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Poor and dependent seniors in Canada

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ABSTRACT
The economic status and problems of seniors, people aged 55–64 years, have been neglected, particularly those of women. Following a summary of government policy in Canada regarding income transfers, this paper reports upon an analysis of data from the 1993 national Survey of Labour and Income Dynamics. Attention is given to relative poverty and financial dependence within households, as types of economic constraint. Both are higher among seniors than either the middle aged or the elderly. Senior women are the most likely to be dependent. The implications of these findings for future fiscal policy are discussed. It is concluded that more attention in gerontology needs to be given to this age group.

***KEY WORDS* –** poverty, financial dependence, age strata, gender, Canada.

'I'm too old to get a job and too young to get a pension.' – unemployed older worker, Vancouver, British Columbia, Canada (quoted by Canada Employment and Immigration Advisory Council 1985).

Introduction

Economic problems of ageing begin well before old age. Earnings tend to fall among older workers in most occupations, and older workers often have difficulty obtaining re-employment if they are laid off or made redundant (Canada Employment and Immigration Advisory Council 1985; Laczko and Phillipson 1991). The extent of economic stress experienced by older 'non-elderly' persons living in liberal welfare states often comes as a shock. Paul Johnson, for example, has reported from a survey of age and income in the United Kingdom that: 'Surprisingly the very poorest are not the oldest but rather those under pensionable age who are not in work and not entitled to the higher benefits payable to pensioners.' (1992 p. vii).

Studies of economic stress prior to retirement typically focus on

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'older workers', people who are or have been in full-time paid employment (Laczko and Phillipson 1991; Tindale 1991; de Vroom and Naschold 1994). Focusing on the economic difficulties of older workers (who are mainly male) ignores those people (who are usually female) who depend on them financially (see, for example, Jacobs and Rein 1994; Atkinson 1995). The economic constraints experienced by older non-elderly women therefore tend to be neglected. The measurement of economic dependence, and comparisons between women and men, will receive special attention in this paper. A generic term for older non-elderly persons is therefore needed, one that does not refer only to wage workers.

Available terms which do not yet have a well-defined place in the social sciences include the North American usage of 'senior citizens', or 'seniors' for short. This terminology is loosely used to refer to older people, beginning in their mid-50s, who are disengaging from adult roles. In contrast, the term 'elderly' is normally reserved for people aged 65 and over. Usage of these terms obviously overlaps at higher ages, and they are sometimes used interchangeably (National Council of Welfare 1996; Statistics Canada 1997). For purposes of age stratification, the terms 'elderly' and 'seniors' will be distinguished here. 'Seniors' are people aged 55–64, contrasted with 'the middle aged' aged 40–54, and 'the elderly' aged 65 and over.

Economic wellbeing and public income transfers in Canada

Economic wellbeing is mainly a result of three income factors: market earnings (current or deferred); public income transfers; and private income transfers. Private transfers between households are relatively small in most cases. Inter-household transfers tend to flow down the generations, so they are usually of greater benefit to younger persons (Cheal 1983). Transfers within households are more substantial, especially between spouses, and they are the main source of family supports for the majority of older people.

Market earnings are determined mainly by being in or out of the labour market (i.e. labour force participation), by the quantity of paid work performed, and by the rate of pay. All of these factors vary over the life course. Also, they tend to vary in different ways for men and women at different ages (Ghalam 1993). It is especially noteworthy that women's employment interruptions and lower rates of pay mean that they tend to make lower pension contributions, and therefore have lower pensions in retirement (Arber and Ginn 1991).

Public income support programmes are very diverse, but separate treatment for old people is an almost universal feature of programme design in modern welfare states. State pension plans are especially important sources of income for elderly people having little or no market income (Statistics Canada 1996). In Canada, most public income support programmes, and many private income deferral programmes, are still based on an actuarial assumption that old age begins at the age of 65 years. Almost all persons who are Canadian citizens qualify for an Old Age Security (OAS) pension at that age (Human Resources Development Canada 1994). However, higher income recipients must repay all or part of their benefits through an income tax 'clawback'. In addition, OAS pensioners with nil or limited income are eligible to receive a Guaranteed Income Supplement (GIS). The amount of the GIS benefit is calculated from an income test. In the case of married applicants, this test is based on the combined family income of the pensioner and his/her spouse. The third, and smallest, of the federal income security programmes for older Canadians is the Spouse's Allowance. It helps a select group of low income people aged 60 to 64 years, the vast majority of whom are women (National Council of Welfare 1996).

