

POVERTY PROFILE 2007

POVERTY TRENDS BY FAMILY TYPE, 1976-2007

Highlights

- There are noticeable differences in poverty rates and trends when broken down by family type.
- Some family types have poverty rates **four times higher** than others.
- There have been lasting improvements in poverty trends for senior families, and more recently, improvements for female lone-parent families.

After-tax low income cut-offs are used to measure poverty in this bulletin. For details on methodology and data sources, see the *Methodology, Definitions and Information Sources* bulletin.

FAMILIES AND UNATTACHED INDIVIDUALS

Poverty trends for unattached individuals and families tend to rise during bad economic times and fall during good economic times.

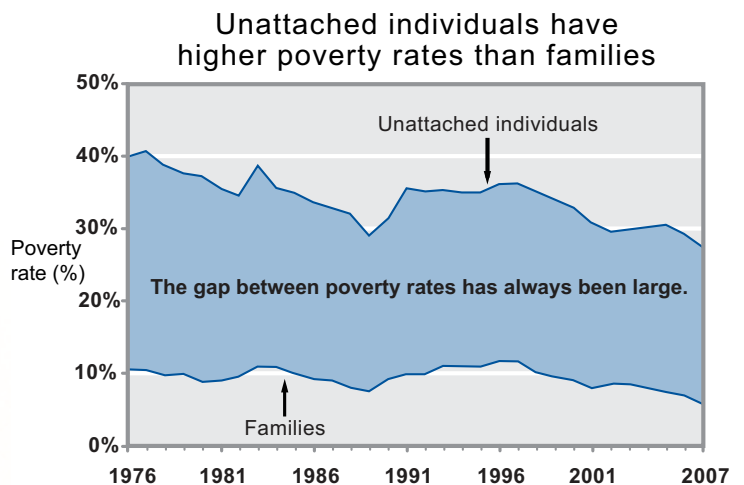
The big difference between the two groups is the level of their poverty rates. **The poverty rates for unattached individuals are always three to four times higher than the rates for families.**

What do we mean by families and unattached individuals?

We use the term “**family**” to refer to Statistics Canada’s definition of economic families. Economic families are households of two or more persons where everyone is related by blood, marriage or adoption. They also include couples in common-law or same-sex relationships.

Unattached individuals are people living on their own or with non-relatives – such as a roommate or lodger.

For a detailed description of family types, see the *Methodology, Definitions and Information Sources* bulletin.



The poverty rate for families has been falling faster than the rate for individuals in recent years. This means that in 2007, the poverty rate for unattached individuals was 4.7 times higher than for families – a record high.

Although the gap between the two groups was at a record high, the poverty rates for both groups hit record lows in 2007.

Families and unattached individuals living in poverty, 2007

	Number	Poverty rate
Families	525,000	5.8%
Unattached individuals	1,309,000	27.4%

Why are poverty rates for unattached individuals always higher?

The main reason is that families often have more than one breadwinner. For example:

- many younger couples have both partners in the paid labour force; and
- many senior couples have both partners drawing pensions, whether private pensions or government pensions such as Old Age Security.

Unattached persons, by definition, depend on only one income. If they become ill or lose their job, for example, there is no second income to fall back on. This may mean that they could be hit hard by the recession that started in 2008.

WORKING-AGE FAMILIES

We see differences in poverty trends when we break down families by type. The most eye-catching trend is the sharp drop in poverty rates for female lone-parent families.

A **working-age family** is a family where the major income earner is less than 65 years old.

Most working-age families depend on employment for their income, tying their poverty trends to the state of the economy. As a result, we would expect to see an increase in their poverty rates in 2008 and beyond, especially as job losses for those aged 25-54 have occurred at a far faster rate compared to the recessions in the 1980s and 90s.

Big drop in poverty rates for female lone-parent families

Over the years, female lone-parent families always account for 80% or more of lone-parent families in Canada. They make up more than 90% of those living in poverty.

