

# Pensions and Poverty:



Susanne MacKay, SALLY, 1979, acrylic  
(18" x24")

## ABSTRACT/RESUME

L'état de santé des femmes a été étudié à la lumière des besoins spéciaux de certaines femmes: les travailleuses avec de jeunes enfants;

## The Health of Elderly Women

by

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*les femmes ethniques; les adolescentes; les femmes au foyer. En grande partie, l'analyse du système des soins de santé s'est concentrée sur la santé mentale des femmes ou sur leurs fonctions reproductrices et des sujets connexes. Ainsi, des femmes ont apporté des commentaires féministes critiquant: la qualité des soins de maternité et des soins à l'enfant; la qualité des services reliés à la contraception, à l'avortement et aux maladies vénériennes; les programmes de dépistage du cancer du sein; et, la surutilisation, par les médecins, des drogues dans le traitement des femmes. Le sous-groupe composé des femmes âgées en santé a été délaissé.*

*Dans notre société qui vante la*

jeunesse sans reconnaître la sagesse des aînés, les personnes âgées sont généralement traitées de façon assez minable, ceci étant d'autant plus vrai en ce qui concerne les femmes âgées comme groupe comparé à celui formé par les hommes âgés. Le sexisme ne s'arrête pas avec le vieillissement; les effets du sexisme s'accumulent au cours des années. Les foyers les plus pauvres au Canada sont ceux dont le chef de famille est une femme âgée de plus de 65 ans. La condition de la femme âgée pourrait se détériorer encore plus au cours des prochains cinquante ans, leur nombre augmentant au rythme du vieillissement de la population canadienne. Le pourcentage et le nombre de personnes âgées augmenteront par rapport à celui des enfants et des jeunes adultes.

Nous examinerons les effets combinés de la discrimination fondée sur l'âge et le sexe sur l'état de santé des femmes âgées. La pauvreté que vivent plusieurs femmes et le piètre état de santé qui en découle sont causés, en partie, par un régime de retraite inadéquat, par exemple. Les bénéfices marginaux, tels les régimes de retraite, ont été structurés à partir de rôles familiaux traditionnels (l'homme étant le gagne-pain) et d'hypothèses dépassées sur la nature de l'appartenance de la femme au marché du travail (l'emploi à temps partiel). Par conséquent, plusieurs femmes ayant tra-

vailé toute leur vie en dehors du foyer (en plus d'y travailler à l'intérieur) ne sont pas éligibles à participer à un régime de retraite de la même façon que le sont les hommes. Dans les milieux syndicaux, plusieurs régimes de retraite privés sont disponibles mais, on sait que les femmes sont isolées dans les secteurs non-syndiqués de l'économie. Des différences dans l'âge de la retraite ont été imposées aux hommes et aux femmes, celles-ci devant quitter le marché du travail plus tôt. La question de l'indexation des pensions affecte les femmes plus que les hommes étant donné que ces dernières sont moins rémunérées que ces derniers, qu'elles travaillent sur de plus courtes périodes de temps, qu'elles touchent de plus petites pensions et qu'elles vivent, en moyenne, plus longtemps que les hommes. Ajoutons que "naturellement," les femmes au foyer ne touchent pas de pension, cette catégorie de personnel de soutien n'étant pas couvert par le Régime de pension du Canada, ni par le Régime des rentes du Québec.

Après avoir considéré l'influence des différentes politiques sociales et économiques sur l'état de santé des femmes âgées, des stratégies de changement social seront discutées. Étant donné que le nombre et la scolarisation des personnes âgées ne vont qu'en s'accroissant et que leur état de santé se maintient de plus en plus au cours de leur vieillesse, l'élan de

*la réforme sociale viendra-t-il directement des personnes âgées elles-mêmes?*

In the summer when money is short I live on rice and rhubarb and in the winter I economize by living on porridge and brown sugar. . . .

Hazel Stackhouse, age 63  
(The Financial Post, June 17, 1978)

Elderly women may be regarded as the largest poverty group in Canada. Their economic plight stems from the fact that they may not have pensions that put them above the poverty line or, indeed, they may not be covered at all. Such is the case of Hazel Stackhouse. At age 63, she must wait until age 65 for Old Age Security payments. She is retired from her job as a stenographer and has been living on her savings plus alimony payments from her husband. These payments stopped, however, upon his retirement. Although she was employed for 30 years, enrollment in a private pension plan was not a fringe benefit of her job. Unfortunately, this woman's situation is not unique; only about 60% of employees, men and women, have the opportunity to participate in private pension plans. (1) Moreover, having worked outside the home as a stenographer and having had the opportunity for savings, she may be better off than the majority of women who have worked primarily in the home as housewives.