Canada's main public pension plan, covering all provinces and territories except Quebec, is the Canada Pension Plan (CPP). This is a pay-as-you-go plan, loosely based on contributions from employees and their employers. The Province of Quebec has a parallel pension plan (QPP). The actuarial 'normal' age of retirement in the C/QPP is 65 years, though a reduced pension can be taken as early as 60 so long as the applicant has completely or substantially ceased working.

There are significant differences between the values of men's and women's receipts from the C/QPP, reflecting women's higher part-time employment rates and the gender gap in wages and salaries (Townson 1995; National Council of Welfare 1996). Nevertheless, as a group, women are contributing to the C/QPP in growing numbers because of their increased participation in the labour market (Statistics Canada 1994). Between 1981 and 1991, the proportion of women aged 15–64 contributing to this programme rose from 56 to 61 per cent. By 1993, women comprised 45 per cent of all contributors to the C/QPP, up from 41 per cent in 1983. However, their contributions accounted for only 39 per cent of all contributions made in 1993, albeit an increase from 34 per cent in 1983 (Statistics Canada 1996).

Wages and salaries are the most common sources of income among adult Canadians prior to the age of 62 when they are supplanted by C/QPP payments and, at age 65, by OAS payments (Advisory Group on Working Time and the Distribution of Work 1994). Before age 62, public income replacement transfers for needy Canadians are provided mainly by Unemployment Insurance (UI) – recently renamed Employment Insurance (EI) – by disability benefits paid by the CPP and federal and provincial workers' compensation programmes, and by Social Assistance payments which are colloquially referred to as 'welfare'. All of these programmes are essentially intended to provide short-term benefits for people in temporary difficulties. However, selective modifications have been made to meet the needs of the 'deserving poor' for long-term income support.

Older workers who have undergone early exit from the labour market are not targets of much special income transfer programme design in Canada. Since 1986 there has been a Program for Older Worker Adjustment (POWA) but its impact has been limited (Tindale 1991). POWA is a federal–provincial programme, designed to help unemployed older workers who have little chance of obtaining a new job after a major permanent layoff (Human Resources Development Canada 1994). This programme has provided extended unemployment insurance benefits to out-of-work persons who are at least 55 years of age, but is limited to those working a requisite number of years in certain industries. The major limitation of this programme is that it has been restricted to designated layoffs in particular regions where local employment difficulties have attracted political attention from provincial governments. Not all older workers have been so lucky.

Non-employment and the risk of poverty among seniors in Canada

The number of people who left the labour market in Canada between the ages of 55 and 64 jumped by 114 per cent between 1983 and 1993 (Advisory Group on Working Time and the Distribution of Work 1994). Most of this increase was due to a growing tendency toward early retirement among men. In contrast, the labour force participation rate among women in this age group has been rising, though only slowly. Between 1975 and 1993 the participation rate of women aged 55 to 64 rose from 30.8 per cent to 36.4 per cent (Basset 1994).

The pathways to exit from the labour force taken by Canadian men have become more diverse in recent years (Monette 1996). For some senior men, early retirement packages are provided as incentives to facilitate corporate downsizing or structural adjustments. For others, involuntary retirement is the result of job loss or ill-health.

In Canada, many more men are now leaving the labour force without a public pension (Schellenberg 1994). Under current circumstances, early exit might mean having to withdraw private pension funds earlier than anticipated, as well as making fewer contributions to existing funds for the future. It is an issue which policy debate in Canada has not adequately addressed. Debates continue over raising the age of public pension eligibility, while more people are leaving the labour force with no or inadequate pensions.

