service after 1934, the employee had to pay 5 per cent of earnings back to 1934 or date of hire. However, a reduced pension was payable if the full arrears were not met.

Employees retiring before January 1, 1952 were permitted to have their pensions recalculated under the Part II formula.

More than half of the employees did not elect to transfer in 1952. Many continued to qualify only for the minimum pension.

The Part II rules were revised in 1959. Contributions of 5 per cent to Part II become compulsory for new employees after January 1, 1959.

All employees at December 31, 1958 not under Part II were given one year to transfer to Part II.

The earnings base was revised to the last 60 months or any 5 consecutive years, whichever is larger.

Part II was amended at January 1, 1961, to provide for deferred pensions on termination with 15 years' service, where service plus age totalled 60 or more.

At April 1, 1962, the pension accumulation rate was amended to $1\frac{1}{4}$ per cent a year for the first 30 years, and $1\frac{1}{2}$ per cent for each extra year. Contributions were increased to $5\frac{1}{2}$ per cent of earnings.

At June 1, 1965, the accumulation rate was revised to $1\frac{1}{2}$ per cent for each year. The contribution rate was increased to $6\frac{1}{2}$ per cent.

At January 1, 1966, the plan was revised to co-ordinate with the C.P.P or Q.P.P. The benefit remained at $1\frac{1}{2}$ per cent for service before 1966. After January 1, 1966, the benefit became 1 per cent for earnings covered under the C.P.P. or Q.P.P. and $1\frac{1}{2}$ per cent for earnings not covered. The contribution rate became 5 per cent on covered earnings under the public plans and $6\frac{1}{2}$ per cent on excess earnings.

At December 31, 1969, employees were covered as follows:

Contributors to Part II	65,132
Contributors to Part I	5,666
Non-contributors under Part I	13,082
	83,880

Since the major recommendations of the employee briefs presented to this Committee were based on the belief that a large financial surplus was or could be made available, it is necessary to summarize the state of the pension fund and changes in the liabilities of the plan.

The Committee understands that until recently the actuarial liabilities under the C.N. plans were calculated on the assumption that the rate of interest earned on the fund would be 4 per cent and that there would be no general wage increases. With recent increases in interest rates and general wage levels, it became desirable to adopt more realistic assumptions. A new valuation was done, assuming an interest rate of $7\frac{1}{2}$ per cent on the fund and general wage increases of 4 per cent per annum.