

REPORT



# Seniors' poverty in Canada

Why it exists and why it doesn't  
have to

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### **About the authors**

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### **About Maytree**

Maytree is a Toronto-based human rights organization committed to advancing systemic solutions to poverty and strengthening civic communities. We believe the most enduring way to fix the systems that create poverty is to ensure that economic and social rights are respected, protected, and fulfilled for all people living in Canada. Through our work, we support non-profit organizations, their leaders, and people they work with.

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# Introduction

Many in Canada see income support for seniors as a success story. Indeed, Canada's income security system for most residents aged 65 and over is substantially more generous than similar programs targeted at working-age adults or children. This is why poverty rates among seniors dropped precipitously from the 1970s to the 1990s and remain lower than those of other age groups.

On the other hand, no one of any age in Canada should live in poverty. Yet in 2022, there were 430,000 seniors below the Official Poverty Line.<sup>1</sup> Progress on reducing the rate of seniors' poverty has stalled in recent years, and as the population ages, the absolute number of seniors living in poverty is growing quickly. Our governments must do more to uphold their obligation to progressively realize the human right to an adequate standard of living for all, including Canada's seniors.<sup>2</sup>

This report explores why so many seniors continue to live in poverty despite the relatively robust income security system in place. We identify two overarching reasons:

1. **Too many low-income seniors are not eligible for key federal seniors' benefits or do not access them even when they are eligible.** We explore how residence requirements and access barriers leave these seniors out.
2. **Income security programs are not generous enough to lift all seniors out of poverty.** We find that in parts of Canada, where the cost of living is relatively low, the combined total of federal and provincial income supports may be enough for a single individual or a couple to entirely escape poverty. Where the cost of living is highest, however, income supports still leave many people thousands of dollars below the poverty line.

This report is intended as an introduction to the income security system in place for seniors who have little or no income from a public or private pension, nor other private sources of income on which to rely. It complements Maytree's annual *Welfare in Canada* report, which summarizes the welfare incomes of working-age

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1 Statistics Canada. Table 11-10-0135-01 Low income statistics by age, sex and economic family type. <https://doi.org/10.25318/1110013501-eng>

2 In 1976, Canada acceded to the International Covenant on Economic, Social and Cultural Rights. This legally binding treaty compels all levels of government to commit the maximum of our available resources to the progressive realization of the right to an adequate standard of living for all.

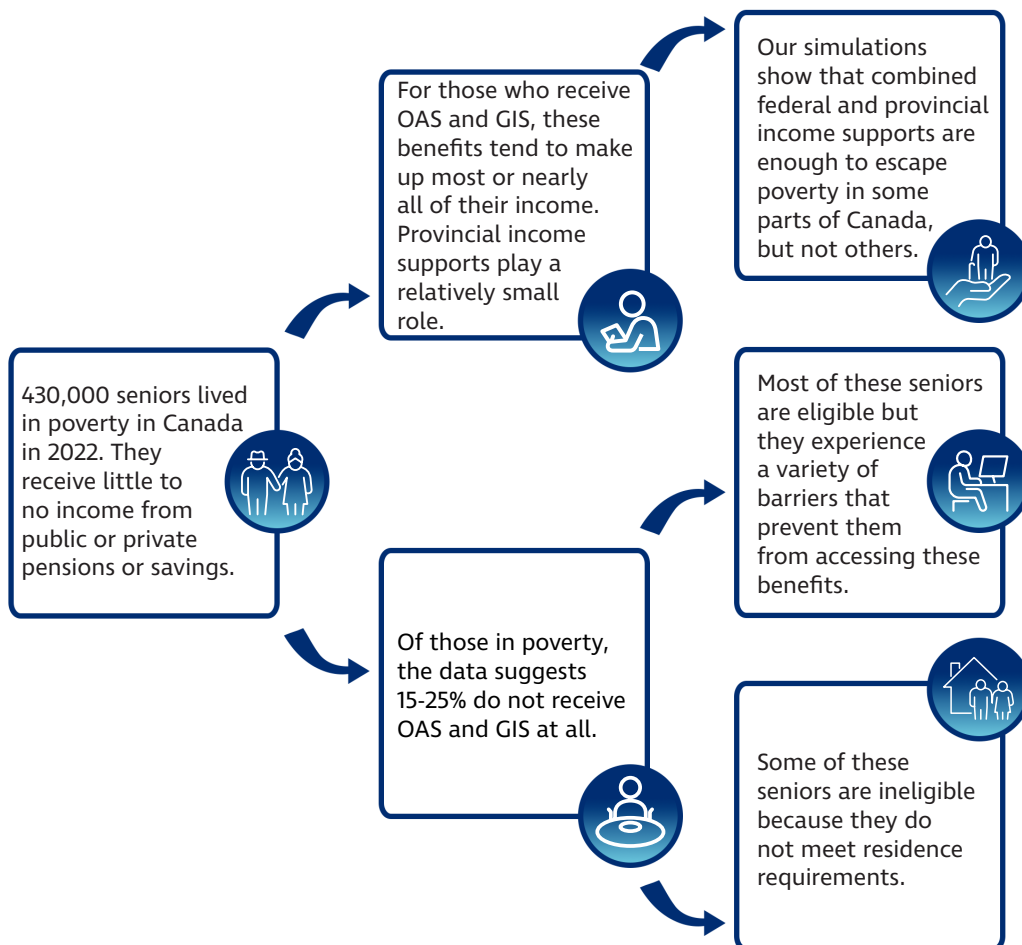
adults without employment income in every province and territory in much greater detail.<sup>3</sup>

A note on data sources: Throughout this report we rely on two different sets of data to understand seniors' income levels and sources. Each has benefits and drawbacks due to their methodological differences.

The 2021 Census uses a mandatory survey with a large sample size and a high number of demographic variables. It offers reliable data on smaller population segments. However, the Census uses 2020 income data matched to a 2021 survey, which may affect the accuracy of the data for those who turned 65 years old in the interim.

In contrast, the 2022 Canadian Income Survey (CIS) is a sample-based, optional survey but offers more recent data. The CIS may also more accurately match an individual's age to their income at the time.

## Summary of findings



3 Laidley, Jennefer & Tabbara, Mohy-Dean. (2024). *Welfare in Canada, 2023*. Maytree. [https://maytree.com/wp-content/uploads/Welfare in Canada 2023.pdf](https://maytree.com/wp-content/uploads/Welfare_in_Canada_2023.pdf)

# Seniors in poverty

Before exploring the situation of specific households and the programs from which they benefit, it is worth summarizing what we know about poverty among seniors.

According to the Market Basket Measure (MBM), Canada's official poverty line, seniors enjoy the lowest poverty rate of any age group. The MBM is an absolute measure of poverty. It represents the cost of a specific basket of goods and services required to achieve a basic standard of living.

The most recent data available, which dates from 2022, places the rate of poverty among seniors at 6.0 per cent. This contrasts with a rate of 11.1 per cent for those aged 18 to 64 and 9.9 per cent for children under 18.<sup>4</sup> Poverty among seniors has increased modestly since reaching all-time lows during the global pandemic but is still down from the 7.1 per cent measured in 2015.