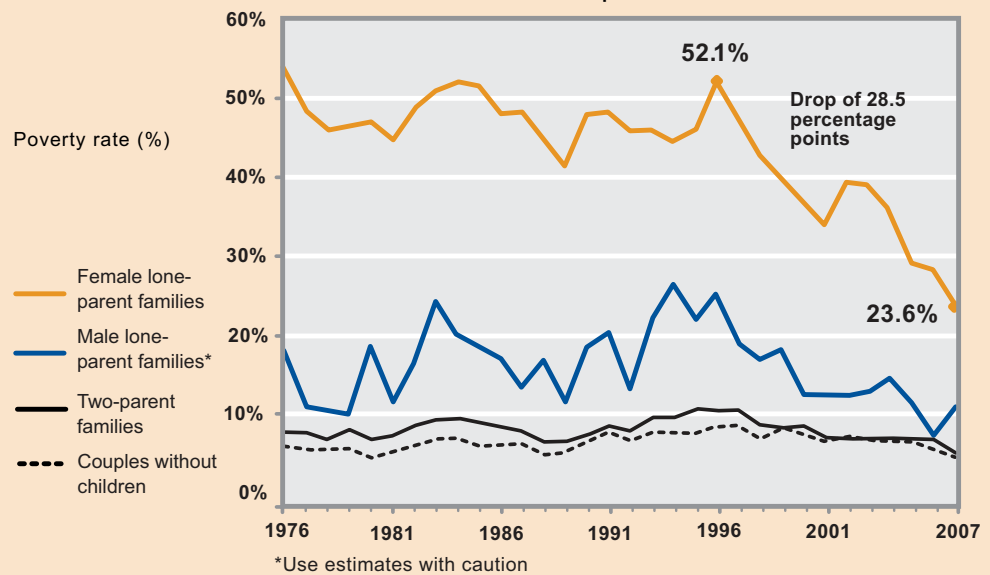
For many years, poverty rates for female lone-parent families were 40 to 50%. Then, from 1996 to 2001, the rate dropped from 52.1% to 33.8%. It jumped back up to 39.4% in 2002 before beginning another downward trend. By 2007, the rate had fallen to a record low of 23.6%.

Even at this record low, the poverty rate for female lone-parent families is far higher than rates for other working-age families.

The number of female lone-parent families living in poverty has dropped 57% – from 311,000 in 1996 to 135,000 in 2007.



Biggest fall in poverty rates has been for female lone-parent families



Why have poverty rates for female lone-parent families fallen?

The drop in poverty rates reflects an upward trend in market income. This trend is driven by higher earnings and an increase in the number of female lone parents with earned income.¹

- About 6 in 10 female lone-parent families had earnings in 1996. By 2006, it had increased to 8 in 10.
- Average market income increased 68% between 1996 and 2007, from \$19,700 to \$33,100.

One study concludes that most of the employment and earnings gains were the result of population change.²

Looking at the years 1980 to 2000, researchers observed that the better-educated baby boomers began entering their forties and replaced earlier generations of lone mothers. Most of the gains in these years went to the older, more educated mothers. Few of the gains went to younger mothers.

Government policies may have also contributed. The federal government, for example, estimated that the National Child Benefit prevented 23,200 lone-parent families from living in poverty in 2004.³

It remains to be seen if the changes in education, employment and government policies will shield female lone-parent families from the effects of the recession that began in 2008.

¹ Statistics Canada. *Income in Canada*, 2004 and 2005 editions. Catalogue no. 75-202-XWE.

² John Myles, Feng Hou, Garnett Picot and Karen Myers. "Why Did Employment and Earnings Rise Among Lone Mothers During the 1980s and 1990s?" *Analytical Studies Branch Research Paper Series* (June 2006). Statistics Canada, Catalogue no. 11F0019MIE — No. 282. <http://www.statcan.gc.ca/pub/11f0019m/11f0019m2006282-eng.pdf>

³ Federal-Provincial-Territorial Ministers Responsible for Social Services. *The National Child Benefit: Progress Report 2006*. January 2008. http://www.nationalchildbenefit.ca/eng/pdf/ncb_progress_report_2006.pdf

Lower poverty rates for male lone-parent families

The poverty rate for male lone-parent families is usually less than half the rate for female lone-parent families.

