



MAXED OUT: ARE ONTARIANS READY FOR THE HIGH COST OF CAREGIVING?

NOVEMBER 2017



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For the first time ever, **seniors now outnumber children in Canada**. According to Statistics Canada, 16.9% of our population is currently age 65 and older. **By the year 2031, an estimated 25% will be seniors. That's 1 in 4 Canadians.**

As the number of working-age Canadians falls and the number of seniors grows, Canada must pay close attention to how well-prepared it is to handle this aging cohort and its growing need for care.

As we've noted in previous research, many Canadians are financially ill-prepared to support themselves in their senior years. However, as Canadians retire with increasingly limited resources, it raises other questions – who will take care of Canadian seniors when disability or illness means they can no longer take care of themselves? And what are the costs borne by caregivers in the form of time off work or a reduced capacity for taking on full-time work?

Our research shows Ontarians are already shouldering the burden of caregiving for family members. As Canada's population ages, this burden is set to increase exponentially.

In this report, we look at caregiving in Ontario – the financial and emotional cost it is having on individuals and their families. We also look at the broader economic and public policy impact in the form of lost wages and productivity for caregivers who are not only unable to work at capacity but are also less able to contribute to their own retirement savings.

Portrait of a caregiver

There is a large and growing number of Canadians providing unpaid care to family and friends.

! FACT:

It is estimated that by 2026 more than

 | **2.4M**

Canadians age 65 and older will need continuing care support, both paid and unpaid - a 71% jump over 2011. By 2046, this number will reach nearly:

3,300,000

Conference Board of Canada Report - 2015

Here in Ontario, 1 in 5 people are caring for a family member. More than half, 53%, are caring for a parent vs. 24% caring for a child.

Caught in the so-called “sandwich” generation, many Ontarians are looking after elderly and sick relatives, while raising their own children.

Among those stuck in the middle are Ontarians between the ages of 45 and 54, who are by far the largest cohort of caregivers. One in 3 Ontarians in this age range is a caregiver.

On average, caregivers are spending 19 hours a week in this role.





THE HIGH COST OF CAREGIVING

45%

of caregivers have missed out on paid work due to caregiving duties — an estimated average of \$1,350 per month, in lost wages, medical supplies & housing.

13%

of Ontario caregivers are paying over \$2,000 a month in lost wages, medical supplies & other caregiving costs, with 67% saying their role is emotionally taxing.

Help is out of reach for many

When asked if they can access professional help, 37% say they can't afford a professional home care worker to lighten the load.

What next? We've continued to express our concerns about gaps in the retirement system in Ontario and across Canada, where Canada Pension Plan (CPP), Old Age Security (OAS), government social programs and private savings simply won't be enough for many Canadians to achieve adequate income in retirement.

With workplace pension coverage waning, individual savers are now forced to cover most of the costs of retirement themselves with little support from the government.

As senior poverty levels continue to rise, policymakers (and, by extension, society) are faced with the realities that come with an aging population, including not only providing for basic needs such as food and shelter, but long-term care and other healthcare needs associated with getting older.

We believe that a defined benefit (DB) pension model — delivering benefits that seniors can count on — can and should be the basis for building a better retirement system in Canada.

As a starting point, policymakers are encouraged to pursue DB plans that not only ensure income adequacy in old age, but that are also sustainable and accessible to Canadians. These features make up a best-practices approach that delivers certainty and comfort (without fluctuations in income that leave Canadians vulnerable), while also ensuring that these plans are there for as many people as possible over the long term.

WE RECOMMEND:

① Ensure adequate income replacement

Pension plan models that don't set an income replacement target won't work for Canadians and could contribute to senior poverty in future. Predictable income replacement should be offered to workplace pension plan members based on a percentage of pre-retirement earnings. DB models are designed to do this — and should be extended across all types of workplace pension plans.

② Sustainable risk-sharing

Contributors to a plan cannot be expected to bear 100% of market and longevity risk. It's simply not sustainable. A pension model must fairly spread the risk between the plan member and sponsor so that Canadians can be assured that their DB plan will be there when they need it.

③ Mandatory enrolment

Workplace pension plans must be mandatory. Canadians who are being left to their own devices to plan and save for their retirement are not equipped to do so. As human behaviour dictates, there is always something else that requires financial attention before one's own retirement that is decades away.

④ Find ways to pool

When individual savings are pooled in one large fund and invested by professionals, investment risk is shared and reduced costs are much lower than they would be for retail mutual funds. A pooling solution could help make DB pensions available for more Canadians.



The retirement savings conundrum

Numerous studies show Canadians are financially ill-prepared for retirement. Here in Ontario, those ages 45-54 are disproportionately faced with the challenge of providing care for children and relatives. How will they prepare for their own senior years?

\$3000

The median value of retirement assets for Canadians ages 55-64

The Broadbent Institute

12.5%

The percentage of Canadian seniors living in poverty today

Statistics Canada

1 in 3

Number of Canadians who are not prepared for retirement

2014 Financial Capability Survey

2000-13

Years in which Canadian RRSP contributions have steadily declined

Statistics Canada

CAREGIVING IN CANADA

According to 2012 data from Statistics Canada:



30% of child caregivers received government assistance, compared with 14% of spousal caregivers & 5% parental caregivers



Those who cared for a loved one reported health and psychological problems



Depression is common among those who spend two hours or more each week caring for a loved one

28%

of Canadians 15 and over provided care to family or friends with long-term health conditions, disabilities or aging

39%

Of that number, primarily cared for their parent, 8% for their spouse or partner, and 5% for their child



Ontarians reflect a broader trend across Canada.

\$

Among regular caregivers, 28% who cared for a child and 20% who cared for a spouse experienced financial difficulties

48%

provided care to other family members or friends

