

Women approaching retirement

Diane Galarneau

Elderly women have long been among the most disadvantaged members of Canadian society. Even in 1988 over one-third of women aged 65 and over were living alone and more than one-half of them had low income. Elderly women are heavily dependent on government transfer payments: in 1988 close to 40% of their total income was derived from the universal Old Age Security pension and the Guaranteed Income Supplement. Their average income was under \$13,000.

This bleak picture seems to have improved over time, however, at least for some elderly women. This improvement is mainly due to changes in pension legislation and the accumulation of personal assets. More substantial improvements may come about in the future as a result of the increased labour market participation of women over the last two decades.

This article attempts to determine whether it is reasonable to expect an improved situation for women who will retire in the future. It examines changes in the financial position of retired women in the 1978 to 1988 period and then reviews some aspects of the Canada and Quebec Pension Plans (C/QPP), employer-sponsored registered pension plans (RPPs) and registered retirement savings plans (RRSPs). In particular, it looks at changes to these plans between 1978 and 1988 and shows how these have altered the behaviour of and opportunities for women under 65 with regard to saving for retirement.

The current financial position of elderly women

Between 1978 and 1988 the average income of women aged 65 and over increased almost 27% in real (inflation adjusted) terms, about the same as the increase for men (26%). Although the position of all women relative to men improved only marginally - an elderly woman's income is still only about 60% of an elderly man's income - in 1988 a lower proportion of women's total income was derived from the Old Age Security (OAS) and Guaranteed Income Supplement (GIS) programs, while a higher proportion was attributable to the C/QPP ([Table 1](#)). These developments indicate an improvement because C/QPP benefits are linked to past labour market participation. However, in 1988 about 32% of the benefits paid out under these plans were awarded to surviving spouses. Therefore, a number of women (aged 65 and over) obtained retirement benefits as a result of being widowed as opposed to having once participated in

the labour force.



Table 1 **Average income and sources of income of persons aged 65 and over, 1978 and 1988**

Sources: Revenue Canada-Taxation, Health and Welfare Canada

Pension income from RPPs, RRSPs and all other types of pensions now also accounts for a larger proportion of women's total income (up from 8.4% in 1978 to 11.6% in 1988).

This real growth in the income of elderly women is attributable to certain changes in pension legislation [\(1\)](#) combined with a steady increase in the individual accumulation of retirement savings.

The extent to which the income of the elderly has improved is further indicated in the proportion of seniors who receive the Guaranteed Income Supplement (GIS). This supplement is paid to elderly persons with low incomes and serves as a form of social assistance. GIS benefits are limited by an income threshold [\(2\)](#) set by the government.

The proportion of female GIS recipients fell more than 5 percentage points between 1978 and 1988 ([Table 2](#)). Although the proportion receiving partial benefits rose marginally over the decade, the proportion of those who received full benefits fell by 50%.



Table 2 **Female beneficiaries of government pension plans and taxfilers as a percentage of all women aged 65 and over, 1978-1988**

Sources: Revenue Canada-Taxation, Health and Welfare Canada and unpublished data supplied by Demography Division

Increased participation in the labour market

Finally, the proportion of female C/QPP beneficiaries rose significantly between 1978 and 1988 (from 22% to 45%), mainly because of the growth in the labour force participation rate of women. [\(3\)](#)

The main development which indicates that the position of elderly women will be different in the future is the increased participation rate of women. Between 1978 and 1988, the rate climbed from 54% to 67% for women between the ages of 15 and 64, while it remained steady (around 85%) for men in this age group. Furthermore, if we take into account all women who were in the labour force at some time in 1988, their participation rate climbs to 76%. (4)

During the period under study, the participation rates by age rose for the majority of women, although the largest increases were for women aged 30 to 50. In both 1978 and 1988, the participation rates began to decline around age 45. These women were more likely to have opted for a more traditional lifestyle by remaining on the margins of the labour force. This tendency is even more pronounced among women aged 55 to 64 who exhibit a much weaker participation in the labour market, although early retirement could also be a factor.

The increased participation of women in the labour market has resulted in their increased membership in government pension plans (C/QPP) and private pension plans (RPPs, RRSPs).



Chart **Women's participation rates by age.**

Source: Labour Force Survey

Participation in C/QPP

The participation rate of women in the C/QPP rose by 10 percentage points between 1978 and 1988 (from 53% to 63%). The increased rate of participation in these plans reflects the higher labour force participation of women aged 25 to 54.