The highest poverty rate for male lone-parent families was 26.5% in 1994. It has been on a downward trend since then, setting a record low of 7.2% in 2006.

The data for male lone-parent families tends to be a bit erratic from year to year because of the relatively small number of families. The estimates should be used with caution as the sample sizes are small.

Two-parent families have always had low poverty rates

Two-parent families have much lower poverty rates than lone-parent families. Since 2001, their poverty rate has stayed below 7%. In 2007 it reached a record low of 5.1%.

Two-parent families are the most common working-age family type – 2.9 million in 2007. This means that they make up the largest number of families living in poverty, despite having one of the lowest poverty rates.

Lone-parent families and **two-parent families** have children under 18 years old. **Couples without children** are those without children under 18 years old.

Couples without children have the lowest poverty rates for working-age families

Couples without children typically follow the same trends as two-parent families. Their poverty rate is slightly lower than the rate for two-parent families.

The highest poverty rate for couples was 8.6% in 1997. It has gradually fallen to stand at 4.7% in 2007, the lowest rate since 1980.

Working-age families living in poverty, 2007

	Number	Poverty rate
Two-parent families	146,000	5.1%
Female lone-parent families	135,000	23.6%
Couples without children	105,000	4.7%
Male lone-parent families*	14,000	10.8%

*Small sample size. Use estimate with caution.

WORKING-AGE UNATTACHED INDIVIDUALS

Lack of long-term progress has left their poverty rates the highest of all family types

In the 1970s and early 80s, the poverty rates for working-age unattached individuals sat far below those of unattached seniors and female lone-parent families. Over time, the rates for seniors and lone-parents have fallen, leaving unattached working-age individuals with the highest poverty rate of all family types.

Greater numbers live in poverty than ever before

Between 1976 and 2007, the number of working-age unattached individuals living in poverty more than doubled – from 458,000 to 1.1 million.

This group steadily increased from 15% of all people living in poverty in 1976 to 39% by 2007. This was far greater than their share of the total population – 6% in 1976 compared to 11% in 2007.

Falling poverty rates for seniors over the past 30 years means that today most poor unattached individuals are less than 65 years old.

	1976	2007
Less than 65 years old	57%	87%
65 years old or more	43%	13%

Poverty rates are higher for unattached women

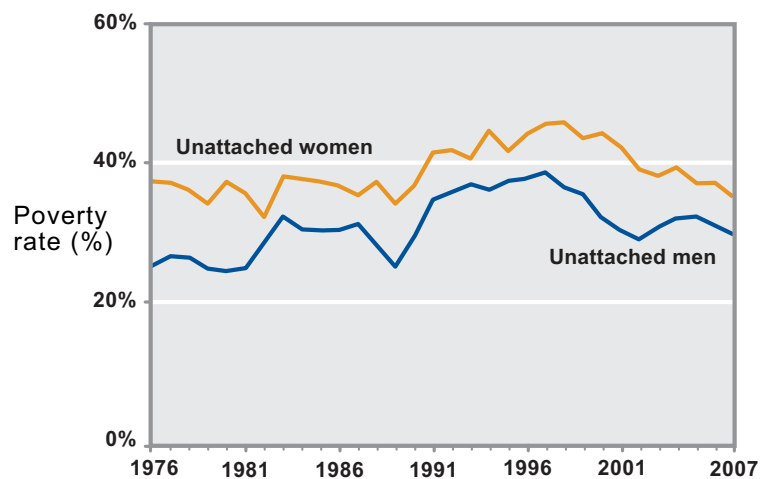
Over the time series from 1976 to 2007, poverty rates for unattached working-age women are always higher than those for men. Since

1988, this group of women had either the highest or second highest poverty rate of all the family types.

