

UNIT 8 WORK, RETIREMENT, AND ECONOMIC STATUS OF OLDER WOMEN

OVERVIEW

The topics of women's paid and unpaid work and their patterns of retirement span a number of disciplines. For example, the psychological issues include personal development and self-esteem as well as life satisfaction and even mental health. Economic issues include job discrimination, the wage gap, and limited access to benefits such as public and private pension plans. Psychological and economic issues are linked to wider social issues such as caregiving obligations and domestic responsibilities. Over the span of women's lives the issues are cumulative and contribute directly to their retirement options, financial security, and their level of poverty when they are in their 60s, 70s and 80s and beyond. This unit looks at the economic security of older women in Canada. It suggests women's traditional work patterns of moving in and out of the labour force in response to family caregiving needs have prevented many older Canadian women from accumulating pension credits and savings that would provide them with a hedge against poverty in their old age. New patterns of employment, domestic work allocation, and caregiving responsibilities are needed if women are going to enjoy economic security in their senior years.

The three parts of this unit are:

- PART I Women's traditional work patterns
- PART II Women's retirement issues
- PART III Economic status of older women

LEARNING OUTCOMES

In Unit 8 you will

1. explain the nature of women's traditional patterns of work in the latter half of the 20th century;
2. demonstrate an understanding of women's retirement patterns;
3. analyze the most common factors that determine the economic status for older women.

Unit Eight

All readings are available online from the J.N. Desmarais Library or the internet and are linked from the course website (see the Study Guide for details).

ASSIGNED READING

Richardson, "[Women and Retirement](#)", pages 49-66.

Li, "[Widowhood: Consequences on Income for Senior Women](#)"

Gazso, "[The Poverty of Unattached Senior Women and the Canadian Retirement Income System: A Matter of Blame or Contraction?](#)"

OPTIONAL READINGS

Blake and Westlund, "[The Mobilization of Older Feminists: Women Elders in Action \(WE*ACT\) Campaign for Pension Reform](#)"

Service Canada, "[Overview of the Old Age Security Program](#)"

Office of the Commissioner of Review Tribunals CPP/OAS, "[History of the Canada Pension Plan](#)"

CRIAW, "[Women and Poverty](#)"

INTRODUCTION

According to the 1995 General Social Survey (GSS), 75% of Canada's nearly one million widows aged 65 and over lived alone. These women tend to be economically vulnerable because most did not work outside the home during their married life; in fact, two thirds of their children reported in the GSS that their mother had never been employed in the paid workforce while they were growing up. The main source of income for these women are government income support programs such as the Old Age Security (OAS) and the Guaranteed Income Supplement (GIS). Never married, divorced, and widowed women, to an even greater degree, face many choices and challenges regarding work, retirement and financial security for which they are often not prepared. Some middle-class women who were raised, educated and married in the 1950s and 60s, assumed they would be cared for by their husbands for the rest of their lives.

Middle-class women who are now in their 60s and 70s have spent a large portion of their married lives working in the home as homemakers. Working-class women were less likely to allow the ideology of separate spheres to define their lives, that is, the notion that women's role is to do unpaid work in the home and men's place is in the paid workforce. While restrictions regarding paid work and rules about what were appropriate jobs for women were not applied as rigidly to working-class women, the lack of child care meant that their paid work was often confined to the home: taking in boarders, doing laundry, selling homemade baking, etc., in what is often referred to as "the hidden economy." Those who did make sporadic forays into the paid labour force during their married lives worked in various areas of the service industry or in light industry. The work was often part time, wages were low and there were few benefits, such a pension plans, attached to the job. But regardless of class, relatively few women developed full-time careers that allowed them to save for their old age.

KEY CONCEPTS

- myth of the dependent female
- women's traditional work patterns
- segregated or ghettoized work
- discontinuity of employment
- pre-retirement planning
- timing of women's retirement
- reasons for poverty among older women

PART I - Women's Traditional Work Patterns



Please read Gazso, 229-240, “The Poverty of Unattached Senior Women and the Canadian Retirement Income System: A Matter of Blame or Contradiction.”

While the prevailing notion was that women could financially depend on men the reality was quite different. “Appendix A” to this Unit entitled “Life Patterns of Canadian Women” indicates that 84% of Canadian women will at some time in their lives have to depend on themselves economically. This does not necessarily mean that they will live in poverty, but the myth of the dependent female, that is, the idea that women will always have a man to support them, is untrue. Many women remain unattached; if the male spouse dies or if the marriage breaks down, financial insecurity is often not far off. Namkee Choi’s American study of elderly widows and divorcees found that “middle-aged and older widows found that they experienced drastic and permanent reduction in income and were more likely to fall into poverty than intact couples” (71). As Hilda Scott said, “women are one man away from poverty” (22). For example, in the majority of separations and divorces women assume responsibility for the children; in Ontario in 1996, 76% of court-ordered support payments were in arrears.

