

Income of the Retired Population in Québec

Régie des rentes du Québec
Direction de l'évaluation et de la révision

Québec 

Authors

Denis Carbonneau
Denis Fugère

Secretariat

Micheline Collin
Marjolaine Duval

Translation

Benoît Evans

Graphic Design

Nicholas Grenier

Communication adviser

Claire Denis

Legal deposit - 1st quarter 2006

Bibliothèque nationale du Québec

ISBN 2-550-46047-2

2-550-46048-0 (PDF)

Version originale française disponible sur demande

PREFACE

The Québec Pension Plan (QPP) began on 1 January 1966. The *Act respecting the Québec Pension Plan* and the *Supplemental Pension Plans Act*¹ are now over 40 years old. The place of the QPP and private pension plans in the makeup of the income of seniors and retirees has changed over the years. The public plan and private plans have an influence on the distribution and level of seniors' incomes.

The Régie des rentes du Québec is concerned about income security at retirement and financial planning for retirement. It has adopted a strategic plan of which one objective is to carry out a study to learn more about retirees incomes. The Régie has previously looked at the incomes of people aged 65 and over. The present study, carried out by the Régie's Direction de l'évaluation et de la révision, is intended to further the work undertaken in the earlier studies. The distinguishing characteristic of this study is that we look at the situation of younger retirees, aged 55 to 64.

1. Replaced the former *Act respecting supplemental pension plans* in 1990.

SUMMARY

Population aged 65 and over

- Dependence on government assistance programs — the Old Age Security pension (OAS) and the Guaranteed Income Supplement (GIS) — has lessened greatly over the years. The OAS pension, however, remains an important source of income, especially for women.
- The Québec Pension Plan (QPP) and private pension plans have shown considerable growth. The place occupied by the QPP in the income of the population aged 65 and over has doubled in 20 years (from 11 to 21%), and the place occupied by private pension plans has increased by almost two and a half times (from 12 to 29%). In 2001, private pension plans were the main source of income.
- The proportion receiving a QPP pension increased from 47%, in 1981, to 84% in 2001 and the proportion of those receiving a pension under a private plan increased from 23 to 53% during the same period.
- The income of retired men is still greater than that of retired women. Men are more likely to be beneficiaries of the QPP and of private pension plans, and their average pension income is greater than that of women. This situation is a reflection of the differences in employment for men and women while they were economically active.
- Over a 20-year period, the income of Quebecers aged 65 and over increased at the same rate as that of Canadians of the same age. The increase has been somewhat greater for Quebecers than for Ontarians. In 2001, the average income of a Quebecer in this age group was 82% of that of an Ontarian, compared with 79% in 1981. In Québec, the rate of income growth during the same period was the same for both men and women.
- Quebecers benefit more from government assistance programs than Ontarians and Canadians in the western provinces. That is because, overall, incomes in Québec are lower.

Population aged 55 to 64

- In Québec, the incomes of those aged 55 to 59 comes largely from employment although almost a quarter of that group is retired. Among those aged 60 to 64, the proportion of retirees is twice that of those aged 55 to 59 and employment increasingly becomes a less important source of income, especially for women.
- Throughout Canada, younger retirees are financially better off than older retirees because their average retirement income is higher even though retirees aged 60 and over can receive a retirement pension under the QPP or the Canada Pension Plan (CPP).
- The proportion of retirees is higher in Québec and the Atlantic provinces than in Ontario and the western provinces, but their income is lower. Quebecers take retirement earlier in spite of lower incomes.
- For retirees, employment earnings are an important income supplement. The proportion of retirees who work is greater in Ontario and in the western provinces than in Québec and the Atlantic provinces.

TABLE OF CONTENTS

List of charts	9
List of tables	9
Introduction	11
Chapter 1 Population aged 65 and over	13
1.1 Income sources.....	15
1.2 Total income and distribution of income sources.....	17
1.3 Income source changes	21
1.4 Characteristics of beneficiaries, by income source	22
1.5 Characteristics of retirement pension beneficiaries	31
1.6 Comparison with other Canadian provinces	32
Chapter 2 Population aged 55 to 64	37
2.1 Profile of the population aged 55 to 64.....	40
2.2 Profile of retirees aged 55 to 64	42
2.3 Comparison with other Canadian provinces	44
Appendix Survey of Consumer Finances (SCF) and Survey of Labour and Income Dynamics (SLID)	47

LIST OF CHARTS

Chart 1	Distribution of retirees, by age and sex, Québec, 2001	15
Chart 2	Distribution of income of people aged 65 and over, by sex, Québec, 2001	17
Chart 3	Relative share of the total income of the population aged 65 and over, Québec, 2001	18
Chart 4	Distribution of total income of the population aged 65 and over, by source and by income bracket, Québec, 2001	19
Chart 5	Proportion of persons aged 65 and over who receive income from each income source, Québec, 1981 and 2001	20

LIST OF TABLES

Table 1	Relative share of income sources and average income of the population aged 65 and over, by sex, Québec, 1981, 1991 and 2001	21
Table 2	Characteristics of GIS beneficiaries, Québec, 1981, 1991 and 2001	23
Table 3	Characteristics of QPP beneficiaries, Québec, 1981, 1991 and 2001	24
Table 4	Characteristics of private pension plan beneficiaries, Québec, 1981, 1991 and 2001	26
Table 5	Characteristics of beneficiaries receiving an investment income, Québec, 1981, 1991 and 2001	28
Table 6	Characteristics of beneficiaries with employment earnings, Québec, 1981, 1991 and 2001	30
Table 7	Distribution of the population aged 65 and over according to whether they are pension plan beneficiaries, Québec, 1981, 1991 and 2001	31
Table 8	Distribution of income sources and average income of the population aged 65 and over, by category of beneficiary, Québec, 2001	32
Table 9	Average total income of the population aged 65 and over, by province, 1981, 1991 and 2001	33
Table 10	Relative proportion of income sources of the population aged 65 and over, by province, 2001	35
Table 11	Average income and distribution of the population aged 55 to 64, by main activity and sex, Québec, 2001	40
Table 12	Relative proportion of income sources of the population aged 55 to 64, by sex, Québec, 2001	41
Table 13	Relative proportion of income sources for retirees aged 55 to 64, by sex, Québec, 2001	42
Table 14	Proportion of beneficiaries and average income of retirees aged 55 to 64, by income source and sex, Québec, 2001	43
Table 15	Average income and distribution of the population aged 55 to 64, by main activity and by province, 2001	45
Table 16	Proportion of beneficiaries and average income of retirees aged 55 to 64, by income source and by province, 2001	46

INTRODUCTION

The Régie des rentes du Québec is responsible for the application of the *Act respecting the Québec Pension Plan* and the *Supplemental Pension Plans Act*. The Régie contributes to the financial security of retired Quebecers² and promotes financial planning for retirement. The Régie also provides financial protection in the event of disability or death.

This study has two main sections; one covers the population aged 65 and over and the other covers the population aged 55 to 64.

It is intended to provide another source of information on the financial characteristics of seniors and retirees. We look at their income levels, income sources and how those two factors have changed over time. An interprovincial comparison is made to show the relative place of Québec compared with the other Canadian provinces. We also provide some explanations of the results obtained. However, it is important to note that the main objective of the study is to present, not to qualify, the results. Moreover, the reasons behind certain results may be multiple or require a more comprehensive study.

Data required for the study come from public-use microdata files from the Survey of Consumer Finances (SCF) for 1981 and 1991 and from the Survey of Labour and Income Dynamics (SLID) for 2001, both produced by Statistics Canada.

The individual is the cornerstone of the study since, among the main sources of seniors' income, only the Guaranteed Income Supplement (GIS) is determined on the basis of a couple's income. Benefits paid under the Québec Pension Plan (QPP), the Old Age Security pension (OAS) and private pension plans are based on individual income.

2. To be entitled to benefits under the Québec Pension Plan (QPP), a person must have had employment earnings greater than the basic exemption at some time during his or her working life.

