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## **Elderly Immigrants in Canada: Income Sources and Self-Sufficiency**

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## I. Introduction

In previous analysis of the immigrant population, elderly immigrants arose as a group with a high prevalence of low income individuals. It remained unclear whether these immigrants landed in Canada in an older age group or whether they arrived at a younger age and became part of the elderly group years later. The methodology used in this paper will allow this question to be addressed. Throughout this analysis the elderly population is defined as those aged 60 years or older in a given tax year. The elderly immigrant population is divided into three groups: **long-term elders** who landed in Canada aged 40-49 years, **short-term elders** who landed aged 50-59 years, and **immediate elders** who landed aged 60 years or older.

Using data from the longitudinal Immigrant Database (IMDB)<sup>1</sup> this paper builds on two aspects of previous research in this area. First, this paper investigates the demographic characteristics of the three groups of elderly in an attempt to highlight differences that may affect income. The second part of this analysis takes a more in-depth look at the income sources of elderly immigrants in Canada. Generally speaking, individuals with low income are often less self-sufficient and, as a result, may rely more heavily on social transfers. Labour market and retirement income are further disaggregated here to allow for a detailed analysis of reliance on specific income sources, with particular attention given to reliance on social transfers.

## II. Previous Research

The findings presented here were taken from the first part of a study currently underway in the Strategic Research and Statistics Division at Citizenship and Immigration Canada (CIC).<sup>2</sup> In the previous analysis average annual income was disaggregated into four components: private and public market income, and contributory and non-contributory retirement income. **Private market income** includes employment earnings, self-employment earnings, and investment income. **Public market income** includes income from employment insurance and social assistance. **Contributory retirement income** includes income from C/QPP, Registered Retirement Savings Plans (RRSPs), and private pension plans. **Non-contributory retirement income** includes income from Old Age Security (OAS) and Guaranteed Income Supplement (GIS) and Allowance. Some interesting findings resulted from this previous analysis.

First, there was evidence of a relationship between age at landing and reliance on certain sources of income for elderly immigrants. Long-term elders relied on market income most heavily and for a longer period of time. Consequently, fewer long-term elders received income exclusively from retirement sources. Short-term elders were less reliant on market income; however, they were still more reliant than immediate elders. Second, there was evidence of a relationship between immigration category and reliance on particular sources of income. For example, Skilled Principal Applicants exhibited more reliance on market income, while Parents and Grandparents showed more reliance on retirement income. Third, similar to the results observed for income sources, there appeared to be a relationship between age at landing and the

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<sup>1</sup> The IMDB is managed by Statistics Canada on behalf of a Federal-Provincial Consortium led by Citizenship and Immigration Canada.

<sup>2</sup> Dempsey, C. (2004).

composition of income. Long-term elders received a larger share of their income from private market sources than either of the other two elderly groups. This is especially true for Skilled Principal Applicants within this group. Although, short-term elders had a lower share of income from private market sources, this share remained higher than that for the immediate elderly population. Finally, a relationship between income composition and immigration category may also exist. The lesser degree of reliance on market income observed for the short-term and immediate elder groups may be partially explained by the larger component of Parents and Grandparents in these groups. Parents and Grandparents in both groups received substantially larger shares of their average incomes from non-contributory retirement sources.

Disaggregating annual income into the four components discussed above was a necessary starting point. However, the results of the previous analysis raised additional questions regarding the income experiences of elderly immigrants. In this paper retirement income and market income will be disaggregated into ten specific income types. Investigating the incidence of these specific income types will help identify the income sources that are most commonly relied on by the elderly in each immigrant category. It will also shed light on the transition from market income to retirement income and the differences that occur for various immigrant categories during this transition.

### **III. Data & Definitions**

There are two general types of income investigated in this analysis. The first is referred to as market income, which represents income available to the working age population. Market income includes income from employment earnings, self-employment earnings, investment, employment insurance, and provincial supplements which include social assistance.<sup>3</sup> The second income type is referred to as retirement income, which represents income available exclusively to the elderly. Retirement income includes income from C/QPP, OAS, the GIS/Allowance, RRSPs, and private pension plans.<sup>4</sup>

C/QPP is a contributory pension that is related to an individual's lifetime earnings. Although there are no special provisions for immigrants, their benefits will be directly related to the length of time they have worked in Canada. To qualify an individual must have made a minimum of one valid contribution to the Plan and be at least 65 years of age. It is possible to qualify for a reduced pension between the ages of 60-64 if a person stops working or earns less than the current monthly maximum C/QPP payment.

OAS is a non-contributory pension that is related to an individual's years of residence in Canada. It is available to Canadian Citizens, permanent residents (landed immigrants), and individuals with a Minister's permit who are 65 years of age or older and have a minimum of 10 years of residence in Canada after reaching age 18. A full OAS pension is only available to those who

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<sup>3</sup> Income from social assistance is reported on the Provincial Supplement line of the tax form. The total of this line may include other provincial supplements and, as a result, social assistance income cannot be separated out. An example of such a supplement is income from the Guaranteed Annual Income System available to residents of Ontario.

<sup>4</sup> In addition to these retirement sources, the Guaranteed Annual Income System (GAINS) is available to residents of Ontario 65 years of age or older. More information on GAINS can be found on the Ontario Ministry of Finance's website <http://www.trd.fin.gov.on.ca>. Similar programs may also exist in other provinces.

have lived in Canada for 40 years or longer after reaching the age 18. A person who cannot meet the requirements for the full OAS pension may qualify for a partial pension. A partial pension is earned at the rate of 1/40<sup>th</sup> of the full monthly pension for each year an individual has lived in Canada after reaching 18.<sup>5</sup>

GIS is another non-contributory pension and is available to residents of Canada who receive a full or partial OAS pension. GIS benefits may begin in the same month as OAS benefits. To qualify for GIS a person must be in receipt of an OAS pension and have an annual income not exceeding a specified amount. Sponsored immigrants from countries with which Canada has agreements are not eligible for GIS during their sponsorship period (up to a maximum of 10 years) unless they have resided in Canada for an aggregate of ten years after reaching 18 years of age.<sup>6</sup> OAS and GIS are activated upon approval of an individual's application, with GIS requiring individuals to reapply on an annual basis.

The Allowance is a non-contributory pension available to the spouse, common-law partner, or survivor of a pensioner receiving OAS and/or GIS. Canadian citizens or permanent residents between the ages of 60 and 64 who have lived in Canada for at least 10 years are eligible to receive the Allowance. To qualify, the combined annual income of the couple, or the annual income of the survivor must not exceed the specified limits. Allowance stops when the recipient reaches age 65 and becomes eligible for OAS. Sponsored immigrants wishing to apply for the Allowance face the same eligibility requirements as those applying for GIS.<sup>7</sup>

The population investigated in this paper is taken from the IMDB. The IMDB combines administrative records on immigration with taxation information to form a comprehensive source of data on the labour market experiences of the landed immigrant population. Currently, the IMDB currently covers the period 1980-2000, providing data on approximately 2.5 million immigrants in Canada. To be captured in this sample an individual must have filed a tax return at least once during the period 1980-2000. As noted earlier, for this paper, the elderly population is defined as immigrant taxfilers aged 60 years or older in a given tax year. As mentioned earlier, the elderly population is divided into three groups: long-term elders who landed in Canada aged 40-49 years, short-term elders who landed aged 50-59 years, and immediate elders who landed aged 60 years or older. Figure 1 illustrates the size of the elderly immigrant population in tax year 2000 disaggregated by the three elderly groups.<sup>8</sup>

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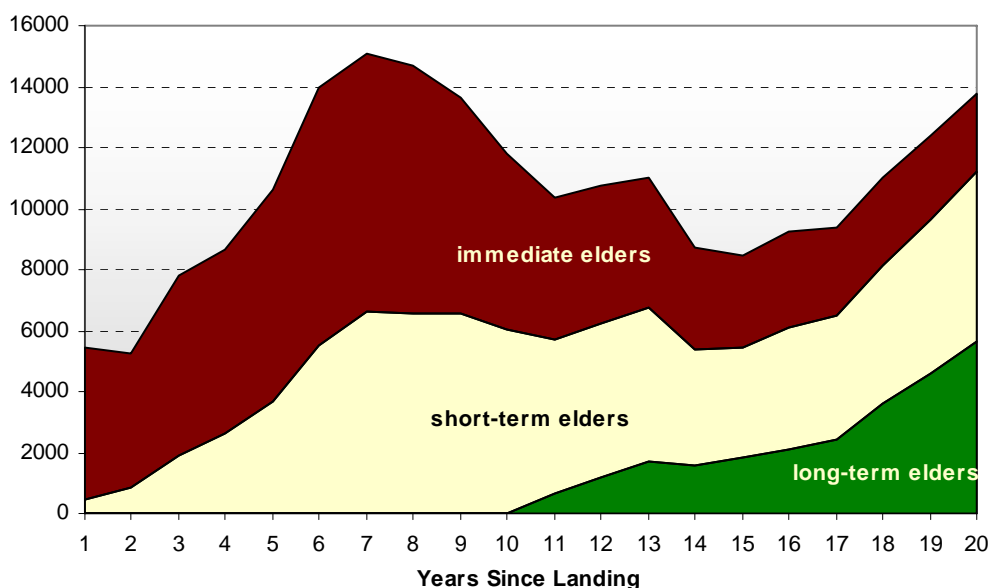
<sup>5</sup> Although citizenship and/or legal residency status is a requirement for OAS eligibility, in some instances time spent in Canada on a temporary basis prior to landing can factor into an applicant's residence history. As a result, an immigrant with less than ten years since landing can potentially be eligible for partial OAS benefits. For further details see Human Resource and Development Canada's information sheet, "How to Apply for the Old Age Security Pension, Allowance and Allowance for the Survivor" available at <http://www.retireware.com/pdf/isp3503e.pdf>

<sup>6</sup> See Appendix, Table A2: Schedule of Countries with which Canada has Agreements (Section 22.0, Old Age and Security Regulations)

<sup>7</sup> Benefits from GIS and Allowance are reported together as Net Federal Supplements on a single line of an individual's tax form. Consequently, these two sources of income are grouped together in this analysis.

<sup>8</sup> Table A1 in the Appendix provides, for tax year 2000, the share of the elderly population accounted for by the long-term, short-term, and immediate elderly groups.

**Figure 1: Number of Immediate, Short-term, and Long-term Elders in the IMDB in Tax Year 2000**



Source: IMDB

Some differences in the socio-economic characteristics of the population become apparent when looking at the three elderly groups. Differences are identified with respect to immigrant category composition and level of education. However, the distribution of the elderly population across province of residence remains almost identical for all three elderly groups. Although it is not shown here, the gender composition of the elderly groups is also very similar for all three groups. In the initial years after landing, there is a greater share of females in the elderly population but as years since landing increases the gender gap narrows considerably. The remainder of this section looks at these socio-economic characteristics in more detail.

**Table 1: Disaggregation of the Elderly Population by Immigration Category, 1980-2000 in Tax Year 2000**

Immigration Category	Long-term Elders (%)	Short-term Elders (%)	Immediate Elders (%)
Economic - Skilled Principal Applicant	26.7	9.2	2.8
Economic - Skilled Spouse/Dependent	9.9	2.9	0.5
Economic - Other	13.3	8.0	1.5
Family - Parents & Grandparents	19.9	59.5	79.2
Family - Other	11.9	5.8	3.3
Refugee	17.2	6.9	4.6
Retired	1.2	6.5	7.5
Other	0.0	1.1	0.5
Total	100.0	100.0	100.0

Source: IMDB

Table 1 provides a disaggregation of the three elderly populations by category of immigration. In tax year 2000 Parents and Grandparents who landed in Canada during the period 1980-2000

under the Family Class accounted for, on average, 20 percent of the long-term elderly population. Skilled Principal Applicants accounted for a slightly higher share equal to approximately 27 percent and Refugees represented 17 percent. However, for the elderly populations who were older at time of landing the share of Skilled Principal Applicants and Refugees is markedly lower while the share of Parents and Grandparents is higher. On average, over this period Parents and Grandparents accounted for over 60 percent of the short-term elderly population and 79 percent of the immediate elderly population.

**Table 2: Disaggregation of the Elderly Population by Level of Education<sup>9</sup>, 1980-2000 in Tax Year 2000**

Level of Education	Long-term Elders (%)	Short-term Elders (%)	Immediate Elders (%)
0-12 years	61.0	74.1	78.6
13+ years	6.1	4.7	4.5
Trade Certificate	12.5	7.0	5.0
Non-University Diploma	7.1	4.4	3.5
University Degree	13.4	9.8	8.4
Total	100.0	100.0	100.0

Source: IMDB

In Table 2 the elderly populations are broken down by level of education. A negative relationship between educational attainment and age at landing is evident. On average, 61 percent of long-term elders had less than a high school education (0-12 years of schooling) at the time of landing. For short-term and immediate elders the shares were 74 and 79 percent, respectively. On the other end of the spectrum, an average of 13 percent of long-term elders held a university degree. For short-term and immediate elders the shares were 9.8 percent and 8.4 percent, respectively.

**Table 3: Disaggregation of the Elderly Population by Province of Residence, 1980-2000 in Tax Year 2000**

Province of Residence	Long-term Elders (%)	Short-term Elders (%)	Immediate Elders (%)
Atlantic	1.5	0.8	1.0
Quebec	15.1	11.3	9.8
Ontario	50.1	52.3	54.8
Manitoba	2.6	2.1	1.7
Alberta	0.6	0.5	0.5
Saskatchewan	9.6	8.6	8.2
British Columbia	19.9	24.1	23.7
Territories & Other	0.5	0.4	0.2
Total	100.0	100.0	100.0

Source: IMDB

<sup>9</sup> An immigrant's level of education is recorded at time of landing. Further training or educational attainment that may occur after an immigrant has landed is not reflected here.

It is clear from Table 3 that approximately half of elderly immigrants reside in Ontario. This is true for all three elderly groups. In tax year 2000 immigrants residing in British Columbia accounted for roughly 20 to 24 percent of the elderly population and those residing in Quebec represented between 10 and 15 percent. This provincial distribution is not unique to elderly immigrants. In fact, Ontario, British Columbia, and Quebec have been the three largest recipients of newcomers to Canada since 1980. Ontario has always been the largest recipient and beginning in 1986 at least 50 percent of newcomers intended to reside in there. British Columbia and Quebec alternated as the second and third largest recipients over the past twenty years and, on average, 16.5 percent of landed immigrants intended to reside in each of these provinces.<sup>10</sup>

## IV. Real Annual Income

In this section the annual income for the three elderly populations is examined.<sup>11</sup> Figure 2 displays the average annual income for each elderly group in tax year 2000. There is evidence of a negative relationship between age at landing and annual income. There also appears to be a jump in income at the 10- to 11-year mark for short-term and immediate elders.

**Figure 2: Average Real Annual Income for Elderly Immigrants in Tax Year 2000, by Elderly Subgroup**

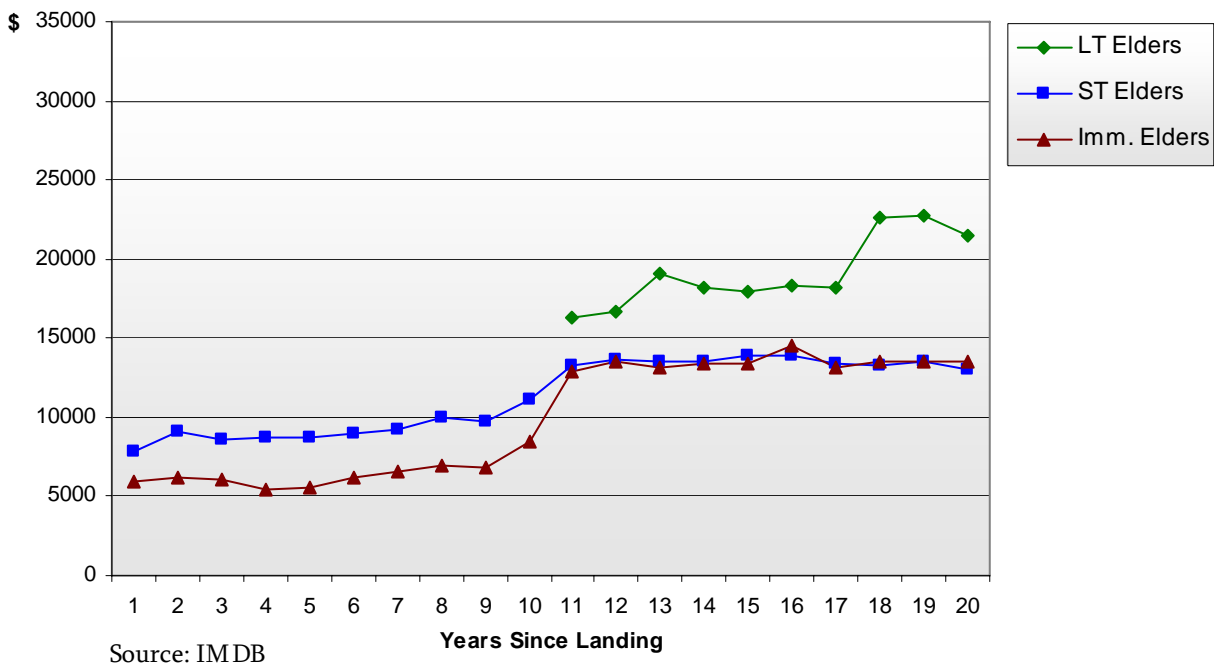


Figure 3 presents, for tax year 2000, the annual income reported by elderly immigrants in different categories at 5, 11, and 20 years after landing. It is clear that differences in annual

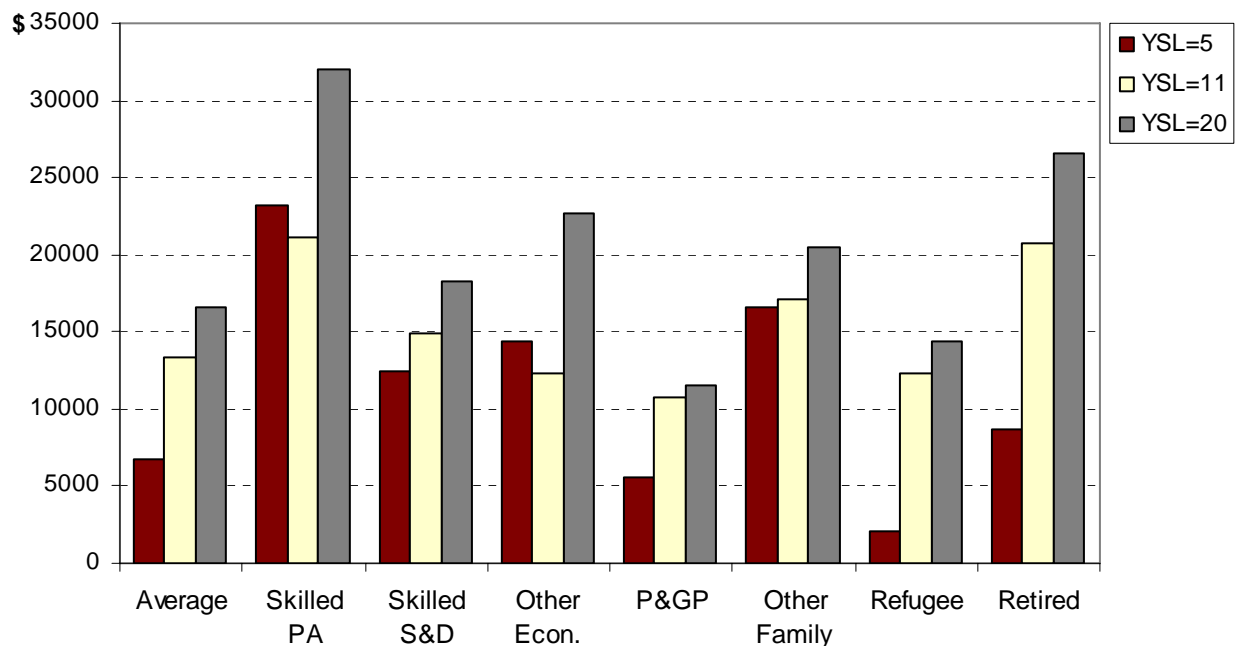
<sup>10</sup> Data on intended province of residence for all immigrant landings for the period 1980-2000 was taken from Citizenship and Immigration Canada's Permanent Resident Data System (PRDS).