Linda Cartier, a registered financial planner in Sudbury, has pointed out that when it comes to financial matters “women are disadvantaged through no fault of their own” (B2). She goes on to say that:

The simple fact is women, as a group, generally earn lower wages than men. They make sacrifices to their careers to raise children or look after aging parents, activities which can seriously impact their pensions. The financial effects of separation and divorce are almost always more severe for women (B2).

Ghettoized, low paying jobs, part-time work, and discontinuous work patterns mean that few women are able to plan for retirement or retire with a level of financial security when they are forced out of the workplace due to failing health or mandatory leaving policies. For many women who are alone in old age, poverty becomes a fact of life.

Work, paid or unpaid, is important to personal development. It allows single and married women to develop skills, and expand their social network. However, middle-class married women have not always had easy access to the workforce and many of today’s older women have either had a very loose attachment to the work force, or entered full time or part time work after their family was raised. The ideology of “right living” that permeated North American culture in the late nineteenth and early twentieth century, supported laws against the sale of birth control and workplace policies that denied jobs to married women. Such actions worked to keep most middle-class married women in the home and out of paid employment. While new areas of work opened to women in the latter part of the nineteenth century, “women’s work” regardless of what sector of the labour force they were in, received low wages, few benefits, and had little job security or opportunities for advancement.

By the latter part of the twentieth century a number of factors began to improve women’s employment status. The tabling of the Royal Commission on the Status of Women in 1970, a triumph of the women’s movement at the time, documented discrimination against women. The Canadian Advisory Council of the Status of Women and the National Action Committee were organized in the early 1970s to fight discrimination against women in Canada. They promised to

work toward bringing about changes in the status of Canadian women and in particular to broaden women's work opportunities and to end wage discrimination and the poverty of older women.

In the late 1960s and throughout the 1970s numerous changes occurred which did improve women's position in Canadian society. Birth control and divorce laws changed dramatically allowing women for the first time to control their fertility and to get out of abusive relationships. Women were encouraged to seek higher education and professional training. The improvement in women's level of education, particularly middle-class women's education, improved markedly. While education enhanced women's job opportunities economic factors were also responsible for the increase in women's employment activities. Not only did women's labour force participation expand generally but the work activity of married women with young children increased dramatically.

In fact, women's increased participation in paid work has been one of the most significant social trends in Canada in the twentieth century. In 2004 twice as many women were employed outside the home than in the mid-1970s (*Women in Canada* 2005 103). Today almost 60% of women over the age of 15 are employed, an increase of 12% since the mid 1970s. In 2004 women accounted for 47% of the employed workforce in Canada (*Women in Canada* 2005 103).

Certainly the women's movement deserves credit for raising consciousness about the need for women to advance their education, and for identifying barriers to women's participation in paid work. However, the movement cannot take all the credit for expanding women's labour force activity. The expansion of women's paid employment was due to a combination of "push" and "pull" factors. The efforts of the state to create jobs to stabilize the country in the transition from war to peace following WWII saw many women "pulled" into the labour force (Armstrong 52). Educated middle-class women responded to the paid work created by the expansion of "women's jobs" in health and education which arose in response to the rise in the Canadian birth rate, the so called "baby boom," during the late 1940s and early 1950s.

In the 1960s, women were also "pushed" out of the home and into the labour force because of economic necessity. Economic necessity is still the major reason why women work for pay. The disappearance of male jobs in Canada's primary sectors such as mining and the auto industry (due to technological change and shifts in market demand) was felt throughout the economy. As men lost good paying jobs, there was an increased need for women, to contribute economically to the family. In fact, in 1997 the number of poor families would have doubled in Ontario if women had not contributed to the family economy. While many women responded to the demands of the family to join the labour force a substantial proportion of women who are over the age of 65 today have never been part of the paid workforce. As of 2004 17% of women aged 65 and over, compared to 2% of senior men have never worked outside the home (*Women in Canada* 2005 276).

In spite of women's increased education, labour force participation and the activities of the women's movement to reduce barriers and improve job opportunities for women, most women who work for pay are still employed in low wage jobs and have patterns of employment that thwart their attempts to gain financial control over their lives and to save for financial security in old age. These patterns include job segregation with low status and low pay; discontinuous work where women tend to move in and out of the labour force; and part-time work rather than full-time work.

Patterns of Women's Work

Segregated or ghettoized work opportunities. Women's labour has been segregated or ghettoized for decades. Phillips and Phillips state that: "There is one overwhelming fact that has characterized the movement of women into the labour market. They have been employed in a very narrow range of occupations, a range that has changed negligibly throughout this century" (45). Even in the 1990s and after years of working for women's equality most women are still employed in clerical jobs, in the personal service industries and retail sales. This does not mean that some women have not made tremendous gains in well-paid professional jobs. There have been marked increases in women's participation in "male" professions such as law, medicine, and engineering (Peitchinis 139). This group, however, make up only a small fraction of working women. Professional women generally are still concentrated in teaching, nursing, and social work (Phillips and Phillips 45). The crowding of women into certain occupations, whether they are in the service industries or in professional work, has a downward pressure on wages. In 2003 the annual pre-tax income of women aged 16 and over from all sources, including employment earnings, government transfer payments, investment income and other money income was \$24,400 or 62% of the figure earned by men who averaged \$39,300.00 (*Women in Canada 2005* 133).

