

Brief – Impacts of the COVID-19 pandemic on women

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About us

Réseau FADOQ is a coalition of people aged 50 and over with more than 550,000 members. In 1970, Marie-Ange Bouchard founded the organization with the chief purpose of offering seniors an array of leisure, sporting and cultural activities to alleviate their isolation.

One of our organization's priorities has always been to make representations to various political and other stakeholders to advocate for maintaining and improving the quality of life of current and future generations of seniors. We provide expertise and work with the government to help it make sound decisions that take into account Quebec's demographics, which include one of the fastest aging populations in the West.

Réseau FADOQ is using all platforms to raise awareness and ensure that seniors are represented and most importantly considered in a variety of political decisions. It is important to work toward proactive and innovative solutions in order to best position our society for the aging population and better address this issue as it unfolds.

Impacts of the COVID-19 pandemic on women

Réseau FADOQ was certainly concerned about the COVID-19 pandemic because the first wave hit seniors hard. Our organization followed government advice and suspended all its operations. We made changes to our calendar of events and we are continuing to monitor the situation.

Nevertheless, our organization has worked tirelessly since March to introduce various virtual initiatives, and Réseau FADOQ's Provincial Secretariat provided support to all its regional groups. Since our organization always wants to be part of the solution, we launched an unprecedented operation of making courtesy calls to our members 70 and over to ensure that they were safe and had access to the necessary resources to meet their basic needs, particularly in terms of supplies.

Réseau FADOQ has been frequently liaising and meeting with federal and provincial government officials to share our concerns about what seniors are going through during the pandemic. The topics discussed in this brief echo those concerns.

Surviving with few resources

Currently, 60.9% of women 15 years and older are in the workforce, compared with 68.9% of men in the same age group (Roy, 2018), and women are twice as likely (24.3%) as men (13.0%) to work part-time jobs (Ibid.). In addition, 34.1% of women have total incomes of less than \$20,000, and women account for 58.2% of minimum wage workers (Ibid.). In general, women continue to earn less than men, although this gap has slightly narrowed between 2007 and 2017.

Given these figures, Quebec women certainly contribute less as a whole to RRSPs than men, and their individual contributions are lower than those of men (Ibid.). Although the situation is constantly evolving, more women rely on public pension plans for their retirement than men. For many women, their only sources of income are the Old Age Security (OAS) pension and the Guaranteed Income Supplement (GIS).

The GIS is intended to be a bulwark against poverty for many seniors; this monthly benefit is available to the poorest members of society. However, Réseau FADOQ believes that OAS and GIS benefits need to be increased. As of October 2020, people receiving only OAS and GIS benefits will have an annual income of \$18,358.92. Therefore, the incomes of seniors in that situation will barely reach the thresholds set by the Market Basket Measure (MBM), an economic index calculated by Statistics Canada to establish the cost of meeting Canadians' basic needs. In 2020, the MBM threshold increased from \$17,370 to \$18,821 for a single person, depending on where they lived (Couturier et al., 2020). Furthermore, certain elements essential to seniors' autonomy are not included in the MBM formula (e.g., dental care, eye care, prescription drugs and assistive equipment).

That is why Réseau FADOQ believes that increasing the GIS by a minimum of \$50 per month per senior is essential. In addition, it is important that the federal government make good on its election promise to increase OAS benefits by 10%. Réseau FADOQ also recommends that all seniors eligible for the OAS pension qualify for this increase, because the government's promise currently only applies to seniors 75 and older.

Notwithstanding these essential adjustments to ensure an adequate quality of life for seniors, the D'Amours report, commissioned by the Quebec government, highlighted some concerns regarding federal benefits. The expert panel said that forty years from now, the basic federal plan's role in replacing retirement income will gradually diminish due to the indexation methods of the OAS pension and the GIS. OAS and GIS benefits increase each year with inflation, while wages generally outpace it. As a result of this gap, these benefits will play a smaller and smaller role in replacing retirement income going forward (Expert panel on the future of Quebec's pension system, 2013).

