Modern Family Finances
INCOME IN CANADA

Much like families themselves, family finances in Canada is a topic characterized by diversity, complexity and perpetual evolution. Family income is no exception. 2016 Census data shows that households across Canada receive income from a variety of sources, and these economic arrangements change over time as families adapt and react to social, economic, cultural and environmental forces.

The complex and multi-faceted nature of family finances can make it a difficult topic to fully comprehend. No measure of family finances exists in isolation, and all are interconnected: if a family’s income is too low, then it may be impossible for them to build savings; if expenses are too high, debt may be just around the corner; if debt is too high, it can reduce family wealth – and so on. However, much can be learned about the whole of finances by examining the topic through a family lens.

Family income in Canada is complex

Conversations about family income often focus primarily on employment income. However, data from the 2016 Census shows that families across Canada receive income from a range of diverse sources, such as:

**EMPLOYMENT INCOME**
E.g.: wages, salaries, tips and commissions (includes net income from self-employment)

**INVESTMENT INCOME**
E.g.: dividends and interest on bonds, accounts, guaranteed investment certificates (GICs) and mutual funds

**GOVERNMENT SOURCES**
E.g.: child benefits, Employment Insurance (EI) benefits, Old Age Security (OAS) and Guaranteed Income Supplement (GIS) benefits, Canada Pension Plan (CPP) and Québec Pension Plan (QPP) benefits, disability income and social assistance

**PENSION INCOME FROM EMPLOYER AND PERSONAL SOURCES**
E.g.: private pensions, payments from annuities and registered retirement income funds (RRIFs)

**OTHER REGULAR CASH INCOME SOURCES**
E.g.: child support payments received, spousal support payments (alimony) received and scholarships

The complex and multi-faceted nature of family finances can make it a difficult topic to fully comprehend.
Family incomes are as diverse as families themselves

Every family household has its own unique constellation of income sources that they manage to fulfill their obligations at home and in their communities. These arrangements typically aren’t static – they evolve throughout the life cycle as family circumstances change, along with the resources available to them.

In 2015, the total median household income in Canada, combining income from all sources, including market income and government transfers, was approximately $70,300 before taxes ($61,300 after taxes).

In 2015, the total median income for individuals in Canada was approximately $34,200 before taxes (just under $30,900 after taxes).

In 2015, individuals in Canada whose incomes were in the top 1% had a total median before-tax income of approximately $234,100 in 2015.

Income inequality between women and men was higher among the top 1% than among all earners:
- In 2015, women in the top 1% had a total median before-tax income of approximately $169,300, compared with $293,600 among men.

• This means that, based on the aggregate, women in the top 1% only received 58% of the total median before-tax income received by their male counterparts, compared with a ratio of 71% for all income groups.

Every family household has its own unique constellation of income sources that they manage to fulfill their obligations at home and in their communities.

It is important to note that the Census doesn’t capture a complete snapshot of family income, as it doesn’t include irregular and non-recurring income sources, such as:

- **ONE-TIME RECEIPTS**
  - E.g.: lottery/gambling winnings, cash inheritances, lump-sum insurance settlements and withdrawals from tax-free savings accounts (TFSAs) or registered retirement savings plans (RRSPs)

- **EMPLOYERS’ CONTRIBUTIONS TO REGISTERED PENSION PLANS**
  - E.g.: CPP, QPP, RPP, EI

- **SELECT VOLUNTARY INTER-HOUSEHOLD TRANSFERS**
  - E.g.: cash loans or pooled income between family members in a household, allowances and imputed rent

- **GOODS AND SERVICES PRODUCED FOR BARTER AND OWN CONSUMPTION**
  - E.g.: making clothes and growing food for sale, trade or personal use; exchanging/providing services within or between households, such as child care and yardwork

- **CAPITAL GAINS**
  - These are not by their nature regular and recurring, and Statistics Canada considers them more relevant to the concept of wealth than income.

