

SENIORS' INCOME

IN PRIVATE HOUSEHOLDS, MONTRÉAL 2016



What is the income profile of people aged 65 and over in Montréal?

Are there socioeconomic vulnerability profiles?

Are there gaps among subgroups of Montréal seniors?

The median annual income of people aged 65 and over in Montréal in 2015 was of

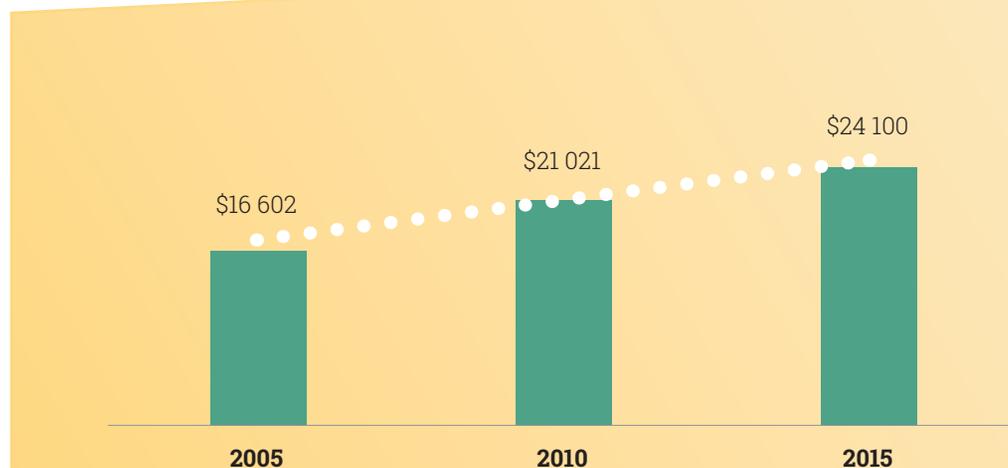
\$24 100

(after tax)



Changes in the median annual income (after tax) of people aged 65 and over in private households

Montréal, 2005-2015



Since 2005, the median income of people aged 65 and over has increased by \$7,500, from \$16,602 in 2005 to \$24,100 in 2015.

Considering Québec's average inflation rates between those years, the real increase is about \$4,500.

Source: www.banqueducanada.ca/taux/renseignements-complementaires/feuille-de-calcul-de-linflation/

SENIORS' INCOME: HIGHEST AMONG MEN AND PEOPLE BORN IN CANADA

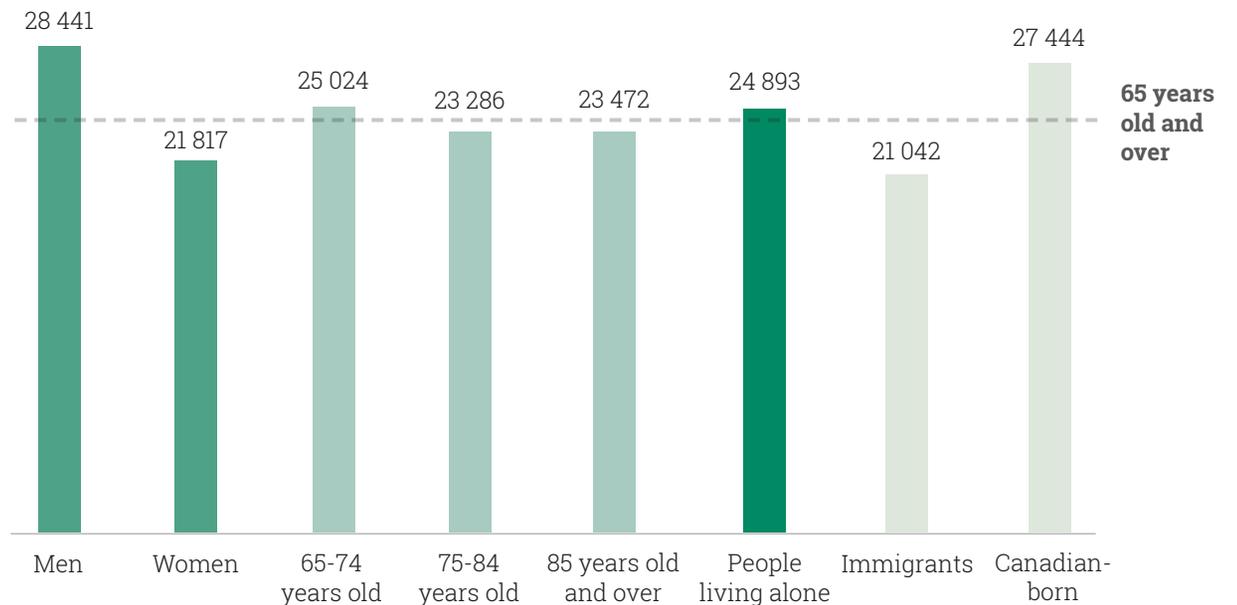
WHAT IS MEDIAN INCOME?

