

# **Retirement income sources in Quebec 2004-2030: a microsimulation analysis**

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## **Abstract:**

This study is presenting the first version of Laval University's Microsimulation Model (SimUL) which aim it is to simulate the evolution of various indicators related to demographic changes and to retirement income for the period 2004-2030 in Quebec. SimUL predicts that the important increase in the education level of individuals will in time and significantly influence the future retirement incomes. The private pension incomes as well as the benefits from the Quebec Pension Board (RRQ) for the workers which are 65 years old or older will increase about 1% to 3% per year in real terms, from 2010 to 2030. The model also predicts that the ratio of women eligible for RRQ benefits will rise from about 80% to 99%, from 2004 to 2030. The new retirees will therefore be richer than the present day retirees, which will have the effect of considerably reducing the ratio of individuals eligible for the benefits of the Guaranteed Income Supplement (GIS), a ratio which will decrease from 39.8% in 2010 to 24.4% in 2030. The costs related to the public pension plans will severely increase from 2010 to 2030. The total cost of the old age security benefits for Quebec will rise from \$6 Billion to \$11 Billion, and the cost for the RRQ benefits will rise from \$8 Billion to \$18 Billion, while the one for GIS benefits will stabilize at about \$1.6 Billion. Finally SimUL predicts that the cost, again for Quebec only, of the GIS benefits announced by the Government of Canada in its Economic Plan of Action for 2011 will stabilize at about \$15 Million.

*Keywords:* Demographic changes, retirement income, fiscal impacts of the demographic changes.

*JEL Codes:* C5, D31, H2, J1