

Age-Income Dynamics Over the Life Course: Cohort Transition Patterns Based on Canadian Tax Returns

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Work in progress ...

- All results reported here should be regarded as preliminary.

Based on the LAD

- A 20% sample of all taxfilers, from 1982
 - Individuals can be followed longitudinally

Sample selection

- From 1995, when proportion filing returns was high
- All taxfilers of ages 24 and older in 1995, provided
 - They filed tax returns in 1993 and 1994
 - And also in 1996, 1997, ..., 2015, or else died
- All newly of age 24 in 1996, 1997, ..., 2015, provided
 - They filed returns in the two previous years and in all later years, or else died
- That leaves us with 2.7M observations in 1995 and 3.8M in 2015
 - Or from 88 to 74 percent of all taxfilers

But given our available time span

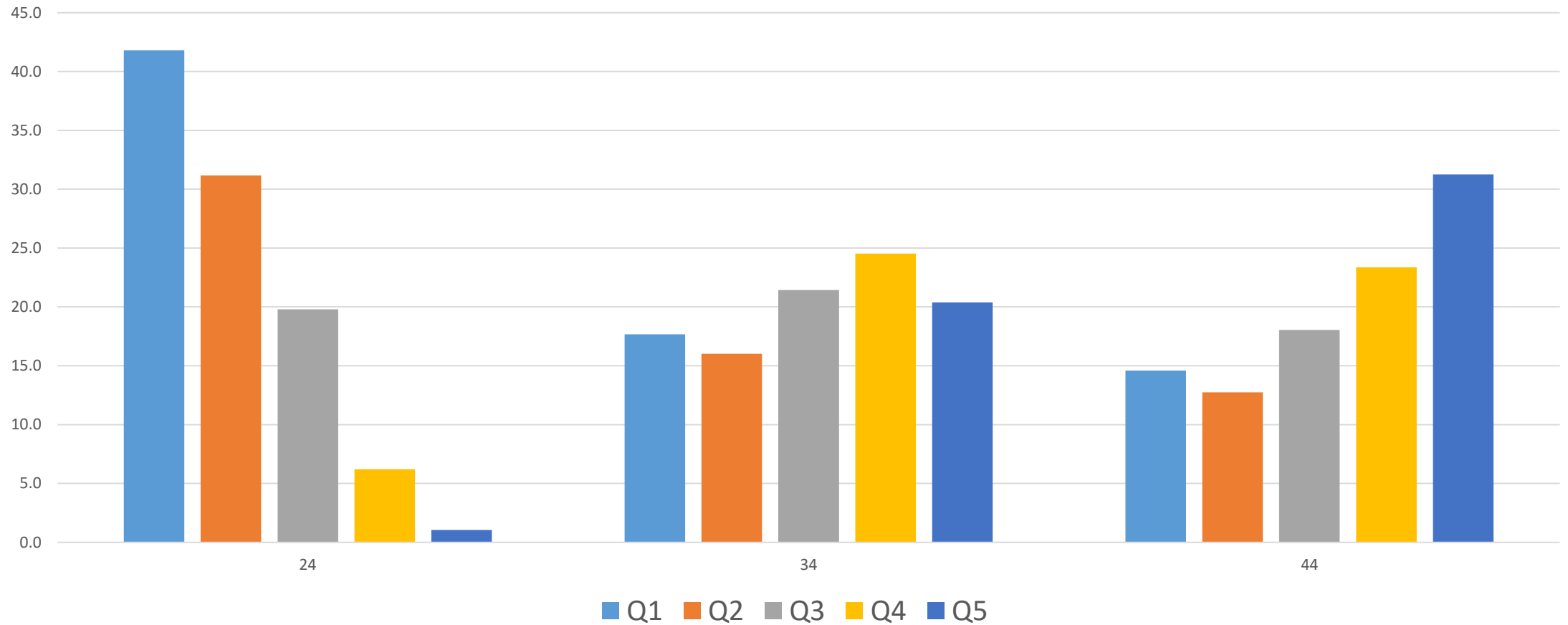
	Age												
Year	24	29	34	39	44	49	54	59	64	69	74	79	84
1955	X												
1960		X											
1965			X										
1970				X									
1975					X								
1980						X							
1985							X						
1990								X					
1995	X			Y			Z		X				
2000		X			Y			Z		X			
2005			X			Y			Z		X		
2010				X			Y			Z		X	
2015					X			Y			Z		X

As an example, our Age-Time Consistent Cohorts --

Table 7. Percentage Income Distributions, Selected Ages, ATC Cohorts (Ref B)

