Section 4.—Government Annuities.

In the early years of the 20th century, there arose throughout the civilized world a distinct movement in favour of ameliorating the living conditions of the less well-off members of society. One form which this movement took in the United Kingdom was that of old age pensions, granted by the State as a gift to its poorer citizens, whose earnings were very generally insufficient to permit of a margin of saving. In Canada, where wages were higher and a margin of saving was possible, the movement at first took the form of providing, by establishing Government annuities, an absolutely safe investment for such savings, which had only too often been lost through the inexperience of their owners, leaving the latter a burden upon the charity of relatives or of the public.[1] The cost of administering these annuities is borne by the Dominion Government.

Under the Government Annuities Act, (Chapter 5 of the Statutes of 1908, now incorporated, with amendments, in c. 7, R.S.C., 1927), His Majesty the King, represented by the Minister (at present the Minister of Labour), may sell to persons over the age of 5 years, domiciled or resident in Canada, immediate or deferred annuities of not less than $10 nor more than $5,000 (1) for the life of the annuitant, (2) for a term of years certain, not exceeding 20 years, or for the life of the annuitant, whichever period shall be the longer, or (3) to any two persons domiciled in Canada during their joint lives, and with or without continuation to the survivor. The property and interest of any annuitant in any contract for an annuity is neither transferable nor attachable. The purchaser may contract that, in the event of the death of the annuitant before the date fixed for the annuity to begin, all money paid shall be refunded to the purchaser or his legal representatives with interest at the rate of 4 p.c. compounded yearly.

The Government Annuities Act was amended by c. 12 of the Statutes of 1925, reducing the minimum annuity purchasable from $50 to $10, so that single-premium cumulative annuities of $10 and multiples thereof might be purchased by any person at any time. It was considered that this amendment would make it possible for employers, instead of paying cash bonuses to their deserving employees in good years, to make provision for the old age of such employees by purchasing annuities of $10 or multiples thereof.

---

1 A Dominion-Provincial non-contributory scheme of old age pensions, providing for the payment, to persons 70 years and over, of pensions not exceeding $20 per month, contributed in equal parts by the Dominion and the provinces which become parties to the scheme, was enacted by chapter 35 of the Dominion Statutes of 1927. The system is now in effect in British Columbia, Manitoba, Saskatchewan, Alberta, Ontario and the Northwest Territories. For further particulars, *see* pp. 780-783.