

residents of that province and the total contributions made to the Plan. Funds not borrowed by the provinces are invested in federal securities. All benefits and all costs incurred in the administration of the program are financed solely from the contributions made by employees, employers and self-employed persons and the interest earned from the investment of funds. In other words, the Canada Pension Plan is entirely self-supporting.

Provision has been made for the establishment of an Advisory Committee representing employers, employees, self-employed persons and the public. This Committee is to review, from time to time, the over-all operations of the Plan, the state of the Investment Fund, and the adequacy of coverage and benefits. The reports of the Committee are to be made to the Minister of National Health and Welfare and are to be included in the Annual Reports on the Plan. Authority is also provided for the purpose of entering into arrangements with other countries to achieve as full coverage of persons in the labour force in Canada as is possible and to ensure the portability of pension credits between Canada and the countries concerned.

### Subsection 2.—Old Age Security and Guaranteed Income Supplement

**Old Age Security.**—Under the Old Age Security Act of 1951, as amended, the Federal Government pays a monthly pension to all persons who meet the necessary residence and age qualifications. Prior to 1966, the pension was payable to those age 70 or over but in 1966 a reduction in pensionable age from 70 to 65, to be completed over a five-year period, was begun. By 1967, the pension was payable at age 68 and over, in 1968 it is payable to those age 67 and over, in 1969 to those age 66 and over and, from 1970 on, to those age 65 and over. Until 1967 the pension amounted to \$75 a month but, in 1968 and succeeding years, the amount may be adjusted in line with changes in the Pension Index developed for the Canada Pension Plan (see p. 328).

The old age security pension is payable to a person of attained age who has resided in Canada for ten years immediately preceding the approval of his application for the pension. Any gaps in the ten-year period may be offset if the applicant had resided in Canada in earlier years for periods of time equal in total to double the length of the gaps; in this case, however, the applicant must also have resided in Canada for one year immediately before his application for pension. The pension is also payable to persons of attained age who have left Canada before reaching that age but who have had 40 years of residence in Canada since age 18. A pensioner may absent himself from Canada and continue to receive payments. If he has lived in Canada for 25 years since his 21st birthday, payment outside of Canada may continue indefinitely; if not, payment is continued for six months, in addition to the month of departure, and is then suspended, to be resumed only with the month in which he returns to Canada.

The program is administered by the Department of National Health and Welfare through regional offices located in each provincial capital, to which application is made for pension. It is financed through a 3-p.c. sales tax, a 3-p.c. tax on corporation income and, subject to a limit of \$240 a year, a 4-p.c. tax on taxable personal income. The revenues from these sources are paid into a separate fund called the Old Age Security Fund, from which are paid the Old Age Security pensions and, from Jan. 1, 1967, benefits under the Guaranteed Income Supplement program (see below).

**Guaranteed Income Supplement.**—An amendment to the Old Age Security Act, approved in December 1966, provides for the payment of a monthly guaranteed income supplement to Old Age Security pensioners who have little or no income other than the pension. The supplement is limited to pensioners born on or before Dec. 31, 1910, who by reason of age are or will be unable to benefit substantially from the Canada or Quebec Pension Plans. The program commenced on Jan. 1, 1967.

Pensioners with only the Old Age Security pension will receive a guaranteed annual income of \$1,260 for a single pensioner and, for a married couple who are both pensioners,