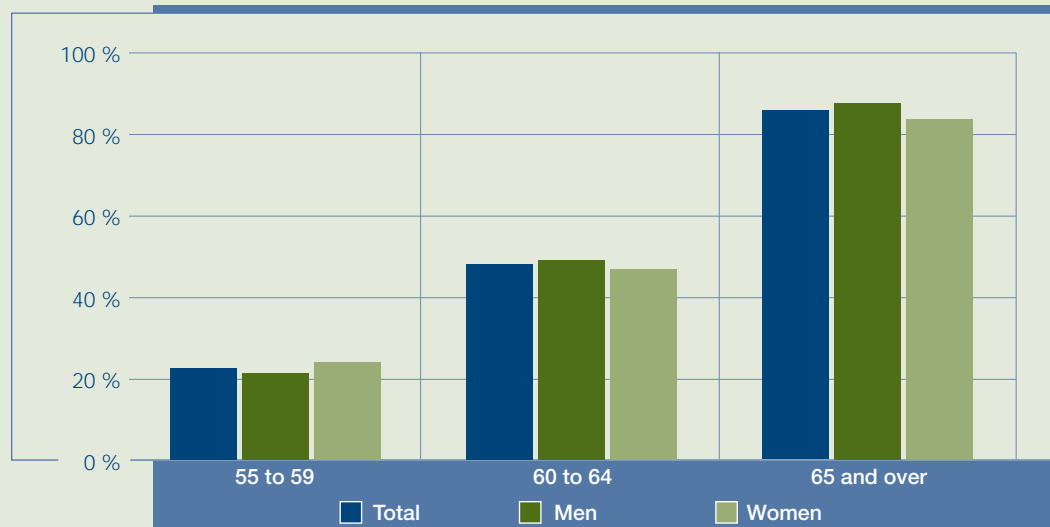
CHAPTER 1

POPULATION AGED 65 AND OVER

1. POPULATION AGED 65 AND OVER

With the aging of the population, the question of the income of seniors and retirees is a current preoccupation at the Régie des rentes du Québec. Retirement is no longer a privilege for people aged 65 and over. In fact, as Chart 1 shows, 23% of people aged 55 to 59 and 49% of people aged 60 to 64 report that they are retired. As of age 65, the vast majority is retired. For that reason and because the OAS pension is paid at age 65, whether or not a person is economically active, we consider the entire group of people aged 65 and over to be a homogeneous group for the purposes of this study.

Chart 1 Distribution of retirees*, by age and sex, Québec, 2001



* The respondent was asked directly the SLID question. It elicited a person's "main activity" at the end of 2001.

1.1 INCOME SOURCES

For most people, work is the main source of income during one's economically active life. However, after retirement, this is no longer the case. Employment earnings give way to government benefits whose purpose is to make up, in whole or in part, the shortfall resulting from the loss of employment earnings. Income from private sources, such as private pension plans and investments, can be added to those benefits.

Total retirement income depends on several factors: how generous private and public pension plans are, other retirement savings, personal savings, investment income, assistance benefits from government programs and, to a lesser degree, a person's employment earnings or income from various other sources.

We have defined six main sources of income, which can be described as follows:

- **Old Age Security pension (OAS)**

This is a “universal” transfer program that has no income-based means test. Benefits are paid to people aged 65 and over who meet certain residency requirements.

Since 1989, OAS has been recovered for persons with high income. In 2001, OAS beneficiaries whose net personal income exceeds 55 309 \$ must repay some or all of their OAS benefits. The recovery rate is 15% of the excess up to the total OAS benefits received. For example, if a person has an annual net income of 60 000 \$, the annual OAS recovery is 703,65 \$, that is, $(60\,000 - 55\,309) \times 15\%$.

- **Guaranteed Income Supplement (GIS)**

The GIS is a social assistance program that provides additional income to low-income of the population aged 65 and over. The GIS is added to the OAS pension. To be entitled to the GIS, a person must receive the OAS pension and meet certain conditions related to family income³ since GIS benefits are based on a couple’s income, unlike the other benefits, which are based on individual income.

- **Québec Pension Plan (QPP)**

The QPP is a social insurance program that offers basic protection at retirement for all Québec workers. Retirement benefits can be paid as early as age 60, with an actuarial reduction of 0,5% for each month remaining between the starting date of the pension and the person’s 65th birthday. The amount of the pension is based on a person’s age and the employment earnings on which he or she contributed to the Plan. Both the contributions and the pension payable are subject to a maximum, which is based on the yearly maximum pensionable earnings (YMPE) for recent years.

- **Private pension plans**

For the most part, private pension plans include supplemental pension plans (SPPs), pensions and regular income resulting from the conversion of registered retirement savings plans (RRSPs) and deferred profit sharing plans (DPSPs). Generally, SPPs and DPSPs involve an employer contribution while individual RRSPs do not. In recent years, we have seen the emergence of group RRSPs in which the employer contributes as well as the employee. Tax deductions are offered by both the Québec government and the federal government to encourage the use of this savings category.

- **Investment income**

This category is mainly comprised of interest income and dividends. It includes the yield from liquidated assets, such as bank accounts, stock shares, savings bonds, etc. This form of income can vary greatly from one year to the next since it depends on economic fluctuations and interest rates. Thus, it is less stable than the other income sources. (Taxable capital gains are not included in this study because they are not shown in either the SCF or the SLID.)

- **Employment earnings**

After age 65, a significant number of people continue to work. For some of them, employment earnings are their main source of income. For others, it is simply extra income.

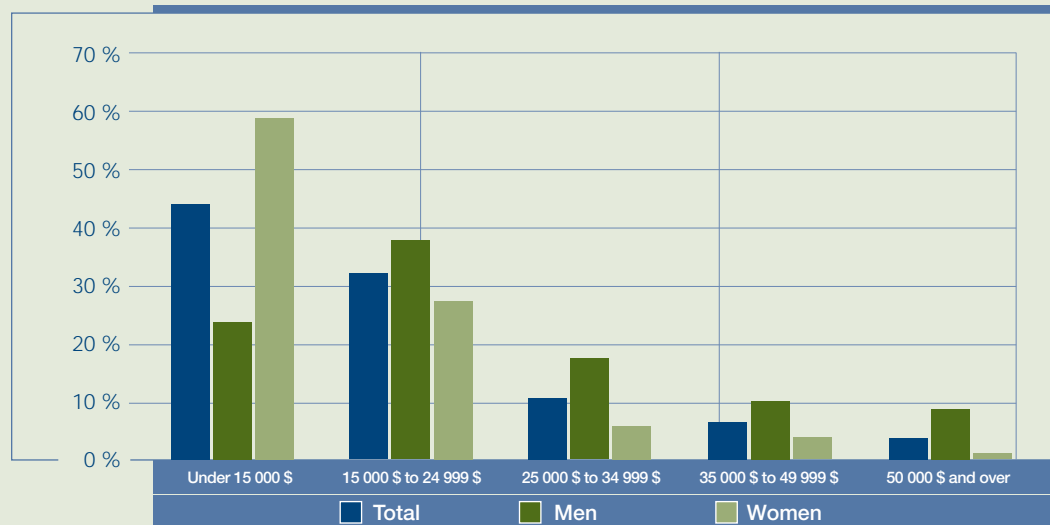
3. The family income ceiling may change from year to year.

Finally, there are other public and private sources of income. Since they are not very significant, we have grouped them in the category “other income”. They include the refundable tax credit for the goods and services tax (GST) and the Québec sales tax (QST) as well as refunds for property taxes and the housing allowance.

1.2 TOTAL INCOME AND DISTRIBUTION OF INCOME SOURCES

Chart 2 shows the income in 2001 of people aged 65 and over, by sex and income bracket.

Chart 2 Distribution of income of people aged 65 and over, by sex, Québec, 2001

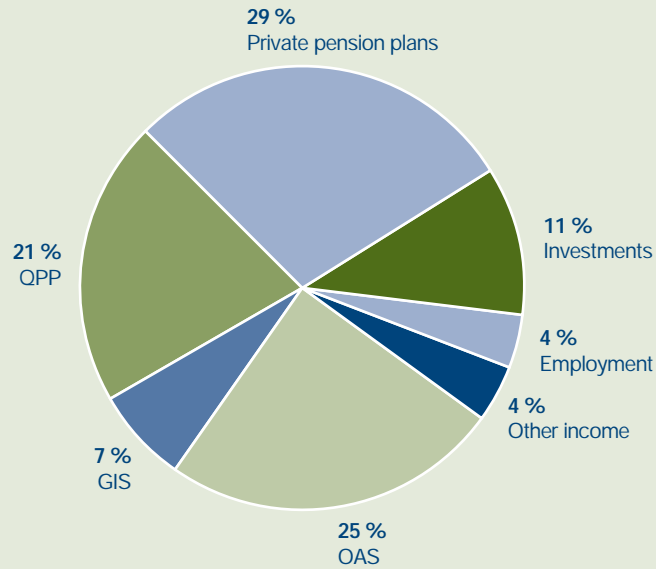


In 2001, almost half (44%) of the population aged 65 and over had an individual income under 15 000 \$ and almost 80% had an individual income of less than 25 000 \$. Conversely, only 5% of that group had an income of 50 000 \$ or more.

