

Section 5.—Government Annuities

For thirty-three years the Dominion Government has carried on a service that permits and encourages Canadians, during the earning period of their lives, to make provision for their old age. The necessary legislation was passed in 1908 as the Government Annuities Act (c. 7, R.S.C., 1927, amended by c. 33, 1931). This Act is now administered by the Minister of Labour, and provides that any person resident or domiciled in Canada may purchase an annuity from the Government of Canada.

A Canadian Government annuity is a fixed yearly income purchased from and paid by the Government of Canada. The annuity is payable in quarterly instalments (unless otherwise expressly provided) for life and may be guaranteed for ten, fifteen, or twenty years in any event. The minimum amount of annuity obtainable on the life of one person or on the lives of two persons jointly is \$10 a year and the maximum amount of annuity payable to any annuitant or to joint annuitants is \$1,200 a year.

Annuity contracts are of two classes, deferred and immediate, under each of which there are various plans available. Deferred annuity contracts are for purchase by younger persons desiring to provide for their old age, purchase being made by monthly, quarterly, or yearly premiums, or by single premium. Immediate annuity contracts are for purchase by older persons who wish to obtain immediate regular incomes through their accumulated savings.

The property and interest of the annuitant in a contract for a Government annuity is neither transferable nor attachable. In the event of the death of the annuitant before the date fixed for the annuity to begin, all money paid is refunded to the purchaser or his legal representatives with interest at the rate of 4 p.c. per annum, compounded annually.

Although in the vast majority of cases annuities issued on the lives of individuals are purchased by the individuals themselves, provision is made in the Act whereby employers may contract for the purchase of annuities on behalf of their employees, or associations on behalf of their members. In the latter case the purchase money required may be derived partly from the wages of employees and partly from employers' contributions.

From Sept. 1, 1908, the date of the inception of the Government annuities system, up to and inclusive of Mar. 31, 1941, the total number of annuity contracts and certificates issued was 72,149. Of these, 6,369 have been cancelled, leaving in force on Mar. 31, 1941, 65,780 contracts and certificates. The total amount of purchase money received during the same period was \$172,103,675.

On Mar. 31, 1941, about 75 firms and institutions had entered into agreements with the Government to purchase annuities covering 10,770 employees or members. The agreements followed different group-annuity plans, drawn up according to specific requirements in each case. Interest in this type of annuity was maintained in the year 1940-41. The number of annuities for that year included 6,536 deferred annuity certificates issued to employees under the system whereby one group contract is issued to the employer, the employee receiving a certificate. The growth of retirement annuity plans in recent years is indicative of the co-operative trend of labour and capital in the industrial organization.