<sup>11</sup> Annual income is defined as the summation of income reported in a given tax year from the ten income sources outlined in section III. Specifically, it includes annual employment earnings, self-employment earnings, investment income, employment insurance benefits, provincial supplements, C/QPP benefits, private pension income, RRSP income, OAS benefits, and GIS/Allowance benefits.

income exist for elders in various immigrant categories. Note that Figure 3 groups all elderly immigrants within an immigrant category together. It does not disaggregate these populations by age at landing. However, the text which follows provides further detail on the experiences of specific elderly groups within each immigrant category.

Elderly immigrants who landed as Skilled Principal Applicants reported higher annual incomes, than those who landed under any other immigration category.<sup>12</sup> Long-term elderly immigrants in this category had an annual income of \$25 000 at first observation and this income increased to \$35 000 by the 20-year mark. Skilled Principal Applicants in the short-term elderly group, on average, reported an annual income of approximately \$20 000 over the period. Although the number of immediate elders who landed as Skilled Principal Applicants is relatively small, it is worth noting that the annual income for this group was also higher than the average for all immediate elders presented in Figure 2. The sharp increase in income at the 10- to 11-year mark, apparent in Figure 2, was not present for elderly immigrants in the skilled principal applicant category.

**Figure 3: Average Real Annual Income for Elderly Immigrants in Tax Year 2000, by Immigrant Category**



Skilled Spouses and Dependents in all three elderly groups also reported annual incomes above the averages seen in Figure 2. Long-term elders in this category, on average, had an annual income of \$17 500 and short-term elders averaged income of nearly \$15 000 over the period. There were very few immediate elders who landed as Skilled Spouses and Dependents. The average annual income over the period for these elderly immigrants was approximately \$10 000. Although there is no sharp increase in income at the 10- to 11-year mark, short-term and

<sup>12</sup> Two exceptions to this are immediate elders who have been classified as "Other Family" and immediate elders who landed as Retired immigrants. However, a comparison between these populations is difficult to make given the small population of Skilled Principal Applicants who landed at age 60 or older.



immediate elders in this category reported slightly higher levels of income from the tenth year on.

Elderly immigrants who landed as Other Economic immigrants<sup>13</sup> also had higher annual income than the averages seen in Figure 2. Although long-term elders in this category had an annual income of roughly \$10 000 in the first year of observation, this increased to \$25 000 by the 20-year mark. Other Economic immigrants in the short-term and immediate elderly groups reported an annual income of, on average, \$15 000.

In contrast to the results observed for economic immigrants, Parents and Grandparents who land in the Family Class had incomes below the averages presented in Figure 2. Long-term elders in this category had an income of nearly \$7 000 in the first year of observation which increased to \$11 000 by the twentieth year. Parents and Grandparents in the short-term and immediate elderly groups exhibited patterns very similar to each other and to those seen in Figure 2. Short-term and immediate elders had incomes equal to \$5 000 and \$7 000, respectively, until the 10-year mark. During the tenth and eleventh year the income for these two groups increased sharply to \$11 000 and remained there through the twentieth year.

Not all of the elderly immigrants who land in the Family Class reported incomes below the average incomes illustrated in Figure 2. Those who land as Other Family<sup>14</sup> immigrants had incomes comparable to or in excess of the overall average for all elderly groups. Long-term elders in this category had an annual income of nearly \$15 000 in the first year of observation and this increased to \$22 000 by the final year. The annual income of short-term and immediate elders, on average, was \$16 500 throughout the period. Unlike the income pattern of Parents and Grandparents, Other Family immigrants did not experience a marked increase in income in at the 10- to 11-year mark.

The long-term elderly who landed as Refugees had income of \$15 000 in the first year of observation and this increased to \$20 000 by the 20-year mark. Short-term elderly in this category had income of \$5 000 in the first year after landing. This income increased gradually to \$10 000 by the tenth year after landing. By the 11-year mark income increased to roughly \$12 500 and it remains there through the twentieth year. The income pattern is similar to this for Refugees in the immediate elderly group except with lower income at the onset. Refugees in this group begin the period with no income and by the 11-year mark income has reached \$10 000. After the 11-year mark income increased slightly to \$11 500 and remained there for the rest of the period.

Short-term and immediate elders who landed as Retired immigrants began the observation period with an annual income of \$10 000 and reached \$25 000 by the end of the period. There are too few long-term elders who landed as Retired immigrants to present any meaningful results here.

The income situations of all elderly immigrants illustrated in Figure 2 do differ from those observed for individual immigrant categories. Elderly immigrants who landed in the Economic

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<sup>13</sup> For the purpose of this paper, Other Economic immigrants include those immigrants who landed in Canada under the Economic Class in a category other than Skilled Principal Applicants or Skilled Spouses and Dependents.

<sup>14</sup> For the purpose of this paper, Other Family immigrants include those immigrants who landed in Canada under the Family Class in a category other than parents or grandparents.

Class reported annual incomes above the averages seen in Figure 2. Those who landed as Retired immigrants, on average, had annual incomes comparable to Skilled Principal Applicants. Other Family immigrants had incomes comparable to those of and Other Economic immigrants. Parents and Grandparents had the lowest income of all immigrant categories, with one minor exception. The exception being that short-term and immediate elders who landed as Refugees reported lower incomes than Parents and Grandparents until the 10-year mark. At that point the incomes of both groups increased sharply and stabilized at roughly the same level. Long-term elders who landed as Refugees had incomes similar to those of Skilled Spouses and Dependents and Other Economic immigrants.

The relatively low incomes reported by Parents and Grandparents and Refugees served to depress the overall averages and masked the higher incomes reported by other immigrant categories. The sharp rise in income reported by short-term and immediate elders at the 10- to 11-year mark also appeared to be driven by the income experiences of Parents and Grandparents and Refugees. This is not surprising given that these two categories combined to account for 68 and 80 percent of the short-term and immediate elderly populations, respectively. A more detailed investigation of the specific income types available to elderly immigrants may help shed light on the trends in annual income observed here.

## **V. Income - Incidence and Averages**

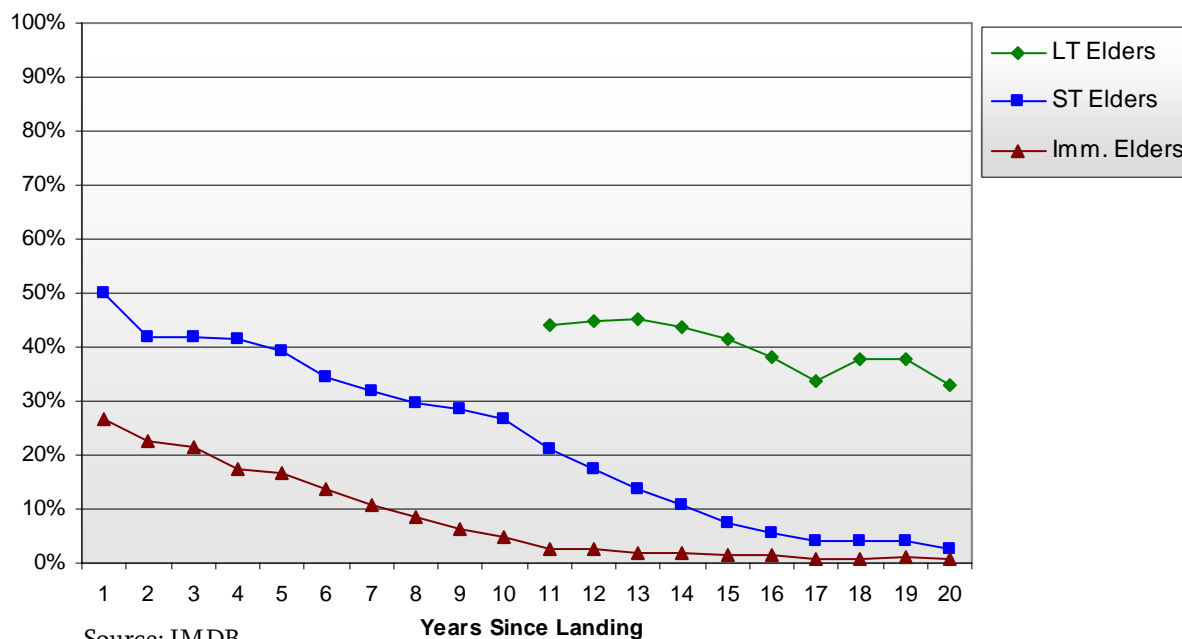
In this section, the incidence of reporting income from a specific source, as well as the average income received from that source, will be examined for the three elderly populations. In total there are ten sources of income available to elderly immigrants; five market sources and five retirement sources. These income types were described in section III. The focus here will be on income sources with higher incidences and/or notable trends across years since landing. Of the market sources greater detail will be given to employment earnings, investment income and provincial supplements and of the retirement sources particular attention will be given to income from C/QPP, private pensions, OAS, and GIS/Allowance.

Figure 4 shows the incidence of employment earnings for the three elderly populations in tax year 2000.<sup>15</sup> There appears to be a negative relationship between age at landing and the incidence of employment earnings. In the first year of observation, 45 percent of the long-term elderly population reported employment earnings and after 20 years this had declined by only 10 percentage points. In the first year after landing, 50 percent of short-term elders reported employment earnings but this declined steadily and by the 11- and 20-year marks the shares were 20 and 2 percent, respectively. Immediate elders displayed a similar pattern but with a lower incidence in each year observed. Less than 30 percent of immediate elders reported employment earnings in the first year after landing. At the 11-year mark the incidence of employment earnings was less than 5 percent and in the fifteenth year there were no immediate elders reporting employment earnings.

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<sup>15</sup> Employment earnings refers to income reported from wages and salaries, measured by the amount reported in Box 14 of an individual's T4 Slip, and other employment income not reported on an individual's T4 (including tips and gratuities).

**Figure 4: Incidence of Employment Earnings for Elderly Immigrants in Tax Year 2000, by Elderly Subgroup**



There is also evidence of a negative relationship between employment earnings and age at landing; however, unlike the trend in incidence, average employment earnings were higher for immigrants with additional years since landing.<sup>16</sup> Long-term elders had roughly \$25 000 in employment earnings eleven years after landing and \$32 500 at the 20-year mark. In the first year after landing, short-term elders had employment earnings equal to \$12 000. In the eleventh year employment earnings were approximately \$22 000. Immediate elders reported employment earnings slightly less than \$10 000 in the first year after landing and slightly above \$10 000 at the ten year mark.<sup>17</sup>

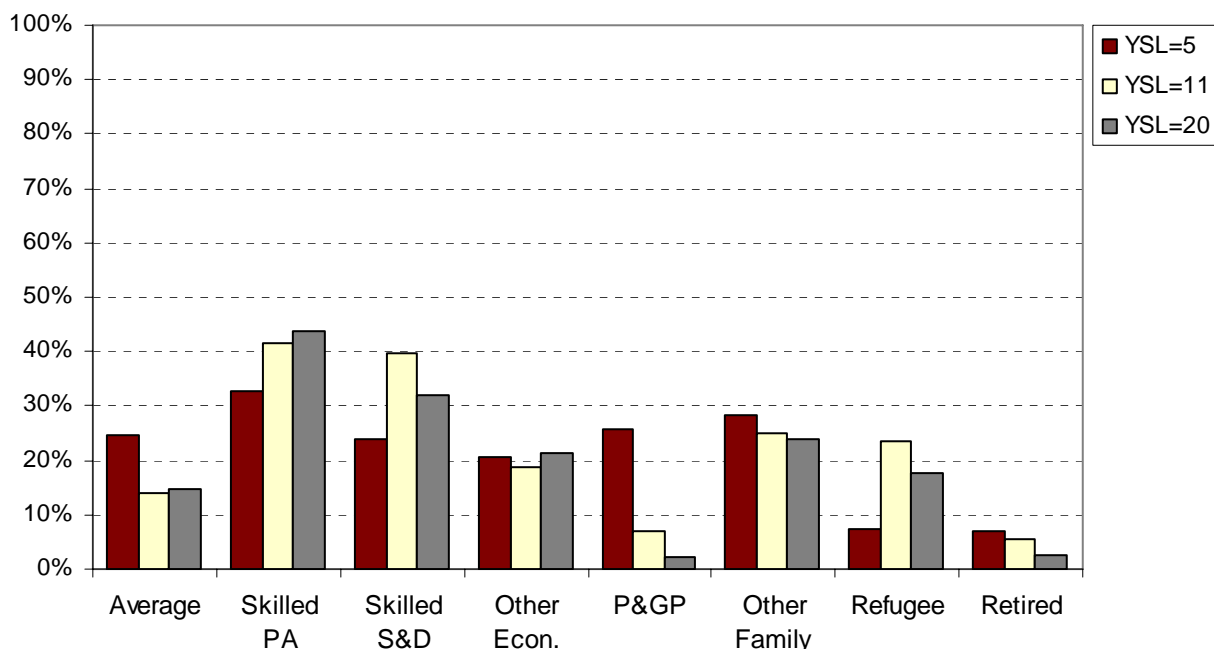
Figure 5 shows the differences that exist in the incidence of employment earnings for different immigrant categories.<sup>18</sup> This figure groups all elderly immigrants within a category together. Details on the three elderly subgroups within each immigrant category are provided in the text.

<sup>16</sup> See Appendix. Figure A4: Average Real Employment Earnings for Elderly Immigrants in Tax Year 2000

<sup>17</sup> Due to insufficient observations there are no meaningful results to present on employment earnings for short-term elders beyond 15 years after landing or for immediate elders beyond 10 years after landing.

<sup>18</sup> A similar figure presenting average employment earnings is available in the Appendix, Figure A5: Average Real Employment Earnings for Elderly Immigrants in Tax Year 2000, by Immigrant Category.

**Figure 5: Incidence of Employment Earnings for Elderly Immigrants in Tax Year 2000, by Immigrant Category**



The negative relationship between age at landing and the incidence of employment earnings seen in Figure 4 was present for all immigrant categories. The lower incidence at later years since landing was present for elderly immigrants in most categories. However, the incidence itself and the speed at which it declines differ among immigrant categories. A similar conclusion was found for the amount of employment earnings reported. Although the various immigrant categories reported different levels of employment earnings, the negative relationship between employment earnings and age at landing, and higher employment earnings in later years, were present for most immigrant categories.

Economic immigrants, especially Skilled Principal Applicants, had a greater incidence of employment earnings at each point in the observation period. Skilled Principal Applicants also reported employment earnings approximately \$7 500-\$10 000 higher than the average at each mark.

Family Class immigrants had an incidence very similar to that seen in Figure 4, with the exception of the long-term elderly Parents and Grandparents who had an incidence much lower than the average. Employment earnings for these two categories, especially Parents and Grandparents, were also below the average. Short-term and immediate elders in the Parents and Grandparents category never reported more than \$15 000 in employment earnings.

Refugees had an incidence that was lower than the average and employment earnings that were comparable with the average. Retired immigrants had the lowest incidence of all categories which never exceeded 10 percent. However, for the few who reported employment earnings the average was very close to that seen in Figure A4 in the Appendix.