Recent studies of poverty in Canada have highlighted the economic difficulties of seniors aged 55 to 64 years. Cheal (1996) has observed that the incidence of poverty in the 1992 Family Expenditure Survey declines in middle age until approximately 50 years of age, after which it rises until 65 when it falls once more before rising again in late old age. The National Council of Welfare has reported similar findings based on the 1995 Survey of Consumer Finances. After the high rates of poverty in the 18 to 24 age group, it notes that:

> Poverty rates for both men and women fell in the age groups that follow until the age group 55 through 64. Higher rates in this group tend to reflect the difficulties older workers have when they lose their jobs. The higher rate for women 55 through 64 may also be due to an increasing number of widows. (National Council of Welfare 1997: 34).

This elevated rate of poverty among Canadian seniors and its possible causes, is the starting point for the research to be reported here. The analysis highlights economic inequalities between this age group and the preceding and succeeding age groups, as well as the economic polarization that exists among seniors themselves. While some seniors continue to earn large incomes from wage labour, others rely heavily upon public transfers that are essentially designed for short-term relief rather than income maintenance. However, the biggest financial difference is between people who receive market earnings or government transfers, and those people who have neither. The latter are usually dependent on the former.

Research methods

Patterns of poverty and dependence among seniors in Canada will be described by analysing public use data from the 1993 Survey of Labour and Income Dynamics (SLID). In this survey the main unit of analysis is the individual. Statistics Canada asked 29,934 persons aged 16 or over at the beginning of 1993 to provide information on items such as income, labour market activity, demographic characteristics, family and household characteristics, educational activity and work experience. From these data three key measures have been derived. The first is whether or not a respondent lives in poverty, based upon his or her total family income. The second measure defines whether an individual is financially dependent upon his or her family. The third measure, economic constraint, distinguishes individuals who are poor or dependent from those who fall into neither of these two groups.

Poverty

In the present study, individuals are defined as living in relative poverty if their disposable income is less than half the population median. For an individual living alone or sharing a dwelling with unrelated persons, disposable income is considered to be the individual's personal income after taxes. For a person living in an economic family, disposable income is deemed to be a portion of the total family income after taxes. (According to the definition employed by Statistics Canada, *an economic family* is a set of persons sharing a dwelling who are related by blood, adoption or marriage, the latter including cohabitation.) The calculation of an individual's disposable family income takes into account the number and ages of the family members who share the family income, by dividing the family income after taxes by weighted family size. This income adjustment was performed using the preferred family equivalence scale of Statistics Canada, which assigns a value of 1.0 to the oldest person in the family, and a value of 0.4 to the second oldest person in the family regardless of age. For the third and subsequent family members, a value of 0.4 is assigned to persons aged 16 or over, and a value of 0.3 to those under that age.

Any individual with a disposable income (as calculated above) which is less than half the median disposable income in Canada, is defined as living in poverty. According to this way of measuring poverty, 10.9 per cent of all Canadians aged 16 and over were poor in 1993.

The observed incidence of poverty is reduced for some people by income-sharing within households. Rendall and Speare (1995) have estimated that if there were no co-residence in the United States, poverty rates among the elderly would be much higher. According to their calculations, elderly women are major beneficiaries of poverty reduction through co-residence. Many older women are saved from poverty by living with their spouses or other family members. A noteworthy consequence of this is that poverty statistics give an incomplete picture of the extent of economic restraint among older women. What conventional poverty measures conceal are the consequences for women of financial dependence upon men.

Dependence

As stated in feminist theory, women's possession of an independent income outside of marriage is an important condition for female agency. A personal income affects a woman's ability to form an autonomous household that does not require access to a male breadwinner's wage. Also, if she is married, it can affect a woman's power within marriage. The extent of women's financial independence and its opposite, financial dependence, has therefore emerged as an important criterion by which the performance of contemporary welfare states is judged (Lister 1990; Orloff 1993).

