

5. Age Retirement Pensions

A contributor may become entitled to an age retirement pension at any age 65 to 70, subject to a minimum age requirement within this range in the very early years of operation of the Plan. (A contributor in receipt of a disability pension on attainment of age 65 becomes entitled immediately to an age retirement pension.) After such a pension becomes payable or, in any event, after age 70, a contributor is not eligible to contribute under the Plan. Thus, except for the operation of the "earnings test" and adjustment of the amount of pension in payment in accordance with changes in the Pension Index, the amount of pension is fixed at the time the pension first becomes payable.

In general, the initial amount of age retirement pension payable to a contributor will be based on the whole history of his pensionable earnings from the effective date of the Plan or from age 18, if that age is attained after the effective date, until the year in which his pension commences. However, in determining the amount of pension, a contributor's pensionable earnings for each year will be adjusted in the ratio that the average of the contributory earnings upper limits for the three years ending with the year in which pension commences bears to the contributory earnings upper limit for the year in which contributions were made. Subject to the operation of the earnings test, "full" pensions will be available in 1976 and after.

Age retirement pensions in payment will be subject to automatic adjustment in accordance with changes in the Pension Index.

A convenient formula for determining the initial amount of age retirement pension is as follows:

Formula for Age Retirement Pension

Initial Amount of Annual Pension

25% of the average of the contributory earnings upper limits for the three years ending with the year in which pension commences multiplied by the "average earnings ratio".

Average Earnings Ratio

- (a) Within the first ten years from the effective date of the Plan, the total of recorded "annual earnings ratios" divided by ten minus the number of years, if any, during which a disability pension was payable.
- (b) After at least ten years have elapsed from the effective date of the Plan, the average of a number of the highest recorded "annual earnings ratios", such number being,
 - (i) if the number of years in the "primary contribution period" is less than ten, the greater of ten minus the number of years, if any, during which a disability pension was payable or the number of years in the primary contribution period,
 - (ii) if the number of years in the "primary contribution period" is ten or more, the greater of ten or 90% of the number of years in the "primary contribution period".

Annual Earnings Ratio

The ratio of pensionable earnings in a calendar year to the contributory earnings upper limit for that year. (It should be noted that if no contributions