



Brief – 2024 Federal Budget

Prepared for the pre-budget consultations of the House of Commons Standing Committee on Finance

July 3, 2023

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Recommendations

- 1- Increase the Guaranteed Income Supplement by at least \$50 per month for all seniors.
- 2- Increase Old Age Security benefits by 10% for seniors aged 65 to 74.
- 3- Review the method for indexing Old Age Security to account for wage growth in Canada.
- 4- Extend the EI benefit period to a maximum of 52 weeks for caregivers who temporarily quit their jobs to care for a family member.
- 5- Expand the caregiver tax credit by making it a refundable tax-free benefit.
- 6- Implement a dental insurance program for seniors or, in the absence of an agreement with the provinces and territories, provide eligible individuals with direct financial support for dental care.
- 7- Introduce a refundable career extension tax credit to allow experienced workers to keep working.

Support for those most vulnerable

Réseau FADOQ believes that Old Age Security (OAS) and the Guaranteed Income Supplement (GIS) need to be increased. As of July 2023, individuals under 75 years of age receiving only OAS and GIS payments will have an annual income of \$20,904.60.

These seniors' income would not meet Canada's official poverty line, which is based on the Market Basket Measure (MBM). This economic index is calculated by Statistics Canada and sets the cost of a basket of goods and services required to meet basic needs. For 2023 in Quebec, MBM thresholds vary between \$22,329 and \$24,001 for a single person, depending on where they live.

It is worth noting that some items essential to wellbeing, such as dental care, vision care and prescription drugs, are not included in the MBM formula.

Réseau FADOQ therefore recommends that the federal government increase the GIS by at least \$50 per month for all seniors. In that regard, our organization would like to point out that the federal government committed to increasing the GIS by \$500 a year for people 65 and over who live alone and by \$750 for people who live with a partner.

Réseau FADOQ certainly believes OAS and GIS benefits must at least cover the basic needs included in the MBM. Even with the GIS increase, people under 75 will continue to live on incomes below the MBM threshold. It is important to recall that the federal government increased the OAS by 10% only for people aged 75 and over.

This means that Canada now has two classes of seniors: those aged 75 and over who have incomes in the middle of the MBM range, and seniors under the age of 75 who are living below the poverty line. Given that financial distress knows no age limit, our organization recommends extending the 10% OAS increase to everyone aged 65 and over.

The method for indexing Old Age Security

In 2013, the D'Amours Report highlighted some concerns about the foundations of Quebec's retirement system, which includes OAS. The expert panel noted that, within 40 years, the basic federal plan would play a gradually diminishing role in retirement income replacement because of the methods used to index OAS and the GIS. These are indexed to the Consumer Price Index (CPI), and wages have outpaced the CPI by approximately 1%. As a result, these benefits will play an increasingly smaller role in retirement income replacement going forward.

Meanwhile, the Quebec Pension Plan (QPP) is indexed to wages. In addition, the QPP's income replacement rate will gradually rise from 25% to 33% by 2065. This change will also include an increase in the maximum eligible salary to 114% of maximum pensionable earnings (MPE), with the contribution rate poised to go up in order to pay for this increase.

Unfortunately, the QPP enhancement will mainly offset the OAS reduction in the income replacement rate and will not bring any substantial improvement for future retirees who earned average wages during their working lives. Moreover, it deserves mentioning that these workers will have contributed more to the QPP at a replacement rate that is equivalent to that of OAS and the GIS.

Quebec and Canadian seniors already do not receive enough from OAS and the GIS to meet their basic needs. It is inconceivable that the replacement rate would decrease over time. Réseau FADOQ is therefore calling on the federal government to review the method of indexing OAS. Since the objective of retirement security programs is to ensure an adequate replacement rate, the method for indexing OAS must take into account wage growth in Canada.

Support for caregivers

Approximately 1.5 million Quebec adults act as caregivers to seniors on a weekly basis. This reality currently affects 24% of Quebec's population. Being a caregiver often leads to a considerable loss of income. Across Canada, 20% of caregivers experience financial insecurity. Caregivers help fill the gaps in the health care system every day and spend an average of \$7,600 per year to meet the needs of the people in their care. It is estimated that 1.2 million full-time professionals would have to be hired to replace the hours worked by caregivers.

According to the Institut de la statistique du Québec, 57% of caregivers have a job, and many of them have to reduce their work hours, which results in approximately \$16,000 in lost income every year, according to the data provided by Janet Fast.

Currently, through EI, caregivers receive financial support that covers up to 55% of their income. However, this support is limited to a maximum of 15 weeks. If a person is seriously ill and there is a strong chance they will die in the following 26 weeks, their caregiver may also receive up to 26 weeks of compassionate care benefits. However, international statistics provided by MACIF, a mutual insurance company, show that caregivers provide care for an average of 4.1 years. Accordingly, our organization is calling for the EI benefit period to be extended to a maximum of 52 weeks for caregivers who must leave their job temporarily to care for a family member.

In addition, Réseau FADOQ is calling on the federal government to make the caregiver tax credit refundable. That way, this tax measure would also be accessible to our society's more disadvantaged groups. It is worth mentioning that, in the last election, the Liberal Party of Canada (LPC) committed to expanding the caregiver tax credit to make it a refundable tax-free benefit.

Dental care

The Institut de la statistique du Québec's 2023 research on seniors showed that people aged 65 and over on average spend close to \$3,000 per year on health care, including dental care. In its latest budget document, the federal government pointed out that more than one in five Canadians said they do not seek dental care because it is too expensive.

In response, the federal government launched a dental insurance program. The program initially focused on children aged 12 and under. The LPC committed to expanding it in 2023 to all minors, seniors and persons with a disability. However, the federal government's 2023 budget provided no details about the terms and conditions of its dental care program or about insured dental services. As of July 2023, further details are still pending. Réseau FADOQ firmly believes this program must cover the purchase or replacement of dentures, in addition to all care essential for maintaining proper oral health (dental exams, cleanings, fillings, repairs, etc.).

Our organization hopes that the federal government will come to an agreement with the provinces and territories to ensure that dental care is rolled out to seniors. This coverage will enable many seniors to have access to care they could not otherwise afford and benefit from better oral health.

If the federal government cannot reach an agreement with the provinces and territories, Réseau FADOQ recommends that it provide eligible individuals with direct financial support for dental care, as it has done for children aged 12 and under.

Good oral hygiene can help prevent the development of lung infections and gum disease (periodontal disease). Poor oral and dental health can also lower people's self-esteem and cause them to avoid social interaction, in addition to being associated with a poorer quality of life.

Experienced workers

Réseau FADOQ believes that the federal government should encourage experienced workers who wish to remain in the workforce to do so, in particular by introducing a targeted tax credit. The Quebec

government has taken action on this file by introducing its Tax Credit for Career Extension for taxpayers aged 60 and over. Thanks to this measure, recipients can reduce their tax liability based on their working income. Réseau FADOQ is calling on the federal government to introduce a similar tax credit to promote knowledge sharing, including on an intergenerational basis.

Lastly, Réseau FADOQ would like to point out that the federal government made a commitment during the last election campaign to introduce this type of targeted tax credit. According to the LPC's platform, this tax credit would exempt people aged 65 and over, earning at least \$5,000 in working income, from paying taxes on a part of their income and would allow them to receive a tax credit of up to \$1,650.