The Impact of Gender and Immigration on Pension Outcomes in Canada

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Abstract: This paper analyzes the Canadian pension retirement incomes by focusing on gender and immigration dynamics. Our findings demonstrate that elderly women living alone and post-1970 immigrants face very strong likelihoods of having to rely on the Guaranteed Income Supplement (GIS), the means-tested component of Canada's pension system, which is an indication of poverty and of their restricted capacity to maintain an autonomous household. The strong reliance of both public and private earnings-related pensions accentuates the disparities found within the labour market causing both women and immigrants to have lower earnings. The latter group also suffers from residency requirements attached to both basic pension programs (GIS and Old Age Security).

Introduction

Prior to World War II, the options available to aged workers were very unattractive. They either continued to work or became dependent on their family for their livelihood because pension benefits were simply too marginal to make a substantial difference (Myles 1989). The expansion of public programs and a substantial increase in the generosity of most pension systems across industrialised countries have altered this state of affairs considerably. In Canada, the average disposable income of retirees is nearly the same (96%) as for those aged 18-64 (RRQ, 2004: 68).

Adding to the relative generosity of the Canadian pension system is its track record in combating inequalities. Despite spending relatively little on old age pensions, Canada succeeds at combating inequality at a rate similar to the highest public spenders like Sweden (RRQ, Myles). This enviable position is quite surprising since Canadian pension policies, like those of other liberal welfare states (Esping-Andersen 1990), are structured to encourage pensioners to utilise private solutions to secure a decent adequate replacement income in old age. These solutions tend to favour those with full-time, full-year, life long-earnings and are a great source of inequality (Street and Connidis 2001, 164).

Using data from 1980 and 1990, Myles (2000) and Baldwin and Laliberté (1999)[1] argue that the maturity of public and private earnings-related programs explained the reduction in inequality experienced by the new retirees (including women). Myles concluded, however, that the maturation of Registered Retirement Savings Plans (RRSPs) and Register Retirement Plans (RRPs) in the following decade may jeopardize Canada's track record since these investment tools are mostly concentrated in the hands of the upper middle class (19). Relying on data from the Survey on Labour Income Dynamics (SLID) from 1994 and 2004, we scrutinize further pension inequality by focusing on two of the most vulnerable groups (recent immigrants and women), to analyse the extent to which the Canadian pension system succeeds at preventing poverty. A focus on these two groups is warranted because, as stressed by Orloff (1993), much of the literature has modelled typical citizens on the basis of the working careers of men. Indicative that this trend is slowly changing, only four countries reported meaningful data on women's pensions in the most recent OECD publication devoted to this subject (OECD, 2005). Our findings indicate that elderly women living alone and post 1970 immigrants face the most risks of falling into poverty. For the former group, this risk stems from low private and public pension contributions due to interrupted career patterns. For the latter, not only is their career in Canada is too short to raise sufficient savings, but specific rules in basic pension programs also prevent them from maximizing outcome from public benefits.

This paper proceeds in two sections as follows. The first section reviews our theoretical perspective and our empirical expectations. The second section explores in detail the results of our hypothesis-testing using descriptive statistics and logistic regressions. We will finish with our conclusions and recommendations for future study.

Gender, Immigration and Pensions: Theoretical Propositions

As stressed in the comparative literature on the welfare state, national pension systems represent different power constellations with inherent biases. It is not surprising,

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[1] Their data is from 1973-1996

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for example, to notice the lack of equality in the structure of continental European pension systems due to their emphasis on maintaining occupational cleavages (Esping-Andersen 1990, 248). Further, the extension of means-tested benefits in the United States has been attributed to an implicit policy designed to uphold racial segregation (Quadagno 1994). Since our research design represents a case study with the purpose of "exposing the biases" (Peters 1998, 147) of the Canadian pension system, a brief overview of its structure and how it interacts with gender and immigration is necessary prior to engaging the discussion on inequality in pension outcomes.

The Canadian Pension System

Canada's pension system is structured according to three pillars: public, earnings-related and private. The first pillar includes Old Age Security (OAS) and the Guaranteed Income Supplement (GIS). Established in 1952, the OAS provides a basic pension, intending to replace approximately 15% of the national average wage (Greenan 2002, 3). Since 1989, pension income over $63 511 (in 2007) is withdrawn at a 15% rate (Service Canada , 2007). The GIS is the means-tested[2] component of the Canadian pension system, with income within the household other than the OAS withdrawn at a 50% rate (OECD 2005, 102). Although men and women tend to benefit equally from the OAS, the GIS is disproportionately used by women (O'Connor, Orloff, and Shaver 1999, 130). Based on our calculations using SLID, 41.8% of women 65 and over received GIS compared to 31.8% of men in 2004.

Immigrants cannot rely fully upon these programs in the same way as their Canadian-born counterparts. A full basic pension through the OAS requires a residency in Canada for 40 years starting from the age of 18; a criterion that few immigrants can meet. In addition, a minimum of 10 years of residency is required to collect any type of benefit. Moreover, many immigrant women are not eligible for social assistance (such as the GIS) for the first ten years of their stay in Canada, due to restrictions under family class immigration policy (Arat-Koc 1999, 37).

The second pillar in Canada's pension system is the Canadian/Québec Pension Plan (CPP/QPP). This is an earnings-related plan that is based on lifetime salary. The province of Québec opted out of this federal plan and established the QPP (Greenan 2002, 61).[3] A full benefit requires 40 years of contributions, and is intended to replace, at maximum, 25% of national average earnings (OECD 2006, 102). The CPP/QPP includes some basic characteristics that help women to maintain an independent income (Street and Connidis 2001, 163). These include credit splitting between spouses in the event of divorce, and the opportunity to exclude up to seven years of low or no earnings while caring for a child under seven (O'Connor, Orloff, and Shaver 1999, 129).

