



Participation in the Old Age Security Program – National Household Survey

Paper Prepared for the
Evaluation of the Old Age
Security Program

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1. Introduction

The Old Age Security (OAS) program is the first pillar of Canada's retirement income system, providing a basic pension to nearly all seniors, and a supplement to low-income seniors. The OAS program provides a modest base upon which individuals may add income from other sources, such as the Canada or Quebec Pension Plan (C/QPP), retirement pensions and personal savings. The benefits under the OAS program include the OAS pension, the Guaranteed Income Supplement (GIS) and the Allowances. This paper examines the take-up of OAS benefits, among those who are eligible, and the financial situation of beneficiaries of the Allowances.

This study is a part of the overall work being conducted for the evaluation of the OAS program – scheduled to be completed in 2018.

1.1 Study Objectives

This report is part of a series of quantitative reports that aims to assess different features of the OAS program. The following study uses data from the National Household Survey (NHS) to examine the participation in the program, take-up rates among different sub-groups of the population, and presents a financial profile of beneficiaries of the Allowances. These findings will provide context for the evaluation of the OAS program and provide some general findings on the Allowances to help examine the following evaluation questions:

- Do the Allowances continue to address a demonstrable need?
- Who are the beneficiaries of the Allowances?

In addition, some of the findings of this study will also contribute to the GIS take-up evaluation, in particular, findings on take-up of the OAS pension and the GIS. With respect to take-up, the main contribution of this paper is to present differences in take-up rates among sub-groups of the population eligible for OAS benefits.

1.2 Report Outline

Section 2 of the report provides a summary of the OAS program. Section 3 examines the data used in the report, Section 4 presents the analysis and Section 5 offers conclusions.

2. The Old Age Security Program

This section presents a general description of eligibility rules and of the different components of the OAS program. The OAS program is a cornerstone of Canada's retirement income system. The program includes the OAS pension, the GIS and the Allowances. The OAS pension is a quasi-universal basic pension received by seniors aged 65 years and older. The OAS program provides additional support through the income-tested GIS to low-income seniors with little or no other income. In addition, the Allowance and the Allowance for the Survivor are paid to low-income individuals aged 60-64 who are the spouses or common-law partners of GIS recipients or who are widows or widowers.

2.1 OAS Pension

The OAS pension is paid to Canada's seniors in recognition of the contribution they have made to Canadian society, the economy, and their community. In July 2015, the OAS pension provided benefits to 5.6 million seniors with the full basic pension amounting to \$564.87 per month (or about \$6,800 per year). All benefits under the OAS program are indexed quarterly.

Eligibility for the OAS pension is based on years of residence in Canada. In order to qualify, a person living in Canada at the time of application must be 65 years or older, and have resided in Canada for at least 10 years after the age of 18.¹ The full basic OAS pension is payable to seniors who have resided in Canada for at least 40 years after age 18. A partial pension is paid to seniors who have lived in Canada for at least 10 years after age 18, and their benefits are prorated at the rate of 1/40 of the full pension for each complete year of residence.²

The OAS Recovery Tax, which is part of the *Income Tax Act*, requires all higher-income pensioners to repay part of their OAS pension if their individual income exceeds a threshold. For the 2015 tax year, seniors must repay \$0.15 for every dollar of income exceeding \$72,809. Benefits are completely repaid when income reaches \$118,055.³ The recovery tax can be deducted at the source, but final amounts are determined when seniors file their income tax returns each year.

¹ Seniors living outside Canada need a minimum of 20 years of residence in Canada after age 18 to receive the OAS pension outside the country.

² If a Canadian resident has contributed to the social security program of a country with which Canada has a social security agreement, those years of contributions can count towards reaching these 10 years.

³ These thresholds are indexed every year and are based on net income before adjustments (line 234).

2.2 Guaranteed Income Supplement

When seniors have little or no other income, the GIS can be added to their OAS pension.⁴ In July 2015, the GIS was paid to 1.7 million low-income seniors and could reach \$765.93 per month for single seniors and \$507.87 per month for seniors that were married or in a common-law relationship (or up to about \$9,200 or \$6,100 per year respectively).⁵ Adding the OAS pension and GIS, benefits can reach \$16,000 and \$13,000 per year respectively.

In order to qualify for the GIS, a person must receive the OAS pension and have family income below the maximum annual thresholds.⁶ GIS benefits are reduced by \$0.50 for every dollar of other income, other than the OAS pension⁷, until it reaches \$2,048 for single seniors and \$4,096 for couples, then by \$0.75 for every dollar of other income between \$2,048-\$4,544 for single seniors and \$4,096-\$7,648 for couples. When income exceeds these amounts, GIS benefits are then reduced by \$0.50 for every dollar of other income.⁸ This implies that single seniors qualified for the GIS with other incomes up to \$17,136 per year and up to \$22,608 for senior couples in July 2015.⁹

2.3 Allowances

The Allowances are designed to recognize the difficult circumstances faced by many low-income couples living on only one pension until the other spouse reaches age 65 and qualifies for his or her OAS pension, as well as by 60-64-year-old low-income widows or widowers. In July 2015, the Allowance was paid to 56,000 people and the Allowance for the Survivor to 24,000 people. Benefits can reach \$1,072.74 per month for the Allowance and \$1,200.98 per month for the Allowance for the Survivor (or about \$12,300 and \$14,400 per year respectively, based on July 2015 rates).

In order to qualify for the Allowances, a person must be 60 to 64 years old and have lived in Canada for at least 10 years after the age of 18.¹⁰ In addition, a person must be a

⁴ Note that seniors have to apply separately for the GIS and the OAS pension. There are two distinct application forms.

⁵ For seniors who qualify for GIS and receive a partial OAS pension (due to having less than 40 years of residence), the maximum GIS is increased by an amount equivalent to the difference between a full OAS pension and their partial OAS pension.

⁶ Note that GIS benefits are suspended after six months outside the country.

⁷ There is also an exemption for the first \$3,500 of employment earnings. GIS and Allowance benefits are determined using net income. Section 3 presents the precise definition of net income.

⁸ The variation in the reduction rate is due to the GIS top-up introduced in 2011, which increased GIS for the lowest-income seniors who rely almost exclusively on the OAS program. To ensure the top-up is targeted to those most in need, the top-up is reduced by \$0.25 for every dollar of other income above \$2,048 for singles and \$4,096 for couples. Therefore, the top-up is reduced to zero when other income reaches \$4,544 for singles and \$7,648 for couples.

⁹ Income thresholds are different if only one member of the couple receives the OAS pension or if one receives the Allowance.

¹⁰ However, if a Canadian resident has contributed to the social security program of a country with which Canada has a social security agreement, those years of contributions can count towards reaching these 10 years.

low-income widow or widower to qualify for the Allowance for the Survivor, or the spouse or common-law partner of a recipient of the GIS to qualify for the Allowance.

Eligibility for the Allowances is also based on family income. Benefits are reduced by \$0.75 for every dollar of other income until income reaches \$2,048 for singles and \$4,096 for couples, by \$1.00 for every dollar of other income between \$2,048-\$4,544 for singles and \$4,096-\$7,648 for couples, and by \$0.75 for every dollar of other income between \$4,544-\$9,096 for singles and \$7,648-\$9,120 for couples. When income exceeds these amounts, benefits are then reduced by \$0.50 for every dollar of other income.¹¹ This implies that people qualify for the Allowance for the Survivor with income up to \$23,088 per year and up to \$31,680 for the Allowance in July 2015. Senior spouses of 60-64 year olds would still receive GIS benefits with family incomes up to \$41,088.

2.4 Indexation

Benefits paid under the OAS program are, by law, adjusted quarterly (in January, April, July, and October) according to any change in the cost-of-living, as measured by the Consumer Price Index (CPI).¹² The CPI measures, on a monthly basis, the average change in retail prices of a “basket” of goods and services commonly purchased by Canadian households such as shelter, food, clothing, and transportation.

2.5 Recent Changes to the OAS Program

In recent years, the OAS program has undergone several changes that are now in place:

- Budget 2011 introduced the GIS top-up that provides additional income to the lowest-income seniors and near-seniors that rely almost exclusively on the OAS program.¹³
- Since July 2013, seniors have the option of voluntarily deferring the start of their OAS pension in exchange for a higher monthly payment.
- Since April 2013, an automatic enrolment process has been introduced, eliminating the need for many seniors to apply for the OAS pension and aiming to reduce administrative costs. The Department is currently developing the process to introduce automatic enrolment for the GIS.

As the data used in this report relates to 2010, the influence of these three recent changes is not captured by the results presented here, in particular with respect to take-up rates.