In 1987 a number of changes were made to the C/QPP. In that year it became permissible for spouses to share C/QPP pension credits, even if only one spouse had contributed to the plan. This assignment of retirement pensions, permitted only if both spouses are at least 60 years old, can be used for income averaging between the spouses to produce a tax advantage.

Pension sharing is also possible in cases of divorce or separation that occurred after January 1987, with the duration of the relationship being a factor. Before 1987 different rules applied and sharing was not always mandatory. Even though the new rules have had considerable impact (in 1988, 8,074 applications for the division of pension credits were approved; in 1978 the total was 610), the proportion of women applying for this credit remains low (10% of all divorced women in 1988), possibly because this right is unknown to many people. (5) The new rules also allow for a survivor's benefit to continue if the survivor

remarries.



Chart **Women's C/QPP participation rates.**

Sources: Revenue Canada-Taxation and unpublished data supplied by Demography Division

Changes were also made to the C/QPP contribution period. The contribution period is used in calculating the average earnings on which benefit amounts are based upon retirement. A defined number of years of participation could already be excluded from the calculation of average earnings (up to 15% of the contribution period), in order to avoid penalizing beneficiaries for periods of unemployment, illness or education, when income falls or disappears altogether. A provision introduced in 1978 also enables the years devoted to the care of children under the age of seven to be excluded from the credited earning period. [\(6\)](#)

RRSP participation

In 1978, female RRSP contributors were uncommon, as barely 6% of all women who completed an income tax return had contributed. By 1988, women's RRSP participation rate had almost tripled (to 17%). The proportion of women contributors rises with age (up to 54 years) as retirement approaches. However, the RRSP participation rate of 55 to 64 year-old women is weaker, possibly because they do not have much income at their disposal; that is, because they participate in the labour force to a lesser degree, their financial resources are apt to be more limited. It is equally possible that some of these women have already retired and prefer putting their money to use in ways other than investing in RRSPs.

The decision to participate in an RRSP and the amount involved are frequently determined jointly between the spouses and often depend on family income. However, the fact that both the participation and the amount contributed increase with the rise in women's incomes suggests that RRSP participation is also dependent on a woman's own income.



Chart **Women's RRSP participation rates.**

Sources: Revenue Canada-Taxation and unpublished data supplied by Demography Division

In addition, not only are women's RRSP accruals frequently increased by their own contributions, they are also augmented by spousal contributions. In 1988 spousal contributions amounted to \$328 million; in

98% of these cases they represented contributions made by husbands which had been deposited in their wives' accounts.

Between 1978 and 1988 the average annual contribution [\(7\)](#) dropped, largely because of the decrease in real terms of the RRSP contribution limit set by Revenue Canada. Whereas the 1978 tax-deductible RRSP contribution limit was \$5,500 for taxpayers not contributing to an RPP, by 1988 it had risen to \$7,500. [\(8\)](#) However, to compensate for the effects of inflation over this period, the 1988 figure should actually have been approximately \$11,000. Similarly, the \$3,500 limit for RPP participants should have been close to \$7,000.

Another factor is the interdependence of members' contributions to RRSPs and contributory RPPs: the higher the RPP contribution, the lower the maximum RRSP contribution allowed.

In spite of the drop in contributions in real terms ([Table 3](#)), the fact that the participation rate climbed in such spectacular fashion remains significant. However these data represent only the annual contribution level and mask the accumulation of principal and interest as well as the number of former contributors who did not make any contributions during the years under study.



Table 3 Average annual RRSP contributions by women, 1978 and 1988

Source: Revenue Canada-Taxation

Furthermore, the rules on RRSP contributions are to be changed this year. These changes will allow many taxpayers to increase their annual RRSP contributions. [\(9\)](#)

RPP participation

Between 1978 and 1988 the rate of RPP participation of all women aged 18 to 64 grew more than 4 percentage points, to reach 21%. By comparison, the rate for men dropped 4 percentage points over this same period, to 37% in 1988. The strongest increases were observed among 35 to 54 year-old women.



Chart Average contributions of RRSP participants, 1988.

Source: Revenue Canada-Taxation

RPP benefit formulae

There are two types of registered pension plans: defined contribution plans and defined benefit plans. In the first instance, the retirement pension depends on the contribution level and the investment performance of the accumulated assets. In the second instance, it depends on the plan's benefit formula: only employer contributions are adjusted from time to time on the basis of actuarial evaluations. Some participants belong to plans that combine the two formulae.