While traditional roles of homemaker and breadwinner are in a state of flux, it will be a good many years, if ever, before the female labour force participation rate equals that of the male, and job discrimination is in the past. Until men and women have similar work histories, we can expect the greater retirement benefits to continue to go to the male, mirroring his higher salary and the fact that he has logged the greater number of years on the job, especially if with one employer. Various reforms, however, could be enacted today. In the case of the housewife (or spouse working within the home) it is thought possible by such social analysts as Daniel Baum to include the spouse in the pension credits of the other during the pendency of the marriage. The justice of the matter would have to be more evident to society as a whole, however, before such coverage could be arranged. (2)

The grim economic situation that elderly women face is not necessarily solved even if future generations of women workers were to be treated like their male counterparts. Pension inequities may persist for reasons such as the following:

- (a) Inflation quickly erodes the value of a fixed pension income. Private pension plans are seldom fully indexed to rises in the cost of living. Predictably additional pension monies, if found, may be directed at shoring up pensions from the damage caused by inflation

rather than correcting the existing inequities in pensions for men and women.

(b) Women tend to live longer than men and their percentage of the total population is increasing.(3) Even if female and male contributions and overall pension plans were identical, females would experience more poverty than males because they would live a greater number of years than men on a reduced income subject to further decreases through inflation.

(c) The Canadian population is aging.(4) Economists wonder whether the wage base will grow fast enough to absorb the cost of pensions and keep the plans solvent. This is a concern, of course, for men as well as women. However, men are starting off at a more advantaged position.

Given the above, there is no reason to assume that the poverty of elderly women will necessarily lessen with the passage of time. Since it does not seem wise to simply rely upon the future increases in the female labour force to erase existing inequities in pension coverage and given the fact that the needs of many of the current elderly women are striking, let us focus upon some of the alluded to inequities and consider possible changes.

### Inequities

One of the problems women face more

than men is the relative absence of private pension plans that they may join. Private pension plans tend to be associated with union membership and women workers are not as widely unionized as men. (Even unions, though, may not be interested in pension plans--concentrating instead on wages, conditions of work and job security). However, within private pension plans women may face the following types of discrimination:

- 1) full time employee eligibility requirements; many women work part-time.
- 2) higher age at which a plan may be entered.
- 3) interruptions in work histories which delay vesting--the right to employer contributions.(5)
- 4) earlier mandatory retirement age.
- 5) spouse survivor benefit absent or greatly reduced.
- 6) lower pay-out rates than males--based on the observation that women live longer than men, the actuarial assumption is made that female benefits must be reduced to stretch over their longer life spans.(6)

It is generally assumed that a private pension plan is mandatory today if one is to be guaranteed an income above the poverty line. Furthermore, according to the calculations of the Social Planning Council of Toronto, the private pension plan should pay at least 20-30% of your final salary in order for a reasonable standard of living to be maintained.(7) Various

provincial plans, the Old Age Security (OAS), the Guaranteed Income Supplement (GIS), and the Canada and Quebec Pension plans (CPP/QPP)--even when taken in combination--are often not sufficient to maintain one above the poverty level.

A housewife whose husband is covered by a private pension plan may find as a rude surprise that when she becomes widowed, her husband's pension ends completely. If there is a survivor's benefit, it is common for two options to be offered a breadwinner. In the first case, he may take a lower monthly pension with the provision that a 50% pension will go to his widow when he dies. However, if the second option--the larger pension--is selected, no benefits go to the wife if she survives him. Statistically, this is the case; women tend to outlive their husbands.(8)

#### Reforms (9)

Although it is recognized that there is no simple solution to either the problem of adequate pension coverage for the elderly in general or women in particular, the following areas are particularly sensitive ones for women. Appropriate changes in these areas would greatly benefit them.

- (a) a mandatory survivor benefit in private plans with adjustments made for divorce.
- (b) a move toward universal private

plan coverage with portability, automatic vesting and cost of living fully indexed.

- (c) equal contributions and pay out rates for men and women in all pension plans.
- (d) replacement of the OAS with the GIS, the latter only is income tested and a non-contributory government benefit tied to the cost of living. The OAS is given to everyone after age 65 regardless of need.
- (e) an increase in the mandatory retirement age for both sexes; early retirement available with a reduced pension as an option. Currently women may be forced out as much as five years earlier than men and before age 65; they cannot afford retirement. The more people in the labour force, the more solvent and generous are pension plans likely to be.
- (f) a seven year pension drop-out period for a parent to raise a child without being penalized with a smaller pension. The QPP has this drop-out provision. Ontario and British Columbia currently are blocking the drop-out provision from being included in the CPP.

