

NEWS RELEASE

Cost of Elderly Benefits projected to reach \$103.2 billion by 2030, an increase of 70%

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For immediate release

VANCOUVER—Spending on taxpayer-funded federal income support programs for Canadians aged 65 and older are expected to reach \$103.2 billion, an increase of 70 per cent, by 2030 as a result of Canada’s aging population, finds a new study released today by the Fraser Institute, an independent, non-partisan, Canadian public policy think-tank.

“As Canada’s population of seniors grows with each passing year, so too do the costs of these support programs,” said Steven Globerman, resident scholar at the Fraser Institute and author of *Canada’s Aging Population and Income Support Programs*.

The study finds that over the 10-year period from 2020 to 2030, total expenditures on the two major taxpayer-funded federal income support programs for Canadians over the age of 65—the Old Age Security (OAS) and the Guaranteed Income Supplement (GIS)—are projected to increase by almost 70 per cent, plus an additional 136 per cent from 2030 to 2060.

“Critically, these projections were completed before the federal government announced a 10 per cent increase in benefits for OAS, which will further increase the cost of this program,” commented Globerman.

For context, the OAS and GIS programs were already nearly 50 per cent greater than the federal government’s transfer payments to the provinces for health care in 2019.

The OAS is a monthly payment to individuals aged 65 or older up to a maximum amount of approximately \$615 per month. The GIS is a monthly payment to low-income seniors living in Canada.

The absolute number of people aged 65 and older is expected to double between 2019 and 2060. In fact, 25 per cent of Canada’s population is projected to be 65 or older by the year 2060.

And as a result of Canada’s aging population, total spending related to the OAS and GIS programs are projected to increase from 2.8 per cent of Canada’s GDP in 2020 to 3.1 per cent by 2060.

“The increased costs for senior income support risks crowding out government spending in other areas that are important to Canadians,” Globerman said.

“The aging of the population has already begun, and policymakers across Canada need to prepare for the drastic changes this will usher in, including escalating costs for income support programs.” said Globerman.

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