In both 1978 and 1988 over 90% of RPP participants belonged to defined benefit plans. To determine whether female participants in such plans will be in an improved position upon retirement, it is more useful to examine changes in benefit formulae and overall plan conditions than the size of the annual contributions.

Between 1978 and 1988 there were no real improvements in benefit formulae for plans based on a percentage of earnings. [\(10\)](#) The most common formula remains the one based on final earnings. [\(11\)](#) This formula covered about three-quarters of female participants in both 1978 and 1988. The most common rate has been 2% of final earnings per year of participation. [\(12\)](#)

Improvements to flat benefit plan formulae were also observed. In 1988, 74% of female participants belonged to plans that guaranteed monthly benefits of more than \$7 per year of service, compared with 35% in 1978.

For defined contribution plans, it is impossible to determine the accumulated pension since the total annual contribution per participant as well as the return on investments are unknown. In 1988 female participants in these plans accounted for only 7% of all female RPP participants.



Chart **Women's RPP participation rates.**

Sources: Revenue Canada-Taxation, Survey on Pension Plans in Canada and unpublished data supplied by Demography Division

Changes to RPP legislation

In 1988 the federal government and most provinces had legislation governing RPPs. British Columbia and Prince Edward Island, the only two exceptions, are currently in the process of adopting similar

legislation. Some pension plans are not governed by the same rules as other RPPs, but by legislation specific to them. The federal government superannuation plan and some provincial government plans fall into this category.

Many changes in legislation have been contemplated recently. Some are already in force, while other changes are expected in the next few years. This article focuses on the changes likely to affect women.



Chart **RPP participants by type of plan, 1988.**

Source: Survey on Pension Plans in Canada

RPP eligibility

In most provinces, the rules governing RPP eligibility have been amended. Under the current rules, if an employer offers a pension plan, an employee with two years of continuous service with that employer must be allowed to participate. In 1988 this rule applied to 67% of female participants. Female participants in Quebec became subject to the rule in 1989 and those in Prince Edward Island will be subject to it in the near future. In 1993 they are to be followed by participants in British Columbia, which will bring the proportion of female participants up to approximately 99%. (13) This rule benefits persons who are employed sporadically, a situation true for many women, and persons who change jobs frequently.

Furthermore, for an increasing proportion of female participants, RPP membership is immediate and automatic (from 32% in 1978 to 37% in 1988).

In most provinces, an employer who provides an RPP is now required to allow part-time employees to participate in the plan. The extent to which this measure will affect women is not yet known. Since most part-time employees are women, the measure should have its greatest impact on them, but because pension benefits are often based on earnings, the accumulated pension of part-time workers may be small.

Survivor's benefit

According to new legislation adopted by the federal government and the Nova Scotia, Ontario, Manitoba, Saskatchewan and Alberta governments, RPPs must now provide a survivor's benefit as a normal form of pension. All the other provinces, with the exception of Newfoundland, will soon follow suit. Strictly speaking, the availability of a survivor benefit results in a reduction in the monthly pension benefits of a participant, unless the employer has provided otherwise. It is also possible to opt out of this rule, subject

to the agreement of both spouses.

Some plans provide a pension to a surviving spouse with no reduction in the participant's own pension during his or her retirement years. In 1988, 46% of male participants belonged to plans with this type of clause, compared with 44% in 1978.

Vesting of employer contributions

When an RPP participant leaves a job prior to the planned age of retirement, some provisions are made for reimbursement of the pension accumulated under the RPP. The provisions include the employee's right to the employer's share and the form in which the accumulated pension is paid. In the past, many employees lost the employer's share of contributions on leaving a job before the retirement age. Around the mid-1960s, a number of provinces adopted regulations allowing the employee access to the employer's share of contributions. Certain requirements were attached: in most cases, the employee had to be at least 45 years old and have worked at least 10 continuous years for that employer. The new provisions also specified that the accumulated pension was to be locked in and paid as a deferred pension at retirement.

Recently adopted rules specify a far shorter period of service for vesting purposes. The period ranges from two to five years, depending on the province. Furthermore, 50% of the commuted value of the accumulated pension must be provided by the employer.

In 1988, as a result of the new provisions, 62% of female participants were entitled to the contributions made by their employers within five years of continuous service, compared with only 19% in 1978.