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Every family household has its own unique constellation of income sources that they manage to fulfill their obligations at home and in their communities.
Individuals in Canada whose incomes were in the top 10% had a total median before-tax income of approximately $93,700 in 2015 ($75,200 after taxes). This represented approximately 3.1 million Canadians in 2015.10

- Individuals in Canada whose incomes were in the top 10% saw their total median before-tax incomes grow by 16.4% between 2005 and 2015.11

$93,700

71.3% of Canadians (20.4M) received employment income in 2015, with a total median before-tax amount of $33,700 that year.

69%

Among couples with children (under 16), 69% included two earners in 2014, up from 36% in 1976.15

29.7%

29.7% of Canadians (8.5M) received investment income in 2015, with a total median before-tax amount of nearly $800 that year.

$800.00

13.6% of Canadians (3.9M) received child benefits in 2015, with a total median before-tax amount of $3,800 that year.

10.9% of Canadians (3.1M) received the Canada Child Tax Benefit (CCTB), with a median amount of approximately $1,500 that year.

$10,700

8.8% of Canadians (2.5M) received EI Benefits in 2015, with an average amount of approximately $5,600 that year. Among those receiving EI benefits:

6.1%

6.1% of Canadians (1.7M) received EI Regular Benefits in 2015,17 with an average amount of nearly $5,100 that year.

3.5% of Canadians (995,000) received other EI Benefits (e.g. sickness, maternity, paternity, adoption and compassionate care) in 2015,18 with an average amount of approximately $4,900 that year.

- In 2016, 91% of insured recent mothers in Canada were receiving maternity/parental benefits – a rate that changed little over the previous decade.19

This total income included revenue from a variety of sources, such as:14

- Employment income
- Investment income
- Child benefits
- Canada Child Tax Benefit (CCTB)
- EI benefits
- Regular Benefits
- Other EI Benefits
- Maternity/parental benefits
In 2016, 30% of recent fathers across Canada reported that they took (or intended to take) parental leave, up from only 3% in 2000.\(^20,21\)

Much of the increase in the national rate, however, is due to the large increase in fathers taking leave in Quebec, where more generous benefits have been available through the Quebec Parental Insurance Plan (QPIP) since 2006.

The share of dads in Quebec who reported that they claimed or intended to claim parental leave more than tripled, from 28% in 2005 to 80% in 2016. Outside Quebec, the share of recent dads who claimed or intended to claim parental leave increased only slightly, from 11% to 13%, over the same period.\(^22\)

Research from Statistics Canada shows that women and men have experienced diverging trends in pension coverage rates since 1991:

- 17.5% of Canadians (5M) received OAS/GIS benefits in 2015, with a total median before-tax amount of approximately $6,800 that year.
  
  OAS/GIS benefits are available to Canadians aged 65 and older, who accounted for 16.9% of the population in 2016\(^23\) and are projected to reach nearly one-quarter (23%) of Canadians by 2031.\(^24\)

- 4.6% of Canadians (1.3M) received social assistance benefits, with a total median before-tax amount of approximately $7,900 that year.

- 23.2% of Canadians (6.7M) received CPP/QPP benefits, with a total median before-tax amount of approximately $7,400 that year.

- 20.6% of Canadians (5.9M) received CPP/QPP retirement benefits in 2015, with a median amount of approximately $6,800 that year.

- 1.4% of Canadians (396,000) received CPP/QPP disability benefits in 2015, with a median amount of approximately $10,500 that year.

  - 4.4% of Canadians (1.3M) received CPP/QPP survivor benefits in 2015,\(^25\) with a median amount of approximately $3,900 that year.

Research from Statistics Canada shows that women and men have experienced diverging trends in pension coverage rates since 1991:

![Graph showing pension coverage rates](image)

- Between 1991 and 2013, the share of employed women with a registered pension plan (RPP) or a deferred profit-sharing plan increased from 35.8% to 38.4% for 25- to 34-year-olds and from 44.3% to 48.5% for 35- to 54-year-olds.\(^26,27\)

- Between 1991 and 2013, the share of employed men with a registered pension plan (RPP) or a deferred profit-sharing plan decreased from 38.2% to 34.6% for 25- to 34-year-olds and from 55.9% to 45.3% for 35- to 54-year-olds.\(^28\)
Demographic factors can have an impact on income

Family income levels vary depending on a variety of factors, such as age, gender, identity, immigration status and the presence of disability.

