

employed in the Civil Service as of January 1 this year will have the benefit of the widow's pension.

Mr. CLARK: Yes, that is right. When you say "all" I point out that there is the provision that they must meet the qualification as to age and dependents. There is an eligible age bracket.

Mr. CHATTERTON: Yes, that is right. Generally speaking, the combined survivor benefits, after they become eligible, of the P.S.S.A. and the Canada Pension Plan are quite substantial. This derives from the fact that the best part of the Canada Pension Plan is the survivor benefit provisions. In your whole approach to this formula in which you arrive at the figure of 1.3 per cent, leaving the survivor benefits under the P.S.S.A. as they are, did you consider, for instance, using a larger percentage? In other words, did you consider generally increasing the pension of all, and generally reducing the survivor benefit of all? They would all still be better off so far as survivor benefit is concerned, except in the few cases you mentioned—those under 35, who have no dependents under the C.P.P. Was this question of generally raising this rate of 1.3 per cent, and reducing the survivor benefits, explored at all?

Mr. CLARK: We did consider a number of alternative approaches, and certainly one of the factors, as I understand it, that Mr. Ted Clarke and his colleagues in the Insurance Department included in their calculations was this very one. It would be better to have Mr. Clarke deal with that, if you wish him to. He knows the relevance of that factor in the overall calculation. But, I do know it was included.

Mr. CHATTERTON: May I ask, through Mr. Clark and the Insurance Department, what percentage of the demand on the fund is attributable under the P.S.S.A. to the survivor benefits of the P.S.S.A. in relation to the pension, for example? Is it a substantial percentage?

Mr. CLARKE: I would say the value of survivors' benefits is about 20 per cent of the value of the contributor's own benefits.

Mr. CHATTERTON: I was thinking, Mr. Chairman, that in integrating an actuarially sound funded plan and a non-funded plan you run into anomalies. To me, the greatest of all anomalies is in the fact that in certain cases a widow gets a pension that is greater than what her husband had been earning. This extreme anomaly makes it ridiculous. Generally, the survivor benefits are greatly improved in the combined plan from what they were before.

Dr. DAVIDSON: I think it is correct to say that you are also going to encounter situations where the combined pensions from all three sources for a retired living person will be greater than the earnings of that individual during his employment.

Mr. CHATTERTON: I did not get that.

Dr. DAVIDSON: It is also true, Mr. Chatterton, that we will encounter cases of where the combined benefits from all three plans—the Canada Pension Plan, the Public Service Superannuation Fund and the Old Age Pension—will be greater than the earnings of the individual while he was employed. These are anomalies that in the matching of two systems as complicated as these are beyond ingenuity to—