

April 1975. The first results of these studies have already been reflected in the changes in the Family Allowance, Canada Pension Plan, and Old Age Security programs, as outlined below.

### 6.3.1 Canada Pension Plan

The Act establishing the Canada Pension Plan (CPP) received Royal Assent on April 3, 1965 and was proclaimed in force on May 5 of the same year. Collection of contributions commenced in January 1966 and in January 1967 the first benefits were paid in the form of retirement pensions. In February 1968 the first survivors benefits were paid and in February 1970 the first disability benefits were paid. The Plan is applicable throughout Canada except in Quebec where a comparable scheme, the Quebec Pension Plan, has been established (see Section 6.3.2). Benefit credits accrued under the Canada and Quebec plans are portable throughout Canada. Until 1973 the Canada and Quebec Pension plans were closely co-ordinated and operated virtually as a single program. Changes in the Quebec Pension Plan effective January 1973 created differences between the two plans. However, amendments to both the Canada and Quebec Pension plans effective January 1974 removed the more significant differences. The latter changes were: (1) an increase in the pensionable earnings ceilings to \$6,600 in 1974 and to \$7,400 in 1975; (2) removal of the 2% annual limit on escalation of benefits and escalations in accordance with increases in the consumer price index; and (3) restoration of the purchasing power to benefits which had become payable between 1967 and 1973. These benefits were all recalculated and increased for payment in 1974 as though the 2% escalation limit had never existed.

All employed members of the labour force between the ages of 18 and 70 (subject to certain exceptions set out in the Act and Regulations) contribute to the Plan. Employees contribute 1.8% on earnings from \$701 to \$6,600 in 1974, which is matched by the employer; self-employed persons contribute 3.6% providing they have earned at least \$900. Benefits payable are retirement pensions, widows and disabled widowers pensions, orphans benefits, pensions for disabled contributors and their dependent children, and a lump-sum death benefit. Summary statistics on benefits being paid out of the Canada Pension Plan as at March 1973 appear in Table 6.11. Beginning in 1970, retirement pensions became payable to contributors aged 65 years and over provided that, if under age 70, they are retired from regular employment. For contributors who have reached age 70, retirement pensions are payable regardless of whether or not they are retired. Pensions become payable at their full rate beginning in January 1976. This rate amounts to 25% of a contributor's updated pensionable earnings averaged over the number of years he could have contributed to the plan, exclusive of any years in which he was receiving a CPP disability pension. For retirement pensions that commence after 1975, provision is made for substituting the pensionable earnings for months after 65 for months prior to 65, and for dropping out 15% of the months and earnings in the months a person could have contributed prior to age 65, providing this does not reduce the number of months for averaging to less than 120. Contributors who will become eligible for a retirement pension prior to 1976 will receive reduced amounts. The method of calculating these benefits is discussed in detail in previous editions of the *Canada Year Book*.

Survivors benefits are paid to, or on behalf of, the survivors of a deceased contributor who has made contributions for a minimum of three years for those whose benefits commence before 1975. The full widow's pension is payable to disabled widows, to widows with young children, and to other widows 45 years of age or older. A partial widow's pension is payable to widows between the ages of 35 and 45. The full pension of a widow below the age of 65 includes a flat rate (which in 1974 stood at \$33.76) plus 37.5% of her husband's retirement pension. At age 65 the benefit formula changes. A widow aged 65 or over gets a pension of 60% of her husband's retirement pension in addition to her Old Age Security. The same benefit provided to a disabled widow is available to a disabled widower who was financially dependent on his wife at the time of her death. Orphans benefits are payable on behalf of a deceased contributor's unmarried dependent children, whether or not the mother is alive. It may also be paid on behalf of a female contributor if she was maintaining the child at the time of her death. The rate for each of the first four children equals the flat rate component of the widow's pension. For additional children, the rate for each one is one half the flat rate amount. Benefits are payable until the child reaches 18, or until age 25 if the child continues to attend school or university full-time. When a contributor dies a lump-sum death benefit equal to six times his monthly retirement pension up to a max-