The median income of a group is the amount that divides income distribution into two equal groups. For example, if the median annual income of people aged 65 and over is \$24,100 per year, this means that half of seniors earn less than \$24,100 per year (after taxes), while the other half earns more. While the average is influenced by extremely high or extremely low values (people who earn several million dollars a year, people who have almost no income), the median may be thought as the "middle value". It helps us understand income distribution in a given population.



Median annual income, seniors 65 years and older, after tax (\$)

Montréal, 2016 Census



There are differences in income among people aged 65 and over, the most significant being gender difference: while the median annual income for men is \$28,441, this figure drops to \$21,817 for women, a difference of \$6,624. Similarly, the median income of Canadian-born seniors is much higher than that of immigrants (\$27,444 compared to \$21,042).

LOW INCOME: A REALITY THAT AFFECTS MOSTLY PEOPLE LIVING ALONE



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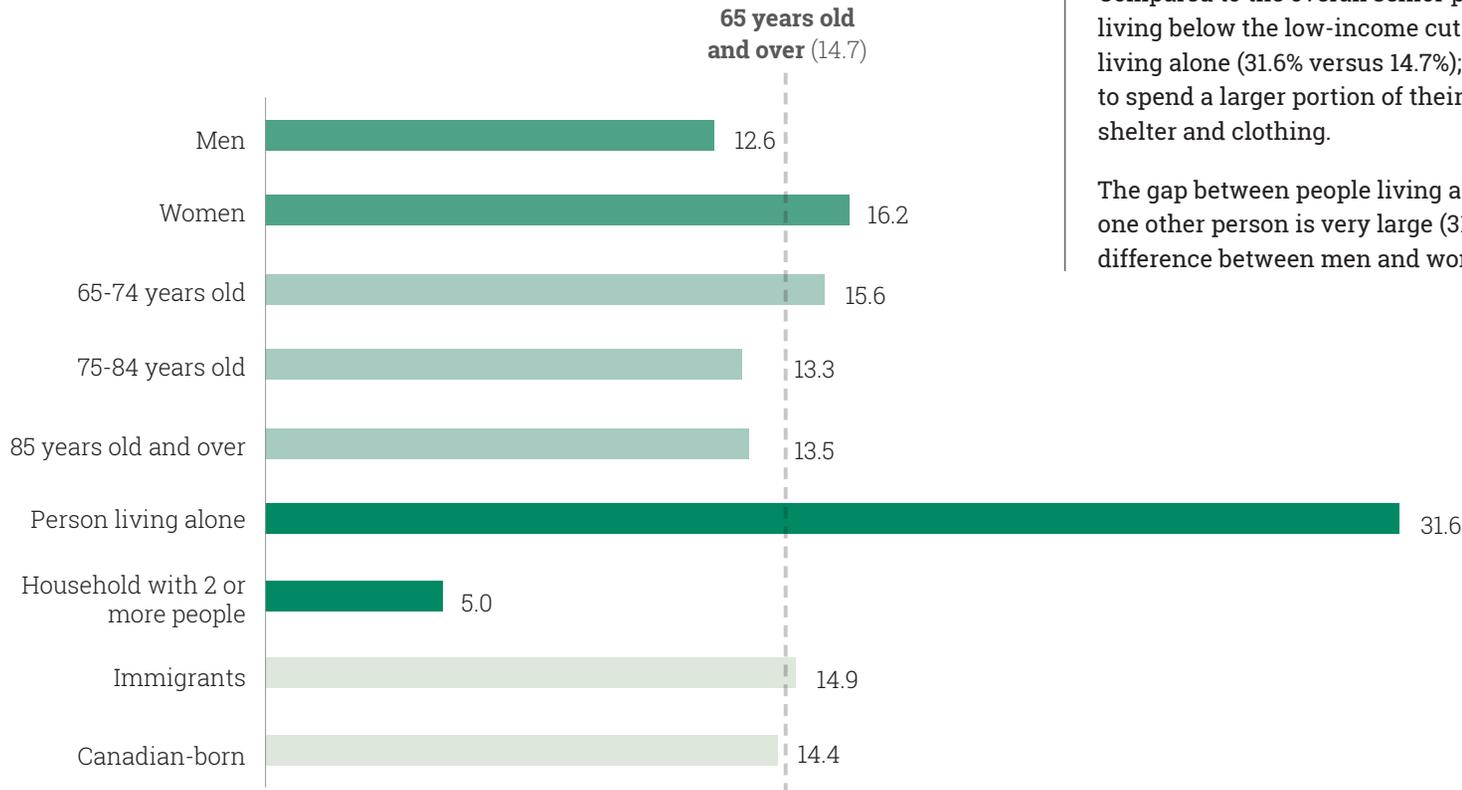
IN MONTRÉAL, 1 IN 7 PEOPLE AGED 65 AND OVER LIVES UNDER THE LOW-INCOME CUT-OFF (LICO).



