May.

<sup>15</sup> Wiggins, Cindy. 2003. *Women's Work: Challenging and Changing the World*. Research paper prepared for the 2003 Canadian Labour Congress - Women's Conference, May.

<sup>16</sup> Statistics Canada. 2001. "Retirement Savings Through Employer Pension Plans and Registered Retirement Savings Plans". Ottawa: *The Daily*. Tuesday, July 17.

<sup>17</sup> Young, Claire F. L. 2004. *Women and Economic (In)Equality: The Gendered Impact of Tax Subsidies for Retirement Savings*: Lecture, University of British Columbia. Vancouver: October 7.

<sup>18</sup> Young, Claire F. L. 2004. *Women and Economic (In)Equality: The Gendered Impact of Tax Subsidies for Retirement Savings*. Lecture, University of British Columbia. Vancouver: October 7.

<sup>19</sup> Young, Claire F. L. 2000. *Women, Tax and Social Programs: The Gendered Impact of Funding Social Programs Through the Tax System*. Ottawa: Status of Women Canada.

<sup>20</sup> Report of the Task Force on Retirement Income Policy to the Government of Canada, 1979. 1980. *The Retirement Income System in Canada: Problems and Alternative Policies for Reform*; Volume 1. Hull.

<sup>21</sup> Haney, Michael. 2004. *Off Shoring in Financial Services; A Detour Along the Automation Highway*. New York: Celent Report.

<sup>22</sup> Saunders, Ron. 2004. *Low Wage Work: Issues and Policy Options*. Presentation to Opportunities Waterloo Region. Waterloo: Canadian Policy Research Networks.

<sup>23</sup> Pear, Robert. 2004. *AARP Opposes Bush Plan to Replace Social Security With Private Accounts*. New York Times, November 12.

<sup>24</sup> Saunders, Ron. 2004. *Low Wage Work: Issues and Policy Options*. Presentation to Opportunities Waterloo Region. Waterloo: Canadian Policy Research Networks.

---

<sup>25</sup> Townson, Monica. 2004. A New "Social Architecture" for Canada? Planned redesign of social programs could spur privatization. Ottawa: Canadian Centre for Policy Alternative, *Monitor*, Vol 11. No. 4.

<sup>26</sup> Fuller, Sylvia and Lindsay Stephens. 2004. *Women's Employment in BC: Effects of Government Downsizing and Employment Policy Changes 2001-2004*, page 9. Vancouver: Canadian Centre for Policy Alternatives.

<sup>27</sup> Jackson, A., D. Robinson with B. Baldwin and C. Wiggins. 2000. *Falling Behind: The State of Working Canada*, pages 153 & 4. Ottawa: Canadian Centre for Policy Alternatives.

<sup>28</sup> Fuller, Sylvia and Lindsay Stephens. 2004. *Women's Employment in BC: Effects of Government Downsizing and Employment Policy Changes 2001-2004*. Vancouver: Canadian Centre for Policy Alternatives.

<sup>29</sup> *The Medical Post*. 2001. Drug User Fees Lead to Problems for Poor, Elderly. February 27. Volume 37 Issue 08. Also, January 24/31, 2001 *the Journal of the American Medical Association*.

<sup>30</sup> Women Elders in Action. 2004. *An Overview of the Accumulated Affects of Provincial Government Program Cuts on Senior Women in BC*. Vancouver.

<sup>31</sup> Embuldiniya, Don. K. 2001. *Exploring the Health, Strength and Impact of Canada's Civil Society*. Toronto: Canadian Centre for Philanthropy, (p.vi).

<sup>32</sup> Landon, Laura. 2003. Being Poor Means Being Without Good Health As Well As Money. Ottawa: Canadian Centre for Policy Alternatives, *Monitor*, Vol. 10. No. 5.

<sup>33</sup> Landon, Laura. 2003. Being Poor Means Being Without Good Health As Well As Money. Ottawa: Canadian Centre for Policy Alternatives, *Monitor*, Vol. 10. No. 5.

<sup>34</sup> Esping-Andersen, Gosta. 2002. Towards the Good Society, Once Again? from, *Why We Need a New Welfare State*, page 18. New York: Oxford University Press.

<sup>35</sup> Esping-Andersen, Gosta. 2002. Towards the Good Society, Once Again? from, *Why We Need a New Welfare State*, page 20. New York: Oxford University Press.

<sup>36</sup> Myles, John. 2002. A New Contract for the Elderly from, *Why We Need a New Welfare State*, page 134. New York: Oxford University Press.