



Fact Sheet #2

After-tax incomes by household type: Singles being left behind

Canadian families on average enjoy a higher standard of living today than they did 30 years ago. Senior families, in particular, have made important gains in their after-tax incomes, even as the number of seniors has grown. The progress among working-age families, however, has been uneven. It wasn't until the last decade that these families started to make economic headway. By contrast, working-age individuals living on their own continue to struggle, having made little or no progress. The sluggish recovery in recent years has resulted in flat incomes and continuing uncertainty for families and individuals alike.

Seniors have made steady progress

- The median after-tax incomes of senior families (65 years and over) has been trending upward for the past three decades. Median incomes grew by 36% over the entire period, rising from \$34,400 in 1981 to \$46,800 in 2010.
- The after-tax incomes of seniors living on their own have improved steadily as well – up by 62% among men, and by 48% among women – over the 1981–2010 period, to \$27,800 and \$22,500 respectively.
- These improvements reflect gains from “market” sources (private pensions, investment income, and earnings), as well as significant increases in transfer payments received through government programs such as Guaranteed Income Supplement, Old Age Security, and the Canadian/Quebec Pension Plan.

Working-age families have been on an economic roller coaster

- Working-age families (18 to 64 years), on the other hand, have experienced much greater income volatility. Median after-tax incomes stagnated through the 1981–1997 period – increasing through expansionary periods, and then rolling back with each recession.
- Buoyant labour markets since 1997 helped to turn their financial situation around. After-tax incomes increased from \$55,300 in 1997 to \$70,700 in 2010, the result of strong growth in average hourly wages and weekly hours worked through the early part of the decade.
- The general increase in the number of income earners per family has been an important factor in sustaining family incomes. While two incomes are not a guarantee against low income, reliance on a single income carries a higher risk of economic insecurity, particularly as increases in household

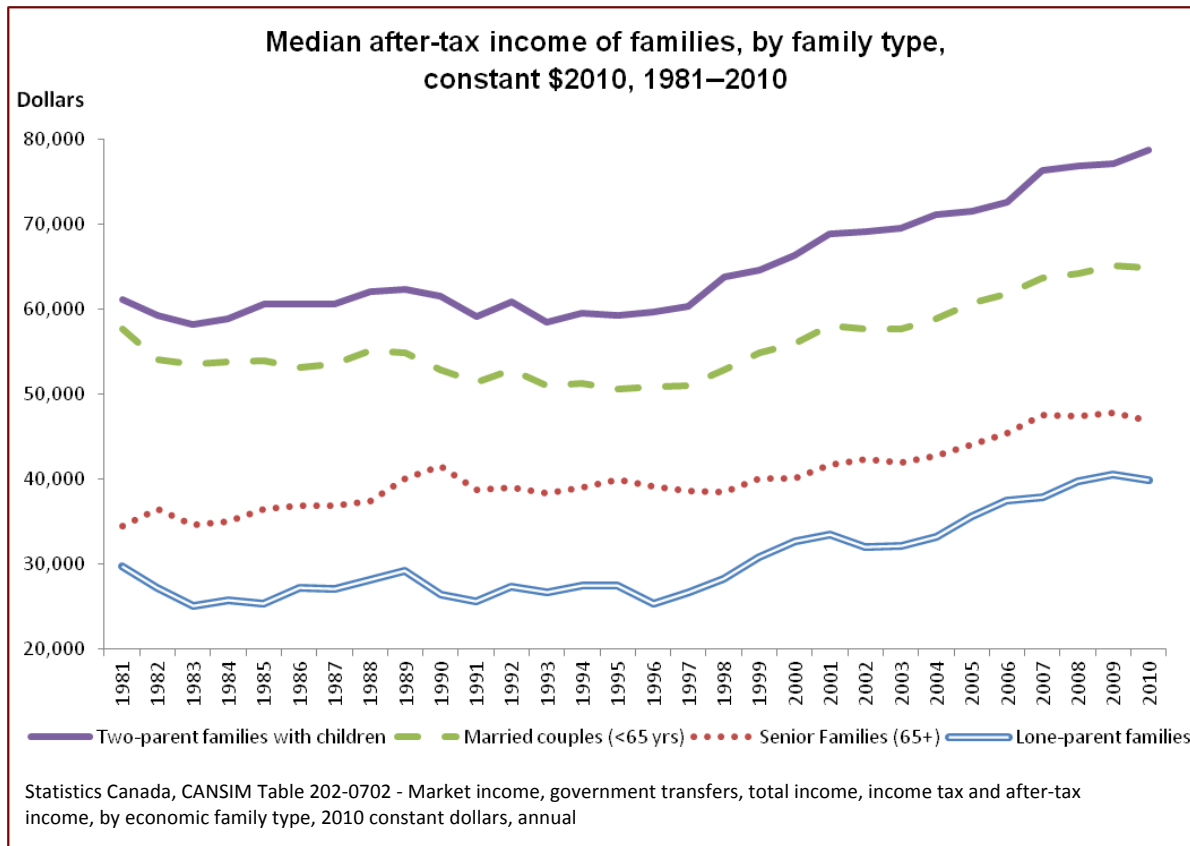
spending and growing debt loads continue to outpace income gains.¹

- Lone-parent families have made important strides in recent years as the income gap between them and two-parent families has begun to narrow. Their after-tax incomes increased by 34.3% between 1981 and 2010. The improvement was due to the growing rate of labour force participation among lone-parent mothers, increased hours and weeks of employment, and greater earning power related to higher levels of education.
- Since the 2008–09 recession, income growth has slowed, reflecting sluggish growth in market incomes from earnings and investments.

Individuals under age 65 living on their own falling behind

- The experience of working-age individuals living on their own has been much more difficult over the last 30 years, as the low-wage labour market has expanded and income supports such as social assistance and employment insurance have been systematically eroded.
- The median after-tax incomes of women living alone were slightly higher in 2010 than in 1981 at \$25,200, having taken years to recoup the economic losses experienced in the 1980s and 1990s.
- But the incomes of working-age single men have yet to recover. Their 2010 after-tax incomes were 7% lower in 2010 than in 1981 (\$28,800 compared to \$31,000).
- Those facing the greatest risk of persistent low income include members of visible minority groups, individuals with less than a high school education, people reporting disabilities, and adults aged 45 to 64. There is also a large economic gap between Aboriginal peoples and non-Aboriginal Canadians across all indicators of economic security.²

1998–2008 was a positive decade of income growth for families



Working-age individuals living on their own have lost ground since 1981