This not only means that women have less income to live on than men do, but it also means that they have less money to save for their retirement. Women's lower wages also mean that they contribute less to the state-sponsored or public Canada/Quebec Pension Plan (CPP/QPP); if they belong to a private-employer sponsored pension plan (such as one sponsored by Vale Inco or Xstrata or one sponsored by a hospital or school board – even though these latter two receive government monies - the pension was initiated in the work place) they also contribute less since both public and private pension contributions are based on earned income and generally, women make less money than do men.

Unionization Historically few women belonged to unions. In 1977 only 10% of employed women workers were unionized as opposed to 47% of employed men. In 2004 union membership had grow to 4.1 million workers a change that benefited women workers. In fact men's union membership has actually declined and women now slightly outnumber men in terms of union membership. In 2004 30.6% of working women are union members as opposed to 30.3% of men. Employees who are unionized are usually better off in terms of wages and benefits. For example, in 2004 the average full-time workers in Canada averaged \$21.51 an hour while non-union full-timers were paid \$18.09 an hour. This was evident among part-time workers as well, and since so many women work part time, this is important. Unionized part-time workers have average weekly earnings nearly double those of non-union part-timers. In 2003 unionized part-time workers in Canada averaged \$18.23 an hour and worked 19.3 hours weekly for an weekly income of \$362.82. Non-unionized part-time workers averaged \$11.03 an hour and worked 16.8 hours weekly for a weekly pay of \$188.89 (www.ccaac.ca update2004 2004 Update: Union Membership in Canada CAW Canada).

In terms of benefits, belonging to a private pension plan, or an employer sponsored pension plan, where the employer matches what the employee contributes, is often one of the benefits gained when a person belongs to a to a union. While slightly more Canadian women than men belong to a union they contribute less to their pension plan because generally they make less money than men. Contributions for both the CPP and any private plan are based on wages earned. Women are also more likely than men to join the workforce later than men, take

time off from work for family reasons, and thus contribute overall for a shorter period of time than men. Women who belong to a private pension plan are often those working in public sector, that is at a government job, where relatively few working women are employed. Besides, in the public sector jobs are being lost to government due to government cut-backs. For example in British Columbia of the 20,000 well paid public sector jobs that has been lost since 2001, women held 75% of those jobs.

Non Standard Work In addition to working in segregated low paying jobs, another common employment pattern is part-time work: 40% of jobs held by women are considered to be non-standard (part-time, contract, temporary). In fact, almost three-quarters of all part-time work is done by women. Many women find it difficult to find full-time work and thus settle for part-time occupations. Other women choose part-time work because as well as needing to contribute to the family economy they have a full load of domestic responsibilities (Duffy and Pupo 110; Gee and Kimball 62). Part-time jobs are generally paid at a lower scale than full-time jobs in the same sector of the economy. Benefits are seldom paid and the jobs offer little opportunity for advancement (Wilson 92). Today about 60% of women don't have workplace pensions partly due to the fact that they are more likely than men to have low-paid, part-time or contract work.

Discontinuity of Employment Discontinuity is another pattern that typifies women's employment. As already noted, women frequently drop out of the labour force in order to bear and rear children or to look after elderly parents. Twice as many women than men are involved in caring for children and elderly relatives. Many reduce work hours, refuse promotions or retire early in order to cope. Another common reason for interruptions is that a wife usually moves when her husband is transferred or relocated. These interruptions result in lower lifetime earnings and pension benefits, with the result that women who experience these typical work patterns remain economically vulnerable throughout their lives. In fact many senior women in Canada have never been employed outside the home. As of 2004 17% of all women aged 65 and over, compared with just 2% of men in this age range, had never worked outside the home (*Women in Canada 2005* 276). Women have waged work for only 75% of their potential employable years; men work for 94% of their employable years.

Education and Employment Education is sought after by young women today to a greater degree than ever before. As of 2001 two out of three women aged 20 to 24 had some form of postsecondary educational training. This does not include those with a certificate or diploma from a trade school. Men are still more likely than women to have a university education, but this gap is closing as women currently make up the majority of full-time students in Canadian universities. In the 2001/02 academic year 57% of all full time university students were female up from 37% in the early 1970s. This is in sharp contrast to today's senior women who have relatively low levels of education, a reflection the notion strongly held in the early twentieth century that education for women was unnecessary. In 2001 only 5% of all women over the age of 65 had a university degree, (as opposed to 11% of men that age) compared with 15% of women aged 45 to 64 and 23% of those between the ages of 25 and 44. While relatively few senior women have a university education, 11% of women over the age of 65 had completed a college program. That being said, there are many senior women today who have never completed high school; in fact, 60% of Canada's female senior population do not have a high school diploma (Statistics Canada, *Women in Canada: A Gender-based Statistical Report 2005* 274, 275). However, many of the women with post-secondary education, diploma or degree hold 38% of low-paid, dead-end jobs. Women hold two thirds of these jobs.

