

Fact Sheet #7

Duration of Poverty

Duration of poverty is another critical dimension that impacts the health and well-being of individuals and families. Research has shown that changing family status (e.g., divorce, birth of a child), changing health status (e.g., onset of disability), and economic shocks and poor labour market conditions (e.g., loss of a job, precarious employment) are strong determinants of movement into and out of poverty. Groups such as persons with disabilities, those with low levels of education, members of racialized communities, and Aboriginal peoples all experience higher risk of long-term poverty. Understanding the duration and timing of poverty is critical for tailoring effective anti-poverty strategies and supports that meet the diverse needs of low-income Canadians.

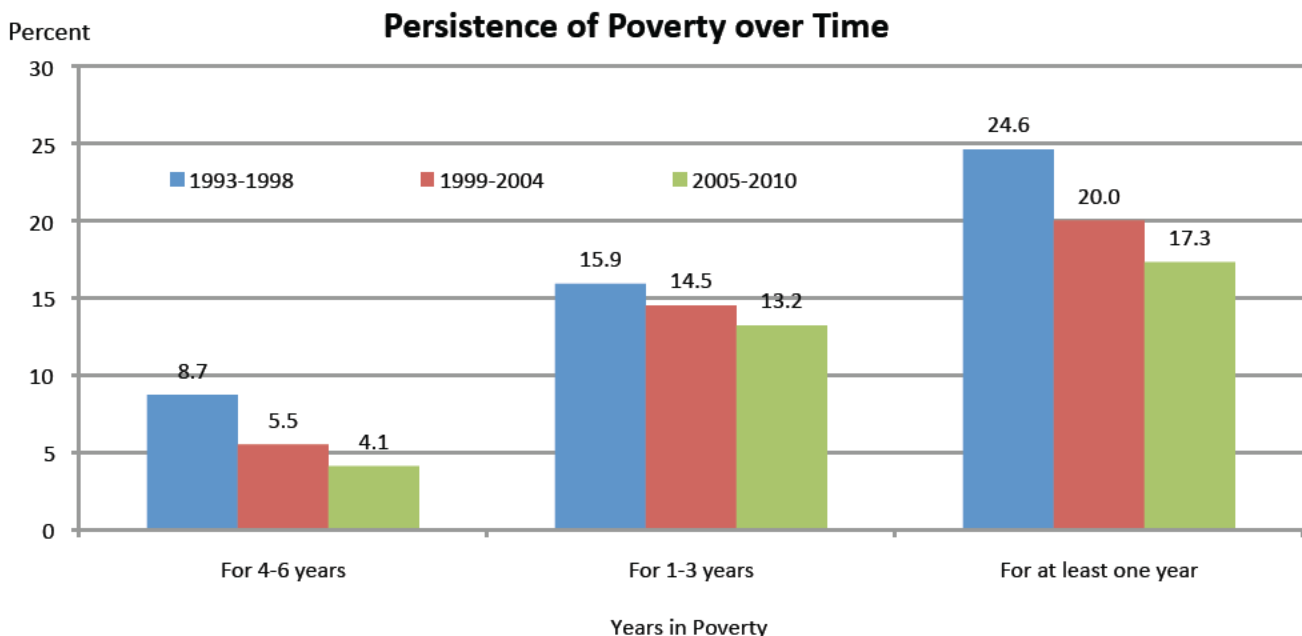
Canadians experienced greater difficulty exiting poverty during the recession

- A significant proportion of those who experience poverty do so for relatively short periods of time. One-third of the poor leave low income the following year.
- Very few experience poverty over a long period but recent evidence suggests that people experienced greater difficulty exiting low income during the recession.