Canada's third pillar includes occupational pensions in the form of Registered Retirement Plans (RRP) and personal savings through the Registered Retirement Savings Plan (RRSP). RRPs are built by contributions from employers and employees in the

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[2] Current maximum income threshold for receiving GIS is 14,905 for a single person, 19,728 for a spouse of a pensioner, 35,712 for the spouse of a non-pensioner and 35,712 for the spouse of an Allowance recipient (allowance recipient is by definition between 60 and 64).

[3] There is little variance between the CPP and QPP in terms of benefits, contributions and eligibility (Greenan 2002, 62).

form of a "deferred wage" (Street and Connidis 2001, 164). RRSPs are individualized forms of savings for which contributions are tax-deductible. Based on our calculation using SLID (2004), these benefits (RRPs and RRSPs) replicate some of the inequalities of the labour market with men collecting an average of $12 950 compared to $5648 for women. Interestingly, immigrants have been greater contributors to private pensions receiving an average of $13 829 in private pensions, compared to $9402 for those born in Canada. However, as it will be demonstrated later in this article, immigrant participation in all three pillars of the Canadian pensions system varies greatly by date of arrival, with those arriving after 1970 receiving far less retirement income from both public and private sources.

Not surprisingly, this pillar has important gender dimensions. Firstly, the ability to make contributions to RRSPs requires a certain amount of surplus income, which is reduced for those with less success in the labour market. Further, the employer-sponsored RRP is usually linked to "high earnings, large organizations and full-time, full year employment" (Street and Connidis 2001, 164). Immigrant men and women, like most women, are likely to be working in the unskilled services sector and in temporary jobs (OECD 2006, 56-58). We would expect that this would mean that immigrants would be less likely to have jobs equipped with RRPs. Morissette (2002) however found that RPP coverage of immigrants compared to the Canadian-born was slightly lower (36). Although this information about coverage rates is helpful, it does not tell us about their level of contributions or their impact on pension outcomes.

Theoretical Propositions: Gender and the concept of autonomy

Following the analysis of O'Connor et al, (1999), we use the concept of autonomy, defined as the capacity to maintain an autonomous household without dependence on a marital relationship, as a proxy for gender equality. Like gender equality, autonomy is a contested concept, especially among scholars of feminist philosophy. On the one hand, the notion of autonomy is criticized for adhering to a "male moral logic", one that reflects the "male-associated public realm" (Clement 1996, 2). Due to their care giving roles, the lives of women in particular are based on relationships of interdependency, making the viability of 'autonomy' suspect. Even more complicated is that 'women' and 'men' are not identifiable categories but are further cross cut by class, ethnicity, and immigration for example. Sceptics may consider the use of autonomy as falsely attributing an ostensibly universal value, arguably derived from a male moral logic, onto all women, despite the diversity among them. On the other hand, following O'Connor et al. (1999), we do not assume that all women have "accepted the goal of autonomy" (35). One cannot suppose that an individual can make a choice between an autonomous, individualistic life and life as a caregiver. Rather than dichotomizing the two standards of ethics, we pursue the analysis of feminist scholars who consider the capacity for autonomy as a relational concept (Brison 2000; Mackenzie and Stoljar 2000; Clement 1996).

According to Brison, the capacity for autonomy is a relational concept in three ways. First, the relative autonomy of individuals depends to a certain extent on interactions with others. Second, there must be a "range of important options available to people" and third, they must be able to recognize these options as viable (285). Indeed, "social norms, institutions, practices and relationships" can seriously limit the range of options

available to individuals (Mackenzie and Stoljar 2000, 22). Canada's pension structure is an example of an institution that places limitations on the choices of women. On the one hand, the pension system is heavily correlated with labour market performance. On the other hand, Canada has invested very little resources in the types of social services, such as daycare, which would limit periods of labour market inactivity among women.[4] Without adequate childcare options available to women, the earnings disadvantages accumulated during what could be their prime working years can be reflected in their pension outcomes, thereby influencing their capacity to be autonomous through to old age. The Canadian pension system therefore, espouses a system whereby its redistributive measures correct for inequitable outcomes generated by market-oriented gender institutions without seeking to disturb the underlying mechanisms responsible for this outcome in the first place. Women's caring contributions are not (fully) recognized even though this has substantial effects on their working careers (Marier Forthcoming 2007)(Marier, forthcoming). The difficulty to reconcile caring and working has a long term impact on pensions since women are unlikely to have access to good company pension plans which reward (mostly) full time, full year employees. The option to participate fully in all three pillars of Canada's pension system is therefore restricted for most women due to the impossibility of reconciling full-time, full-year employment with caregiving activities which continue to be performed predominantly by women. As such, the second and third pillars will be a major stratifying force across gender lines, and even within different groups of women.

Hypothesis 1: Women are still more likely to rely on means-tested benefits and therefore, live in poverty when they reach retirement age.

        Given that women are more likely to substitute non-market, caregiving activities for labour market participation they are far more vulnerable to poverty in old age than their male counterparts. As such, we expect that women will be more likely to qualify for the stringent income test associated with the GIS.

Hypothesis 2: Women who are not involved in a partnership will be more likely to rely on means-tested benefits, even when compared to men in a similar situation.

        Whether or not a woman can achieve similar pension outcomes than men on her own is a key element of autonomy. As stressed eloquently by (Orloff 1993 , 314-316), what matters is not the level of one's pension but whether or not a woman needs a husband to have a good pension. Women who are not involved in any form of partnership (marriage or common law) will be far more vulnerable to poverty since they are forced to rely on their past working careers to acquire benefits. Those in a partnership will secure benefits through the higher and more consistent earnings of their spouses.