IDEAS TO REFLECT ON

After reading the article by Gazso, consider the following questions:

1. On what basis does the author say (p. 42) that while it is not surprising to blame Canada's income security system for the poverty of senior women, other factors are more important when identifying reason for the high rates of poverty among this group of women?
2. According to the author what are some of the social-structural factors at play in women's work and family lives preceding retirement that account for the disadvantages they face at retirement.
3. What factors contribute to senior women's low return from the Canada Pension Plan?
4. What are some of the problems that the author sees with the government's proposed Seniors Benefit which would replace the Old Age Security and the Guaranteed Income Supplement?
5. What are some of the factors that prevent women from participating in the second and third levels of income security (occupational pension plans and registered retirement savings plans)?

PART II - Women's Retirement Patterns



Please read Richardson, "Women and Retirement."

In spite of women's rapidly increasing labour force participation most studies on the impact of retirement have been done on male workers (MacFarlane 55; Richardson 27; Skirboll 79). Early research into women's experience of retirement was based on the assumption that paid work was not important to women. Retirement was, therefore, assumed to be easier for women because unlike men they were losing a secondary and not a primary role. This research ignored the women for whom work has always been essential: unattached women and those who have a career. As noted above, over the last few decades working for pay has increasingly become an economic fact of life for many women including married women and midlife women who may be returning to full-time work after a period of discontinuous work (Gee and Kimball 74).

Retirement has been defined in various ways. Some of the most common definitions are 1) acceptance of pension benefits 2) working below a specified number of weeks during the previous year, and 3) identifying oneself as being retired (Holden 102). No matter how we define retirement, it has become a socially sanctioned phase of the occupational life cycle (Perkins 39).

Pre-retirement planning

Pre-retirement planning began in the 1950s when companies, usually encouraged by unions, began programs for their employees. Until recently the focus in pre-retirement planning has concentrated on its financial aspects. Little attention was paid to health or emotional issues associated with the end of a person's employment activities, even though these are important concerns.

According to Richardson (1990) neither men nor women prepare adequately for their retirement years, but women do less retirement planning than men (35). Because pre-retirement programs are often initiated by a union, membership in the union is usually a requirement for access to the program. Since traditionally women were less likely to be unionized than men, they were less likely to participate in pre-retirement planning programs (Perkins 43).

Richardson lists a number of other reasons for women's lack of retirement preparations. High income groups do more retirement planning than do those in low income groups. Since women have fewer financial resources than men, they are less likely to take part in the planning process (36). Then again, workers who are highly committed to their work avoid planning for retirement. Not only is employment becoming a central issue in women's lives but women show high levels of commitment to employment. Women often enter the workforce later than men, and as they approach traditional retirement age they are still highly motivated workers and do not feel ready to think about retirement (36).

Another point raised by Richardson is that some married women do nothing about retirement planning because they assume that this will be done for them by their husbands. In other words, they have been socialized to believe that since they are married they will be "looked after." Finally, Richardson suggests that women don't like to think about retirement because it reminds them that they are getting old and while "men become distinguished with age . . . women merely become old" (37). Because retirement has been associated with aging and even death, some women avoid the issue altogether. The following charts document retirement planning for Canadian women.

Timing of women's retirement

The assumption that most people retire at 65 is no longer borne out by the facts. Although women aim to retire earlier than men their actual decision to retire is closely tied to a woman's work history and their economic status. Early retirement is a growing trend for the economically advantaged. The economically disadvantaged cannot afford to retire and often continue to work as long as possible out of financial necessity.

Thus women's decisions about when to retire are based largely on financial factors (Arber and Ginn 85; Bernard 58; Gee and Kimball 75; Richardson 37). Women who retire before the normal retirement age of 65 tend to have more money, are usually married, and are in good health; those women who retire later are usually single and poor.

Women's adjustment to retirement

Generally speaking, women and men adapt well to retirement. Canadian statistics for 1991 indicate that more than 90% of retirees over 60 years of age were satisfied with retirement; 80% of retired people under 60 also reported satisfaction. However, the data also suggest that some women are more positive about retirement than others. On the one hand it appears that women who have had careers and consistent work patterns, that is, those women who did not move in and out of the labour force in response to family responsibilities, adjust well to retirement. This group is often made up of unattached women, or well-paid professionals. These women are more likely to have secure pensions or well-established savings plans.