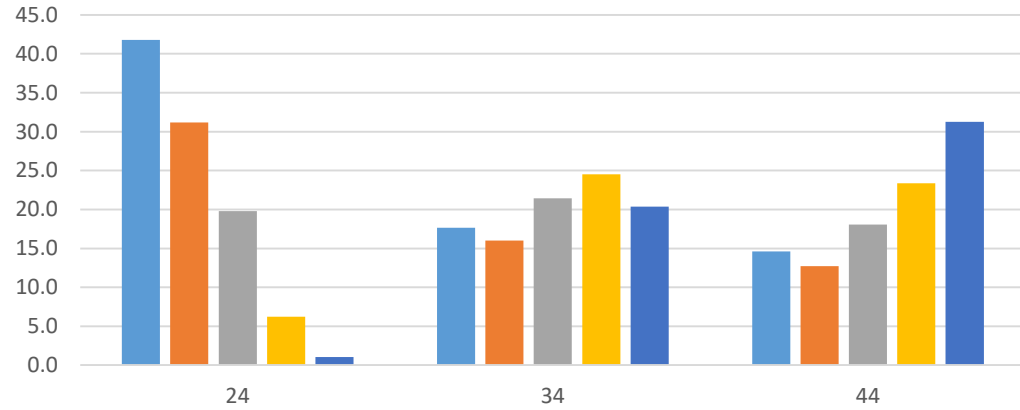
Cohort	Period	Group	Age						
			24	34	44	54	64	74	84
ATC1	1995-15	Q1	41.8	17.7	14.6				
		Q2	31.2	16.0	12.7				
		Q3	19.8	21.4	18.0				
		Q4	6.2	24.5	23.4				
		Q5	1.0	20.4	31.3				
		Total	100.0	100.0	100.0				
		Median	1.3	2.8	3.2				
ATC2	1995-15	Q1			17.3	19.6	26.8		
		Q2			12.5	12.5	16.5		
		Q3			17.4	16.7	20.2		
		Q4			22.3	21.0	18.9		
		Q5			30.5	30.2	17.6		
		Total			100.0	100.0	100.0		
		Median			3.1	3.1	2.3		
ATC3	1995-15	Q1					28.1	17.1	18.1
		Q2					19.2	34.9	40.8
		Q3					19.2	23.7	20.7
		Q4					18.1	15.3	12.4
		Q5					15.5	9.0	8.0
		Total					100.0	100.0	100.0
		Median					2.1	1.9	1.7
ATC4	1995-15	Q1				19.8	29.2	20.1	
		Q2				12.7	17.9	30.5	
		Q3				16.4	19.4	21.5	
		Q4				20.0	18.5	16.6	
		Q5				31.2	15.0	11.3	
		Total				100.0	100.0	100.0	
		Median				3.1	2.2	2.0	

