Government of Canada

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Brief for the Pre-Budget Consultations in Advance of the Fall 2025 Budget

Submitted By:
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70 Jefferson Ave. Toronto, ON M6K 1Y4
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RECOMMENDATIONS

Recommendation 1: That the government maintain the integrity of the Old Age Security (OAS) Benefit and extend the 10% OAS increase to all seniors aged 65+, ending the current discrimination policy that excludes seniors aged 65-74.

Recommendation 2: That the government eliminate mandatory registered retirement income fund (RRIF) withdrawals.

Recommendation 3: That the government end the exploitation of retail investors by holding banks and regulators accountable, enforcing fiduciary standards and ensuring fair competition and investment choice, especially for seniors.

Recommendation 4: That the government strengthen the Criminal Code and enforcement against frauds and scams targeting seniors, treating them as serious criminal offences, with dedicated resources for investigation, prosecution and penalties.

Recommendation 5: That the government unequivocally denounce the implementation of a Home Equity tax and avoid pitting generations against each other when discussing budget priorities.

Recommendation 6: That the government increase investments in home care and community care services to ensure seniors can age safely and independently in their own homes, reduce pressures on long-term care facilities, and uphold the right to age with dignity.

Recommendation 7: That the government fund expert-recommended vaccines for seniors to improve health outcomes, prevent avoidable hospitalizations and reduce strain on the healthcare system.

Recommendation 1: Hands off OAS

OAS is not a luxury; it is a promise and the backbone of retirement income for millions of Canadians. For many seniors, particularly those without private pensions or substantial savings, OAS makes up nearly half or more of their annual income. Undermining it in any form would be a direct assault on retirement security in this country.

Canada is on the brink of a retirement security crisis, fuelled by government inaction and policies that have failed to keep pace with today's economic realities. Approximately 12 million working Canadians are heading toward retirement without a workplace pension and a median retirement savings of just $3,000. Even with OAS and Guaranteed Income Supplement (GIS), financial insecurity persists. One in five Canadians aged 50 and older lives at or near poverty levels, according to the Material Deprivation Index. Senior poverty rates have more than tripled from 3.1% in 2020 to 9.9% in 2022. Women, immigrants, and single seniors face the highest risk. Programs such as OAS and GIS have played a vital role in reducing senior poverty, achieved through decades of advocacy work by older Canadians and supporters like CARP. Yet today, these programs are falling behind and face growing threats that jeopardize seniors' financial security.

Meanwhile, government action has been uneven. Prime Minister Trudeau promised to increase OAS at CARP headquarters in 2015 for all seniors. Yet, what Canadian seniors received were half measures. Instead of delivering on universality, the government divided seniors into two cohorts, granting a 10% OAS increase only to those aged 75 and older, while denying the same support to millions of seniors aged 65 to 74; the older cohort cash in an average of $808 per month compared to the $735 received by those aged 65 to 74. This policy belies the reality of aging in Canada. Canadians aged 65 to 74 face the same rising costs of food, housing and healthcare as those aged over 75. By withholding this increase, the government has effectively penalized an entire decade of older Canadians, many of whom are struggling on fixed incomes in an era of high inflation. This arbitrary age cutoff is unjust and ageist.

Compounding the issue, the federal government's Consumer Price Index, the metric used to adjust OAS annually, fails to reflect the reality of the true cost pressures seniors face, such as out-of-pocket medical expenses, home care costs, long-term care (LTC) costs, and rising rents. Trudeau also promised a Seniors Price Index to better track inflation for older Canadians, but this pledge never materialized.

The voices of CARP members say it best:

"OAS is already clawed back based on income… Seniors deserve much credit for the massive contribution we have made to this country."

– Carol C., Scarborough, Ontario.

"Safeguarding OAS is critical. In my case, even a small deviation in my income tax pushes me into a higher bracket and reduces my benefits."

– Dobrila V., Scarborough, Ontario.