#### Conclusion

It is evident that the health of the healthy elderly cannot be sustained without adequate income for proper nutrition, housing, clothing and

recreation.(10) In addition to basic economic needs, however, women as a group have to cope with long years of widowhood and often the loneliness that goes with it.(11) It seems that society is split on its pension philosophy; on the one hand, it is thought that public pensions which cover basic needs are a right only if society can afford it. Opposing this view is the statement by the Ontario Federation of Labor:

Saying what we can afford always places the needs of the current generation above the older generation. It devalues the rights and social position of retired people by implying they are dependent on the younger, productive generations. They know they have invested their lives in our prosperity, but we have effectively barred them from collecting the dividends.(12)

If a greater proportion of our tax dollar were spent on pensions for the elderly which had the effect of maintaining their health, there might be some savings in the overall medical care costs for old people. The direct medical care cost of the elderly represents a high fraction of the total of this state-supported expenditure. This medical expenditure will increase proportionately to the aging of the Canadian population.(13)

Needless to say it is more humane to support our elderly as healthy old

people through an increased pension system than to care for them with medical problems aggravated if not caused by low income levels.(14) One wonders if society would be any more responsive to the needs of the elderly if they were predominantly male rather than female.(15)

Although the sex ratio of the elderly may not be significantly changed in the next fifty years, the numbers of the elderly in the population as well as their proportions will increase. This increase coupled with a higher overall level of formal education may mean that the impetus for social reform will come from within the elderly population itself with women in leadership roles as they have the most to gain from social reforms.(16)

NOTES

1. In 1970, of the 39.2% of Canadian workers covered by pension plans, 74% were men and 26% were women. Statistics Canada Pension Plan Report, 1972. While pension plan participation has grown steadily in recent years, the imbalance in the ratio of male to female coverage has not been corrected.
2. For a general discussion of the housewife pension issue, see Daniel Baum, The Final Plateau: The Betrayal of Our Older Citizens (Don Mills, Ontario: Burns and MacEachern, 1974). In 1974, the Federal and Provincial Ministers of Welfare gave acceptance to the principle of inclusion of the housewife in C/QPP. Previously in its 1970 Report, The Royal Commission on the Status of Women recommended the inclusion of the housewife, while noting that 70% of women over 70 had no income other than a government pension as compared to 40% of men over 70.
3. Canadians 75 years and older represent the following percentages of the total population for 1971 and that projected for the years 1981 and 2001.
 

75 Years and Over			
	% Male	% Female	
1971	1.3	1.8	Source Table 3.1
1981	1.3	2.1	<u>Perspective Canada 2</u>
2001	1.5	2.8	Ottawa 1977, p. 39.
4. Persons aged 65 and over as a percentage of the total Canadian population have increased from 7.6% in 1961 to 8.1% in 1971 and are expected to rise to 9% in 1981. Perspective Canada 2, Ottawa 1977, Table 3.1, p. 39.

5. It has been pointed out that, "contributions by women who did not work long enough to receive pensions tended to keep down pension costs." Harold L. Sheppard and Sara E. Rix, The Greying of Working America: The Coming Crisis of Retirement Age Policy (New York: Free Press, Macmillan, 1977), p. 34.
6. For example, if a \$50,000 annuity had been purchased from Confederate Life Insurance on April 14, 1977, with a guaranteed monthly income for 10 years, a male aged 60 would be receiving \$30.05 more a month than a female of the same age. Comparable differentials exist with other companies.
7. The Financial Post, June 17, 1978.
8. In 1971, of all the males age 65 and over, 71.8% were married and 16.7% were widowed. For females, only 39.2% were married with partners living and 49.4% were widowed. About 10% of both sexes were single and about 1% were divorced. Perspective Canada 2, Ottawa 1977, Table 3.9, p. 45.
9. This section is based largely upon Kevin Collins, Women and Pensions, Canadian Council on Social Development, Ottawa 1978, and "Fringe Benefits," The Person Papers, Advisory Council on the Status of Women, Ottawa, 1976.
10. The relationship between health and income is dealt with in "Retirement in Canada: Summary Report," Social Security Research Reports, Health and Welfare Canada, Ottawa, March 1977. ". . . it is possible to conclude that inadequate income and health are central to most of the problems of those in retirement" (p. 31).
11. In 1971, of all those 65 years and over, 11.1% of the males were living alone as compared with 24.6% of the females.
12. The Financial Post, op. cit.
13. The demographic basis behind this social policy issue is presented in "La situation des personnes âgées au Canada," Jacques Légaré and Bertrand Desjardins, Canadian Review of Sociology and Anthropology, 13 (3) 1976.
14. There is a tendency to think of the elderly as weak and sickly. This stereotype is an injustice to the healthy elderly. More of our elderly could be healthy if society permitted them to be. Baum points out that Canada's social security system meets only marginal needs without allowing people to live decently. "The result is more than condemnation to economic poverty. The system can serve as a final assault on the emotional well being of older people." Daniel Baum, op. cit., p. 192.
15. A cross cultural study found that elderly men tended to be accorded more deference than elderly women, especially in the area of symbolic deference. See, Philip Silverman and Robert J. Maxwell, "How Do I Respect Thee? Let Me Count the Ways: Deference towards Elderly Men and Women," Behavior Science Research, Vol. 13, No. 2, 1978.
16. The founder of the Grey Panthers, an activist group for the aged founded in 1972, is a female. See Maggie Kuhn, On Aging (Philadelphia: Westminster, 1977).



Susanne MacKay, AUNT CLAIRE, 1979, acrylic (18" x24")