¹¹ The variation in the reduction rate is partly due to the top-up on the Allowances introduced in 2011, which increased the Allowances for the lowest-income recipients who rely almost exclusively on these benefits. To ensure the top-up is targeted to those most in need, the top-up is reduced by \$0.25 for every dollar of other income above \$2,048 for singles and \$4,096 for couples. Therefore, the top-up is reduced to zero when other income reaches \$4,544 for singles and \$7,648 for couples.

¹² Note that maximum benefit amounts do not decrease, i.e. they stay at the same level when there is a decrease in the cost of living.

¹³ Budget 2016 announced an increase to the GIS top-up of single seniors, effective in July 2016.

3. Data and Take-up Methodology

The National Household Survey (NHS) is a voluntary survey, introduced as a replacement for the long-form census questionnaire. A random sample of 4.5 million households was invited to respond to the NHS in the spring and summer of 2011, along with the 2011 Census. The reference calendar year for income and other financial variables is 2010. The response rate for the NHS was 68.6% (over 3 million households responded to the survey). This rate is similar to response rates of other voluntary surveys conducted by Statistics Canada. The sample used for this study contains 874,555 seniors (65+) and 407,995 people aged 60 to 64 years old.

The media have at times conveyed the perception that there are issues with the reliability of the results from the NHS, in particular for small geographic areas. While the NHS produced a significantly lower response rate than the Long-Form Census did in the past, the response rate of the NHS remains high for a survey. As indicated by Statistics Canada, *“the NHS produced a rich and robust database of information [...]. Statistics Canada did not publish community-level data from the NHS for approximately 1,100 communities, or 3% of the Canadian population, because of unacceptably low response rates by Statistics Canada’s standards”. “Where Statistics Canada deemed that estimates were not of sufficient quality (or not fit for use), it did not release them; where we deemed the estimates were to be used with caution, we communicated this to users. The remaining estimates – the vast majority – were deemed fit for use, and released without caveats.”*¹⁴

The NHS covers all persons whose usual place of residence is a private dwelling in Canada. It includes persons who live on Indian reserves and in other Indian settlements, permanent residents, non-permanent residents such as refugee claimants, holders of work or study permits, and members of their families living with them. However, for the sample used for this study, non-permanent residents were excluded from the sample, i.e. people on temporary work or study permits and their accompanying families, and people claiming refugee status awaiting a decision.

Foreign residents such as representatives of a foreign government assigned to an embassy, high commission or other diplomatic mission in Canada, members of the armed forces of another country stationed in Canada, and residents of another country who are visiting Canada temporarily are not covered by the NHS. The survey also excludes persons living in institutional collective dwellings such as hospitals, nursing homes and penitentiaries; Canadian citizens living in other countries; and, full-time members of the Canadian Armed Forces stationed outside Canada. Also excluded are persons living in non-institutional collective dwellings such as work camps, hotels and motels, and student residences.

¹⁴ See “The 2011 NHS – the complete statistical story” by W. R. Smith, Chief Statistician of Canada. (<http://www.statcan.gc.ca/eng/blog-blogue/cs-sc/2011NHSstory>).

Eligibility and take-up rates of the different components of the OAS program are estimated in this report. Underlying assumptions should be outlined at the outset. First, as years of residence in Canada (after reaching 18 years of age) are not available in the database, they were estimated using the year of immigration¹⁵ and age, i.e. this assumes continuous residence in Canada after immigration and/or age 18. The Canadian-born population is assumed to meet the 10-year residence requirement for eligibility to OAS benefits.

Secondly, as the family income definition used to assess eligibility for the GIS and the Allowances is not included in the database, it had to be estimated. The estimated family income includes all sources of income from which are subtracted OAS benefits, estimated¹⁶ contributions to Employment Insurance (EI) and the Quebec Parental Insurance Plan (QPIP), child benefits, child care expenses, the estimated GIS earnings exemption, welfare payments, provincial supplements to seniors, provincial payments to offset accommodation costs and other transfer payments such as payments received from training programs sponsored by the federal and provincial governments (other than EI), veterans' pensions, war veterans' allowance, pensions to widows and dependants of veterans, refunds of the Goods and Services Tax (GST) or the harmonized sales tax (HST), and Workers' Compensation. This definition of income does not correspond exactly to the definition of income used by the Department to calculate benefit amounts. In reality, Workers' Compensation' benefits and veterans' pensions are taken into account by the Department to calculate benefits, but these benefits are aggregated with other government transfers in the data. In addition, in reality, C/QPP contributions, Registered Pension Plan deductions, Registered Retirement Savings Plan deductions, the Saskatchewan Pension Plan deduction, union and professional dues, the Disability Supports deduction (line 215), allowable business investment loss (line 217), moving expenses, support payments made (line 220), carrying charges and interest expenses (line 221), exploration and development expenses (line 224), other employment expenses (line 229), the Clergy residence deduction (line 231) and other deductions (line 232) are subtracted from family income by the Department to calculate benefit amounts, but these amounts could not be taken into account in this paper as they are not available in the data.

Thirdly, as only one year of data is available in the database, 2010 income must be used to determine eligibility to receive the GIS and the Allowances in 2010. In reality however, 2008 and 2009 incomes are used to determine eligibility for 2010 benefits.¹⁷

Fourthly, as all OAS benefits are included in the same variable in the database, the three different OAS benefits must be separated by the researcher using some assumptions. As people aged 65 years and older can only receive the OAS pension and the GIS, and

¹⁵ Year of immigration refers to the year in which an immigrant first obtained his or her landed immigrant/permanent resident status. The month of immigration was not available in the database and assumed to be December, providing a conservative estimate of years of residence in Canada to determine eligibility for OAS benefits.

¹⁶ Estimated contributions to EI and QPIP are based on wages and official contribution rates to these programs. However, they do not include contributions for self-employment income.

¹⁷ GIS and Allowances benefits from July 2009 to June 2010 are based on income in 2008. Similarly, benefits from July 2010 to June 2011 are based on income in 2009.

people 60 to 64 years old can only receive the Allowances, the Allowances benefits can be estimated using age. Then, one must separate the OAS pension amount from the GIS. To do this, the OAS pension amount was estimated using the estimated years of residence when they were 65 years of age.¹⁸ Then, the GIS was estimated as a residual from the estimation of the OAS pension, i.e. if a person was 65 years old or older, any amount of OAS benefits received above the amount of the estimated OAS pension was considered to be the GIS. Note that the estimated amounts of OAS benefits are only used to determine which OAS benefits a person received; the amounts received are not used in this report (except when examining the financial situation of recipients of the Allowances).¹⁹

Also, eligibility for OAS benefits was based on age and having at least 10 years of residence in Canada (and estimated family income for the GIS and Allowance benefits).²⁰ However, if a Canadian resident has contributed to the social security program of a country with which Canada has a social security agreement, those years of contributions can count towards reaching these 10 years. Years of contributions to social security programs outside Canada are not available in the data and therefore cannot be taken into account.²¹

Finally, take-up rates from the NHS are estimated by examining all those eligible for a particular benefit and calculating the percentage of these people who receive it. This is a standard way of estimating take-up. Table 1 shows that the method used to calculate take-up rates in this paper provides estimates of the GIS, Allowances and OAS pension take-up rates and of the number of recipients that are similar to results from other sources

¹⁸ In reality, the amount of the OAS pension is based on years of residence in Canada (after reaching 18 years of age) when the OAS pension begins. Therefore, to estimate the amount of the OAS pension it was assumed that if a person received the OAS pension, they started to receive their benefit when they reached 65 if they had 10+ years of residence at that time or otherwise, when they reached 10 years of residence. In addition, for people who became 65 years old in 2010, the estimated amount of the OAS pension took into account the month in which they became eligible to receive the pension and assumed they started to receive the pension in that month.

¹⁹ Amounts of OAS benefits received will be examined using Canada Revenue Agency data in another report for this evaluation.

²⁰ The OAS Recovery Tax is considered a tax measure. Therefore, all Canadians who meet the residence requirements are eligible for the OAS pension, even though some must repay their entire OAS pension in income tax, due to the OAS Recovery Tax. An estimate of the OAS recovery tax is often deducted at the source.

²¹ In July 2015, fewer than 2% of OAS beneficiaries were benefiting from an international social security agreement. See <http://www.servicecanada.gc.ca/eng/services/pensions/statistics/bulletins/07-15.shtml>.

of data.^{22,23} The main contribution of this paper is to show take-up rates for different sub-groups of the population.