Theoretical Propositions: Immigration[5]

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[4] The 1997 expansion of day-care facilities in Quebec with the introduction of the $5 (now $7) a day daycare is a noticeable exception.

[5] In this paper, the term immigrant refers to those who legally immigrated to Canada. An important downfall of the data used for this study is the inability to distinguish immigrants on the basis of their category of entry. Those born outside of Canada could have immigrated under the economic class (including business class and skilled workers), the family class, or the refugee/humanitarian categories. It is family class immigrants who face up to 10 years of non-entitlement to social assistance, GIS and other

Immigrants tend to receive far less public and private social benefits than the non-immigrant population. There are at least two key reasons for this state of affairs. First, their social rights are limited by numerous conditions such as residency tests, and stringent conditions to the benefits allowed for family members (Sainsbury, 2006). Second, immigrants face additional hurdles when they enter the job market, such as living in a new environment and adapting their skills to the Canadian labour market. As a result, they are, like women, at high risk of having incomplete and broken careers combined with low wages. Indeed, their ability to build either social or private pensions is reduced for immigrants because they have migrated half-way through their life cycle (Ginn 2003, 42). Given that the route to autonomy is through the labour market, and that the pension system is a reflection of employment history, we expect that immigrants are far less likely to be full recipients of Canada's second and third pillars. Moreover, we expect that recent immigrants will have a restricted access to GIS and OAS due to the 10 year residency test.

The Canadian immigration system has changed significantly in the past fifty years with the onset of the 1967 point system. After this time, Canada shifted its policy from a "nation-building project" that selected immigrants from Britain and Northern Europe, to one based on "objective merit" (Arat-Koc 1999, 36). As such, immigrants are now recruited based on age, education levels, occupational training and occupational demand (Green and Green 19951010). This model is so successful that the immigrant population tends to be better educated than the Canadian-born. For example, 18% of all women born outside Canada had a university degree, compared with 14% of Canadian-born women (Statistics Canada 2006, 223). The corresponding figures for men are 23.5% for immigrant men, and 13.8% for Canadian-born men (Statistics Canada 2006, 235). Issues relating directly to the immigrant experience, such as obtaining recognition for education and experience, cultural integration, and workplace discrimination result in poorer labour market participation over time. Indeed, immigrants in the OECD are more likely to be exposed to over qualification, and in Canada are two times as likely to be underemployed than the native-born (OECD 2006, 51). Immigrants are also concentrated in the service industry, which is notorious for its poor working conditions, low pay and job insecurity (OECD 2006, 56).

Further, the change in Canada's immigration system has stimulated immigration from Asia, Africa and Latin America. As such, post-1970s immigrants are more likely to be visible minorities than those arriving before this period. This is supported by the SLID data set. The variable visible minority was removed from the regression tackling immigration because it was highly correlated with being a post-1970 immigrant (.67). Inspired by the studies of Ginn (2003) and Quadagno (1994) on the relationship between race/ethnicity and welfare benefits, we suspect that visible minorities are more likely to perform poorly in the labour market than non-visible minorities.

Hypothesis 3: Immigrants, especially those who entered under the point system, are likely to have a higher risk of poverty than the Canadian-born.

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benefits under the "sponsorship agreement". The distinctive outcomes across these groups are important, but we believe that the overall trends presented in this paper are valuable despite this small caveat.

Due to the changing nature of immigration following the adoption of the point system and a changing labour market after 1970, we expect that those who immigrated to Canada after this period will be far more likely to be poor when they retire compared to the previous generation of immigrants. Due to the nature of the GIS benefit, we expect that few post-1970 immigrants were recipients in 1994 because of the 10-year residency test even though their income would suggest a need for this supplement. By 2004 however, we suspect that this category of immigrant was more likely to rely on GIS to complement their retirement income than other immigrants and those born in Canada.

Hypothesis 4: The Combined effects of immigration and gender will produce very low incomes among immigrant women in retirement years. Thus, we expect immigrant women arriving after 1970 to rely more heavily on GIS than their male counterparts.
Based on the difficulties experienced by both women and immigrants in the labour market, we expect that immigrant women would experience a 'double setback' in retirement making them high risk for poverty in old age. The GIS dynamic discussed above would apply to them as well.

Statistical Analyses
In this section we seek to analyse the extent to which gender and immigration are closely associated with poverty in old age. The main sources of data for this project are the personal files from the Survey of Labour and Income Dynamics (SLID) in 1994 and 2004. These are microdata files that provide a wide variety of information including sources of income, immigration status, and years of education. Rather than defining a cut off point for poverty using a relative measure based on media income, we have opted to focus mostly on whether or not individuals receive the GIS because it acts as a good proxy for both poverty and autonomy. As discussed earlier, the GIS is a means-tested benefit for households with insufficient pension resources. As such, this benefit targets those who were unable to gather significant pension assets via the public (CPP/RRQ) and private pension schemes during their working career. As discussed above, the full range of pension options are in fact inaccessible for most women, thereby restricting their access to autonomy in old age. The extent to which women meet the low-income requirements to qualify for the GIS is therefore indicative of their connection with the entire pension system and their ability to form autonomous households in retirement. Although the GIS is granted on the basis of household income, we opted for the personal, rather than the household files for two reasons. First, the GIS benefit is distributed to eligible recipients within households on an individual basis. Second, our analysis is geared primarily to the income dynamics within households, which would be omitted had we split household income variables between household members. Following Myles (2000), our analysis at the individual level therefore gives "equal importance to the well-being of each person irrespective of their living arrangements" (4). Contrary to Myles, however, we now have access to reliable personal data which represents an improvement over the creation of an equivalence scale to divide income within household data sets.
We opt for two complementary strategies to scrutinize poverty. First, to engage in a broader discussion with past findings, we follow a method similar to Myles' (2000) whose analysis focuses on the source of retirement income among different time points

