

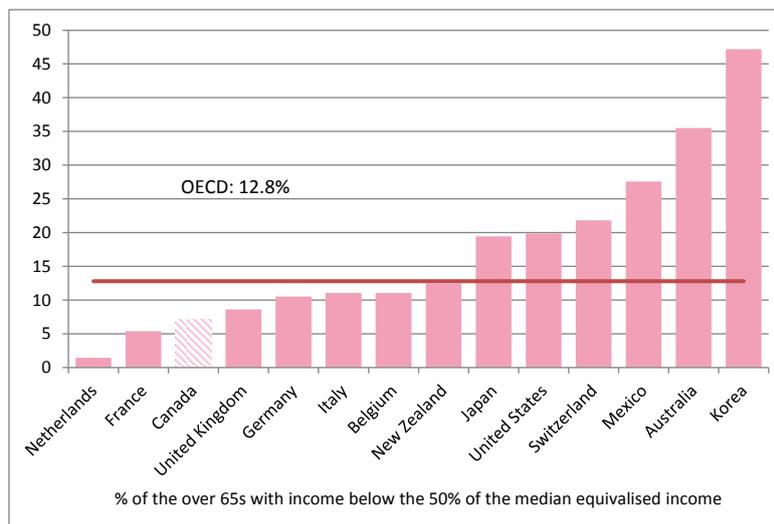
**Pensions at a Glance
2013**
OECD and G20 Indicators

CANADA

- **Income poverty rates in old-age are relatively low in Canada but have increased over time.**
- **Public transfers contribute less to the incomes of the over 65s than capital.**

Old-age poverty rates remain among the ten lowest observed in OECD countries: with 7.2% of the over 65s in poverty, Canada is well below the OECD average of 12.8%. However, while old-age poverty fell in 20 OECD countries between 2007 and 2010, old-age poverty in Canada increased by about 2 percentage points over the same period. The biggest increase in old-age poverty occurred among elderly women, especially those who are divorced or separated. Higher poverty among older women reflects lower wages, more part-time work and careers gaps during women’s working lives, as well as the effect of longer female life expectancy of women, for which many women have not been able to save enough. The slower growth of the incomes of the elderly compared to those of the working-age population is another reason for the rise of the risk of poverty in old-age in Canada, given that poverty is measured in relation to the median income of the total population.

Income-poverty of the over-65s in the late 2000s



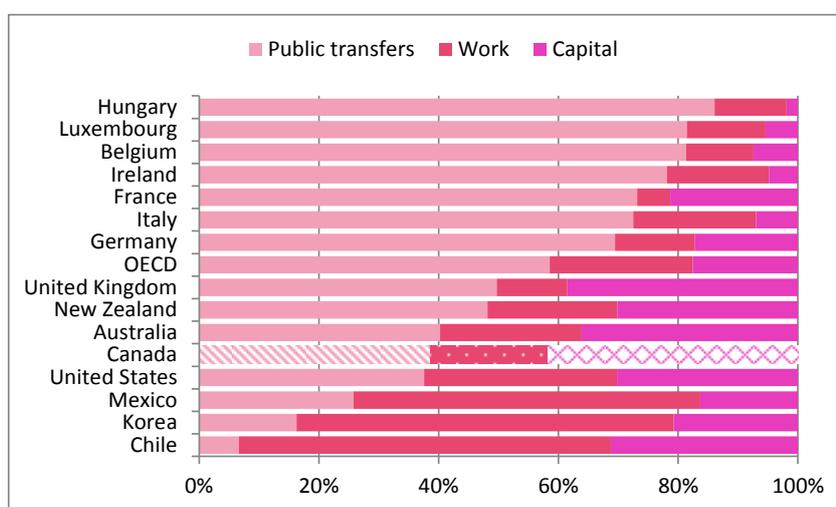
Source: OECD (2013), Pensions at a Glance 2013

Living standards in old-age, however, are not only determined by pension incomes. **Public transfers currently account for a relatively small share of the gross incomes of the over 65s in Canada: less than 39% compared to 59% on average in the OECD.**

Incomes from capital, including private pensions, represent a larger share: around 42% – well above the OECD average of 18%. As private pensions are mainly concentrated among workers with higher earnings, the growing importance of private provision in the next decades may lead to higher income inequality among the elderly. Those facing job insecurity and interrupted careers are also more exposed to the risk of poverty because of the lower amounts they can devote to retirement savings.

Adequate living standards in retirement also depend on other resources such as housing wealth and publicly provided services. Around 70% of people aged 65 and over own their houses in Canada which compares with 76% on average in the OECD. However, some of these homeowners are still repaying a mortgage. For example, among the over-65 year olds who owned their homes, 6.5% were still repaying a mortgage in 2011.

Source of incomes among the over-65s



Source: OECD (2013), Pensions at a Glance 2013

Key indicators

		Canada	OECD
Gross replacement rate	Average earner (%)	45.4	54.4
	Low earner (%)	80.1	71.0
Public spending on pensions	% GDP	4.5	7.8
Life expectancy	At birth	81.4	79.9
	At age 65	20.2	19.1
Population aged 65 and over	% of working-age population	23.7	25.5
Average earnings	CAD	46 900	42 600

Note: replacement rate is pension entitlement from all mandatory sources of retirement income relative to individual earnings. Calculations for a full-career worker entering the labour market in 2012. Low earner is assumed to earn 50% of the average. Source: OECD (2013), Pensions at a Glance 2013; OECD and G20 Indicators.

Notes to editors:



***Pensions at a Glance 2013:
OECD and G20 Indicators***

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The report includes pension indicators for the OECD member countries and G20 economies with 2012 pension rules and parameters. There are two special chapters on (i) distributional impact of reforms; (ii) future retirement income adequacy, the role of housing, financial wealth and publicly provided services.

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