Table 1 – Sample Characteristics of the National Household Survey Compared to Other Sources of Data (2010)

| | NHS | OAS admin data and LAD |
|---|---------|------------------------|
| # of seniors 65+ | 4.4 M | N/A |
| # receiving OAS pension among eligible ¹ | 4.2 M | 4.7 M |
| Take-up of OAS pension | 96.9% | 98.4% ² |
| # receiving GIS among eligible | 1.6M | 1.6M |
| Take-up of GIS | 89.1% | 90.4% ³ |
| # receiving Allowances among eligible | 111,000 | 92,000 |
| Take-up of Allowances | 73.6% | 66.2% ⁴ |

Sources: 2011 National Household Survey (sample of 1,302,250 people aged 60+), OAS administrative data (monthly average number of beneficiaries from “The CPP and OAS Stats Book 2013”), ESDC Departmental Performance Report 2014-15 (for take-up rates).

¹ This includes people who receive the OAS pension but must repay their entire OAS pension through the OAS Recovery Tax.

² This is for tax filers only. Source: Departmental Performance Report 2014-15, using the Longitudinal Administrative Databank (LAD) from Statistics Canada.

³ This is for tax filers only. Source: Departmental Performance Report 2014-15, using the LAD.

⁴ This is for 2006 (for tax filers only). Source: Departmental Performance Report 2014-15, using the LAD.

²² The number of people receiving the OAS pension is underestimated in the NHS (compared to OAS administrative data). The main reasons are that the number of seniors is underestimated in the NHS (4.4M) when compared to the 4.9 M in the Census and that OAS administrative data include Canadians living abroad who receive the OAS pension which are not included in the NHS. One of the differences between the NHS and the Census is that the NHS does not include people living in nursing homes and hospitals, while the Census includes these people. Note that even though there are differences in the number of recipients of the OAS pension between the different sources of data, the take-up rate of the OAS pension is similar.

²³ Note that take-up rates calculated with the LAD are based on tax-filers only, while the NHS does not have this limitation (although the NHS does not include people living in hospitals and nursing homes). The NHS also allows examining subgroups that are not identifiable in the LAD (e.g. Aboriginals).

4. Analysis

This paper examines participation and take-up rates of the different benefits available under the OAS program and the financial situation of beneficiaries of the Allowances. Of the 4.4 million seniors represented in the NHS, 98.0% were estimated to be eligible for the OAS pension in 2010. The remaining were immigrants who did not have OAS residence requirements yet.²⁴ All Canadians who meet the residence requirements are eligible for the OAS pension, even though some must repay their entire OAS pension in income tax, due to the OAS Recovery Tax which is based on individual income.²⁵ The Office of the Chief Actuary estimates that 2.3% of OAS pensioners had to completely repay their OAS pension due to the OAS recovery tax in 2010.²⁶

Also, 39.9% of seniors represented in the NHS were eligible for the GIS and 7.7% of people aged 60 to 64 years old were eligible for the Allowances.

Seniors who are not eligible for the OAS pension

Among seniors not eligible for the OAS pension because of residence requirements, average individual income was \$17,000, but average household income²⁷ was much higher at \$96,000. Their average household size was 4.3 people, twice as much as for seniors in general. Still, 21.1% of seniors ineligible for OAS were in households with income below the after-tax Low Income Measure (LIM).²⁸

Table 2 shows that household incomes are higher for seniors ineligible for OAS than for seniors in general, but income remains lower on a per capita basis. A higher proportion of these seniors are living in households with income below the LIM.²⁹ Note that LIMs vary by household size and seniors ineligible for OAS are more likely to live in larger households (i.e. with more relatives).

²⁴ This assumes all Canadian born seniors meet the OAS eligibility criteria of having at least 10 years of residence in Canada after the age of 18.

²⁵ The OAS Recovery Tax is considered a tax measure. An estimate of the OAS recovery tax is often deducted at the source. It is standard for the government to have tax deducted at the source for different types of income, for example income tax on employment earnings.

²⁶ See Office of the Chief Actuary (2011).

²⁷ Household is defined in this paper as the economic family, i.e. persons who live in the same dwelling and are relatives (i.e. related to each other by blood, marriage, common-law, adoption or a foster relationship).

²⁸ The LIM is an income threshold below which a family has less than 50% of the median income adjusted for family size. Both before-tax LIM and after-tax LIM include government transfers, the difference between the two being income taxes. Statistics Canada's LIMs vary by family size and year.

²⁹ Throughout the paper, after-tax LIM is used as the main low-income measure in the text, but after-tax LICO figures are also provided in tables. Statistics Canada's documentation on the NHS indicates that the after-tax LIM is better suited to the analysis of low income in the NHS as this low-income threshold is based on the households that responded to the survey. The LICOs are based on other sources of data.

Table 2 – Household Income Distribution of Seniors Ineligible for the OAS Pension

| Household income | Household income distribution of seniors ineligible for OAS | Household income distribution of all seniors |
|------------------------------|---|--|
| Below \$25,000 | 17.5 | 17.6 |
| \$25,000 – 49,999 | 14.9 | 34.7 |
| \$50,000 – 74,999 | 14.7 | 20.7 |
| \$75,000 – 99,999 | 14.2 | 11.5 |
| \$100,000 – 149,999 | 19.5 | 9.6 |
| \$150,000 – 200,000 | 10.8 | 3.2 |
| More than \$200,000 | 8.4 | 2.8 |
| Total | 100.0 | 100.0 |
| Mean (\$) | \$96,000 | \$66,000 |
| % below after-tax LIM | 21.1 | 13.3 |
| % below after-tax LICO | 18.2 | 5.3 |
| # people in household (mean) | 4.3 | 2.0 |
| Mean per capita income (\$) | \$22,326 | \$33,000 |
| Sample size | 17,635 | 894,555 |

Source: 2011 National Household Survey (sample of 894,555 people aged 65+).

4.1 OAS Pension Take-Up

The take-up rate of the OAS pension among eligible seniors was 96.9% in 2010.³⁰ Table 3A compares take-up for different groups and indicates if differences in take-up are statistically significant. In the table, when comparing two subgroups (e.g. women-men), the symbol * indicates that the difference in take-up between both groups is statistically significant (with 95% confidence). In cases where there are more than two sub-groups (e.g. age), the symbol * indicates that the take-up of the subgroup is statistically different from the overall take-up rate, e.g. the take-up of 75-79 year olds (97.8%) is statistically different than the overall OAS pension take-up rate (96.9%).

Table 3A indicates that OAS pension take-up was slightly higher for women, seniors born in Canada, single seniors and older seniors. In particular, take-up was 95% for the 65 to 69 age group, but was close to 98% for older age groups, as seniors are more likely to have applied for OAS as they age.

Take-up was also slightly higher for Aboriginals (both those living on reserves or not), for people who often have difficulties with activities of daily living and for people who often reduce their activities at home due to a condition or health problem. It is important to see that the OAS program reaches well these more vulnerable groups, where take-up is

³⁰ The take-up of the OAS pension estimated in this paper is similar to the take-up estimate for tax-filers using LAD data. The contribution of this paper is to calculate take-up with a different sample and to show differences in take-up among different sub-groups.

almost 99%, as these groups have higher low-income rates than the rest of the population.³¹

Table 3A – OAS Pension Take-Up by Group (2010)

| | OAS Pension Take-up (%) | Confidence interval (95%) | | Weight of group in OAS eligible population |
|---------------------------------------|----------------------------|------------------------------|------|--|
| All | 96.9 | 96.8 | 96.9 | 100.0 |
| Women | 98.1* | 98.0 | 98.1 | 54.2 |
| Men | 95.5* | 95.4 | 95.6 | 45.8 |
| Born in Canada | 97.3* | 97.3 | 97.4 | 71.5 |
| Immigrant | 95.8* | 95.7 | 95.9 | 28.5 |
| Single | 97.6* | 97.5 | 97.6 | 38.2 |
| In couple | 96.5* | 96.4 | 96.5 | 61.8 |
| Age: | | | | |
| 65-69 | 95.0* | 94.9 | 95.1 | 30.5 |
| 70-74 | 97.5* | 97.4 | 97.6 | 25.5 |
| 75-79 | 97.8* | 97.7 | 97.9 | 20.1 |
| 80-84 | 97.9* | 97.8 | 98.0 | 14.1 |
| 85+ | 97.9* | 97.8 | 98.0 | 9.8 |
| Aboriginal | 98.4* | 98.1 | 98.6 | 1.8 |
| Non-aboriginal | 96.9* | 96.8 | 96.9 | 98.2 |
| Aboriginal on reserve | 98.9* | 98.7 | 99.1 | 0.4 |
| Aboriginal off reserve | 98.2* | 97.9 | 98.5 | 1.4 |
| Often have difficulty with activities | 98.5* | 98.4 | 98.5 | 18.2 |
| Not | 96.5* | 96.5 | 96.6 | 81.8 |
| Often reduce activities due to health | 98.6* | 98.5 | 98.7 | 15.3 |
| Not | 96.6* | 96.5 | 96.6 | 84.7 |

Source: 2011 National Household Survey (sample of 856,920 people aged 65+ eligible for the OAS pension).