**Figure 6: Incidence of Investment Income for Elderly Immigrants in Tax Year 2000, by Elderly Subgroup**

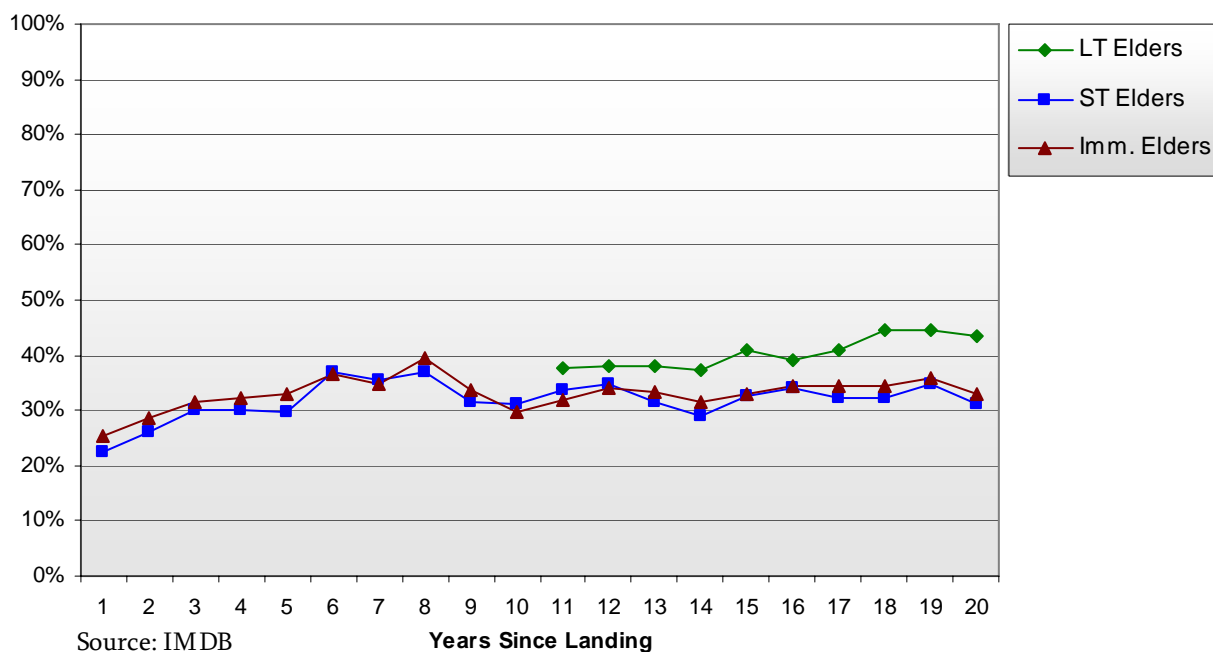


Figure 6 illustrates the incidence of investment income for the elderly population in tax year 2000.<sup>19</sup> There is some evidence of a positive relationship between the incidence of investment income and age at landing but only for long-term elders. A little less than 40 percent of long-term elders reported investment income at the 11-year mark. Incidence increased a small amount across years since landing and was 45 percent by the 20-year mark. Short-term and immediate elders had incidence of 20 percent in the initial years after landing. Between the 5- and 10-year marks incidence was roughly 30 to 40 percent. Following the 10-year mark incidence decreased slightly and stabilized around 35 percent.

Average investment income was relatively constant across years since landing and almost identical for all three elderly groups.<sup>20</sup> On average, long-term and short-term elders reported investment income equal to \$5 000 and immediate elders reported investment income of \$6 000. There was some variation in the incidence and average amount of investment income among different immigrant categories.

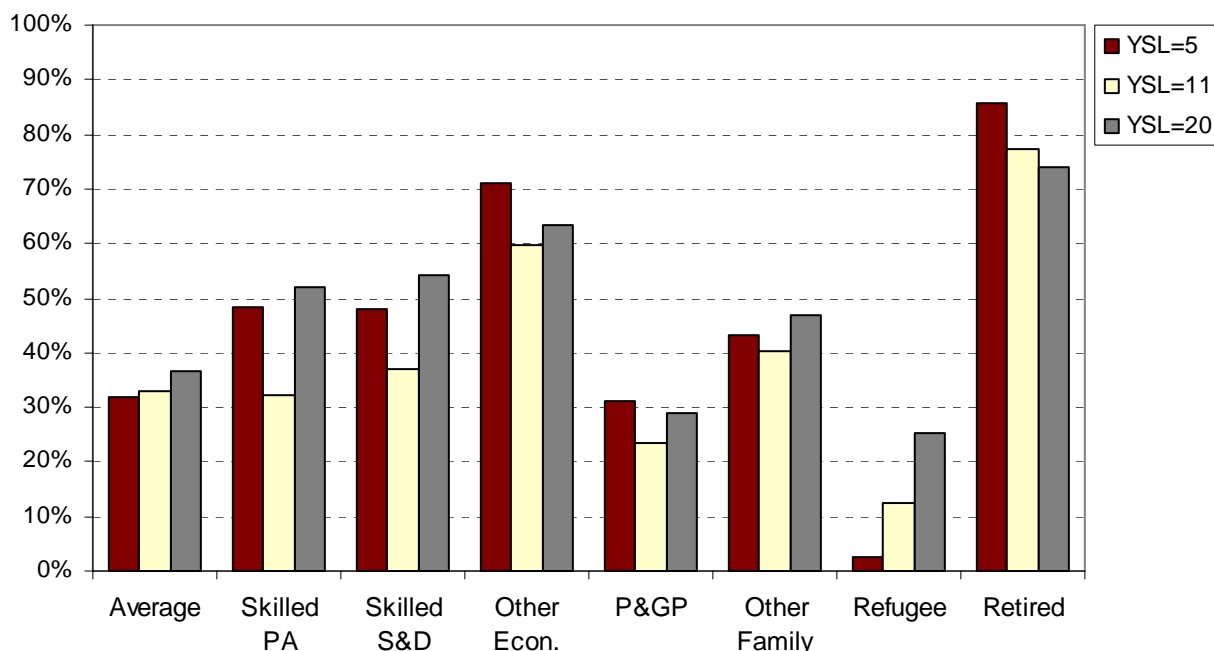
Figure 7 shows the incidence of investment income in tax year 2000 for the elderly population broken down by immigrant category.<sup>21</sup> Once again, this figure provides aggregate information on elderly immigrants by category while the text provides more detailed information on the three elderly subgroups.

<sup>19</sup> Investment income refers to “interest and other income”. It includes amounts reported in line 121 of an individual’s Statement of Investment Income (Schedule 4).

<sup>20</sup> See Appendix. Figure A6: Average Real Investment Income for Elderly Immigrants in Tax Year 2000

<sup>21</sup> A similar figure presenting average investment income is available in the Appendix, Figure A7: Average Real Investment Income for Elderly Immigrants in Tax Year 2000, by Immigrant Category.

**Figure 7: Incidence of Investment Income for Elderly Immigrants in Tax Year 2000, by Immigrant Category**



Skilled Principal Applicants and Skilled Spouses and Dependents in all elderly groups had a 10 percent higher incidence than seen in Figure 6. Other Economic immigrants and Retired immigrants had an even higher incidence that began near 70 and 85 percent, respectively, and remained above 60 and 70 percent by the 20-year mark. Immigrants in the economic categories and the retired category also reported higher annual investment income. All immigrants in these categories reported investment income at least equal to \$10 000 in the initial years after landing. For Skilled Principal Applicants and Skilled Spouses and Dependents this amount dropped below \$5 000 at the 10-year mark and remained there through the 20-year mark. However, Other Economic and Retired immigrants continued to report annual investment income above \$10 000 through the 20-year mark.

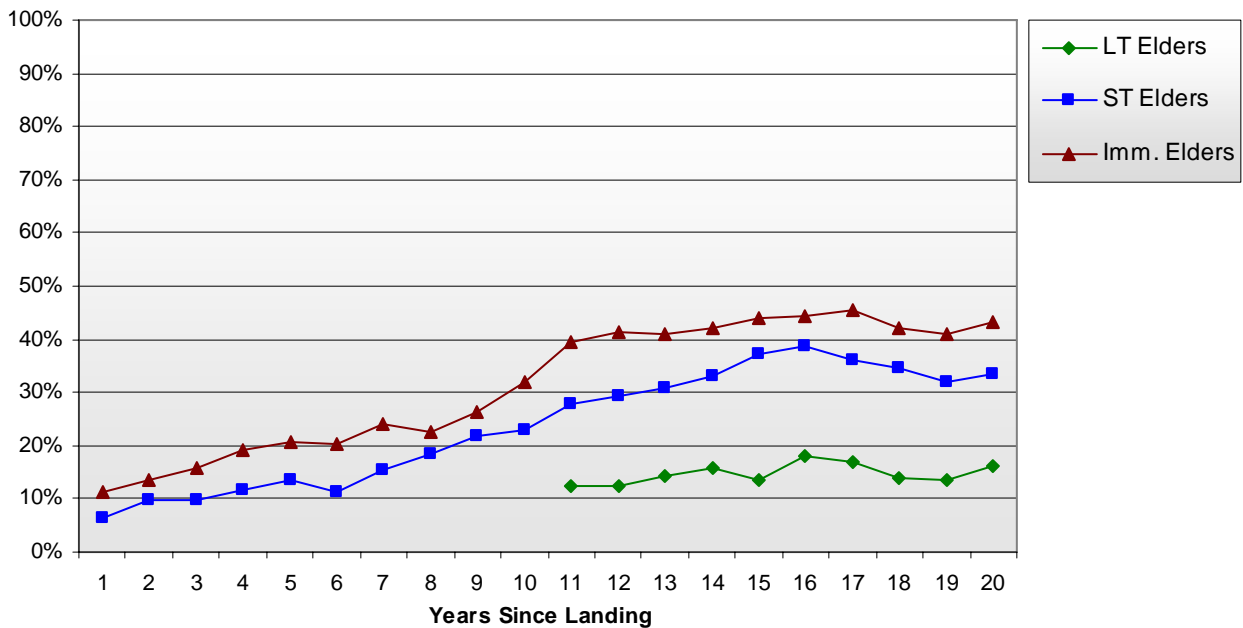
Other family immigrants had an incidence and an average investment income comparable to that seen overall. The one difference is that short-term elderly in this category had an incidence approximately 10 percent higher than that seen for short-term elders in Figure 6. Average investment income for all three elderly groups was in line with the averages reported for the entire elderly population.

Parents and Grandparents and Refugees, again, had different results. For elderly in these two categories incidence was noticeably lower than that seen in Figure 6. Average investment income reported was also lower than the amount illustrated in Figure A6 in the Appendix. On average, Parents and Grandparents in all three elderly groups reported annual investment income below \$5 000 and Refugees reported less than \$2 000 in investment income each year.

Figure 8 presents the incidence of provincial supplements for elderly immigrants in tax year 2000. There is evidence of a positive relationship between age at landing and the incidence of provincial supplements for two out of the three elderly groups. There is also evidence of a

relationship between incidence and years since landing for two elderly groups. On average, 10-15 percent of long-term elders reported provincial supplements for all years since landing. In contrast, short-term and immediate elders had an incidence of provincial supplements that was higher for immigrants with additional years since landing. Short-term elders had an incidence of roughly 5 percent in the first year after landing. At the 10-year mark incidence was slightly over 20 percent and at the 20-year mark 35 percent of short-term elders reported provincial supplements. Similarly, immediate elders had an incidence of 10 percent in the first year after landing and a steady increase in incidence across years since landing. At the 5-year mark 20 percent of immediate elders reported provincial supplements and from the 10-year mark and on incidence was 40-45 percent.

**Figure 8: Incidence of Provincial Supplements (including Social Assistance Benefits) for Elderly Immigrants in Tax Year 2000, by Elderly Subgroup**



Source: IMDB

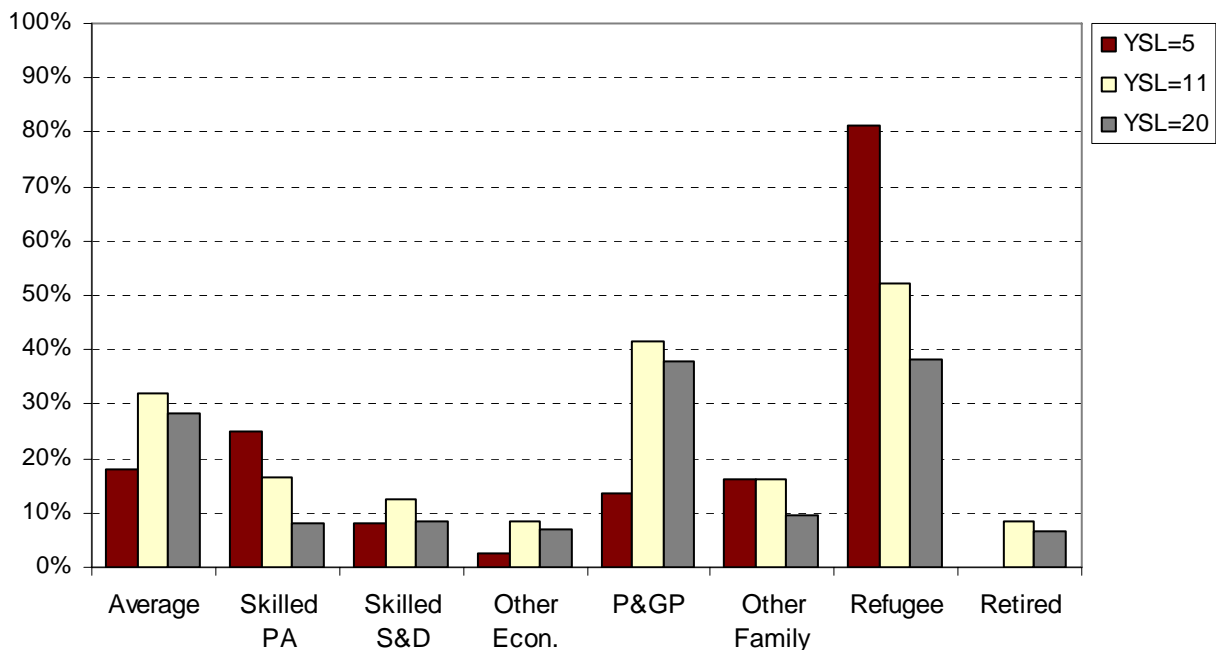
Although incidence increased with years since landing, the average dollar amount of provincial supplements fell.<sup>22</sup> Long-term elders reported slightly below \$8 000 in benefits until the 15-year mark at which time the average amount of provincial supplements began to decline. At the 20-year mark the average provincial supplements was just under \$4 000. Short-term and long-term elders reported closer to \$9 000 in benefits in the first year after landing; however, at the 10-year mark this average decreased substantially. From the 11-year mark and on for immediate elders, and the 15-year mark and on for short-term elders, average provincial supplements equalled roughly \$1 500.

<sup>22</sup> See Appendix. Figure A8: Average Real Provincial Supplements (including Social Assistance Benefits) for Elderly Immigrants in Tax Year 2000

Figure 9 presents the incidence of provincial supplements for elderly immigrants in tax year 2000 disaggregated by immigrant category.<sup>23</sup> Note, again, that this figure does not disaggregate the elderly population within each immigrant category. The text which follows will speak specifically to each elderly subgroup within each immigrant categories.

The positive relationship between age at landing and the incidence of provincial supplements was present for all immigrant categories; however, the higher incidence at later years since landing was only seen for Parents and Grandparents. Economic immigrants, on average, had lower incidence in later years and Refugees had a decline in incidence each year. A similar conclusion was found for average provincial supplements. Immigrants in different categories reported varying levels of social assistance; however, the positive relationship between provincial supplements and age at landing, as well as the decline in provincial supplements in later years, was present for most immigrant categories. The increase in incidence and simultaneous decline in average provincial supplements in the tenth and eleventh year, while present for all categories, was most pronounced for Parents and Grandparents.

**Figure 9: Incidence of Provincial Supplements (including Social Assistance Benefits) for Elderly Immigrants in Tax Year 2000, by Immigrant Category**



Economic immigrants, especially those in the Other Economic category, had a lower incidence of provincial supplements than observed in Figure 8. Incidence remained fairly constant over the period with a slight decline for those with the greatest number of years since landing. Skilled Principal Applicants also had lower average provincial supplements throughout the entire period. Although the average amount of provincial supplements was lower at the end of the period, this

<sup>23</sup> A similar figure presenting average provincial supplements is available in the Appendix, Figure A9: Average Real Provincial Supplements (including Social Assistance) for Elderly Immigrants in Tax Year 2000, by Immigrant Category.



decline did not occur all at once in the tenth year. Rather, it was a gradual decline that began in the first year of observation and continued past the 10-year mark.

Parents and Grandparents had an incidence very similar to that seen in Figure 8, with the exception of the long-term elderly Parents and Grandparents who had a higher incidence than the average. Provincial supplements for Parents and Grandparents, were also very close to the averages seen in Figure 8 but with an even sharper decline at the 10-year mark. In contrast, Other Family immigrants had a constant incidence of 15 to 20 percent for all elderly groups and for all years since landing. Other Family immigrants also had slightly lower average provincial supplements and a less noticeable decline at the 10-year mark.

Long-term elderly Refugees had an incidence of provincial supplements like that of the long-term elderly Parents and Grandparents; specifically, the incidence fluctuated between 20 and 30 percent with no apparent relationship to years since landing. However, Refugees in the short-term and immediate elderly groups had the highest incidence of all categories in the first few years after landing. Incidence began at 80 and 90 percent for short-term and immediate elders, respectively. It declined gradually as years since landing increased and by the 20-year mark incidence was 50 percent for short-term elders and 70 percent for immediate elders.

Retired immigrants had the lowest incidence of provincial supplements and the lowest average provincial supplements. For all elderly groups incidence remained equal to or less than 10 percent and average provincial supplements was approximately \$1 000.