Seniors also had a lower average gap ratio than other age groups, which means that seniors in poverty are, on average, living closer to the poverty line. This is important because it suggests that poverty among seniors can be a different experience than that of other groups living in poverty. While any level of poverty is an unacceptable violation of human rights in a country as prosperous as Canada, adults of working age who rely on social assistance programs – many of whom have a significant disability – tend to experience a much deeper level of poverty on average.

However, Statistics Canada's Low-Income Measure (LIM) after tax, which measures the proportion of Canadians with incomes below half of the adjusted median after-tax income, tells a different story. Using this relative measure, the poverty rate for seniors jumps up to 15.4 per cent – higher than all other age groups (see Figure 1). This number is up slightly from 2015 and well above the single-digit rates seen in the 1990s.<sup>5</sup>

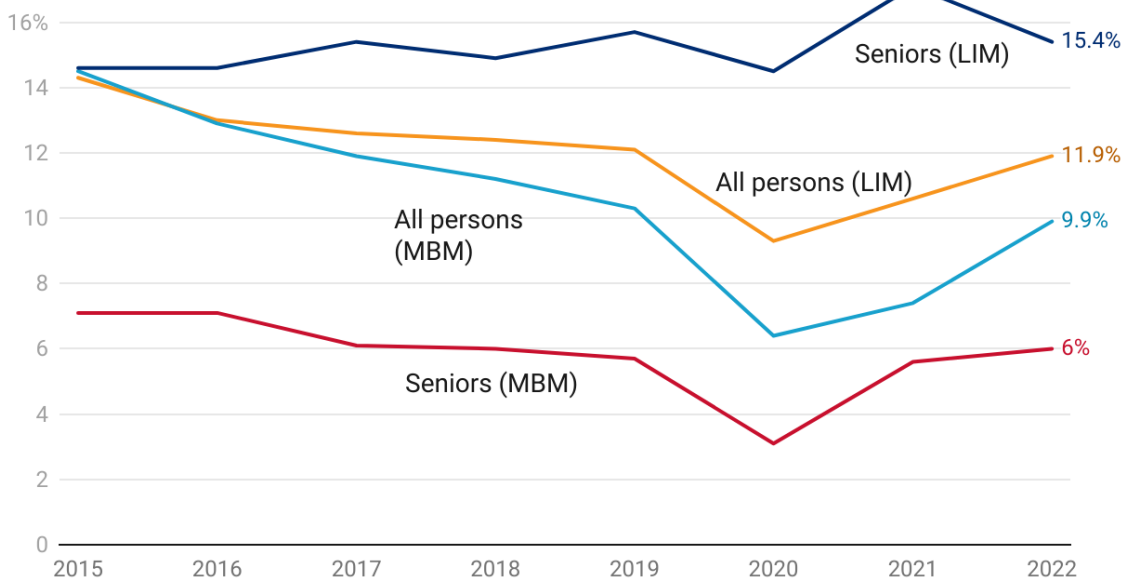
The MBM and the LIM measure different, but related, concepts. Together they reveal a richer story: Over the decades, more and more seniors have sufficient income to purchase necessities as defined by the MBM, but at the same time they have lost considerable ground relative to the median income in Canada as shown through the LIM.

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4 Statistics Canada. Table 11-10-0135-01 Low income statistics by age, sex and economic family type. <https://doi.org/10.25318/1110013501-eng>

5 Leclerc, Karine. (2024). *The poverty rate and low-income situation of older persons in Canada: An intersectional analysis*. Statistics Canada. <https://www150.statcan.gc.ca/n1/en/pub/45-20-0002/452000022024002-eng.pdf?st= XXQtJlj>

**Figure 1: Poverty and low-income rates over time for seniors and for all persons as measured by the MBM (2018 base) and LIM (after tax)**



Source: Statistics Canada. Table 11-10-0135-01. Low income statistics by age, sex and economic family type.

The significant gap between the MBM and LIM rates also tells us that there are hundreds of thousands of seniors with disposable incomes that exceed the 2022 MBM (which ranged from about \$21,500 to \$28,000 for a household of one person depending on the region and excluding the territories<sup>6</sup>), but whose after-tax incomes are not enough to climb above the LIM threshold (which in 2022 was \$28,863 for a household of one person anywhere in Canada). It is not obvious at first glance why so many seniors live below the LIM but above the MBM when the income thresholds appear similar. In fact, these thresholds are not comparable because they are measuring different things.

Disposable income, which is used to calculate poverty using the MBM, is calculated differently than after-tax income, which is used to identify those below the LIM. For example, the MBM methodology employs what is called a Tenure Type Adjustment. Homeowners without a mortgage, homeowners with a mortgage, and subsidized renters have an average imputed rent cost added to their disposable income to offset the fact that their shelter costs are lower than those of renters. The idea is to put families facing different shelter costs on a more equal footing when estimating poverty, and this is more likely to affect seniors because

6 For the MBM thresholds, see Statistics Canada’s table 11-10-0066-01 Market Basket Measure (MBM) thresholds for the reference family. <https://doi.org/10.25318/1110006601-eng>

a greater proportion live in a house with little or no mortgage or in a subsidized rental unit.

The Tenure Type Adjustment improves the accuracy of the MBM, but for the sake of understanding its impact, we can examine what would happen if it were removed. Statistics Canada calculates that removing imputed rent costs would increase the rate of seniors' poverty by about four percentage points, closing a little under half of the gap to the LIM rate.<sup>7</sup> Importantly, the effect of imputed rents differs by region. In Toronto, where the MBM is high partly due to high market rents, most of the gap between the MBM and LIM can be attributed to imputed rental income. Conversely, in rural Quebec where market rents are low, almost none of the difference between the MBM and LIM is related to imputed rents.<sup>8</sup>

Maytree has argued in the past that the design of the MBM may not adequately account for the costs that seniors face.<sup>9</sup> Getting this right is particularly important when tweaks to the MBM methodology could lead to a large increase in the poverty rate among seniors.

Finally, we should not discount how political incentives can contribute to a low MBM and a high LIM for seniors. The dominant approach in our national policy conversation is to define poverty in absolute terms – the inability to afford some discrete things. Once Canada selected the MBM as its official poverty line, governments had an incentive to design income security programs and poverty reduction efforts with an eye to bringing as many people as possible to just above the MBM, and no further. While policymakers absolutely consider the LIM alongside the MBM, the former is less politically relevant.

Imagine instead we decided as a society that falling too far behind the rest of Canada is itself a form of poverty we hope to eradicate. We might then have selected the LIM as our official poverty line, and perhaps the overrepresentation of seniors below the LIM would be the leading poverty issue of our time.

## Characteristics of seniors in poverty

Like all groups, seniors are not a monolith. Their gender, race, age, immigration history, household structure, location, and many other factors impact their

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7 Gustajtis, Burton & Heisz, Andrew. (April 17, 2024). *Update on the Third Comprehensive Review of the Market Basket Measure*. (PowerPoint presentation). Statistics Canada.