* indicates that differences in take-up are statistically significant (with 95% confidence), when comparing two sub-groups (e.g. women-men). In cases where there are more than two sub-groups (e.g. age), * indicates that the take-up of the sub-group is statistically different from the overall take-up rate.

Table 3B shows that OAS pension take-up reached 99.5% for individuals with income below \$50,000 and reached almost 99% for those with income between \$50,000 and \$75,000. Overall, take-up was 99% for people with incomes below \$108,214 but was much lower for higher-income earners as all their OAS pension would anyways be recovered by the government when they file their income tax. The OAS Recovery Tax started at \$66,733 in 2010 and OAS benefits are fully recovered when income reaches \$108,214. This shows that individuals with income above the OAS Recovery Tax threshold account for two-thirds of non-take-up of the OAS pension, i.e. about 2 percentage points. OAS pension take-up was significantly lower among these individuals, at near 35% for people with incomes between \$108,214 and \$150,000, below 10% for those with incomes between \$150,000 and \$200,000, and with take-up of less than 1% for those with incomes above \$200,000.

³¹ See ESDC (2012) for low-income rates of aboriginal seniors and Gilbert et al. (2015) for low-income rates of persons with disabilities.

Table 3B – OAS Pension Take-up by Group (2010)

| | OAS Pension Take-up (%) | Confidence interval (95%) | | Weight of group in OAS eligible population |
|-----------------------------------|----------------------------|------------------------------|------|---|
| All | 96.9 | 96.8 | 96.9 | 100.0 |
| Individual income: | | | | |
| Below \$25,000 | 99.4* | 99.4 | 99.4 | 52.5 |
| \$25,000 – \$49,999 | 99.5* | 99.4 | 99.5 | 30.7 |
| \$50,000 – \$74,999 | 98.8* | 98.7 | 98.9 | 10.4 |
| \$75,000 – \$108,213 | 91.0* | 90.6 | 91.4 | 3.8 |
| \$108,214 – \$149,999 | 35.8* | 34.6 | 36.9 | 1.3 |
| \$150,000 – \$200,000 | 9.2* | 8.2 | 10.2 | 0.6 |
| More than \$200,000 | 0.9* | 0.7 | 1.2 | 0.8 |
| Household income: | | | | |
| Below \$25,000 | 99.3* | 99.2 | 99.4 | 17.6 |
| \$25,000 – \$49,999 | 99.6* | 99.6 | 99.6 | 35.1 |
| \$50,000 – \$74,999 | 99.3* | 99.2 | 99.3 | 20.8 |
| \$75,000 – \$99,999 | 98.4* | 98.3 | 98.5 | 11.4 |
| \$100,000 – \$149,999 | 92.9* | 92.6 | 93.1 | 9.4 |
| \$150,000 – \$200,000 | 80.2* | 79.6 | 80.8 | 3.0 |
| More than \$200,000 | 53.7* | 52.9 | 54.5 | 2.7 |
| Education: | | | | |
| Less than high school | 98.9* | 98.9 | 99.0 | 36.1 |
| High school | 97.7* | 97.7 | 97.8 | 22.6 |
| Apprenticeship | 98.0* | 97.9 | 98.1 | 11.7 |
| College | 96.9 | 96.8 | 97.0 | 12.6 |
| University diploma below bachelor | 95.8* | 95.6 | 96.1 | 4.5 |
| Bachelor | 91.5* | 91.3 | 91.8 | 8.3 |
| Master | 88.9* | 88.4 | 89.4 | 2.8 |
| Doctorate | 73.6* | 72.7 | 74.5 | 1.5 |
| Province and Territories: | | | | |
| NF | 98.7* | 98.4 | 98.9 | 1.7 |
| PEI | 98.8* | 98.3 | 99.2 | 0.5 |
| NS | 98.0* | 97.8 | 98.2 | 3.2 |
| NB | 98.6* | 98.3 | 98.8 | 2.6 |
| QC | 97.9* | 97.8 | 98.0 | 25.1 |
| ON | 96.3* | 96.2 | 96.4 | 38.1 |
| MB | 98.0* | 97.8 | 98.2 | 3.5 |
| SK | 97.7* | 97.4 | 97.9 | 3.2 |
| AB | 95.2* | 95.0 | 95.5 | 8.0 |
| BC | 96.3* | 96.2 | 96.5 | 14.1 |
| YK | 96.5 | 94.8 | 97.6 | 0.1 |
| NWT | 92.2* | 90.2 | 93.8 | 0.1 |
| NU | 93.0* | 91.0 | 94.6 | 0.02 |

Source: 2011 National Household Survey (sample of 856,920 people aged 65+ eligible for the OAS pension).

* indicates that differences in take-up are statistically significant (with 95% confidence), when comparing two sub-groups (e.g. women-men). In cases where there are more than two sub-groups (e.g. age), * indicates that the take-up of the sub-group is statistically different from the overall take-up rate.

Similarly, these trends can also be seen when examining household income. OAS pension take-up was higher for those with lower household income. Take-up was close to 99% for people with household incomes below \$100,000, but was lower for those in households with higher incomes. Take-up was above 90% for people with household incomes between \$100,000 and \$150,000, around 80% for those with household incomes between \$150,000 and \$200,000, and near 55% for those with household incomes above \$200,000.

Take-up was also higher for seniors with lower levels of education. Seniors with no diploma had a take-up rate near 99%, those with high school and apprenticeship diplomas had take-up rates near 98%, those with college diplomas and university diplomas below a bachelor degree had take-up rates close to 96%, those with bachelor and master degrees had take-up rates near 90%, and those with doctorate degrees had take-up rates near 75%. Take-up by education level seems to mainly mirror take-up by income.³²

Finally, take-up by province did not vary much except for the Northwest Territories and Nunavut which had take-up rates that were 4 to 5 percentage points below the national average. Other provincial variation was all within 2 percentage points of the Canadian average, with provinces with lower average incomes having take-up above average and provinces with higher average incomes having take-up rates below the national average.

4.2 GIS Take-Up

The take-up rate of the GIS among eligible seniors was 89.1% in 2010; however almost all (99.4%) GIS-eligible seniors received the OAS pension. This indicates that most GIS-eligible non-recipients are at least receiving the OAS pension to help them financially.³³

Table 4A shows that GIS take-up was higher for women, single seniors, senior immigrants and older seniors. In particular, take-up was 85% for 65 to 69 year old seniors, 90% for 70 to 79 year old seniors and reached 92% for seniors over 85, as seniors are more likely to be registered for GIS as they age.

Take-up was also slightly higher for Aboriginals (reaching 95% for those living on reserves³⁴), for people who often have difficulties with activities of daily living, and for people who often reduce their activities at home due to a condition or health problem. It is important to see that the OAS program reaches these more vulnerable groups well.

³² Among those with individual income below \$25,000, take-up was slightly lower for those with doctorate degrees than for other seniors. Among those with individual income above \$150,000, take-up rates were not statistically different for those with high-school degrees than for other seniors.

³³ There are two subgroups among GIS eligible non-recipients: 1) GIS eligible non-recipients who receive the OAS pension and; 2) GIS eligible non-recipients who do not get either the GIS or the OAS pension.

³⁴ It is not clear why GIS take-up is higher for aboriginals living on reserves. Further research should help determine if more effective outreach is done on reserves.

