

The Receipt of Guaranteed Income Supplement (GIS) Status Among Canadian Seniors – Incidence and Dynamics

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Our topic is the receipt patterns of low-income support benefits in the form of the guaranteed income supplement (GIS) benefit amongst Canadians who are 65 and older. The GIS regime is the only means-tested public retirement benefit that is targeted to the group of retired individuals and couples. The primary outcome variables are the incidence of receipt of payment amongst this population and the dynamics of entries and exits from this state. Our study is based on administrative data drawn from tax returns. The analysis is in the spirit of the poverty/low-income literature that is fairly developed in regards to the working-age population. In a point of departure from that literature, however, we take a retrospective approach by including in our analysis several phases of the life cycle. We estimate multivariate econometric models of the incidence of receipt among the eligible population, as well as hazard models of both entry and exit from that state. In our estimating equations we include indicators for age and entry cohort. We subsequently include regressors to reflect demographic variables such as gender, marital status, immigration status, minority language status, and regional effects. The fullest specification includes indicators for permanent income and prior savings activity, all calculated based on retrospective information observed when the individual was 50-52 years old. Among our numerous empirical results are an incidence rate that rises sharply with age and is much lower for married than single individuals. In regards to the dynamics, a majority (but not all) of GIS receipt is characterised as persistent.

JEL codes: H22, H23, H55, J14

Key words: old age security payment, incidence rate, dynamics, age profile, permanent income, retirement savings