

*Old Age Security Act Amendment*

is reduced by one half of the amount of income in excess of the \$900 a year old age security pension. Expressed in another way, the amount of the supplement will be reduced \$1 a month for every \$2 a month that income increases over and above the flat rate \$75 a month pension.

• (3:30 p.m.)

This is a different approach from the sharp cut off being applied in the proposal of the senate committee, which eliminated \$1 of supplement for each dollar of income above the \$75 old age security pension. In the program now under consideration we had originally thought to follow that approach and had estimated the cost at about \$225 million. We have, however, decided to make provision for tapering off the supplement. This approach is more equitable for people of modest incomes from small pensions and part time employment. It is likely, as well, to be more acceptable. It is, of course, more costly and as a result the cost of the program in 1967 will be between \$260 million and \$280 million, as I have already mentioned.

Perhaps I can illustrate the partial supplement with two examples. If an old age security recipient has a small private pension of \$120 a year as his only income other than old age security, the maximum supplement of \$360 is reduced by one half of the \$120, leaving a partial supplement of \$300. In this example, the pensioner would have a total income of \$1,320, consisting of \$900 basic pension, \$300 income supplement and \$120 from the private pension.

Another example would be a recipient who has a part time job from which he receives \$360 a year. He would receive an income supplement of \$180 which along with the \$900 basic pension, would bring his annual income to \$1,440.

The senate committee suggested a guaranteed income at \$2,220 for a married couple. We are proposing a higher level of guaranteed income. Pensioners will receive supplements which will guarantee an income of \$2,520 for the couple if both are eligible for old age security. This will mean a maximum supplement of \$360 a year for each spouse, or a total of \$720 for the couple.

In addition, partial supplements will be provided for those who have income over and above their old age security pension, but who have a combined total income, including basic pension, of less than \$3,240.

[Mr. MacEachen.]

This approach, inherent in the senate committee's proposal of using the combined income of the couple rather than individual incomes, has been followed. This gives more equitable treatment between single persons and married couples, since it takes into account the full income of a married couple.

Under the proposed legislation the income of each spouse is taken to be one half the combined income of the couple in determining the amount of each spouse's supplement. Thus, each spouse receives the same amount of supplement.

Each old age security beneficiary entitled to an income supplement will receive one monthly cheque combining the basic flat rate pension with the supplement. In the case of married recipients, each spouse will receive a cheque, as is the practice under the old age security at the present time. For persons receiving the flat rate old age security pension, the guaranteed income supplement and the Canada Pension Plan, one cheque for the combined amount will be sent each month.

As I mentioned earlier, the proposed program is transitional in nature. In this regard, it endeavours to take a second step in meeting the recommendation of the joint committee of the House of Commons and Senate on the Canada Pension Plan which recommended "further measures regarding the position of those people who, because they are or soon will be retired, will not be substantial contributors to, or beneficiaries from the Canada Pension Plan".

The first step in endeavouring to improve the income support for this sector of our population was taken last year through the amendment to the Old Age Security Act, under which provision has been made for the lowering of the age of eligibility from 70 to 65. Through this amendment all persons 69 years of age are now on pension, within a few weeks those age 68 will qualify for pension, and by 1970 all persons 65 years of age will be covered. By that time more than half a million persons who either could not participate at all or only to a limited extent in the Canada and Quebec Pension Plans will receive these old age security payments.

The initial cost of this amendment has been considerable and each year as a new age groups is added there is a substantial impact on total annual costs. In 1967, the additional expenditure will be \$190 million; in 1970 when the full effect of this amendment will be