



# Fact Sheet #1

## After-tax incomes in Canada: Running hard to stand still

Canadians are running hard to stand still. There has been very little progress in real income growth over the past 30 years. The gains recorded in the late 1990s and early 2000s ground to a halt in 2008 with the onset of the recession. In 2010, after-tax incomes were still below pre-recession levels. Overall, family incomes are higher in Alberta, Ontario, and Saskatchewan, and lower in Quebec and eastern Canada.

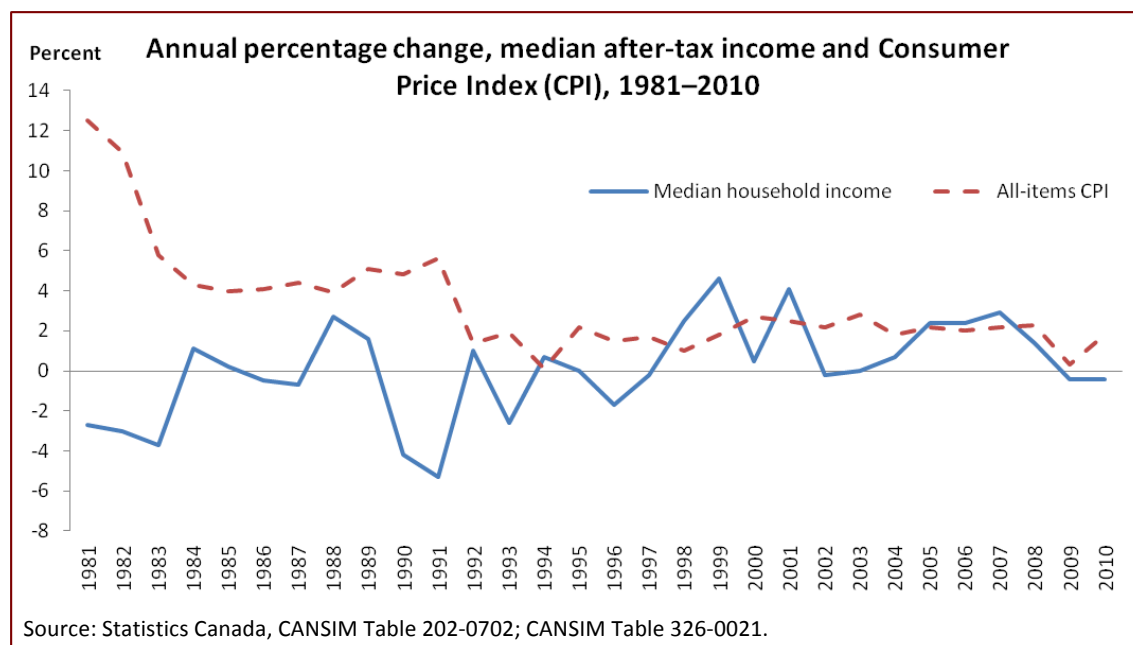
### After-tax incomes have lost ground since the recession

- The median after-tax income of all Canadians was \$49,300 in 2010, down from \$49,500 in 2009. This was the third consecutive year of decline in income, after a period of growth which began in 2004.
- The after-tax income of families of two or more people was \$65,500 in 2010. There was virtually no change in family income between 2008 and 2010. Lone-parent families experienced a decline of 1.5% between 2009 and 2010.
- And the after-tax income among individuals living on their own was less than half of the income of families, at \$26,000. Working-age individuals received \$27,500 while seniors received \$23,400 in 2010.

### After-tax incomes are highest in Alberta, and lowest in eastern Canada

- Noticeable differences among the provinces are apparent in median after-tax income of families. Median income is significantly higher in Ontario and westward than in Quebec and Atlantic Canada – a pattern that has been evident for many years.
- Since 2004, Alberta has had the highest family incomes, at \$78,100 in 2010, over \$10,000 higher than the Canadian benchmark. The commodities boom and tight labour markets have led to higher incomes in the west.
- Alberta also has the highest after-tax income among unattached individuals, followed by Ontario, Saskatchewan, and Prince Edward Island.

## Cost of living continues to outpace income growth



## Canadians have made modest gains over past over 30 years

- After-tax incomes have stagnated for the better part of the last three decades; they did not surpass 1981 levels until 2006. Two recessions in the early 1980s and the 1990s hit low- and modest-income households very hard. Real incomes, for instance, fell by 12% between 1989 and 1997.
- Since the mid-1990s, household incomes have risen by over 20%, buoyed by a strong labour market – up until the 2008–09 recession. The median income of families rose by 26.7% between 1993 and 2008, while the incomes of unattached individuals grew by 26.2%.
- The ups and downs of the economy have left a significant mark on the financial security of Canadians. Even taking years of strong economic growth into account, after-tax incomes edged forward at only 0.2% per year over the 1981–2010 period, lagging significantly behind the average annual rate of inflation for the period (at 3.4%).

## After-tax income trends in the provinces

- Prince Edward Island, Saskatchewan, and Alberta experienced the highest gains of over 15% over the 1981–2010 period. All of these income gains were posted after 1993.
- After-tax incomes in British Columbia, by contrast, fell by 3.2% between 1981 and 2010, while the incomes of Quebecers and Newfoundlanders experienced virtually no change. These provinces experienced significant losses through the 1980s and early 1990s and have taken many years to recover (see page 19).

Change in Median After-tax Income, by Household Type, Constant \$2010, Various Periods, 1981 – 2010								
	1981 – 2010		1989 – 1993		1993 – 2008		2008 – 2010	
			Recessionary Period		Expansionary Period		Recessionary Period	
	\$	%	\$	%	\$	%	\$	%
All households	2,500	5.3	-4,900	-10.7	8,900	21.8	-400	-0.8
Families	8,700	15.3	-5,600	-9.8	13,800	26.7	0	0.0
Unattached individuals	3,300	14.5	-2,500	-11.0	5,300	26.2	500	2.0

Statistics Canada, CANSIM Table 202-0702 - Market income, government transfers, total income, income tax and after-tax income, by economic family type, 2010 constant dollars, annual