

Unclaimed Benefits: Too many missing out on Old Age Security in Toronto

Christine L. Sheppard
Brenda Roche
John Stapleton
Richard Maaranen

Wellesley Institute advances population health and reduces health inequities by driving change on the social determinants of health through applied research, effective policy solutions, knowledge mobilization and innovation.

Open Policy Ontario is a research-based social policy consultancy focused on understanding and addressing poverty issues in the province.

Authors

Dr. Christine L. Sheppard, PhD, MSW, Wellesley Institute

Dr. Brenda Roche, PhD, Wellesley Institute

John Stapleton, MA, Open Policy Ontario

Richard Maaranen, MSA, Open Policy Ontario

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Acknowledgement of Traditional Land

We wish to acknowledge this land on which Wellesley Institute operates. For thousands of years, it has been the traditional land of the Huron-Wendat, the Seneca and the Mississaugas of the Credit. Today, this meeting place is still the home to many Indigenous people from across Turtle Island and we are grateful to have the opportunity to work on this land.

Report

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201 Gerrard St. E.

Toronto, ON

M5A 2E7

wellesleyinstitute.com

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Background

There are more than one million people in Toronto over age 65, and they are one of the fastest growing populations in the city¹. Over the past two decades, poverty rates among this population have increased, with Toronto holding the third highest rate of older adult poverty among urban centres in Canada².

Poverty rates among older adults in Toronto (at 16.9 per cent) are also higher than the total population (at 13.2 per cent)³ and certain older adult groups are at an even higher risk. This includes racialized older adults (25 per cent), immigrants (20 per cent), women (19 per cent) and those living alone (33 per cent)². Without access to adequate resources, these individuals are not able to thrive – that is, live a healthy, meaningful and engaged life^{4,5}.

Canada has a robust pension system that has been described as one of the world's best for alleviating poverty in older adulthood⁶. The Old Age Security (OAS) program is the foundation of this system⁷. It was first introduced in 1952 as Canada's first universal pension and provides a monthly income for most Canadians aged 65 and over, providing they meet certain status and residency requirements⁷. While the program is accessed by most people who qualify for it^{8,9}, evidence suggests there may be disparities in access linked to race, immigration status and language proficiency, even when eligibility requirements are met^{10,11}.

This brief report draws upon data from Statistics Canada to examine 2020 OAS uptake among older adults in Toronto, with a specific focus on how it varies across sociodemographic factors.



Poverty rates are increasing among Toronto's more than one million people over age 65.

About Old Age Security

The OAS program provides a monthly pension to Canadian citizens or legal residents aged 65 or older who have lived in Canada for at least 10 years since the age of 18. The pension is calculated on years of residency. A partial pension is earned at a rate of 1/40th of the full monthly amount for each year of residence in Canada, and the maximum pension is earned after 40 years. Social security agreements between Canada and more than 60 other countries also allow for periods spent living and working in those countries to be counted as residency in Canada.

OAS payments can be deferred until age 70, with each month of deferral increasing the monthly payout by 0.6 per cent. There is a 15 per cent repayment required on OAS payments for individuals whose net income exceeds a certain threshold – a “recovery tax” commonly referred to as a clawback. Both the monthly pension amount and the recovery thresholds are indexed to inflation. Starting in 2022, monthly OAS payments were also increased for individuals aged 75 and older.

Low-income older adults with few income sources besides OAS are also eligible to receive the Guaranteed Income Supplement (GIS). Additional supplements – the Allowance and the Allowance for the Survivor – are paid to low-income individuals aged 60-64 who are spouses or common-law partners of GIS recipients. Annual income tax returns are required to access these supplemental benefits, but not monthly OAS payments.

About the data

This descriptive analysis used two datasets from Statistics Canada.

The 2021 Canadian Income Survey Public Use Microdata File (PUMF) was used to identify 2020 income sources for adults aged 65 or older in the Toronto Census Metropolitan Area (CMA). Income sources were identified by share of total individual income before taxes and excluded individuals with negative self-employment income.

The 2021 Census PUMF on Individuals was used to examine 2020 OAS uptake for adults aged 65 or older in the Toronto CMA. In 2020, the maximum monthly OAS payment was \$614 for older adults earning up to \$79,000 annually, after which a recovery tax of 15 per cent was applied. After a total annual income of \$128,000, OAS was 100 per cent clawed back.