(1980, 1990, 1991 and 1995). He studies the changes in income composition during these time periods and studies income trends by quintile. He also has a small section discussing "unattached women" (16-17). We perform similar analyses comparing retirees in both 1994 and 2004.[6]

Second, we perform binary logistics analyses to study the likelihood of having to rely on GIS for pension income. Four regression models were generated for both 1994 and 2004, which included variables for elements strongly associated with pension outcomes but beyond the scope of this paper for a detailed analysis: number of years worked full time, education level, number of children, private pensions, home ownership, and visible minority (for a detailed description of the variables please see the appendix). Unfortunately, we did not have precise information on past income and/or previous occupational status. We utilised the number of years worked and education level to capture some of this dynamic. The education level is a strong determinant of work status in the labour market; the higher the education level the more likely the respondent succeeded in obtaining a white collar job with substantial pension benefits. With regards to full time work, we expect those with long full time careers to be less likely to receive GIS because continuous working years should translate into good public contributions towards the CPP/RRQ and opens the possibility of accumulating private pensions. We expect that having children would make someone more likely to receive GIS because of the financial resources required for their upbringing. The higher the number of children one raises, the more financial resources is funnelled away from private pensions. Being a home owner and receiving private pensions should also reduce the likelihood of receiving GIS since both indicate asset accumulation. Moreover, private pensions and other sources of income outside of the OAS reduce GIS benefits by 50% up to the means-test. Finally, we included a visible minority dummy variable to distinguish the effect of immigration and discrimination based on ethnicity.

Regardless of the year of study (1994 or 2004), the control variables behaved in similar ways with the noticeable exception of visible minority (**see Table 1**). Having some forms of private pensions reduce the likelihood of receiving the GIS by roughly 85%. This falls in line with both theoretical expectations and the nature of the program, which counts 50% of private pension sources towards the means-test. Individuals aged 80 and above are 22 to 31% more likely to receive GIS in 1994, while these odds are reduced slightly to 13% by 2004 adding support to the thesis that the maturation of the public system has finally reached the oldest retirees (Myles, 2000).[7] Each additional level of education reached (such as going from dropping out in grade 11-13 to completing the high school degree) decreases the odds of receiving GIS by 18%. This is quite substantial since moving up the education ladder from a high school degree to a bachelor degree results in a decreased likelihood of 90%. Owning a house is also a good indication of a reduced chance to rely on GIS.

Unfortunately, reliable data for the number of years worked and number of children was only available for 2004. Each child raised accentuates the likelihood of

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[6] All prices for this data are expressed in 2004 constant dollars, 1992=100. See
http://www.statcan.ca/english/freepub/62-001-XIB/00307/tables_html/fCPItb4_en.htm

[7] These odds are slightly higher when the variable singlemen is included in the model. However, since most retirees above the age of 80 are mostly women, this variable probably captures some of this variance because the gender variable had to be removed from the model due to multicolinearity.

having GIS by 10%. Surprisingly, the number of years worked had no impact on the likelihood of receiving GIS suggesting that the quality rather than the quantity of work performed matters. Further investigation into this relationship is necessary prior to support this conclusion.

Testing the Hypotheses
Hypothesis 1: Women are still more likely to rely on means-tested benefits and therefore, live in poverty when they reach retirement age.

Women are making great strides in their retirement income. Of all women 65 and over, mean disposable income grew by over 17%, compared with 3% for their male counterparts. Women's income advances become even clearer by referring increased disposable income by quintile (**see Table 2**). Women's growth in income surpassed that of men, particularly in the highest income groups. For example, women in the top quintile saw their mean disposable income increase by over 21% from 1994 to 2004, while that of men dropped by 1%.   While women's income gains between 1980 and 1990 were attributed to the maturation of the CPP/QPP (Myles, 2000), today their gains are more closely linked to the private sector. Gains in CPP income for women were achieved in all quintiles, but only very significantly in the first and third quintiles. Private sources of income however, such as private pensions, annual earnings, and other market income, increased substantially.   In fact, women increased their private pension earnings drastically in all quintiles, with figures reaching 222% growth in the third quintile. Men also made gains in this area, but these were more modest in all quintiles, compared to women. Notably, annual earnings increased substantially among women. However, these figures are not as impressive especially from the bottom to third quintiles, as the absolute figures are quite small (for example, the bottom quintile rose from a mean of $20.84 to $112.83 representing a 441% increase in income from that source).

Results of crosstabular analyses show that the percentage of individuals over 65 qualifying GIS has decreased between 1994 and 2004. The percentage of individuals qualifying for GIS decreased from 47.4% for women and 38.0% for men to 41.8% and 31.8% respectively. This represents a reduction of GIS recipients of 11.8% among women and of 16.3% among men. While these results are encouraging, women's income continues to lag far behind that of men. Disposable mean income among women aged 65 and older in 2004 was at $19,250, 31% below the figure for men. Further, a closer inspection of the data demonstrates that women (and, to a lesser extent, men) in the lower quintile are becoming more dependent on means-tested benefits. Women's consumption of the GIS increased by 44% and 27% in the bottom and second quintiles, compared to 4% for men in the bottom quintile. This is consistent with the increasing importance of the third pillar to provide retirement income, which benefits mostly individuals in upper quintiles. As a result, the gains made in pension income did not trickle down to woman in the lower quintiles who, despite their increase in income, actually experienced a rise in poverty.

