

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. 1077-1078) 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 1957-63.

27.—Distribution of Pension Business between Trusteed Funds, Life Insurance Company Annuities and Government Annuities, 1957-63

Item and Year		Trusteed Pension Plans	Life Insurance Group Annuities	Federal Government Group Annuities
Plans—				
1957.....	No.	548	4,355	1,478
1958.....	"	841	4,985	1,540
1959.....	"	986	5,850	1,568
1960.....	"	1,140	6,561	1,556
1961.....	"	1,363	7,305	1,513
1962.....	"	1,547	8,276	1,437
1963.....	"	1,806	9,276	1,365
Plan Members—				
1957.....	No.	817,798	338,440	179,000
1958.....	"	944,936	392,853	192,000
1959.....	"	993,677	423,484	204,000
1960.....	"	1,009,127	469,339	185,000
1961.....	"	1,084,842	501,060	174,000
1962.....	"	1,134,993	536,886	161,090
1963.....	"	1,261,382	560,539	155,586
Contributions—				
1957.....	\$'000,000	284	106	40
1958.....	"	345	126	41
1959.....	"	379	152	36
1960.....	"	393	146	30
1961.....	"	436	157	25
1962.....	"	472	172	20
1963.....	"	544	178	13
Assets (book value)—				
1957.....	\$'000,000	2,298	756	495
1958.....	"	2,791	894	525
1959.....	"	3,200	1,062	560
1960.....	"	3,616	1,208	600
1961.....	"	4,074	1,397	610
1962.....	"	4,573	1,606	625
1963.....	"	5,180	1,818	623

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,