Table 4A – GIS Take-Up by Group (2010)

| | Total GIS Take-up (%) | Confidence interval (95%) | | Single only | Married only | Weight of group in GIS eligible population (%) |
|---------------------------------------|-----------------------|---------------------------|------|-------------|--------------|--|
| All | 89.1 | 88.9 | 89.2 | 91.8 | 86.0 | 100.0 |
| Women | 90.6* | 90.4 | 90.7 | 92.2* | 87.1* | 59.9 |
| Men | 86.9* | 86.6 | 87.1 | 90.3* | 85.3* | 40.1 |
| Single | 91.8* | 91.6 | 92.0 | n/a | n/a | 47.2 |
| In couple | 86.0* | 85.8 | 86.3 | | | 52.8 |
| Born in Canada | 87.0* | 86.8 | 87.2 | 90.4* | 82.9* | 68.4 |
| Immigrant | 93.5* | 93.3 | 93.7 | 95.2* | 91.9* | 31.6 |
| Age: | | | | | | |
| 65-69 | 84.5* | 84.1 | 84.8 | 88.6* | 81.6* | 25.9 |
| 70-74 | 89.7* | 89.4 | 90.0 | 92.0 | 87.7* | 24.3 |
| 75-79 | 90.4* | 90.1 | 90.8 | 92.2 | 88.4* | 20.9 |
| 80-84 | 91.1* | 90.7 | 91.4 | 92.7* | 88.5* | 16.1 |
| 85+ | 92.4* | 92.1 | 92.8 | 93.6* | 88.7* | 12.8 |
| Aboriginal | 90.8* | 89.8 | 91.7 | 93.9* | 86.5 | 2.8 |
| Non-aboriginal | 89.0* | 88.9 | 89.2 | 91.7* | 86.0 | 97.2 |
| Aboriginal on reserve | 95.0* | 94.5 | 95.4 | 96.3* | 93.2* | 0.8 |
| Aboriginal off reserve | 89.1* | 87.7 | 90.3 | 92.9* | 83.9* | 2.0 |
| Often have difficulty with activities | 90.5* | 90.1 | 90.8 | 92.6* | 86.9* | 22.9 |
| Not | 88.7* | 88.5 | 88.8 | 91.4* | 85.9* | 77.1 |
| Often reduce activities due to health | 90.5* | 90.2 | 90.8 | 92.7* | 86.9* | 19.7 |
| Not | 88.7* | 88.5 | 88.9 | 91.5* | 85.9* | 80.3 |

Source: 2011 National Household Survey (sample of 334,820 people aged 65+ eligible for GIS).

* indicates that differences in take-up are statistically significant (with 95% confidence), when comparing two sub-groups (e.g. women-men). In cases where there are more than two sub-groups (e.g. age), * indicates that the take-up of the sub-group is statistically different from the overall take-up rate.

Table 4B shows that GIS take-up decreases with income, reaching more effectively seniors who need it more. Take-up was 96% for those with less than \$10,000 in family income from sources other than the OAS program (the income used to assess eligibility for the GIS), 88% for those with \$10,000 to \$15,000 in income from other sources, 77% for those with \$15,000 to \$20,000 in income from other sources and 62% for those with more than \$20,000 in income from other sources. As the GIS is income-tested and reduced as the amount of other sources of income increases, seniors would have a smaller incentive to apply for the GIS as the amount of the GIS they are eligible for decreases (in particular when eligible for small amounts).

Table 4B – GIS Take-Up by Group (2010)

| | Total GIS Take-up (%) | Confidence interval (95%) | | Single only | Married only | Weight of group in GIS eligible population (%) |
|---|-----------------------|---------------------------|------|-------------|--------------|--|
| All | 89.1 | 88.9 | 89.2 | 91.8 | 86.0 | 100.0 |
| Family income used to assess eligibility for GIS: | | | | | | |
| Below \$10,000 | 96.0* | 95.8 | 96.1 | 96.2* | 95.5* | 57.3 |
| \$10,000 – \$14,999 | 88.2* | 87.9 | 88.6 | 84.8* | 92.2* | 22.1 |
| \$15,000 – \$19,999 | 76.6* | 76.0 | 77.2 | 54.5* | 81.8* | 12.5 |
| More than \$20,000 | 61.8* | 61.0 | 62.7 | n/a | 61.8* | 8.1 |
| Subsidized dwelling | 95.4* | 95.0 | 95.8 | 95.9* | 93.0* | 8.8 |
| Not | 88.5* | 88.3 | 88.6 | 91.1* | 85.8* | 91.2 |
| Education: | | | | | | |
| Less than high school | 91.4* | 91.2 | 91.6 | 93.4* | 88.8* | 51.9 |
| High school | 88.1* | 87.8 | 88.5 | 90.8* | 85.1* | 21.5 |
| Apprenticeship | 85.5* | 84.9 | 86.0 | 89.3* | 82.8* | 10.3 |
| College | 85.0* | 84.4 | 85.6 | 88.7* | 80.9* | 8.8 |
| University diploma below bachelor | 85.8* | 84.8 | 86.7 | 88.4* | 83.2* | 2.6 |
| Bachelor | 85.2* | 84.4 | 86.1 | 88.3* | 82.6* | 3.6 |
| Master | 85.3* | 83.7 | 86.8 | 88.9* | 82.3* | 0.9 |
| Doctorate | 84.1* | 81.5 | 86.5 | 89.5 | 81.1* | 0.5 |
| Province and Territories: | | | | | | |
| NF | 94.6* | 93.7 | 95.4 | 96.8* | 92.9* | 2.5 |
| PEI | 90.0 | 87.0 | 92.3 | 95.6* | 84.6 | 0.5 |
| NS | 90.3* | 89.4 | 91.1 | 93.9* | 86.1 | 3.6 |
| NB | 92.9* | 92.0 | 93.6 | 95.1* | 90.6* | 3.2 |
| QC | 91.4* | 91.2 | 91.7 | 93.7* | 88.8* | 29.8 |
| ON | 87.9* | 87.6 | 88.2 | 90.4* | 85.0* | 33.7 |
| MB | 87.4* | 86.4 | 88.3 | 90.7 | 83.1* | 3.4 |
| SK | 87.5* | 86.4 | 88.5 | 91.6 | 82.3* | 3.1 |
| AB | 84.7* | 84.0 | 85.5 | 88.6* | 80.4* | 6.9 |
| BC | 87.5* | 87.1 | 88.0 | 90.3* | 84.6* | 13.3 |
| YK | 86.0 | 79.3 | 90.7 | 90.3 | 76.6* | 0.1 |
| NWT | 90.4 | 87.0 | 93.0 | 90.5 | 90.3 | 0.1 |
| NU | 84.7* | 80.8 | 87.9 | 91.3 | 77.5* | 0.03 |

Source: 2011 National Household Survey (sample of 334,820 people aged 65+ eligible for GIS).

* indicates that differences in take-up are statistically significant (with 95% confidence), when comparing two sub-groups (e.g. women-men). In cases where there are more than two sub-groups (e.g. age), * indicates that the take-up of the sub-group is statistically different from the overall take-up rate.

Moreover, some seniors might mistakenly think they are not eligible for the GIS and not bother applying because they do not know precisely what the GIS income thresholds are. OAS application and information letters sent to 64 year-old Canadians do not indicate thresholds for the GIS. To receive the GIS, single seniors needed their other sources of 2010 income to be below \$16,176, couples where both received the OAS pension needed other sources of income below \$21,360, and couples where only one member received

the OAS pension needed other sources of income below \$38,784. Among seniors with more than \$20,000 in income from sources other than OAS benefits, GIS take-up was 58% if their partner was a senior receiving the OAS pension, 54% if their partner did not receive OAS benefits but was 95% if their partner received the Allowance. Finally, some might simply not know about the GIS.

Service Canada has been reaching out to seniors to ensure they are aware of the GIS and that eligible seniors apply for it. For example, after their 64th birthday, most Canadians will receive a letter from Service Canada including information on the OAS program, an application form for the OAS pension (if necessary) and information on how to request a GIS application form.³⁵

GIS take-up was higher among those living in subsidized dwellings and those with no diploma of any kind. Seniors with diplomas had lower take-up rates, notably, those with more than a high school diploma. Note that more than half of the GIS-eligible population did not have a high school diploma. It would be important to ensure this is taken into account when planning strategies to increase GIS take-up.

Finally, GIS take-up was 3 to 5 percentage points higher in Newfoundland, New Brunswick and Quebec (3 of the 4 provinces where seniors have the lowest average income). Take-up was also 4 percentage points lower in Alberta (the richest province) and in Nunavut.³⁶ In other provinces and territories, take-up was within 2 percentage points of the national average, when it was significantly different statistically.

4.3 Allowances Take-Up

The take-up of the Allowances among eligible 60 to 64 year olds was 73.6% in 2010. Table 5A shows that take-up was lower for men, widows³⁷ and among immigrants. Notably, take-up for the Allowance for the Survivor was 71%, while take-up for the Allowance was 75%. Take-up for men was 65%, 10 percentage points lower than for women.

Take-up rates were not significantly different for Aboriginals (both living on or off a reserve), for people who often have difficulties with activities of daily living and for people who often reduce their activities at home due to a condition or health problem.

³⁵ Many Canadians are now automatically enrolled for the OAS pension. See Section 2.5 for more details.

³⁶ It is not clear why take-up was lower in Nunavut.

³⁷ To avoid repetition throughout the paper, the term “widow” refers here to both widows and widowers.

