

2. The Standing Committee recommends:

- i. that the Minister of National Health and Welfare adopt the principle of increased children's survivor benefits; and
- ii. that the total amount reduced in the bridging benefits from that recommended in the Consultation Paper be used to increase children's benefits.

In its May 1985 report, the Canada Pension Plan Advisory Committee recommended dividing children's survivors' benefits into two separate components; a "material benefit" and a "custodial benefit". Material benefits recognize the support needs of the dependent child. These needs continue during the entire period of the child's dependency. In addition to material needs, surviving spouses with young children (or other guardians of the surviving dependent) will also be faced with the need to provide custodial care so that the survivor is free to work. These needs for child care are reduced when children are able to attend school. Temporary benefits to meet these needs during the child's pre-school years were termed "custodial benefits."

The Standing Committee believes these different needs for financial support to dependent children should be recognized in the structuring of survivors' benefits under the Canada Pension Plan. Increased benefits to children should, therefore, be divided into custodial benefit for young children and a flat-rate material benefit for the entire period of dependency.

Child care costs for dependent children do not end at age seven. Indeed, in some provinces there is a statutory requirement that adults having charge of a child provide for adequate supervision for older children. There is strong feeling in the Committee that the full custodial benefit for young dependent children be provided at least until age ten, however, the majority the Committee does not wish this preference to jeopardize receiving the consent of the provinces. Consequently, the Committee recommends the provision of full custodial benefits at least until age seven and recommends consideration of liberalizing this age restriction.

The Liberal representative on the Committee is opposed to any discontinuation of full custodial benefits prior to the age of ten, at which time a three year phase-out should begin. This member consequently withdraws support from recommendation 3.

3. The Standing Committee recommends:

that children's benefits be divided into a "custodial benefit", which would be phased out over three years beginning at age seven; and a "material benefit", which would continue during the entire period of the child's dependency.

Survivors over the age of 55 may choose to leave the survivors' benefit without having the ability to do so by reducing their pension benefits through remarriage. In view of the inability to reduce the survivors' benefit, the Committee believes that survivors over the age of 55 should not be subject to automatic transfer, but rather receive the calculated amount of 50% of the deceased spouse's monthly pension.

The situation for young survivors is somewhat different. Survivors under age 55 are in a position to reduce their pension benefits much further, which are more likely to be employed and are also more likely to remarry.