Retirement provides this group with time to travel and pursue goals that may have been deferred because of a demanding career. While career women enjoyed many years of work they may not regret leaving behind some of the negative aspects of women's work: the frustration of being overlooked for a promotion, the pay differences that continue to exist between women and

men doing the same work, and the sexual harassment that many employed women have to endure (Reeves 121).

Women who are in a relationship and have had a continuous career may be particularly well-off financially since they share living expenses with someone. However, these women may experience adjustment challenges when they retire. For example, conflicts over household duties may arise (Reeves 126). Some women entered the labour force to escape domestic duties. Retirement may mean a return to those tasks and the resumption of the domestic role that is frequently unsatisfactory (MacFarlane 56).

On the other hand, women who have come to the workforce late in life or after moving in and out of employment in response to domestic concerns, may not be ready to retire at 65 or before. However, even with this group, there are differences among women. For example, professional women with high-control jobs and good incomes may not be interested in retirement, even at age 65. Because of the interrupted nature of their work histories, women in this group often reach mandatory retirement age without having met their personal employment goals and find the thought of retirement disruptive. On the other hand women in sales, service, or clerical jobs who are often working part time, have low incomes and little control over their jobs may be interested in retirement if they feel that they can financially afford it (Gee and Kimball 75). However, because they moved in and out of the labour force their lack of financial security may impede their satisfaction in retirement.

It also appears that women's marital status affects their adjustment to retirement and their retirement satisfaction. For example, single women seem to like retirement better than married women. However, for married and single women adjustment to retirement may be hard for women who find it difficult to replace the social contacts that employment provided (Bernard 57).

Between 1991–95, men and women overall had similar retirement patterns. That is, there was only one year difference in the retirement ages at each education level. In 1996–2000, the male retirement patterns saw very little change from 1991–95, with most education levels having unchanged retirement ages. Only males at the high school diploma level experienced a decline in retirement (age 61 to 60).

Females, on the other hand, have followed a decline at each level by at least one year. Females with a university education resulted in the lowest median retirement age (57) over 1996–2000. Also note that at the high school diploma level, males and females experienced the same retirement age (60).

Female retirement trends may be underestimated. Retirement trends are based on historical retirement, and may not reflect the trends of future generations. That is, young women in the labour force now may experience different retirement patterns than women who were of retirement age in the last five years. The current generation of women are obtaining higher levels of education, and are participating in the labour force more, as compared to those women of retirement age now. This suggests that their labour force attachment may be greater than the attachment of the older cohorts. Therefore, it may be theorized that young women now in the labour force will retire later than women who faced the retirement decision in recent years.

Policies and structural changes needed

Pre-retirement planning for women is a critical need (Gee and Kimball, Kokrda, Perkins). Employers and unions often provide pre-retirement courses and counselling, including information about health care and the potential loss of social networks that can come with retirement. In addition, if they are to be independent when elderly, women will have to understand the importance of a continuous work career, and work to achieve equality in the workforce in terms of access to jobs and pay equality (Bicher 56).

Gee and Kimball make several recommendations for improving the economic status of older women. First, they suggest reforms to public (CPP/QPP) and private (employer-sponsored) pensions, and second, they encourage equalizing the status of men and women of all ages in the labour force (66). Some of the changes suggested by Gee and Kimball CPP/QPP have been implemented, i.e. the dropout clause for homemakers, and the splitting of pensions on divorce. However, as yet these changes have not satisfactorily helped women achieve economic equality with men when they reach the age of 65.

Gee and Kimball note however that the changes proposed would not substantially increase women's income in later life for two reasons. First, many of the reforms are focussed on private pension reforms and less than 40% of the female labour force is covered by private pension plans. Second, although CPP/QPP reforms would be helpful, these plans were intended only to augment retirement income. They were never intended to take the place of a private pension and personal savings and were not to be expected to replace a person's income.

IDEAS TO REFLECT ON

After reading the Richardson article, consider the following questions:

1. What are some of the “patriarchal influences” (50) that contribute to women's poverty in late life?
2. What would a feminist analysis of retirement contribute to our understanding of why women experience retirement differently than men?
3. What are some of the important issues that face women who retire?
4. What interventions must take place if gender differences in retirement are to be realized?

PART III - Economic Status of Older Women



Optional reading *Women and Poverty*.

Women generally are at higher risk of poverty than are men (Ross 119; National Council of Welfare 84). In 2003 9% of senior women lived in an after tax low-income situation. In fact, women over the age of 65 are less likely than women under age 65, particularly single mothers to live in a low income situation. That being said, the number of senior women with low incomes is still twice as high as that of senior men with low incomes. The relatively low overall proportion of senior women with low incomes masks the fact that senior women who are single still have one of the highest rates of low income in Canada. For example, in 2003 19% of women aged 65 and over who lived alone were in a low-income situation, once taxes were taken into account. In contrast, just 2% of senior women living in a family were considered to be in an after-tax low-income situation. As well, unattached senior women are more likely than their male counterparts to be classified as having after-tax low incomes: 19% vs. 15% (*Women in Canada: A Gender-based Statistical Report 2005* 280). Senior women have benefited over the last twenty years because of an increase in government programs for seniors. In fact, a large number of Canadian senior women receive the bulk of their income from government transfer payments such as Old Age Security (OAS) and the Guaranteed Annual Supplement (GIS).

