

### Subsection 2.—Old Age Security\*

Under the Old Age Security Act (R.S.C. 1952, c. 200), effective January 1952, a universal pension of \$40 a month is payable by the Federal Government to all persons aged 70 or over, subject only to a residence qualification. Residence requirement is 20 years immediately preceding commencement of pension with certain temporary absences allowed. Where the applicant has not so resided for the complete 20 years, the periods of absence may be made up by having been present in Canada, prior to the 20-year period, for double the periods of absence; for these persons, there is a further requirement of one year's residence immediately preceding the commencement of the pension.

Payment of the pension is suspended when the pensioner leaves Canada. On his return, the pension may be resumed and, in the case of absences not exceeding six months, payment may then be made retroactively for as many as three months of absence in any calendar year.

The program is financed on a pay-as-you-go basis. Payment of the pension is made from the Consolidated Revenue Fund and charged to the Old Age Security Fund account. The income of the Old Age Security Fund is derived from three sources. First, there is a 2-p.c. tax on personal taxable income, that is, on income less exemptions and deductions; the maximum tax per person is \$60 per annum. The fund also receives the amount collected by a special 2-p.c. tax on corporate taxable income and the proceeds of a 2-p.c. sales tax. Temporary loans may be made to the Old Age Security Fund, subject to repayment as directed. Operations of the Fund for the first three years are shown in Table 2.

\* The Old Age Pensions Act of 1927, under which old age pensions were paid jointly by the Federal and Provincial Governments, ceased to be effective Dec. 31, 1951, at which time all recipients thereunder were automatically transferred to the rolls of the universal pension under the Old Age Security Act, 1951. A description of the provisions of the Old Age Pensions Act of 1927 will be found in the 1951 Year Book, pp. 234-236, and statistics of operation for the years ended Mar. 31, 1950 and 1951, and the nine months ended Dec. 31, 1951, are given in the 1952-53 Year Book, pp. 264-265.

### 2.—Operations of the Old Age Security Fund, Years Ended Mar. 31, 1952,<sup>1</sup> 1953 and 1954

Item	Year Ended Mar. 31—		
	1952 <sup>1</sup>	1953	1954
	\$	\$	\$
<b>Revenue</b>			
Taxes—			
Individual income.....	100,000	45,250,000	90,700,000
Corporation income.....	2,000,000	36,850,000	55,600,000
Sales.....	24,297,979	141,558,292	146,832,886
Grant from Consolidated Revenue.....	49,668,855	—	—
Loan from Consolidated Revenue.....	—	99,483,322 <sup>2</sup>	45,837,905
<b>Totals, Revenue.....</b>	<b>76,066,835</b>	<b>323,141,614</b>	<b>338,970,791</b>
<b>Expenditure</b>			
<b>Totals, Expenditure (Benefit Payments).....</b>	<b>76,066,835</b>	<b>323,141,614</b>	<b>338,970,791</b>

<sup>1</sup> Program in effect for the last three months only of the fiscal year.

<sup>2</sup> In the Budget Speech of Apr. 6, 1954, it was announced that this sum was being written off against the reserve for possible losses on active assets.