

## Pension plans

## 8.4

According to a survey of pension plans conducted by Statistics Canada at the beginning of 1974, the sharply increasing growth rate that characterized occupational pension plans in Canada over the 1950s and early 1960s reached its peak by mid-1960 and by the early 1970s levelled off and fell back somewhat. Pension plans which had grown to 8,920 in number by 1960 increased over 50% by 1965 to 13,660 plans; by 1970, the growth rate dropped sharply to 18% when plans numbered 16,137. Growth then ceased entirely with plans dropping to 15,853 representing a decline of under 2% by the beginning of 1974. Over these same periods the growth rate of plan membership also levelled off, although in actual numbers, participation continued to rise sharply. Membership, which in 1960 totalled 1.8 million workers, increased to 2.3 million by 1965, 2.8 million by 1970 and to a record level of over 3.4 million by 1974.

Pension plans were in operation in virtually all industrial sectors, but the degree of coverage varied widely from industry to industry. The most comprehensive coverage was in public administration and defence, where almost all the 830,700 employees at all government levels, the Armed Forces and the RCMP participated in a plan. Two out of three paid workers in mining and nearly 45% in manufacturing were covered. In transportation and communication, with some of the oldest and largest plans in the country such as those in the railway, telephone and trucking companies, almost half of the paid workers (364,000) had post-retirement protection. Of the employees working in finance, insurance and real estate about 43% were covered; approximately one in four workers in community, business and personal services — which includes hospitals, religious and welfare organizations and professional agencies, etc. — participated in occupational pension programs. Construction, with 235,000 plan members, had 44% of all workers covered by plans and trade, both retail and wholesale, with 196,200 participants, provided coverage for another 14% of workers in Canada.

Of the 15,853 pension plans in Canada at the beginning of 1974, 11,242 were funded by insurance companies, but these accounted for less than 15% of the members or 462,000 out of 3.4 million. Plans with the largest coverage were those designed for government employees; employee contributions are paid into government consolidated revenue funds which are not held in the form of cash or invested securities. Although only 21 in number, these plans applied to a total of 666,000 public servants including those covered by the federal superannuation plan, the Armed Forces, the RCMP and public servants in five provinces.

Aside from these public service plans, the larger plans tended to use either personal or corporate trustees as funding agencies. Although only one quarter of all occupational plans were trustee, they covered more than 60% of the members — some 2.17 million out of the total of 3.42 million persons.

Total contributions paid by and on behalf of the 3.42 million members in 1974 amounted to over \$2.99 billion with more than \$1.64 billion paid into trustee funds. With an annual cash inflow of this magnitude, trustee pension funds have become one of the largest single pools of money in the country, growing at a rate of 10% to 12% annually, with the book value of assets accumulated reaching a record total of \$18.28 billion by the end of 1974. Because the growth of these funds is so rapid and the total accumulated so large, they are surveyed annually by Statistics Canada; the results are published in *Trusteed pension plans, financial statistics* (Catalogue No. 74-201). A summary tabulation of the key financial data related to these funds is presented in Table 8.22.

The Canada and Quebec Pension Plans are discussed in Chapter 6.

**Federal government annuities.** The Government Annuities Act, which came into force on September 1, 1908 authorized the sale of annuities. The object was to assist Canadians to provide for their later years. The Annuities Act was one of the first significant pieces of social legislation in Canada. However, by the 1960s newer forms of legislation such as the Canada Pension Plan and the Old Age