The tendency for old women to be poor is not limited to Canada and is a result of women's historic work patterns in the western world. Stone (1989) states:

The key reason for this gender gap . . . [is] a history of female dependency reflected in current employment and retirement policies, the gender division of labour in which women assume the primary role of caregiver, and labour market discrimination which limits women's access to financial resources in their pre- and post-retirement years (21).

A number of factors influence older women's poverty including their work history, their family and household composition and their educational and marital status. Feminist writers generally agree that factors such as the gendered division of labour, women's responsibility for caregiving, and the lack of private pension plans all play a role in contributing to poverty among older women. You have already seen that pre-retirement planning for women is inadequate; other events such as divorce, separation or the death of a spouse are all factors that reduce women's economic well-being in their senior years.

Measuring poverty

Measuring poverty is a complex issue. In 1968, the Economic Council of Canada defined poverty as "insufficient access to certain goods, services and conditions of life which are available to everyone else and have come to be accepted as basic to a decent minimum standard of living" (Collette 43). The Royal Commission on the Status of Women in 1970 stated that to be poor was:

to be without sufficient money, but it is also to have little hope for better things. It is a feeling that one is unable to control one's destiny, that one is powerless in a society that respects power. The poor have very limited access to means of making known their situation and their needs. To be poor is to feel apathy,

alienation from society, entrapment, hopelessness and to believe that whatever you do will not turn out successfully. To be poor is to feel deprived of the means of obtaining even the most elementary things that others take for granted (Collette 43).

Poverty in Canada is usually measured by using Statistics Canada's low income cut-offs which are based on surveys which have been conducted to find out what an average family pays for the necessities of life: food, shelter, clothing, etc. This is often referred to as the market basket approach to defining poverty. In general, Canadians spend about 36% of their gross income on the necessities of life. It has been estimated by Statistics Canada that a family or an individual who spends 58% on such necessities are poor (National Council of Welfare 4).

The low income cut-off line can vary by family size and by geographic location. For example, it is estimated that a woman would require \$14,000 to live adequately in a rural area, but if that same woman were to live in a urban centre with a population in excess of 500,000 she would require an income of \$20,337 (National Council of Welfare 2005).

Women and Poverty

There are a number of reasons for poverty among older women; many of the reasons have their source in the patterns of women's work cited above. Other reasons include loss of job, divorce or death of spouse, or declining health (National Council of Welfare 2).

There is no doubt that an important root cause of older women's poverty is their history of economic dependence on men. British common law, on which the common laws of Canada and the USA are based, saw men assuming all legal and economic responsibility on marriage for his wife and children. Women's personal property was lost in household property.

Much has changed since the nineteenth century regarding women's legal status but many traditional notions about women's role continue to prevail. Many older married women today, even those who worked outside the home, depend on their husband for their economic security. Older women are poor not because they are old, but because they outlive their husbands. When an older widow is not poor, it is usually due to the fact that her husband left her well provided for. Seldom is it because she was able to accumulate saving from her own income sources. Even though women's work in the home contributed directly to the development of the family economy that fact does not guard her against poverty in old age. Homemakers often take the lead in the family's financial planning and make considerable material sacrifices to see that resources are balanced among competing demands. It must also be kept in mind that many women are poor in old age because the family income was low. Many male workers make low wages and do not contribute to a private pension plan. It was not many years ago that pension plans that men paid into ceased when the man died leaving the widow with few resources other than personal savings and the support of the state.

Canada's Income Security System

Few Canadian women, or men for that matter, have the advantage of a private or employment-sponsored retirement pension. In 2003 only 26% of the income of senior women came from such plans whereas 41% of senior men belonged to private pension plans. The main reason for this is because women are less likely than men to have had a job with a private pension plan. As mentioned previously in this Unit, even women who were able to contribute to a private pension usually made lower wages than men, and thus not only do fewer women

receive money from a private pension plan but when they do, they receive less money. In fact, senior women received more than \$7,000 less than Canadian men from private pension plan (*Women in Canada 2005 280*).

However, Canadian-employed women and men contribute to the state-sponsored Canada Pension Plan (CPP). Again because older women are less likely to have worked for pay, and when they did, they were more likely to work part-time, and made less money, any pension contributions they made were lower than that of most men. In turn the money they receive from the CPP at retirement is less than that of most men. In fact, senior women received more than \$2,000 less than Canadian men (*Women in Canada 2005 279*).

Over half of the income of senior women in Canada comes from government transfer programs. The Old Age Security (OAS) and the Guaranteed Income Supplement (GIS) (the latter requires a means test to qualify), spouses allowance and the Canada/Quebec Pension plans were major sources of income for 55% of senior women in 2003 (*Women in Canada 2005 279*).