For ages 24 to 44 --

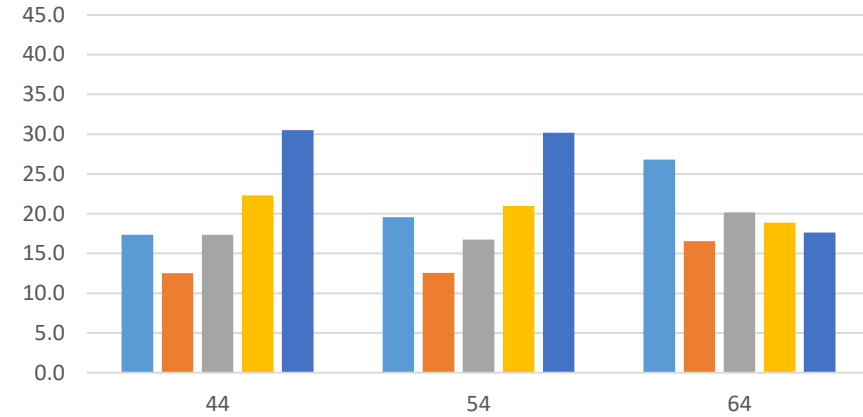


ATC, across ages

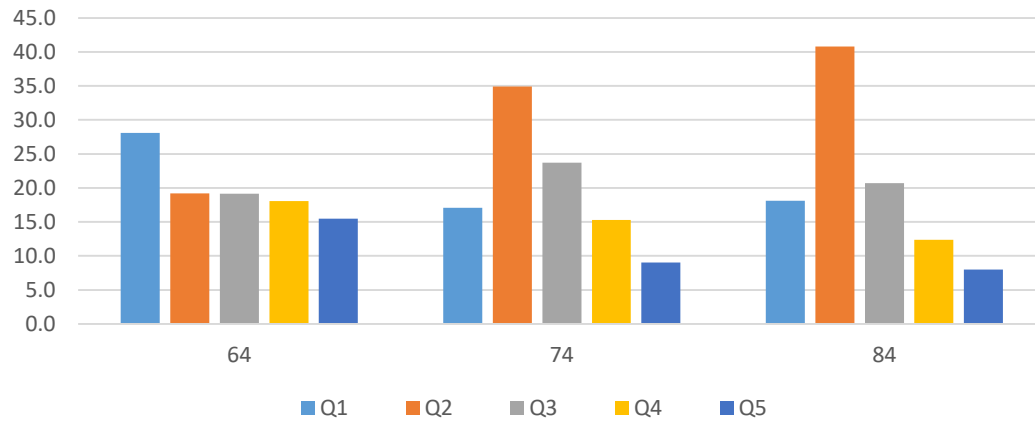
Ages 24 to 44



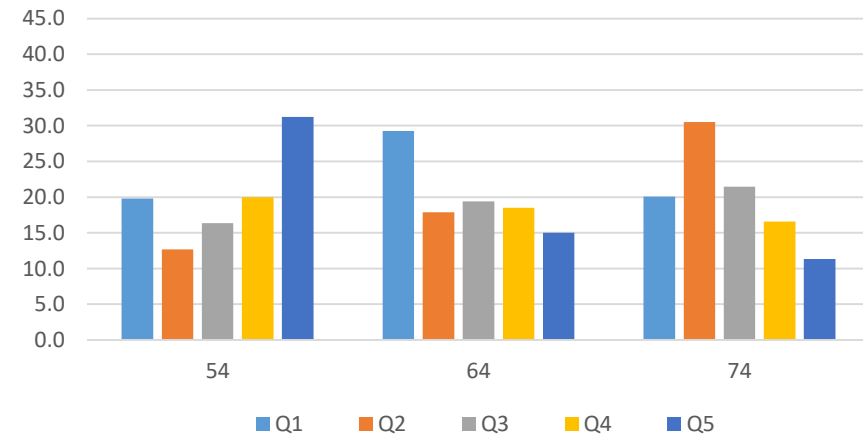
Ages 44 to 64



Ages 64 to 84



Ages 54 to 74



Alternatively, our Cross Section Dynamic Cohorts, CSD

	Age												
Year	24	29	34	39	44	49	54	59	64	69	74	79	84
1995													
2000													
2005													
2010	X		Y		Z		A		B		C		
2015		X		y		Z		A		B		C	