**Figure 10: Incidence of C/QPP Benefits for Elderly Immigrants in Tax Year 2000, by Elderly Subgroup**

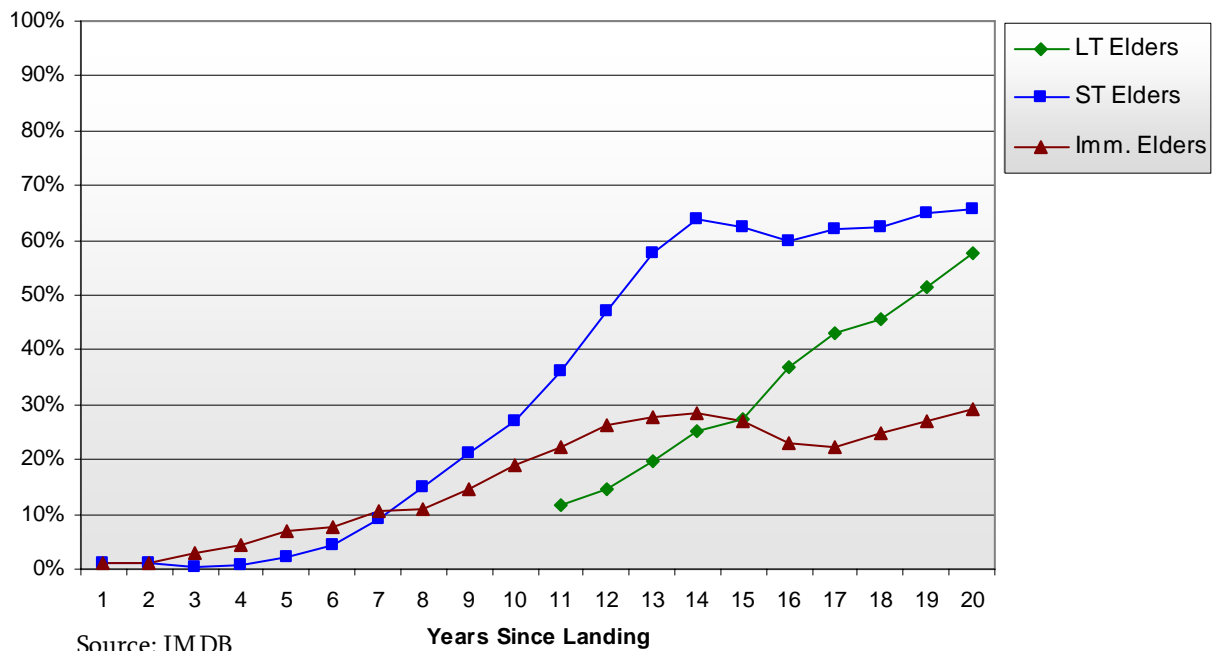


Figure 10 illustrates the incidence of C/QPP benefits for elderly immigrants in tax year 2000. Since benefits are related to the length of time worked in Canada it is not surprising that there is a positive relationship between years since landing and incidence of C/QPP. In fact the same

rationale would also suggest that there would be a positive relationship between age at landing and incidence. A lower age at landing, translates into a greater number of years available to work in the Canadian labour market and, hence, a larger window for contributing to C/QPP. This is what is seen for short-term and immediate elders, with the former having noticeably higher incidence from the 10-year mark and on. Both groups had incidence below 10 percent until the 7-year mark. They increased to nearly 20 percent for short-term and 30 percent for immediate elders by the 10-year mark. From the 10-year mark and on the incidence of C/QPP increased more rapidly for the short-term elderly population. It stabilized near 65 percent by the 14-year mark while the incidence for immediate elders fluctuated between 20 and 30 percent. Long-term elders had incidence in between the two other elderly groups. Long-term elders had an incidence of slightly over 10 percent in the first year of observation. It increased steadily with years since landing and reached 60 percent by the twenty-year mark. Although long-term elders would have had the longest period to contribute to C/QPP, they did not have the highest incidence of benefits.

***Recall that age at landing for long-term elders is defined as 40 to 49 years. Previous to the 20-year mark the long-term elderly group was not captured in the sample in its entirety. Even at the 20-year mark, the youngest of the group had just reached 60 years of age and were not eligible to receive full C/QPP benefits. Not unrelated to this, as illustrated in Figure 4, 30 percent of long-term elders were still reporting employment earnings twenty years after landing. The fact that a greater proportion of long-term elders worked beyond the age of 60, relative to the other elders, will play a role in the incidence and potentially the average dollar amount of all retirement type incomes investigated in this section.***

As expected, there is evidence of a positive relationship, albeit slight, between average C/QPP benefits and age at landing.<sup>24</sup> There was also a very modest trend upward across years since landing for long-term and short-term elders. Long-term elders reported average C/QPP benefits of \$2 000 to \$2 500. Short-term elders had benefits equal to \$1 000 to \$2 000 and immediate elders reported benefits of \$1 000. All immigrant categories exhibited comparable relationships and trends in incidence and average benefits.

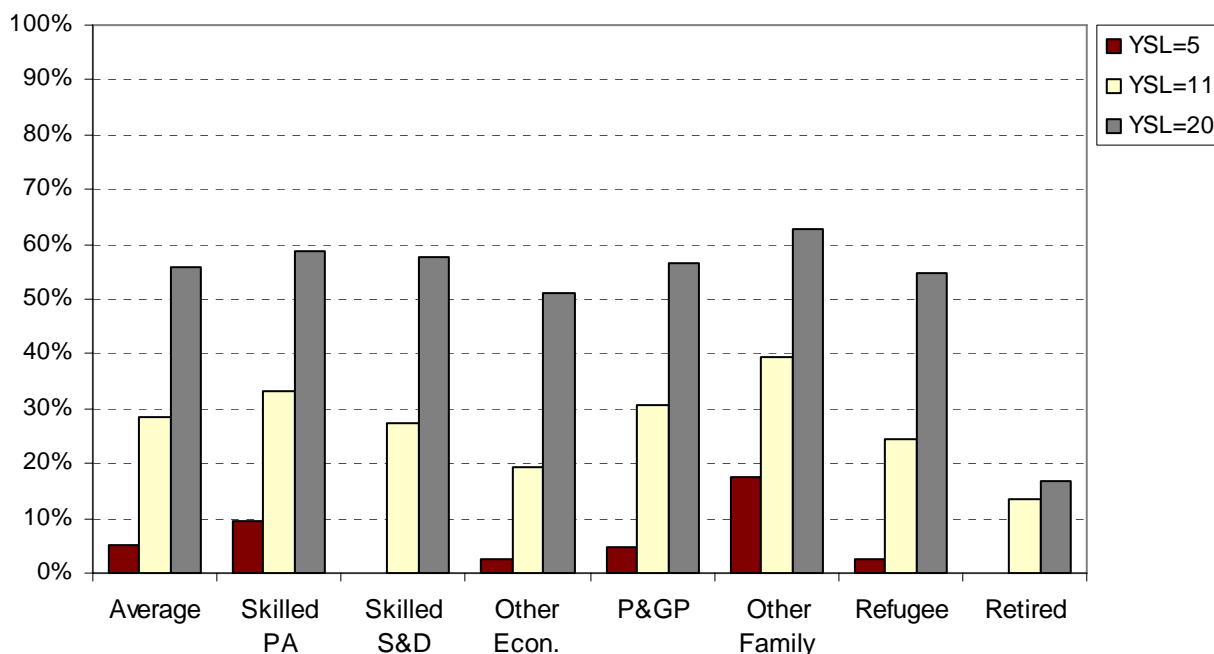
Figure 11 illustrates the incidence of C/QPP for elderly immigrants in tax year 2000 for each immigrant category.<sup>25</sup> This figure groups all elderly immigrants within a category together. Details on the three elderly subgroups within each immigrant category are provided in the text below.

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<sup>24</sup> See Appendix. Figure A10: Average Real C/QPP Benefits for Elderly Immigrants in Tax Year 2000

<sup>25</sup> A similar figure presenting average C/QPP benefits is available in the Appendix, Figure A11: Average Real C/QPP Benefits for Elderly Immigrants in Tax Year 2000, by Immigrant Category.

**Figure 11: Incidence of C/QPP Benefits for Elderly Immigrants in Tax Year 2000, by Immigrant Category**



Economic immigrants, particularly Skilled Principal Applicants, in the long-term elderly group had lower incidence than seen in Figure 10.<sup>26</sup> Short-term elders in the economic categories had incidence approximately 20 percent higher than the average from the 15-year mark and forward. The average dollar amount of benefits reported by all economic immigrants did not differ much from the average seen in Figure A10 in the Appendix. However, Skilled Principal Applicants reported benefits roughly \$1 000 greater than the average.

Parents and Grandparents had incidence and average benefits in line with those seen for the entire elderly population. The only differences were seen in the long-term elderly group. Long-term elders in this category had a higher incidence of C/QPP and lower dollar amounts of benefits. Other Family immigrants had incidence similar to the average seen in Figure 10, with the exception of short-term elders who had 20 percent higher incidence from the 15-year mark and on.<sup>27</sup> For all elderly immigrants in this category C/QPP benefits were \$500 to \$1 000 higher than the average.

Refugees reported incidence like that seen in Figure 10, with the exception of immediate elders whose incidence was lower and never exceeded 20 percent. Retired immigrants had the lowest incidence and average benefits of all immigrant categories. This is not surprising given that less than 10 percent of Retired immigrants ever reported employment earnings.

<sup>26</sup> Recall that 55 percent of Skilled Principal Applicants in the long-term elderly group continued to report employment earnings at the 20-year mark.

<sup>27</sup> The 15-year mark is the point at which all immigrants in the short-term elderly population have reached a minimum age of 65.

**Figure 12: Incidence of Private Pension Income for Elderly Immigrants in Tax Year 2000, by Elderly Subgroup**

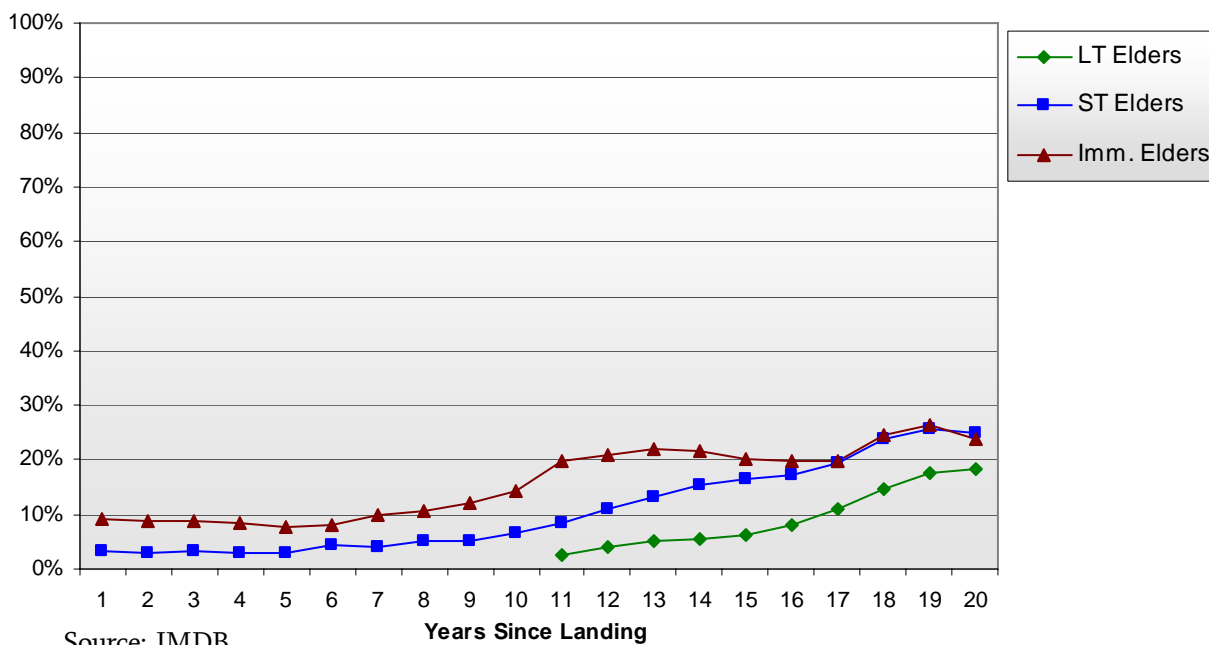


Figure 12 displays the incidence of private pension income for elderly immigrants in tax year 2000.<sup>28</sup> There is evidence of a negative relationship between incidence of private pension income and age at landing. There also appears to be a trend upward across years since landing. Long-term elders had incidence below 5 percent at the 11-year mark but it increased steadily and by 20 years after landing nearly 20 percent of long-term elders reported income from private pensions. Less than 5 percent of short-term elders reported income from private pension in the initial years after landing. From the 10-year mark and on, incidence increased and at the 20-year mark incidence was approximately 25 percent. Immediate elders had a similar pattern of incidence. Immediate elders had incidence below 10 percent in the initial years after landing. Incidence for this group increased at the 10-year mark and remained between 20 and 25 percent through the 20-year mark.

Elderly immigrants reported relatively high average amounts of income from private pension prior to the 10 year mark.<sup>29</sup> However, average income from this source declined across years since landing. Long-term elders reported between \$10 000 and \$12 000 in income from private pension from the 11- to 15-year mark. After the 15-year mark average income from this source declined and at 20 years after landing it equalled less than \$10 000. Short-term elders reported nearly \$25 000 in annual income from private pension at the 6-year mark. This average amount had declined to \$12 500 by the 10-year mark and \$7 500 by the 20-year mark. Although the decline in average income from this source was not as substantial as that seen for short-term

<sup>28</sup> Private pension income refers to income from “other pensions or superannuation” reported on line 115 on an individual’s tax form. It includes amounts reported in Box 16 of T4A slip and Box 31 of T3 slip, and also includes any lump-sum income from Box 18 of a T4A slip or Box 22 of a T3 slip. Line 115 also includes annuity payments for tax filers over the age of 65 years and pensions from a foreign country.

<sup>29</sup> See Appendix. Figure A12: Average Real Private Pension Income for Elderly Immigrants in Tax Year 2000

elders, it was present for immediate elders as well. On average, immediate elders reported \$16 000 in income from private pension prior to the 10-year mark and \$12 500 from the 10-year mark and on.

**Figure 13: Incidence of Private Pension Income for Elderly Immigrants in Tax Year 2000, by Immigrant Category**

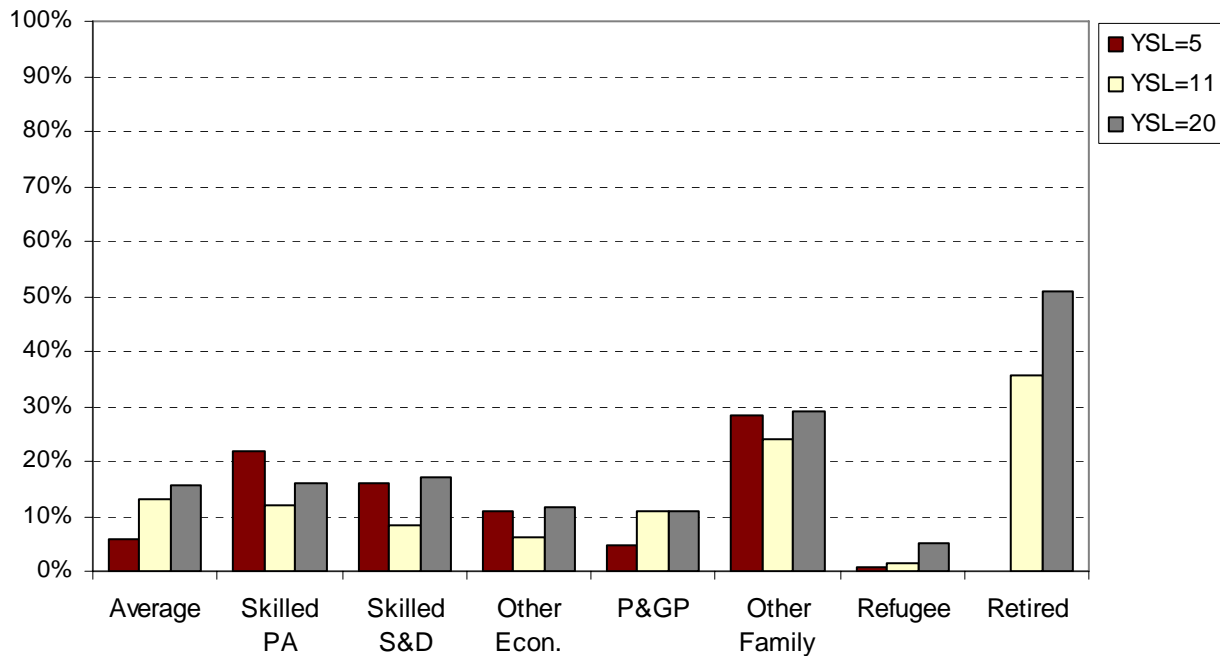


Figure 13 illustrates the incidence of private pension income for elderly immigrants in tax year 2000 disaggregated by immigrant category.<sup>30</sup> Again, this figure provides aggregate information on elderly immigrants in each category and the text which follows provides further detail on the three elderly subgroups.

Economic immigrants had higher incidence than seen in Figure 12 following the 10-year mark. At the 20-year mark, long-term elderly in the economic categories had an incidence of 25 percent and short-term elderly had an incidence of 55 percent. Economic immigrants had higher average income from private pension initially; however, at the 20-year mark most had income in line with that observed in Figure A12 in the Appendix. Skilled Principal Applicants were the exception and had average private pension equal to \$15 000 at the 20-year mark.

Retired immigrants had even higher incidence from the 10-year mark and on. Incidence for this group was between 70 and 75 percent at the 20-year mark. Average annual income from this source was also higher than the average and than that of economic immigrants. At the 20-year mark short-term elders in the retired category reported average private pension income equal to \$15 000 and immediate elders reported nearly \$20 000.

<sup>30</sup> A similar figure presenting average private pension income is available in the Appendix, Figure A13: Average Real Private Pension Income for Elderly Immigrants in Tax Year 2000, by Immigrant Category.

Parents and Grandparents and Refugees had a lower incidence and lower average amounts of income from private pension for all years since landing. Incidence for elderly immigrants in these categories never exceeded 20 percent and for most years it remained below 10 percent. Long-term and short-term elders in these categories reported just under \$5 000 of income from this source in from the 10-year mark and on. Immediate elders in the Parents and Grandparents category reported \$8 500 from at the 10-year mark and thereafter, while immediate elders in the Refugee category reported no income from private pension.

