Observation 1:

“Middle Class Squeeze”
is primarily a Squeeze on those Under 45
CANADA’S ECONOMY HAS DOUBLED SINCE 1976

AN EXTRA $35,000 PER HOUSEHOLD

SQUEEZE ON MEDIAN FULL-TIME EARNINGS
PRIMARILY AFFECTING UNDER 45

Earnings
FOR AGE 25-34
ARE DOWN

$43,200 (2010)

$48,700 (1976)

Earnings
For Age 55-64
ARE HOLDING

$44,600 (2010)

$43,500 (1976)

Total Income
For Age 65+
ARE UP

$49,500 (2010)

$40,900 (1976)
RISE IN DUAL EARNERS:
MAINTAIN TOTAL INCOME FOR UNDER 45; ADD >20% FOR 55+

- Female LFP, %
  - Age 25-44
    - 1976: 54%
    - 2013: 83%
  - Time Worked
    - 1976
    - Today
    - Up $5,400 to $74,360

- Female LFP, %
  - Age 45+
    - 1976: 29%
    - 2013: 49%
  - Time Worked
    - 1976
    - Today
    - Up $14,420 to $82,140

THE PRIMARY DRIVER OF WEALTH FOR CANADIANS 50+ IS NOW THE PRIMARY SOURCE OF DEBT FOR YOUNGER CANADIANS

- Age 55-64
  - Change in home owner net wealth & debt, since 1977 - 2012
  - Market Value minus Mortgage: $164,685
  - Increase in Mortgage: $41,490

- Age under 35
  - Change in home owner net wealth & debt, since 1977 - 2012
  - Market Value minus Mortgage: $66,678
  - Increase in Mortgage: $90,308

@gensqueeze
THE PRIMARY DRIVER OF WEALTH FOR CANADIANS 50+ IS NOW THE PRIMARY SOURCE OF DEBT FOR YOUNGER CANADIANS

**Age 65+**  
Change in home owner net wealth & debt, since 1977 - 2012

Market Value minus Mortgage: $185,202  
Increase in Mortgage: $11,768

**Age 35-44**  
Change in home owner net wealth & debt, since 1977 - 2012

Market Value minus Mortgage: $98,483  
Increase in Mortgage: $116,083

YOUNG CANADIANS HAVE TO SAVE UP TO 3 TIMES LONGER FOR A 20% DOWN PAYMENT

1976: 5 yrs  
TODAY (Canada): 10 yrs  
TODAY (B.C.): 15 yrs

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Average Monthly Mortgage Payments

1976-1980
Interest Rates 10.32%-13.36%
Paid on 80% of Average home value

$202,794
1976

$1,479

2006-2010
Interest Rates 4.80%-6.81%
Paid on 80% of Average home value

$1,615

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YOUNG CANADIANS ARE SQUEEZED FOR...

TIME & MONEY
WORKING AND STUDYING MORE TO HAVE LESS

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Observation 2:
Younger Canada can’t work our way out of the Squeeze without giving up something fundamental
Postpone, Abandon Family Aspirations

THE SQUEEZE TIGHTENS WHEN STARTING A FAMILY

SHARING YEAR AT HOME, COUPLE FORGOES $15,000 HOUSEHOLD INCOME AFTER TAX COMPARED TO YEAR BEFORE BABY BORN

SERVICES FOR ONLY 1/3 OF KIDS AND THEY COST MORE THAN POST-SECONDARY TUITION

CHILD CARE vs TUITION

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25%-33% of kindergarten children are “vulnerable”
1976: 29% of Seniors were poor. Today: around 6%
CANADA HAS PRIORITIZED POLICY IN PREPARATION FOR AGING POPULATION

- **Medical Care**: $88b
- **Public Pensions**: $53b
- **Family Policy**: $82b

CANADIAN GOVERNMENTS NOW SPEND

- Over Age 65: ~$45,000
- Under Age 45: ~$12,000
Observation 3: Housing and Wages Squeeze Younger Canada. Housing and Wage Policies are Not Primary Solutions.

MARKETS LARGELY DETERMINE HOME PRICES AND WAGES

POLICY INFLUENCES MINIMUMS

MAJORITY NOT RELYING ON MINIMUM WAGES OR RENTAL ASSISTANCE

Earnings for Age 25-34 Are Down


$382,513 (2013) vs $202,794 (1976)
Observation 4:

Family Policy can be a Primary Solution.

NEW DEAL for FAMILIES

1. MAKE 18 MONTHS AT HOME WITH A NEWBORN AFFORDABLE FOR PARENTS TO SHARE

2. MAKE CHILD CARE $10/day

THESE POLICIES WOULD SAVE THE TYPICAL FAMILY ABOUT $50,000 OVER THEIR CHILDREN’S FIRST FIVE YEARS
Income Splitting doesn’t accomplish the same.

$0 for dual earners with similar incomes
$0 for lone parents
$1,088 for couple where one earner makes median earnings
NEW DEAL for FAMILIES

1. MAKE 18 MONTHS AT HOME WITH A NEWBORN AFFORDABLE FOR PARENTS TO SHARE

2. MAKE CHILD CARE $10/day

Majority gain substantially while Eliminating Poverty for Families with Young Children

Triple the National Child Benefit Supplement

Raise Shelter Allowance on Social Assistance by 50%
NEW DEAL REQUIRES NARROWING THE GENERATIONAL SPENDING GAP ONLY SLIGHTLY

~$45,000
OVER AGE 65

GOVERNMENT SPENDING PER CITIZEN

~$12,000
UNDER AGE 45

NEW DEAL REQUIRES NARROWING THE GENERATIONAL SPENDING GAP ONLY SLIGHTLY

~$45,000
OVER AGE 65

GOVERNMENT SPENDING PER CITIZEN

~$1,000
UNDER AGE 45

~$12,000

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Observation 4:
WE COULD
ADAPT POLICY
FOR GEN SQUEEZE AS WE DO
FOR RETIREES
BUT WE AREN’T

FEDERAL BUDGET 2014

+$11.5 billion/year for 5.9 million age 65+
~$45,000

+$1.7 billion/year for 20.2 million under age 45
~$12,000

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NOVA SCOTIA BUDGET 2014

+$147 million/year for 172 million age 65+

-$31 million/year for 482 million under age 45

Why?
What is CARP?

CARP is a national, non-partisan, non-profit organization committed to a "New Vision of Aging for Canada" promoting social change that will bring financial security, equitable access to health care and freedom from discrimination. Our mandate is to promote and protect the interests, rights and quality of life for Canadians as we age.

VISION

A society in which everyone can live active, independent, purposeful lives as they age.

PEOPLE POWER EXERCISED DIFFERENTLY SHAPES THE GENERATIONAL SPENDING GAP

CARP has 300k+ members on march to a million

~$45,000

OVER AGE 65

Under 45 have ???

~$12,000

UNDER AGE 45

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Observation 5:
Adapting Family Policy for Gen Squeeze doesn’t require more policy research.

Requires a novel Population Health Intervention

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