8 Ibid.

9 Griffin, Paloma & Tabbara, Mohy-Dean. (2023). *A fine line: Finding the right seniors' poverty measure in Canada*. Maytree. <https://maytree.com/publications/a-fine-line-finding-the-right-seniors-poverty-measure-in-canada/>

propensity to live in poverty as defined by the MBM or by any other poverty measure.

First, the rate of seniors' poverty in 2022 varied substantially by province, from a high of 10.4 per cent in Nova Scotia to a low of 2.9 per cent in Quebec. The poverty rate was also much higher in Toronto (8.9 per cent) and Vancouver (10.4 per cent), and these two cities alone accounted for 34 per cent of all seniors in poverty.<sup>10</sup>

As is true for all age groups, seniors who live alone are more likely to live in poverty. At 13.8 per cent, their poverty rate in 2022 was over four times higher than the 3.3 per cent poverty rate among seniors who lived with others.<sup>11</sup> Because relatively few seniors live alone, the numbers of seniors in poverty is more evenly split between these two groups. In 2022, about 256,000 seniors in poverty lived alone, while 173,000 lived with others.

The poverty rate is slightly higher among elderly women than men. One reason is that women tend to outlive their partners and spend more years living alone. Another reason is that women tend to have lower incomes during their working lives, which impacts their pension income in retirement. Of the 256,000 seniors in poverty in 2022 who lived alone, 62 per cent were women.

Seniors who have a disability are also more likely to live in poverty. These seniors had a poverty rate in 2022 of 7.1 per cent, compared to 4.6 per cent among seniors without a disability.<sup>12</sup> One cause may be that seniors with longstanding disabilities made less income during their working years and thus made lower pension plan contributions.

A Statistics Canada analysis of the most recent census data found significantly higher poverty rates among elderly racialized women, immigrant women, and those at the intersection of these characteristics.<sup>13</sup> For example, the report estimates a 9.1 per cent poverty rate among elderly racialized immigrant women, a 7.3 per cent poverty rate among all elderly immigrant women, and only a 3.8 percent poverty rate among elderly non-racialized Canadian-born women. How recently a person immigrated also has a significant impact on their likelihood of living in poverty. The poverty rate for elderly women who had immigrated within the previous ten years was estimated at a shocking 17.4 per cent. This is likely due to

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10 Statistics Canada. (Footnote 4).

11 Ibid.

12 Statistics Canada. Table 11-10-0090-01 Poverty and low-income statistics by disability status. <https://doi.org/10.25318/1110009001-eng>

13 Leclerc, Karine. (2024). (Footnote 5).



the relationship between length of residence in Canada and eligibility for income security programs, which we explore later in this report.

## The Canada Pension Plan and Quebec Pension Plan

The Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) are public pensions<sup>14</sup> that pay a benefit based on mandatory contributions made while working. In 2022, 91 per cent of seniors outside Quebec received at least some CPP income. Of course, how much and for how long a person worked has a significant impact on their CPP income in retirement.

While the maximum annual CPP retirement benefit in 2024 is \$16,375, low-income seniors received far less. In 2020, the bottom income decile of seniors had a median annual income of \$12,500, and CPP income made up less than a quarter of that on average.<sup>15</sup>

Many seniors in poverty receive no income from CPP or QPP at all. Data from the 2021 Census indicated that 27 per cent of seniors who lived below the MBM had no income from these sources.<sup>16</sup> The 2022 Canadian Income Survey found that 18 per cent of seniors below the MBM who lived outside of Quebec did not receive any CPP income.<sup>17</sup>

While it is possible for any senior to delay their CPP take-up to age 70 in exchange for higher benefits, the main reason why seniors in poverty receive no CPP or QPP income is that they have never contributed to either Plan. This could be because they exclusively performed unpaid work or worked in the informal or grey market economy, because they have lived with a severe disability for much of their life that prevented them from working, or because they lived outside of Canada throughout their working years.

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14 The federal government defines Canada's Public Pensions as including CPP, QPP, and the Old Age Security program. For the purposes of our analysis, this report treats OAS and GIS as a separate category of program.

15 Maaranen, Richard & Stapleton, John. (2023). *Canadian Seniors' Income type by decile: CIS 2020 Microdata*. (PowerPoint presentation). Open Policy Ontario. <https://openpolicyontario.s3.amazonaws.com/uploads/2023/12/Canadian-Seniors-Income-type-by-decile.pdf>

16 Calculations from Richard Maaranen, Open Policy Ontario, using Census 2021 Public Use Microdata on Individuals.

17 Data on income sources from the Canadian Income Survey was provided to the authors by officials at Employment and Social Development Canada.

Just because a senior receives little or no CPP or QPP does not mean it is reasonable that they live in poverty. These seniors must instead rely on the Old Age Security pension and the Guaranteed Income Supplement, and we explore the implications of this in the remainder of this report.

# Old Age Security and the Guaranteed Income Supplement

Canada's Auditor General counts over 20 federal departments and agencies that provide programs or initiatives that support seniors,<sup>18</sup> but the program that dwarfs all others is the Old Age Security (OAS) program. It consists of:

- The basic OAS pension payable to adults aged 65 and over who meet certain residence and legal status requirements.
- The Guaranteed Income Supplement (GIS) payable to low-income recipients of the OAS pension to help them meet their immediate needs. Receipt of GIS is also a condition of eligibility for some provincial and territorial benefits.
- Two Allowances payable to low-income Canadians aged 60 to 64 who are the spouses or common-law partners of GIS recipients (the Allowance), or who are widows or widowers (the Allowance for the Survivor).

All OAS program benefits are adjusted quarterly based on the Consumer Price Index.

The federal government describes the OAS program as “one of the cornerstones of Canada’s public retirement income system.”<sup>19</sup> These benefits are intended to provide a basic income that can then be supplemented from other sources, such as CPP/QPP, employer-sponsored pension plans, personal registered retirement savings plans, or investments and personal savings. As we have noted, however, low-income seniors typically have little or no access to these other streams of income.

For clarity, further references to OAS in this report refer specifically to the OAS pension, rather than the whole OAS program, unless otherwise indicated.

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18 Office of the Auditor General of Canada. (2024). *Report 11: Programs to Assist Seniors*. [https://www.oag-bvg.gc.ca/internet/docs/parl\\_oag\\_202412\\_11\\_e.pdf](https://www.oag-bvg.gc.ca/internet/docs/parl_oag_202412_11_e.pdf)

19 Government of Canada. (n.d.). About the Old Age Security. <https://www.canada.ca/en/employment-social-development/programs/old-age-security.html>

**Table 1: OAS/GIS basics**

	Old Age Security pension	Guaranteed Income Supplement
Payment frequency	Monthly	Monthly
Maximum benefit in Q1 of 2025	\$727.67 (+10% for people age 75+)	\$1,086.88 for single individuals or those in couples where only one person receives the OAS pension  \$1,308.46 for couples who both receive the full OAS pension
Annual income at which benefits begin to be reduced (2024 tax year)	\$90,997 in individual net income	Benefits are reduced almost immediately (technically this begins at \$24 for single seniors and \$48 for senior couples)  Benefit reductions are based on net family income. There is a full exemption of the first \$5,000 in employment income, followed by a 50 per cent exemption on the next \$10,000 in employment income
Annual income at which benefits reach zero in Q1 2025 (2024 tax year)	\$148,451 in individual net income if age 65 to 74  \$154,196 in individual net income if age 75+	\$22,056 for single seniors  \$29,136 for couples who both receive the OAS pension  \$52,848 for couples where one partner receives the OAS pension and the other does not
Benefit reduction rate	15 per cent of net world income	50 per cent of non-exempt income sources

## Government spending on OAS and GIS

Unlike CPP and QPP, which are funded through payroll taxes, OAS and GIS are paid for through general tax revenues.