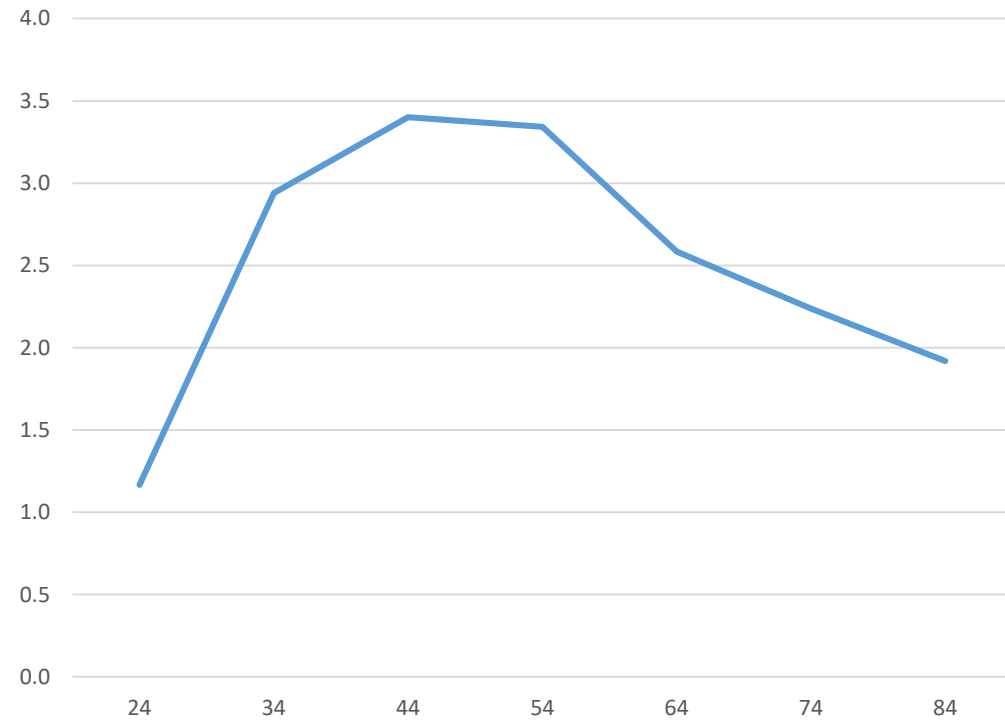
Income transitions

- We focus on CSD cohorts of 2010/2015
- Develop income transition matrices
 - From age 24 in 2010 to age 29 in 2015
 - The proportion in income decile i in 2010 in income decile j in 2015
 - Also, from ages 29 to 34, 34 to 39, ..., 79 to 84

Some first results ...

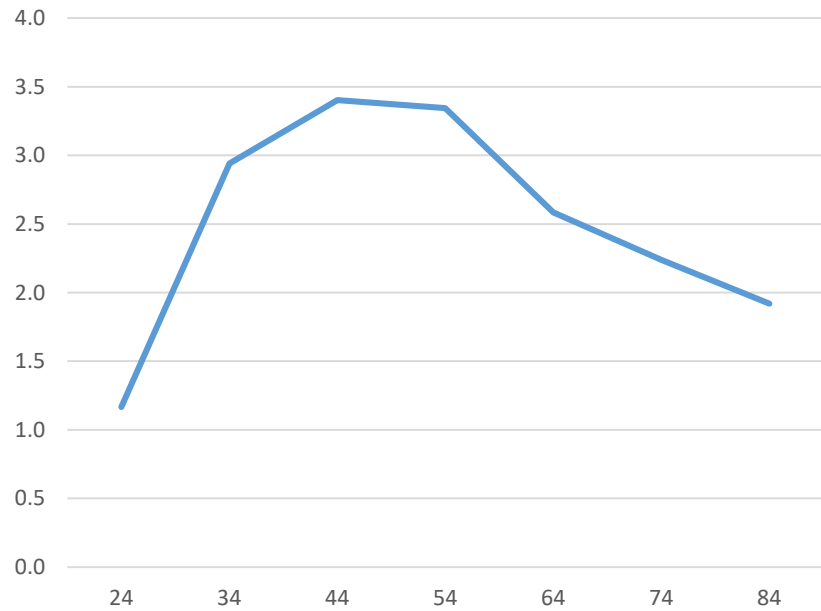
For the simulated CSD cohort

Medians of Income Quintiles, CSD Cohort

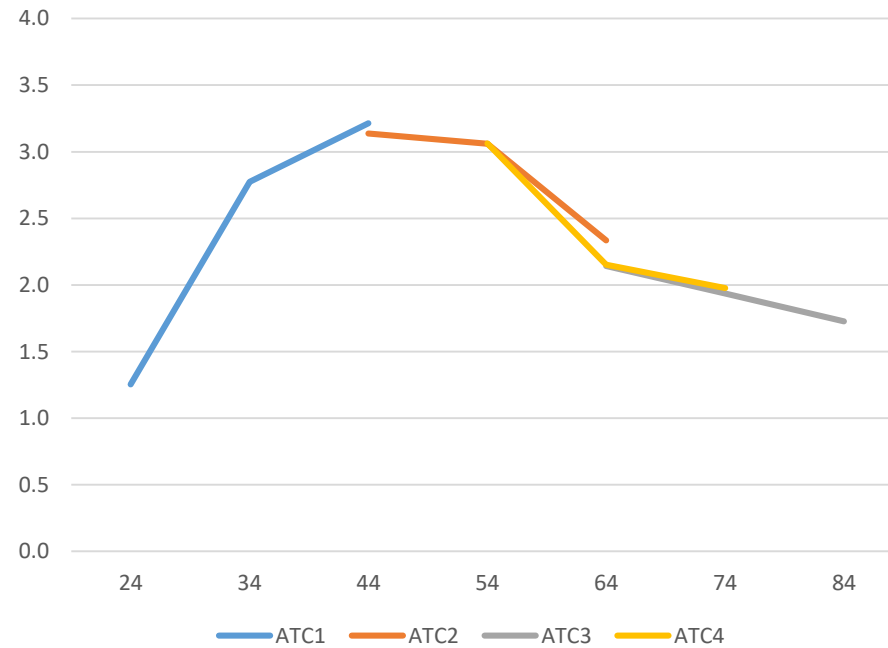


ATC and CSD Cohort Comparisons ...