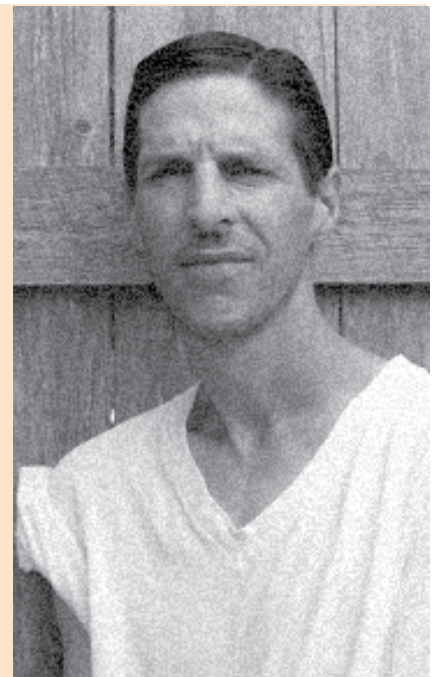
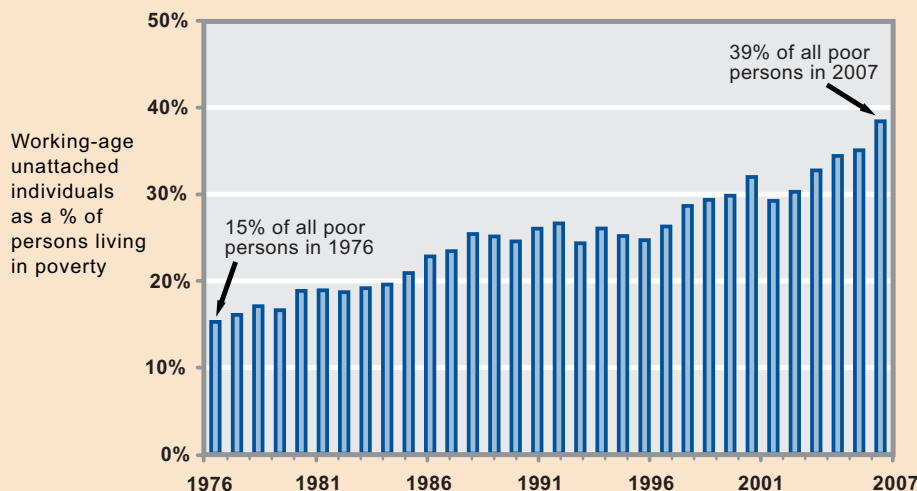
The gap between men and women has ranged from a maximum of 12.9 percentage points in 1980 to a mere 3.6 points in 1982. It has been more or less declining since 2000 to sit at 5.4 percentage points in 2007.

The recent narrowing of the gap is mainly due to a combination of falling rates for women and a short period of rising rates for men.

Poverty rates for working-age unattached women are always higher than those for men



More and more people living in poverty are working-age unattached individuals



The difference in poverty rates between unattached women and men is largely a function of the disadvantaged position of women in the paid labour force. The earnings of women are traditionally lower on average than those of men. Women also tend to have relatively fewer full-time jobs and more part-time jobs than men.

Working-age unattached individuals living in poverty, 2007

	Number	Poverty rate
Total	1,141,000	32.0%
Men	615,000	29.7%
Women	526,000	35.1%

SENIOR COUPLES AND UNATTACHED SENIORS

The poverty rates for senior couples and unattached seniors have been going steadily

down since the introduction of government programs like Old Age Security. Other changes, such as the increased participation of women in the workforce and marital property sharing legislation, have also played a part in the fall of poverty rates for senior women.

However, there remain large differences in the level of poverty rates between couples and unattached individuals.

