

As Canada's largest national advocacy association for older adults, CARP is driven by the priorities of our members and the broader community of seniors across the country. Our work is grounded in evidence and the lived experience of those we serve.

CARP's Role in Pension Income Splitting

CARP was the leading voice behind the successful introduction of pension income splitting, a measure that corrected a long-standing inequity in the tax system. In many Canadian households, especially in past generations, one spouse, typically the woman, worked in the home—raising children, caring for aging relatives, or managing household responsibilities—while the other earned taxable employment income.

Without pension income splitting, these families faced a double disadvantage in retirement:

Two people were living on one taxable income, pushing the earner into a higher bracket than a two-income couple with the same household income.

The unpaid partner's lifelong contribution went unrecognized in the tax system.

Pension splitting simply ensures that seniors in single-earner households are not penalized for a division of labour that benefited families and society.

CARP continues to strongly support this policy as sound, fair, and well-justified public policy.

Why the Comparison to Lifelong Single Seniors Is Not Equivalent

Some single seniors have expressed concern that they cannot access income-splitting opportunities, like those offered to their peers, living as couples.

CARP has examined these arguments carefully, but the situations are fundamentally different.

A lifelong single senior has always borne the costs of supporting one individual. A married single-earner household, by contrast, must support two adults, —food, housing, healthcare, transportation, and daily living expenses—on one taxable income, and in the majority of cases after having allocated much of their lifetime income to child rearing. The tax treatment recognizes this difference because the economic realities are not comparable.

Furthermore, when seniors transition from partnership to single status—through widowhood or divorce—Canada’s pension and family-law systems already provide compensatory supports, including:

CPP credit-splitting

CPP survivor benefits

RRSP and RRIF rollover provisions

Division of marital assets and pension entitlements

Adjusted GIS and income-tested benefits

These mechanisms exist precisely because the economic interdependence of marriage is acknowledged in law and policy.

For higher-income single seniors who argue they are being overtaxed, the reality is that they are taxed the same as every other individual Canadian, including high-earning seniors in two-income households who also do not qualify for pension splitting.

No inequity has yet been demonstrated that would justify a parallel tax advantage.

For these reasons, CARP does not support eliminating or weakening pension income splitting.

While the situations are not equivalent for tax-policy purposes, CARP fully recognizes that many single seniors—particularly older single women—face real financial vulnerability.

That is why CARP is actively advocating for:

Higher CPP Survivor Benefits, to better protect widows and widowers.

Strengthened GIS payments, especially for low-income seniors living alone.

Policies that address housing insecurity, healthcare access, and the cost of living, which disproportionately affect single seniors.

These are well-documented areas of economic hardship, and CARP continues to push for meaningful improvements.

A Call for Evidence-Based Policy

Some discussions around pension income splitting have been driven by a sense of envy rather than evidence. CARP's position is that strong public policy must rest on:

demonstrable inequities

measurable financial impacts

clearly defined social or economic harms

To date, no compelling case has been presented showing that high-income single seniors face a systemic tax unfairness comparable to the imbalance pension income splitting was designed to correct.

CARP does recognize that the current rules around RRSP and RRIF taxation at death can create disproportionate taxation for single seniors' estates following their death. When there is no spouse to receive a tax-deferred rollover, an entire lifetime of savings is often taxed in a single year at the highest marginal rate, significantly reducing what can be passed to children or other beneficiaries. This is a legitimate structural issue, but it would fall outside of CARP's mandate, because it relates to the best interest of beneficiary and not specifically related to the senior themselves.

CARP is also deeply aware that many low-income single seniors—particularly older single women—face higher risks of poverty, housing insecurity, and isolation. Living alone means carrying housing and household costs without the benefit of shared expenses with another earning partner. Widowed or divorced seniors can face sharp financial adjustments even with existing survivor benefits.

CARP will always listen respectfully to concerns raised by seniors—single, partnered, widowed, divorced, or otherwise. But our advocacy must remain grounded in fairness, fiscal responsibility, and the real needs of our members.

CARP's Commitment

We remain committed to:

protecting pension income splitting as a fair and necessary policy;

fighting for improved supports for the most vulnerable single seniors; and

championing the issues that matter most to our members across the country.

CARP continues to welcome dialogue, feedback, and evidence from all stakeholders as we advance policies that improve financial security and dignity for every older Canadian.

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