Funding for certain benefits is provided by the federal government's consolidated revenue fund. Further information on the Unemployment Insurance program and related statistical data are provided in Chapter 5.

The Unemployment Insurance program is only one of the social security measures aimed at workers and their families. The Canada Pension Plan and provincial Workers' Compensation programs are additional income insurance programs offering financial protection.

6.3.2 Canada and Quebec pension plans

The Canada Pension Plan and the Quebec Pension Plan (CPP/QPP), introduced in 1966, are considered to be social insurance programs. The plans are funded by equal contributions of 1.8% of contributory earnings from the employer and 1.8% from the employee. Self-employed persons contribute the full 3.6%. In 1986, contributory earnings were those falling between the Year's Basic Exemption (YBE) of $2,500 and the Year's Maximum Pensionable Earnings (YMPE) of $25,800. The CPP applies to all provinces, except Quebec, which developed its own parallel social insurance program, the Quebec Pension Plan (QPP). The programs provide the same types of benefits to contributors and their families, with some variations in benefit levels and specific eligibility. Both plans provide retirement benefits, survivor's benefits to a widow/widower and dependent children, a death benefit, disability benefits to contributors forced to cease employment because of disability, and benefits for their dependent children.

There is reciprocity between the two plans to ensure coverage for virtually all workers in the labour force. A dual contributor who has at different times made contributions to each of the plans applies for benefits to the plan relating to his or her usual place of residence at the time of application. In the case of survivor's benefits, the contributor's place of residence at the time of death determines which plan will pay benefits.

As with the Old Age Security program, International Social Security Agreements have been signed with nine countries; four additional agreements are awaiting ratification. Agreements with five countries are in effect for the Quebec Pension Plan.

In June 1986, legislation providing for extensive changes to the CPP was passed by Parliament. The changes were subsequently ratified by the provinces as required under the plan, effective January 1987. The specific provisions are following.

Regional offices across Canada are responsible for direct program administration while contributions are administered through the taxation systems of the federal and Quebec governments. As of January 1987, the contribution rate rose by 0.2%. Escalation will continue at that rate for an additional four years, and then at a rate of 0.15% for the following 20 years. These rates are subject to change upon review by Ministers of Finance (federal and provincial) every five years.

Retirement pensions were previously payable beginning at age 65; however, persons still working could continue contributing until the age of 70. As of January 1987, contributors have the option of receiving retirement benefits as early as age 60. Benefits will be reduced by 0.5% for each month prior to age 65, and increased by the same amount for each month after that age. Benefits are calculated at the rate of 25% of the contributor's average lifetime adjusted pensionable earnings. The maximum monthly retirement pension for 1986 was $486.11.

Survivor's pensions are payable to the family of a contributor who dies, after having contributed to the CPP or QPP for at least one-third of the calendar years for which he or she would have been eligible to contribute. The pension includes a flat-rate component plus an amount based on the imputed retirement pension of the deceased contributor. Age and family status of the surviving spouse affect benefit calculations. In 1986, the maximum benefits payable to a surviving spouse ranged from $273.35 to $291.65 monthly under the CPP. QPP benefits ranged from $291.65 to $480.87. As of January 1987, persons receiving CPP survivor's benefits continued to do so if they remarried; QPP has offered this provision since 1984.

Disability pensions are provided to contributors with a severe and prolonged mental or physical disability that demands withdrawal from the labour force. Under the QPP, workers who are 60 years of age or over and who are unable to fulfil their usual role in the work force because of disability, are considered eligible. Applications for either a CPP or a QPP disability pension are subject to medical review. Previously, applicants were required to contribute for one-third of the calendar years in the contributory period and for at least five of the 10 years prior to disablement. As of January 1987, CPP contributions are required for two of the last three, or five of the last 10 years preceding disablement. Pensions may begin after a three-month waiting period, during which time Unemployment Insurance is available.