"We require the income from OAS just to make ends meet. I'm 70, my husband is 78, and we're still looking for part-time work to pay our monthly bills. When OAS and CPP were introduced in 1967, the government promised Canadians it would take care of us in retirement. It is nowhere near enough."

– Janet M. & Mike R., St. Thomas, Ontario.

"Those of us in the 65–74 age group have been totally forgotten. The 10% OAS increase should have been given to all seniors — not just those over 75…Despite an all-party resolution in the House of Commons agreeing this issue should be addressed, absolutely nothing has been done. This is blatant age discrimination…. We are taxpayers too. After working and paying taxes all our lives, we are now treated as second-class citizens. Whatever happened to the universality of OAS?... A lot of us in this age group are really struggling with the cost of living. This decision has left many under 75 without sufficient income to cover rising expenses."

– Owen N., Etiobocke, Ontario.

These testimonials highlight the real and urgent consequences that cuts, delays, or clawbacks to OAS would have on Canadians who have contributed their entire lives to this country.

CARP urges the federal government to make an unequivocal commitment to protecting OAS in full:
- No increase in the ages of eligibility.
- No changes to income thresholds or clawback levels.
- No reduction in benefits.
- Continued full indexation to inflation.
- Extend the 10% permanent OAS increase to all seniors, including those aged 65 - 74, closing the current age-based disparity.

If the government abandons the promise of OAS benefits, senior poverty rates will climb. If there are cuts or delays in OAS, the consequences will be immediate and devastating. Government deficits and tariff threats from abroad are real, but forcing older Canadians to shoulder that burden is not a solution. It is a betrayal. Canada cannot build a fair or sustainable future by hollowing out the financial foundation of retirement of those who built this country and who are also the fastest-growing demographic.

<u>Recommendation 2: End Mandatory RRIF Withdrawals</u>

Current RRIF withdrawal rules are outdated and harmful. Designed nearly 50 years ago, these rules were based on a very different economic and demographic reality, when life expectancy was shorter, investment returns were higher, and the majority of retirees had workplace pensions. In Canada today, this framework no longer serves seniors, yet it is still forcing them to comply with inflexible withdrawal schedules that undermine retirement security.

Canadians are living longer than ever, with life expectancy now at 83.26 years (2025). At the same time, safe investments yield far lower returns than in the past, which means seniors are forced to draw down their savings faster than intended, especially as many retirees now lack a defined benefit pension from workplaces compared to previous generations and rely almost entirely on their registered savings to fund their later years.

The result is a triple threat: financial strain from faster savings depletion, tax burdens that punish responsible savers and lost flexibility that prevents seniors from adapting to their personal and financial circumstances. Nearly half of Canadians (47.9%) expect to receive no income from retirement savings. Those who do rely on RRIFs risk running out of money just as their healthcare and long-term care costs begin to rise - all this, when money from RRIFs is guaranteed to become the government's tax revenue upon death. CARP is simply asking for a deferral of these taxes. Forcing Canadians to withdraw funds from their RRIFs according to an inflexible government schedule, rather than according to their individual needs and advice from their financial advisors, hurts older Canadians and increases their reliance on OAS, GIS and CPP.

The voices of CARP members:

"As a 60 year old woman who continues to work part-time and has no plans to retire as long as I'm healthy, the current requirements to convert RRSPs to RRIFs at 71 is not suitable. Indeed, with Canadians living and working longer, more flexibility is required."

– Carol B., Scarborough, Ontario.

"I would like a reform of the RRIF rules, so we're not forced to cash in investments every year."

– Susan R., Toronto, Ontario.

"Mandatory withdrawals, I do not wish to take my RRIF when the government wants me to. We wish to age at home and will require this money to make renovations or fix things such as appliances, roofs, etc."

– Janet Magee & Mike Rouatt., St. Thomas, Ontario.

These voices represent thousands of Canadians who are being unfairly penalized by outdated policies that ignore today's economic realities.

CARP calls on the government to

- Eliminate mandatory RRIF withdrawal rules to better reflect this reality, and allow deferrals of RRIF withdrawals while seniors are working beyond traditional retirement age. Let seniors and their trusted financial advisors decide when and how much to withdraw, based on their needs rather than an outdated formula that ignores today's realities and economy.

