Youth allowances

This program, which is administered by the Department of National Health and Welfare, became effective in September 1964. It provides monthly allowances of $10 in respect of all dependent youths aged 16 and 17 receiving full-time educational training or precluded from doing so by reason of physical or mental infirmity. Youth allowances are paid from general revenue and are not considered income for income-tax purposes. A higher income-tax exemption is allowed for dependants 16 years old and over than for those under 16. Eligibility is determined by the residence of a child's parents. A child may be temporarily absent from the country, attending school outside Canada, or absent and receiving care if disabled, and still be considered eligible. Quebec has its own system equivalent to youth allowances, for which it is compensated under special financial arrangements with the Federal Government.

Canada Pension Plan

The Canada Pension Plan is a contributory social-insurance program for eligible members of the Canadian labour force. It was enacted in 1965 and the first contributions were collected in January 1966. Each contributor builds up a right to a retirement pension, the amount of which is related to his previous earnings patterns. Benefits are also provided thereunder to a disabled contributor and his dependent children. At the contributor's death, his widow and children receive monthly benefits as well as a lump-sum death benefit. Quebec operates its own plan, the Quebec Pension Plan, which is closely co-ordinated with the Canada Pension Plan, so that both operate virtually as one. Together they cover most of the labour force in Canada. There are certain minor exemptions from coverage. The largest of the exempted groups are employees who earn $600 or less a year and self-employed persons who earn less than $800 a year.

The Plan is financed by contributions from employees, employers and self-employed persons, and by interest earned by the fund. A pension index and an earnings index are used to make adjustments to this Plan so as to keep benefits and contributory limits in line with changing economic conditions. The pension index reflects upward changes in the consumer price index from 1 per cent up to a limit of 2 per cent and is principally used to adjust benefits in pay. The earnings index, on the other hand, is based on a long-term moving average of national wages and salaries and will be used from 1976 on to adjust the contributory limits under the Plan. Retirement pensions were first payable in January 1967 to retired contributors 68 years of age and over. Each year thereafter, the retirement age has been reduced by one year, so that from 1970 on any contributor aged 65 or over who has retired is able to claim his retirement pension.

The Plan has a ten-year transitional period during which partial retirement pensions are payable until retirement pension becomes payable at the full rate. Payment of a retirement pension to contributors from 65 to 70 years of age is subject to a retirement test and also applies to those taking up new employment after starting to draw a retirement pension. At 70 the retirement test no longer applies. Survivors' benefits, including pensions for widows, disabled widowers, orphans' benefits, and the death benefit,