The federal government spent \$57 billion on OAS pension payments and another \$18 billion on GIS payments 2023-24.<sup>20</sup> Expenditures are increasing with Canada’s aging population, and the Auditor General has estimated that spending on OAS and GIS will exceed \$180 billion annually by 2045.<sup>21</sup>

20 Government of Canada. (2024). *Public Accounts of Canada 2024, Volume 2, Details of Expenses and Revenues*. Page 193. <https://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/2024/pdf/2024-vol2-eng.pdf>

21 Office of the Auditor General of Canada. (2024). (Footnote 18).

Spending on OAS and GIS dwarfs other significant supports for seniors. For a sense of scale, the Age Credit, which reduces the income tax owed by seniors with modest incomes, is estimated to cost the federal government just over \$5 billion in 2024.<sup>22</sup>

As another comparator, the \$18 billion spent on the GIS to support low-income seniors is roughly equal to the combined spending by all provinces and territories on all welfare programs for adults aged 18 to 64.<sup>23</sup> Note that there are more than three times as many working-age adults as there are seniors, and a higher proportion of working-age adults live in poverty.

Later in this report we will explore how, despite how much is spent on OAS and GIS, the design of these programs does not provide an income floor high enough for all eligible seniors to escape poverty.

## Transitions from social assistance

When most recipients of a provincial social assistance program turn 65, their financial situation improves thanks to the much more generous benefits typically available through OAS, GIS, and any supplements that their province or territory provides to low-income seniors. However, this is not a universal experience.

Social assistance recipients who live in rent-geared-to-income (RGI) housing units often pay rent based on a special rental scale that is much less than 30 per cent of their income. This is particularly true in Ontario but is not unique to that province. At age 65, when an individual moves from social assistance to seniors' benefits, their rent soars to fully 30 per cent of their new higher income.

Furthermore, exiting social assistance for OAS and GIS sometimes means leaving behind ancillary benefits that are only available to social assistance recipients. For example, a person with a disability on social assistance may receive additional monetary or in-kind supports for medical costs, service dogs, special diets, dental care, etc.

Depending on their situation, some seniors may find their disposable income has changed very little or even decreased at age 65.

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22 Finance Canada. (2024). *Report on Federal Tax Expenditures*. Page 74. <https://www.canada.ca/content/dam/fin/publications/taxexp-depfisc/2024/taxexp-depfisc-24-eng.pdf>

23 Calculations based on data compiled by Open Policy Ontario from provincial public accounts.

## What seniors in poverty receive

Data from the 2021 Census indicates that about 250,000 seniors lived below the MBM and received something from OAS/GIS or CPP/QPP, as shown in Table 2.<sup>24</sup> This group made up about 81 per cent of seniors below the MBM and about 4 per cent of all seniors. Two-thirds of seniors in poverty received income from both OAS/GIS and CPP/QPP. Conversely, about one in five seniors living in poverty received neither OAS/GIS nor CPP/QPP income.

**Table 2: Seniors below MBM in receipt of OAS/GIS or CPP/QPP, 2021 Census<sup>25</sup>**

Seniors below MBM and	Number of seniors	Average income	Per cent of seniors below MBM
Receiving OAS/GIS or CPP/QPP	250,301	\$15,286	81.4
Receiving OAS/GIS but not CPP/QPP	25,853	\$13,137	8.4
Receiving CPP/QPP but not OAS/GIS	19,444	\$5,762	6.3
Receiving both OAS/GIS and CPP/QPP	205,004	\$16,460	66.6

Data on receipt of OAS and GIS from the 2022 Canadian Income Survey tells a similar story. According to that data source, two-thirds of all seniors living in poverty in 2022 received OAS and GIS, 20 per cent received only the OAS pension, and 15 per cent had no income from OAS or GIS.<sup>26</sup>

**Table 3: Seniors below and above the MBM by receipt of OAS, 2022 CIS<sup>27</sup>**

	Below MBM		Above MBM	
	Number	% of all seniors below MBM	Number	% of all seniors above MBM
All OAS	365,000	85%	6,091,000	91%
OAS with GIS	279,000	65%	1,943,000	29%
OAS Only	86,000	20%	4,148,000	62%
No OAS	64,000	15%	635,000	9%
Total	429,000	100%	6,726,000	100%

24 Calculations from Richard Maaranen, Open Policy Ontario, using Census 2021 Public Use Microdata on Individuals.

25 Ibid

26 This breakdown of CIS data was provided to the authors by officials at Employment and Social Development Canada.

27 Ibid.

# Why some low-income seniors do not receive OAS and GIS

Before we turn to the adequacy of OAS and GIS, it is worth pausing to consider those seniors who live in poverty but do not receive these benefits.

In 2023, about 94.5 per cent of Canada’s population aged 65 and over received OAS in an average month, and about 32 per cent received GIS in an average month.<sup>28</sup> However, as noted above, data from the 2021 Census indicates about one in five seniors living in poverty received neither OAS/GIS nor CPP/QPP income. The 2022 Canadian Income Survey found 35 per cent of seniors in poverty had no income from GIS and 15 per cent had no income from OAS or GIS.<sup>29</sup>

Generally, seniors do not receive OAS and GIS for one of two reasons: they are ineligible because they do not meet residence requirements, or they face barriers to applying.

## Residence requirements

We have noted how age, family status, and income from other sources can impact OAS and GIS benefit amounts, but there is a final critical factor: residence.

People who have lived in Canada for at least 40 of the 47 years between their 18th and 65th birthday are eligible for full OAS. Those with residence below 40 years receive a partial OAS pension, where their benefit amount is decreased by 2.5 per cent for every year of residence below 40. For example, someone with 20 years of residence receives 50 per cent of the full OAS, and someone with 10 years of residence receives 25 per cent of the full OAS.

However, under the *Old Age Security Act*’s minimum income guarantee, low-income seniors with at least 10 years of residence are eligible for an additional supplementary GIS amount, sometimes referred to as Super GIS, that exactly offsets their lower OAS pension. Some examples are shown in Table 4.<sup>30</sup>

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28 Authors’ calculations using public administrative data and population counts as of July 1, 2023.

