

year will be adjusted at the time the benefit begins so that it bears the same relation to the contributory earnings upper limit in force at that time that his actual earnings bore to the upper limit prevailing in the year in which they were made.

In the calculation of a retirement pension, the contributor's earnings are averaged over the period from his age 18, or January 1966 if that is later, to his age 65 or until he claims a pension, if that is later. For each year beyond age 65 that a man continues to work and make contributions he will be able to exclude, after 1975, an additional low year. In order not to unduly penalize people whose earnings in some years are abnormally low through sickness or unemployment, the Plan allows them to exclude, in calculating their average earnings, periods equal to 15 p.c. of their remaining contributory periods.

The earnings-related retirement pension is designed for contributors who have retired from regular employment. Those continuing to work or taking up new employment after claiming a Canada retirement pension will have to pass a retirement test; the test will be effective from age 65 until age 70, at which time the retirement pension will become payable unconditionally. The retirement test is such that when earnings exceed \$900 a year, but not \$1,500, the pension for that year will be reduced by one half the excess. When earnings exceed \$1,500 a year, pension will be reduced by \$300 plus earnings in excess of \$1,500. No adjustment will be made to a pension for any month in which the pensioner's earnings do not exceed \$75 no matter what his earnings in any other month may be. Retirement test limits will be adjusted in future in the light of changing economic conditions.

A contributor who becomes disabled after making the required number of contributions will be entitled to a disability pension consisting of a flat rate component, initially \$25 monthly, and an earnings-related component amounting to 75 p.c. of the retirement pension otherwise payable to him. In calculating this pension, earnings are averaged over the period from age 18 or January 1966 until the date the disability pension becomes payable, the minimum period being 60 months. In addition, benefits will be payable for dependent children of a disability pensioner, that is, children under age 18 and children up to age 25 if in full-time attendance at school. The rate is \$25 for each of the first four eligible children and \$12.50 for each additional child.

A widow age 45 or over at the contributor's death, a disabled widow of any age and a widow of any age with dependent children will be entitled to a widow's pension consisting of a flat rate component, initially \$25 a month, and an earnings-related component equal to 37.5 p.c. of the retirement pension payable to her deceased husband. A widow who is not disabled and who is not caring for dependent children will have her pension reduced if she is under age 45 at the death of her husband; if she is under age 35, no pension is payable until she is 65. Since these widows' pensions include a flat rate component, a minimum number of contributions by the deceased contributor are required.

Benefits payable for orphans are equal in amount to the benefits provided to dependent children of a disability pensioner.

Women widowed of age 65 or over and widows reaching age 65 will receive pensions of 60 p.c. of their husbands' retirement pensions. Many widows of age 65 or over will also be entitled to retirement pensions of their own. At age 65 there are provided two alternative formulae for the re-calculation of the widow's pension, thereby providing retirement income that would best reflect the widow's particular circumstances.

A pension is also provided for the disabled widower if he was disabled at the time of his wife's death and was wholly or substantially maintained by her. The pension for a disabled widower under 65 years of age is \$25 plus 37.5 p.c. of his wife's retirement pension. For a disabled widower reaching age 65 or for a person becoming a disabled widower