

equally by both when the marriage is dissolved. It also means that spouses who worked in the home and therefore did not contribute directly to the CPP will be protected by the plan for retirement, and may also be entitled to disability and survivorship coverage.

The split of pension credits would cover all years of a marriage after the inception of the CPP in 1966, up to the year the spouses ceased to cohabit. However, the spouses must have lived together for at least three consecutive years during the marriage, and application for the division of pension credits will have to be made within three years of marriage dissolution. The provision applies only to marriages dissolved on or after January 1, 1978.

A number of more technical CPP amendments also came into effect, including a provision which will allow up to 12 months retroactive payment of retirement benefits to late applicants. Previously, retroactive retirement benefits were only paid to applicants over 70 years of age. Another amendment eliminated reductions in payments which previously applied to the CPP benefits provided to orphans and children of disabled contributors in families with more than four children.

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 health and welfare minister. The Canada Pension Plan authorizes reciprocal agreements to be made with other countries to achieve portability of pensions.

#### 6.4.3 Old Age Security coverage

Persons aged 65 and over meeting either of the following residence conditions can receive the Old Age Security (OAS) pension, provided that they are Canadian citizens or legal residents of Canada immediately prior to approval of application. Applicants residing outside of Canada must have been Canadian citizens or legal residents in Canada at the time they ceased to reside in Canada.

The following requirements apply: residence in Canada for at least 10 consecutive years immediately prior to approval of application; gaps in this 10-year period can be offset by previous presence in Canada (since age 18) equal to three times the length of the gaps, as long as the person was resident in Canada for one full year immediately prior to approval of application; or residence in Canada for 40 years since age 18.

A person in receipt of the OAS pension may leave Canada and continue to receive the pension indefinitely if he has resided in Canada for a total of 20 years after age 18; if not, payment is made for only the month of departure plus an additional six months. In the case of a pensioner residing in Canada who is temporarily absent from the country, payment may be resumed when he returns to Canada. Where a pensioner has ceased to reside in Canada, payment may be resumed only when he again takes up residence in Canada.

The Old Age Security Act was amended effective July 1, 1977. Under these amendments, the Old Age Security pension is "earned" at the rate of 1/40th of the full pension for each year of residence in Canada after age 18. This means that residence in Canada for 40 years after age 18 qualifies a person for the full Old Age Security pension and residence for less than 40 years after 18 qualifies a person for a portion of the full pension. The partial pension is, as a minimum, 10/40ths of the full Old Age Security pension based upon a minimum requirement of 10 years residence in Canada after the age of 18. For indefinite payment outside of Canada the requirement of 20 years residence in Canada after age 18 remains.

The amendments to the legislation also protect those who now have the possibility of eventually qualifying for a full pension under the old rules. The new provisions are being implemented gradually over a 40-year period to ensure that everyone in Canada, and persons abroad with prior residence in Canada after age 18, will have the opportunity to earn a full Old Age Security pension. The new residence rules apply to everyone under age 25 on July 1, 1977 and to persons outside Canada on that date