Women's incomes were, on average, 39% lower than men's incomes. Almost 9 women out of 10 (87%) had an income below 25 000 \$, compared with 62% of men. Men who were married or de facto spouses had the highest average income, while women who were married or de facto spouses had the lowest income. The majority of men are married or de facto spouses. Women can be divided into two main groups: married women or de facto spouses and widows.

In order to show the sources of the total income of the population aged 65 and over, Chart 3 is an aggregated presentation of the relative proportion of each income source in 2001.

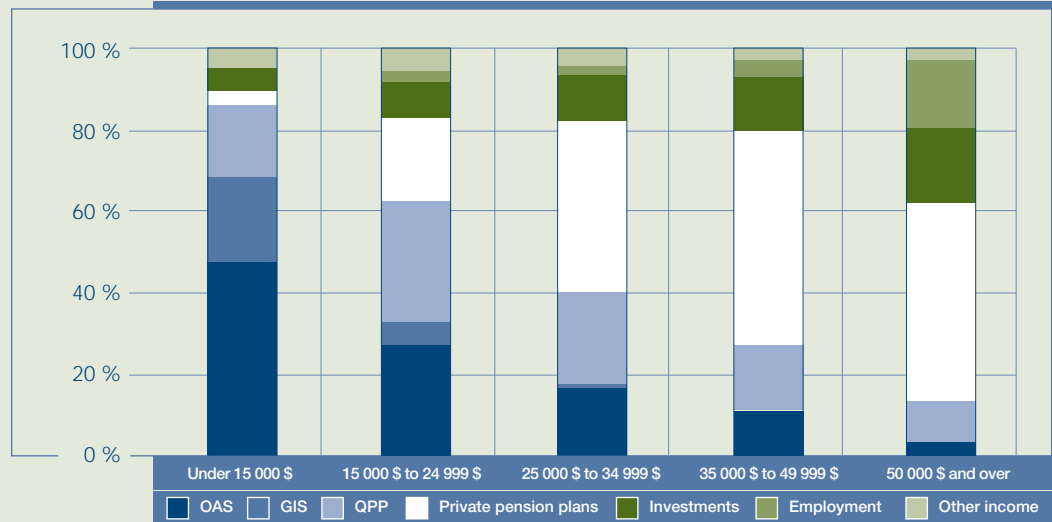
Chart 3 Relative share of the total income of the population aged 65 and over, Québec, 2001



This chart shows that private pension plans are the main source of incomes of the population aged 65 and over. The OAS pension and the QPP are in second and third place, with each of them accounting respectively for around a fourth and a fifth of total income. Investment income, the GIS, employment earnings and other income account for only around a fourth of their incomes.

The distribution varies according to the total income of individuals. Thus, Chart 4 is an unaggregated distribution of total income, by source and by income bracket. It shows the place occupied by assistance programs (OAS and GIS) diminishes as private sources of income replacement increase.

Chart 4 Distribution of total income of the population aged 65 and over, by source and by income bracket, Québec, 2001

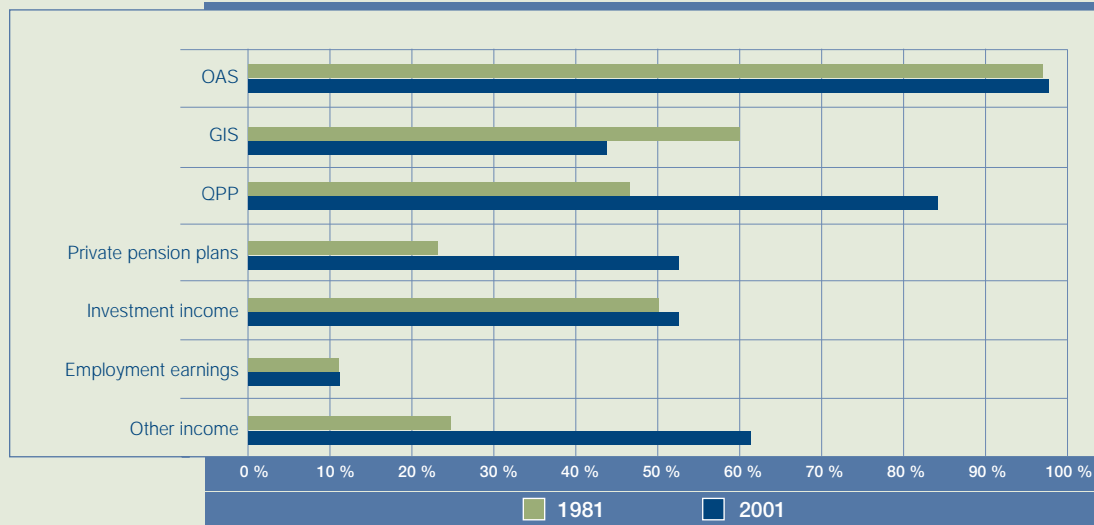


For people whose total income is under 15 000 \$, the OAS pension represents about half of the total. When total income is 15 000 \$ to 24 999 \$, the QPP and the OAS pension account for similar amounts and represent about 60% of total income. When total income is equal to or greater than 25 000 \$, private pension plans are the main income source. When total income is 25 000 \$ to 49 999 \$, the QPP is the second most important income source.

Overall, the proportion of total income attributable to private pension plans tends to increase as the level of total income increases. In the case of the QPP, because of the maximums that apply, the relative place of the QPP as an income component decreases as total income increases. Since the OAS pension is a fixed amount up to a certain income level, its relative place decreases as total income increases. Since the GIS is a supplement for low-income households, the number of persons qualifying for it decreases as income increases.

For each income source, the affected population may be different and may change over time. Chart 5 shows the changes in the proportion of people who receive income from each of the seven⁴ income sources mentioned earlier.

Chart 5 Proportion of persons aged 65 and over who receive income from each income source, Québec, 1981 and 2001



From 1981 to 2001, there were changes in the proportion of the population aged 65 and over who received income from each income source. The percentage of the population aged 65 and over who received the GIS decreased significantly, while the proportion of those who were beneficiaries of private pension plans and the QPP increased.

Almost all the population aged 65 and over received the OAS pension, because of its near universal nature. The QPP was in second place. The next two income sources by order of importance were private pension plans and investment income. In last place were the GIS and employment earnings.

4. Because of its residual nature, "other income" was not analysed.

1.3 INCOME SOURCE CHANGES

Table 1 shows the changes in the relative share of each income source, by sex.

Table 1 Relative share of income sources and average income of the population aged 65 and over, by sex, Québec, 1981, 1991 and 2001

Income sources	1981			1991			2001		
	Men (%)	Women (%)	Total (%)	Men (%)	Women (%)	Total (%)	Men (%)	Women (%)	Total (%)
OAS	23	38	30	21	32	26	18	32	25
GIS	7	18	12	7	15	11	4	10	7
QPP	13	8	11	20	14	17	21	20	21
Private pension plans	16	8	12	22	12	17	35	21	29
Investment income	18	22	20	15	21	18	11	11	11
Employment earnings	19	3	12	12	3	8	6	2	4
Other income	4	3	3	3	3	3	4	4	4
Average income	10 513 \$	6 398 \$	8 114 \$	20 456 \$	13 269 \$	16 244 \$	26 537 \$	16 153 \$	20 558 \$
Average income in constant 2001 dollars	20 776 \$	12 644 \$	16 035 \$	24 173 \$	15 680 \$	19 196 \$	26 537 \$	16 153 \$	20 558 \$

Income sources by sex

The distribution of income by sex shows considerable differences in the relative importance of income sources.

Among women, the OAS pension is the main source of income. The income share from assistance programs (OAS and GIS) is more important among women than among men because of the selective nature of the GIS and the almost universal nature of the OAS pension. In fact, the generally lower income of women increases the relative importance of those two income sources.

The place occupied by private pension plans as a component of total income is greater among men than among women. Private plans represent 35% of men's incomes and 21% of women's incomes.

From 1981 to 2001, women's incomes fluctuated between 61% and 65% of men's incomes. The total income of men and of women increased at the same rate from 1981 to 2001, that is, by 28%. Among women, the increase was particularly striking from 1981 to 1991, during which their incomes grew by 24%.

Changes over time

Total income in constant 2001 dollars increased from 16 035 \$ in 1981 to 20 558 \$ in 2001. That increase was particularly striking from 1981 to 1991, during which real income increased by 20%.