Recommendation 3: Protect Investors by Increasing Competition and Advisor Responsibility

Canada's banks are failing retail investors, especially seniors. At a time when older Canadians are doing everything right by saving, investing and seeking advice to maintain financial independence in retirement, they are being systematically steered into lower-return products by financial 'advisors' at the branch level. These advisors are, in fact, salespeople, offering proprietary bank funds exclusively. They are not legally obligated to act in their clients' best interests and only held to 'suitability' standards. These advisors are motivated by sales quotas and incentives that put the interest of the banks ahead of their clients. Regulators are aware but have taken no action to end this exploitation

One in three Canadian investors use bank branches to save for retirement - this is roughly 6 million Canadians. Seniors are disproportionately impacted, with 51% seeking advice from a financial advisor or planner and 41% from a bank. Yet these branch-level advisors do a disservice to their customers by being required to push underperforming, in-house investment products with limited transparency, little choice and no fiduciary duty. In fact, a joint Canadian Investment Regulatory Organization (CIRO) and Ontario Securities Commission (OSC) survey of bank branch advisors published in July 2025 revealed:

- The vast majority (94%) of representatives report that they are only able to offer clients bank mutual funds (i.e., proprietary mutual funds) and are not able to offer external (i.e., third-party) mutual funds.
- When asked '*if there were comparable third-party funds available with a similar cost to those available at my bank - but with better performance - it would be in my clients' best interest [to] offer these,'* more than two-thirds of representatives agreed with this statement.
- 25% of representatives across banks reported that clients have been recommended products or services **that are not in their interests at least 'sometimes'**, which suggests that product recommendations may not always be in the interests of clients.

Seniors are particularly vulnerable. Many seniors rely and trust on financial advice provided at the bank branch level, often as loyal customers, for many decades - many CARP members report being with the same bank for 50 years or more. However, many seniors lack access to financial literacy resources and alternative advisory channels, leaving them trapped in a financial system designed to favour banks over clients and are left to fend for themselves with shrinking returns and eroding nest eggs, while these banks post record-breaking profits annually at the expense of the very customers they are meant to serve.

When seniors lose retirement savings due to poor financial advice, the financial fallout does not stop there. Seniors become more reliant on public programs such as GIS, OAS and subsidized healthcare, creating downstream fiscal pressure. In the long run, a stronger, fairer financial system is not just good for seniors; it is sound long-term fiscal policy.

CARP calls on the federal government to act decisively to protect senior retail investors by:

- Requiring stronger competition, expanded investment choices at banks and firm regulatory accountability.
- Working cooperatively with provinces and territories to close jurisdictional gaps and create unified, enforceable protections for retail investors in Canada.
- Ensuring the 2025 Bank Act Review enhances competition and choice at the retail level, including at bank branches where most seniors access financial advice.
- Legislating a fiduciary standard requiring financial advisors and banks to act in the best interest of clients, particularly vulnerable investors such as seniors.
- Directing the Competition Bureau to review the big banks' oligopolistic power and collective decision to restrict retail investor choice at bank branches.

Recommendation 4: Frauds and Scams - Justice for Seniors

Frauds and scams are a devastating and serious assault on older Canadians, and yet Canadian authorities continue to turn a blind eye. In 2024 alone, the Canadian Anti-Fraud Centre reported $638 million in fraud losses. But these figures represent just the tip of the iceberg as only 5-10% of fraud cases are actually reported. This implies that **annual losses soar into the billions of dollars**, with seniors feeling the impact the most as they are targeted for their perceived vulnerabilities and with many unable to recoup their lifetime savings and are rarely recovered.

Older Canadians aged 60+ accounted for 17,000 reported cases and $138 million in reported losses in 2022. This is not a mere oversight. Seniors are being treated as expendable while the system relies solely on education rather than enforcement and chasing down these criminal fraudsters. CARP asserts this aversion to pursuing justice for senior victims is rooted in ageism. Canada's decade-long aversion to enforcement has failed, leaving fraudsters free to prey on seniors with impunity.