Table 5A – Allowances Take-Up by Group (2010)

| | Allowances Take-up (%) | Confidence interval (95%) | | Widow only | Married only | Weight of group in eligible population (%) |
|---------------------------------------|---------------------------|------------------------------|------|---------------|-----------------|--|
| All | 73.6 | 72.8 | 74.3 | 70.9 | 75.0 | 100.0 |
| Women | 75.0* | 74.2 | 75.7 | 73.3* | 75.8* | 86.6 |
| Men | 64.6* | 62.2 | 66.9 | 59.1* | 68.6* | 13.4 |
| Widowed (Allowance for the Survivor) | 70.9* | 69.6 | 72.2 | n/a | n/a | 34.5 |
| In couple (Allowance) | 75.0* | 74.0 | 75.9 | | | 65.5 |
| Born in Canada | 74.1 | 73.1 | 75.0 | 71.4 | 75.6 | 68.4 |
| Immigrant | 72.6 | 71.3 | 73.8 | 69.9 | 73.8 | 31.6 |
| Aboriginal | 72.9 | 69.1 | 76.4 | 72.0 | 73.5 | 4.3 |
| Non-aboriginal | 73.6 | 72.8 | 74.4 | 70.9 | 75.0 | 95.7 |
| Aboriginal on reserve | 77.8 | 75.4 | 80.0 | 74.6 | 81.1* | 1.2 |
| Aboriginal off reserve | 71.0 | 65.8 | 75.7 | 70.6 | 71.2* | 3.1 |
| Often have difficulty with activities | 71.1 | 68.7 | 73.3 | 67.7 | 73.7 | 13.5 |
| Not | 74.0 | 73.2 | 74.8 | 71.6 | 75.1 | 86.5 |
| Often reduce activities due to health | 71.1 | 68.7 | 73.4 | 68.7 | 73.1 | 13.6 |
| Not | 74.0 | 73.2 | 74.8 | 71.4 | 75.2 | 86.4 |

Source: 2011 National Household Survey (sample of 29,805 people aged 60-64 eligible for the Allowances).

* indicates that differences in take-up are statistically significant (with 95% confidence), when comparing two sub-groups (e.g. women-men). In cases where there are more than two sub-groups (e.g. age), * indicates that the take-up of the sub-group is statistically different from the overall take-up rate.

Table 5B shows that the take-up rates of the Allowances decrease with income, reaching more effectively seniors who need it most. Take-up was 85% for those with less than \$10,000 in family income from sources other than the OAS program (the income used to assess eligibility for the Allowances), 78% for those with \$10,000 to \$15,000 in income from other sources, 71% for those with \$15,000 to \$20,000 in income from other sources and 53% for those with more than \$20,000 in income from other sources.

As the Allowances are income-tested and reduced as the amount of other sources of income increases, eligible people would have a smaller incentive to apply for the Allowances as the amount of benefits they are eligible for decreases.

Moreover, some might mistakenly think they are not eligible for the Allowances and not bother applying because they do not know precisely what the Allowances income thresholds are. To receive the Allowances in 2010, widows needed their other sources of income to be below \$21,768, and eligible couples needed other sources of income to be below \$29,904.

Allowances take-up was not significantly different for people living in subsidized dwellings. People with less than a high school diploma had a higher take-up rate, while

those with an apprenticeship, college, Masters or Doctorate diploma had lower take-up rates.

Table 5B – Allowances Take-Up by Group (2010)

| | Allowances Take-up (%) | Confidence interval (95%) | | Widow only | Married only | Weight of group in eligible population (%) |
|---|------------------------------|------------------------------|------|---------------|-----------------|---|
| All | 73.6 | 72.8 | 74.3 | 70.9 | 75.0 | 100.0 |
| Family income used to assess eligibility for Allowances: | | | | | | |
| Below \$10,000 | 84.8* | 83.8 | 85.7 | 78.8* | 90.2* | 42.6 |
| \$10,000 – \$14,999 | 77.6* | 75.8 | 79.3 | 67.4 | 84.7* | 17.8 |
| \$15,000 – \$19,999 | 70.5* | 68.5 | 72.4 | 58.4* | 75.9 | 15.4 |
| More than \$20,000 | 52.9* | 51.1 | 54.7 | 34.3* | 54.6* | 24.2 |
| Subsidized dwelling | 74.5 | 70.7 | 78.0 | 67.9 | 87.5* | 4.8 |
| Not | 73.5 | 72.8 | 74.3 | 71.2 | 74.6* | 95.2 |
| Education: | | | | | | |
| Less than high school | 77.6* | 76.5 | 78.8 | 73.6 | 79.9* | 41.4 |
| High school | 72.6 | 71.2 | 74.1 | 71.4 | 73.3 | 27.5 |
| Apprenticeship | 69.3* | 66.8 | 71.7 | 68.0 | 70.0* | 10.3 |
| College | 68.3* | 66.1 | 70.4 | 67.2 | 68.9* | 12.1 |
| University diploma below bachelor | 71.5 | 67.4 | 75.2 | 67.3 | 73.2 | 2.9 |
| Bachelor | 70.0 | 66.6 | 73.3 | 65.1 | 72.6 | 4.6 |
| Master or doctorate | 62.9* | 55.3 | 69.9 | 61.4 | 63.8* | 1.1 |
| Province and Territories: | | | | | | |
| NF | 85.6* | 81.4 | 89.0 | 84.0* | 86.5* | 3.5 |
| PEI | 87.3* | 79.7 | 92.3 | 89.0* | 86.1* | 0.4 |
| NS | 74.2 | 69.6 | 78.4 | 73.8 | 74.4 | 4.1 |
| NB | 79.5* | 74.8 | 83.5 | 68.7 | 86.3* | 3.9 |
| QC | 78.9* | 77.5 | 80.1 | 73.3 | 81.4* | 27.6 |
| ON | 69.6* | 68.3 | 70.9 | 69.3 | 69.7* | 34.8 |
| MB | 71.8 | 67.3 | 75.8 | 71.5 | 71.9 | 3.1 |
| SK | 74.5 | 69.8 | 78.7 | 71.5 | 76.1 | 2.8 |
| AB | 67.0* | 63.7 | 70.1 | 65.2 | 68.0* | 6.7 |
| BC | 70.9 | 68.9 | 72.9 | 69.4 | 71.8 | 12.9 |
| Terr. | 77.9 | 70.4 | 83.9 | 75.7 | 80.2 | 0.2 |

Source: 2011 National Household Survey (sample of 29,805 people aged 60-64 eligible for the Allowances).

* indicates that differences in take-up are statistically significant (with 95% confidence), when comparing two sub-groups (e.g. women-men). In cases where there are more than two sub-groups (e.g. age), * indicates that the take-up of the sub-group is statistically different from the overall take-up rate.

Finally, take-up of the Allowances was 5 to 14 percentage points higher than the national average in Newfoundland, Prince Edward Island, New Brunswick and Quebec (the 4 provinces where seniors have the lowest average income). Take-up was also 4 to 6 percentage points lower in Ontario and Alberta (the 2 provinces where seniors have the highest average income). In other provinces and territories, take-up was within 2 percentage points of the national average, when it was significantly different statistically.

4.4 Financial Situation of Beneficiaries of the Allowances

This last section examines the financial situation of different groups of 60-64 year olds, including among widows, spouses of seniors and beneficiaries of the Allowances. It then outlines the contribution of the Allowances to the financial situation of these groups.

There is a significant vulnerable population among 60-64 year olds. Table 6A shows that among 60-64 year olds, over 40% have individual income below \$25,000, almost 40% do not work³⁸, almost 15% live in households making less than \$25,000 and 15% live in households who are below the after-tax Low Income Measure (LIM). About 7% of 60-64 year olds receive the Allowances, which reduces the percentage of 60-64 year olds below the before-tax LICO by 3 percentage points.³⁹

For those who receive benefits, the Allowances offer significant financial help, as shown below. On average, Allowances benefits amounted to \$5,600 and represented almost 50% of individual income. Over 85% of Allowances recipients have individual income below \$25,000 and about 10% have income between \$25,000 and \$50,000, with a mean income of \$16,000. A few have income above \$50,000, reflecting the fact they had significantly lower income in previous years.⁴⁰

Nearly 75% of Allowances recipients did not work⁴¹, with about 15% working full-time and another 10% working part-time. Allowances recipients lived in households where average income was just above \$45,000, but 30% lived in households with income below the after-tax LIM.⁴² Almost 25% lived in households with income below \$25,000, 50% lived in households with income between \$25,000 and \$50,000, and almost 20% in households with income between \$50,000 and \$100,000. Among those that received the Allowances, these benefits represented 20% of household income on average and reduced the percentage of households with income under the after-tax LIM by 17 percentage points (from 46.9% to 29.6%).