During the period 1981 to 2001, there were important changes in income sources. On the one hand, assistance income (OAS and GIS), which are not retirement savings schemes, accounted for a progressively smaller proportion of Quebecers total income. Those sources of income gave way to the QPP, whose relative proportion of total income almost doubled during that period.

On the other hand, investment income, which decreased by almost half, gave way to private pension plan income, which showed strong growth. The proportion of income represented by private plans increased from 12% to 29% from 1981 to 2001.

Employment earnings which represented 12% in 1981, represented only 4% in 2001.

1.4 CHARACTERISTICS OF BENEFICIARIES, BY INCOME SOURCE

Several variables can affect the benefits paid for some types of income and the proportion of beneficiaries. Age, civil status and sex are particularly important. Depending on the specificity of each income program, the population of beneficiaries is different and has specific characteristics. For this reason, such variables are key elements in this study.

Age is an important variable because of the maturity of pension plans. Likewise, the possibility of receiving a surviving spouse's pension under the QPP or under an SPP requires us to consider civil status as an important variable. Sex also plays a role, particularly because of the income differences between men and women.

Guaranteed income supplement (GIS)

Table 2 shows the characteristics of GIS beneficiaries and indicates the proportion of beneficiaries among people aged 65 and over in 1981, 1991 and 2001 as well as the average benefit paid to them. The data are arranged by age group, sex and civil status.

Table 2 Characteristics of GIS beneficiaries, Québec, 1981, 1991 and 2001

Characteristics	Proportion of beneficiaries			Average benefit*		
	1981 (%)	1991** (%)	2001 (%)	1981 (\$)	1991 (\$)	2001 (\$)
Age group						
- 65 to 69	43	49	34	3 081	2 991	2 836
- 70 to 74	62	70	44	3 294	3 185	2 969
- 75 and over	76	68	52	3 326	3 920	3 411
Total	60	61	44	3 249	3 428	3 134
Sex and civil status						
- Men: married or de facto spouse	47	56	32	2 753	2 554	2 429
- Men: widowed or divorced	65	70	51	3 253	3 753	2 873
Total – men***	51	59	38	2 911	2 909	2 735
- Women: married or de facto spouse	55	49	28	2 678	2 333	2 170
- Women: widowed or divorced	74	73	66	3 761	4 291	3 796
Total – women***	66	63	48	3 435	3 771	3 367

* In constant 2001 dollars.

** For 1991, there is a significant difference between the SCF data (61% of beneficiaries) and the administrative data (52% of beneficiaries); this is not the case for 1981 and 2001.

*** The total includes single people.

Proportion of beneficiaries

One of the main observations that can be made concerning the GIS is that the percentage of beneficiaries tends to increase with age and to decrease with the passage of time. Also, women are more often GIS beneficiaries than men.

Divorced and widowed people are more likely to receive the GIS than married or de facto spouses, regardless of sex. There are some reasons for this: first, the maximum GIS payment per person is relatively higher for people who live alone than for those who are in couples; second, even widowed beneficiaries who receive the maximum QPP pension are still eligible for the GIS if they have no other income. Taken together, those two elements make the cutoff threshold, that is, the income level that disqualifies a person for the GIS, relatively higher for people who live alone. Thus, it is not surprising to see that a larger proportion of widowed or divorced people receive the GIS.

The drop in beneficiaries is greatest among women who are married or de facto spouses. In 20 years, the number of women in this group of GIS beneficiaries has decreased by half.

At the beginning of the 1980s, half of men and two thirds of women were GIS beneficiaries. The decrease in their numbers since then has been greater among women.

Benefit amounts

Overall, the average benefit has declined slightly. Only the 75-and-over age group has seen a slight increase.

In spite of the slight overall decline, there has also been a decline of 12% for men who are married or de facto spouses and for men who are widowed or divorced. Among women, a decline of 19% has been observed for women who are married or de facto spouses.

Québec Pension Plan

Table 3 shows the characteristics of QPP beneficiaries for the same variables as those shown in the preceding table.

Table 3 Characteristics of QPP beneficiaries, Québec, 1981, 1991 and 2001

Characteristics	Proportion of beneficiaries			Average benefit*		
	1981 (%)	1991 (%)	2001 (%)	1981 (\$)	1991 (\$)	2001 (\$)
Age group						
- 65 to 69	56	69	88	4 233	5 371	5 032
- 70 to 74	50	71	84	3 978	4 953	5 122
- 75 and over	34	63	82	2 743	4 221	4 998
Total	47	67	84	3 775	4 857	5 047
Sex and civil status						
- Men: married or de facto spouse	74	87	96	4 113	5 880	6 188
- Men: widowed or divorced	59	84	98	3 569	4 934	5 631
Total – men**	70	86	95	4 012	5 636	5 990
- Women: married or de facto spouse	20	36	70	3 207	3 603	3 353
- Women: widowed or divorced	34	67	82	3 279	4 046	4 645
Total – women**	30	54	76	3 375	3 991	4 182

* In constant 2001 dollars.

** The total includes single people.

Proportion of beneficiaries

Over a 20-year period, the proportion of beneficiaries increased significantly. From 47% in 1981, the number increased to 84%, in 2001.

The proportion of beneficiaries tends to decline with age. This can be explained by the fact that in the beginning of the 1980s, people aged 75 and over had not necessarily contributed to the QPP since the plan began only in 1966.

Today, almost all men receive a QPP pension. Among women, about 75% are beneficiaries. This proportion was much lower (30%) in 1981. The number of women receiving a retirement pension was low in the 1960s and 1970s because women at that time tended to be housewives rather than working women. The strong increase in the number of women in the labour force is the reason behind the increase in the proportion of women beneficiaries of a QPP pension.

Widows are more likely to receive a QPP pension than woman who are married or de facto spouses. Since the life expectancy of women is higher than that of men, women in general may receive a surviving spouse's pension even if they have never contributed to the QPP.

Benefit amounts

The average benefit, in real terms, increased by an impressive 34% over a period of 20 years. Most of that increase (29%) occurred in the first decade (between 1981 and 1991). Much of the increase can be attributed to the 75-and-over age group, whose increase was 54%. The situation is a reflection of the transition period extending from 1966 to 1976 and whose effects continued to be felt until 1981, where people aged 70 and over were not eligible for a full pension.

For the 65-to-69 and the 70-to-74 age groups, the increases were respectively 27% and 24% from 1981 to 1991. Those increases are in part attributable to adjustments in the QPP's yearly maximum pensionable earnings (YMPE) that began in the mid-1970s and ended when the YMPE caught up with the average weekly industrial wage. From 1966 to 1972, the average annual increase in the YMPE was 2%; from 1973 to 1990, it was 10%. From 1991 to 2001, the increase in the YMPE kept pace with the average industrial wage in Canada, which was about 3% a year.

From 1991 to 2001, benefits in real terms for the 65-to-69 age group declined. That occurred, in part, because the QPP pension can be taken as early as age 60, with an actuarial reduction that results in a lower benefit amount. In 1985, the number of pension applicants at age 60 was 20%. In 1991, it was 32%. Today, the number is 60%. It should be noted that following the economic recession in the early 1980s, several early retirement programs were put into place. An early QPP pension at age 60 has been possible since January 1984. This change had a significant impact on the amount of the pension, which was lower by the application of an actuarial adjustment factor.

Men's benefits are higher, generally, than women's, which reflects the pay gap between men and women.

The civil status of beneficiaries is a significant factor in two areas. First, widows receive more than women who are married or de facto spouses because a surviving spouse's pension can be added to a woman's own retirement pension.⁵ Second, the benefits of women who are married or de facto spouses decreased (in real terms) from 1991 to 2001 because more and more women are applying for their retirement pension at age 60, which results in the application of an actuarial adjustment factor that lowers the pension amount.

5. Up to a certain maximum allowed for a "combined pension".

Private pension plans

Private pension plans represent an ever-increasing proportion of retirement income of the population aged 65 and over. Table 4 shows the effect of private pension plans on beneficiaries and benefits in 1981, 1991 and 2001.

Table 4 Characteristics of private pension plan beneficiaries, Québec, 1981, 1991 and 2001

Characteristics	Proportion of beneficiaries			Average benefit*		
	1981 (%)	1991 (%)	2001 (%)	1981 (\$)	1991 (\$)	2001 (\$)
Age group						
- 65 to 69	25	35	49	9 433	11 076	12 093
- 70 to 74	25	29	60	8 239	9 893	12 098
- 75 and over	20	29	50	7 138	9 698	9 844
Total	23	31	53	8 403	10 314	11 294
Sex and civil status						
- Men: married or de facto spouse	38	48	73	8 606	11 982	14 649
- Men: widowed or divorced	28	39	62	9 770	10 478	10 357
Total – men**	36	45	69	9 379	11 602	13 623
- Women: married or de facto spouse	7	11	37	***	6 800	6 094
- Women: widowed or divorced	15	27	42	7 045	6 867	8 472
Total – women**	15	22	41	6 692	8 416	8 387

* In constant 2001 dollars.