2016 Census data shows that Canadians have diverse income sources that evolve throughout the life cycle.29

Share of Canadians reporting income (by highlighted income source) and median amount received, Canada, 2015

<table>
<thead>
<tr>
<th>Age</th>
<th>Employment Income %</th>
<th>Investment Income $</th>
<th>Private Retirement Income %</th>
<th>OAS and GIS $</th>
<th>CPP/QPP %</th>
<th>Total Median Before Tax Income $</th>
<th>Total Median After Tax Income $</th>
</tr>
</thead>
<tbody>
<tr>
<td>15–24</td>
<td>69.2</td>
<td>9,956</td>
<td>7.2</td>
<td>170</td>
<td>0.1</td>
<td>2,219</td>
<td>0</td>
</tr>
<tr>
<td>25–64</td>
<td>83.8</td>
<td>42,354</td>
<td>28.7</td>
<td>589</td>
<td>2.4</td>
<td>26,758</td>
<td>0.4</td>
</tr>
<tr>
<td>65+</td>
<td>29.8</td>
<td>6,115</td>
<td>50.3</td>
<td>1,315</td>
<td>61.7</td>
<td>14,392</td>
<td>90.1</td>
</tr>
</tbody>
</table>

While there has been progress across generations, men continued to have higher incomes than women in 2015.

$0.87

According to Statistics Canada, women earned approximately $0.87 for every dollar earned by men in 2014,31 and this disparity is largely the result of wage inequality within occupations.32

In 2015, nearly one-third (32%) of married or common-law couples in Canada received “fairly equal” incomes, meaning that both partners received between 40% and 60% of the couple’s combined income. This is up from nearly 21% in 1985.33

In more than half (51%) of “fairly equal” couples, a male partner had the higher income, down from 71% in 1985.

In nearly 1 in 6 of “fairly equal” couples (17%), a female partner had the higher income, up from 8% in 1985.

Incomes were higher among same-sex couples than the national average in 2015.34, 35

Female same-sex couples had a combined total median before-tax income of nearly $92,900 in 2015.36

Nearly 4 in 10 of these couples (38.4%) had fairly equal incomes – higher than the national average for all couples as well as the average for opposite-sex couples (32% each).

Male same-sex couples had a combined total median before-tax income of nearly $100,800 in 2015.37

One-third of these couples (33.2%) had fairly equal incomes – higher than the national average for all couples as well as the average for opposite-sex couples (32% each).

In 2015, the share of same-sex married or common-law couples in Canada receiving “fairly equal” incomes (35.8%) was slightly higher than the rate among opposite-sex couples (32%).38

Men in Canada received a total median before-tax income of nearly $40,800 in 2015 ($35,900 after taxes), while women received nearly $28,900 ($26,600 after taxes); this represents 71% of the total median before-tax income received by men that year.30

While there has been progress across generations, men continued to have higher incomes than women in 2015.
In 2015, median total before-tax incomes were lower for people with an Aboriginal identity (approximately $25,500) than non-Aboriginal people ($34,600). Median total incomes varied by Aboriginal group:

<table>
<thead>
<tr>
<th>Aboriginal</th>
<th>Non Aboriginal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Métis: $31,900</td>
<td>Inuk (Inuit): $24,500</td>
</tr>
<tr>
<td>First Nations: $21,900</td>
<td></td>
</tr>
</tbody>
</table>

In 2015, people with an Aboriginal identity were less likely than their non-Aboriginal counterparts to report having employment income (68% vs. 72%, respectively). The share reporting employment income varied by Aboriginal group:

<table>
<thead>
<tr>
<th>Aboriginal</th>
<th>Non Aboriginal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inuk (Inuit): 74%</td>
<td>Métis: 74%</td>
</tr>
<tr>
<td>First Nations: 63%</td>
<td></td>
</tr>
</tbody>
</table>

In 2015, people with an Aboriginal identity were more likely than their non-Aboriginal counterparts to live with low income (24% vs. 14%, respectively).