³⁸ Among 60-64 year olds, 46% of women and 29% of men were not working. Their main sources of income were private pensions, C/QPP benefits and investment income.

³⁹ About 11% of 60-64 year olds lived in households with income below the after-tax LICO. The Allowances reduced this figure by 1 percentage point.

⁴⁰ As presented previously, Allowances benefits received in 2010 are based on income in 2008 and 2009. For 2010 benefits, the family income threshold was \$29,904 for married or common-law couples and \$21,768 for widows.

⁴¹ Among recipients of the Allowances that did not work, 14% often had difficulties with activities of daily living.

⁴² As discussed earlier, a household is defined in this paper as the economic family, i.e. persons who live in the same dwelling and are relatives (i.e. related to each other by blood, marriage, common-law, adoption or a foster relationship).

Table 6A – Description of Allowances Recipients and All 60-64 Year Olds

| | Allowances recipients | All 60-64 year olds |
|---|-----------------------|---------------------|
| Individual income distribution (%): | | |
| Below \$25,000 | 86.7 | 42.5 |
| \$25,000 – \$49,999 | 10.5 | 29.6 |
| \$50,000 – \$74,999 | 2.1 | 15.2 |
| \$75,000 – \$99,999 | 0.6 | 6.1 |
| \$100,000 and more | 0.1 | 6.7 |
| Total | 100.0 | 100.0 |
| Individual income mean (\$) | 15,984 | 43,205 |
| Average % individual income from Allowances | 48.5 | 3.6 |
| % who work: | | |
| No | 73.4 | 37.5 |
| Full-time | 14.2 | 45.6 |
| Part-time | 12.4 | 16.9 |
| | | |
| Household income distribution (%): | | |
| Below \$25,000 | 23.7 | 14.5 |
| \$25,000 – \$49,999 | 49.4 | 22.4 |
| \$50,000 – \$74,999 | 12.0 | 21.1 |
| \$75,000 – \$99,999 | 6.7 | 15.3 |
| \$100,000 – \$149,999 | 5.6 | 15.6 |
| \$150,000 – \$200,000 | 1.7 | 5.9 |
| More than \$200,000 | 0.9 | 5.3 |
| Total | 100.0 | 100.0 |
| Household income: | | |
| Mean (\$) | 46,657 | 83,886 |
| % below after-tax LIM | 29.6 | 14.9 |
| % below after-tax LICO | 10.3 | 10.6 |
| % below after-tax LIM without Allowances | 46.9 | 17.5 |
| % below after-tax LICO without Allowances | 26.3 | 11.7 |
| % HH income from Allowances | 19.9 | 1.4 |
| | | |
| Mean Allowances benefit (\$) | 5,637 | 408 |
| % receiving Allowances | 100.0 | 7.2 |

Source: 2011 National Household Survey (sample of 407,995 people aged 60-64 years old).

Also, Table 6B shows that recipients of the Allowances were 85% female and had lower levels of education on average than other 60-64 year-olds. In particular, over 40% of Allowance recipients had no high school diploma, compared to only 20% among the whole 60-64-year-old population. Also, 8% of Allowance for the Survivor recipients lived in subsidized housing, compared to 3% of the whole population of 60-64 year olds.

Table 6B – Description of Allowances Recipients and All 60-64 Year Olds

| | Allowances recipients | | All 60-64 year olds | | | | |
|-----------------------------------|-----------------------|--------|---------------------|--------------|-------------------|---------------|-------|
| | Widow | Spouse | Widow | Other single | Spouse of seniors | Other spouses | Total |
| Women (%) | 86.0 | 83.5 | 79.8 | 56.5 | 85.7 | 35.4 | 51.4 |
| Born in Canada (%) | 72.0 | 68.4 | 70.8 | 77.9 | 69.9 | 72.6 | 73.1 |
| Education (%): | | | | | | | |
| Less than high school | 42.3 | 40.5 | 29.9 | 20.6 | 23.4 | 17.3 | 19.8 |
| High school | 27.1 | 27.8 | 27.5 | 24.9 | 28.2 | 24.3 | 25.3 |
| Apprenticeship | 9.9 | 10.2 | 10.1 | 12.2 | 10.0 | 14.2 | 12.8 |
| College | 12.5 | 11.8 | 16.2 | 17.4 | 16.9 | 16.9 | 16.9 |
| University diploma below bachelor | 2.6 | 3.3 | 4.3 | 5.1 | 5.4 | 5.3 | 5.2 |
| Bachelor | 4.4 | 5.1 | 8.9 | 13.8 | 11.8 | 15.2 | 13.9 |
| Master | 0.9 | 0.9 | 2.3 | 4.7 | 3.5 | 5.0 | 4.5 |
| Doctorate | n/a | 0.3 | 0.8 | 1.3 | 1.0 | 2.0 | 1.6 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Subsidized dwelling (%) | 8.2 | 2.5 | 5.3 | 9.5 | 1.1 | 0.9 | 3.0 |
| | | | | | | | |
| % receiving Allowances | 100.0 | 100.0 | 35.6 | n/a | 24.0 | n/a | 7.2 |

Source: 2011 National Household Survey (sample of 407,995 people aged 60-64 years old).

The Allowances are aimed at two distinct groups of 60-64 year olds: widows and spouses of seniors (over 65 years old).⁴³ There is a significant vulnerable population among both of these groups. Table 6C shows that the prevalence is higher among spouses of seniors when examining the percentage with individual income below \$25,000; however, when examining household income and the percentage below the LIM, the prevalence is higher among widows, or even among other 60-64-year old singles.

About 45% of 60-64-year-old widows or of other singles have individual income below \$25,000. This is also the case for 55% of 60-64-year old spouses of seniors. Also, a quarter of 60-64-year-old widows live in households with income below the after-tax LIM. Similar figures for other 60-64-year-old singles and for 60-64-year-old spouses of seniors are 32% and 8% respectively. Household income was below \$25,000 for over 30% of 60-64-year-old widows, almost 40% of other 60-64-year-old singles, and 3% of 60-64-year-old spouses of seniors.

The Allowances help a significant proportion of the population of 60-64-year-old widows and spouses of seniors. Over 35% of 60-64-year old widows receive the Allowances and nearly 25% of 60-64-year-old spouses of seniors. The Allowances reduce the percentage of 60-64 year olds living in households below the after-tax LIM by 8 percentage points among widows and by 5 percentage points among spouses of seniors.

⁴³ Spouses refer to partners who are either common-law or legally married.