OAS uptake was examined in relation to the following sociodemographic variables: age, gender, living arrangements, income, poverty status (according to the Market Basket Measure), language proficiency in English or French, immigration status, and visible minority status. A term from Statistics Canada¹², “visible minority” refers to a person belonging to one of the following groups: South Asian, Chinese, Black, Filipino, Latin American, Arab, Southeast Asian, West Asian, Korean and Japanese. This term is used in this report as it was used by the 2021 Census.

For each of the variables listed above, descriptive statistics were used to calculate the percentage of older adults receiving OAS benefits within the Toronto CMA.

Findings

OAS payments make up a large portion of income for low-income older adults.

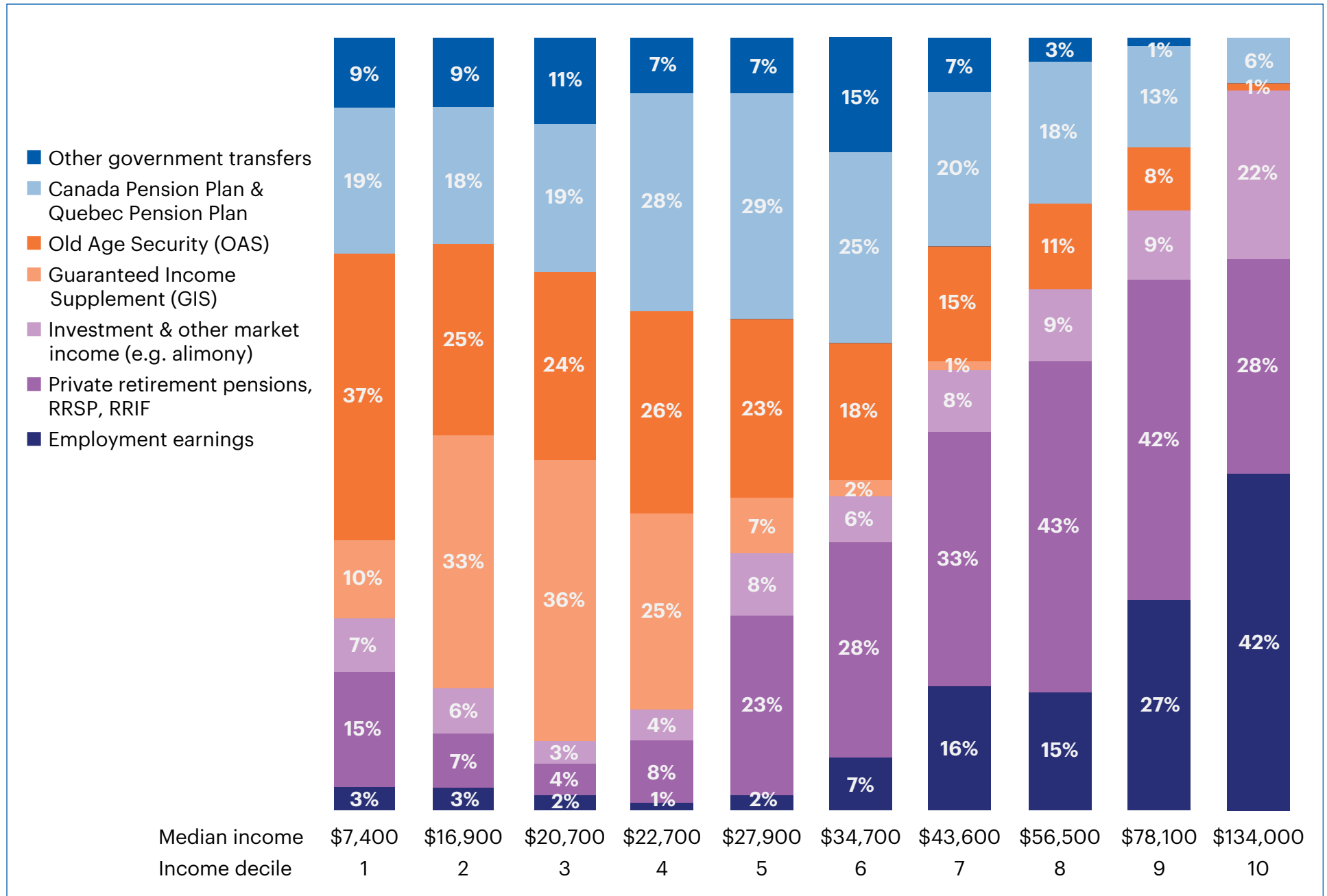
The characteristics of the older adult population in Toronto are presented in Table 1. Notably, 71 per cent were immigrants. Older adults in Toronto reported a variety of income sources, including employment earnings, private pensions and investments, as well as government pensions including the Canada Pension Plan and Old Age Security. For older adults in the lowest four income deciles, between 75 and 90 per cent of income came from government programs. Payments under the OAS and GIS programs made up the largest share, ranging from 47 to 60 per cent of annual income for these groups (Figure 1).