**Figure 14: Incidence of OAS Benefits for Elderly Immigrants in Tax Year 2000, by Elderly Subgroup**

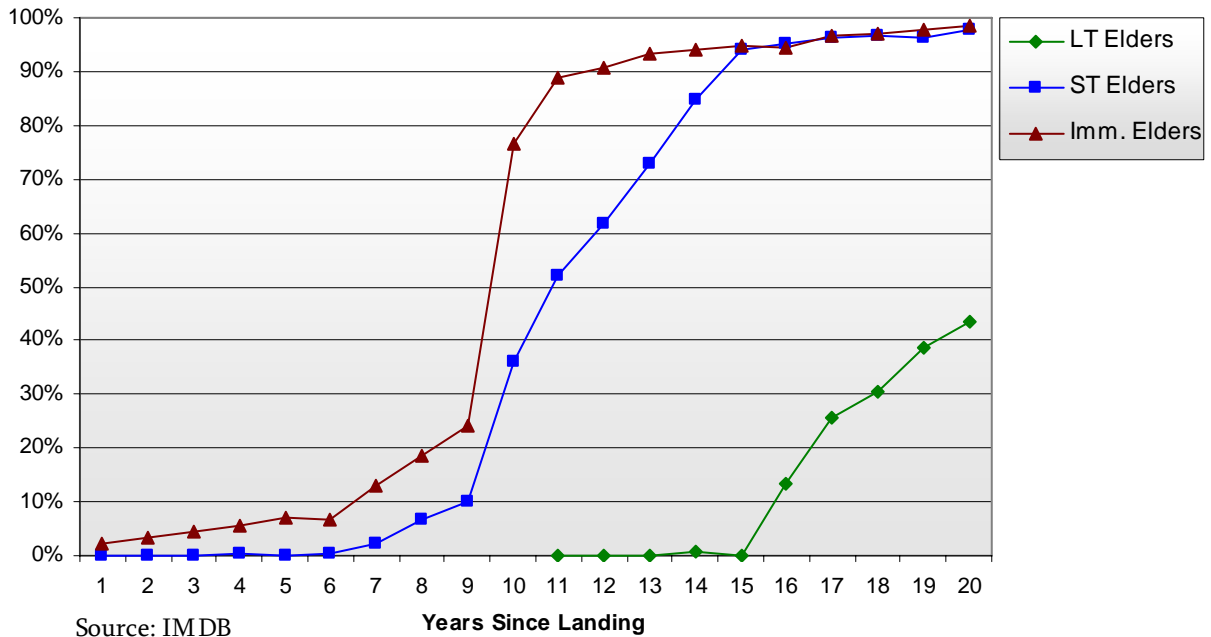


Figure 14 illustrates the incidence of OAS benefits for the elderly population in tax year 2000. Long-term elderly did not report OAS benefits until the 16-year mark.<sup>31</sup> At the 16-year mark the incidence of OAS was 15 percent and at the 20-year mark it was 45 percent. Short-term elders do not report OAS benefits until 6 years after landing, the point at which the eldest of this group have reached age 65. Incidence remained at 10 percent or less until the 10-year mark when it increased sharply to 35 percent. It continued to increase before stabilizing near 95 percent at the 15-year mark. Immediate elders showed a similar pattern of incidence of OAS benefits. Immediate elders had low incidence of OAS in the initial years since landing. This changed with the sharp increase to 75 percent at the 10-year mark. After the 10-year mark incidence increased by another 20 percent and remained above 95 percent from the 14-year mark and on.

Average OAS benefits were almost identical for all three elderly groups.<sup>32</sup> The dollar amount received by all elderly immigrants was fairly constant around \$2 000 with a very modest increase across years since landing. A small dip in the average amount of benefits occurred at the 10-year

<sup>31</sup> The 16-year mark is the point at which the eldest immigrants in the long-term elderly population have reached the minimum age of 65 and have become eligible for OAS benefits.

<sup>32</sup> See Appendix. Figure A14: Average Real OAS Benefits for Elderly Immigrants in Tax Year 2000

mark for short-term and immediate elders. The 10-year mark represents the point at which the vast majority of immigrants have accumulated ten years of residency in Canada and, thus, become eligible for OAS.<sup>33</sup> Since the dates which immigrants landed in Canada were distributed across the year, the start date for receiving benefits will also be distributed over the full first year. Consequently, the average amount of benefits received by this group is much lower than the full-year benefits they receive in the following year. It is likely that the large share of individuals who became eligible to receive only part-year benefits in the tenth year caused the temporary fall in average benefits. The dramatic increase in incidence combined with the low level of initial benefits appeared as a trough in the annual average benefits received by the immigrant cohort at the ten-year mark.

**Figure 15: Incidence of OAS Benefits for Elderly Immigrants in Tax Year 2000, by Immigrant Category**

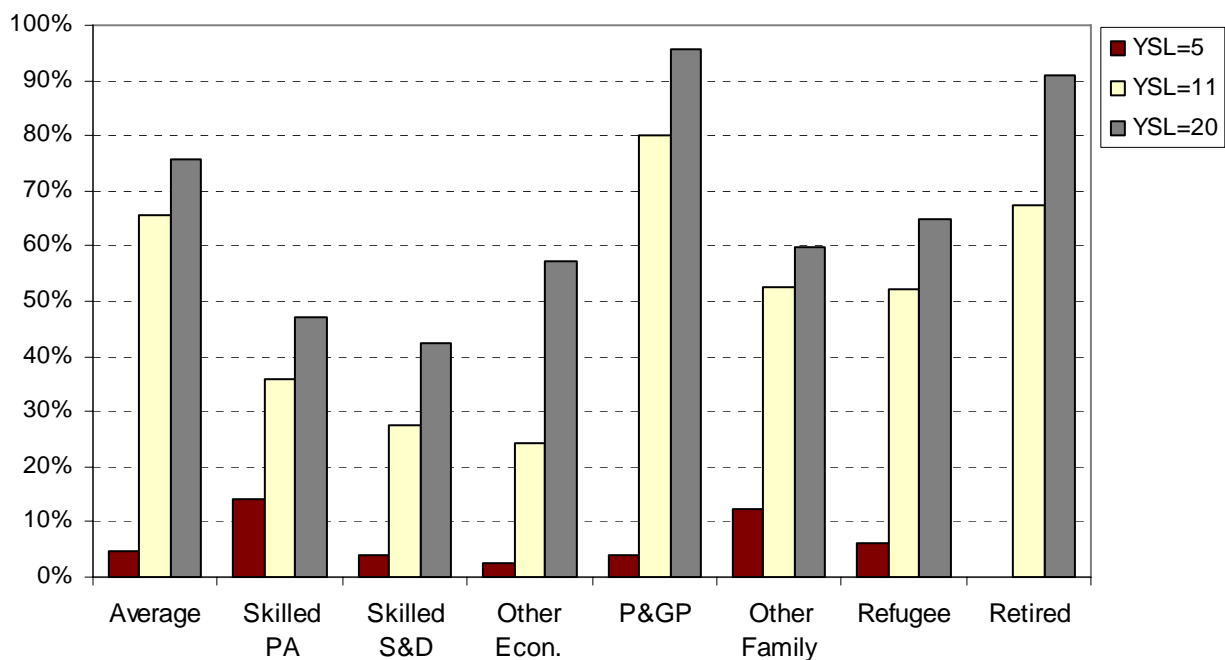


Figure 15 illustrates the incidence of OAS benefits for elderly immigrants in tax year 2000 broken down by immigrant category.<sup>34</sup> This figure presents information on all elderly immigrants within each category. The text below will provide more details on the elderly subgroups within the immigrant categories.

Economic immigrants had, to a certain extent, a different incidence of OAS. Long-term elders in the economic categories had lower incidence than that displayed in Figure 14. Short-term elders had a similar pattern of incidence, with lower levels initially and an incidence of 95 percent in the final years of observation. However, the increase was much more gradual for economic immigrants. The sudden increase at the 10-year mark observed for the elderly population as a

<sup>33</sup> Although some immigrants have accumulated 10 years of residency before the 10-year mark due to time spent in Canada on a temporary basis prior to landing, this is not a large share of the population.

<sup>34</sup> A similar figure presenting average OAS benefits is available in the Appendix, Figure A15: Average Real OAS Benefits for Elderly Immigrants in Tax Year 2000, by Immigrant Category.

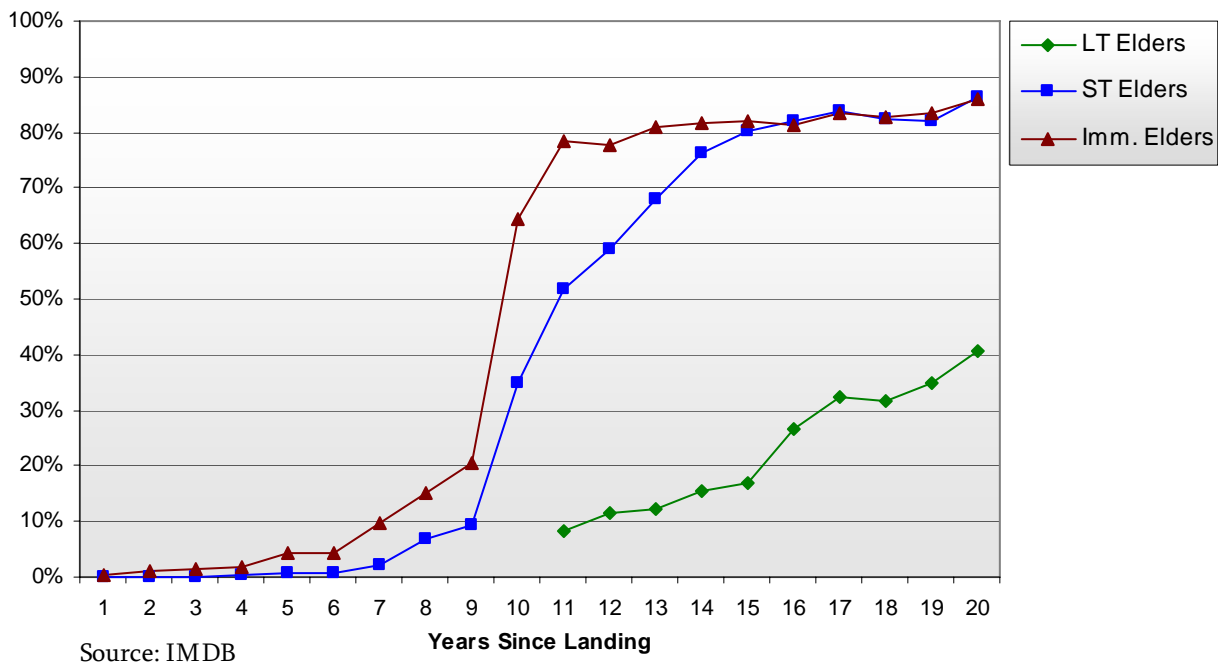
whole did not occur for economic immigrants. With respect to average OAS benefits, immigrants in these categories reflected the same pattern seen in Figure A14 of the Appendix but had benefits a bit higher.

Family immigrants had a pattern of incidence like that seen in Figure 14. Except, Parents and Grandparents in the long-term and short-term elderly groups had higher incidence of OAS. With respect to the average amount of benefits, Parents and Grandparents reported the same as the average, while Other Family immigrants reported benefits a bit higher.

Refugees had incidence and benefits in line with the averages seen for the entire elderly population. Retired immigrants had similar patterns but the short-term and long-term elders in this category had slightly lower incidence from the 10-year mark and on.

Figure 16 displays the incidence of GIS/Allowance benefits for elderly immigrants in tax year 2000. The pattern of incidence for GIS/Allowance is much like that of OAS benefits. Nearly 10 percent of long-term elders reported GIS/Allowance benefits in the first year of observation. The incidence of GIS/Allowance increased gradually through the 15-year mark and more rapidly thereafter. At the 20-year mark the incidence of GIS/Allowance had reached 40 percent. Short-term elders had an incidence below 10 percent until the 10-year mark at which point it jumped to 35 percent. It continued to increase at a steady rate until the 16-year mark and remained fairly constant at just over 80 percent thereafter. Similarly, immediate elders had incidence below 20 percent until the sharp increase to 65 percent at the 10-year mark. Shortly after the 10-year mark incidence surpassed 80 percent and remained at that level through the 20-year mark.

**Figure 16: Incidence of GIS/Allowance Benefits for Elderly Immigrants in Tax Year 2000, by Elderly Subgroup**





Similar to the pattern of OAS benefits, average GIS/Allowance amounts were constant across years since landing, with the exception of a temporary decline at the 10-year mark for short-term and immediate elders.<sup>35,36</sup> However, the average amounts were much higher than those reported for OAS and there was evidence of a positive relationship between average GIS/Allowance benefits and age at landing. Of the three elderly groups, long-term elders had the lower average benefits equal to roughly \$6 000. Average benefits reported by short-term and immediate elders were a bit higher and equalled \$7 500 and \$8 000, respectively, with the exception of the 10-year mark at which point they temporarily dropped to \$5 000.

Figure 17 illustrates the incidence of GIS/Allowance benefits for elderly immigrants in tax year 2000 for each immigrant category.<sup>37</sup> This figure groups all elderly immigrants within a category together. Details on the three elderly subgroups within each immigrant category are provided in the text.

Economic immigrants had different patterns of incidence than those seen in Figure 16. First, although incidence increased across years since landing, there was no spike in the incidence of GIS/Allowance at the 10-year mark. Second, economic immigrants, especially Skilled Principal Applicants, had lower incidence. Long-term elders in the economic categories had at least a 10 percent lower incidence of GIS/Allowance at the twenty year mark. In the case of Skilled Principal Applicants it was 20 percent lower. Short-term elders had approximately a 15 percent lower incidence than that seen in Figure 16. The constant pattern of GIS/Allowance benefits across land years with a dip at the 10-year mark was also observed for economic immigrants. However, the average dollar amount of benefits was roughly \$1 000 lower for long-term and short-term elders.

Once again, Parents and Grandparents exhibited incidence and average benefits quite similar to those presented for all immigrant categories taken together. However, there are some noteworthy differences. Long-term elders in this category had a much higher incidence of GIS/Allowance which equalled 85 percent at the 20-year mark. Short-term elders did not show a gradual increase in incidence but rather a spike in incidence at the 10-year mark like immediate elders. Short-term and immediate elders also had slightly higher incidence from the 10-year mark and on. With respect to average benefits, the only difference is that long-term elders in the Parents and Grandparents category reported about \$500 more than what was observed in Figure A16 in the Appendix.

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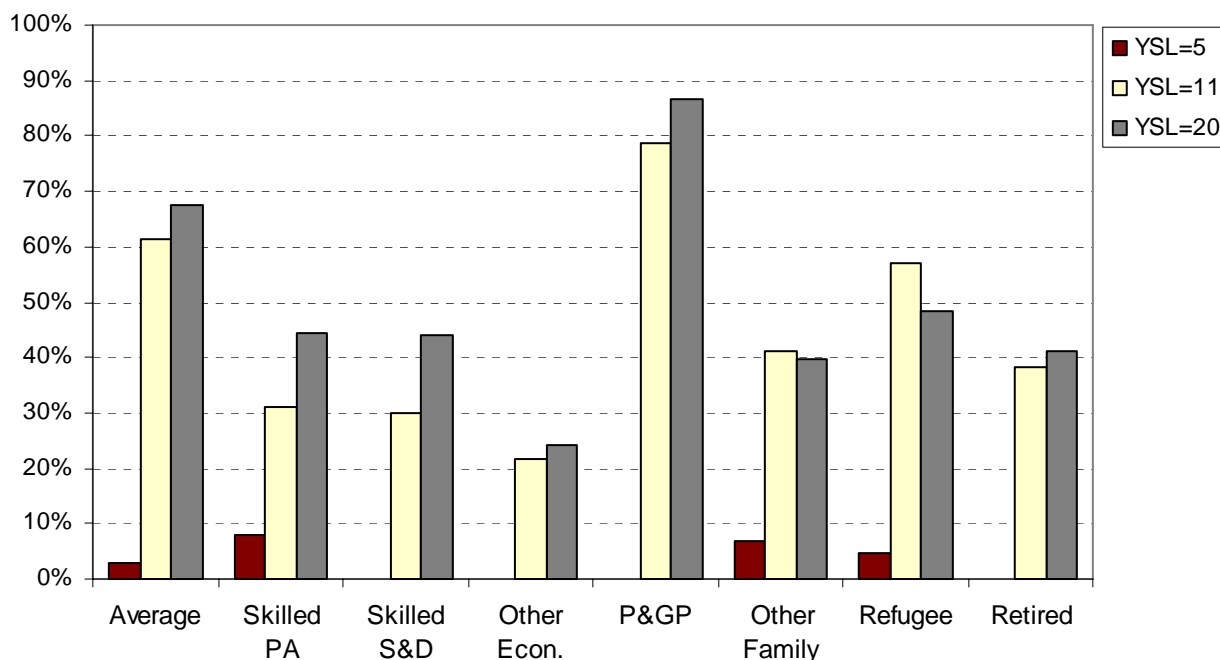
<sup>35</sup> See Appendix. Figure A16: Average Real GIS/Allowance Benefits for Elderly Immigrants in Tax Year 2000

<sup>36</sup> Since GIS benefits are likely to begin in the same month as OAS benefits, the explanation provided for the dip in OAS benefits at the 10-year mark also holds true for the temporary decline in GIS/Allowance benefits observed at that time.

<sup>37</sup> A similar figure presenting average Real GIS/Allowance benefits is available in the Appendix, Figure A17:  
Average GIS/Allowance

Benefits for Elderly Immigrants in Tax Year 2000, by Immigrant Category.

**Figure 16: Incidence of GIS/Allowance Benefits for Elderly Immigrants in Tax Year 2000, by Immigrant Category**



In contrast, Other Family immigrants had a lower incidence of GIS/Allowance than seen in Figure 16 and, although it increased over years since landing, there was no spike at the 10-year mark. Average benefits for elderly immigrants in this category were also approximately \$1 000 lower than those seen for all immigrant categories collectively.

Elderly Refugees, like Parents and Grandparents, showed patterns similar to the overall results but with slightly and higher incidence and average benefits. Long-term elders in this category had incidence almost 20 percent higher than that seen in Figure 16 and short-term and immediate elders had incidence greater than 90 percent in most years following the 10-year mark.

Retired immigrants in the short-term and immediate elderly groups had the lowest incidence of all immigrant categories. The incidence of GIS/Allowance for Retired immigrants jumped from 0 to 40 percent at the 10-year mark but did not increase any further after this point. Average benefits reported were also \$1 500 to \$2 500 lower than the averages seen in Figure A16 in the Appendix.

## VII. Conclusion

- *Age at landing affects income later in life.*

**Long-term elders** had the highest incidence of private market income and the lowest incidence of public market income throughout the entire observation period. Elderly immigrants in this group also had the lowest incidence of income from non-contributory retirement sources. Long-term elders also reported the highest annual incomes of all three elderly groups.