Quantitative studies of wives' financial dependence have tended to stress the degree of deviation from an ideal model of egalitarian marriage (Hobson 1990). Wives are considered to be dependent if they contribute significantly less than half the combined family income. From this point of view, women who do not have jobs which pay as much as their husbands' will all be dependent to some degree. However, from a social policy perspective, it is less important to know how many wives do not have dual career marriages than it is to know how many women would be poor if they did not have access to a family wage. Therefore, the measurement of financial dependence in this analysis will be linked to the measurement of relative poverty.

A generic measure of the financial dependence of a person upon one or more co-resident family members was produced in two stages. First, an individual was defined as having a high personal poverty risk if his or her personal income after taxes was less than half the median disposable income for Canada. Such people would be considered poor if they were living on their own. They will therefore require financial support from private or public sources, if they are to be raised out of poverty. Second, the personal poverty risks of individuals were compared with their observed poverty statuses, taking into account total family income after taxes. Individuals with high personal poverty risks living in non-poor families were judged to be dependent on other family members to keep them out of poverty.

According to this measure of financial dependence, 24.8 per cent of Canadians aged 16 and over were dependents in 1993. The number whose poverty risk is alleviated by pooling resources with co-resident family members, is more than twice the number who are actually poor.

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TABLE 1. *Percentages of poor and financial dependents, by age groups*[a]

	All respondents	Men	Women
Poverty			
Middle age (39–53)	8.7	8.5	9.0
Seniors (54–63)	12.7	10.6	14.7
Elderly (64 or more)	6.2	3.9*	8.0
Dependence			
Middle age (39–53)	15.6	6.0	25.3
Seniors (54–63)	25.3	8.3	42.1
Elderly (64 or more)	22.6	9.7	32.2

[a] *Due to the peculiar design of the SLID public use file, the age cut-offs do not correspond exactly with the conventional quinquennial cut-offs. 'Middle age' in the analysis below refers to ages 39 to 53, 'seniors' to ages 54 to 63, and 'elderly' to 64 years and over.*
* *Estimate less reliable due to high sampling variability.*

Economic constraint

The measures of poverty and dependence defined above identify two mutually exclusive groups of people: those who are poor based upon actual disposable income, and personal dependents who would be poor but for the fact that they are living in a non-poor family. Although they live under very different circumstances, both types of people are constrained in some sense. Together, these two groups comprised 35.8 per cent of Canadians aged over 15 years in 1993.

The remaining 64.2 per cent of Canadians had a low personal poverty risk and their family income fell above the poverty line. They may be called 'non-constrained'. It will be interesting to compare demographic characteristics of non-constrained seniors with those who were either poor or dependent.

Findings

The relative frequencies of poverty and dependence among the middle aged, seniors and the elderly in Canada are presented in Table 1.

Overall, poverty and financial dependence in Canada are both higher among seniors than they are among the middle aged or the elderly. There are some important gender differences, especially in the incidence of dependence. The rate of dependence for women is much higher than it is for men. Among men, the incidence of dependence is highest in the elderly, but the effect of ageing in males is not large. In contrast, there are large differences in financial dependence among

TABLE 2. *Income sources and income levels, by age groups*

	Middle age	Seniors	Elderly
Major source of personal income (per cent)			
No income	2.9	5.9	—
Wages and salaries	70.8	44.3	3.1
Total net from self-employment	7.5	5.7	1.2*
Total government transfers	13.8	24.0	71.5
Retirement pensions, annuities	0.5**	9.5	15.2
Total investments, other money income	4.5	10.6	8.8
	100.0	100.0	100.0
Median total personal income after taxes ($)			
All persons[a]	23,500	16,440	13,800
Persons whose major source of income is wages and salaries	28,200	25,700	27,600
Persons whose major source of income is government transfers	8,200	8,200	12,300

[a] Includes persons with no income.
* Estimate less reliable due to high sampling variability.
** Estimate may not meet Statistics Canada's quality standards for sampling variability.
— Estimate not available due to insufficient number of cases or extreme sampling variability.

Canadian women, and senior women are by far the most likely to be financially dependent.