Table 1: Characteristics of older adults in the Toronto CMA (n=962,577)

Characteristic	Percentage
Age	
Age 65-69	31.7%
Age 70-74	26.5%
Age 75-79	17.9%
Age 80-84	12.3%
Age 85+	11.5%
Gender	
Men	45.8%
Women	54.2%
Living arrangements	
Living alone	21.0%
Living with others	79.0%
Annual individual income (before tax)	
< \$10,000	5%
\$10,000 - \$20,000	16%
\$20,001 - \$30,000	27%
\$30,001 - \$40,000	12%
\$40,001 - \$50,000	10%
\$50,001 - \$60,000	7%
\$60,001 - \$70,000	5%
\$70,001 - \$80,000	4%
\$80,001+	14%

Characteristic	Percentage
Visible minority status	
Non-visible minority	57.1%
Visible minority:	42.9%
South Asian	12.7%
Chinese	11.8%
Black	5.3%
Filipino	3.1%
Arab	1.2%
Latin American	1.7%
Southeast Asian	1.2%
West Asian	1.8%
Korean	1.1%
Japanese	0.4%
Other identities	1.3%
Multiple identities	1.1%
Immigration status	
Non-immigrant	28.9%
Immigrant	71.1%
Non-permanent resident	0.3%

Figure 1: 2020 income sources by income decile among Toronto CMA residents 65+



Finding: OAS uptake varies across sociodemographic groups.

In 2020, 83.3 per cent of older adults in Toronto received OAS, while 16.7 per cent did not. Uptake was higher among older adults aged 70 plus, women, and individuals living alone (see Table 2). Gender differences in OAS uptake were most prominent among those aged 65-69, where 73.6 per cent of women received OAS compared to only 66.3 per cent of men.

Older adults from visible minority groups had lower uptake of OAS overall. However, this was not consistent across all groups. For instance, older adults who identified as Chinese and Arab received OAS at lower rates, while those who identified as Black, Filipino, Korean and Japanese had higher rates.

Immigration status also influenced OAS uptake, and the presence or absence of a social security agreement between Canada and country of origin was a major factor. In general, immigrants with 40 or more years of residency in Canada, making them eligible for a full OAS pension, had higher uptake of OAS. More recent immigrants, however, had much lower rates. Between 2016 and 2021, 83 per cent of immigrants to Canada aged 65 and older were sponsored by family and originated from countries that had limited or no social security agreements with Canada. This included immigrants from China (28 per cent of immigrants), India (20 per cent), Pakistan (6 per cent) and Iran (5 per cent). Of the top 20 countries of citizenship for recent older adult immigrants, only six had social security agreements with Canada – Philippines, United States, Israel, Jamaica, Romania and United Kingdom.

Table 2: Old Age Security uptake by sociodemographic characteristics

Characteristic	Percentage
Age 65+ in Toronto CMA	83.3%
Age	
Age 65-69	70.1%
Age 70-74	86.9%
Age 75-79	88.4%
Age 80-84	90.4%
Age 85+	91.6%
Gender	
Men	80.3%
Women	85.0%

