10 years could not contribute for 120 months, partial pensions were payable during this 10-year transitional period.

Although a retirement pension is payable on application as early as age 65, persons between the ages of 65 and 69 who are employed can postpone their applications and continue to contribute to the plan in order to increase future benefits. Once benefits are being paid, however, contributions cannot be continued.

Disability pensions are paid on application to contributors who, having contributed for at least five whole or part calendar years in the last 10-year period, have been determined to be suffering from a severe and prolonged mental or physical disability. This pension, commencing the fourth month after the month the person became disabled, consists of a fixed monthly amount ($48.19 in 1978) and 75% of the contributor's retirement pension calculated as though the contributor had reached the age of 65 when the disability pension commenced.

Children of persons receiving disability pensions receive benefits at the same monthly rate and under the same conditions of eligibility as those that apply to orphans (see below).

Survivors pensions are paid on application to the surviving spouse and orphans of a person who has contributed to the plan for at least one-third of the calendar years for which he or she could have contributed. The full survivor's benefit is payable to a disabled spouse, a spouse with dependent children, and a spouse 45 years of age or older. A partial survivor's pension is payable to a spouse between the ages of 35 and 45. The full survivor's pension for a spouse under the age of 65 includes a flat rate component ($48.19 in 1978) and 37.5% of the contributor's actual retirement pension or imputed pension if the contributor was not in receipt of a pension at the time of death. When such a spouse reaches the age of 65, and 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 child equals the flat rate component of the survivor's pension, ($48.19 in 1978). 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 ($1,040 in 1978), 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 living cost 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 1977 the maximum was $9,300); 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 national revenue department; and a series of technical changes designed to improve the administration of the plan, and further elaborating on the rights and procedures of appeal.

Effective January 1978, a number of additional amendments to the Canada Pension Plan were brought into effect. The most significant was a provision allowing CPP pension credits earned by a husband and wife during marriage to be divided equally between them if the marriage ends in divorce or annulment. This ensures that an asset accumulated through the efforts of both spouses while they were married can be shared