

A retirement pension will be 25 p.c. of a contributor's average pensionable earnings, which will include the earnings on which contributions were made and also the \$600 exemption. In calculating a contributor's pension, his earnings for each year will be adjusted so that they will bear the same relationship to the maximum pensionable earnings in force at the time the pension begins that his earnings bore to the upper limit prevailing in the year in which they were actually received. His total adjusted pensionable earnings will be averaged over the entire period from the commencement of the program on Jan. 1, 1966, or from age 18 whichever is later, to the date the pension is first paid, but in no case will they be averaged over less than 120 months, unless a disability pension has been paid to the contributor in the interim. During the first ten years of the program, partial retirement pensions are payable; pensions become payable at full rates in 1976.

After 1975, certain periods of low earnings, or no earnings at all, can be disregarded in determining the average earnings on which retirement pensions are to be based. Contributory earnings received between ages 65 and 70 can be substituted for lower or no earnings of earlier periods of the same duration. In addition, 15 p.c. of the contributory period then remaining is dropped out, providing that the reduced period is not less than 120 months. These drop-out provisions make it possible for the person to receive a higher pension than would otherwise be the case.

A retirement pension is payable at any time between the ages of 65 and 70, provided the contributor has then retired from regular employment. If he earns up to \$900 a year, he is considered as having been retired for purposes of applying for his pension. Those taking up new employment after starting to draw a retirement pension will be required to pass an earnings test. For earnings between \$900 and \$1,500 in any year, the pension will be reduced by one half of the difference between the actual earnings and \$900, the maximum reduction in this range being \$300. When earnings exceed \$1,500, the retirement pension will be reduced by \$300 plus all earnings in excess of \$1,500. However, no reduction will be made in the pension for any month in which the pensioner's earnings are \$75 or less, no matter what his earnings are for the entire year. The pension is payable at the full rate when the person attains age 70, regardless of earnings.

Pensions for disabled contributors* and for their dependent children will first be payable in the spring of 1970. Survivors' benefits, including pensions for widows and disabled widowers,* orphans' benefits and the death benefit will first be payable early in 1968.

A contributor who becomes disabled after making contributions for the required period of time 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 a retirement pension, calculated as if he had then reached 65 years of age. In calculating this pension, earnings are averaged over the period from age 18 or Jan. 1, 1966 whichever is later, until the date the disability pension becomes payable, the minimum period for averaging being 60 months. In addition, benefits will be payable for the dependent children of a disability pensioner; that is, on behalf of unmarried children under age 18, or up to age 25 if in full-time attendance at school or university. The monthly rate is \$25 for each of the first four eligible children and \$12.50 for each additional child.

A widow age 45 to 64 at her husband's death, a disabled widow* under age 65, and a widow under age 65 with dependent children will be entitled to a widow's pension if her husband has made the required number of contributions. It consists 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. If he was under age 65 at the time of his death the pension is calculated as if he had actually attained age 65 at that time. A widow who is not disabled and who does not have dependent children receives a reduced pension if she is under age 45 at the death of her husband; if she is under age 35 no widow's pension is payable until she reaches 65 years of age unless she becomes disabled in the interim.

* A contributor, a widow or a widower is considered disabled if he or she has a physical or mental disability so severe and likely to continue so long that he cannot get steady work.