** The total includes single people.

*** The sample was too small to be statistically significant.

Proportion of beneficiaries

The proportion of the population aged 65 and over with a private pension plan is lower than the proportion of beneficiaries of a QPP pension, but the proportion of private pension beneficiaries has been increasing strongly over the years. In 1981, slightly less than a fourth of this population had access to a private pension plan. In 1991, the number had grown to slightly over 30% and 10 years later, the number had reached slightly more than 50%. As is the case for the QPP, most private pension plan beneficiaries are men, a consequence of their higher activity rate in the labour force.

Today, although men outnumber women 1,7 times (proportionally speaking) as private pension plan beneficiaries, the progression has been stronger for women. There are now twice as many male plan members than there were in 1981 but almost three times as many female members.

The popularity of RRSPs and early retirement measures have contributed to the increase in the number of beneficiaries.

In 2001, the percentage of pension beneficiaries in the 70-to-74 age group is larger than in the 65-to-69 age group. A partial explanation for this may be that a significant number

of those in the population aged 65 to 69 decided to wait as long as possible before they started to cash in their RRSPs.⁶

In 1981, the proportion of widowed or divorced women who had private pension plan benefits was more than twice the proportion of women beneficiaries who were married or de facto spouses. The higher proportion for the former group is because of the surviving spouse's pensions. In 2001, however, it is almost the same. This reflects the higher level of participation of women in the labour force and, at the same time, in employer-sponsored pension plans and RRSPs.

Benefit amounts

Overall, the average retirement pension under private pension plans increased 34%, in real terms, from 1981 to 2001, which is the same as the increase for the QPP retirement pension. However, generally speaking, private pensions are not indexed at all or only partially indexed while the QPP pension is fully indexed, that is, the pension paid increases according to increases in the cost of living.

The benefit trend for private pensions is difficult to characterize because several factors can interact. On the one hand, pensions come from both defined contribution plans and defined benefit plans. In the case of defined contribution plans, pensions may vary in accordance with, for example, changing interest rates and financial market conditions. On the other hand, defined benefit pensions are not affected by the pension fund yields.

Moreover, as a category, private pension plans include RRSPs, which have shown strong growth in popularity in recent years. Also, tax rules often act as an incentive for seniors to wait until age 69 to convert their RRSPs into RRIFs, thus obtaining benefits that may increase as they grow older since RRSP yields can be higher than inflation.

Furthermore, the withdrawal period for RRIFs, which before 1992, extended to age 90, is now set at age 100, with the result that the compulsory minimum annual withdrawal is now lower than before. Since withdrawals are spread over a period that is now 10 years longer, each withdrawal may be smaller.

The lower benefits received by seniors 75 and over can be partially explained by the fact that they have fewer registered retirement savings vehicles, which were less popular during their economically active lives.

Men's pensions increased by 45% from 1981 to 2001. Among women, the increase was 25%, but only 15% of women were receiving pensions in 1981. The average pension for women in 1981 was 71% of the average for men. In 2001, it was 62% of that for men. However, 41% of women were receiving a pension in 2001.

From the point of view of civil status, we can make the same observations as we made for the QPP pension: men who are married or de facto spouses generally have a higher pension than men who are widowed or divorced; among women, the opposite is true. The reasons given in the case of the QPP also apply to private pension plans, that is, benefit transferability and the age of beneficiaries.

6. Registered retirement income funds (RRIFs) allow a person to gradually withdraw registered retirement savings and to pay tax on the annual withdrawal. The minimum withdrawal is based on the holder's age and a percentage of the value of the plan on 1 January of each year. In fact, for couples, the calculation can be made using the age of the younger spouse if it is desirable to minimize the required withdrawal. There is no maximum for withdrawals. RRSPs must be converted into RRIFs or used to purchase a life annuity no later than 31 December of the year in which the holder reaches age 69 (before 1997, the age was 71). The entire balance or a portion of an RRIF can be converted into a life annuity at any time.

Investment income

Table 5 shows investment income by age, sex and civil status. The data are expressed as a proportion of beneficiaries and as average investment income, in constant 2001 dollars.

Table 5 Characteristics of beneficiaries receiving an investment income, Québec, 1981, 1991 and 2001

Characteristics	Proportion of beneficiaries			Average investment income*		
	1981 (%)	1991 (%)	2001 (%)	1981 (\$)	1991 (\$)	2001 (\$)
Age group						
- 65 to 69	50	46	44	5 553	5 897	3 976
- 70 to 74	50	50	54	6 784	5 677	3 383
- 75 and over	51	53	59	6 818	8 615	4 973
Total	50	49	52	6 324	6 902	4 208
Sex and civil status						
- Men: married or de facto spouse	61	51	57	5 518	7 212	5 524
- Men: widowed or divorced	56	58	45	5 945	5 313	4 297
Total – men**	60	52	54	6 114	6 874	5 191
- Women: married or de facto spouse	38	39	54	3 585	6 235	2 897
- Women: widowed or divorced	45	51	49	6 927	7 808	4 058
Total – women**	43	47	51	6 533	6 925	3 450

* In the SCF and the SLID, investment income does not include capital gains. Average investment income is given in constant 2001 dollars.

** The total includes single people.

Proportion of beneficiaries

Year in and year out, about half of the population aged 65 and over have investment income. However, in 2001, the difference according to age was greater.

Over the years, more men have investment income than do women, but the gap is narrowing over time. Thus, in 2001, the proportion is almost fifty-fifty.

In 1981 and 1991, women who are widowed or divorced were more likely to have investment income than married or de facto spouses. Such income may come from their inheritance of assets in a deceased husband's estate. This observation is no more pertinent in 2001 because a larger number of women who are married or de facto spouses have investment income. Women who have entered the labour force have additional income, which can be used to make investments.

Average investment income

The level of investment income depends, among other factors, on interest rates, investment volatility (mutual funds, guaranteed investment certificates (GICs), etc.), the initial investment level (or amount) and short-term financial needs during a given year. With other types of income, a certain degree of stability can be expected. For example, the QPP pension is determined on the basis of aggregate pensionable employment earnings and QPP benefits increase with inflation. Income under private pension plans comes

from annuities (that are essentially based on the employment earnings related to credited service) and RRSPs are often a long-term savings choice in view of retirement.⁷ Thus, in this regard, the investment income profile is particular.

Investment yields can vary from one year to the next as a result of changes in current economic conditions. For example, three-to-five year federal government bonds had a rate of return of 15,7% in 1981, 9,2% in 1991 and 4,9% in 2001. Furthermore, the type of investment (shares, bonds, GICs, mutual funds, etc.) is related to economic conditions at a given time and to the risk-avoidance level of investors.

At the beginning of the 1980s, interest rates reached record highs, thus driving up the incomes of those who were able to put aside savings during that period. "Safe" investments had advantageous interest rates. In 2001, the opposite was true. As a result, following several years of high stock market performance, many investors turned to higher risk stocks and mutual funds.

Nevertheless, in general, there was an increase in capital of the population 65 and over (held outside RRSPs and pension plans), even though investments had lower yields. In fact, the decrease in average investment income,⁸ in real terms, from 1981 to 2001 was much less than the decline in interest rates. Thus, average investment income dropped by a third over the 20-year period whereas interest rates dropped by two thirds. Seniors aged 75 and over have higher investment incomes than younger people, regardless of the year observed.

The observed decrease in investment income in 2001 resulted, at least in part, from the decline in interest rates.

In 1981 and 1991, the investment incomes of men and women was about the same. However, in 2001, men had investment incomes that were 50% higher than those of women, which suggests that women have a more conservative approach to their investments.

Another observed trend is that the investment incomes of women who are widowed or divorced are higher than those of women who are married or de facto spouses. Since widows inherit assets from the estate of their deceased husbands, they have more money available to use for investments.

Employment earnings

Although few individuals in the population aged 65 and over have employment earnings, such an income represents a significant proportion of the retirement income for a certain category of that population.

7. Even RRSPs are affected by market fluctuation since they are dependent on economic conditions.

8. Capital gains were not included in the reduction calculation.

Proportion of workers

The table on employment earnings, Table 6, shows that in 1991, the proportion of workers is much lower than in 1981 and 2001.

