

Wages and salaries include director fees, bonuses, commissions, gratuities, income-in-kind, taxable allowances and retroactive wage payments. Wages and salaries are estimated on a gross basis, before deductions for employee contributions to income tax, unemployment insurance and pension funds. Remuneration accumulating over time, for example, retroactive payments, are accounted for in the month and year of payment.

Supplementary labour income, defined as payments made by employers for the future benefit of their employees, comprises employer contributions to employee welfare and pension funds, worker compensation funds and unemployment insurance.

### 5.6.3 Help-wanted Index

The Help-wanted Index serves as an indicator of labour market conditions. It is constructed on the basis of the number of help-wanted ads published in the classified sections of 22 metropolitan area newspapers. The data are presented as indices. This means that a current value is compared with a corresponding value in the base-year, currently 1981. The rationale for the Index is that during a period of economic expansion, the demand for labour increases, and employers place help-wanted ads in newspapers to attract workers. Similarly, during a downturn in the economy, the demand for labour decreases, and employers advertise less. Since the need to advertise job openings occurs early in the business cycle, the Index, aimed at measuring these changes, can be considered an early indicator of labour market conditions. The methodology for constructing the Help-wanted Index was revised with the release of 1989 data. The Index is published monthly for Canada and the five regions across Canada. Time-series for these geographic areas (see Table 5.17) are available starting with 1980.

## 5.7 Income maintenance

### 5.7.1 Pension plans

Income support for the elderly in Canada is essentially based on a three-tiered system. The first tier is made up of the Old Age Security/Guaranteed Income Supplement program (OAS/GIS) providing flat-rate, universal benefits unrelated to work history. The second tier consists of the contributory Canada Pension Plan and Quebec Pension Plan (CPP/QPP) which is earnings-related and comprehensive in its coverage of all workers in Canada. Employer-sponsored pension plans, also referred to as private pension plans to differentiate them from the public CPP/QPP, con-

stitute the third tier, together with Registered Retirement Savings Plans (RRSPs) and other personal savings. Selected statistics on private pension plans are presented in Table 5.19.

At the beginning of 1986, approximately 46% of all employed-paid workers (including the Armed Forces) were covered by 21,094 private pension plans. (Employed-paid workers do not include unpaid family workers, the unemployed and the self-employed who, by definition, are not eligible for membership in employer-sponsored pension plans.) The members numbered 4,668,381, an increase of 2.3% from 1984 and almost 20% from 1976. Nearly three-quarters of the total increase in membership since 1976 were female.

Employer-sponsored pension plans in the public sector, which numbered 937 in 1986, accounted for only 4.4% of all plans but covered almost 45% of all plan participants.

Two different methods are used to calculate retirement benefits in private pension plans: the defined contribution method and the defined benefit method. In the former, the employer and, in contributory plans, the employee are committed to a specified contribution rate. In defined benefit plans, the employer's contributions are not fixed but they depend on the cost of providing the promised benefit. Defined benefit plans constituted 39% of the total plans in 1986 but covered the vast majority (92%) of the membership. Only 7% of the plan participants were in defined contribution plans.

A pension plan must be funded through a contract with an insurance company, a trust arrangement or an arrangement administered by either the federal or provincial government. At the beginning of 1986, 19 plans, accounting for 15% of all plan participants, operated under the latter arrangement. Almost three-quarters of all plans were funded with insurance companies but they were primarily small plans, covering only 14% of all members. Trust arrangements, on the other hand, were used by 25% of all plans, covering over two-thirds of the membership.

At the end of 1986, the book value of the assets of trustee pension funds accounted for \$127.3 billion. The distribution of these assets among the various investment vehicles as well as the income and expenditures of the funds can be seen in Table 5.20.

Additional information on pension plans is provided in Chapter 6, Social security.

### 5.7.2 Unemployment Insurance

One important Canadian income support program is the Unemployment Insurance program.