



**Submission to House of Commons  
Standing Committee on  
Finance Pre-Budget Consultation**

**Giving Priority to Low and  
Moderate Income Women**

**Presented by  
Canadian Association of Social Workers**

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Moderate Income Women**

## **Introduction**

The issue which we wish to advocate again during this pre-budget consultation is the improvement of the financial status of low and moderate income women in Canada.

We acknowledge that some improvements have been made by this government in previous budgets to improve the financial security of low and moderate income women but more can, and should, be done. The financial exigencies of women are frequently different than those of men, whether single or married. Many have not been addressed.

Initiatives announced in previous budgets include: the working income tax credit; funding for affordable housing and the homeless; tax credits for seniors; tax credits for persons with disabilities; and increases in the guaranteed income supplement and related earnings exemptions.

The 2011 budget also announced a much needed enhancement of the guaranteed income supplement, which is a step in the right direction. However, the increase is unlikely to bring single senior women living in urban areas above the poverty (LICO) line. The budget also provides a family caregiver tax credit and a registered disability savings plan, which may benefit some moderate income women. The initiatives are unlikely to benefit the poor.

Although the budget mentions that the federal government is working to improve retirement income for future generations of seniors through a pooled registered pension plan and the development of options for modest increases in the Canada Pension Plan, it is again unclear (and probably unlikely) that the initiatives will benefit low income women.

### **Why Is There a Need for Additional Policies to Benefit Low and Moderate Income Women?**

#### *(i) Income and Wages:*

While overall prevalence rates of low income (measured by Statistics Canada low income cutoffs after tax) are similar for men and women, senior women, female led families and unattached women, particularly in urban areas, are disproportionately poorer than men.

The low income of women is further affected by age, ethnicity, immigrant status, and aboriginal status.

The average earnings of women relative to men remain in the 65-70% range. It is higher for full-time work but still a significant gap.

While the vast majority of adult women are in the paid work force, women's experience of paid employment is different from men. More women are in part-time and "non-standard" work. This pattern dramatically affects their earning capacity.

*(ii) Individual Transfer Payments:*

The types of jobs in which many women are employed, low wages and limited pension coverage make it difficult for women who work throughout their lives to accumulate retirement incomes and provide a secure financial future through the Canada Pension Plan and private pensions.

The allowance component of OAS/GIS is available to low-income individuals aged 60-64 who are married to a low-income pensioner, and to low-income widows aged 60-64. Low-income individuals aged 60-64 who have never married or who are separated or divorced are not eligible.

Women receive low CPP benefits because of their low earnings. Under the existing plan, contributors receive a pension roughly equivalent to 25% of their average annual earnings over their lifetime. Also, some older women have to withdraw from paid employment to care for older family members or relatives with disabilities. As a result they may lose CPP entitlements.

Regarding employment insurance, women are less likely than men to qualify for benefits when they lose their jobs. They move in and out of jobs more frequently because of family demands. Rules governing voluntary job leaving also make it difficult for many women to qualify. In addition, sickness benefits are inadequate for women; they are more likely to be cut off from them.

Many low and moderate income women are also not eligible for maternity and parental benefits because they have not worked sufficient numbers of hours in the previous year or because their employment was interrupted due to sickness or care giving responsibilities.

**Recommendations:**

We think that the following three sets of recommendations will benefit low and moderate income women in Canada:

*(i) Old Age Security, The Guaranteed Income Supplement and The Allowance*

The combined amount of OAS and GIS for those who have no other sources of income in old age should be at least at the level of the after-tax LICO regardless of where women

live. The additional benefits outlined in the 2011 budget will still leave many women in poverty in urban areas.

To address the problem of denial of GIS benefits to those with small amounts of personal savings, higher amounts of income should be allowed before cutting back on GIS benefits. The 2011 budget maximum top up of GIS for single women presupposes an income of \$2000 from other income sources than OAS/GIS. We think that amount should be at least doubled.

Since the CPP retirement pension is available at age 60, it would make sense to eliminate the marital status limitation in the Allowance of the Old Age Security system and make benefits available to all low-income persons aged 60 to 64, regardless of marital status.

*(ii) Canada Pension Plan*

To improve CPP retirement pensions for low-income individuals, the replacement rate could be increased from 25% of average earnings up to a limit to 50% for those with earnings at or below half the Year's Maximum Pensionable Earnings (YMPE).

Increased replacement rates could be financed by increasing the upper level of contributory earnings from the current amount, which is roughly equivalent to the average wage, to a factor of twice the average wage.

The burden of high CPP contribution rates for lower-income earners could be addressed by increasing the tax credit for CPP contributions or making it a graduated credit geared to income. This would also help multiple jobholders whose earnings at any one job are below the Year's Basic Exemption and who wish to make a CPP contribution when they file their tax returns.

A care giving drop-out should be implemented in the CPP. Comparable to the child-rearing drop-out, this would allow older women who will be claiming their CPP retirement pensions in the future to exclude a certain number of years when they were engaged in unpaid care giving for older or disabled family members from the average earnings calculation on which their retirement pensions will be based, thus improving the amount of their pension.

*(iii) Employment Insurance*

Gradually increase the maximum weeks for sickness and compassionate care benefits, with the potential to increase the benefits period further.

Expand the definition and categories of just cause for voluntarily leaving a job to provide for more flexibility to interpret what constitutes just cause.

Increase the weekly benefit amount of a claimant's average weekly earning in their best 14 weeks of earnings during the most recent 12 month period.