Part of the difference in financial dependence between senior women and elderly women is no doubt due to the fact that the former are more likely to have spouses. In 1993, 71.8 per cent of senior women were married, down only slightly from 75.4 per cent in middle age. On the other hand, only 45.7 per cent of elderly women were married. A full two-fifths (40.6%) of elderly women were unattached individuals living in one-person households. Unexpectedly, the large number of elderly women living on their own does not lead to a jump in poverty in old age in Canada. Canadian women in this age group have a lower than average probability of being poor. In contrast, the high level of dependence among senior women is a result of the combination of a high marriage rate and low incomes (see Table 7). Fifty six per cent of married female seniors are financially dependent. Not surprisingly, the overwhelming majority of senior dependents are female (see Table 8).

Ageing and income

The middle aged, seniors and the elderly have very different sources of income, and different levels of income (see Table 2). Economic ageing involves a general decline in earnings from wage employment and self-employment and increased reliance on other sources of income, notably government transfers. A clear majority of the middle aged (70.8%) draw on wages and salaries as their main source of personal income, and an equally large number of the elderly (71.5%) rely mainly on public transfers. In between are the seniors, who are in transition from the market economy to the public sector.

As we might expect, the average (median) income of seniors falls somewhere between the other two age groups. In fact, the economic resources of seniors are closer to those of the elderly than they are to those of the middle aged, with one important exception. Seniors and the middle aged who rely on government transfers as their major source of income receive much less income support on average than elderly persons who depend on the state ($8,200 compared with $12,300).

The financial circumstances of seniors are paradoxical. Incomplete data can therefore easily lead to misunderstandings about this age group. On the one hand, seniors have higher average personal incomes than the elderly, but on the other hand more seniors are poor or dependent (compare Tables 1 and 2). The explanation for the higher-than-expected level of economic constraint found among seniors seems to lie in two critical conditions. First, a significant number of seniors have no personal income (5.9%). Second, less than half (44.3%) of seniors derive their main personal income from wages and salaries. Those who do not are more likely to be economically constrained. About one quarter (24.0%) of seniors depend on public transfers as their main source of income, and seniors who receive government transfers are more likely to be poor than the recipients of any other type of income (34.5% are poor). A clear majority (65.8%) of poor seniors are people who depend on government transfers as their major source of personal income.

Public income supports for seniors are less generous than they are for the elderly. Transfers programmes for seniors in Canada are not intended to provide a guaranteed income that will permanently support them at an adequate standard of living. Rather, such programmes merely serve to prevent destitution among people who are either preparing to re-enter the labour market after a temporary absence or are prepared to accept a lower standard of living as the price for voluntarily leaving the labour market at an early age. The difficult policy questions here are: how many early quitters really stop working voluntarily; and how many older workers who are seeking re-employment in today's labour market can obtain work at decent wages?

An especially vulnerable group are seniors with a disability that

Table 3. *Current and past employment activity, by age groups*

	Middle age	Seniors	Elderly (64–69)
Annual labour force status (per cent)			
Employed all year[a]	70.9	45.2	13.6
Not in labour force all year	12.4	38.8	81.8
Other[b]	16.6	16.0	4.6
	100.0	100.0	100.0
Weeks employed (mean)	41.7	27.4	8.2
Weeks unemployed (mean)	3.1	2.8	0.7
Weeks not in labour force (mean)	8.2	22.7	44.1
Work limitation[c] (per cent)	9.5	20.0	20.7
Years work experience[d] (mean)			
All respondents	19.7	26.5	28.3
Respondents whose major source of income is government transfers	13.2	21.7	26.1

[a] 'Employed' status may be full- or part-time employment, or a combination of both.
[b] Unemployed all year, or a combination of part-year employment, unemployment, or not in the labour force.
[c] May be a physical or mental condition that limits to some extent a person's ability to work for pay.
[d] Expressed in full-year full-time equivalent years.

limits their capacity to work. About three in ten (29.0%) of seniors with a work limitation live in poverty, compared with less than one in ten (8.7%) of seniors without a disability.