At the beginning of the 1980s, people continued working full-time to a more advanced age. The economic crisis at the beginning of the 1980s caused major changes in the labour force, including the possibility of drawing a retirement pension from the QPP as of age 60 and to take advantage of early retirement measures offered by employers. These changes were among the adjustments that employers and workers made to the new labour force conditions.

During the 1990s, there were fewer workers and they stopped working earlier. However at the turn of the 21st century, a new trend appeared: large numbers of part-time workers that included persons aged 65 and over who returned to work after taking early retirement. However, in many cases, those workers earnings are low.

Table 6 Characteristics of beneficiaries with employment earnings, Québec, 1981, 1991 and 2001

Characteristics	Proportion of beneficiaries			Average employment earnings*		
	1981 (%)	1991 (%)	2001 (%)	1981 (\$)	1991 (\$)	2001 (\$)
Age group						
- 65 to 69	18	12	20	20 746	31 227	11 155
- 70 to 74	8	3	9	**	**	7 157
- 75 and over	4	1	5	**	**	**
Total	11	5	11	17 393	28 725	8 472
Sex and civil status						
- Men: married or de facto spouse	20	9	19	21 952	32 389	9 245
- Men: widowed or divorced	11	6	22	**	**	8 873
Total – men***	18	9	19	21 648	32 626	9 091
- Women: married or de facto spouse	5	4	7	**	**	5 218
- Women: widowed or divorced	4	1	4	**	**	**
Total – women***	6	3	5	7 626	**	6 780

* In constant 2001 dollars.

** The sample was too small to be statistically significant.

*** The total includes single people.

Average employment earnings

Various labour force changes since 1981 have affected average employment earnings. The main observation is that the average employment earnings of persons aged 65 and over were much higher in 1991 than in 1981 and 2001.

As a result of modifications made in the 1980s, the small number of people who continued working at the beginning of the 1990s had higher earnings.

In recent years, the return of the population aged 65 and over to the labour force in part-time jobs has often been involved people who combine employment earnings and retirement benefits, which has the effect of reducing average employment earnings.

1.5 CHARACTERISTICS OF RETIREMENT PENSION BENEFICIARIES

In order to show the scope of pensions plans, both public and private, as well as their impact on total retirement income and their makeup, we will now consider the results of having a pension plan. This analysis will give us information on trends, impact on retirement income and the dependence of seniors on government programs.

Table 7 shows the distribution of the population aged 65 and over according to whether they were beneficiaries of a pension plan in 1981, 1991 and 2001.

Table 7 Distribution of the population aged 65 and over according to whether they are pension plan beneficiaries, Québec, 1981, 1991 and 2001

Characteristics	1981			1991			2001		
	No pension plan (%)	QPP only (%)	QPP and private plan (%)	No pension plan (%)	QPP only (%)	QPP and private plan (%)	No pension plan (%)	QPP only (%)	QPP and private plan (%)
Age group									
- 65 to 69	42	33	23	28	37	32	11	40	48
- 70 to 74	48	27	22	26	45	32	12	28	55
- 75 and over	57	22	12	18	25	29	16	35	48
Total	49	28	19	29	39	28	13	34	50
Sex and civil status									
- Men: married or de facto spouse	23	40	34	9	43	44	3	24	72
- Men: widowed or divorced	36	36	23	11	49	34	**	37	61
Total – men*	26	38	32	10	44	41	4	27	68
- Women: married or de facto spouse	79	15	6	62	27	9	24	39	31
- Women: widowed or divorced	61	24	9	29	44	23	17	41	41
Total – women*	65	20	9	43	35	19	20	40	37

* The total includes single people.

** The sample was too small to be statistically significant.

The general trend observed in Table 7 is that over a period of 20 years, income shifted toward pension plans. More and more persons became beneficiaries of the QPP or of private pension plans or of both, and fewer and fewer people aged 65 and over are totally without a pension plan. The maturity of the QPP and the growing popularity of RRSPs and SPPs are the reason for this growth.

This turnaround is seen both among men and women, regardless of civil status.

Moreover, being able to count on a pension plan is a determining factor on the level of retirement income. This is seen in Table 8, which shows total retirement income, according to whether or not population aged 65 and over have a pension plan.

Table 8 Distribution of income sources and average income of the population aged 65 and over, by category of beneficiary*, Québec, 2001

Income sources	No pension plan (%)	QPP only (%)	QPP and private plan (%)
OAS	55	35	18
GIS	31	14	2
QPP	-	24	22
Private pension plans	-	-	42
Investment income	5	12	11
Employment earnings	3	9	3
Other income	6	6	3
Average total income	9 527 \$	14 871 \$	27 785 \$
% by category	13	34	50

* Beneficiaries with private pension plans but no QPP benefits are excluded, because of their small number.

In the population aged 65 and over, those with one or more private pension plans and a QPP pension have an average income almost three times greater than those who have no pension plan. Their income is almost twice as great as that of individuals in that population who have only a QPP pension.

In the population aged 65 and over, those with no pension plan draw more than 85% of their income from social assistance programs (OAS and GIS). Among individuals in that population who have only a QPP pension, nearly half of their income comes from those programs and nearly a quarter of their total income comes from the QPP pension.

In the population aged 65 and over, those who have a private pension plan and a QPP pension, depend less on assistance programs. The main sources of their income are a private pension plan (42%) and a QPP pension (22%).

1.6 COMPARISON WITH OTHER CANADIAN PROVINCES⁹

A more complete picture of the incomes and income sources of the population aged 65 and over is made possible by comparing the Québec data with that of the other Canadian provinces. The comparison makes it possible to put into perspective the results obtained and to determine the relative position of Québec in the overall Canadian retirement income scheme.

9. We have grouped the provinces into four groups: Atlantic, Québec, Ontario, Western.

Table 9 gives a comparison of the total income of the population aged 65 and over, by Canadian province. Our analysis also shows the distribution of the various income sources, by Canadian province (see Table 10).

Table 9 Average total income of the population aged 65 and over, by province, 1981, 1991 and 2001

Province	Average total income*								
	1981 (\$)	1991 (\$)	Change (%)	1991 (\$)	2001 (\$)	Change (%)	1981 (\$)	2001 (\$)	Change (%)
Québec	16 035	19 196	20	19 196	20 558	7	16 035	20 558	28
Atlantic provinces	15 245	18 018	18	18 018	20 542	14	15 245	20 542	35
Ontario	20 173	22 354	11	22 354	25 190	13	20 173	25 190	25
Western provinces	19 575	22 036	13	22 036	24 512	11	19 575	24 512	25
Canada**	18 521	21 445	16	21 445	23 627	10	18 521	23 627	28
Men									
- Québec	20 776	24 173	16	24 173	26 537	10	20 776	26 537	28
- Atlantic provinces	18 535	21 902	18	21 902	25 382	16	18 535	25 382	37
- Ontario	25 545	27 564	8	27 564	31 332	14	25 545	31 332	23
- Western provinces	24 893	27 735	11	27 735	29 376	6	24 893	29 376	18
Canada - men**	23 535	27 069	15	27 069	29 227	8	23 535	29 227	24
Women									
- Québec	12 644	15 680	24	15 680	16 153	3	12 644	16 153	28
- Atlantic provinces	12 539	15 071	20	15 071	16 851	12	12 539	16 851	34
- Ontario	16 187	18 515	14	18 515	20 373	10	16 187	20 373	26
- Western provinces	15 158	17 577	16	17 577	20 572	17	15 158	20 572	36
Canada - women**	14 670	17 252	18	17 252	19 270	12	14 670	19 270	31

* In constant 2001 dollars.

** Includes people who could not be identified with any province, because of data confidentiality.

Total income

In Canada, the average total income of the population aged 65 and over has increased, in real terms, by 28% from 1981 to 2001. However, there are large differences depending on province of residence. The strongest growth occurred in the Atlantic provinces. Growth was weakest in Ontario and the Western provinces. In Québec, the rate of growth was the same as the overall rate for Canada.

Although income growth is relatively higher in Québec and the Atlantic provinces than in the other provinces, we still see a gap in terms of nominal income. The income of the Québec population aged 65 and over is 82% of the income of the Ontario population aged 65 and over. The average total income in Québec and the Atlantic provinces is around 20 500 \$, whereas it is 24 512 \$ in the Western provinces and 25 190 \$ in Ontario. However, this difference in income is also observed among younger people. It must also be noted that a lower income level is not necessarily indicative of financial difficulties. We must look at the situation globally and analyze the overall cost of living.¹⁰

10. For more details, see *Personal Taxation and the Cost of Living*, a document accompanying the 1998-1999 Budget, ministère des Finances du Québec.