Pension indexing

Pension indexing is another change to the laws governing RPPs. Ontario and Nova Scotia are the only provinces to have introduced legislation to this effect. Most plans that provide pension indexing are in the public sector and, as a large number of women (57%) work in this sector, a large proportion of them receive indexed pensions. ⁽¹⁴⁾ Because most benefit formulae are based on final earnings, the erosion of pensions by inflation is reduced.

Other changes in legislation

Other changes, ⁽¹⁵⁾ not necessarily included in pension legislation, hold further promise of improvement in the position of retired women. One example is the introduction of new options regarding retirement age. These could enable an individual who wishes to extend his or her career, or is obliged by circumstances to do so, to add to retirement income. ⁽¹⁶⁾

Another factor which may have an impact on the income of retired women is that many Canadian provinces are now (or will be) implementing pay equity legislation. Since women often earn less than men and pensions are often based on employment income, many women continue to find themselves disadvantaged financially after retirement compared with men.

Furthermore, marriage and common-law relationships are increasingly considered to be partnerships in which earned income is divided equitably. ⁽¹⁷⁾ Traditionally, many retired women, as a result of the dissolution of their marriages, have found themselves in very precarious financial circumstances because they had relied on the financial support of their husbands upon retirement. This scenario may change, however. Those who stand to benefit the most by it will be women who have devoted the major parts of their lives to their families and in doing so have not accumulated sufficient funds for retirement.

In addition to the maximum spousal RRSP contributions permitted since 1974, Revenue Canada is allowing, from 1989 to 1994, a spouse transfer up to \$6,000 of pension income annually from an RPP or deferred profit sharing plan (DPSP) to his or her spouse's RRSP; in most cases it is a husband who transfers funds to his wife's RRSP. The impact of this new rule is considerable: between 1988 and 1989 contributions to spousal RRSPs climbed from \$328 million to \$472 million, an increase of 44%. Although it ends in 1994, this rule will have allowed some women to increase their accumulated reserves in these plans.

Summary

The financial position of women at the time of retirement seems to be improving with time. But, it is unlikely that all groups of women will benefit equally from these improvements.

Although their number has declined, there are still women who have remained outside the labour market most of their lives. Some of them may eventually find themselves facing the same financial difficulties seen today among elderly women, in spite of the new legislation and regulations related to government programs. Others will have worked mostly part time or sporadically. It is possible that these women will be unable to accumulate sufficient amounts of retirement savings because their incomes will only allow them to afford essentials.

Changes in legislation alone cannot guarantee all women a comfortable retirement. The women who will be in the best position will probably be those who were able to accumulate personal financial reserves, with the aid of well-paid jobs with generous benefits.

Nonetheless, important changes have occurred that have altered the financial situation of women. Those who are currently retired have already benefited from gains in their real income. The main factors underlying this improvement are the many changes to pension legislation and an increased labour force participation. This increased participation has, in turn, led to a much greater membership in the C/QPP, RRSPs and RPPs, thus assuring women a more secure future.

The Canadian retirement income system

The Canadian retirement income system is three-tiered:

1. The first tier consists of the Old Age Security program (OAS) and provincial income supplement programs. The OAS program consists of the Old Age Security pension, the Guaranteed Income Supplement (GIS) and the Spouse's Allowance (SA). The OAS pension is a basic monthly benefit payable, upon application, to anyone aged 65 or older who meets residency requirements. The GIS is a monthly benefit paid to recipients of the basic OAS pension who have little or no income, while the SA is disbursed to spouses aged 60 to 64 of OAS pensioners or to widows and widowers (60 to 64) whose family income does not exceed a certain limit. These plans are not linked to labour market participation in any way.
2. The second tier covers plans linked to labour market participation such as the Canada and Quebec Pension Plans (C/QPP). These are contributory social insurance plans based on earnings. A contributor must be a salaried or self-employed worker, aged 18 to 70 years, and have annual earnings exceeding a minimum threshold, which is adjusted each year.
3. Other savings of all kinds constitute the third tier, for example, employer-sponsored pension plans (RPPs) and registered retirement savings plans (RRSPs), both of which provide members with tax advantages.

This article concentrates on tiers 2 and 3.