These results would indicate that, consistent with hypothesis 1, women are still more likely to rely on means-tested benefits in old age. However, the binary regression suggest that gender alone, is not sufficient to explain these patterns since being a women

actually *decreases* the likelihood of receiving the GIS by 43-44% in 1994 and 21 to 23% in 2004 (**see Table 1**).

Hypothesis 2: Women who are not involved in a partnership will be more likely to rely on means-tested benefits, even when compared to men in a similar situation.

Consistent with the literature, women who are married or cohabitating are less likely to rely on the means-tested GIS in retirement years (See Tables 3 and 4). Living alone (divorced, separated or single) increases the likelihood of receiving GIS by 220%. Women living alone are more vulnerable than men in a similar situation with the former being 163% more likely to receive GIS compared to a 24% increase in the likelihood for the latter in 1994. The aggregate data supports these findings. The group most vulnerable to poverty seems to be widowed women, 55% of which accessed the GIS in 2004 (see Table 4).   Although this figure dropped from 61% in 1994, the disparity between women and men has actually increased from 15% in 1994 to 21% in 2004. Among those who were otherwise alone, this gap rose from -1% to 10%. These trends are also reflected in the binary regressions where women living alone experienced an increase of 28% in their likelihood of receiving GIS, while men living alone experienced a decrease of 10% compared to 2004. Assuming that both weighted samples represent a genuine representation of the population of Canadians aged 65 and above, the 'likelihood gender gap' of receiving GIS grew from 139% to 177% between 1994 and 2004. Clearly, women who are not in a marital relationship, especially those that are widowed, are even more likely than in 1994 to rely on means-tested benefits, consistent with hypothesis 2. This outcome is troubling considering that we would have expected an influx of women with stronger participation in the labour market among those pooled in 2004, corresponding with a continuous weakening of the male breadwinner model and therefore an expected declining need for the GIS among women.

These findings are even more important considering that women are less likely to be in a marital relationship and much more likely to be widowed than men in this age group. Of all women 65 and over, 40.5 % are widowed, compared with only 11.4% of men in 2004. In fact, about a third more men are in marital relationships (77.2%) than are women (47.9%).

Hypothesis 3: Immigrants, especially those who entered under the point system, are likely to have a higher risk of poverty than the Canadian-born.

An analysis of the percentage of immigrants receiving GIS indicates that post 1970 immigrants fare worse than both their counterparts immigrating earlier, as well as the Canadian-born (see Table 5). Those immigrating before 1969 actually rely less on GIS than the Canadian-born population. These findings suggest that this cohort had an easier time integrating into Canada and benefited from the post World War II economic boom although further research is needed to comprehend better the mechanism leading pre 1969 immigrants to depend less on GIS for their retirement income. Our results suggest that those immigrated after 1970 are experiencing a very different retirement income mix with high levels of poverty. When comparing retirees in 1994 and 2004 for this group, the GIS rules are extremely important. Post 1970 immigrants were 16% times less likely to receive GIS benefits in spite of their relatively low retirement income. Two key elements explain this outcome. First, in 1994 many immigrants who arrived after

1970 had time for only 14 years of work experience in Canada which is arguably an impossible timeframe to build up an adequate pension. Second, it is also unlikely that many post-1970 immigrants during this period had access to the GIS, since eligibility is based on a minimum 10-year residency.

With the 10 year residency test playing a far less substantial role in 2004, post-1970 immigrants are accessing the GIS at an alarming rate. Although it is expected that immigrants arriving mid-way through their lives will have less time to build other sources of pension income, such as the CPP/QPP and private pensions, the fact that over 59% access this means-tested benefit is disconcerting. Based on our regression model, they are 62% more likely to rely on GIS. In fact, the combined pension income of post-1970 immigrants (GIS, OAS, CPP/QPP and private pensions) is at a mere 57% of the Canadian-born (**Chart 1**). These immigrants collect only a third of Canadian-born income from the second and third pillars, reflecting their interrupted and weaker attachment to the labour market over their lifecourse. Importantly, immigrant's access to the public system is also restricted. Likely due to the 40-year requirement for a full pension under OAS, post-1970 immigrants collect only 51% of this benefit compared to their Canadian counterparts. The bulk of immigrant pension income in 2004 is therefore derived from the means-tested GIS. As the results demonstrate, more immigrants from the post 1970 period are meeting the low-income eligibility tests to acquire GIS indicating a higher level of poverty. More than this, the depth of post-1970 immigrant poverty is indicated by the fact that they collect an overwhelming 367% more from GIS than the Canadian-born, indicating a lack of other sources of income in retirement among Canada's more recent immigrants.

Hypothesis 4: The Combined effects of immigration and gender will produce very low incomes among immigrant women in retirement years. Thus, we expect immigrant women arriving after 1970 to rely more heavily on GIS than their male counterparts.

The interaction of gender and post 1970 immigration demonstrate some of the diversity between the disparities between men and women. For example, by reviewing Chart 1, immigrant men have higher total incomes than immigrant women, but they do not earn enough to surpass Canadian-born women. Although the literature has shown that in the Canadian pension scheme women earn substantially less than men, this appears to be true only between specific groups. Even more striking is the low levels of pension income among new immigrant women. Immigrant women earn less than 41% and 63% of pension earnings of Canadian-born men and women respectively. Furthermore, the GIS makes up just under 45% of immigrant women's pension income, compared with 8% for Canadian-born women. Nonetheless, due to the fact that most immigrants reach the threshold of having resided in Canada for more than 10 years, immigrants receive substantial income support from GIS.