Therefore, people with lower incomes may in fact have a standard of living comparable to other people whose incomes are higher. For example, the cost of renting a house or apartment, which represents a significant proportion of a household's budget, is lower in Montréal than in Toronto or Vancouver. Thus, total income is only a partial indicator of a person's financial well-being.

In Québec, the increase in total income occurred for the most part from 1981 to 1991. In the other provinces, the changes were more uniformly spread, from 1981 to 2001.

34

Generally, in Québec, the increase in income, in relative terms, was greater among women than among men from 1981 to 1991. Conversely, from 1991 to 2001, the increase was generally greater among men.

During the full twenty-year period, the average income of women, in Canada, increased more rapidly than the income of men. However, in Québec, the income of women and that of men increased at the same pace.

Income sources by province

Table 10 shows the proportion of each income source of the population aged 65 and over, both men and women, by province, for 2001.

Table 10 Relative proportion of income sources of the population aged 65 and over, by province, 2001

Income source	Québec (%)	Atlantic provinces (%)	Ontario (%)	Western provinces (%)	Canada*
Total					
OAS	25	25	19	20	21
GIS	7	8	3	4	4
QPP-CPP**	21	21	20	20	20
Private pension plans	29	29	33	30	31
Investment income	11	9	13	14	13
Employment earnings	4	4	7	7	6
Other income	4	4	5	5	5
Men					
OAS	18	19	14	16	16
GIS	4	5	2	2	3
QPP-CPP**	21	23	20	21	21
Private pension plans	35	34	40	36	37
Investment income	11	9	10	12	11
Employment earnings	6	5	10	9	9
Other income	4	5	4	4	4
Women					
OAS	32	31	24	24	26
GIS	10	11	4	6	6
QPP-CPP**	20	20	21	20	20
Private pension plans	21	22	25	24	24
Investment income	11	9	16	17	14
Employment earnings	2	3	4	5	4
Other income	4	4	6	5	5

* Includes people who cannot be identified with a particular province because of data confidentiality.

** Québec Pension Plan (QPP) or Canada Pension Plan (CPP).

The income distribution of the population aged 65 and over in Québec and in the Atlantic provinces is almost identical for the various income sources. Likewise, the profile for this population in Ontario and in the Western provinces is similar.

Individuals in the population aged 65 and over in Québec and the Atlantic provinces depend a bit more on assistance programs (OAS and GIS) than those in the other provinces. That situation is a result of lower incomes in Québec and the Atlantic provinces than in Ontario and the Western provinces. This observation applies both to men and to women.

Generally, women depend more on government assistance programs (OAS and GIS) than men. On average, 19% of the income of men aged 65 and over comes from the OAS and the GIS. This figure is 32% for women in the same age group. The difference is due to the fact that women's income, overall, are lower than men's.

CHAPTER 2

POPULATION AGED 55 TO 64

2. POPULATION AGED 55 TO 64

The second part of this study covers the retired population aged 55 to 64. We will also compare that group to others in the same age group, in particular to workers. Because of its focus, this study shows a new dimension that was not covered in previous reports prepared by the Régie.

This group of retirees is particularly interesting because, over the years, retirement programs, such as the QPP and private pension plans, have changed to take into account, among other factors, the new realities of workers, the labour market and the economic situation. Those programs are aimed at facilitating retirement or at giving access to certain measures related to retirement.

The concept of “retired person” is not easy to define. Some people receive a pension from the QPP or from private pension plans, but their main activity may still be full-time work. Conversely, a household may have sufficient income even if a member of the household does not have any retirement pension. Likewise, a person may draw a salary or other types of income (e.g., salary insurance) and be in a pre-retirement process.

In order to have a uniform definition of “retired person”, we have used the self-perception of people regarding their main activity in 2001. A person’s main activity was one of the questions in the SLID survey. Respondents were directly asked what they considered to be their “main activity”. The response choices were: “working at a job or business”,¹¹ “retired”, “going to school” or “other”.¹² In the light of the various situations that are possible and the programs involved, an analysis of retirement based on this definition is a solution that makes it possible to have a homogeneous group of people.

Furthermore, since income sources vary with age and since the QPP retirement pension is not payable before age 60, we stratified our study to take those differences into account. Thus, we used two age groups: 55 to 59 and 60 to 64.

In this part of the study, we do not give any historical comparison, because the phenomenon of early retirement in the 55-to-64 age group is relatively recent and in 1981, there were not many retirees in that group.

11. In this study, for the sake of brevity, we have used the words “working” and “employment” to cover all paid occupations, whether the income received is from an employer or from any type of self-employment.

12. The activities “going to school” and “other” are combined in the following tables.

2.1 PROFILE OF THE POPULATION AGED 55 TO 64

Main activity and average income

Table 11 shows the average income and the distribution of the population aged 55 to 64, by main activity and sex.

Table 11 Average income and distribution of the population aged 55 to 64, by main activity and sex, Québec, 2001

Main activity	Men		Women		Total	
	(%)	(\$)	(%)	(\$)	(%)	(\$)
Ages 55 to 59						
- Retirement	22	33 067	25	21 592	23	27 106
- Employment	65	52 360	47	39 545	56	47 096
- Other	13	15 829	28	12 826	20	13 792
Total	100	43 401	100	27 574	100	35 635
Ages 60 to 64						
- Retirement	50	30 214	48	17 684	49	24 117
- Employment	40	43 988	22	28 273	31	38 428
- Other	10	26 973	30	10 300	20	14 516
Total	100	35 405	100	17 791	100	26 636

The following main conclusions can be drawn from the table:

- The proportion of retirees is twice as great among people aged 60 to 64 (49%) than among people aged 55 to 59 (23%), but there is no significant difference between men and women in either of those age groups.
- The average income of a retiree is higher in the 55-to-59 group than in the 60-to-64 group, both for men and for women, in spite of the fact that a person can draw a QPP retirement pension as of age 60. Thus, younger retirees are financially better off than older retirees.
- The majority (56%) of people in the 55-to-59 age group are workers, compared with about a third (31%) in the 60-to-64 age group. The proportion of workers is much higher for men than for women, particularly in the 60-to-64 age group.
- The average income of workers aged 55-to-59 is higher than that of workers aged 60-to-64, such that one may conclude that people who continue to work after age 60 do not do so only by choice but also for financial reasons.
- Regardless of age group or main activity, the average income of men is always higher than that of women.

Relative proportion of income sources

Table 12 shows the distribution of the income of the population aged 55 to 64 according to the main sources of income. We can draw the following conclusions from the table:

- Among people aged 55 to 59, almost three fourths of income is employment earnings, and the proportion of income from private pension plans represents only 14% of the total.
- Among people aged 60 to 64, private pension plans and the QPP occupy a larger place (about a third of total income), particularly among women, for whom they represent 45% of total income.
- Regardless of the age group, the relative proportion of employment earnings is greater for men than for women.

Table 12 Relative proportion of income sources of the population aged 55 to 64, by sex, Québec, 2001

Income source	Relative proportion		
	Men (%)	Women (%)	Total (%)
Ages 55 to 59			
- Employment	75	65	71
- Private pension plans	12	16	14
- Other income*	13	19	15
Total	100	100	100
Ages 60 to 64			
- Employment	51	31	44
- Private pension plans	19	26	21
- QPP	10	19	13
- Other income	20	23	21
Total	100	100	100

* Since the QPP retirement pension is payable only as of age 60, we have included all types of QPP benefits in the "other income" category, given that the relative proportion of QPP income is almost negligible for this age group.

2.2 PROFILE OF RETIREES AGED 55 TO 64

The following two sections look more specifically at the population of retirees aged 55 to 64.

Relative proportion of income sources

Table 13 shows the relative proportion of income sources for retirees aged 55 to 64, by sex.

42

Table 13 Relative proportion of income sources for retirees aged 55 to 64, by sex, Québec, 2001

Income source	Relative proportion		
	Men (%)	Women (%)	Total (%)
Ages 55 to 59			
- Private pension plans	52	61	56
- Employment	25	12	19
- Other income	23	27	25
Total	100	100	100
Ages 60 to 64			
- Private pension plans	38	44	40
- QPP	16	26	20
- Employment	14	2	10
- Other income	31	28	30
Total	100	100	100

Retirees aged 55 to 59

- Among retirees aged 55 to 59, 56% of income comes from private pension plans, and almost 20% of income comes from employment. Thus, for a number of retirees, employment earnings represents an important income supplement.
- Generally, among women, more income comes from private pension plans and only half as much from employment as among men.