Limitations of RPP contribution data

Revenue Canada supplies data on the number of employees who contribute to registered pension plans (RPPs). However, it is not possible to determine the total number of RPP participants using these data, as they do not include participants in non-contributory plans (where all the contributions are made by the employer). The RPP membership rate found in this article takes into account RPP participants in non-contributory plans. The data from non-contributory plans were obtained from the Survey on Pension Plans in Canada. These data have been combined with Revenue Canada data by assuming the same age distribution observed for participants in contributory plans.

Changes in RPP legislation likely to affect women



Table **Changes in RPP legislation likely to affect women**



Table **Effects of changes in legislation**

Source: Survey on Pension Plans in Canada

Provincial programs

In addition to the federal government plans, some provinces also provide supplements to needy elderly individuals. Nova Scotia, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia and the Yukon all offer this type of non-taxable supplement. Most of the programs were set up in the early 1970s. They are paid in addition to the OAS, GIS and Spouse's Allowance to beneficiaries who meet defined income criteria, which are not necessarily those associated with federal programs.

Other supplements are also provided in the form of exemptions from real estate and/or school taxes or direct housing subsidies. Most of these programs were established around 1980. It is difficult to assess the extent to which women have benefited from these measures but, as they are designed for low-income individuals, it is reasonable to assume that many women have benefited from them.

Notes

Note 1

These changes include a \$50 increase in monthly GIS benefits in 1984.

Note 2

This threshold is adjusted every quarter according to the increase in the Consumer Price Index. In the first quarter of 1991, it was set at \$10,128 for single retired persons and \$13,200 for retired couples.

Note 3

Because these data were provided by Revenue Canada, part of the increase is attributable to the fact that the number of persons aged 65 and over filing income tax returns has risen. (Between 1978 and 1988, the proportion of women aged 65 and over who were taxfilers rose from 58% to 66%.) To ensure that OAS data do not reflect the growth in the number of taxfilers and since GIS benefits are not taxable (and therefore do not appear in tax data), Health and Welfare Canada data were used.

Note 4

These data originate from the Labour Market Activity Survey (1988).

Note 5

For more information on this topic, see [C. Schmitz](#), *The lawyers weekly* (March 1991).

Note 6

One important aspect of the C/QPP is the fact that the benefits are fully indexed to reflect CPI increases since 1974. For further information on these plans see [Overview: the income security programs of Health and Welfare Canada](#) (1990).

Note 7

The comparison of average annual contributions may be deceiving: because no statistics are available on the total accumulation of contributions by individual participants over the years, only the annual contribution level may be observed.

Note 8

This maximum came into force in 1986.

Note 9

One change is a gradual increase in the RRSP tax deductible contribution limit, up to a maximum of \$15,500 in 1995. The rules are designed for greater fairness, in that RRSP-related tax deductions will take into account (where applicable) the employer's contributions to the employee's RPP. Unused amounts may be deferred from one year to future years for tax purposes. For further information on these changes and for a more detailed analysis of all RRSP participants, see [H. Frenken](#), *Perspectives on labour and income* (Winter 1990).

Note 10

The benefit formulae of defined benefit plans vary. Most formulae calculate benefits as a percentage of earnings (unit benefits) and a small number pay a defined amount (flat benefit) per year of employment.

Note 11

In unit benefit plans, the earnings base used in benefit calculation is final average earnings (that is, the employee's average earnings over the years immediately prior to retirement); other plans use career average earnings. Obviously the final average earnings base, generally the highest, is the most advantageous.

Note 12

However, since many benefit formulae are based on final earnings and earnings generally increase over time, the formula in a sense provides a benefit increase.

The following example relates to a pension based on 2% of the average annual earnings of the last five years of employment (for example, \$60,000) for an individual having participated in an RPP for 35 years: $\$60,000 \times 35 \times 0.02 = \$42,000$ annually or \$3,500 monthly.

Note 13

Included are female participants for whom eligibility requirements are to be more advantageous (two years of service is the minimum condition). In 1978 there was a broad range of eligibility requirements. About 56% of participants were required to accumulate at least two years of service to become eligible, but this requirement was often coupled with others such as age.

Note 14

See "[Retirement attitudes, plans and behaviour](#)" by G.S. Lowe in this issue.

Note 15

Among these changes is the extension, in 1985, of the Spouse's Allowance Program to include widows aged 60 to 64. Prior to that year, if a woman were to receive the Spouse's Allowance, her spouse had to be alive and receiving the GIS. If a woman was receiving the Allowance and her husband died in the interim (that is, before she reached age 65), she lost the Spouse's Allowance. Since 1985 this is no longer the case.