More troubling, however, is the fact that Canada's (near) universal pension,[8] the OAS does not fully reach immigrants. Its structure clearly disadvantages them, especially those who come into Canada later in life. By basing the value of the benefits on the number of years resided in Canada (requiring 40 for full benefits) and requiring a minimum of 10 years of residency, these rules result in the OAS being a program that

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[8] As a result of the clawback introduced in 1989, this benefit is no longer universal and detached from earnings (see earlier discussion on the pension system).

embodies a vision of citizenship based on being born in Canada. If this benefit was truly universal and based on citizenship (as opposed to being based on residency), post 1970 women immigrants would receive an additional $3274 in pension income. This amount is substantial as it represents roughly 30% of their current pension income.[9]

In terms of private pensions, the average Canadian-born men gain 6 times more income from private pensions than do immigrant women. It is clear that Canadian-born men make the most gains in this area. Their income from private pensions alone actually surpasses the total pension income of immigrant women and men.

Discussion

Our results demonstrate that although women have made great strides in accumulating an independent source of pension income, particularly in the period from 1994 -2004, they are still more likely to rely on means-tested benefits than their male counterparts. More women who are alone, especially widows, are receiving the means-tested GIS over the last decade. Although all three pillars of Canada's pension system seem to be more accessible to women over this time period, demonstrated by a significant increase in income from private sources, their likelihood of relying on GIS has actually increased. Evidently women's access to autonomy in old age is very much restricted. Despite an increasing participation in the labour market by women, being married or in a common law relationship represents one of the safest ways to stay out of poverty in old age.

Immigrants are facing poverty at much greater rates than the Canadian-born population. This outcome reflects the pension structure and trends facing immigrants in the labour market. Canada's pension system is one that provides public pension income but at a level that demands an active lifetime participation in the labour market in order to collect from the second and third pillars. Immigrants face a double disadvantage in the Canadian pension system. First, public pension acquisition is problematic for immigrants given the residency requirements and second, the accumulation of pension assets through the CPP/QPP or private pensions is also extremely challenging due to the difficulties in integrating fully into the Canadian labour market. The Canadian context therefore provides particularly grim conditions for post 1970 immigrants upon retirement.

When cross-analyzing gender and immigration, Canadian-born men benefit the most overall from Canada's three pillared system. On average, they still collect a significant amount from the first pillar (OAS/GIS) and also consistently accumulate more from the second and third pillars, sometimes tripling the income of immigrant women. Given that the first pillar represents such a low income amount, it is the second and third pillars that provide the most opportunity for economic independence. It is these pillars that will ultimately determine whether immigrant women will have the capacity for autonomy in old age.

Conclusion – A brighter future for women and immigrants?

Our findings raise doubts over the capacity of the Canadian pension system to tackle inequalities, especially when we consider gender and immigration. These two groups of individuals do not have the means to be truly autonomous since they must rely

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[9] We can assume that the full amount would be added to their pension income because OAS amounts do not count towards the GIS means-test.

on a partner or means-tested benefits to maintain a household. The structure of the pension system where labour market outcomes play an important role explains in part this outcome. Moreover, residency tests affect strongly recent immigrants.

The maturation of RRSPs and RPAs will likely accentuate inequalities because these private benefits are rarely accessible to immigrants and many women who experience broken and shorter careers. Rather than expanding in coverage, these two benefits are becoming more and more unattainable. Younger cohorts are benefiting from a significantly lower coverage due in part to lower unionization rates and the increasing importance of precarious jobs (Morrisette and Drolet 1999). International developments are not reassuring either since most recent pension reforms promote a closer tie between contributions and benefits. The most recent RRQ proposal advocates such measures. Applied to Canada, these would likely accentuate the inequalities experienced by women and immigrants in the labour market.

We conclude by presenting two potential solutions to reduce inequalities in retirement for women and immigrants and raise their capacity to be autonomous. First, enhancing labour market participation would definitively help reducing the likelihood of being poor in retirement due to the importance of both public and private earnings-related schemes. If women were to be able to capitalize fully their human capital, they would most likely surpass the retirement income of men in the future due to their higher rate of university graduation. Thus, programs such as child and elderly care become essential to ensure that women can remain in the labour market. Removing labour market barriers preventing immigrants from materializing their human capital would also translate in better working careers, which leads to better pensions. Second, making OAS a truly universal benefit based on citizenship, as opposed to residency, would substantially increase the retirement income of recent immigrants.

Table 1: Results from a Binary Logistic Regression for the Odds Ratio of Receiving GIS Benefits (SLID)

Variables	1994				2004			
	Coefficient	Coefficient	Coefficient	Coefficient	Coefficient~	Coefficient~	Coefficient~	Coefficient~
Intercept	7,19*	5,59*	7,62*	6,81*	5,44*	4,51*	8,09*	4,77*
Gender	0,56*			0,57*	0,77*			0,79*
Private Pension	0,15*	0,18*	0,19*	0,15*	0,14*	0,14*	0,16*	0,14*
Age > 80	1,22*	1,31*	1,52*	1,19*	1,13*	1,12*	1,41*	1,15*
Education Level	0,82*	0,81*	0,82*	0,82*	0,83*	0,82*	0,83*	0,83*
Visible Minority	0,51*	0,51*	0,56*		1,43*	1,53*	1,49*	
Immigrant	0,96*	0,94*	0,89*		0,77*	0,78*	0,76*	
Home Ownership	0,58*	0,59*	0,49*	0,59*	0,50*	0,48*	0,39*	0,49*
Full time work					1,00*	1,00*	1,00*	1,00*
# Children					1,11*	1,10*	1,09*	1,11*
No Partnership	3,20*			3,13*	2,75*			2,71*
Single Women		2,63*				2,91*		
Single Men			1,24*				1,14*	
Post 1970 imm.				0,84*				1,62*
N	4401	4401	4401	4385	10280	10280	10280	10280
Nagelkerke R^2	0,37	0,35	0,32	0,36	0,42	0,41	0,38	0,41

- * Variables significant at the .01 level.
- ~ The variables Full time work and number of children were not reliable for 1994, the 2004 model was tested without them and it does not alter the coefficients significantly.

