Some hon. Members: Carried.

Some hon. Members: Go ahead.

Mr. Benson: Since it is not the unanimous desire of the committee—

Some hon. Members: Yes.

Mr. Monteith: We want to hear your words of wisdom.

Mr. Winkler: We want all the information we can get.

Mr. Macdonald: The Tories object.

Mr. Benson: Mr. Chairman, I am pleased to have this opportunity to speak briefly concerning some of the financial and administrative aspects of the Canada pension plan, which is the subject of the resolution now before the house. It is my intention to deal with these matters in broad outline at this stage, but I will be prepared at second reading to go into somewhat more detail when hon. members have had an opportunity to scrutinize the bill in detail.

Generally, I think that the financial aspects of the resolution can be broken down under the following headings:

1. Benefits under the present old age security pension.
2. Benefits under the Canada pension plan.
3. Method of financing the Canada pension plan.
4. The handling of reserves which will accumulate under the Canada pension plan.

First of all, I will deal with the present old age security pension of $75 per month available to everyone at the age of 70. The proposed legislation does not in any way reduce benefits available under this plan. However, it does provide that at the option of the beneficiary he or she may elect to take a pension which will provide, roughly, equivalent benefits at any time between age 65 and 70. The amount received at age 70, if the election is left until that time, will still be $75 per month. However, if one decides to take the pension before age 70, the amount received will be somewhat less because the period of expected payment will be longer. If, for example, a person takes the old age security pension at age 65, he or she will receive $51 per month during his or her remaining life. If the election is made at age $67\frac{1}{2}$, the pension for life will be $63 per month while, of course, if one waits to the age of 70 before election the pension will be $75 per month.

This old age security pension, Mr. Chairman, will continue to be financed by the old age security taxes, consisting of 3 per cent of the sales tax, 3 per cent of corporation income taxes and 4 per cent of personal income taxes, to a maximum of $120

per annum. As I stated when this pension was increased $10 during the last session, this fund is now on a basis where it will be adequate to finance benefits.

Next, Mr. Chairman, I will deal with benefits under the Canada pension plan. The benefits under this plan will be available to all persons who are or become employed in participating provinces after the plan goes into effect, and to all self-employed persons in participating provinces who choose to contribute to the plan. The scale of benefits received will be related to the earnings of contributors over the period during which they contribute to the plan.

The amount of pension received under the Canada pension plan, as distinguished from the present old age security pension, will amount to 20 per cent of average monthly earnings, so that after a 10 year transition period a person whose average monthly earnings were $100 per month will receive a Canada pension plan benefit of $20 per month on retirement. Earnings of $250 per month will produce a pension of $50 per month, and so on, to a maximum Canada pension plan benefit of $75 per month for those with earnings of $375 per month or more. I should point out, Mr. Chairman, that after a five year period the pension will be somewhat higher if the average industrial wage rises above the present level.

Thus, in summary, Mr. Chairman, depending when one elects to take their old age security pension the maximum combined old age security pension and Canada pension plan pension, based on present wage levels, would be $150 per month at age 70 or $126 per month at age 65.

Before leaving the question of benefits, Mr. Chairman, I should also point out that Canada pension plan benefits, as contrasted with old age security benefits, are the same at age 65 or age 70, so in fairness a person must actually retire, in order to be eligible for their Canada pension plan benefits, between age 65 and age 70.

However, there will be an advantage to working between age 65 and 70, in that for each year worked a year of low earnings may be dropped in computing one's average earnings. In addition, retired persons will be able to have modest part-time earnings without affecting their pension. A further point of interest is that in calculating the average earnings on which benefits are based, past earnings will be adjusted based on the ratio of the average industrial wage at retirement as compared to that existing at the time the contributions were made.

The transitional period for the graduated pension will be ten years. People who retire right after the first year of the program, if