Ageing and work

The relatively low level of benefits received by seniors who depend on the state, by comparison with the benefits received by elderly public dependents, is not due to any obvious failure by senior clients of the Canadian welfare state to earn entitlements to public support. This conclusion is drawn from information provided by the Survey of Labour and Income Dynamics, about cumulative years of full-year full-time equivalent work experience. (For details on this variable, see Lathe and Giles 1994, 1995). Seniors whose main income source is currently government transfers do not appear to have been permanent wards of the welfare state. Their average years of full-time full-year equivalent work experience are not very far below those of comparable groups, taking into account the fact that most of them must recently have been without regular employment in order to qualify for government benefits (see Table 3).

The picture revealed in Table 3 is one of a large drop in labour force

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Table 4. *Current and past employment activity of seniors, by economic status*

	Poor	Dependent	Not constrained
Annual labour force status (per cent)			
Employed all year[a]	13.6*	21.7	61.1
Not in labour force all year	70.7	64.8	21.7
Other[b]	15.7*	13.5	17.2
	100.0	100.0	100.0
Weeks employed (mean)	9.5	13.6	36.8
Weeks unemployed (mean)	3.9	2.9	2.6
Weeks not in labour force (mean)	39.7	36.5	13.5
Work limitation[c] (per cent)	45.4	22.2	13.9
Years work experience[d] (mean)	20.7	15.7	31.8

[a] 'Employed' status may be full- or part-time employment, or a combination of both.
[b] Unemployed all year, or a combination of part-year employment, unemployment, or not in the labour force.
[c] May be a physical or mental condition that limits to some extent a person's ability to work for pay.
[d] Expressed in full-year full-time equivalent years.
* Estimate less reliable due to high sampling variability.

participation after midlife. Many fewer seniors are employed full-year than the middle aged. The dramatic reduction in weeks of employment by seniors is not the result of temporary 'friction' in the labour market, since unemployment is not high among seniors. (In Canada, 'unemployment' is officially defined as not being employed but looking for work, and it therefore does not include discouraged job-seekers who have given up looking for work.) Also, short-term employment disruptions do not seem to have been any more common among seniors in 1993 than they were among the middle aged. The modest levels of employment observed among Canadian seniors are apparently affected by a significant exit from work at this stage of life, perhaps associated in some cases with poor health that limits their ability to work for pay.

Early exit from work is a principal factor associated with poverty and dependence among seniors. A clear majority of seniors who were either poor, or who depended on another family member to keep them out of poverty, did not participate in the labour force (see Table 4).

Gender, work, and income

The impact of exit from work upon seniors is most obvious among men. The proportion of senior men employed all year in 1993 was 28 per cent less than it was for middle aged men, and the proportion not in the

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TABLE 5. *Current and past employment activity, by age groups for men and women*

	Men			Women		
	Middle age	Seniors	Elderly (64–69)	Middle age	Seniors	Elderly (64–69)
Annual labour force status (per cent)						
Employed all year[a]	77.8	55.9	19.8	64.1	34.8	8.8**
Not in labour force all year	5.4	24.2	73.5	19.3	53.1	88.3
Other[b]	16.7	19.9	6.8*	16.6	12.1	2.9**
	100.0	100.0	100.0	100.0	100.0	100.0
Weeks employed (mean)	45.7	34.1	12.1	37.8	21.1	5.1
Weeks unemployed (mean)	3.5	3.8	1.1	2.7	1.9	0.3
Weeks not in labour force (mean)	3.8	15.2	40.0	12.5	30.0	47.5
Work limitation[c] (per cent)	9.1	19.6	23.0*	9.8	20.3	18.4*
Years work experience[d] (mean)						
All respondents	23.7	35.3	41.1	15.3	17.2	16.5
Respondents whose major source of income is government transfers	19.5	31.3	41.1	9.4	15.5	15.7

[a] 'Employed' status may be full- or part-time employment, or a combination of both.
[b] Unemployed all year, or a combination of part-year employment, unemployment, or not in the labour force.
[c] May be a physical or mental condition that limits to some extent a person's ability to work for pay.
[d] Expressed in full-year full-time equivalent years.
* Estimate less reliable due to high sampling variability.
** Estimate may not meet Statistics Canada's quality standards for sampling variability.