Medians of Income Quintiles, CSD Cohort

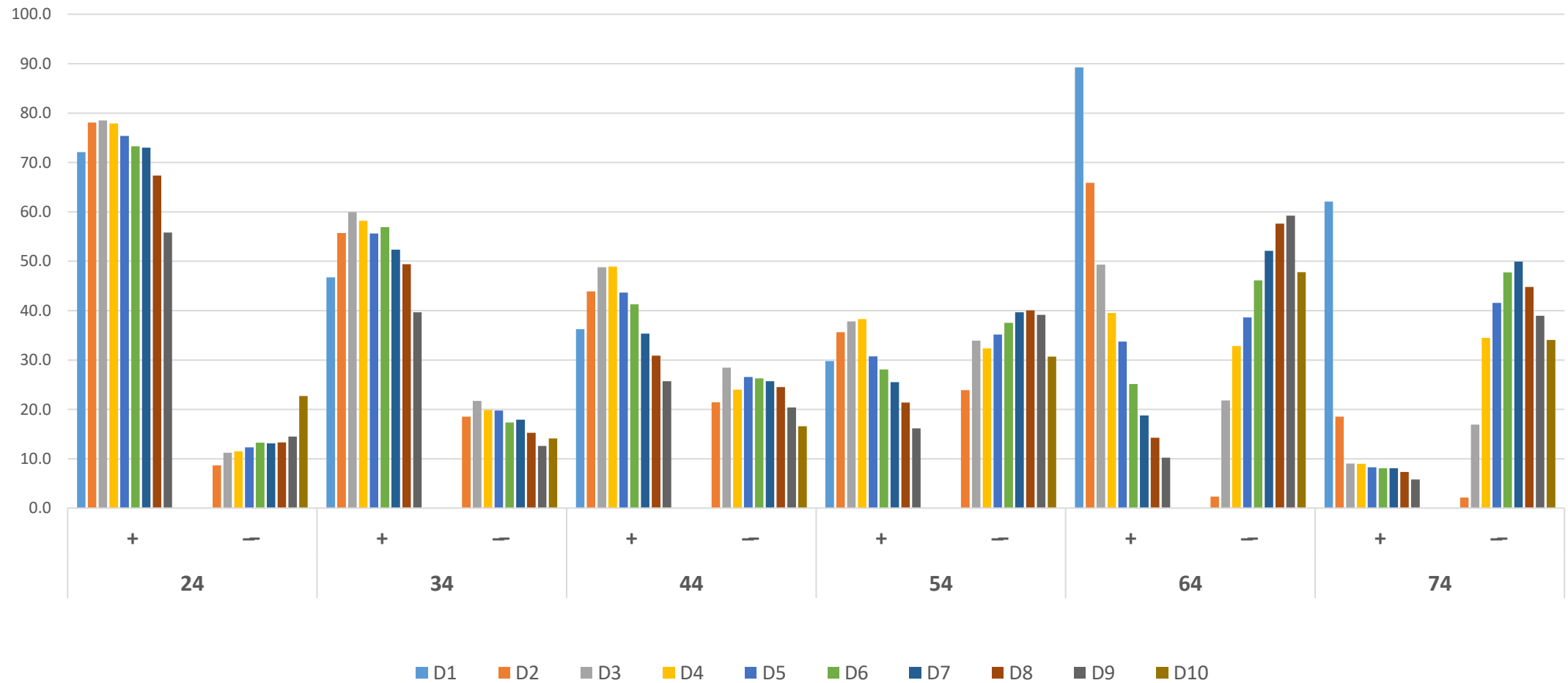


Medians of Income Quintiles, ATC Cohorts



Five-year income changes ...

Percentages Moving Up or Down Among Income Groups Over Selected 5-Year Age Intervals, CSD Cohorts, Males (Ref B)



Percentage income distribution, CSD cohort, both sexes

Income group	Age						
	24	34	44	54	64	74	84
Q1	44.6	15.1	13.1	15.1	23.0	17.2	15.9
Q2	30.2	15.0	11.5	11.5	15.4	27.4	36.6
Q3	16.1	21.2	16.9	16.5	20.3	22.4	22.2
Q4	7.0	26.2	23.4	21.9	20.4	19.1	15.0
Q5	2.1	22.5	35.1	35.0	20.8	13.8	10.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	1.2	2.9	3.4	3.3	2.6	2.2	1.9

Percentage income distribution, CSD cohort, both sexes