**Short-term elders** and **immediate elders** had very similar income situations, especially following the 10-year mark; however, an age at landing effect was still apparent. Short-term elders had a higher incidence of employment earnings and a lower incidence of provincial supplements prior to the 10-year mark. They also reported a higher annual income than immediate elders in the first 10 years after landing. At the 10-year mark both groups began a noticeable transition from market income to retirement income. Incidence of private market income fell while the incidence of non-contributory retirement income rose dramatically. Although this transition to retirement income occurred for both groups, it was more gradual for short-term elders.

- *Immigrant category affects income later in life.*

**Skilled Principal Applicants** relied more heavily on private market income throughout the first twenty years after landing. They had the highest incidence of employment earnings and an incidence of provincial supplements that was well below the overall average. Skilled Principal Applicants also reported the highest annual income and were less reliant on income from non-contributory retirement sources.

**Skilled Spouses and Dependents** also had a higher than average incidence of employment earnings and a very low incidence of provincial supplements throughout the period. However, the average employment earnings reported were not as high as those observed for Skilled Principal Applicants. Skilled Spouses and Dependents also had a lower annual income but it was still higher than the average for all elderly immigrants. With respect to retirement income, elders in this category had the lowest incidence of OAS and the second lowest incidence of GIS/Allowance.

**Other Economic** immigrants, similar to the skilled economic categories, had a higher incidence of private market income and a lower incidence of provincial supplements than was observed on average. However, elders in this category did not appear to rely as much on employment earnings. Instead, Other Economic immigrants had the second highest incidence of investment income. They also reported annual income comparable to that of Skilled Spouses and Dependents. Elderly immigrants in this category had a higher incidence of OAS than those in the skilled economic categories but it remained lower than the overall average. Although the incidence of OAS was higher, this was not the case for GIS/Allowance. Other Economic immigrants had the lowest incidence of GIS/Allowance of all immigrant categories.

**Parents and Grandparents** had a relatively low incidence of employment earnings and of investment income and high incidence of provincial supplements, especially following the 10-year mark. Elderly immigrants in this category also reported the second lowest annual income of all categories prior to the 10-year mark and the lowest annual income following the 10-year mark. Parents and Grandparents also had the highest incidence of OAS and GIS/Allowance following the 10-year mark.

**Other Family** immigrants had a slightly higher incidence of employment earnings and of investment income than was seen for all elderly. They also had a below average incidence of provincial supplements. The employment earnings reported by the elderly in this category were comparable to that of Other Economic Immigrants; however, the annual income reported was higher. In fact, the annual income reported by elders in this category was the third highest of all categories. Other Family immigrants appeared to draw additional income from private pensions. They had the second highest incidence of income from this source. With respect to non-contributory retirement income, Other Family immigrants had below average incidence of OAS and GIS/Allowance.

**Refugees** had on average a very low incidence of employment earnings and the lowest incidence of investment income. They also had the highest incidence of provincial supplements. Elderly refugees had the lowest incidence of private pension income and reported the second lowest annual income. Although the incidence of OAS was slightly below average for elderly Refugees, the incidence of GIS/Allowance was the second highest of all categories.

**Retired** immigrants, not surprisingly, had the lowest incidence of employment earnings and the highest incidence of investment income. These immigrants had the highest incidence of income from private pensions as well and the lowest incidence of provincial supplements. The annual income reported by Retired immigrants was second only to Skilled Principal Applicants. Even with a relatively high annual income, Retired immigrants had the second highest incidence of OAS. However, the incidence of GIS/Allowance for these immigrants was well below average.

- ***Working beyond age 60 leads to higher annual incomes and less social transfers in later years.***

Skilled Principal Applicants, for example, had the highest incidence of employment earnings and reported the highest average employment earnings of all immigrant categories. Nearly half of all Skilled Principal Applicants over the age of 60 continued to report employment earnings 20 years after landing and this share was even higher for long-term elders in this category.

The strong labour market activity seen for Skilled Principal Applicants after reaching 60 years of age had obvious impacts on annual income and on the incidence of non-contributory retirement income for elders in this category. Elderly immigrants in this category had the highest annual income of all immigrant categories, reporting annual incomes well above the average throughout the entire period.

Given their relatively high annual incomes it was not surprising that elderly Skilled Principal Applicants had a lower incidence of OAS and GIS/Allowance than the other immigrant categories.

- ***Weak labour market involvement leads to lower annual income and more social transfers later in life.***

Parents and Grandparents, for example, had the lowest incidence of employment earnings after the 10-year mark and reported the lowest employment earnings of all immigrant categories. Ten years after landing only 10 percent of elderly Parents and Grandparents reported employment earnings and this share continued to fall as years since landing increased.

Elderly Parents and Grandparents also reported the lowest annual income of all immigrant categories from the tenth year and on. The weaker labour market attachment resulted in a lower annual income and a much higher incidence of income from non-contributory retirement sources. As the incidence of employment earnings fell to 10 percent at the 10-year mark, the share of Parents and Grandparents reporting income from OAS and GIS/Allowance increased dramatically.

- ***A longer period of labour market activity also affects contributory retirement income.***  
Skilled Principal Applicants in the long-term elderly group had a lower than average incidence of C/QPP benefits. The lower incidence and average amounts of C/QPP were the result of long-term elders working past the age of 60 and deferring C/QPP benefits. However, it is expected that as late entrants, with more credits, enter into the plan the incidence and average benefits will increase. In fact, the positive relationship between average benefits and years since landing provides some evidence of this already occurring by the 20-year mark.
- ***Jump in annual income seen at the 10-year mark for short-term and immediate elderly.***  
One explanation for the sudden increase in income seen at the 10-year mark is related to the category composition of these elderly subgroups. Recall that Parents and Grandparents make up 60 and 79 percent of the short-term and immediate elderly groups, respectively. The jump in income at the 10-year mark coincides with a dramatic spike in the incidence of OAS, GIS/Allowance, and Provincial Supplements for Parents and Grandparents. It appears that the amount of social transfers that became available to elderly Parents and Grandparents who had been in Canada for at least ten years was great enough to compensate for the decrease in private market income and still increase average annual income for all short-term and immediate elders.
- ***Strategies for sustaining income levels after reaching age 60.***  
It is clear that most elderly immigrants report income from more than one source at any given point in time. It also appears that for some immigrant categories certain sources of retirement income begin to replace employment income once an immigrant has satisfied the age and/or residency requirements necessary to become eligible for non-contributory retirement income. Further investigation is required to distinguish between primary, complementary, and supplementary sources of income. Simply adding up the average amounts of income from all available sources will not provide an accurate measure of annual income. There are several

combinations of income sources available to elderly immigrants and these combinations are expected to change from one individual to the next and over time. Additional research is required to understand the various income strategies employed by elderly immigrants to sustain their income levels through retirement.

- ***How are Canadian-born elders faring?***

It would be useful to investigate the income situations of Canadian-born individuals 60 years of age or older. Such an analysis would allow for a comparison of the elderly who were born in Canada and those who immigrated to Canada. The Canadian-born elderly would have a larger window for potential labour market activity than those immigrants who arrived in Canada at age 40 or older. The vast majority of Canadian-born elders would also have satisfied all eligibility requirements for non-contributory retirement income upon reaching the age of 65. It is of interest to see how these differences affect average incomes and the income strategies employed through retirement by Canadian-born elders as compared to their foreign-born counterparts.

- ***Does family income matter?***

Investigating the income situations of the families and/or households to which elderly immigrants belong would also be valuable. The income strategies of elderly immigrants are expected to be different for individuals with different family or household situations. An elderly immigrant living alone, for example, may bear more of the cost of living than an elder who lives with his or her children.

- ***Does sponsorship matter?***

Many of the elderly immigrants in this analysis landed in Canada as sponsored Parents and Grandparents. The sponsor assumes financial responsibility for the sponsored immigrant for the time period specified in the sponsorship agreement and access to certain retirement benefits is affected by the sponsorship status. Investigating the income situations of sponsors and observing how it affects sponsored elderly immigrants would be a useful step in this research.

## Appendix

*Table A1: Share of Immediate, Short-term, and Long-term Elders in the IMDB in Tax Year 2000*

Years Since Landing	Long-term Elders (%)	Short-term Elders (%)	Immediate Elders (%)	Total
1	--	8.8	91.2	100.0
2	--	16.5	83.5	100.0
3	--	24.1	75.9	100.0
4	--	30.0	70.0	100.0
5	--	34.8	65.2	100.0
6	--	39.5	60.5	100.0
7	--	44.0	56.0	100.0
8	--	44.3	55.7	100.0
9	--	48.1	51.9	100.0
10	--	51.1	48.9	100.0
11	6.3	48.9	44.8	100.0
12	10.7	47.2	42.1	100.0
13	15.4	45.9	38.7	100.0
14	17.9	43.9	38.2	100.0
15	21.4	42.8	35.8	100.0
16	22.4	43.7	33.9	100.0
17	25.6	43.6	30.8	100.0
18	32.5	41.4	26.1	100.0
19	37.1	40.6	22.2	100.0
20	40.7	40.5	18.8	100.0

Source: IMDB

**Table A2: Schedule of Countries with which Canada has Agreements  
(Section 22.01, Old Age and Security Regulations)**

<b>Country</b>	<b>Agreement</b>
Antigua and Barbuda	Agreement on Social Security between Canada and Antigua and Barbuda, signed at Ottawa on September 2, 1992
Australia	Reciprocal Agreement on Social Security between the Government of Canada and the Government of Australia, signed at Canberra on July 4, 1988  Protocol amending the Reciprocal Agreement on Social Security between the Government of Canada and the Government of Australia, signed at Ottawa, on October 11, 1990
Austria (Republic of)	Agreement on Social Security between the Government of Canada and the Government of the Republic of Austria, signed at Vienna on February 24, 1987  Supplementary Agreement to the Agreement on Social Security between Canada and the Republic of Austria, signed at Vienna on September 12, 1995
Barbados	Agreement on Social Security between the Government of Canada and the Government of Barbados, signed at Bridgetown on February 11, 1985
Belgium	Agreement on Social Security between the Government of Canada and the Government of Belgium, signed at Brussels on May 10, 1984
Chile (Republic of)	Agreement on Social Security between the Government of Canada and the Government of the Republic of Chile, signed on November 18, 1996
Croatia (Republic of)	Agreement on Social Security between the Government of Canada and the Government of the Republic of Croatia, signed on April 22, 1998
Cyprus (Republic of)	Agreement on Social Security between Canada and the Republic of Cyprus, signed at Ottawa on January 24, 1990
Denmark	Agreement on Social Security between the Government of Canada and the Government of Denmark, signed at Copenhagen on April 12, 1985
Dominica (Commonwealth of)	Agreement on Social Security between the Government of Canada and the Government of the Commonwealth of Dominica, signed at Roseau on January 14, 1988
Finland (Republic of)	Agreement on Social Security between the Government of Canada and the Government of the Republic of Finland, signed at Ottawa on October 28, 1986
France	Agreement on Social Security between the Government of Canada and the Government of France, signed at Ottawa on February 9, 1979
Germany (Federal Republic of)	Agreement on Social Security between the Government of Canada and the Government of the Federal Republic of Germany, signed at Bonn on November 14, 1985

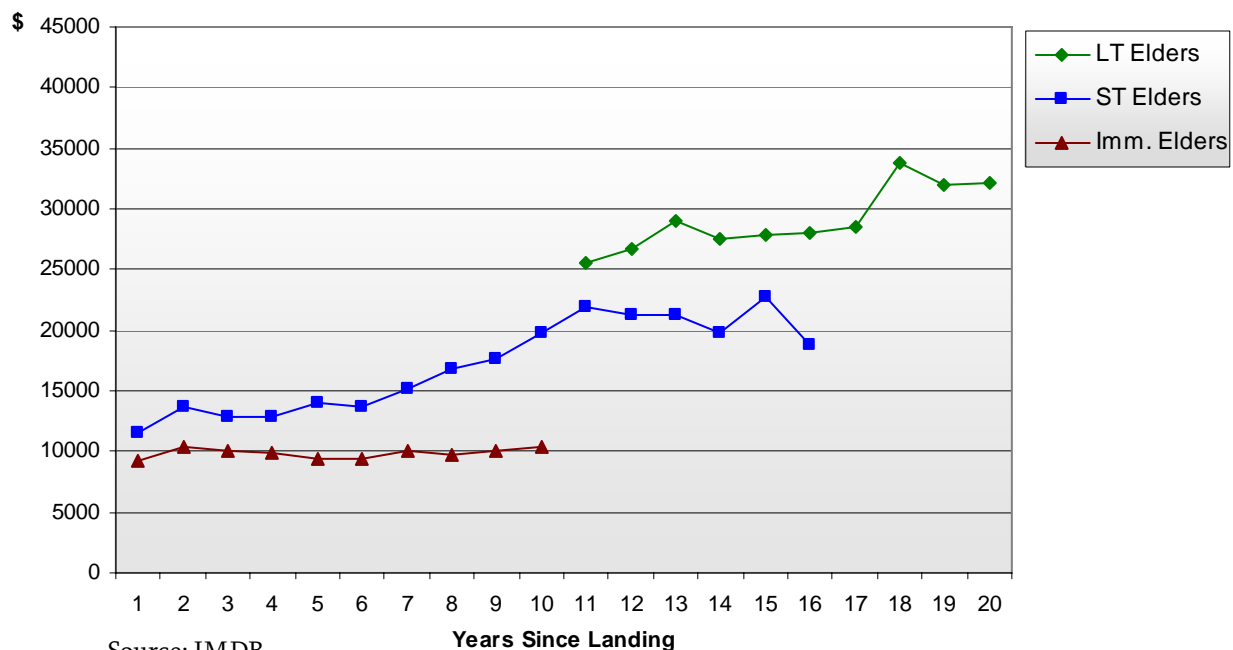


<b>Country</b>	<b>Agreement</b>
Greece (Hellenic Republic)	Agreement on Social Security between Canada and the Hellenic Republic, signed at Toronto on November 10, 1995
Grenada	Agreement on Social Security between the Government of Canada and the Government of Grenada, signed on January 8, 1998
Guernsey	Agreement on Social Security between Jersey, Guernsey and Canada, in force in Canada as of January 1, 1994
Iceland	Agreement on Social Security between the Government of Canada and the Government of Iceland, signed at Gimli on June 25, 1988
Ireland	Agreement on Social Security between Canada and Ireland, signed at Ottawa on November 29, 1990
Israel	Interim Agreement on Social Security between the Government of Canada and the Government of Israel, signed at Jerusalem on April 9, 2000
Italy (Italian Republic)	Agreement on Social Security between Canada and Italy, signed at Toronto on November 17, 1977  Agreement on Social Security between Canada and the Italian Republic, signed at Rome on May 22, 1995
Jamaica	Agreement between the Government of Canada and the Government of Jamaica with respect to Social Security, signed at Kingston, Jamaica on January 10, 1983
Jersey	Agreement on Social Security between Jersey, Guernsey and Canada, in force in Canada as of January 1, 1994
Korea (Republic of)	Agreement on Social Security between Canada and the Republic of Korea, signed at Seoul on January 10, 1997
Luxembourg	Agreement on Social Security between the Government of Canada and the Government of Luxembourg, signed at Ottawa on May 22, 1986
Malta (Republic of)	Agreement on Social Security between Canada and the Republic of Malta, signed at Toronto on April 4, 1991
Mexico (United Mexican States)	Agreement on Social Security between Canada and the United Mexican States, signed at Ottawa on April 25, 1995
Morocco (Kingdom of)	Convention on Social Security between the Government of Canada and the Government of the Kingdom of Morocco, signed on July 1, 1998
Netherlands (Kingdom of the)	Agreement on Social Security between the Government of Canada and the Government of the Kingdom of the Netherlands, signed at The Hague on February 26, 1987