Table 2: Mean Income by Source and Income Quintile, Women 65+, 1994-2004

Quintile Women		Disposable Income (minus taxes)	Annual Earnings	Private Pensions	Other Market Income	Investment Income	GIS	OAS	CPP/QPP	Other Transfers	Taxes
Bottom	1994	7192.48	20.84	113.53	79.29	408.69	790.94	4938.89	835.34	110.83	105.88
	2004	8273.78	112.83	316.19	60.09	371.26	1138.94	4764.71	1350.02	213.19	25.38
	Change	**1081.30**	**91.99**	**202.66**	**-19.20**	**-37.43**	**348.00**	**-174.18**	**514.68**	**102.36**	**-80.50**
	% Change	**15%**	**441%**	**179%**	**-24%**	**-9%**	**44%**	**-4%**	**62%**	**92%**	**-76%**
Second	1994	11913.36	19.49	368.81	34.46	737.92	2712.84	5472.69	2282.98	365.69	63.15
	2004	13454.32	150.51	748.07	66.28	784.85	3454.91	5085.76	2571.89	680.92	88.09
	Change	**1540.96**	**131.02**	**379.26**	**31.82**	**46.93**	**742.07**	**-386.93**	**288.91**	**315.23**	**24.94**
	% Change	**13%**	**672%**	**103%**	**92%**	**6%**	**27%**	**-7%**	**13%**	**86%**	**39%**
Third	1994	14719.49	29.45	501.29	27.87	1303.97	3726.23	5607.97	3188.88	488.41	151.36
	2004	16446.36	270.79	1611.73	137.39	1116.93	2655.36	5351.57	4628.49	900.15	246.88
	Change	**1726.87**	**241.34**	**1110.44**	**109.52**	**-187.04**	**-1070.87**	**-256.40**	**1439.61**	**411.74**	**95.52**
	% Change	**12%**	**820%**	**222%**	**393%**	**-14%**	**-29%**	**-5%**	**45%**	**84%**	**63%**
Fourth	1994	18070.16	475.26	3112.65	215.85	2649.82	1157.54	5482.49	5593.71	508.26	1128.39
	2004	21043.48	589.94	5997.73	317.80	2505.81	666.79	5359.94	6103.56	937.69	1464.28
	Change	**2973.32**	**114.68**	**2885.08**	**101.95**	**-144.01**	**-490.75**	**-122.55**	**509.85**	**429.43**	**335.89**
	% Change	**16%**	**24%**	**93%**	**47%**	**-5%**	**-42%**	**-2%**	**9%**	**84%**	**30%**
Top	1994	30514.17	1919.47	12446.22	619.50	9283.47	193.45	5375.48	5978.41	512.10	5790.99
	2004	37024.80	3646.78	19511.98	1094.49	8328.96	76.30	5003.23	7040.48	510.40	8151.93
	Change	**6510.63**	**1727.31**	**7065.76**	**474.99**	**-954.51**	**-117.15**	**-372.25**	**1062.07**	**-1.70**	**2360.94**
	% Change	**21%**	**90%**	**57%**	**77%**	**-10%**	**-61%**	**-7%**	**18%**	**0%**	**41%**

N.B. Weighted N for 1994: 1823394

Weighted N for 2004: 2129173

Note: Some figures may not fit totals exactly due to rounding.

TABLE 3

	Percentage of individuals 65 and over receiving GIS, 1994			
	Married /Cohabitating	**Widowed**	**Alone**	**Total**
Women	35%	61%	51%	47%
Men	35%	46%	52%	38%
% difference	0%	15%	-1%	9%

TABLE 4

	Percentage of individuals 65 and over receiving GIS, 2004			
	Married /Cohabitating	**Widowed**	**Alone**	**Total**
Women	28%	55%	54%	42%
Men	30%	34%	44%	32%
% difference	0%	20%	10%	10%

TABLE 5

	Percentage of households receiving GIS		
	Canadian-born	**Immigrated 1969 or earlier**	**Immigrated 1970 or later**
1994	47%	42%	38%
2004	42%	31%	59%