Note 16

Although this possibility exists, there is currently a trend in Canada towards early retirement. See "[The pension carrot: Incentives to early retirement](#)" by H. Frenken in this issue.

Note 17

An example of this trend is reflected in Quebec's Family Patrimony Law (Bill 146) which stipulates rules regarding the division of goods acquired during a marriage or common-law relationship, taking into account the monetary and other contributions of each spouse.

References

- Frenken, H. "[RRSPs: Tax-assisted retirement savings.](#)" *Perspectives on labour and income*, Quarterly, Catalogue 75-001E, Winter 1990. Ottawa: Statistics Canada, pp. 9-20.
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- Lowe, G.S. "[Retirement attitudes, plans and behaviour.](#)" *Perspectives on labour and income*, Quarterly, Catalogue 75-001E, Autumn 1991. Ottawa: Statistics Canada, pp. 8-17.
- Schmitz, C. "Ex-wives lose millions by falling to claim split of ex-husbands' Canada Pension Plan credits." *The lawyers weekly*, Vol. 10, no. 44, Scarborough, Ont., March 1991, pp. 1,14.

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Source

Perspectives on Labour and Income, Autumn 1991, Vol. 3, No. 3 (Statistics Canada, Catalogue 75-001E). This is the third of five articles in the issue.

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Table 1

Average income and sources of income of persons aged 65 and over, 1978 and 1988

	Women		Men	
	1978	1988	1978	1988
Average income (1988 dollars)	10,200	12,900	17,400	21,800
% of income derived from:				
OAS*	36.2	29.1	20.8	17.2
GIS	11.0	10.9	5.6	5.3
C/QPP**	4.3	10.5	8.5	15.9
Subtotal (government plans)	51.6	50.4	34.9	38.3
Investment income	32.6	31.4	25.4	21.9
Employment income	5.3	4.2	19.5	14.0
Pension income†	8.4	11.6	16.7	23.1
Other income	2.1	2.4	3.5	2.7
Total	100.0	100.0	100.0	100.0

Sources: Revenue Canada-Taxation, Health and Welfare Canada

** The data on the OAS and GIS were obtained from Health and Welfare Canada.*

*** Includes benefits paid to surviving spouses.*

† For the purposes of this table, 1988 pension income includes income from RPPs, RRSPs and other pension income. In 1978, part of RRSP income was included in the category "Other income".

Table 2

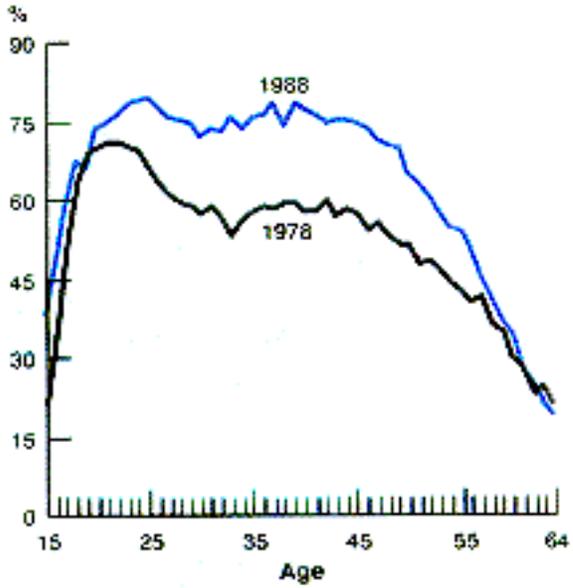
Female beneficiaries of government pension plans and taxfilers as a percentage of all women aged 65 and over, 1978-1988

Plan	1978	1988
	%	
OAS	97.0	98.3
GIS total	55.4	50.0
Full benefit	20.5	10.4
Partial benefit	35.0	39.6
C/QPP	21.5	45.0
Taxfilers	57.8	65.9

Sources: Revenue Canada-Taxation, Health and Welfare Canada and unpublished data supplied by Demography Division.