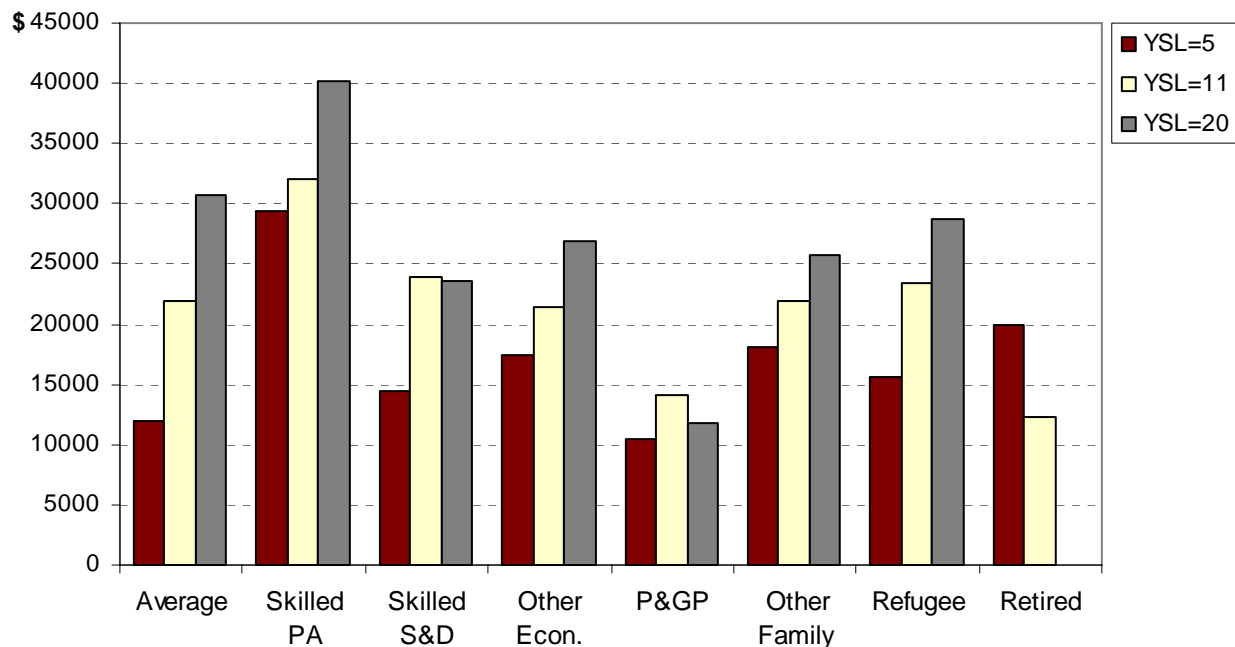
<b>Country</b>	<b>Agreement</b>
New Zealand	Agreement on Social Security between Canada and New Zealand, signed on April 9, 1996
Norway (Kingdom of)	Agreement on Social Security between the Government of Canada and the Government of the Kingdom of Norway, signed at Oslo on November 12, 1985
Philippines (Republic of the)	Agreement on Social Security between Canada and the Republic of the Philippines, signed at Winnipeg on September 9, 1994  Supplementary Agreement to the Agreement on Social Security between the Government of Canada and the Government of the Republic of the Philippines, signed at Winnipeg on November 13, 1999
Portugal	Agreement between Canada and Portugal with respect to Social Security, signed at Toronto on December 15, 1980
Saint Lucia	Agreement on Social Security between the Government of Canada and the Government of Saint Lucia, signed at Castries on January 5, 1987
Saint-Vincent and the Grenadines	Agreement on Social Security between the Government of Canada and the Government of Saint-Vincent and the Grenadines, signed on January 6, 1998
Slovenia (Republic of)	Agreement on Social Security between the Government of Canada and the Government of the Republic of Slovenia, signed on May 17, 1998
Spain	Protocol to the Convention on Social Security between Canada and Spain, signed at Ottawa on October 19, 1995
St. Kitts and Nevis (Federation of)	Agreement on Social Security between Canada and the Federation of St. Kitts and Nevis, signed at Ottawa on August 17, 1992
Sweden	Agreement on Social Security between the Government of Canada and the Government of Sweden, signed at Stockholm on April 10, 1985
Switzerland (Swiss Confederation)	Convention on Social Security between Canada and the Swiss Confederation, signed at Ottawa on February 24, 1994
Trinidad and Tobago (Republic of)	Agreement on Social Security between the Government of Canada and the Government of the Republic of Trinidad and Tobago, signed on April 9, 1997
Turkey (Republic of)	Agreement on Social Security between the Government of Canada and the Government of the Republic of Turkey, signed on June 19, 1998
United Kingdom of Great Britain and Northern Ireland	Memorandum of Understanding between the Government of Canada and the Government of the United Kingdom of Great Britain and Northern Ireland concerning Co-operation and Mutual Assistance in the Administration of Social Security Programmes, signed on January 16, 1997

Country	Agreement
United States of America	<p>Agreement between the Government of Canada and the Government of the United States of America with respect to Social Security, signed at Ottawa on March 11, 1981</p> <p>Supplementary Agreement between the Government of Canada and the Government of the United States of America with respect to Social Security, signed at Ottawa on May 10, 1983</p> <p>Second Supplementary Agreement amending the Agreement between the Government of Canada and the Government of the United States of America with respect to Social Security, signed on May 28, 1996</p> <p>Administrative Understanding on Mutual Assistance, concluded pursuant to the Agreement between the Government of Canada and the Government of the United States of America with respect to Social Security and signed on December 4, 1996</p>
Uruguay (Eastern Republic of)	Agreement on Social Security between the Government of Canada and the Government of the Eastern Republic of Uruguay, signed at Ottawa on June 2, 1999

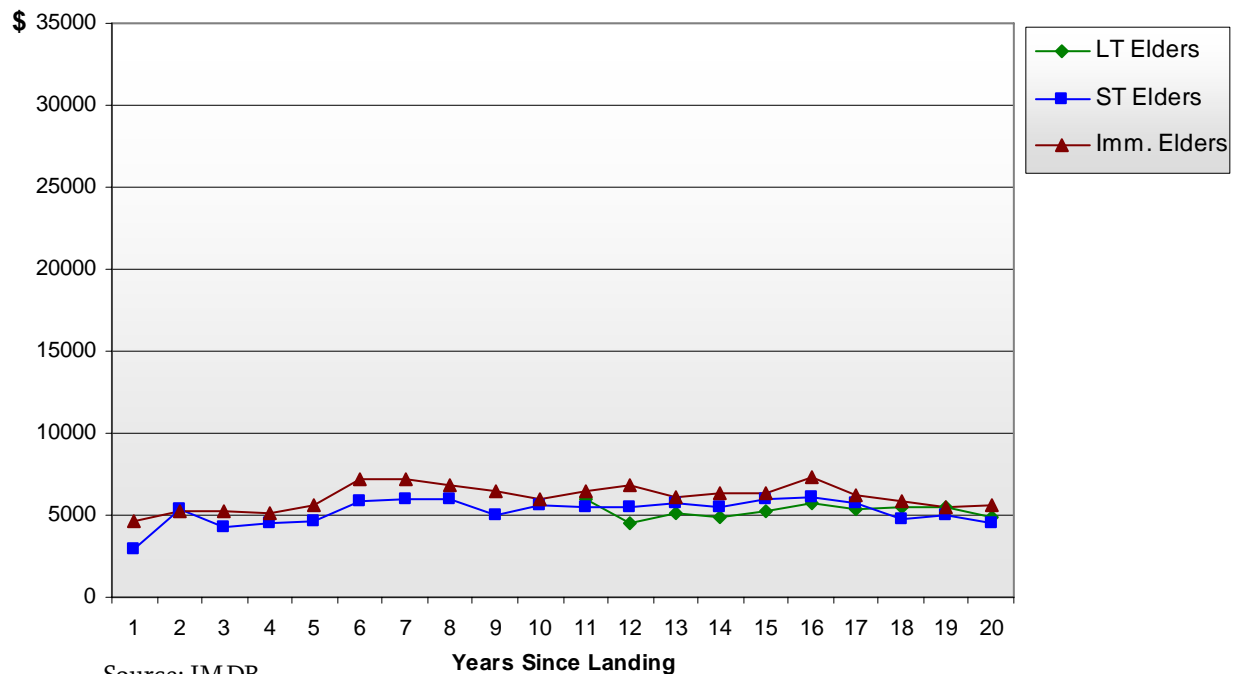
**Figure A4: Average Real Employment Earnings for Elderly Immigrants in Tax Year 2000, by Elderly Subgroup**



**Figure A5: Average Real Employment Earnings for Elderly Immigrants in Tax Year 2000, by Immigrant Category**

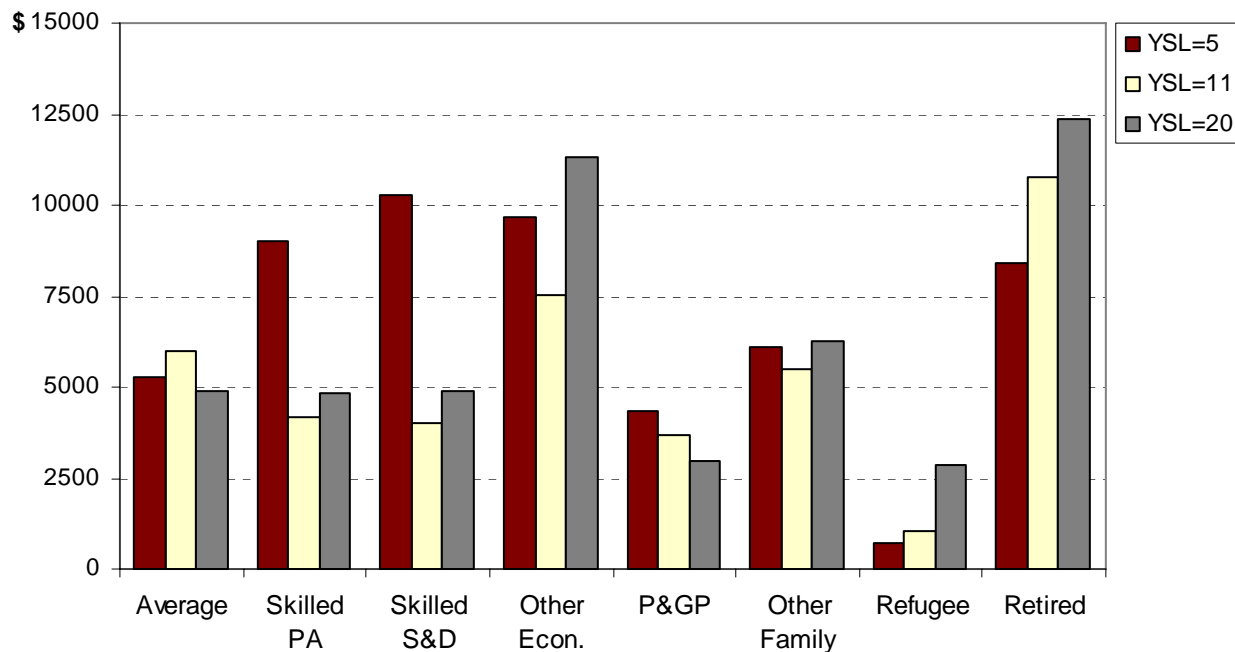


**Figure A6: Average Real Investment Income for Elderly Immigrants in Tax Year 2000, by Elderly Subgroup**

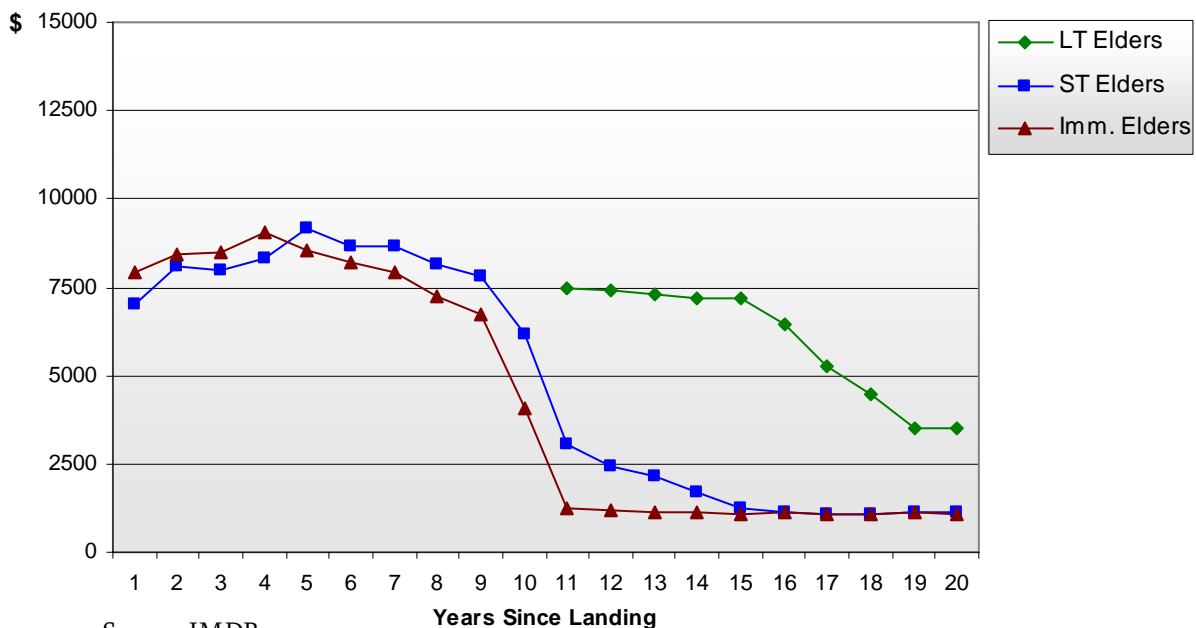


Source: IMDB

**Figure A7: Average Real Investment Income for Elderly Immigrants in Tax Year 2000, by Immigrant Category**

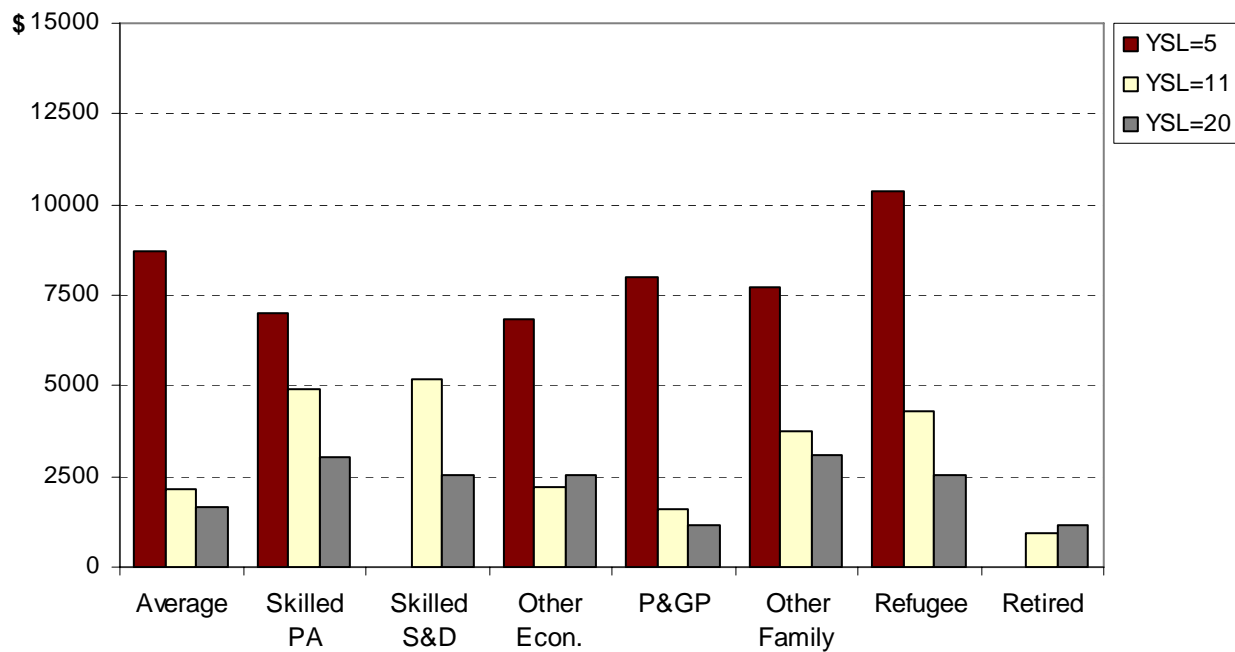


**Figure A8: Average Real Provincial Supplements (including Social Assistance Benefits) for Elderly Immigrants in Tax Year 2000, by Elderly Subgroup**

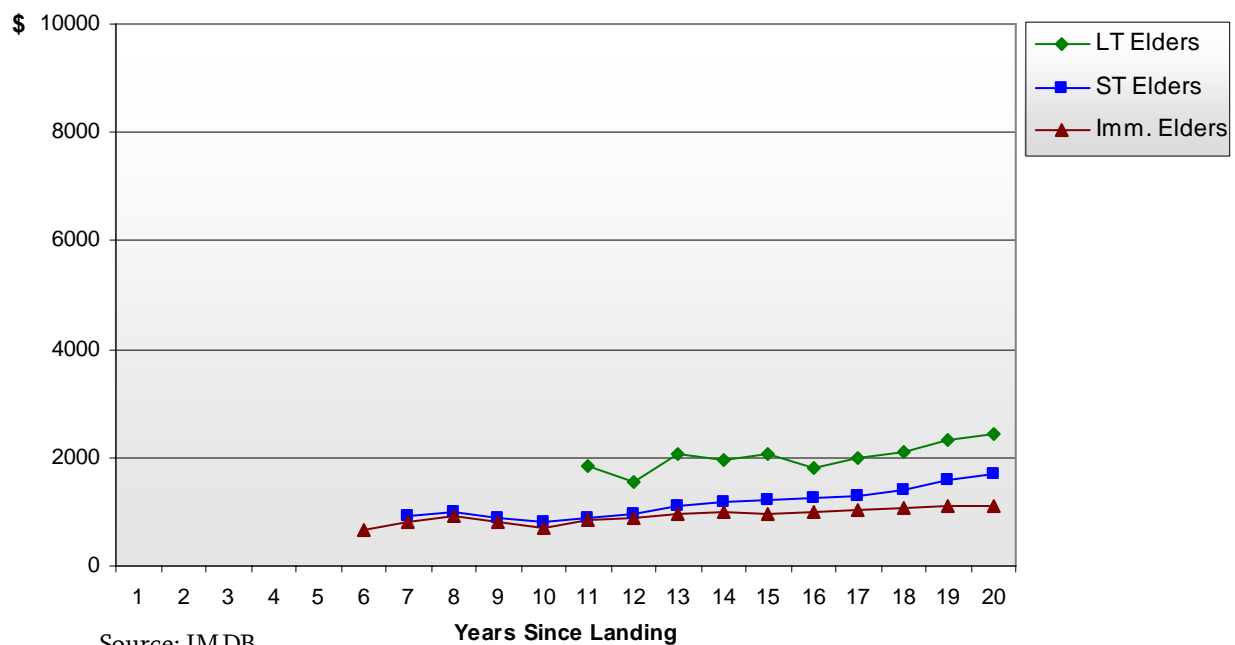


Source: IMDB

**Figure A9: Average Real Provincial Supplements (including Social Assistance Benefits) for Elderly Immigrants in Tax Year 2000, by Immigrant Category**