Characteristic	Percentage
Living arrangements	
Living alone	87.1%
Living with others	77.7%
Annual individual income (before tax)	
< \$10,000	25%
\$10,000 - \$20,000	89%
\$20,001 - \$30,000	95%
\$30,001 - \$40,000	93%
\$40,001 - \$50,000	93%
\$50,001 - \$60,000	91%
\$60,001 - \$70,000	90%
\$70,001 - \$80,000	90%
\$80,001+	52%
Visible minority status	
Non-visible minority	84.7%
Visible minority:	78.3%
South Asian	75.5%
Chinese	74.5%
Black	86.4%
Filipino	84.0%
Arab	66.5%
Latin American	84.1%
Southeast Asian	84.0%
West Asian	66.8%
Korean	88.2%
Japanese	86.7%
Other identities	86.4%
Multiple identities	83.6%
Immigration status	
Non-immigrant	82.9%
Non-permanent residents	42.3%
Immigrant before 1980	91.2%
Immigrant between 1980-2021:	75.5%
Economic immigrants	79.3%
Sponsored immigrants	70.4%
Refugees	82.3%

Finding: Too many eligible older adults are missing out on OAS.

In 2020, approximately 160,000 older adults in Toronto (16.7 per cent) were not receiving OAS benefits (see Table 3). Among these non-recipients, one-quarter were ineligible due to a high household income. A small number of older adults (2.2 per cent) were also ineligible as they were newcomers who had recently arrived in Canada within the past year. Other individuals who were not receiving OAS were immigrants who arrived in Canada between 2010 and 2018 (22.8 per cent). They likely had not met the 10-year residency requirement or were potentially deferring their OAS payments to a later age to increase their monthly payouts.

Nearly half of non-recipients (48.5 per cent) met all residency requirements but had not yet applied for their pension. Of these, one-quarter had incomes within the recovery tax threshold (i.e., \$79,000-\$128,000), which would partially reduce their OAS payments. This may have potentially deterred them from applying. Additionally, about one-quarter of eligible non-recipients had moderate incomes above the MBM but under the recovery tax threshold who were likely waiting until age 70 to maximize their OAS.

In contrast, more than 6,700 older adults aged 65-69 were not receiving OAS, despite having incomes below the MBM. There was also a group of nearly 15,000 older adults aged 70 and over who had not applied for OAS, despite there being no further benefit to delaying payments. Within this group, 3,370 individuals were living in poverty according to the MBM.

Collectively, there were more than 10,000 low-income older adults in Toronto missing out on OAS benefits for which they were eligible.


Approximately one-fifth of older adults in the GTA not receiving OAS had no knowledge of English or French. This included nearly 4,000 individuals who were aged 70 and over who had been in Canada for at least 10 years and had incomes below the recovery tax threshold. The number of older adults with language barriers who do not apply for OAS may continue to grow as immigrants who arrived between 2010 and 2018 establish 10 years of residency in Canada. According to the data, 21,000 of them had no knowledge of English or French.

Table 3: Overview of OAS non-recipients

Number (%) of non-recipients	
Total OAS non-recipients in Toronto CMA	160,337
Not eligible for OAS	46,149 (28.8%)
Immigrant within past year	3,555 (2.2%)
Income ineligible (household income >\$128,000)	42,594 (26.6%)
Immigrant between 2010-2018 (delayed OAS due to residency requirements or maximizing monthly payout)	36,445 (22.8%)
Eligible for OAS but deferring	77,742 (48.5%)
Income between \$79,000 - \$128,000	18,852 (11.8%)
Aged 65-69, income between MBM and \$79,000	37,223 (23.2%)
Aged 65-69, income below MBM	6,741 (4.2%)
Aged 70+	14,926 (9.3%)
Low income (income below MBM)	18,889 (11.8%)
No knowledge of English or French	31,704 (19.8%)

Discussion

This analysis reveals critical insights into the uptake of Old Age Security among older adults in Toronto, underscoring significant disparities linked to income, immigration status and language proficiency. While many older adults in Toronto received OAS, a notable 16.7 per cent did not, with many falling into groups who have limited other income sources, such as those who are visible minorities.



More than 10,000 eligible low-income older adults in Toronto are missing out on OAS benefits.

While many non-recipients did not meet the eligibility requirements, about half were fully eligible for OAS but did not apply. It is possible that the recovery tax and strategic deferrals to maximize the monthly pension payout play a role for some of these individuals. However, the findings also suggest there are barriers to accessing the program. For instance, more than 10,000 eligible older adults living in poverty were missing out on

OAS. There were also a sizeable number of deferrals among eligible individuals aged 70 and older.

