

Mr. CLARK: This is a straight offset approach in so far as the members of the forces who are contributing under the Canadian Forces Superannuation Act are concerned. In other words, the full benefit under the present 2 per cent formula for each year of service is payable up until the age when the C.P.P. could become payable, nominally 65 or, on disability, from 1970. At that time the benefits would be reduced by the portion of the C.P.P. benefit which was attributable to the period of contribution while a member of the forces.

In other words, supposing you had a case where the armed forces pension was \$7,000 and the pension attributable to his service in the forces under the C.P.P. was \$600, the \$7,000 would simply be reduced at that stage by \$600. The \$600 would be payable under the C.P.P., but of course subject to the escalation which that plan provides from that stage on.

Mr. CHATTERTON: So it is simply a reduction of an addition of an equal amount?

Mr. CLARK: That is correct. As Group Captain McLearn indicated, the factors which entered into this, which were responsible for the complete exclusion of the members of the forces from C.P.P. last year, are really the high cost of the plan in relation to the contributions, which in turn arises out of the average low age at which pensions become payable. This was the source of the trouble.

Mr. CHATTERTON: And the survivor benefits under C.F.S.A. remain the same.

Mr. CLARK: The survivor benefit under all these acts is the same, in other words, one on top of the other.

Mr. CHATTERTON: How about those members of the armed forces who retire this year? There is no effect on them at all?

Mr. CLARK: The coming into force section has retroactive effect. The Minister of National Defence requested that this coverage be applied to, I think, all who were members of the forces on the 1st of January.

Mr. CHATTERTON: Are deductions being made now?

Group Captain McLEARN: We did make deductions, under special authority in the National Defence Act, of the amount that will be required under the C.P.P.

Mr. CHATTERTON: If he retires from the armed forces and is not eligible for C.P.P., he goes on to C.F.S.A.?

Group Captain McLEARN: That is right.

Mr. CHATTERTON: As soon as he becomes eligible for C.P.P., the adjustment takes place?

Group Captain McLEARN: Yes.

Mr. CHATTERTON: He receives the pension?

Mr. CLARK: Normally, it would be on obtaining age 65, but at that time he receives the C.P.P.

Mr. CHATTERTON: But it is at such time as he actually receives the Canada Pension Plan?