Table 6C – Description of Allowances Recipients and All 60-64 Year Olds

| | Allowances recipients | | All 60-64 year olds | | | |
|---|-----------------------|--------|---------------------|--------------|-------------------|---------------|
| | Widow | Spouse | Widow | Other single | Spouse of seniors | Other spouses |
| Individual income distribution (%): | | | | | | |
| Below \$25,000 | 82.9 | 89.0 | 45.7 | 44.9 | 57.4 | 36.5 |
| \$25,000 – \$49,999 | 14.7 | 8.4 | 32.2 | 31.2 | 25.4 | 30.1 |
| \$50,000 – \$74,999 | 2.0 | 1.9 | 13.6 | 14.2 | 10.0 | 17.4 |
| \$75,000 – \$99,999 | 0.4 | 0.6 | 4.8 | 5.2 | 3.7 | 7.3 |
| \$100,000 and more | N/A | N/A | 3.7 | 4.7 | 3.5 | 8.8 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Individual income avg. (\$): | 20,154 | 13,968 | 37,591 | 38,320 | 31,055 | 49,538 |
| -ALW benefits | 7,505 | 4,838 | 2,668 | n/a | 1,143 | n/a |
| -CPP/QPP income | 5,103 | 2,858 | 5,884 | 3,143 | 3,355 | 3,286 |
| -other gov. payments | 2,039 | 1,049 | 2,138 | 2,820 | 841 | 1,554 |
| -private pensions | 1,644 | 1,504 | 7,335 | 6,457 | 6,060 | 8,674 |
| -investment income | 820 | 697 | 3,781 | 2,986 | 3,957 | 5,361 |
| -work earnings | 2,437 | 2,637 | 14,014 | 21,488 | 14,326 | 28,867 |
| -other income | 605 | 385 | 1,770 | 1,396 | 1,374 | 1,726 |
| % individual income from ALW | 45.3 | 50.0 | 16.1 | n/a | 12.7 | n/a |
| % who work: | | | | | | |
| No | 74.1 | 73.4 | 49.7 | 39.3 | 50.2 | 31.5 |
| Full-time | 13.2 | 14.2 | 33.3 | 44.4 | 30.9 | 51.9 |
| Part-time | 12.7 | 12.4 | 17.0 | 16.3 | 18.9 | 16.6 |
| % with CPP/QPP income | 78.4 | 69.0 | 80.3 | 56.4 | 64.9 | 56.6 |
| % with private pension income | 19.3 | 13.9 | 34.4 | 25.2 | 27.7 | 30.1 |
| | | | | | | |
| Household income distribution (%): | | | | | | |
| Below \$25,000 | 58.7 | 9.2 | 31.0 | 38.2 | 3.4 | 7.6 |
| \$25,000 – \$49,999 | 19.8 | 61.7 | 29.9 | 29.7 | 30.1 | 16.4 |
| \$50,000 – \$74,999 | 8.5 | 13.4 | 17.5 | 16.1 | 25.3 | 21.9 |
| \$75,000 – \$99,999 | 5.5 | 7.2 | 9.2 | 7.4 | 16.6 | 18.4 |
| \$100,000 – \$149,999 | 5.3 | 5.8 | 7.9 | 5.6 | 14.9 | 20.3 |
| \$150,000 – \$200,000 | 1.5 | 1.8 | 2.8 | 1.7 | 5.1 | 8.0 |
| More than \$200,000 | 0.7 | 1.1 | 1.8 | 1.2 | 4.6 | 7.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Household income: | | | | | | |
| Mean (\$) | 37,428 | 50,436 | 54,081 | 45,751 | 85,285 | 100,596 |
| % below after-tax LIM | 46.7 | 22.8 | 25.0 | 31.7 | 7.7 | 10.0 |
| % below after-tax LICO | 26.0 | 3.9 | 15.8 | 29.0 | 1.8 | 6.1 |
| % below after-tax LIM without Allowances | 65.6 | 39.3 | 33.0 | n/a | 12.2 | n/a |
| % below after-tax LICO without Allowances | 52.8 | 15.4 | 25.2 | n/a | 4.8 | n/a |
| % HH income from Allowances | 34.7 | 13.7 | 12.3 | n/a | 3.3 | n/a |
| | | | | | | |
| % receiving Allowances | 100.0 | 100.0 | 35.6 | n/a | 24.0 | n/a |

Source: 2011 National Household Survey (sample of 407,995 people aged 60-64 years old).

Among Allowance recipients, many widows and spouses of seniors are financially vulnerable, and the Allowances make a significant contribution to helping recipients financially. About 47% of recipients of the Allowance for the Survivor lived in households with income below the after-tax LIM. Allowances benefits represented almost 35% of their household income and 45% of their individual income, on average. Without the Allowance for the Survivor, 66% of beneficiaries would have been below the LICO. In other words, the Allowance for the Survivor reduced this percentage by almost 20 percentage points among recipients. Over 80% of Allowance for the Survivor recipients had individual income below \$25,000, nearly 75% did not work, and close to 60% lived in households with income below \$25,000.

Allowance for the Survivor recipients had diverse sources of income. Of the average individual income of \$20,000, an average of \$5,000 came from C/QPP benefits, \$7,500 from the Allowance for the Survivor, \$2,000 from other government payments,⁴⁴ \$2,500 from a private pension or investment income⁴⁵, and \$2,500 from work earnings.⁴⁶ Almost 80% of them had income from the CPP or the QPP and 20% had income from a private pension plan.

Among spouses receiving the Allowance, 23% are in households with income below the LIM. Without the Allowance, almost 40% of beneficiaries would have been below the after-tax LIM. In other words, the Allowance reduced this percentage by over 15 percentage points. For these recipients, Allowance benefits represented nearly 15% of household income and 50% of individual income. Almost 90% of Allowance beneficiaries have individual income below \$25,000, nearly 75% do not work, and almost 10% live in households with income below \$25,000. Of their average individual income of \$14,000, an average of \$3,000 came from C/QPP benefits, \$5,000 from the Allowance, \$1,000 from other government payments, \$2,000 from a private pension or investment income, and \$2,500 from work earnings.

Overall, there are many financially vulnerable people among both groups of Allowances recipients, i.e. people with household income below the LIM or individual income below \$25,000. However, it is more prevalent among recipients of the Allowance for the Survivor. For example, a higher percentage lives in households with income below the

⁴⁴ Other government income refers to all transfer payments, excluding those covered as a separate income source (Allowances and C/QPP benefits) received from federal, provincial, territorial or municipal programs. This source includes, child benefits, EI benefits, social assistance payments received by persons in need, such as mothers with dependent children, persons temporarily or permanently unable to work, elderly individuals, the blind and the disabled. Included are provincial income supplement payments to seniors and provincial payments to help offset accommodation costs. Also included are other transfer payments such as payments received from training programs sponsored by the federal and provincial governments, veterans' pensions, war veterans' allowance, pensions to widows and dependants of veterans, and workers' compensation. Additionally, any amounts received for refundable provincial tax credits and the Goods and Services Tax or Harmonized Sales Tax credits are included.

⁴⁵ Private pensions include annuities and Registered Retirement Income Funds (RRIF) withdrawals but do not include Registered Retirement Saving Plan (RRSP) withdrawals. Investment income includes capital gains, interests and dividends.

⁴⁶ Work earnings include wages and self-employment income.

LIM among Allowance for the Survivor recipients than among spouses receiving the Allowance (47% vs. 23%).

5. Conclusions

This paper used the NHS to examine the take-up for the different benefits available under the OAS program and the financial situation of beneficiaries of the Allowances. The study will provide some background for the Evaluation of the OAS program and provides findings that will help answer the evaluation question on the Allowances.

OAS program take-up

Over 98% of seniors were eligible for the OAS pension in 2010. Among those who were eligible, the take-up of the OAS pension was 96.9%. OAS pension take-up reached 99% among those with individual income below \$108,214, the threshold above which all of the OAS pension would be recovered through the tax system with the OAS Recovery Tax. This shows that individuals with income above the OAS Recovery Tax threshold account for two-thirds of non-take-up of the OAS pension, i.e. about 2 percentage points.

The take-up of the GIS among eligible seniors was 89.1% in 2010; however almost all (99.4%) GIS-eligible seniors received the OAS pension. This indicates that most GIS-eligible non-recipients are at least receiving the OAS pension to help them financially. GIS take-up was slightly lower for 65-to-69-year-old seniors (85%) and increased with age.

GIS take-up also decreases with income, with higher take-up among seniors who need it most. Take-up was 96% for those with less than \$10,000 in family income from sources other than the OAS program (the income used to assess eligibility for the GIS) and 62% for those with more than \$20,000 in other income. As the GIS is income-tested and reduced as the amount of other sources of income increases, seniors would have a smaller incentive to apply for the GIS as the amount of the GIS they are eligible for decreases (in particular when eligible for small amounts).

More than half of the GIS-eligible population did not have a high school diploma in 2010. It would be important to ensure this is taken into account when planning strategies to increase GIS take-up. However, it should be noted that GIS take-up was slightly higher (91%) for those who did not have a high school diploma than for those who did (84-88%).

The take-up of the Allowances among eligible 60 to 64 year olds was 73.6% in 2010. Take-up for the Allowance for the Survivor was 71%, while take-up for the Allowance was 75%. Take-up rates of the Allowances also decrease with income, with higher take-up for those who need it most. Take-up was 85% for those with less than \$10,000 in family income from sources other than the OAS program and 53% for those with more than \$20,000 in other income.

Do the Allowances continue to address a demonstrable need? Who are the beneficiaries of the Allowances?

There is a significant vulnerable population among 60-64 year olds, in particular, among widows or widowers and spouses of seniors, the two groups targeted by the Allowances. Over 35% of 60-64-year-old widows and nearly 25% of 60-64-year-old spouses of seniors received the Allowances in 2010, which reduced the percentage below the after-tax LIM by over five percentage points among each of these two groups (25% of 60-64 year old widows and 8% of 60-64 year old spouses of seniors remain below the LIM).

Among those receiving benefits, the Allowances offer significant financial help. On average, Allowances benefits amounted to \$5,600 and represented almost 50% of individual income. Over 85% of Allowances recipients have individual income below \$25,000, with a mean income of \$16,000, and nearly 75% did not work.

Allowances recipients lived in households where average income was just above \$45,000, but 30% lived in households with income below the LIM (47% among widows and 23% among spouses of seniors). Allowances benefits represented 20% of household income on average and reduced the percentage of households with income under the LIM by over 15 percentage points among recipients of the Allowances.

Finally, recipients of the Allowances were 85% female and had lower levels of education on average than other 60-64 year-olds. In particular, over 40% of Allowance recipients had no high school diploma.

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