For this program to be an effective poverty reduction tool, all low-income older adults should be applying at age 65 (rather than deferring to age 70 to increase the monthly payments). Once reaching age 70, there is no further benefit to delaying OAS, and all eligible older adults should be applying.

The current data are not able to explore *why* an individual has not applied for OAS. However, lack of awareness of the benefit, poor understanding of how the benefit works, overwhelming application processes, and difficulties establishing residency requirements may contribute to the lack of uptake observed for a subset of people¹³. For instance, people may believe you must be a Canadian citizen or have worked in Canada to be eligible. Others may believe the benefit will be automatically provided upon turning 65. Language barriers may also be a factor¹⁰, especially as nearly 20 per cent of non-recipients in Toronto had no knowledge of English or French.

Importantly, a recent audit of access to government benefits for hard-to-reach populations (such as older adults) found the Government of Canada had an incomplete picture of potentially eligible people who were not receiving benefits. The audit recommended the Canada Revenue Agency and Employment and Social Development Canada integrate their outreach to supporting individuals who need help to receive their benefits¹⁴. For instance, the National Advisory Council on Poverty recommends more system navigation initiatives, as well as auto-enrollment, to ensure people living in poverty are accessing the benefits they are entitled to¹⁵.

To advance Canada's efforts to reduce poverty among older adults, Wellesley Institute recommends the Government of Canada consider the following actions to increase OAS uptake:

- Publicly commit to and focus government efforts on ensuring every older adult receives the benefits they need to thrive. Public targets should be set for increasing uptake each year among hard-to-reach populations. The findings in this brief specifically suggest that racialization and first languages other than English or French be included as targets.
- Undertake a consultation process with diverse older adult community members and advocates to better understand the barriers to accessing OAS for hard-to-reach populations. The feedback and findings should be made publicly available and used to inform and develop goals and targets towards ensuring OAS reaches a higher proportion of eligible people each year.
- Make OAS more accessible for older adults facing language and literacy barriers during the application process. Service Canada should provide information on OAS in a range of languages beyond English and French and partner with community organizations to reach underserved populations. Expanding programs like the Community Volunteer Income Tax Program to assist with OAS applications may be one opportunity to help increase uptake among eligible older adults. Community-based organizations, particularly those that specialize in immigrant and newcomer populations and that provide multilingual services, are likely well-positioned to help hard-to-reach older adults learn about the OAS program and how to apply.

In addition to these recommendations, this research raises questions around the residency requirements for OAS. Data showed there are a significant number of older adult immigrants to Canada from countries with limited or no social security agreement or who are waiting to establish 10 years of residency in Canada. Additional policy research is needed to identify opportunities to increase access for these groups and ensure that all older adults, especially those who are low-income, are eligible for OAS benefits.

Limitations and directions for future work


This report presents a descriptive analysis of 2020 OAS uptake using data from the 2021 Canadian census. While the data indicates if an individual was receiving OAS, the reasons for deferral or non-uptake had to be inferred based on eligibility criteria and other indicators reported in the census (e.g., age, immigration status, income level). However, these inferences are limited and may not capture the underlying motivations, barriers or perceptions that influence decision-making about OAS uptake. Additionally, this analysis

does not account for the impact of intersecting sociodemographic factors, particularly when examining differences in uptake among visible minority groups. Future qualitative research with older adults and professionals who assist with pension applications, as well as more comprehensive analyses of intersecting sociodemographic factors, is needed to support evidence-based strategies to increase OAS uptake among eligible older adults.

Conclusion

The findings in this report highlight the important role of Old Age Security in reducing poverty, with payments under this program making up a large share of annual income for older adults in Toronto's lowest income deciles. However, too many eligible older adults in Toronto are not receiving OAS benefits. Findings also revealed that certain groups, including racialized older adults and those with limited proficiency in English or French, are more likely to be missing out in Toronto.

Increasing awareness and removing barriers will be key to expanding OAS access. However, more research is needed to understand these barriers and to develop evidence-based strategies. Old Age Security is a critical poverty reduction program and ensuring that every eligible older adult receives these benefits should be a priority.



Increasing awareness and removing barriers will be key to expanding OAS access.

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Toronto, ON

M5A 2E7

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