In the period **April – March** 2009 the maximum OAS for a Canadian man or woman over the age of 65 was \$516.96 per month. Canadians with an income of less than \$15,336.00 can receive the GIS or a portion of it depending on the person's income. A means test must be taken in order to qualify for the GIS and to ascertain how much money the senior will be paid. The amount that a senior would receive under the GIS is based on family income. The maximum that a single senior would receive by way of the GIS is \$652.51. and if the only other income she had was the OAS she would have a monthly income of \$1,169.47 (.). Seniors can receive the full benefit if the need is severe, or they may receive a partial benefit depending on overall income.

The maximum combined OAS and GIS that an unattached senior could receive is approximately \$1,169.47 per month (the OAS of \$516.96 and the supplement (GIS) of \$652.51). This would be the maximum that would be paid to a woman who was totally dependant on the state for support. When applying for the supplement *only income* (as opposed to assets, such as a house that a person lives in) is taken into consideration. Income from paid work, interest from investments, money received from renting a house, income from a private pension or the CPP is considered as income and would be calculated when applying for the GIS. Both the OAS and the GIS are adjusted quarterly to reflect any increase in the cost of living.

The amount each person would receive from CPP depends on how long they have contributed to the plan, how much they contributed based on earnings, and at what age they began to draw benefits. According to the 2010 statistics the *average* amount received under the CPP was \$502.57 (Service Canada <http://www.servicecanada.gc.ca/eng/isp/oas/oasrates.shtml>). Since many senior women either never worked outside the home for pay, or have a short, and often broken, work history and usually make low wages, the amount they receive from the CPP is generally much lower than the average mentioned here and usually much lower than what men receive. For example, in 2005 the average CPP pension for women was \$334.00 or 63% of that received by the average male which was \$547.00 (<http://www.servicecanada.gc.ca/eng/isp/pub/factsheets/rates.shtml>). All of the programs mentioned here, the OAS, the GIS and the CPP is adjusted yearly to reflect any increase in the cost of living. **For the most up-to date figures, consult the web sites mentioned here.**

Economic Issues for Widows that Contribute to Poverty



Please read Li, “Widowhood: Consequences on Income for Senior Women.”

Unattached people, in general, are poorer than couples; women are far more likely to be without a partner in their senior years than are men. Women 65 and older are almost three times as likely to be widowed because of the convergence of their longevity, their tendency to marry older men, and the lower rates of remarriage among widows (Stone 22). “Living alone is associated with higher poverty rates, primarily because those sharing households receive the economic benefits of combined family incomes” (Stone 23). Widows and other single older women are less likely now than previously to live with other family members. Affordable housing is another problem for many older single women (Perkins 38). Although almost half of older women own their own homes, a larger percentage of their incomes goes to housing—more than 30% (Burke 18).

Institutionalization, either their own or their partner’s, can be another cause of poverty. Elderly women are twice as likely as men to be in a chronic care unit in a hospital or to be placed in a nursing home, especially the very old. One in four women aged 85 or older are living in institutions. Most of them are poor at least some of the time during their stay (Stone 24). Even if they do not become institutionalized themselves, their income may fall below the poverty line if their husbands are institutionalized (Stone 28; Collette 43).

Divorce and Early Widowhood So far in this unit we have talked primarily about women aged 65 or older. Another group of women that is increasingly poor are in the 55-64 age group. These women are increasingly poor because of divorce or early widowhood. They are too young to receive the OAS and the income supplements, yet are often considered too old for the labour market. Also, divorced or widowed women between the ages of 55-64 are more likely to be in the labour force than other women in the same age group. Even so, they may have started their career too late to be able to accumulate the pension credits or other savings to provide themselves with security in their old age. Unfortunately many women who return to the labour force after divorce or widowhood most likely find work in low paid retail, clerical and service industry occupations. “The incidence of low income . . . is particularly high among separated, widowed and divorced women” (Burke 17).

Will older women be better off in the future?

Some researchers predict that the economic status of older women will improve in the future. Their optimism is based on a number of changes going on in the workplace. For example, maternity leaves, job sharing, flex-time and employer-based day care make it easier for some women to care for their families while remaining in the paid workforce. However, these workplace options are more the exception than the rule and the flexibility allowed is by and large seen as something women, and not men, will take advantage of to accommodate family needs. Women who can take advantage of such flexibility will be more likely to remain in the workforce but will still have lifetime earnings that are lower than men’s and will contribute less to their pension plan. Other researchers are optimistic for women’s economic future because they are better educated than ever before. There is a strong correlation between levels of education and employment patterns, that is, the better educated a woman is the more likely she is to be

employed outside the home for pay. Better educated women are moving into higher paid occupations with better employee benefits including access to pension plans (Peitchinis 139).