Women's participation rates by age

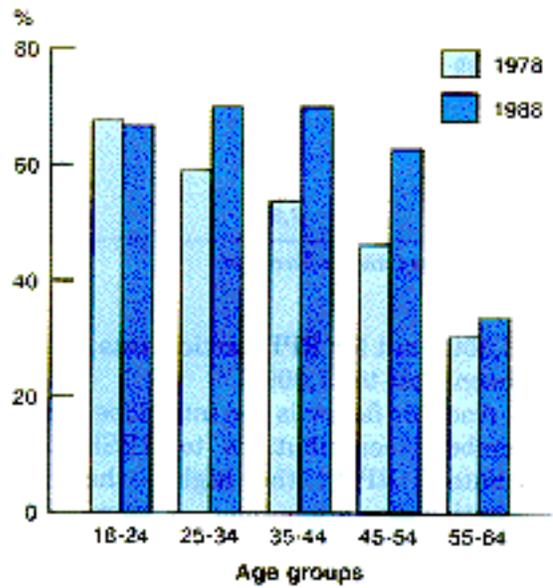
Labour market participation allows women greater access to retirement income programs.



Source: Labour Force Survey

Women's C/QPP participation rates

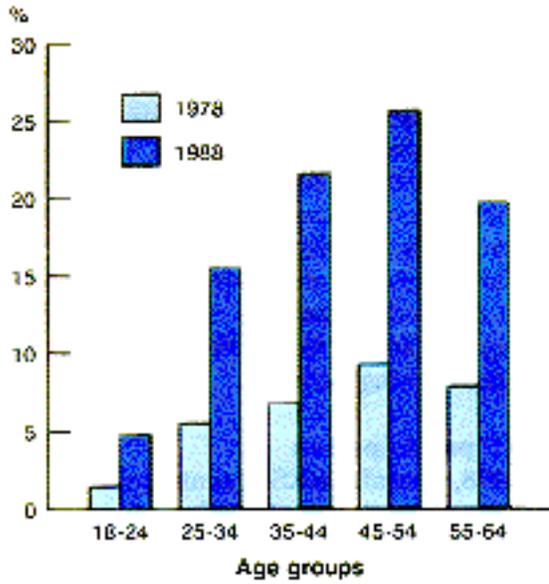
A larger share of women aged 25 to 54 are now contributors to the C/QPP because of their higher participation in the labour market.



Sources: Revenue Canada-Taxation and unpublished data supplied by Demography Division

Women's RRSP participation rates

The rate of RRSP participation has more than tripled from 1978 to 1988.



Sources: Revenue Canada-Taxation and unpublished data supplied by Demography Division

Table 3

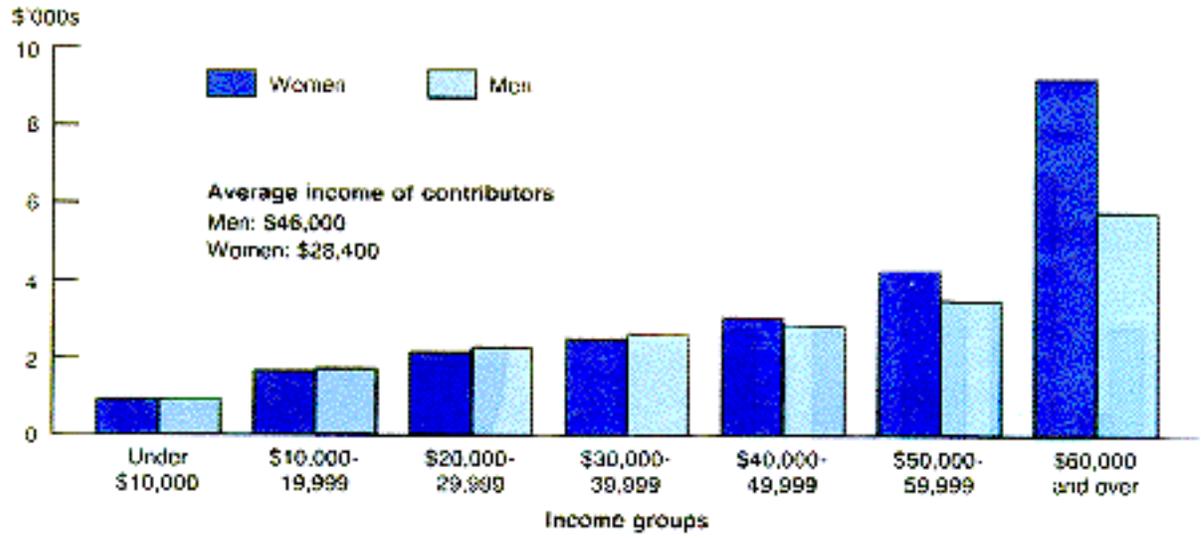
Average annual RRSP contributions by women, 1978 and 1988