In 2015, total median before-tax incomes were lower for the immigrant population in Canada (approximately $29,800, or $27,600 after taxes) than their Canadian-born counterparts (approximately $36,300, or $32,400 after taxes).

In 2015, immigrants in Canada were less likely than their Canadian-born counterparts to report having employment income (67% vs. 73%, respectively).

Among immigrants in Canada in 2015, incomes were lowest among recent immigrants (in Canada for under 5 years), at $22,900 ($21,900 after taxes). According to research from Statistics Canada, in 2011, proportionately fewer young immigrants had employment income 2 years after landing, compared with the early 1980s:

<table>
<thead>
<tr>
<th>Aboriginal</th>
<th>Non Aboriginal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985: 74%</td>
<td>2011: 64%</td>
</tr>
<tr>
<td>1985: 88%</td>
<td>2011: 85%</td>
</tr>
</tbody>
</table>

In 2015, immigrants in Canada were more likely to live with low income than their Canadian-born counterparts (17.9% vs. 12.5%, respectively). Among the immigrant population, the highest low-income rates were among non-permanent residents (42.9%) and recent immigrants (31.4%).

In 2012, 12.3% of immigrants in Canada aged 25 and older who had been in Canada for 5 to 20 years reported experiencing chronic low income (low income for 5 or more consecutive years), down from 16.3% in 2004. The chronic low income rate in 2012 was higher for immigrant seniors (30.5%, with a higher rate of 56% for immigrant seniors who have only been in Canada 5 to 10 years), lone parents (19.8%) and those with a high school diploma or less at landing (14.6%), and it is nearly three times higher than the rate among their Canadian-born counterparts (3.7%).
In 2015, median before-tax total incomes were lower for the visible minority population in Canada (approximately $25,500, or $24,100 after taxes) than those who are not visible minorities ($36,500, or $32,600 after taxes).\(^{50}\)

![Image ofVisible Minority and Non Visible Minority incomes]

Among the visible minority population in Canada in 2015, median before-tax total incomes were lower for women ($23,100, or $22,200 after taxes) than men ($29,000, or $26,800 after taxes).\(^{51}\)

![Image ofMedian incomes for Visible Minority and Non Visible Minority]

In 2015, people in Canada who reported belonging to a visible minority group\(^ {52}\) were more likely to live with low income than those who did not (20.8% vs. 12.2%, respectively).\(^ {53}\)

![Image ofPersons living with a disability]

Persons living with a disability, who represented 1 in 5 Canadians aged 25 to 64 in 2014, are more likely to live with low income than those without a disability.\(^ {54}\)

![Image ofPersons living with and without disabilities]

According to Statistics Canada, after-tax incomes in 2013 were lower for individuals aged 25 to 64 living with a disability (approximately $32,600) than those not living with a disability ($48,300).\(^ {54}\)

Persons living with a disability, who represented 1 in 5 Canadians aged 25 to 64 in 2014, are more likely to live with low income than those without a disability (23% and 9%, respectively).\(^ {54}\)

![Image ofPersons living with and without disabilities]

This is in part due to lower employment rates - 45% of people with disabilities had full-time employment in 2014, compared with 73% among those without disabilities.\(^ {55}\)

![Image ofPersons living with and without disabilities]

Debt is consuming a smaller share of household income than in previous decades, with the share of income devoted to servicing the interest on household debt falling from 10.8% in 1991 to 6.4% in 2015.\(^ {61}\)

![Image ofDebt consumption]

Overall, more than 1 in 7 households across Canada (14.2%) lived with low income in 2015, having changed little since 2005 (14%).\(^ {56}\)

![Image of1 in 7 households living in poverty]

Similar to findings from previous research, low income rates were higher for children under 18 (17%) than the rate for adults (13.4%).\(^ {57}\)