As a result, experts are able to predict that if wages outpace inflation by 1%, the Quebec Pension Plan (QPP) will still replace 25% of wages, while the federal OAS and GIS programs will only replace 13% (Ibid.). The OAS and GIS benefits for seniors in Quebec and Canada are currently insufficient to meet their basic needs. Any further decrease to the value of these benefits would be inconceivable.

Furthermore, the QPP was recently increased with the adoption of *An Act to enhance the Québec Pension Plan and to amend various retirement-related legislative provisions* in 2018. At the core of this QPP reform is the increase in the level of income replacement through two components of the additional plan, which supplements the basic plan.

By 2065, the replacement rate will gradually increase from 25% to 33.33%, representing an increase of 8.33% for the first component of the additional plan. Moreover, the income level covered by the QPP will increase to up to 114% of the maximum allowable earnings for the second component of the additional plan (Retraite Québec, 2020).

Unfortunately, the QPP enhancement will mainly offset the OAS's decreased role in income replacement; it will not be a substantial improvement for future retirees who earned an average salary during their working lives. Therefore, those who retire in 2065 and rely solely on public plans for income will not see an increase in their standard of living. It is important that the federal government step up to the plate and change the indexation method for OAS and GIS benefits to ensure that the purchasing power of seniors does not decrease over time.

Women are more likely to live with lower retirement incomes than men because they will have contributed less to their pension plans, whether private or public, for a variety of reasons (part-time work, lower wages, family responsibilities, etc.). Moreover, lower OAS and GIS benefits will affect women for the rest of their lives. In addition, women must often fend for themselves: under 60, more men live alone than women; after 60, the opposite is true. (Roy, 2018).

In order to correct the situation in the long term, Réseau FADOQ is recommending that OAS benefits be indexed to wage growth rather than to the Consumer Price Index (CPI).

Surviving a life partner

Over 20% of women in Quebec are seniors 65 and over. With age, the proportion of women in the population aged 65 and over increases (Ibid.). Starting at 51% among those 65 to 74, this proportion rises to over 90% among those 100 and older (Ibid.). In general, life expectancy is higher for women than for men. Moreover, 8.4% of all women in Quebec are widows (Roy, 2018).

Statistically, older women in Canada are more likely to outlive their spouses than the reverse. The death of a spouse is a difficult ordeal for anyone. It is also difficult financially. In addition to bereavement, the surviving spouse must now bear the financial responsibilities alone.

Currently, "when an Old Age Security and Canada Pension Plan beneficiary dies, their benefits must be cancelled. Benefits are payable for the month in which the death occurs; benefits received after that will have to be repaid" (Government of Canada, 2020). This means that starting the month following the death, the bereaved person's financial resources are reduced, while financial responsibilities generally remain the same. This applies to all Old Age Security benefits: the Guaranteed Income Supplement, the Allowance and the Allowance for the Survivor.

The current policy does not consider the distress of people going through the process of restructuring their personal finances following the death of their spouse. Réseau FADOQ is asking that all OAS benefits of the deceased be extended for three months payable to the survivor recipient.

Being a caregiver

In Quebec, more women than men are caregivers. According to 2012 data, in the population aged 15 or older, 28.6% of women are caregivers, compared to 21.4% of men. The gap is wider in the 45 to 64 age group, where

39.7% of women and 29.9% of men are family caregivers (Roy, 2018). Among caregivers in Quebec, one woman in three is employed, while for men this number is one in five (Steben-Chabot et al., 2018). Ettner points out that while being a family caregiver reduces the number of working hours for both men and women, this decrease is greater for women (Ettner, 1996). For women, caregiving is directly associated with a reduction in the time spent in the labour market (Berecki-Gisolf et al., 2008). This means a reduction in current and future financial resources for many caregivers.