IN MONTRÉAL, THE LICO FOR A SINGLE PERSON IS \$20,386, AND \$24,810 FOR TWO PEOPLE (AFTER TAX).

Percentage of seniors living below the low-income cut-off in private households (%)

Montréal, 2016 Census



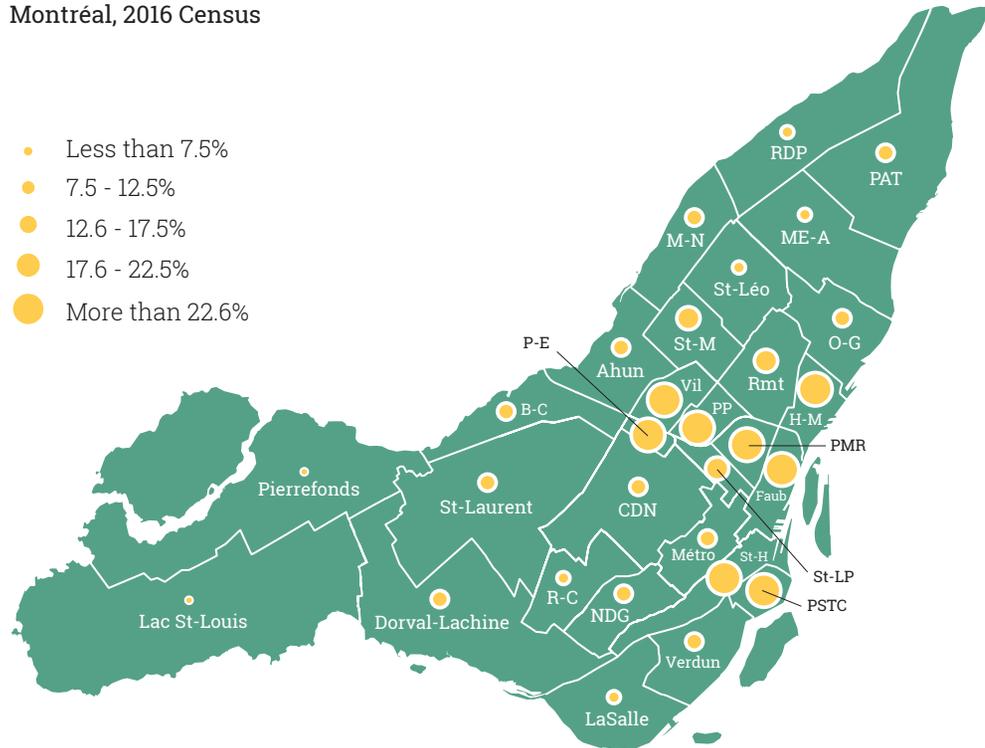
From 2006 to 2016, the percentage of people aged 65 and over living below the low-income cut-off decreased slightly, from 17.0% in 2006 to 14.7% in 2016.

Compared to the overall senior population, the percentage of people living below the low-income cut-off is much higher among individuals living alone (31.6% versus 14.7%); this means that they are more likely to spend a larger portion of their income on basic needs such as food, shelter and clothing.

The gap between people living alone and people living with at least one other person is very large (31.6% versus 5.0%). There is also a difference between men and women (12.6% versus 16.2%).