Majority of poor in one year are poor the next year

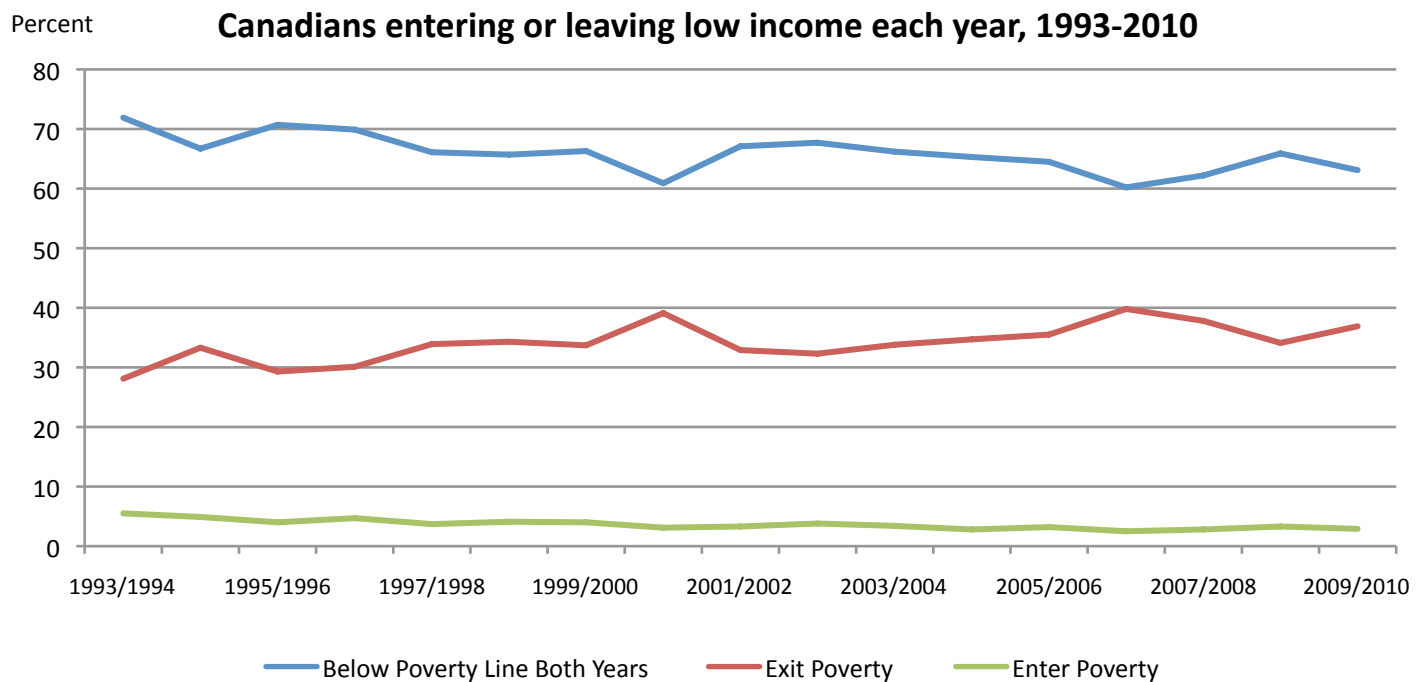
- The majority of people who are poor in one year remain in poverty the following year. As a result of the recession, the “immobility rate” rose from 60.2% in 2006-07 to 65.9% in 2008-09, falling back to 63.1% in 2009-10.
- The “exit rate” has varied between 28% and 40% between 1993 and 2010, increasing most recently between 2008 and 2010. In 2010, 36.9% of those who were poor in 2009 were no longer poor in 2010.
- The “entry rate” in a given year tends to be low – under 5%. Roughly, 3% of the non-poor population in 2009 fell into poverty in 2010.

Fewer people experiencing long-term poverty



Statistics Canada, Table 202-0807 Persistence of low income, by selected characteristics, every 3 years. Note: After-tax Low Income Cut-off

Majority of people who are poor one year are poor the next



Statistics Canada, Table 202-0806 Transitions of persons into and out of low income, annual. After-tax Low Income Cut-off

The average duration of poverty has fallen since the mid-1990s

- How long do people stay in poverty? Over the 2005-2010 period, 17.3% of Canadians experienced poverty for one or more years; 4.1% were in low income for at least four of the six years, and 1.5% were persistently poor over this period.
- The average time in low income was 2.4 years during the 2002-07 period, representing a slight decline in the duration of poverty from the mid-1990s (2.7 years in the 1993-98 period).¹⁶

People with disabilities, unattached individuals and lone-parents at high risk of long-term poverty

- Several groups have a high risk of long-term poverty. People with disabilities have particularly high rates of persistent poverty: 8.4% of this group was poor each year between 2002 and 2007, while 14.4% were poor for four or more years during this period. The average spell of poverty was 3.4 years.¹⁷
- Lone-parent families and unattached individuals were also more likely to experience longer spells of poverty. These were the groups most likely to be poor for at least one year in the 2002-07 period (48.3% and 45.6%, respectively) and to be poor for the longest average period of time (3.6 and 2.8 years, respectively).