We know that over the next few years, caregiving will become increasingly common in Quebec. This can be explained in part by the aging of the population. In 2016, the organization Appui pour les proches aidants d'aînés estimated that 2.2 million adults in Quebec cared for a senior family member on a weekly basis (L'Appui, 2016).

Caring for a loved one can be stressful and mean significant financial losses for many. This situation is made worse in a pandemic. Recently, a study conducted on behalf of the Regroupement des aidants naturels du Québec (RANQ) showed that caregivers emerged from the first wave of the pandemic exhausted and impoverished. The data show that 29% of caregivers feel out of shape and out of energy. One quarter of caregivers reported suffering from mental exhaustion. The RANQ also said that during the lockdown, 20% of the caregivers who responded reported having higher expenses related to their role as a caregiver. In fact, they estimate that the additional expenses are on average \$890, and sometimes as high as \$6,000 (RANQ, 2020).

These individuals require greater federal support. Currently, through Employment Insurance, caregivers receive financial assistance of up to 55% of their salary. However, the maximum is \$573 per week, equivalent to an annual income of \$29,796. In addition, this assistance is temporary, since claimants can access the family caregiver benefit for adults for up to 15 weeks or compassionate care benefits for up to 26 weeks.

Réseau FADOQ recommends that the federal government increase the maximum weekly earnings threshold for caregiver benefits so that amounts are more in line with the income of program recipients.

However, many caregivers do not have access to this EI program. The study commissioned by the RANQ noted that among caregiver respondents, 64% did not receive financial assistance from the CERB, CESB, CEWS, EI, compassionate care benefits for a family member at the end of life, or caregiver leave for a critically ill family member. Of children's caregivers, 80% did not receive any assistance at all (RANQ, 2020).

The caregiver tax credit is another federal support measure. However, since this tax credit is non-refundable and a higher proportion of women have very low incomes, presumably many of them will not be able to benefit from this tax measure because they do not pay taxes.

In this regard, Réseau FADOQ recommends that the federal government increase all amounts associated with the various components of this tax credit and that this tax credit be made refundable.

An aging population

In 1950, people 65 and over represented 5.7% of the population; in 2017 this figure was 18.5% (Quebec Department of Families, 2018). According to Institut de la statistique du Québec projections, this number will rise to roughly 27% in 2050. The aging of the population will require action on the part of the federal government.

This situation is currently putting a lot of pressure on the health care systems of the various Canadian provinces and territories. Federal health transfers totalled \$37 billion in 2017-2018 while total spending was \$167 billion. According to Conference Board of Canada data, at the current growth rate, "the federal share of health care funding will fall below 20% by 2026" (Conference Board of Canada, 2018). Furthermore, "the cost of health care for the average senior is about \$12,000 per year, compared with \$2,700 per person for the rest of the population" (Ibid.). Over the next decade, the Conference Board of Canada estimates that this will add \$93 billion to provincial and territorial health care costs, an increase that will alone account for 1.8% of their total spending.

Réseau FADOQ therefore recommends that the federal government index the Canada Health Transfer by 6% annually and factor in the aging population of the provinces and territories in the current formula.

Recommendations

1. Increase the Guaranteed Income Supplement amount by a minimum of \$50 per month per senior.
2. Fulfill the government's election promise to increase Old Age Security benefits by 10%, but make this increase accessible to all seniors eligible for the OAS pension.
3. Index OAS benefits to wage growth.
4. Extend all OAS benefits of the deceased for three months payable to the survivor recipient.
5. Increase the maximum weekly earnings threshold for caregiver benefits so that amounts are more in line with the income of program recipients.
6. Increase all amounts associated with the various components of the caregiver tax credit.
7. Modify the caregiver tax credit to make this tax measure a refundable tax credit.
8. Index the Canada Health Transfer by 6% annually and factor in the aging population of the provinces and territories in the current formula.

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