Percentage of the population aged 65 and over living below the low-income cut-off (LICO) in private households

Montréal, 2016 Census



Individuals 65+ living below the LICO, by CLSC sector

	%		%
Lac St-Louis	4.7	CDN: Côte-des-Neiges	14.9
Pierrefonds	7.1	Verdun	16.0
RDP: Rivière-des-Prairies	9.3	M-N: Montréal-Nord	16.5
St-Léo: St-Léonard	9.6	St-M: St-Michel	19.2
R-C: René-Cassin	10.5	Rmt: Rosemont	19.8
Lasalle	11.1	St-LP: St-Louis-du-Parc	21.8
ME-A: Mercier-Est-Anjou	12.2	St-H: St-Henri	22.7
PAT: Pointe-aux-Trembles	12.6	PMR: Plateau-Mont-Royal	23.3
Dorval-Lachine	12.9	Vill.: Villeray	24.4
O-G: Olivier-Guimond	13.3	PP: Petite-Patrie	25.5
Saint-Laurent	13.4	P-E: Parc-Extension	26.8
NDG: Notre-Dame-de-Grâce	13.6	H-M: Hochelaga-	
Ahun: Ahuntsic	14.2	Maisonneuve	30.2
Métro	14.2	Faub: Des Faubourgs	33.8
B-C: Bordeau-Cartierville	14.7	PSTC: Pointe-St-Charles	35.9

Overall, seniors living in Montréal's central neighbourhoods are more likely to live below the low-income cut-off. There are also significant differences by geographical area, ranging from 4.7% to 35.9%.

UNDERSTANDING INCOME SOURCES FOR SENIORS

MARKET INCOME

This source of income includes all cash inflows related to employment or professional activity (wages, salary, commission, business income, etc.) as well as investment or retirement income from private plans, including payments from a registered retirement savings plan (RRSP), a registered retirement income fund (RRIF) or any other investment income (shares, mutual funds, etc.).

GOVERNMENT TRANSFERS

This source of income includes all government measures that provide financial support. They may vary depending on age, other sources of income, household and conjugal status as well as employment history. Some examples are the Old Age Security pension, the Québec Pension Plan and tax credits for people over 65. The Guaranteed Income Supplement (GIS) is a benefit paid to people with little or no income. The amount is determined each year based on income and marital status.

MARKET INCOME: NON-EXISTENT FOR A QUARTER OF SENIORS

Although three-quarters of Montréal seniors have market incomes, immigrants are less likely to have it compared to Canadian-born seniors (71.9% versus 81.0%).



GUARANTEED INCOME SUPPLEMENT: BENEFITS FOR OVER A THIRD OF SENIORS

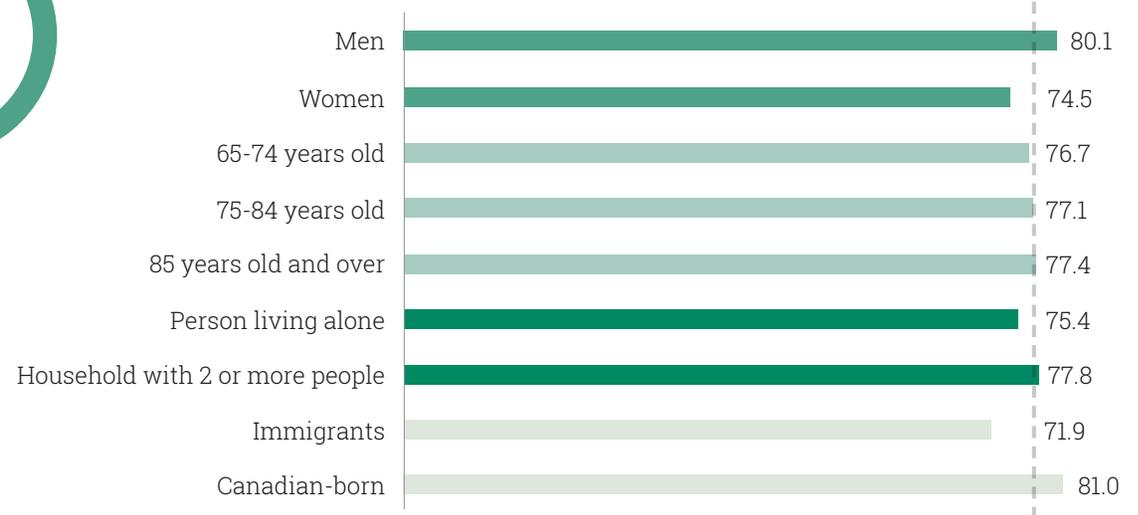
Nearly 40% of seniors receive a Guaranteed Income Supplement (GIS). People aged 85 and over (49.3%) as well as people living alone (47.6%) and immigrants (47.4%) are the most likely to receive the Guaranteed Income Supplement.



