

Capturing the Full Picture: The Case for Using the MBM, LIM, & MDI

Three Poverty Metrics to Measure What Matters for Older Adults in Canada



What Are the MBM, LIM, & MDI?

MBM

Market Basket Measure



Establishes Canada's Official Poverty Line

Tells us: Can someone afford basic necessities for a modest standard of living?

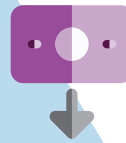
Income-based measure (input): Assesses financial well-being based on annual incomes.

How it works

Calculates cost of a "basket" of essential goods and services for a modest standard of living. A household is considered to be in poverty if its income is below the cost of this basket.

LIM

Low Income Measure



Reflects Income Inequality

Tells us: Is someone's income far below the Canadian average?

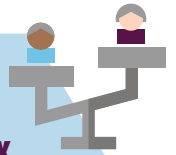
Income-based measure (input): Assesses financial well-being based on how much money they have.

How it works

Compares a household's income to the national median. A household is considered to have a low income if its income is less than 50% of the national median income.

MDI

Material Deprivation Index



Reflects Lived Hardship

Tells us: Is someone going without the essentials of everyday life?

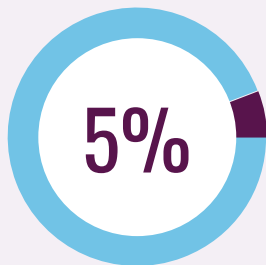
Material-based measure (outcome): Assesses financial well-being based on material conditions.

How it works

Identifies 11 goods, services and activities that are widely seen as necessary for an acceptable standard of living in Canada. Households that can't afford 2+ items are considered to have a poverty-level standard of living.

What Does Each Measure Reveal About Financial Hardship Among Older Canadians?

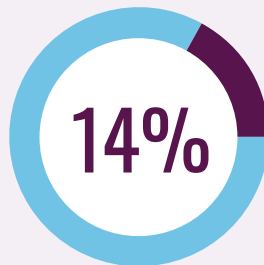
MBM



Fell below Canada's poverty line in 2023

Source: Statistics Canada, 2022

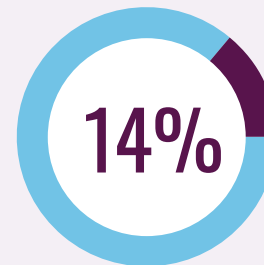
LIM



Had incomes below 50% of the median in 2023

Source: Statistics Canada, 2025

MDI



Could not afford 2+ items in 2024

Source: 2024 NIA Ageing in Canada Survey

Why Do All Three Measures Matter?

Each measure contributes a different standard to indicate financial vulnerability:

MBM

MBM defines a **poverty threshold**

LIM

LIM highlights **economic disparity**

MDI

MDI captures **lived experiences of hardship**



MBM and LIM: Two sides of the income story

- 1 The **MBM** sets a fixed line — the cost of covering basic needs in a given community.
- 2 The **LIM** shows inequality — who is falling behind others, even if their income is above the poverty line.

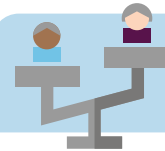
Together, they reveal both absolute poverty and relative disadvantage.

We need both to understand the true financial pressures facing older Canadians. Why?

According to the MBM, Canadians aged 65+ have *lower poverty rates* than the general population.

But the LIM tells a **different story**: Canadians aged 65+ are *more likely* to have low incomes than the general population.

This means many older adults are falling behind financially, even if they're above the poverty line. They may have enough income to cover basic necessities, but lack resources to manage rising costs in housing, healthcare and daily living.



We also need the MDI

The MBM and LIM measure income — but income doesn't always reflect hardship.

The **MDI** captures whether people can actually afford essential goods, services, and activities.

The MDI reveals whether someone can actually **meet basic material needs**. By focusing on material conditions, the MDI gives insight into the lived experiences of deprivation.

We need the MDI because two older adults can have the same income, but vastly different living conditions:

- One has subsidized housing and family support.
- The other faces medical debt and supports a dependent relative.

By focusing on what people can afford, rather than how much money they have, the MDI tells us who is going without essentials — even when their income looks to be “enough”. Without the MDI, we risk overlooking older adults whose incomes don't translate into a decent standard of living.

Real-World Scenarios

An older person with a low income but subsidized housing may have an adequate standard of living, even if the MBM or LIM classifies them as low-income.

Conversely, an older adult with a higher income but significant debt brought on by medical expenses may appear financially secure but struggle in reality. This is the kind of hardship the MDI helps us see.



Bottom Line: Each measure contributes a key piece of the puzzle. By using all three, we can better understand and respond to the financial realities of older adults in Canada.