

NEWS RELEASE

Expanding the CPP will not help Canada's most financially vulnerable seniors

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For immediate release

VANCOUVER—Single seniors living alone, most of whom are women, and especially single seniors with limited or no work history, are financially vulnerable in retirement, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Expanding the CPP in the hopes of helping financially vulnerable seniors makes no sense because such seniors are generally ineligible for CPP benefits,” said Charles Lammam, director of fiscal studies at the Fraser Institute and co-author of **Expanding the Canada Pension Plan Will Not Help Canada’s Most Financially Vulnerable Seniors**.

The study uses Statistics Canada’s low-income cut-off (LICO), an indicator of whether someone is likely to experience difficult financial circumstances, to identify which Canadian seniors are most financially vulnerable.

It finds that single seniors living alone (widows or divorcees, for example) are nearly three times as likely to experience low income as other seniors (10.5 per cent of single senior living alone experience low income versus 3.7 per cent for all seniors).

A subset of single seniors is at even higher risk of being in low-income; namely single seniors living alone who have no income from the CPP of whom almost half (48.9 per cent) experience low-income. This is primarily because they have very limited or no work history. (CPP benefits are based on a person’s work history and contributions to the CPP over their working lives.)

“Simply put, expanding the CPP will not help the small share of seniors that are financially vulnerable in retirement because they likely do not and will not receive benefits from the CPP due to a lack of work history,” Lammam said.

The study also finds that, even for low-income single seniors with work histories, expanding the CPP will likely provide little or no real assistance. That’s because a higher CPP benefit could trigger a reduction in other federal (and provincial) government benefits targeted at low-income seniors, such as the Guaranteed Income Supplement.

“If we’re truly interested in helping financially vulnerable seniors, then we need to discuss reforms to programs targeting low-income seniors—not the CPP,” Lammam said.

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The Fraser Institute is an independent Canadian public policy research and educational organization with offices in Vancouver, Calgary, Toronto, and Montreal and ties to a global network of think-tanks in 87 countries. Its mission is to improve the quality of life for Canadians, their families and future generations by studying, measuring and broadly communicating the effects of government policies, entrepreneurship and choice on their well-being. To protect the Institute's independence, it does not accept grants from governments or contracts for research. Visit www.fraserinstitute.org

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