

of contributory earnings from the employer and 2.0% from the employee. Self-employed persons contribute the full 4.0%. In 1988, contributory earnings were those falling between the Year's Basic Exemption (YBE) of \$2,600 and the Year's Maximum Pensionable Earnings (YMPE) of \$26,500. 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 CPP and QPP 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 for the Canada Pension Plan have been signed with 14 countries. Agreements have been signed, for the Quebec Pension Plan, with eight countries.

Retirement pensions were previously payable beginning at age 65; however, persons still working could continue contributing until the age of 70. Both QPP and CPP contributors have the option of receiving retirement benefits as early as age 60. Benefits are reduced by 0.5% for each month prior to age 65, and increased by the same amount for each month after that age. Retirement pensions are calculated at the rate of 25% of the contributor's average lifetime adjusted pensionable earnings. The maximum monthly retirement pension (age 65) for 1988 was \$543.06.

Survivor's pensions are payable to the family of a contributor who dies, after having contributed to the CPP or QPP for two of the last three, or five of the last 10 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 1988, the maximum benefits payable to a surviving spouse ranged from \$302.61 to \$325.84 monthly under the CPP. QPP benefits ranged

from \$325.84 to \$528.15. 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. Both CPP and QPP contributions are now 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.

As with survivor's benefits, the disability pension consists of a flat-rate component and an imputed, earnings-related portion of the retirement component. In 1988, the maximum disability pension under CPP/QPP was \$660.94; the flat-rate component of this was \$253.64 for each.

Combined pensions consisting of a surviving spouse's pension and a retirement or disability pension, may be payable to widowed contributors who are otherwise eligible for a retirement or a disability pension.

Children's benefits are payable on behalf of the dependent child of a disability pensioner and are available (orphan's benefits) for dependent children of a surviving spouse. Generally, benefits are paid until the child reaches the age of 18; they may be extended to age 25 if the child continues to attend school. If education is interrupted, the client's benefit ceases and is reinstated when the child returns to full-time school attendance. Also, dependent children are eligible for up to two CPP benefits if both parents' earnings have been lost through disability or death. Previously, the child could receive only one benefit. In 1988, the monthly CPP children's benefit was \$98.96 per child; the QPP rate was \$29.00.

A death benefit is payable to the estate of a deceased contributor who has contributed to the plan for a minimum qualifying period of three years. In 1988, the maximum death benefit was \$2,650 under both CPP and QPP.

Sharing pension credits. If a marriage has ended in divorce or annulment on or after January 1, 1987, the Canada Pension Plan credits earned by