Table 6. *Women's total years of work experience*[a] *by number of children born or raised, for age groups*

	Middle age	Seniors	Elderly (64–69)
Children in lifetime			
Women who had none	20.7	27.1	25.5
Women who had 1–2	15.9	20.0	19.2
Women who had 3–4	12.5	16.2	14.9
Women who had 5 or more	10.4	12.2	10.1

[a] Mean years of full-year full-time equivalent employment.

labour force was four and a half times greater (see Table 5). Early exit among women is hard to estimate from a cross-sectional survey, since there are significant cohort differences as a result of the long-term trend towards increased female employment in younger cohorts (Ginn and Arber 1996). The Survey of Labour and Income Dynamics will provide longitudinal data for Canada in future years.

Senior women in Canada today have about half the number of years of past work experience of men, and about three-fifths of men's current weeks of employment. Table 6 shows that childbearing and child raising had a large impact on employment for senior women. It is worth noting that this particular cohort of female seniors was more fertile than either of the preceding or succeeding cohorts. Only 7.2 per cent of senior women never gave birth to or raised a child, compared with 13.1 per cent of middle aged women and 15.3 per cent of elderly women. And only 37.3 per cent of senior women had less than three children, compared with 48.6 per cent of elderly women and 65.6 per cent of middle aged women. Senior women in Canada appear to have experienced major barriers to employment and income arising from their reproductive role (see also Table 8).

A significant minority (11.6 per cent) of senior women have no source of income. It is therefore to be expected that the median personal income of senior women is considerably lower than that for senior men (see Table 7). It is perhaps more surprising to observe that the disadvantageous relationship between senior women and the welfare state compared with elderly women is greater than the relative disadvantage experienced by senior men. Senior women whose major source of income is government transfers receive only 59 per cent of the transfer income of elderly women in the same situation. By comparison, senior men whose major source of income is government transfers received 74 per cent of the transfer income of comparable

TABLE 7. *Income sources and income levels, by age groups for men and women*

	Men			Women		
	Middle age	Seniors	Elderly	Middle age	Seniors	Elderly
Major source of personal income (per cent)						
No income	0.9**	—	—	4.9	11.6	—
Wages and salaries	75.3	52.2	3.9*	66.2	36.4	2.5*
Total net from self-employment	10.0	8.6	2.2**	5.0	2.9**	—
Total government transfers	10.2	18.8	62.0	17.5	29.1	78.7
Retirement pensions, annuities	—	13.2	24.5	—	5.8*	8.2
Total investments, other money income	3.2	7.1	7.3	5.8	14.2	10.1
	100.0	100.0	100.0	100.0	100.0	100.0
Median total personal income after taxes ($)						
All persons[a]	29,600	24,400	17,600	17,800	9,400	12,100
Persons whose major source of income is wages and salaries	33,100	30,220	32,500*	23,200	19,440	18,600*
Persons whose major source of income is government transfers	10,320	10,500	14,200	7,080	6,700	11,300

[a] Includes persons with no income.
* Estimate less reliable due to high sampling variability.
** Estimate may not meet Statistics Canada's quality standards for sampling variability.
— Estimate not available due to insufficient number of cases or extreme sampling variability.

Table 8. *Demographic characteristics of seniors who are poor, financially dependent or not economically constrained*

	Poor %	Dependent %	Not constrained %
Gender			
Male	41.6	16.3	64.9
Female	58.4	83.7	35.1
	100.0	100.0	100.0
Marital status			
Married	46.3	94.3	78.6
Separated/divorced/widowed	37.8	4.4**	17.2
Never married	15.8*	—	4.2*
	100.0	100.0	100.0
Number children born or raised[a]			
0	14.1**	—	9.6*
1–2	22.2*	29.1	33.8
3–4	40.3	46.7	42.5
5 or more	23.4*	21.6	14.1*
	100.0	100.0	100.0

[a] Refers to women only.
* Estimate less reliable due to high sampling variability.
** Estimate may not meet Statistics Canada's quality standards for sampling variability.
— Estimate not available due to insufficient number of cases or extreme sampling variability.

elderly men. Senior men who depend upon the state for income support are not as well off as elderly men, but senior women are even worse off. This difference has a significant effect upon gender income inequality among seniors, since senior women are much more likely than senior men to depend upon government transfers as their main source of personal income. Low female benefits contribute to the high level of dependence upon the family wage among senior women. Over half (53.9 per cent) of senior women not in the labour force all year in 1993 were personal dependents.

