

## Election Proposal Costing

# Increasing Guaranteed Income Supplement

April 19, 2025

Increasing Guaranteed Income Supplement (GIS) benefits to bring recipients' income up to the low income cut-off after-tax (LICO-AT), effective April 1, 2025. Increasing subsequent GIS benefits such that recipients' income reaches the low income measure after-tax (LIM-AT) by 2028-29.

## Cost of Proposed Measure

Fiscal year	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	Total
<b>Total cost</b> \$ millions	421	838	1,666	3,311	3,828	10,064

## Notes

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a deterioration in the budgetary balance (lower revenues or higher spending). A negative number implies an improvement in the budgetary balance (higher revenues or lower spending).
- Totals may not add due to rounding.

## Estimation and Projection Method

The cost of the measure was estimated as the difference between a recipient's respective LICO-AT (a one-person household LIM-AT) and their family disposable income (adjusted after-tax income).<sup>1</sup>

Statistics Canada's Social Policy Simulation Database and Model (SPSD/M) 30.3 was used to estimate the required increase to GIS benefits for eligible recipients and the number of beneficiaries.<sup>2</sup> The SPSD/M estimates were adjusted based on historical LICO-AT data and to reflect future trends in population ageing using PBO's EPC baseline projection of the number of people aged 65 and over. To bring recipient's income from the LICO-AT to the LIM-AT, additional GIS benefits were projected using the compound annual growth rate of their value over the 2025-26 to 2028-29 horizon.

## Sources of Uncertainty

The main sources of uncertainty relate to the number of beneficiaries and the after-tax income distribution, as well as the interaction with other proposed measures aiming to reduce personal income tax. A behavioural response was not incorporated.

## Data Sources

**GIS Benefits, Disposable Income, LICO-AT, LIM-AT and Number of GIS Recipients and Number of**

## **Persons Aged 65 and Over**

SPSD/M 30.3, Statistics Canada

### **Number of Persons Aged 65 and Over**

EPC Baseline – April 2025, Office of the Parliamentary Budget Officer

### **Number of Persons Aged 65 and Over in Low Income (LICO-AT)**

Table 11-10-0135-01 – Low income statistics by age, sex and economic family type (x 1000), Statistics Canada

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1. PBO followed the international standard to measure adjusted after-tax income, that is household after-tax income divided by the square root of the number of persons in the household.
2. This analysis is based on Statistics Canada's Social Policy Simulation Database and Model (SPSD/M). The assumptions and calculations underlying the SPSD/M simulation results were prepared by the Office of the Parliamentary Budget Officer (PBO) and the responsibility for the use and interpretation of these data is entirely that of the PBO.

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