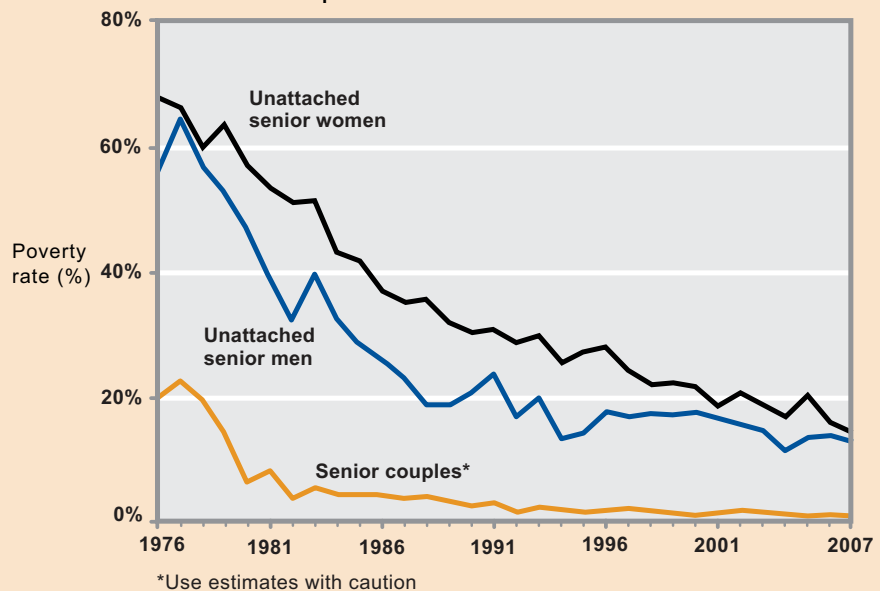
Low poverty rates for senior couples

The poverty rate for senior couples has been the lowest of all the family types since 1982. In 2007, it hit a record low of 0.9%.

The sample size for senior couples living in poverty is small. Estimates should be used with caution. The sample size was too small in 2007 to provide a reliable estimate of the number of senior couples living in poverty.



Big difference in poverty rates between senior couples and unattached seniors



Poverty rate for unattached seniors is 15 times higher than for couples

The poverty rates for unattached seniors, like all the other poverty statistics for seniors, are down sharply since the time series began in 1976.

Despite the drop, poverty rates for unattached seniors were 15 times higher than for couples in 2007.

Unattached senior women had a poverty rate of 68.1% in 1976. It dropped to 14.3% by 2007. The poverty rates for unattached senior men also fell dramatically over that time period – from 55.9% to 13%.

Poverty rates for women have always been higher than men's, but the gap has shrunk over time. The largest gap was 18.8 percentage points in 1982, while the smallest gap was 1.3 points in 2007.

The number of unattached seniors who live in poverty is relatively small. However, the number of unattached senior women living in poverty was almost three times the number of men.

Part of the explanation for the gap in poverty rates between men and women seniors is the lower average earnings of women. This difference carries over into retirement for seniors who receive pension benefits that are based on their previous earnings. Another reason is that women, on average, live longer than men, making them more likely to use up their savings over time.

Number of unattached seniors living in poverty, 2007

	Number	Poverty rate
Total	168,000	13.9%
Women	123,000	14.3%
Men	44,000*	13.0%

*Small sample size. Use estimate with caution.

Seniors and low income cut-offs

This bulletin uses low income cut-offs based on after-tax income to measure poverty. Statistics Canada also produces cut-offs using before-tax income.

Using the **before-tax measure** shows the same poverty trends. However, the poverty rates are somewhat higher for all age groups and family types. **But by far, the biggest difference is seen for seniors.**

The after-tax measure shows a poverty rate for seniors in 2007 of 4.8%, or 201,000 seniors living in poverty. The before-tax rate is higher at 12.5% or 524,000 poor seniors. Of these, more than half (303,000) are unattached women.

HAVE WE MADE PROGRESS?

Looking back over the past 30 years, we see that poverty rates for families have gone down somewhat. Rates for unattached individuals have also fallen slightly, but remain extremely high.

The big picture doesn't tell the whole story

To understand the whole story, we need to break things down. In this case, we looked at poverty trends for different family types. Compared to 30 years ago, we have seen:

- little change for most working-age families;
- improvements for female lone-parent families (although rates are still high);
- no change for working-age unattached individuals (in fact, men are even worse off than before); and
- lasting improvements for senior couples and unattached individuals (although a large gap remains between the two).

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