29 This breakdown of CIS data was provided to the authors by officials at Employment and Social Development Canada.

30 For more details on the supplementary GIS, see: Stapleton, John. (2024). *Low Income Retirement in Canada*. Open Policy Ontario. [https://openpolicyontario.s3.amazonaws.com/uploads/2024/07/COA-layout\\_July-2024-R1.pdf](https://openpolicyontario.s3.amazonaws.com/uploads/2024/07/COA-layout_July-2024-R1.pdf)

**Table 4: OAS and GIS including supplementary GIS for a low-income individual aged 65 in Q4 of 2024 by years of residence**

Years of residence	Maximum monthly partial OAS pension (\$)	Maximum monthly GIS including supplementary GIS (\$)	Maximum monthly OAS+GIS (\$)
10	181.92	1,632.63	1,814.55
20	363.84	1,450.71	1,814.55
30	545.82	1,268.73	1,814.55
40	727.67	1,086.88	1,814.55

The supplementary GIS makes sure that all low-income seniors with at least 10 years of residence do not fall below an income floor equal to the maximum OAS and GIS received by those with 40 years of residence.

Unfortunately, those with fewer than 10 years of residence do not qualify for OAS and GIS unless they lived in a country that has a reciprocal social security agreement with Canada. Even then, they may not receive much.<sup>31,32</sup> Low-income seniors who do not receive OAS and GIS, or who only receive a small benefit from these programs, may be eligible for provincial social assistance. However, as Maytree’s *Welfare in Canada* report documents, social assistance programs are much less generous and expect most recipients to live well below the poverty line.<sup>33</sup>

Finally, sponsored immigrants do not receive GIS until their sponsorship period is over, which can be up to 20 years according to current legislation. It is expected that the sponsor will support the person they bring into Canada, though this is not always the case in practice.

Table 5 below offers a sense of how many seniors in Canada who live below the MBM may find themselves in the situations described above. Note that these categories provide only a likelihood of eligibility because we would need individual level data on years of residence to conclusively determine OAS eligibility rates for these groups.

31 For the full list of countries, see: <https://www.canada.ca/en/revenue-agency/services/tax/canada-pension-plan-cpp-employment-insurance-ei-rulings/international-social-security-agreements-canada-pension-plan/what-purpose-international-social-security-agreements.html>

32 For more details on calculating OAS/GIS benefits when residence is less than ten years, see: Stapleton, John. (2024). (Footnote 30).

33 Laidley, Jennefer & Tabbara, Mohy-Dean. (2024). (Footnote 3).

**Table 5: Seniors below MBM by residence and its likely impact on OAS pension eligibility, 2021<sup>34</sup>**

	OAS pension eligibility based on residence	Number of seniors below MBM	Percent of all seniors	Percent of seniors below MBM
Arrived in 2020-21	Very likely ineligible	1,296	0.02	0.4
Non-permanent Resident	Very likely ineligible	1,555	0.02	0.5
Immigrated 2011-2019 (country of origin unknown)	Uncertain eligibility	19,258	0.3	6.3
Immigrated before 2011	Very likely eligible	114,926	1.8	37.4
Non-immigrant, Canadian citizens by birth	Very likely eligible	170,006	2.6	55.3

## Take-up of OAS and GIS

Each year, thousands of seniors who are eligible for OAS and GIS do not receive these benefits.

Service Canada can automatically enrol seniors in the OAS pension if the government has the necessary information on file. If not, an application is required. Until 2022, separate applications were required for OAS and GIS, but Service Canada now offers a combined application. Anyone who is enrolled in OAS, has filed taxes, and is eligible for GIS is now automatically enrolled. However, older seniors who began receiving OAS before the change must still apply for GIS separately.

Employment and Social Development Canada estimates that in 2015, about 240,000 seniors, or 10 per cent of all those eligible, did not receive their GIS benefit.<sup>35</sup> Take-up rates are affected by age, gender, marital status, region, income, and other characteristics. Note that calculating the take-up rate among tax filers

<sup>34</sup> Calculations from Richard Maaranen, Open Policy Ontario, using Census 2021 Public Use Microdata on Individuals.

<sup>35</sup> Employment and Social Development Canada. (2019). *Evaluation of the Guaranteed Income Supplement: Phase 1 Summary Report*. <https://www.canada.ca/content/dam/canada/employment-social-development/corporate/reports/evaluations/guaranteed-income-supplement/evaluation-guaranteed-income-supplement-EN.pdf>



is relatively straightforward, but the government must also estimate GIS eligibility among the small percentage of seniors who do not file taxes.

Calculating the OAS take-up rate is somewhat more clear-cut. However, because seniors under 70 can choose to defer their OAS and receive a larger monthly payment later in life, take-up rates should be calculated by age category. In 2021, 96.5 per cent of OAS-eligible seniors aged 65 took up the benefit. This jumped to 99 per cent among those aged 70.<sup>36</sup> Note that deferring OAS is never in the best interest of seniors who live in poverty, as they lose out on GIS benefits that are substantially more valuable than what they later gain in larger OAS payments.

The take-up rates stated above for GIS and OAS are for all eligible seniors. When we isolate take-up rates for the subset of seniors living in poverty, the situation is worse. Data from the 2021 Census suggests about 18 per cent of seniors below the MBM were very likely OAS eligible but not receiving OAS.<sup>37</sup> That's over 55,000 seniors, of which about half were immigrants. The 2022 Canadian Income Survey found 15 per cent of seniors in poverty had no income from OAS, though this would include some who are ineligible.<sup>38</sup> It also found that 20 per cent of seniors in poverty received OAS but not GIS. If these seniors can be assisted in applying and filing their taxes annually, the vast majority should be eligible for GIS due to their low income.

A Wellesley Institute study of OAS take-up in Toronto found that in 2020 approximately 160,000 seniors in that city, or 16.7 per cent, were not receiving OAS benefits.<sup>39</sup> About one-quarter were ineligible due to high income; another quarter had immigrated between 2010 and 2018 and likely did not meet the residence requirement. The remaining seniors were likely eligible non-recipients, some of whom could be consciously waiting to claim a higher OAS pension at age 70.

Importantly for our purposes, the authors found that about 10,070, or 1.1 per cent of all Toronto seniors, were eligible non-recipients of OAS and had incomes below the poverty line.

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36 Employment and Social Development Canada. (2024). *Employment and Social Development Canada's 2023 to 2024 Departmental results report*. <https://www.canada.ca/en/employment-social-development/corporate/reports/departmental-results/2023-2024.html#h3.2>

37 Calculations from Richard Maaranen, Open Policy Ontario, using Census 2021 Public Use Microdata on Individuals.

38 This breakdown of CIS data was provided to the authors by officials at Employment and Social Development Canada.

39 Sheppard, Christine et al. (2024). *Unclaimed Benefits: Too many missing out on Old Age Security in Toronto*. Wellesley Institute. <https://www.wellesleyinstitute.com/wp-content/uploads/2024/12/Unclaimed-Benefits.pdf>

The Wellesley study points to a lack of awareness of these benefits, poor understanding of how benefits work (including persistent misunderstandings of the role of work history, citizenship, and residence), overwhelming application processes, and difficulties establishing residence requirements as some of the likely access barriers.

## Simulation findings

The remainder of this report examines the total income support for seven simulated households who collect all the benefits for which they are eligible. For six of these households, we limit the income support to federal sources. For the seventh household we include income support from both federal and Ontario sources, giving a flavour of how the situation changes when provincial and territorial benefits are considered.