Age group	1978	1988
	Average contributions (1988 dollars)	
Less than 25	1,633	911
25-34	2,098	1,267
35-44	2,581	1,368
45-54	2,847	1,695
55-64	3,091	1,911
Less than 65	2,585	1,504

Source: Revenue Canada-Taxation

Average contributions of RRSP participants, 1988

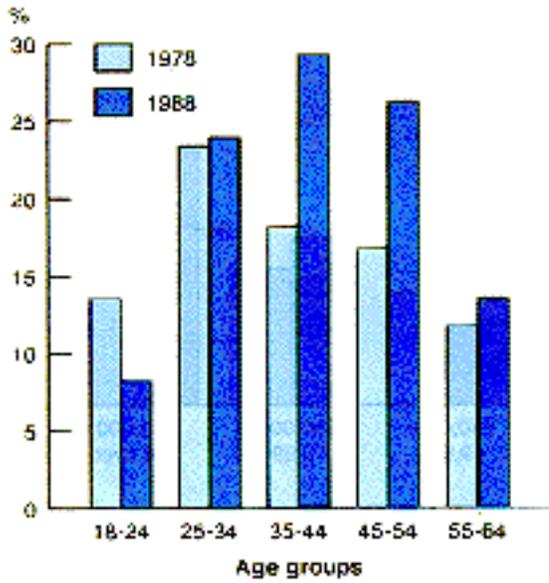
The average contributions of women to RRSPs rise with income.



Source: Revenue Canada Taxation

Women's RPP participation rates

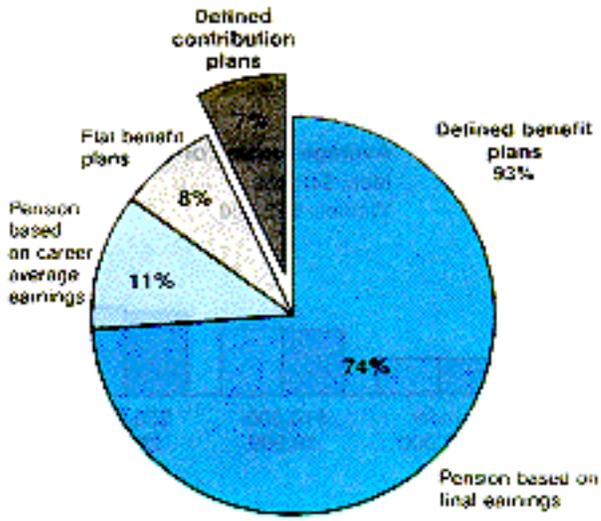
The participation rate increased more than four percentage points between 1978 and 1988.



Sources: Revenue Canada-Taxation, Survey on Pension Plans in Canada and unpublished data supplied by Demography Division

RPP participants by type of plan, 1988

Most women participating in RPPs belong to defined benefit plans.



Source: Survey on Pension Plans in Canada

Changes in RPP legislation likely to affect women		
Provision	1978	1988
Eligibility	No legislative requirement	Full-time employees after two years of service; eligibility of part-time employees
Survivor's benefits	No legislative requirement	Normal form of pension for most participants
Vesting and locking-in requirements	Age 45 and 10 years of service in most cases	2 to 5 years of service in most cases
Commutated value of pension	No legislative requirement	50% of commuted value of pension must be provided by the employer

Effects of changes in legislation

	1978	1988	1993*
Eligibility			
% of women participating in an RPP that requires two years or less of service to be eligible for membership	56**	67†	99
Surviving spousal benefit			
% of men participating in an RPP with a spousal benefit as the normal form of pension	0††	77†	93
Vesting of employer contributions			
% of women participating in an RPP with vesting and locking-in of contributions:			
within five years	19	62	65
after five years of more	61	34	..
under other conditions	6	5	..
% of women participating in an RPP with no claim on employer contributions	14	0	..

Source: Survey on Pension Plans in Canada

** These projections are based on legislation in force January 1, 1988, and legislation coming into force by 1993.*

*** In 1978 this requirement was often combined with one on age; by 1988 this practice was much less common since it contravened legislation abolishing age discrimination.*

† These data represent the number of female participants subject to minimum conditions under the new requirements; they could include members with even better conditions.

†† This figure (0%) means that there were no legal requirements regarding spousal benefits in 1978. Nevertheless, this did not prevent 45% of male workers from having spousal benefits in their RPPs.