Retirees aged 60 to 64

- Sixty percent of income is retirement income (private pension plans and QPP) compared with 10% from employment. Women rely more on retirement income than men.
- The QPP is an important source of income, particularly for women, for whom it accounts for 26% of total income.
- Employment earnings are almost non-existent among women but represent 14% of retired men's incomes.

Analysis by income source

Table 14 shows, for retirees, the proportion of beneficiaries according to income source and to average income for each source.

Table 14 Proportion of beneficiaries and average income of retirees aged 55 to 64, by income source and sex, Québec, 2001

Income source	Men		Women		Total	
	Proportion of beneficiaries (%)	Average income (\$)	Proportion of beneficiaries (%)	Average income (\$)	Proportion of beneficiaries (%)	Average income (\$)
Ages 55 to 59						
- Private pension plans	69	24 940	61	21 628	65	23 321
- Employment	46	17 841	24	*	35	15 245
- Other income	82	9 189	83	7 102	83	8 101
Total		33 067		21 592		27 106
Ages 60 to 64						
- Private pension plans	51	22 579	45	17 277	48	20 146
- QPP	88	5 640	83	5 522	86	5 584
- Employment	37	11 720	9	*	24	10 082
- Other income	84	11 301	88	5 619	86	8 456
Total		30 214		17 684		24 117

* The sample was too small to be statistically significant.

Retirees aged 55 to 59

- About two thirds of people who consider themselves to be retired receive a pension from a private pension plan. The number is somewhat higher for men (69%) than for women (61%).
- A significant proportion of retirees (35%) have employment earnings, particularly among men, of whom almost half (46%). The proportion of workers is twice as high among men as among women.
- The average employment earnings of retirees is relatively high compared with the average pension from private plans, particularly among men. Thus, employment earnings are an important source of income for many retirees.

Retirees aged 60 to 64

- The proportion of private pension plan beneficiaries is around 50% but the proportion of beneficiaries of a QPP pension is very high (86%). Although the average QPP pension represents only 28% of the average pension from private pension plans, the QPP is an important source of income for this age group because most of them receive it.
- The proportion of retirees who work is significant among men (37%) but negligible among women (9%). Since a person must have stopped working to be eligible for a QPP retirement pension between the ages of 60 and 64, many men go back to the labour force after a period of retirement or they stopped working for a brief period to qualify for a pension or they continue to work but on a part-time basis.¹³ Likewise, a person who is on an employer's payroll but is on pre-retirement leave (for example, if he or she is taking unused sick days) can receive a QPP retirement pension.
- Average employment earnings for this group are relatively high and is about twice as much as the average QPP pension. For some retirees, such employment earnings are a supplement that cushions the financial shock of retirement.

2.3 COMPARISON WITH OTHER CANADIAN PROVINCES**Overall population aged 55 to 64**

Table 15 shows the distribution of all persons aged 55 to 64 in Canada, according to their main activity and their average aggregate income.

- Regardless of age group, the proportion of retirees is higher in Québec and the Atlantic provinces than in Ontario and the Western provinces. Conversely, the average income of retirees is higher in Ontario and the Western provinces. Quebeckers and people living in the Atlantic provinces retire earlier in spite of a lower retirement income.
- The proportion of workers is therefore higher in Ontario and the Western provinces, but for the 60-to-64 age group, this proportion in Québec (31%) is halfway between that of Ontario (38%) and that of the Atlantic provinces (22%). However, although there are proportionally fewer workers in Québec than in Ontario or the Western provinces, the average income of Québec workers compares, relatively speaking, to that of the workers in those provinces.

13. For the QPP pension, a person is considered to have stopped working if his or her earnings are less than 25% of the yearly maximum pensionable earnings (YMPE), which was 9 575 \$ in 2001.

Table 15 Average income and distribution of the population aged 55 to 64, by main activity and by province, 2001

Main activity	Atlantic provinces		Québec		Ontario		Western provinces		Canada*	
	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)
Ages 55 to 59										
- Retirement	21	24 738	23	27 106	15	33 313	15	32 663	18	31 834
- Employment	55	37 895	56	47 096	63	47 496	67	43 850	62	47 094
- Other	24	13 947	20	13 792	22	13 807	18	17 712	21	15 012
Total	100	29 322	100	35 635	100	37 893	100	37 499	100	37 792
Ages 60 to 64										
- Retirement	49	19 589	49	24 117	43	26 696	43	25 490	45	25 085
- Employment	22	40 489	31	38 428	38	41 578	40	38 954	36	40 395
- Other	30	12 310	20	14 516	19	13 749	17	17 113	20	14 845
Total	100	22 008	100	26 636	100	29 913	100	29 513	100	28 525

* Includes people who could not be identified with any province, because of data confidentiality.

Retirees aged 55 to 64

Analysis by income source

Table 16 shows, for the Canadian provinces, the proportion of beneficiaries who have private pension plans, a QPP or CPP pension, employment earnings and other income. It also shows the average income for each income source.

Retirees aged 55 to 59

- The proportion of retirees who have private pension plans is quite similar in all the provinces, except for the Western provinces, where the proportion is relatively lower. The fact that there is a higher proportion of self-employed workers in those provinces explains, in part, the lower percentage. Those workers tend to call themselves "retired", but they do not cash in their RRSPs right away because they continue to draw an income from their business. Furthermore, it is in the Western provinces that we find the highest proportion of retirees with employment earnings (54%), and their average employment earnings are significantly higher than such income in the other provinces.
- The average pension from private pension plans is similar from one province to another, except in Ontario, where it is significantly higher. Younger retirees in Ontario (aged 55 to 59) are those whose income level is the highest in Canada among the entire population of retirees aged 55 and over.
- The proportion of retirees who work is higher in Ontario and in the Western provinces than in Québec and the Atlantic provinces.

Retirees aged 60 to 64

- For retirees aged 60 to 64, the private pension plan picture is different; it is Ontario and not the Western provinces which is different from the others. The proportion of beneficiaries and average pension in Ontario are higher than elsewhere.
- The proportion of QPP/CPP beneficiaries is higher in Québec and in the Atlantic provinces than in Ontario and in the Western provinces, but the average pension of beneficiaries is similar.
- The proportion of retirees who work is also higher in Ontario and the Western provinces than in Québec and the Atlantic provinces.

Table 16 Proportion of beneficiaries and average income of retirees aged 55 to 64, by income source and by province, 2001

Income source	Atlantic provinces		Québec		Ontario		Western provinces		Canada*	
	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)
Ages 55 to 59										
- Private pension plans	57	22 514	65	23 321	63	28 228	52	23 805	60	25 170
- Employment	34	16 915	35	15 245	47	14 293	54	21 151	43	19 819
- Other income	80	7 620	83	8 101	86	10 104	91	9 764	86	9 487
Total		24 738		27 106		33 313		32 663		31 834
Ages 60 to 64										
- Private pension plans	48	21 117	48	20 146	58	24 479	50	21 607	52	22 295
- QPP/CPP	84	5 180	86	5 584	79	5 278	74	5 228	80	5 349
- Employment	21	5 744	24	10 082	29	11 626	32	13 258	28	11 157
- Other income	80	4 715	86	8 456	84	6 026	84	7 860	84	7 321
Total		19 589		24 117		26 696		25 490		25 085

* Includes people who could not be identified with any province, because of data confidentiality.

APPENDIX

Survey of Consumer Finances (SCF) and Survey of Labour and Income Dynamics (SLID)

The SCF and the SLID are annual surveys carried out by Statistics Canada, using the sample used for the labour force survey. The SCF and the SLID have certain shortcomings that must be mentioned.

First, since they are sample-based surveys, they are subject to the usual types of errors (sampling, response and non-response, data processing, etc.). The sample of persons aged 65 and over contained only 1 371 individuals from Québec in 1981, 2 102 individuals in 1991 and 1 879 individuals in 2001. Data are not shown when the sample size is too small to meet the Statistics Canada standards.

Second, the surveys do not cover the entire population; institutionalized individuals and people living on Indian reserves are excluded. Most of those excluded are people living in nursing homes and extended care health facilities. They are for the most part very old and not representative of the general population.

Finally, the surveys do not make it possible to separate income types into their various components. Thus, QPP benefits is not broken down by type of pension (retirement, surviving spouse and disability). The same is true for private pension plans, for which no distinction is made between annuities purchased with RRSP funds or income from RRIFs and pensions paid under a supplemental pension plan. Therefore, those income types are considered globally.