We have largely restricted our simulations to federal income sources to reduce the complexity of the analysis. Provincial and territorial income supports for seniors vary considerably by jurisdiction and play a comparatively small role in seniors' income security. Some provinces, such as Alberta, offer relatively generous programs to support low-income seniors, while Prince Edward Island, Nova Scotia, and Quebec offer no targeted support. This is the opposite of the situation for working-age adults, where provinces and territories operate the major income security programs, and the federal government plays a much smaller role.

## Example households

The household types discussed within this report differ along four variables:

1. **Sources of income:** Whether individuals only receive federal income support or have other income from their specific province of residence.
2. **Marital status:** Whether the individual is single or has a spouse.
3. **Age:** Whether all individuals in the household are 65 years old or 75 years old.
4. **Residence:** Whether all individuals in the household have lived in Canada for 40 years after age 18, or only 10 years.

The seven example households are:

- Federal sources: Single, 65 years old, 10 years of residence
- Federal sources: Single, 65 years old, 40 years of residence
- Federal sources: Single, 75 years old, 40 years of residence
- Federal sources: Couple, both 65 years old, both 10 years of residence
- Federal sources: Couple, both 65 years old, both 40 years of residence
- Federal sources: Couple, both 75 years old, both 40 years of residence
- Federal and Ontario sources: Single, 65 years old, 40 years of residence

Households are assumed to have no dependants. All individuals are assumed to have started to receive OAS at age 65.

## Sources of income from government transfers

The federal transfers for which our example households are eligible are:

- Old Age Security pension payments
- Guaranteed Income Supplement payments
- Goods and Services Tax/Harmonized Sales Tax (GST/HST) credit

These form the basic package of income supports provided to low-income seniors in Canada by the federal government.

We have excluded CPP/QPP income because non-contribution to these programs should not result in a life of poverty. As noted earlier, different sources suggest between one in five and one in four seniors living in poverty receive no income from CPP/QPP.

The Ontario transfers included in our final example household are:

- Guaranteed Annual Income System (GAINS) payments
- Ontario Trillium Benefit (including the Ontario Sales Tax Credit and the Ontario Energy and Property Tax Credit)
- Canada Carbon Rebate (though a federal rebate, the amount is based on residence in Ontario)

Our simulations do not account for any non-monetary support some seniors receive from a provincial or territorial government, such as a subsidized housing unit.

We calculated benefit amounts for the 2024 calendar year, accounting for changes to these amounts throughout the year.

We assumed that our example households receive the maximum benefit amount from each source that aligns with their family status, age, and residence. In addition, we assumed that each household:

- Did not earn or receive income from other sources in 2024 or in any preceding tax years used to calculate benefit amounts.
- Began to receive benefits on January 1 and continued to receive these throughout the year.
- Filed income tax returns each year.

## Adequacy

We examined adequacy by comparing total welfare incomes to the MBM, Canada's official poverty line. The MBM varies by geographic area, so we use the MBM thresholds in Toronto, Vancouver, and Montreal adjusted for household size to give a sense of adequacy in a variety of highly populated areas across Canada.

Since the 2024 MBM amounts are not yet available, we estimate them by adding 1.89 per cent to the 2023 MBM amounts to reflect the 2024 increase in the national Consumer Price Index (CPI).

Our estimated MBMs for each city are:

- Toronto: \$29,309.17 for a single individual and \$41,449.42 for a couple.
- Vancouver: \$29,631.14 for a single individual and \$41,904.76 for a couple.
- Montreal: \$24,212.00 for a single individual and \$34,888.09 for a couple.

It is important to remember that the MBM methodology calculates a family's disposable income by adding and subtracting amounts from their total income so that different situations can be more appropriately compared to the poverty line. The Tenure Type Adjustment is one example explained above that may add to a family's income. On the other hand, direct medical expenses, for example, are removed when calculating disposable income. In this report we can only compare the MBM to the total income of our example households, not their disposable income.

# How the example households fared

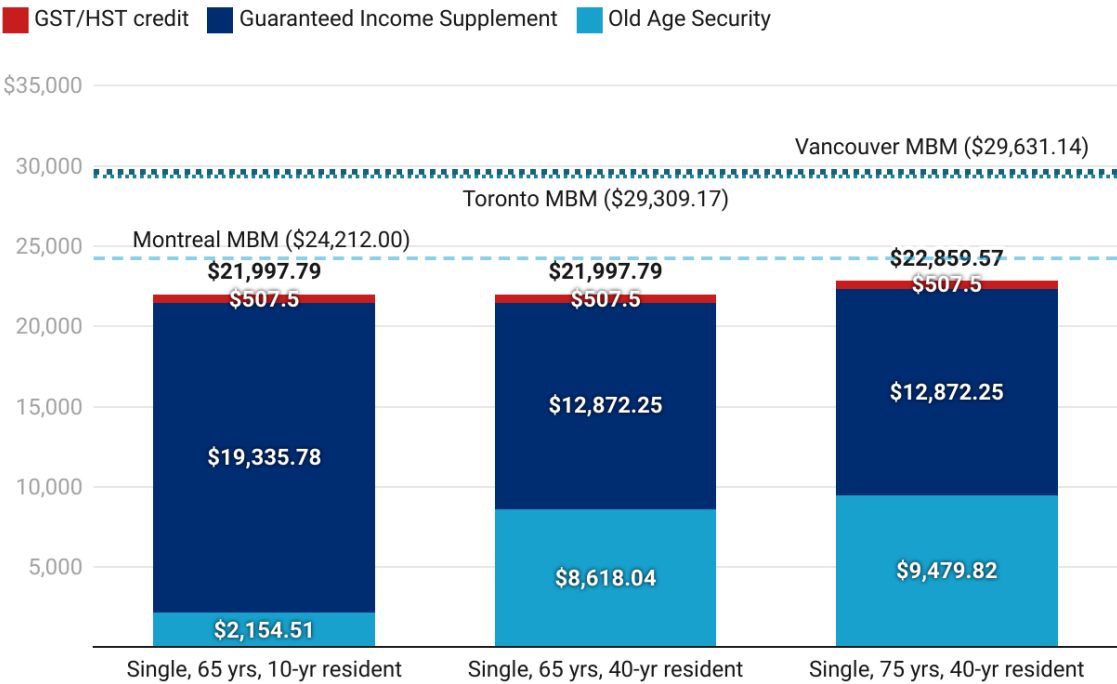
We find that all our example households received total income support that fell below the MBM in 2024. The one exception is the 75-year-old couple where both members receive the maximum OAS and GIS, who would escape poverty only in Montreal due to that city’s lower MBM.

## Single seniors

Looking only at federal sources, the single senior aged 65 who has lived in Canada for only 10 years is entitled to 25 per cent of the OAS maximum. However, they receive the supplementary GIS, bringing their total income to \$21,997.79. The single senior aged 65 who has lived in Canada for 40 years receives full OAS and GIS for the same total income of \$21,997.79. Finally, the single senior aged 75 who has lived in Canada for 40 years receives an additional 10 per cent OAS, for a total income of \$22,859.57.