Research suggests that the greater incidence of low income among children occurs because the income of new mothers tends to drop in the year of childbirth and for several years thereafter – a common experience that also helps explain the higher rates among children under age 6 (17.8%) and under age 1 (18.3%).\(^ {58}\)

Household income can have a significant impact on child and family well-being, as it has been identified as one of the most significant social determinants of health. Family income levels can affect many aspects of life, such as overall living conditions and psychological functioning, and it can influence health-related behaviours, such as diet quality, physical activity levels, tobacco and alcohol use.\(^ {59}\)

Research has also identified income as the “strongest predictor” of food insecurity.\(^ {60}\)
Canada is home to a growing share of working seniors

A growing number of seniors in Canada continue to earn income through paid employment to manage their financial responsibilities and provide support to younger generations. In doing so, this growing population is reshaping workplaces, retirement and the economy at large.

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
<td>13.7%</td>
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</tr>
</tbody>
</table>

The labour market participation rate of seniors in Canada more than doubled from 6% in 2000 to 13.7% in 2016.

As a result, the proportion of seniors’ total income that comes from employment earnings increased from 20.6% in 2005 to 29.8% in 2015.

One in five (19.8%) seniors in Canada (1.1M) reported that they worked at some point in 2015 – nearly twice the rate recorded in 1995 (10.1%). Men (25.7%) were more likely than women (14.6%) to report having worked at some point that year.

In 2015, 5.9% of seniors worked the full year, full-time, up from 3.4% in 1995.

Family income can have an impact on an individual’s capacity and likelihood of financially preparing for retirement, as seen in 2014 data from Statistics Canada:

94% of Canadians with incomes in the top 20% (quintile) said they are financially preparing for retirement.

57% of Canadians with incomes in the bottom 20% (quintile) said they are financially preparing for retirement.

Many Canadians of all ages plan to keep working to ensure sufficient income as seniors.

Many Canadians of all ages plan to keep working to ensure sufficient income as seniors, with more than one-third (36%) reporting in 2014 that ongoing employment earnings are a part of their financial retirement plan.

Nearly 1 in 7 seniors (14.5%) lived with low income in 2015, up from 12% in 2005.

The low income rate in 2016 for senior women was 16.7% (up from 14.7% in 2005), compared with 12% for senior men (up from 8.6% in 2005).

Income in Canada is a part of the Vanier Institute’s Modern Family Finances series, which addresses particular topics such as income and expenditures; savings and debt; and wealth and net worth. Subsequent editions in this series will focus on unique experiences such as family finances among military and Veteran families, families on the move, and families living with disability.

We welcome input on the Modern Family Finances series. Please write to us at publications@vanierinstitute.ca.

Reviewer: Mark Schaan, Board of Directors, Vanier Institute of the Family

2 Self-employment income includes income from both unincorporated farm and non-farm activities.


4 This includes income from all family members among all household types, before income taxes and deductions.


6 Ibid.

7 Statistics Canada, “Total population 15 years and over, number of income recipients and median income for total income, both sexes, Canada, provinces and territories, 2016 Census – 100% Data, 2006 Census – 20% Sample data,” Income Highlight Tables, 2016 Census (September 12, 2017). Link: http://bit.ly/2yD8XAP.

8 After-tax income for the top 1% of income recipients was not available at the time of production.


11 Ibid.

12 Ibid.

13 Ibid.


16 From Statistics Canada: “[Includes] all Employment Insurance benefits received during the reference period, before income tax deductions. It includes benefits for unemployment, sickness, maternity, paternity, adoption, compassionate care, work sharing, retraining, and benefits to self-employed fishers received under the federal Employment Insurance Program or the Quebec parental insurance plan.” Link: http://bit.ly/2xzGORD.

17 From Statistics Canada: “Regular benefits for unemployment received under the federal Employment Insurance program during the reference period, before income tax deductions.” Link: http://bit.ly/2xzGORD.

