

Section 4.—Pension Plans

Very few pension plans in Canada have been in existence for more than 25 years and most of the older plans were installed by governments and financial institutions, such as banks. Employers in industry began showing an interest in pension plans for their employees shortly before World War II and from that time on there was a rapid increase in the rate at which plans were introduced.

Up to 1948 the majority of employers made arrangements with either the Annuities Branch of the Department of Labour (see pp. 1096-1097) or an insurance company for the underwriting of their plans. Then began the use of the facilities of corporate trustees (trust companies) to handle pension moneys, and by 1953 the amount of funds under control of such trustee plans had become a significant factor in the capital market and a growing form of savings. Trustee pension funds are also managed by individual trustees appointed by the employer or through a Pension Fund Society, which is a body incorporated under federal or provincial pension fund societies Acts, companies Acts, etc.

Table 27 shows the distribution of pension business for the years 1957-61.

27.—Distribution of Pension Business between Trustee Funds, Life Insurance Company Annuities and Government Annuities, 1957-61

Item and Year		Trustee Pension Plans	Life Insurance Group Annuities	Federal Government Group Annuities	Total
Plans—					
1957.....	No.	548	4,355	1,478	6,381
1958.....	"	841	4,985	1,540	7,366
1959.....	"	986	5,850	1,568	8,404
1960.....	"	1,140	6,564	1,556	9,260
1961.....	"	1,363	7,305	1,513	10,181
Plan Members—					
1957.....	No.	817,798	338,440	179,000	1,335,238
1958.....	"	944,936	392,853	192,000	1,529,789
1959.....	"	993,677	423,484	204,000	1,621,161
1960.....	"	1,009,127	469,339	205,000	1,683,466
1961.....	"	1,084,842	501,060	204,000	1,789,902
Contributions—					
1957.....	\$'000,000	284	106	40	430
1958.....	"	345	126	41	512
1959.....	"	379	152	36	567
1960.....	"	393	146	30	569
1961.....	"	436	157	25	618
Assets (book value)—					
1957.....	\$'000,000	2,298	756	495	3,549
1958.....	"	2,791	894	525	4,210
1959.....	"	3,200	1,062	560	4,822
1960.....	"	3,616	1,208	600	5,424
1961.....	"	4,074	1,397	610	6,081

Pension trust funds derive their income from employer and employee contributions, investment income and profit on the sale of securities. Expenditures arise from pension payments, pensions purchased from an underwriter on retirement or separation, cash withdrawals on death or separation, administrative costs and losses on the sale of securities. The funds are invested in federal, provincial, municipal and corporate bonds, stocks, mortgages, real estate and lease-backs. In recent years corporate trustees have introduced the "pooled" or "classified" type of fund, which enables small plans to have their assets combined so that each fund participates in the diversity, security and yield previously available only to the much larger single funds. The trustees of a fund, whether corporate or individuals, may also purchase mutual funds.