**Chart 1: Pension income by source,
immigrant and Canadian-born individuals 65 and over, by sex, 2004**
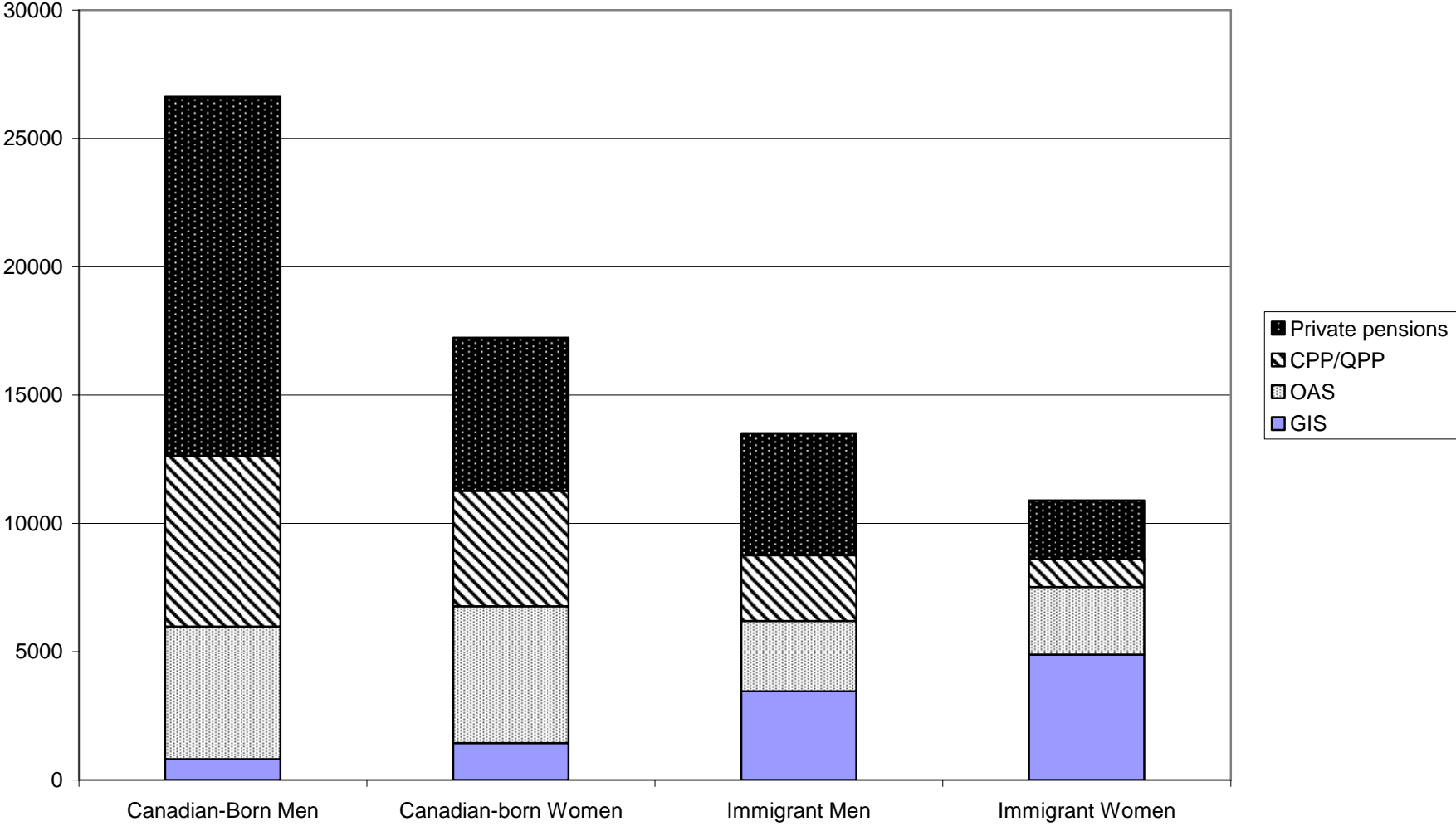
Appendix – Data Summary

The data used for this survey were derived from the Survey of Labour and Income Dynamics (SLID), a survey of Statistics Canada providing national data on labour and income fluctuations since 1993. Our use of survey data is limited to the 1994 and 2004 cross-sectional, personal-level datasets looking strictly at respondents aged 65 and older.[10] Data was accessed through the Research Data Centres (RDC) Program, with data disclosure conforming to the confidentiality rules of the Statistics Act. Below is a list of variables that were transformed for our analysis. Other variables were extracted directly from the datasets. Their definitions are found on the web-based electronic data dictionary at: http://www.statcan.ca/english/SLID/diction.htm.

Income Variables

GIS eligibility - Dichotomous variable based on *GI42* indicating individuals receiving any amount of the Guaranteed Income Supplement.

Other transfers – Continuous variable based on *gtr42* including government transfers from federal and provincial governments less reported income from the GIS, OAS and CPP.

Private pension – Dichotomous variable indicating individuals receiving any form of either private retirement pensions (*pen42*) or RRSP withdrawals (*rspwi42*).

Private pension income – Continuous variable indicating the amount of income from both private retirement pensions (*pen42*) or RRSP withdrawals (*rspwi42*).

Personal Characteristics

Age > 80 – Dichotomous variable based on *age26*, indicating whether the respondent is aged 80 years or older.

Gender – Dichotomous variable based on *sex99* indicating whether the respondent is female.

Immigrant – Dichotomous variable based on *immst15* indicating whether the respondent is an immigrant.

No partnership – Dichotomous variable based on *marsd26* indicating that the respondent is either separated, divorced, widowed, single (never married) or separated common-law.

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[10]The only exception is the crosstabular analysis of the percentages of immigrant and Canadian-born households receiving GIS. This particular data came from the 1994 and 2004 cross-sectional household file.

Post 1970 immigrant – Dichotomous variable based on *immyr15*, indicating that the respondent immigrated to Canada in 1970 or later.

Single women - Dichotomous variable based on *marsd26* and *sex99* indicating that the respondent is female and is either separated, divorced, widowed, single (never married) or separated common-law.

Single men - Dichotomous variable based on *marsd26* and *sex99* indicating that the respondent is male and is either separated, divorced, widowed, single (never married) or separated common-law.

Visible Minority – Dichotomous variable based on *vismn15* indicating whether the respondent belongs to a visible minority group

Family and Household Characteristics

Home Ownership – Dichotomous variable based on *dwtenr25* indicating whether the dwelling is owned by a member of the household.

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