*Government Contributions*

The Canadian government stands behind this superannuation scheme and thereby guarantees its solvency. In addition to allowing interest on a four per cent basis the government matches the payments by contributors for both current and prior pensionable service. In the cases where a Crown corporation is the direct employer, the corporation is called on to pay the matching contributions into the Superannuation Account. The government is also obliged to make special contributions at the time of any general salary increase.

## ELECTIONS AND MANNER OF PAYMENT

Elections to contribute for prior service can only be made without a penalty during the first year in which a person is a contributor unless, of course, it is for a new type of prior service which was not previously open to him for election. Whenever it is made, the election may be for the whole or part of a period of prior service. If it is for only a part then that must be the most recent part and the cost will be the cost for the years in question on the appropriate basis.

These retroactive payments may be by a lump sum or by instalments over a period which could be shortened later by increasing the amount of the periodic payment. The instalments are calculated on an interest and mortality basis whereby the amount owing is paid off if death occurs before the instalments are completed, unless, of course, there has been a default in the payment of the instalments. Instalments are not limited to the period of future employment and the later ones could be deducted from the annuity when it becomes payable. Defaulted instalments are subject to recovery provisions.

## BENEFITS

*General*

Benefits of one form or another will be available as a matter of right in respect of retirement because of age, disability, death and other reasons including dismissal because of misconduct. Depending on the circumstances the benefits take the form of annuities, immediate and deferred, as well as lump sum payments. They will be payable to the contributor or his widow and children or ultimately to his estate with the minimum benefit in any case being a return of contributions which is paid without including any interest.

Usually the annuity payments will be made monthly in arears but provision is made for less frequent payments, that is, you could arrange to have it paid quarterly if you have a small pension. Where the monthly payment to a contributor would be less than ten dollars he is given the option of the capitalized value of his own annuity in addition to any other option described in the following paragraphs.

The annual amount of an annuity payable to a contributor in the normal case is 2 per cent of the average salary over that period of ten consecutive years of service in which the contributor's salary was highest multiplied by the number of years of service up to a maximum of thirty-five. This would include salary earned during later years when he has stopped contributing only because he has already contributed for thirty-five years. This amount would be subject to reduction, for example, if contributions were still being made for prior pensionable service.

The formula for an annual allowance payable to the widow differs from that of the husband in that it is based on 1 per cent of the average salary used in his case instead of 2 per cent, but this will be more fully described in the paragraphs dealing with "Benefits to Widows and Children".