



Legislated changes to federal pension income in Canada will adversely affect low income seniors' health

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ABSTRACT

Objective. This study uses a population health intervention modeling approach to project the impact of recent legislated increases in age eligibility for Canadian federally-funded pension benefits on low income seniors' health, using food insecurity as a health indicator.

Method. Food insecurity prevalence and income source were assessed for unattached low income (<\$20,000 CAD) persons aged 60–64 years (population weighted $n = 151,350$) versus seniors aged 65–69 years (population weighted $n = 151,485$) using public use data from the Canadian Community Health Survey Cycle 4.1 (2007–2008).

Results. Seniors' benefits through federal public pension plans constituted the main source of income for the majority (79.4%) of low income seniors aged 65–69 years, in contrast to low income seniors aged 60–64 years who reported their main income from employment, employment insurance, Workers' Compensation, or welfare. The increase in income provided by federal pension benefits for low income Canadians 65 and over coincided with a pronounced (50%) decrease in food insecurity prevalence (11.6% for seniors ≥ 65 years versus 22.8% for seniors <65 years).

Conclusion. Raising the age of eligibility for public pension seniors' benefits in Canada from 65 to 67 years will negatively impact low income seniors' health, relegating those who are food insecure to continued hardship.

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Introduction

Canada's retirement system consists of three pillars: 1) federally-funded benefits, including non-contributory tax-funded Old Age Security (OAS), Guaranteed Income Supplement (GIS) for low income seniors, and the GIS Allowance for spouses of low income seniors; 2) contributory social insurance-funded Canada/Quebec Pension Plan (CPP/QPP); and 3) individual retirement savings (RRSPs) and Employment Pension Plans/Registered Pension Plans (RPP). Generally, this three pillar system provides an income floor for seniors through the OAS/GIS benefits which can be built upon through the addition of contributions from other pillars via personal savings and employment-based pensions. Despite decades of strong labor market conditions and rising household incomes many Canadian households, particularly unattached individuals, rely primarily on OAS and GIS benefits for income after age 65 (NACA, 2005).

The importance of the guaranteed income floor provided through OAS/GIS benefits for addressing seniors' poverty has been clearly demonstrated. Poverty among Canadian seniors, especially among women and unattached individuals, was the norm until the 1970s (Podoluk, 1968). The late 1960s and early 1970s saw a drop in the eligibility age

for OAS from 70 years to 65 years (1965–1969), the introduction of the GIS for lower-income individuals (1967) and the CPP/QPP (also in 1967), the commencement of full annual cost-of-living indexation (1972), and the establishment of the Spouse's Allowance (1975) (Service Canada, 2012). As a consequence, poverty among seniors declined from 28.4% in 1973 to 5.4% in 1997, and the Canadian pension system has been called a “success story” (Myles, 2000; Osberg, 2001).

The recent global financial crisis, rising life expectancy, and the aging of the Canadian population motivated the federal government to reconsider the sustainability of the federal non-contributory tax-funded public pensions (Denton and Spencer, 2011; Government of Canada, 2012). To that end, the Government of Canada introduced legislative changes to the first pillar of the Canadian pension system in their Budget 2012; in particular, eligibility ages for OAS and GIS will be raised gradually, starting in 2023, with OAS and GIS moving from 65 years to 67 years (Government of Canada, 2012).

While fiscal considerations have been the driver of this policy decision, there appears to have been little consideration of the population health consequences of such a change, in part because of a misunderstanding of how Canada's public pension benefits, OAS and GIS, affect the material condition of vulnerable Canadians. Thus, recent legislated changes to the Canadian public pension system constitute in effect a population-level intervention with implications for seniors' health and well-being. With this perspective in mind, the objective of our study

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was to project the impact of raising the age of OAS/GIS eligibility on low income unattached seniors' health.

Methods

We employed food insecurity, by which we mean inadequate or insecure access to adequate food due to financial constraints, as the health outcome measure for our population health intervention model. Food insecurity can be understood as a concept of risk arising from economic insecurity that is broader than the experience of going without food, or adequate food. It incorporates worries about running out of food and the social acceptability of how one accesses food. In high income countries like Canada, food insecurity is a dynamic process, as households can slip into and out of food insecurity (McIntyre et al., 2000; Tarasuk, 2001; Tarasuk et al., 2007), and while not synonymous with malnutrition as seen in low income countries, food insecurity has detrimental effects on both the physical and mental health of affected individuals (Gucciardi et al., 2009; Stuff et al., 2004; Vozoris and Tarasuk, 2003; Whitaker et al., 2006). As a consequence, increases in food insecurity rates in a population imply a worrisome health outcome.

Food insecurity prevalence has been shown to decrease with increased household income, but the relationship is complex (Che and Chen, 2001; Health Canada, 2007, 2011; Ledrou and Gervais, 2005). Income source, for example, is also a significant determinant of food insecurity risk. Households receiving pension as their main income source have also been shown to have lower odds of being food insecure than other population groups (Che and Chen, 2001; Health Canada, 2007, 2011; Tarasuk and Vogt, 2009), but it has not been established to which extent the first pillar of Canada's pension system might be the reason for this good outcome. To investigate the impact of public pensions on senior well-being, we assessed food insecurity prevalence in two groups of low income unattached seniors—those between 60 and 64 years of age, who are ineligible for public pension benefits; and those between 65 and 69 years of age, who are age-eligible for public pension benefits.