However, many other researchers argue that these changes are relatively minor and will not make much difference to women on the whole. While more women are working in higher status, better paying jobs they do not see the basic gender division of labour changing much and, therefore, are not optimistic about women's future ability to escape poverty in old age. As well, there is every reason to believe that marriage breakdown and single parenthood will continue to contribute to high rates of poverty among women, even women who are well paid. This alone will prevent them from saving for their retirement years. Visible minority women in particular are likely to continue to be poor. For example, in the United States, Hispanic women are twice as likely as white women to be poor, while African-American women are three times as likely to be poor (Stone 31). In Canada rates of poverty among Aboriginal women are high relative to other groups of women. Thus many of the variables that account for the high rates of poverty among older women are still operating for young women and visible minority today. Therefore many senior women in the future are also likely to be poor (Gee and Kimball 59)

Many people would argue that while older unattached women today are subject to high levels of poverty, this will change in the future. Women, they say are more educated, are more attached to the labour force, and so on, than women of previous generations. Before completing this unit, you are to debate this issue. In the columns below first list the reasons why you believe that senior women will be better off in the future. Then in the next column list the reason why you believe that they will be worse off or at least just as poor as they are today.

SENIOR WOMEN WILL BE BETTER OFF

SENIOR WOMEN WILL CONTINUE TO BE POOR

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

In an article by Lynn McDonald entitled "Alarmist Economics and Women's Pensions: A Case of 'Semanticide'" the author argues that women will gain little in the future in terms of improving their economic status and will find themselves as poor in their old age as many senior women are today (118). It is a bleak picture for women generally but more severe for Aboriginal and immigrant senior women in Canada.

Admittedly senior women have made gains over the past three decades in terms of improving their economic situation. They are better education, and there are laws that protect women against discrimination in the work place. Pay equity is taken for granted even through women often still have to fight for it. But senior women's financial security is still dependant on the federal government and its income security programs such as the OAS and the GIS discussed above and not because of any improvement in women's personal income over their life span. Women who have contributed to an work place pension plan and to the CPP and have

accumulated saving such as Registered Retirement Savings Plans may escape the poverty trap. Even the CPP as inadequate as it may be for women whose labour force participation has been weak, the plan is pulling many Canadian women over the poverty line. This fact masks the predicament facing unattached older women. McDonald argues that “60% of senior households have an income of less than \$5,179 and about 20% of seniors have little or no income other than the government’s OAS and GIS. (Service Canada www.hrsc.gc.ca). The combination of being female, old and living alone increases the poverty odds, that is, they will have an income below Canada’s low-income cut-offs almost seven times relative to being male and married.

McDonald points out that by the year 2015 70% of senior women will be receiving the CPP, a huge improvement over today and it reflects that fact that tomorrow’s senior women are more likely than today’s senior women to have an education and have worked outside the home for pay. But there are a number of factors that continue to point to the fact that senior women in the future may not be much better off than are senior women today.

- Women are more likely than men to provide care to children, the disabled and the elderly which means they will continue to move in and out of the labour force in response to the needs of the family. Also the rising number of mother led families means that many women simply cannot work outside the home for a portion of their adult lives.
- Women still are concentrated in low wage, service sectors of the economy at jobs that are often part time; While we hear much about the fact that women are moving into high paying non-traditional areas of the labour force, in fact the progress has actually been slow. Even when women do break into this sector, they remain responsible for child care and homemaking and work fewer hours than men and thus make lower wages.
- While the wage gap is closing, women on average for full time work over a full years, earn only 71 cents for every \$1.00 a man makes. Even in professional jobs such as teaching, women’s earnings lag behind men: in 2003 the average salary for female full-time, full-year teachers was \$47,500 and for male teachers \$63,300.
- The lack of reliable, affordable child care keeps many women out of the workforce or puts them in a position where they can only work part time.
- Recent research shows that 2/3 of today’s 40 year olds are not saving enough to retire at 65. These computations are based on an annual income of \$40,000. The average wage for women in 2004 was \$25,000.
- In 2001 over 60% of women do not have access to a private or workplace pension (www.wecan.vcn.bc.ca).

IDEAS TO REFLECT ON

As you read to Li article, note the following points:

- Between 1990 and 2001 the standard of living declined continuously for those who became widowed; five years after the death of their spouse widows income had declined by almost 10%;
- The number of widows in Canada is increasing; senior widows outnumber senior widowers four to one;
- Once a widow falls into poverty, it is very difficult to extricate themselves from that positions.
- The 25% of senior women with the highest incomes were not immune to a decline in income status.

A FINAL NOTE

In order to better understand the economic status of older women, longitudinal studies are needed which will examine the effects of age, widowhood, and pre-retirement socio-economic status. Among the factors to consider are the relationship between earnings and retirement income, the timing of retirement, the effects of inflation during retirement on the real value of income, consumption choices, and a husband's decisions about life insurance. Pre-retirement earnings for women will also have to improve if future cohorts of older women are to have higher retirement incomes.