

bill goes to committee, because I hope my remarks will be seriously taken into account, so that for a change we steer towards a real social reform that will give justice to all our courageous family mothers.

● (2130)

[English]

**Mr. Gordon Ritchie (Dauphin):** Mr. Speaker, speaking on this bill to amend the Canada Pension Plan Act gives us an opportunity to discuss not only these amendments but the state of pensions in Canada, both private and public. It is no secret that the state of pension plans is giving great concern to many Canadians who, in the past 30 or 40 years, have invested in certificates, life insurance policies, trust companies and so on. They are viewing with alarm the fact that their contributions are being wiped out by inflation. In the last budget we find the proposed tax on life insurance policies which would amount to a virtual confiscation through the tax system of what have been savings on pensions earned long ago. It has become increasingly apparent as time goes on that savings on private pension plans are virtually useless in many instances.

There are two major amendments in this bill. The first one is the splitting of the CPP earned during marriage. On divorce or annulment the total pension credit would be divided equally, regardless of the amount of contributions paid by husband and wife. Spouses who have never worked outside the home, as well as those who have contributed for a short time only, would be able to share the pension credits accrued through the CPP contributions made by the husband or wife. As I understand it, the application by either within three years of marriage dissolution would bring about the splitting. The marriage would have to be dissolved, and after three years they would get their share, but before the dissolution they would have had to be married for three consecutive years. This would apply if the amendment were to pass. This pension aspect seems to have the support of all the provinces as well as of the Advisory Council on the Status of Women. It was extensively discussed at the federal-provincial ministers' conference on June 1 and 2 of 1976. It gives recognition to the wife who does not go out to work.

The proposal was that pension credits earned by spouses during a marriage would be divided equally between spouses on marriage dissolution. This would provide some financial security for the spouse who has remained at home as she would have immediate protection against disability, and also benefits for children, should the other parent die. Furthermore, she would be given some retirement benefits under CPP.

Under this legislation it would appear as if both partners had been contributing equally to the estate. I believe that an analysis would show that the splitting of credits would affect only a relatively small portion of contributors. Under the present legislation a series of exceptions would develop. These exceptions would complicate the plan further as they would retroactively alter accumulated pension credits. Situations would arise where individuals would move between split and unsplit pension credit circumstances. The effect of splitting

### *Canada Pension Plan*

pension credits would be greatest on single wage earning families. The CPP retirement income would become available in two stages, according to the ages of the wage earner and the non-working spouse, and would reduce the dollar value of the wage earner's benefits. Also, disability benefits would increase on the death or disability of the non-working spouse. However, in the case where both marriage partners earn an income, the splitting of the pension credit would not be so great.

There are other problems that might arise. In the case of one partner receiving CPP disability retirement pension, retroactive splitting would reduce the recipient's benefits. Also, there might be a conflict with the provision which states that a person cannot be both a receiver and a contributor to a retirement or a disability fund at the same time. How this will affect disability should be reviewed. There is also the problem of low income families. Will retroactive splitting result in a loss of coverage that has been paid for because the level of each partner after splitting may be below the plan's basic exemption for a year? Again, retroactivity may involve administratively complex calculations since long periods may have to be recalculated. Also, what about the implications of private pension plans which are often meshed with CPP and old age security?

Is the definition of marriage dissolution restricted to legally terminated marriages, which excludes those people who are deserted, separated or living common law? In view of the fact that divorce is more often the privilege of the well to do, this will work further hardship on the low income group. Furthermore, how will the authorities who administer the CPP be informed of the breakdown of the marriage? These are some of the problems in the bill to which we will have to address ourselves.

The second major amendment has to do with those who leave the labour force to raise young children. The provision helps them guard against the deterioration of their CPP benefits during periods of low or no earning in the child raising years. Contributors would be able to drop out from the labour force for certain periods when they were raising their children and include these years when calculating their lifetime average earnings for benefit purposes. Since this clause is applicable back to January 1, 1966, it has major implications in principle.

● (2140)

This drop-out provision raises a question about whether the CPP is an insurance fund or a welfare fund. In fact, raising children and contributing to the CPP emphasizes the welfare aspect of the plan. One may well ask whether the CPP disregards those who may have had to drop out because of illness or some such thing. When the CPP was introduced, it was introduced as basic insurance, and this change is not in keeping with the original principle of the plan. It was a contributory plan based on actual years worked. For these women the CPP cannot be an earnings related plan. There may be some difficulty in recognizing the idea that the work of housewives is valid in an earnings related plan.