18 From Statistics Canada: “Benefits for sickness, maternity, paternity, adoption, compassionate care, work sharing, retraining and benefits to self-employed fishers received under the federal Employment Insurance program or the Quebec parental insurance plan during the reference period, before income tax deductions.” Link: http://bit.ly/2CEfrpo.


20 Ibid.


25 From Statistics Canada: “Regular benefits received by surviving spouse or common-law partner, children or estate of a deceased Canada Pension Plan or Québec Pension Plan contributor during the reference period from the Canada Pension Plan or Québec Pension Plan. Does not include lump-sum death benefits.” Link: http://bit.ly/2xzGORD.

26 One contributing factor to this increase is the continued increase in women’s participation in the paid labour force, which rose from 75.9% to 82% during this period for those aged 25 to 54, according to Statistics Canada. See Melissa Moyser, Women and Paid Work. Link: http://bit.ly/2yWAI3J.


28 Ibid.


30 Statistics Canada, “Total Population 15 Years and Over, Number of Income Recipients and Median Income for Total Income, both Sexes, Canada, Provinces and Territories, 2016 Census – 100% Data, 2006 Census – 20% Sample Data.”

31 This estimate takes into account that women typically work fewer hours on average than men, which, according to Statistics Canada, is largely due to family responsibilities.

32 Melissa Moyser, Women and Paid Work.

33 Statistics Canada, “Household Income in Canada: Key Results from the 2016 Census.”

34 After-tax income for same-sex couples was not available at the time of production.

35 Statistics Canada, “Household Income in Canada: Key Results from the 2016 Census.”

36 Ibid.

37 Ibid.

38 Ibid.

39 According to Statistics Canada, “The term ‘Aboriginal identity’ refers to whether the person reported being an Aboriginal person, that is, First Nations (North American Indian), Métis or Inuit (Inuit) and/or being a Registered or Treaty Indian (registered under the Indian Act of Canada), and/or being a member of a First Nation or Indian band. Aboriginal peoples of Canada are defined in the Constitution Act, 1982, section 35 (2) as including the Indian, Inuit and Métis peoples of Canada.” Link: http://bit.ly/2AlKzaA.


41 Ibid.

42 Ibid.


44 Ibid.


46 Ibid.


who Agglomerations,

(September 15, 2017) and 20% 59 57 55


51 Ibid.

52 Statistics Canada defines visible minorities as “persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour.” Link: http://bit.ly/1gjVgiC.

53 Statistics Canada, “Visible Minority (15), Individual Low-income Status (6), Low-income Indicators (4), Generation Status (4), Age (6) and Sex (3) for the Population in Private Households of Canada, Provinces and Territories, Census Metropolitan Areas and Census Agglomerations, 2016 Census – 25% Sample Data.”


55 Ibid.

56 Statistics Canada, “Low-income Indicators (4), Individual Low-income Status (6), Age (15), Sex (3) and Year (2) for the Population in Private Households of Canada, Provinces and Territories, Census Metropolitan Areas and Census Agglomerations, 2006 Census – 20% Sample Data and 2016 Census – 100% Data,” Income Highlight Tables, 2016 Census (September 12, 2017). Link: http://bit.ly/2ysxICR.


58 Ibid.


61 Arora, 2017.


67 Ibid.

68 Statistics Canada, “Low-income Indicators (4), Individual Low-income Status (6), Age (15), Sex (3) and Year (2) for the Population in Private Households of Canada, Provinces and Territories, Census Metropolitan Areas and Census Agglomerations, 2006 Census – 20% Sample Data and 2016 Census – 100% Data.”

69 Ibid.

Low income data in this publication is based on the After Tax Low Income Measure (LIM-AT), used in Statistics Canada’s 2016 Census releases.
The Vanier Institute of the Family is a national, independent, charitable organization dedicated to understanding the diversity and complexity of families and the reality of family life in Canada. The Institute offers access to a range of publications, research initiatives, presentations and social media content to enhance the national understanding of how families interact with, have an impact on and are affected by social, economic, environmental and cultural forces.

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