In Toronto, Vancouver, and Montreal, all these example households would be considered to live in poverty.

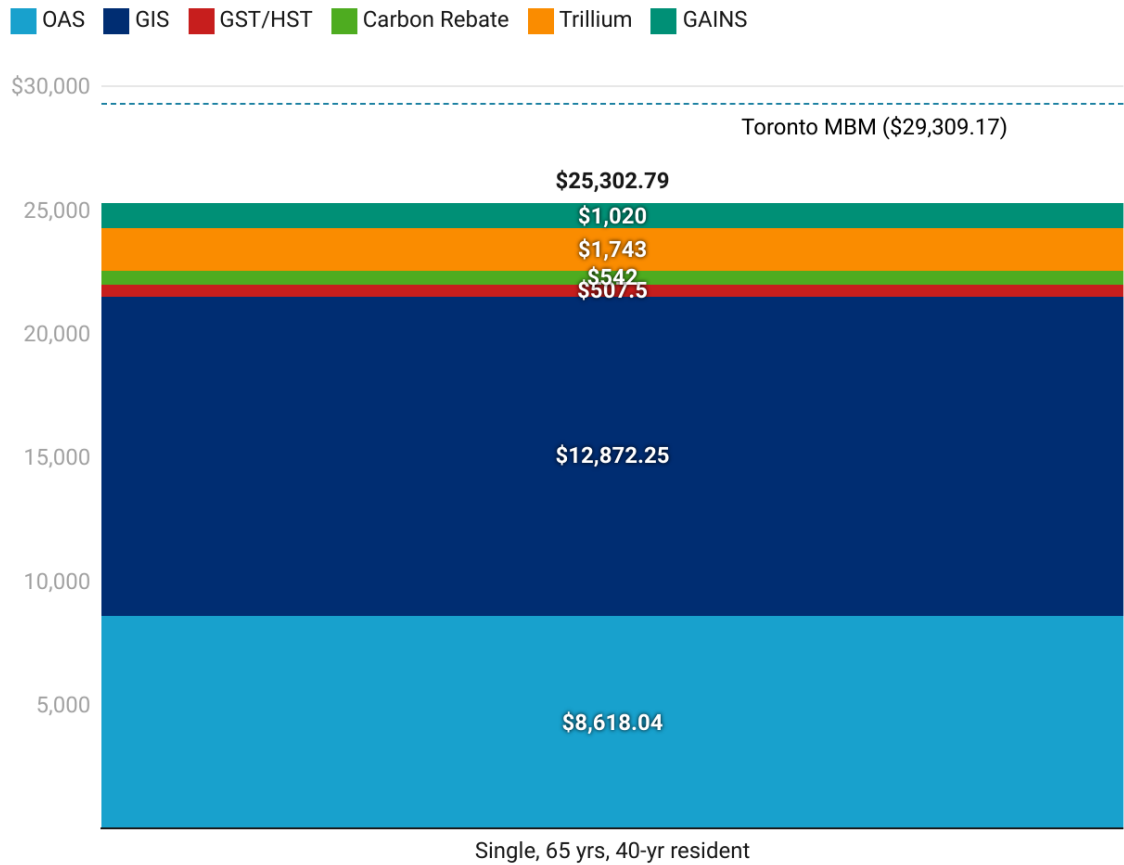
**Figure 2: Total income support for single seniors of various ages and length of residence in Canada compared to the MBM in several large cities**



In Figure 3, the example household is assumed to live in Toronto. This single individual aged 65 has lived in Canada for 40 years, but unlike the prior example households, we include their total welfare income from the Ontario government, in addition to federal sources.

The additional \$3,305 from these sources brings total welfare income to \$25,302.79 and reduces their depth of poverty from about \$7,300 to about \$4,000.

**Figure 3: Total income support including provincial sources for a single senior in Ontario compared to the MBM in Toronto**



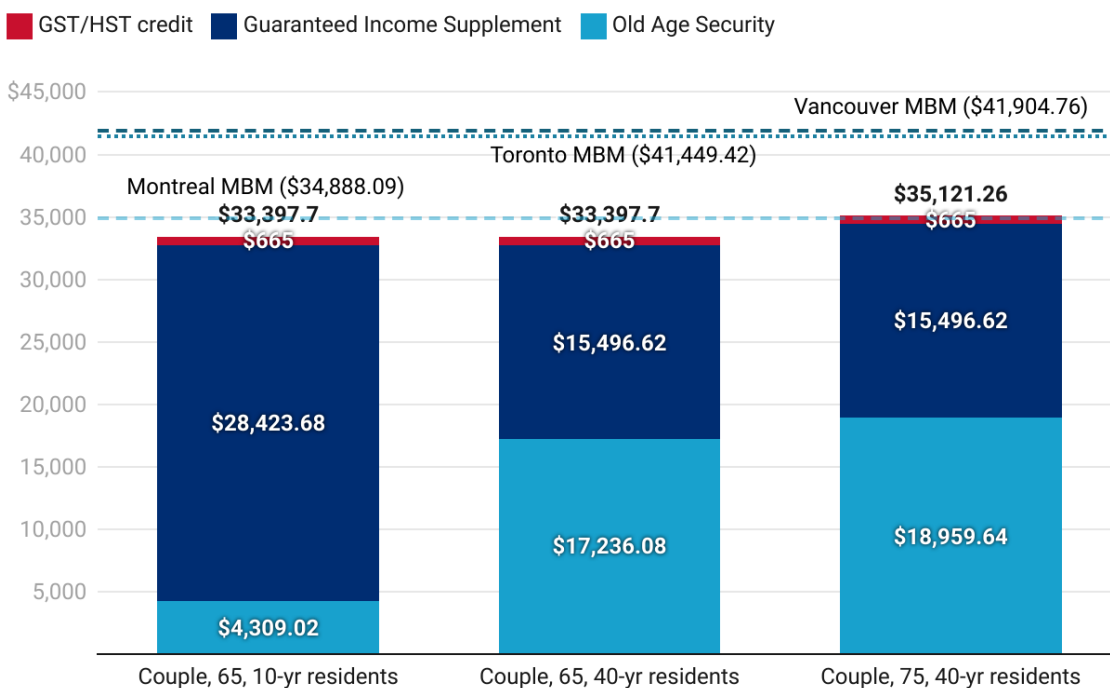
As shown in Figure 3, the Canada Carbon Rebate, Trillium Benefit, and Guaranteed Annual Income Supplement represent only a small portion of the individual’s total income. This is generally the case in all provinces and territories and is why one can roughly assess the adequacy of the seniors’ income security system in Canada without analyzing each province and territory individually.

## Senior Couples

Turning to our three example couples, the couple aged 65 who has lived in Canada for only 10 years is entitled to just 25 per cent of the OAS maximum. Again, however, they receive the supplementary GIS that brings their total income to \$33,397.70. The couple aged 65 who has lived in Canada for 40 years receives full OAS and GIS for the same total income of \$33,397.70. Finally, the couple aged 75 who has lived in Canada for 40 years receives an additional 10 per cent OAS, for a total income of \$35,121.26.