Fraud is one of the leading crimes against older Canadians. When seniors lose their life savings, the public systems ultimately will bear the cost through increased reliance on OAS, GIS, long-term care, and healthcare support. Standingly idly by and relying only on education is fiscally irresponsible and morally indefensible.

The real voices, real impact of CARP members:

*"I received an unsolicited call from someone posing as a senior BMO portfolio manager, complete with a fake BMO letterhead and linked website. The man on the phone said he could help me with my funds. That day, I transferred about **$650,000**, and it disappeared into an offshore account in Hong Kong. Despite transferring funds through Access Credit Union and RBC, no one flagged these unusually large transactions or verified their legitimacy. They're supposed to ask questions. They're supposed to make sure they're verifying things. I've talked to a senior MP. They totally shut me down. They don't even want to talk to me. They know it's happening, and they don't do anything."*

– Peter Squire., Manitoba

"I believe that there needs to be a separate national agency that has policing powers to coordinate responses to online scams and fraud."

– Alan B., Scarborough, Ontario.

CARP calls on the federal government to:

- Classify senior-targeted fraud as a serious offence under the Criminal Code.
- Mandate accountability from banks and financial institutions that fail to flag or prevent suspicious transactions.
- Increase resources for fraud investigation and recovery of lost funds—stop abandoning seniors to billion-dollar losses.
- Stronger penalties for financial crimes targeting seniors. Deter fraudsters with severe penalties, including significant jail time and fines.

Recommendation 5: No Home Equity Taxes

CARP urges the federal government to unequivocally reject any proposal to impose a home equity tax or capital gains tax on the sale of Canadians' principal residences. Such a tax would harm the retirement security of millions of older Canadians who have relied on the long-standing exemption as a pillar of financial planning. For Canada's seniors, home equity is not speculative wealth; it is their last line of defence against poverty, rising healthcare costs and income erosion in later life.

As workplace pensions decline and personal savings prove insufficient, many retirees rely on their home's value to supplement fixed incomes. 45% of Canadians aged 55 and older view home equity as a key part of their retirement plan. Proposals to tax principal residences, even those targeting homes over $1 million, would punish long-time owners, many of whom are seniors on modest, fixed incomes facing rising living and healthcare costs. This type of taxation would create cash flow crises, force seniors to sell or borrow against their homes and disincentivize aging in place, contradicting national health and housing goals. Adding another layer of taxation on top of existing taxes, such as property taxes, would be punitive.

Canada already ranks among the lowest in pension replacement rates in the Organization for Economic Co-operation and Development (OECD) countries. For millions of seniors, home equity is one of the few tools available to maintain dignity and independence. To tax home equity is to penalize long-term responsibility, displace low and middle-income seniors and break faith with Canadians who built their retirement around government promises.

Moreover, CARP urges the federal government to actively reject the false narrative that supporting older Canadians must come at the expense of younger generations. This zero-sum game framing is not only inaccurate, but it undermines public trust, fosters divisions and distracts from the real policy challenges facing all Canadians. Older and younger generations are not competitors for public funding - they are interdependent. Seniors contribute significantly to the economy through consumer spending, caregiving, community leadership and shared intergenerational housing. Today's young adults are tomorrow's retirees. Undermining social support for one group endangers the well-being of all.

CARP members speaks out:

"Do not touch my home equity. We worked really hard for 62 years to retire with a paid-off house. We will need the equity to help us age in place in our home. We are most likely going to have to take out a Reverse Mortgage using the equity in our home to help us live in our home. All of our appliances are aging, we just had to replace our washer and dryer. Our roof and furnace/air conditioner are 10 years old. They will have to be replaced in the next 10 years. We will also have to try and arrange to pay for services in our home when we can no longer drive. That has to be paid for with our equity or savings."

— Janet M & Mike R., St. Thomas, Ontario.