Percentage of seniors with market income in private households (%)

Montréal, 2016 Census

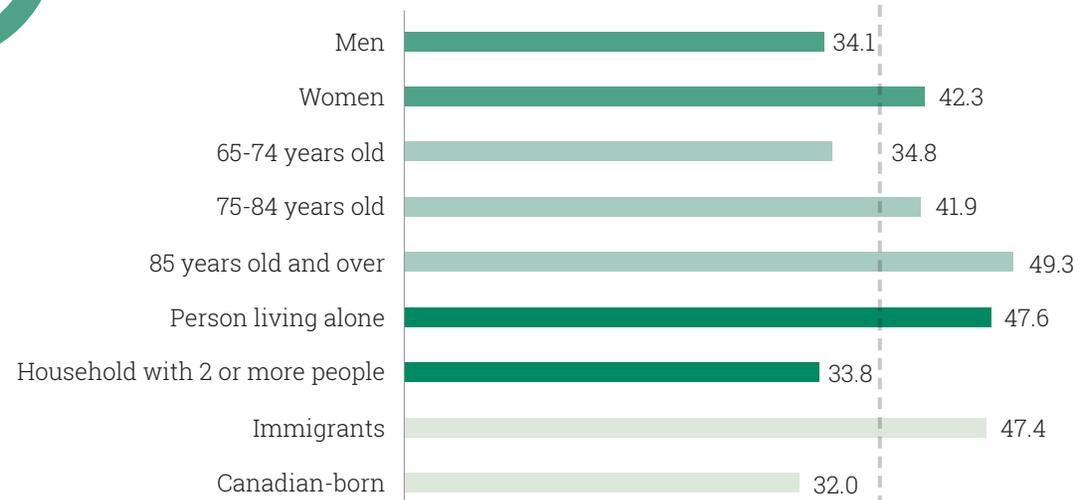
65 years old and over (76.9)



Percentage of seniors receiving guaranteed income supplements in private households (%)

Montréal, 2016 Census

65 years old and over (38.8)



AVENUES FOR REFLECTION

The data show that the income situation of people aged 65 and over is by no means in line with the myth of a “golden retirement”.

In addition, there are significant differences between subgroups within the senior population.

- Although the median annual income of seniors has increased since 2005, it does not exceed \$28,500 across all subgroups analyzed. In other words, even in the subgroup with the highest median annual income, 50% of those seniors earn less than \$28,500 per year (after tax).
- Men as well as Canadian-born seniors appear to be at a greater advantage; conversely, women, people living alone and those born abroad form the groups with the most precarious economic profiles.
- Seniors living alone are more likely to be below the LICO and to use the GIS. This gap is particularly significant when compared to seniors who do not live alone.
- The highest proportions of seniors living below the LICO are in the central neighbourhoods of Montréal, with significant differences ranging from 4.7% to 35.9% depending on the CLSC territory.
- Use of the GIS increases drastically with age. In addition, as with people aged 85 years and older, almost half of all individuals living alone or born abroad use it.

Possible solutions have been proposed to enable Montréal seniors not only to support themselves, but also to have a decent quality of life:

- Favour tax credits over deductions, as the latter tend to benefit people with higher incomes. Conversely, tax credits recognize the need to compensate people for certain life circumstances or choices, without affecting the implementation of other tax measures. For example, the tax credit for people living alone is not specifically for seniors, but may still be useful to this segment of the population, since 36.8% of people aged 65 and over in Montréal live alone.
- Considering that the GIS is a tax measure designed to combat poverty used by a significant number of seniors to support themselves (36.3%), registration should be systematic or made easier for all low-income seniors.

The measures and programs put forward by various levels of government should take into consideration the specific realities of the senior population, particularly for those aged 85 and over, immigrants, people living alone and seniors who wish to remain in the labour market.

These measures should also consider place of residence to reflect any possible economic pressure generated by neighbourhoods or areas undergoing transformations.

Finally, it must be considered that a person's economic precariousness depends not only on his or her income, but also on expenses and circumstances that may arise from unfavourable living conditions. Therefore maintaining and improving social programs can be viewed as important measures to fight poverty.

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