Controlling for both personal annual income (<\$20,000 CAD) and family status (unattached) allowed us to specifically assess the impact of changing the sources of income on health outcomes at the population level between two age groups who would otherwise be expected to be comparable in health and other household characteristics. In effect, this sub-group analysis modeled a natural experiment at the population level where we could evaluate the change in only one variable of interest, namely income source, on a dynamic health indicator—food insecurity.

Data source

We worked with a sample derived from the public use data file of the Canadian Community Health Survey (CCHS) Cycle 4.1 (2007–2008) (Statistics Canada, 2008). The CCHS captures health and sociodemographic information from a population-representative survey of approximately 130,000 individuals 12 years and older, excluding individuals who are full-time members of the Canadian Forces or lived on First Nations Reserves or Crown Lands or in prisons or care facilities. Cycle 4.1 is unique as it measured food insecurity in the households of all respondents. We restricted our analysis to unattached respondents with an annual personal income of \$20,000 CAD or less. Unattached respondents included a heterogeneous sample of single, divorced, separated, and widowed respondents.

Observations from respondents with missing household food insecurity responses, and data from Yukon, Northwest Territories, Nunavut were excluded (these provinces have large aboriginal populations with confounding factors influencing food access, as well as small population sizes; for the latter reason, we also excluded residents of Prince Edward Island). After these exclusions, respondents were divided into two groups: those aged 60–64 years (population weighted sample size 151,350) and those aged 65–69 years (population weighted sample size 151,485).

Measures

Food insecurity in CCHS 4.1 was measured through responses to the United States Department of Agriculture (USDA) Household Food Security Survey Module (HFSSM) which has been internationally validated as a measure of food insecurity as a consequence of financial constraint (Bickel et al., 2000). For unattached adults, this would represent adult level food insecurity using the 10 question adult scale. We used a summary measure of food insecurity status over the

preceding 12 months derived by Statistics Canada using Health Canada cut-offs to question responses (Health Canada, 2007).

Main income source was broken down into four categories: employment income; employment insurance (EI)/Worker's Compensation (WCB)/welfare (social assistance); seniors' benefits (including CPP/QPP, retirement pensions, superannuation and annuities, and OAS/GIS); and other income (e.g., rental income, dividends).

Statistical analyses

We used simple descriptive and analytic statistics to compare prevalence estimates of food insecurity between the two age groups of interest using survey weights. The 95% confidence intervals of these estimates were derived from standard error estimates using population weights. Data were analyzed using STATA 11.0 (Stata Corp, College Station, TX, USA).

Results

Fig. 1 shows the differences in income sources between low income unattached 60–64 year olds compared with 65–69 year olds. Turning 65 clearly shifts the main personal income source from employment and other public benefit sources (specifically EI/workers' compensation/welfare) to federal public pension income; for this low income population, nearly 80% of the sample relied on OAS and GIS benefits. Of note, one-third of the 60–64 year old sample also reported seniors' benefits as their major source of income. They would not be receiving OAS/GIS benefits but may have been recipients of GIS Allowance (also slated to be age-shifted upwards from age 60–64 years to 62–66 years [Government of Canada, 2012]) and/or CPP/QPP payments which are typically lower in value than OAS and GIS.

To assess if this shift in income source has an effect on seniors' population health, we calculated the proportion of food insecure respondents in the two age groups. Fig. 2 shows a pronounced difference in food insecurity prevalence between the two age groups. Turning 65 cuts food insecurity prevalence in half (22.8% for the younger age group versus 11.6% for the older age group). We also calculated food insecurity prevalence by age group for each of the income sources separately—employment, EI/WCB/welfare, and seniors' benefits. The proportion of food insecure respondents was approximately two times higher for those aged 60–64 years compared to those aged 65–69 years for all income sources except for employment. Food insecurity prevalence was especially high among respondents receiving EI/WCB/welfare (39.4% for the younger age group and 28.1% for the older age group). Respondents receiving seniors' benefits showed a 10% prevalence of food

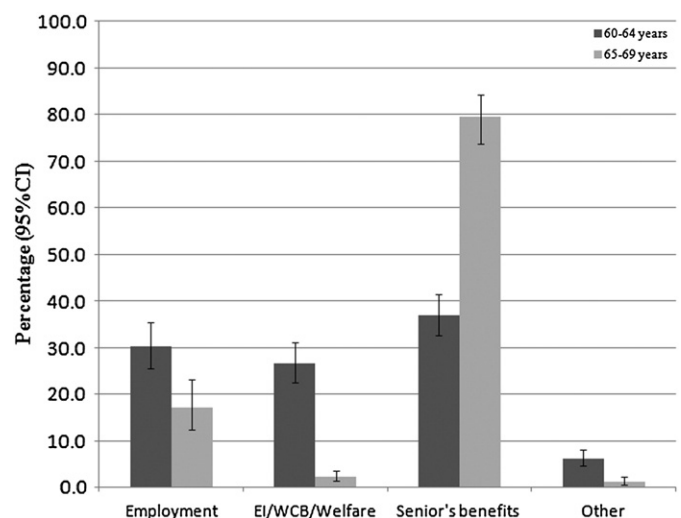


Fig. 1. Main source of income for CCHS 4.1 unattached respondents with personal income \$20,000 or less by age group. Sample proportions were based on weighted counts, and confidence intervals were based on bootstrapped standard errors.

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