CARP calls on the federal government to:

- Explicitly reject any proposal of taxing home equity or capital gains on the sale of a principal residence.
- Prioritize policies that foster intergenerational solidarity without pitting one generation against another. Canada must plan for an aging population by building stronger public systems that benefit everyone.

Recommendation 6: Equitable Access to Vaccines

Seniors deserve barrier-free access to life-saving vaccines - in fact, older adults face the highest risk of severe complications and death from infectious diseases. Yet, inconsistent funding and fragmented provincial policies create unequal access across Canada.

Vaccination is one of the most cost-effective public health measures. In fact, immunization prevents 40% of hospitalization due to influenza for adults aged 65 and older. Vaccination programs represent a small investment with massive returns - safeguarding individuals, strengthening public health and supporting economic stability

In Canada, vaccination programs generate over $2.5 billion in value for the economy every year, while the World Health Organization estimates that vaccines prevent 3.5 to 5 million deaths globally each year. Despite the proven benefits, the cost of funding vaccines represents less than 0.17% of the national healthcare budget, a very modest expense with life-saving outcomes.

However, vaccination falls under the jurisdiction of provincial and territorial governments which creates significant inequities in access and funding. For example, some provinces provide shingles vaccines free of charge for seniors, while others require out-of-pocket payments of up to $400. On fixed incomes, these costs force many seniors to choose between having essential protection in favour of paying rent and other daily living costs. Research shows publicly funded immunization programs deliver higher vaccine uptake and reduce hospitalization, ultimately lowering long-term healthcare costs.

Access to vaccines should not depend on income or postal code. Ensuring universal coverage demonstrates fairness, dignity, and respect for older Canadians while supporting broader public health goals.

CARP calls on the federal government to:

- Fund all expert-recommended vaccines for seniors, such as COVID-19, high-risk influenza, respiratory syncytial virus (RSV), shingles, and pneumococcal vaccines.

Recommendation 7: National Investments in Home Care

Canada's population is aging rapidly, however, provinces and territories are unprepared to meet the growing demand for care. This demographic shift has been forecasted for decades, but the government has failed to build the necessary systems to enable older Canadians to age with dignity and independence.

According to the National Institute of Ageing, 94% of Canadians over age 65 prefer to remain in their homes as they age - a number that rises even higher among those aged 80 and older. Yet, due to insufficient home and community care, many are forced into LTC institutions against their wishes. By 2031, Canada will need space for more than 600,000 LTC residents, with already more than 77,000 on the waiting list as of 2019.

Meanwhile, home care workers are burned out, underpaid and overworked. In the last decade, the number of nurses working directly with seniors has decreased from 59 to 52 per 1,000 seniors. Informal caregivers, the silent backbone of our healthcare systems, are exhausted, unsupported, and invisible. The situation is further complicated by provincial disparities in eligibility, coverage, and service quality, leaving Canadians with unequal access to home care based on where they live.

The problem is made worse by the fact that hospitals and LTC facilities are already struggling with overcrowding and have no space to accommodate older adults who need continuous care. In some hospitals, about 35% of hospital beds are occupied by elderly patients who do not require acute hospital care. This bottleneck forces many into LTC facilities prematurely, depleting resources and compromising quality of life. Evidence shows home care improves independence, delays LTC admission, and costs far less: moving 37,000 Canadians from LTC facilities to home and community care could save an estimated $794 million annually.

CARP calls on the federal government to

- Make significant investments in home and community care to allow seniors to age where they choose.
- Increase support for frontline home care, respite services and day programs that enable seniors to age in place and reduce caregiver burnout.
- Attract and retain qualified care professionals through competitive wages, improved working conditions, and sustainable funding.
- Expand telehealth solutions with continued access to physician consultation by phone or video.
- Provide financial relief for caregivers by making the Family Caregiver Tax Credit refundable or turning it into a rebate.
- Introduce tax incentives for home adaptations that make aging in place safer and more financially realistic for all, regardless of income levels.

Respectfully submitted.

Anthony Quinn
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The Canadian Association of Retired Persons