In Toronto and Vancouver all these example households would be considered to live in poverty. In Montreal, however, these families are at or near the poverty line based on federal income sources alone. If provincial sources were added, more of these families may reach the poverty line in some jurisdictions.

**Figure 4: Total income support for senior couples of various ages and length of residence in Canada compared to the MBM in several large cities**



Before concluding this section, we ask readers to remember that certain demographic characteristics are overrepresented among the actual seniors in Canada who fall into the situations simulated above. Thanks to various systems of oppression in our society, they are more likely to be women, to have a disability, to be racialized, or to be an immigrant to Canada.

## How seniors' benefits are being used to justify taking money from people with severe disabilities

When the federal government designed the new Canada Disability Benefit (CDB), it expressed a long-term aspiration to see "the combined amount of federal and provincial or territorial income supports for persons with disabilities grow to the level of Old Age Security (OAS) and the Guaranteed Income Supplement (GIS), to fundamentally address the rates of poverty experienced by persons with disabilities."<sup>40</sup> As shown in Table 1, this works out to \$1,814.55 per month.

However, as of January 1, 2025, Alberta's Assured Income for the Severely Handicapped (AISH) program provides a maximum monthly allowance of \$1,901 for working-age people with a severe disability.<sup>41</sup> Citing the federal government's aspirational target of \$1,814.55, the Alberta government has decided AISH recipients do not need the new CDB. For every dollar received from the new federal benefit, Alberta will reduce that person's AISH benefit by one dollar, leaving them no better off than before.

The federal and provincial governments share responsibility for a situation in which neither AISH nor OAS and GIS provide total incomes sufficient to bring recipients above the poverty line in much of Alberta, yet they are held up as success stories. It is up to both governments to stop the clawback of the Canada Disability Benefit and provide enough to raise both seniors and people with disabilities out of poverty.

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40 Government of Canada. (2024). *Budget 2024: Fairness for every generation*. Page 107. <https://www.budget.canada.ca/2024/report-rapport/budget-2024.pdf>

41 Government of Alberta. (2025). *AISH Policy Manual: Living Allowance*. <https://manuals.alberta.ca/aish-policy-manual/aish-program-policy/benefits/core-benefits/living-allowance/>



# Recommendations

This report has illustrated how income supports for seniors in Canada – particularly OAS and GIS – ensure most can access an income floor that brings them a good distance toward the poverty line.

In parts of Canada where the cost of living is relatively low, the combined total of federal and provincial income support may be enough for a single individual or a couple to entirely escape poverty. Where the cost of living is highest, however, income supports still leave many people thousands of dollars below the poverty line.

## **RECOMMENDATION 1: THE FEDERAL GOVERNMENT SHOULD COMMIT TO ENDING SENIORS' POVERTY EVERYWHERE IN CANADA.**

In 1976, Canada and all provinces agreed to sign the International Covenant on Economic, Social and Cultural Rights. This legally binding human rights treaty committed all levels of government to allocate the maximum available resources toward the progressive realization of the right to an adequate standard of living for all.

While Canada initially made great strides in reducing seniors' poverty, progress has stalled. Our commitment to human rights comes with a responsibility to do more, beginning with a clear timeline for ending seniors' poverty altogether.

A human rights-based approach would also bring a stronger equity lens to our poverty reduction efforts. More must be done to understand and address the overrepresentation of various demographic groups among those seniors living in poverty.

## **RECOMMENDATION 2: ADDRESS SENIORS' POVERTY THROUGH A COMBINATION OF IMPROVEMENTS TO INCOME SECURITY, DEEPLY AFFORDABLE HOUSING, AND OTHER SUPPORTS.**

The solution to poverty as defined by the MBM is to increase incomes and/or decrease the cost of living. Investments in non-market housing, for example, help low-income seniors keep their expenses to a minimum so that other income supports are enough to live with dignity. This is undoubtedly part of the solution to seniors' poverty, but it takes time and cooperation to achieve.

In the short term, the federal government could immediately provide targeted income support through existing programs such as the GIS so that more seniors

have an income floor that reaches the poverty line. Since we saw that around 75 to 85 per cent of seniors living in poverty received at least some income from OAS and GIS depending on the year and the data source, raising the maximum GIS benefit would go a long way.

One option to pay for such an investment is to redirect funding from OAS. Among income security programs in Canada, OAS is unusual in the generosity it shows to wealthier families. The income at which benefits are reduced, coupled with a low reduction rate, means a couple with a combined income exceeding \$300,000 could conceivably still receive a small OAS benefit. These funds would be better spent if they were redirected to seniors in greatest need.

But we should not limit ourselves to a vision of raising those in shallow poverty to a position barely above the line. We have seen how the rate of seniors below the Low-Income Measure is much higher than the rate officially recognized as living in poverty. The fact that so many seniors are falling further behind the median income in Canada is a cause for concern that deserves to be addressed by policymakers. A deeper prescription for growing economic and social inequality in our society – one that asks those with the greatest wealth and privilege to contribute – is long overdue.

### **RECOMMENDATION 3: CHANGE RESIDENCE REQUIREMENTS SO THAT ALL SENIORS IN CANADA HAVE ACCESS TO THE OAS AND GIS.**

No one in Canada, regardless of their years of residence, should be left to live in poverty. The current residence rules all but guarantee there will always be some seniors in Canada who live in poverty.

We have seen how the OAS program has a complicated set of rules and agreements about residence that impact some seniors' eligibility and benefit amounts. From a poverty reduction perspective, the key threshold is 10 years of residence because this is when any citizen or legal resident can receive a partial OAS pension. This triggers the OAS minimum income guarantee, which causes low-income seniors to receive an additional supplementary GIS amount that brings them up to an income floor equal to the maximum OAS and GIS received by those with 40 years of residence.

All low-income seniors who are Canadian citizens or legal residents should be eligible for this same guarantee. Our moral and legal responsibility to uphold the human dignity of every person in Canada is not contingent on a subjective assessment of meaningful ties or past contributions to Canada. If program

sustainability is a concern, Canada can continue to limit access to OAS for seniors who do not live in poverty, as it does now.

**RECOMMENDATION 4: ADDRESS ACCESS BARRIERS SO THAT ALL LOW-INCOME SENIORS WHO ARE ELIGIBLE FOR OAS AND GIS RECEIVE THEIR ENTITLEMENT.**

We have explored how access barriers prevent a significant portion of low-income seniors who are eligible for OAS and GIS from receiving their benefits. This is a solvable problem, but it will take some creativity and a willingness to try new approaches on the part of government.

The recent introduction of a combined application for OAS and GIS is a welcome step on which to build. Access to GIS could be further improved through progress on automatic tax filing, a federal initiative that is moving at an embarrassingly slow pace.

That said, there is a limit to the progress that can be made through process improvements alone. The most marginalized seniors often have little existing connection to government programs and systems. A significant increase in education and outreach, funded by the federal government, will be necessary to identify and assist more low-income seniors in accessing their benefits.

The hard work of increasing OAS and GIS take-up, though it receives far less attention than policies and benefit amounts, would have by far the most impact for thousands of low-income seniors.



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