becomes eligible for the Old Age Security pension, the surviving spouse's pension changes to 60% of the deceased contributor's actual or imputed retirement pension.

Orphans benefits are paid on behalf of a deceased contributor's unmarried, dependent children up to the age of 18, or 25 if the orphan continues to attend school or university full-time. The rate for each of the first four children equals the flat rate component of the survivor's pension, ($41.44 in 1976). For additional children, the rate for each one is one half this amount. However, each child receives the same amount, since the total orphans benefits for a family are divided equally among the children. An orphan may receive a benefit in respect of only one deceased contributor.

Death benefits. A lump-sum death benefit, equal to six times a contributor's monthly retirement pension, up to a maximum of 10% of that year's maximum pensionable earnings ($830 in 1976), is paid to the estate of a deceased contributor who has contributed to the plan for at least one third of the calendar years for which he or she could have contributed.

Between 1966 and 1973, the annual cost of living increase paid to CPP beneficiaries was limited to 2% a year. Since the beginning of 1974, however, this ceiling has been removed and all benefits are adjusted annually to reflect full cost of living increases.

Amendments to the Canada Pension Plan, effective January 1975, provided for: equal treatment for male and female contributors and beneficiaries; removal of the retirement and earnings test for persons aged 65 and over; fixing the rate of increase of the year's maximum pensionable earnings, i.e. it is to be increased each year by 12.5% until it is equal to the average annual wages and salaries of the industrial composite in Canada (for 1976 the maximum was $8,300); changing the basic exemption level of pensionable earnings from 12% to 10%; self-employed members of the labour force who are members of a prescribed religious sect to be exempted from contributions (and benefits) by filing their intentions with the Department of National Revenue; and a series of technical changes designed to improve the administration of the plan, and further elaborating on the rights and procedures of appeal.

Excess funds collected by the plan are lent to a province under a formula based on the ratio of contributions from that province to total contributions. Any funds not borrowed by the provinces are invested in federal securities.

An advisory committee, representing employers, employees, self-employed persons and the public, regularly reviews the operation of the plan, the state of the investment fund and the adequacy of coverage and benefits, and reports to the Minister of National Health and Welfare. The Canada Pension Plan authorizes reciprocal agreements to be made with other countries to achieve portability of pensions.

OAS, GIS and Spouse's Allowance 6.4.3

Under the Old Age Security Act of 1951 and its subsequent amendments, an OAS pension is payable to a person aged 65 and over provided the person has resided in Canada for 10 years immediately preceding the approval of an application for the pension. Any gaps in the 10-year period may be offset if the applicant has been present in Canada prior to that 10-year period and after the age of 18 for periods of time equal to three times the length of the gaps. In this case, the applicant must also have resided in Canada for at least one year immediately preceding the date on which his application for pension may be approved. The pension is also payable to persons aged 65 or over with 40 years of residence in Canada since age 18, no matter where they may live. Once the pension has been approved, a pensioner may leave Canada and continue to receive payments with the following proviso: if he has lived in Canada for 20 years since his 18th birthday, payment outside Canada may continue indefinitely; if not, payment is continued for six months