Conclusion

The financial problems of older women and men who are not yet elderly have received comparatively little attention. Research into the economic well-being of older non-elderly persons has been hampered by the fact that the age group which is most stressed today, roughly that aged 55–64 years, has not been clearly identified as a distinct category in the age stratification literature. It is sometimes referred to as 'late middle age' or 'late midlife' (Bowman *et al.* 1994). However, middle age is a relatively advantageous period for most people, and the term 'late midlife' does not adequately reflect the unique changes that often precede retirement. The term 'the Third Age', referring to persons aged 50 to 74, has been especially popular in parts of Europe. Arguably this is one of the least useful concepts since there can be major differences between people who qualify for old age benefits in their 60s, and people in their 50s who have very limited entitlements to public income support if they leave the labour force.

Seniors who have not yet reached the official actuarial age of retirement as defined in public pension plans, need to be identified as a distinct demographic group. One of the most important characteristics of this group is its great internal diversity. Some seniors who are at the peak of their careers are very well off financially. On the other hand, there are substantial numbers of seniors who are either poor or who depend on a family member to keep them out of poverty. In Canada there are more seniors who experience economic constraint than there are economically constrained middle aged or elderly persons.

The data presented in this report show how limited are the financial resources of most non-employed Canadian seniors, especially women. Despite extensive publicity about the increase in early retirement, barely one out of ten Canadian seniors have retirement pensions or annuities from occupational plans as their major source of personal income (Table 2). This is less than half the number who rely on government transfers, and the latter provide only a low level of income support for this age group.

Female seniors clearly have smaller independent financial resources than male seniors. As a result, more than two out of five senior women depend upon familial income sharing to keep them above the poverty line (Table 1). Fewer senior women (5.8%) than senior men (13.2%) have substantial retirement pensions or annuities (Table 7). On the other hand, more senior women (29.1%) than senior men (18.8%) have government transfers as their main source of personal income.

Seniors who rely on the Canadian welfare state for income support have very low personal incomes. That is especially true for women. Senior women with government transfers as their major source of income receive under two-thirds of the median transfer income of senior men in the same financial situation. This low level of public support no doubt contributes to the greater incidence of economic constraint among female seniors at the present time. Over half of senior women in Canada today are economically constrained.

Levels of economic constraint among Canadian seniors will have to be carefully monitored in the future. The large 'baby boom' generation, whose imminent impact on retirement plans for the elderly has already been widely anticipated, must first go through the senior years before reaching old age. It will be very interesting to see whether or not the 'baby boom seniors' will be any better off economically than the current generation of seniors.

There are some grounds for optimism about the future economic well-being of Canadian seniors, especially women. Female labour force participation rates have been increasing, and there should therefore be fewer financially dependent women in the future than there are now. However, the favourable impact of this trend seems likely to be muted by the counter-trend toward earlier exit by workers from paid employment. The nature of institutional provisions for early retirement, in both the private and public sectors, is therefore very important.

Based on current trends, it would be unrealistic to expect much more financial support for early retirement from the private sector in Canada. Private companies have shown little interest in extending costly income replacement programmes to all of their employees. In 1993, less than half (44.6%) of all paid workers in Canada were covered by occupational pension plans (National Council of Welfare 1996). Without membership in such plans, and with only minor income from investments, large numbers of Canadian men and women must continue to look to government income transfers when they leave the labour force. Until that situation changes, the growing number of non-employed seniors will test the limits of state income support programmes in Canada.

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