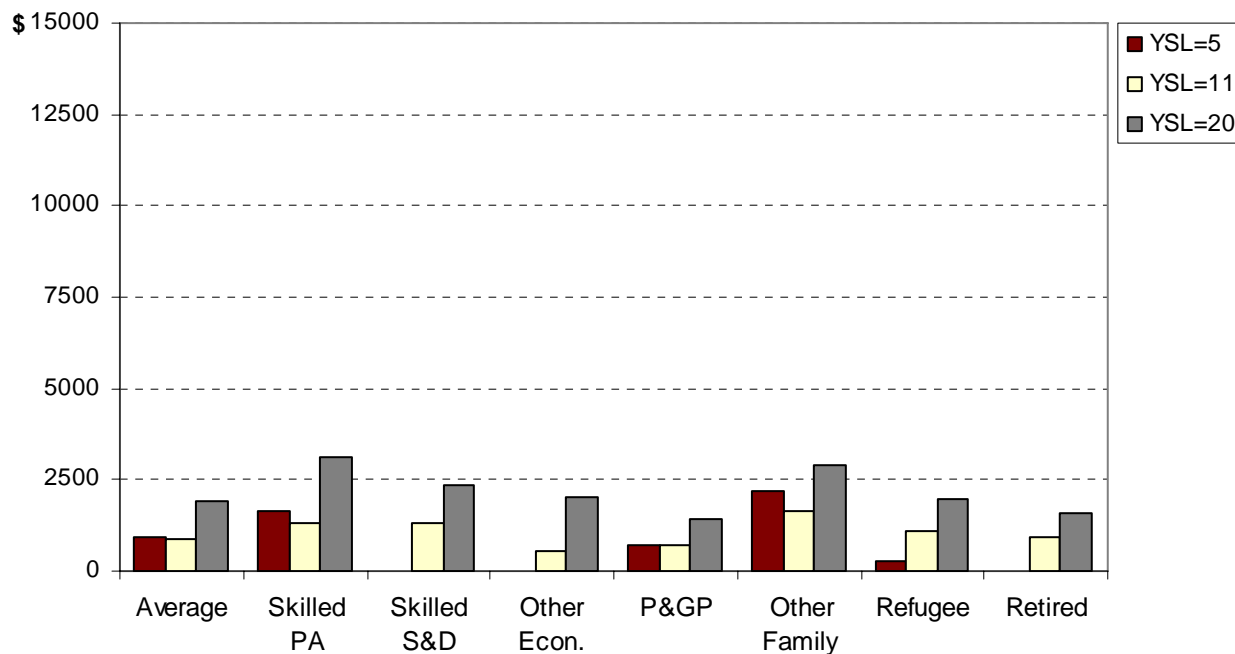


**Figure A10: Average Real C/QPP Benefits for Elderly Immigrants in Tax Year 2000, by Elderly Subgroup**

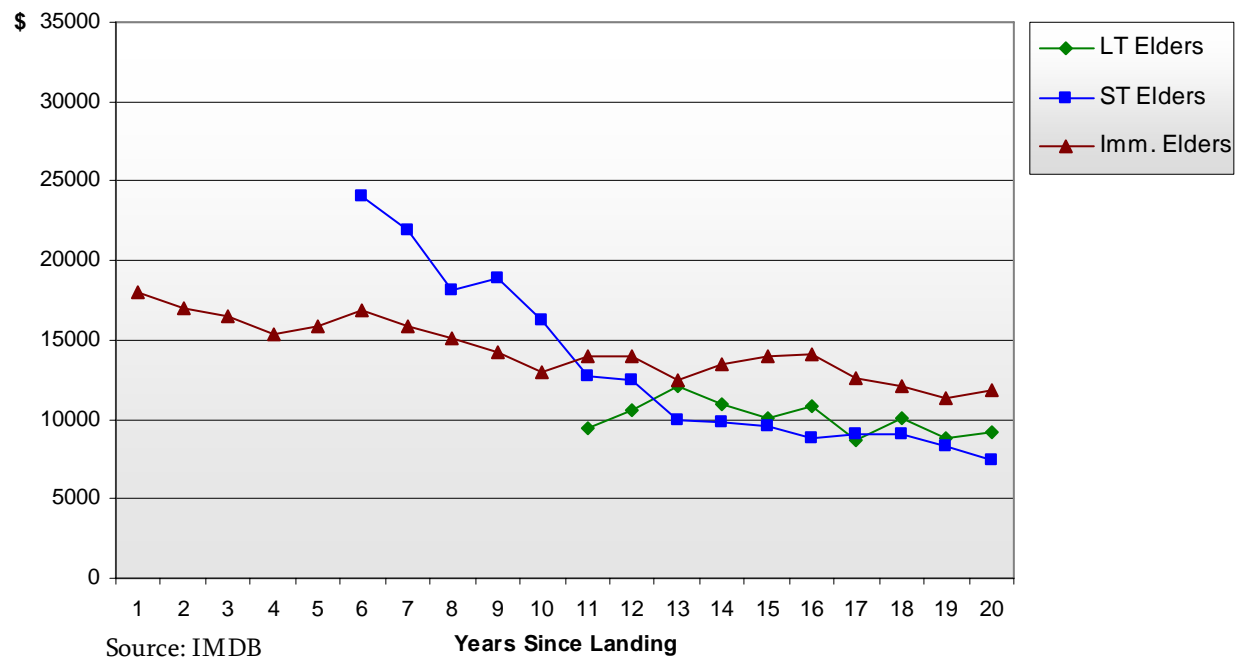


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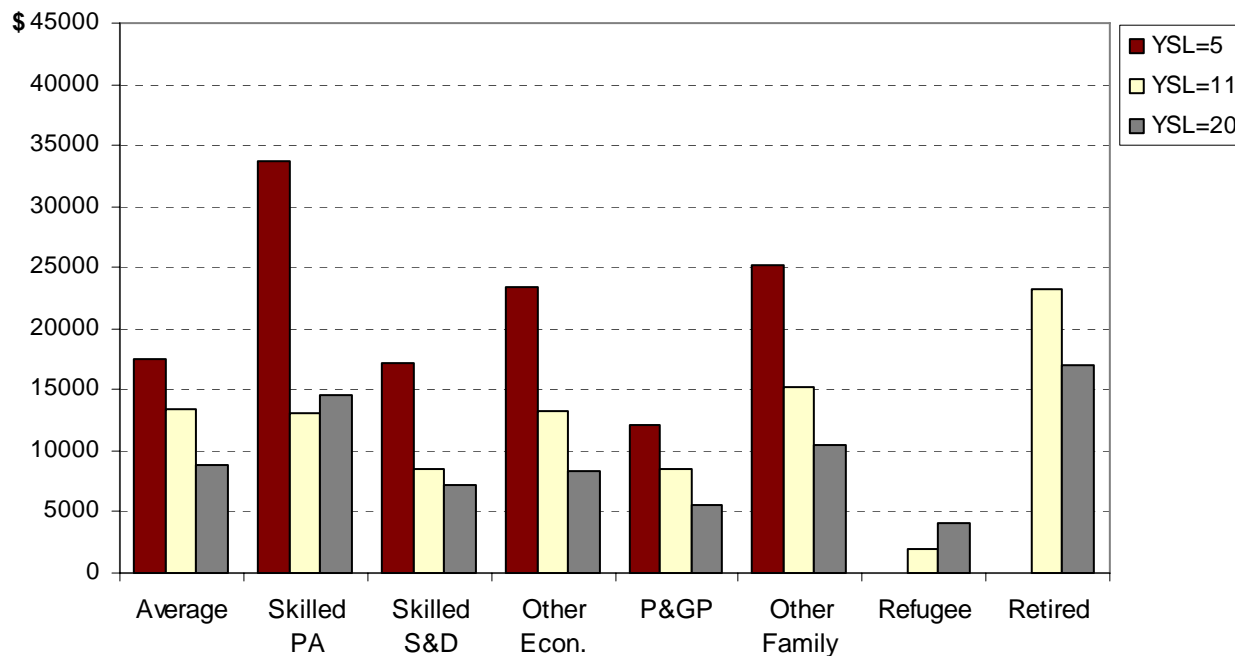
**Figure A11: Average Real C/QPP Benefits for Elderly Immigrants in Tax Year 2000, by Immigrant Category**



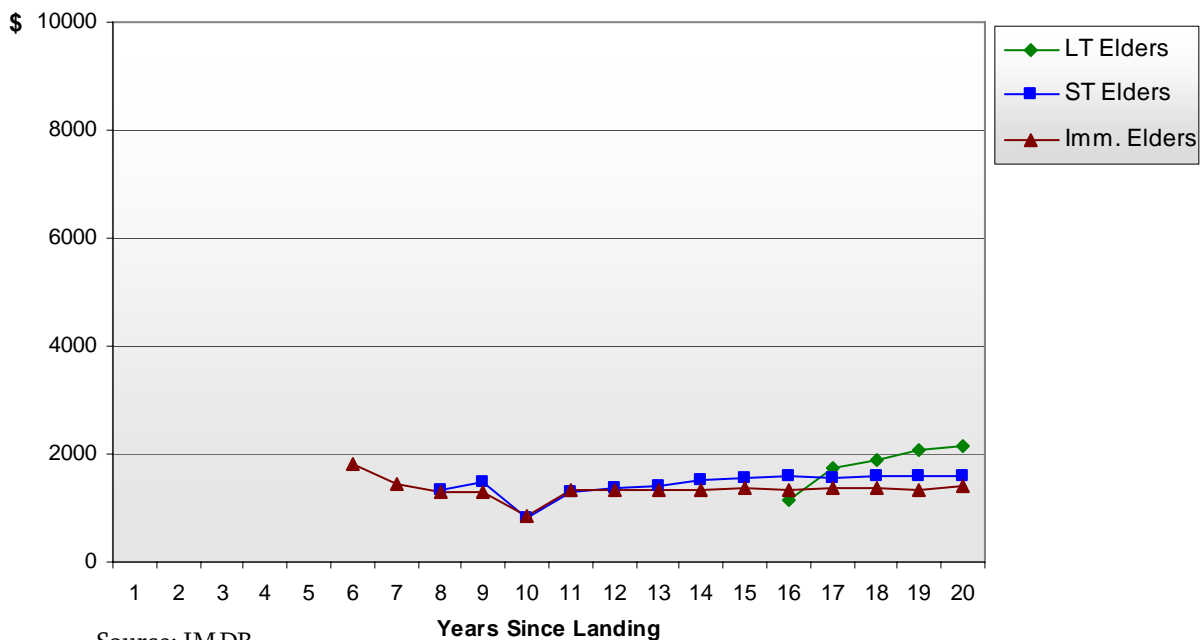
**Figure A12: Average Real Private Pension Income for Elderly Immigrants in Tax Year 2000, by Elderly Subgroup**



**Figure A13: Average Real Private Pension Income for Elderly Immigrants in Tax Year 2000, by Immigrant Category**



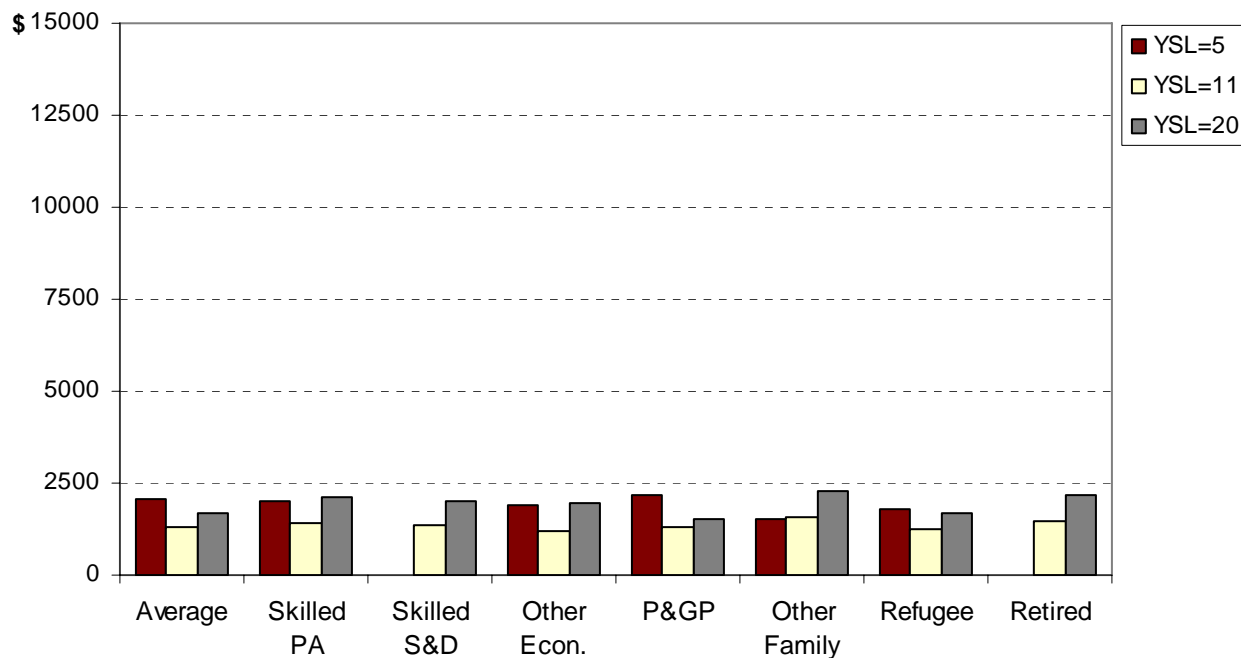
**Figure A14: Average Real OAS Benefits for Elderly Immigrants in Tax Year 2000, by Elderly Subgroup**



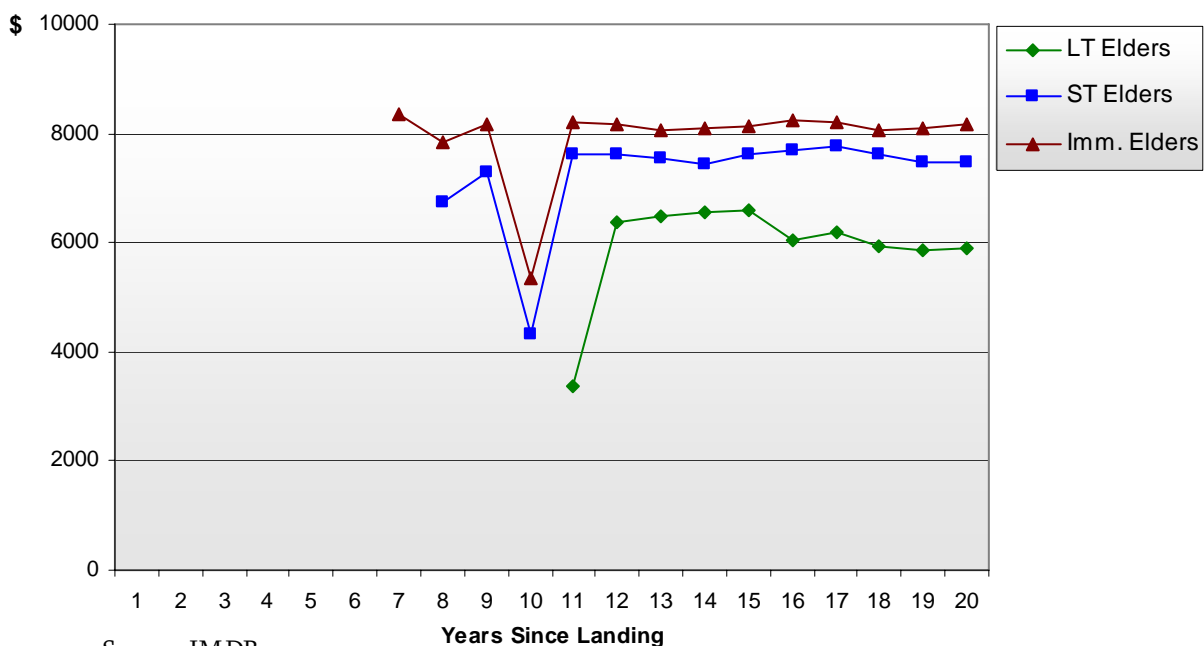
Source: IMDB



**Figure A15: Average Real OAS Benefits for Elderly Immigrants in Tax Year 2000, by Immigrant Category**

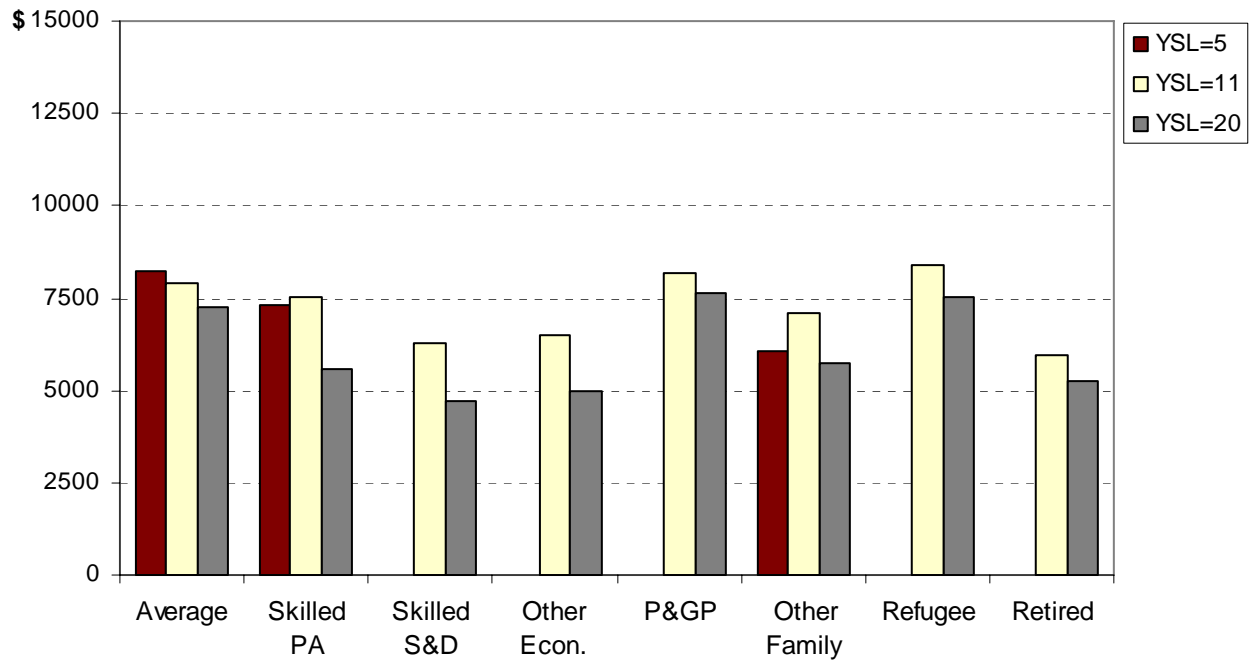


**Figure A16: Average Real GIS/Allowance Benefits for Elderly Immigrants in Tax Year 2000, by Elderly Subgroup**



Source: IMDB

**Figure A17: Average Real GIS/Allowance Benefits for Elderly Immigrants in Tax Year 2000, by Immigrant Category**



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