not $1,500, the total benefits for that year will be reduced by one half the excess, except that no benefit will be reduced for any month for which the earnings do not exceed $75.

When earnings exceed $1,500 a year, the benefits for that year will be reduced by $300 (which is one half the difference between $1,500 and $900) plus the earnings in excess of $1,500, except again that no benefit will be reduced for any month for which earnings do not exceed $75. These $75, $900 and $1,500 limits will apply for the first five years of the program, and then will be adjusted as the earnings ceiling is adjusted, to reflect changes in the general level of earnings.

Widows and Widowers

A widow or widower will be entitled, from age 65, to the larger of (a) her or his own earnings-related pension, or (b) 60 per cent of the combined earnings-related pensions of the couple—subject, however, to the maximum which applies at the time to the total pension which may be paid to any one person.

The survivor will of course be entitled to the old age security pension at $75 a month, or at a lesser rate, depending upon the age at which the pension is claimed.

The pension available to a widow will thus be rather more than half the combined pensions of the couple.

This provision will apply equally to a widow or, if a deceased wife had earned income entitling her to a pension, to a widower.

Administration

The Department of National Health and Welfare will administer the Canada pension plan. The contributions under the plan will be collected by the Department of National Revenue. Employers will be responsible for deductions from their employees' earnings and will then remit these deductions monthly, together with their own contributions, to that department. Voluntary participants will make annual payments to the department.

The Department of National Health and Welfare will be responsible for the payment of benefits. The Department of National Revenue will forward to the Department of National Health and Welfare the record of pensionable earnings so that this information can be credited to each individual contributor's account.

The maintenance of the records and the calculation of benefits will be achieved through the use of modern data processing equipment.

The necessary provisions will be made for appeal procedures to ensure that contributors, beneficiaries and employers may have an impartial review of any disputes which may arise in relation to the program.

Authority will be provided to work out reciprocal agreements with other countries, to provide portability of pensions for people who move between countries.

Relation to Other Pension Plans

A great contribution to old age security has been made, and will continue to be made, by the considerable growth of private pension plans, which now cover more than 1,800,000 people in Canada. Not all of these plans, however, provide sizeable pensions, particularly for workers who do not join the plan early in life. Also, since vesting is rarely complete, private plans have operated as a growing restraint on the mobility of labour.

Several provinces are interested in lessening these and other problems connected with private pension plans, particularly by the establishment of rules for portability and solvency. These are, in the view of the federal government, useful steps forward.

However, such proposals for the compulsory extension of private plans do not make possible retirement at an adequate standard for people in their forties to sixties who have not been covered previously. Moreover, self employed people do not have access to such plans.

The Canada pension plan not only provides early benefits but also automatically provides complete portability of pensions for people with earnings up to an average level. It will be available comprehensively and it will quickly provide fair sized pensions to those who retire in the next decade or two. Moreover, it will provide a basic measure of "real" security, because people will be assured of pensions that are related to general earnings levels at the time they retire, not to money incomes which have become out of date.

The plan is designed to meet these needs of the Canadian people while helping to establish a pension system which, through the combination of private, provincial and federal action, will be sound and satisfactory in the long run.

The Adjustment Period

The adjustment of private pension plans to a public program with graduated benefits cannot be altogether easy. However, this does not appear to have been a deterrent to private plans in the United States. Since the American old age, survivors and disability insurance program was established there has continued to be a substantial growth in private pension plans. The number of employees in the United States covered by private pension plans, expressed as a percentage of the wage and salary workers in private industry, rose from 31 per cent in 1954 to 45 per cent in 1961.