

*Retirement Benefits***PRIVATE MEMBERS' MOTIONS**

[English]

**SUPPLEMENTARY RETIREMENT BENEFITS ACT****SUGGESTED AMENDMENT OF RETIREMENT FORMULA**

**Mr. Paproski:** Mr. Speaker, I believe there has been disposition to allow notices of motions Nos. 16, 17 and 26 to stand at the request of the government and to debate Notice of Motion No. 30 in the name of the hon. member for Okanagan Boundary (Mr. Whittaker).

**Mr. Goodale:** That is agreed, Mr. Speaker.

**Mr. Deputy Speaker:** Is the House agreed that we stand, at the request of the government, notices of motions Nos. 16, 17 and 26 and proceed to the consideration of motion No. 30 in the name of the hon. member for Okanagan Boundary (Mr. Whittaker)?

**Some hon. Members:** Agreed.

**Mr. G. H. Whittaker (Okanagan Boundary)** moved:

That, in the opinion of this House, the government should consider the advisability of amending the Supplementary Retirement Benefits Act to provide for the reduction of the "Magic 85" formula to 70 and the indexing of the new formula to the cost of living.

He said: Mr. Speaker, it is with a great deal of pleasure, and some apprehension, that I bring my motion to this House today under private members' hour. The motion reads:

That, in the opinion of this House, the government should consider the advisability of amending the Supplementary Retirement Benefits Act to provide for the reduction of the "Magic 85" formula to 70 and the indexing of the new formula to the cost of living.

I am proposing this motion in order to establish a more equitable escalation formula for armed forces and RCMP personnel pensions. Requests for such action have persisted since Bill C-220, some three years ago, created the anomaly between public service pensions and those paid to ex-militia and RCMP. The redress which was proposed for the original anomaly affected a mere 4 per cent of the pensioners. This redress, the "Magic 85" formula, has since been under constant attack by those who find themselves, through a combination of rank structure and index formula, left holding the short end of the stick.

The nature of the comment and criticism indicates that there is a lot of misunderstanding regarding the situation. It is not really the formula which prevents a retired serviceman from having his pension indexed as soon as he retires, but the rule discriminates as among retirees within the forces. The terms of the Supplementary Retirement Benefits Act itself provide for the indexation of all pensions at age 60, with certain exceptions, one of these being the "85" rule. The structure of the armed forces is what ultimately causes the discrimination. Canadian forces members generally retire between the ages of 44 and 55, as opposed to public servants who generally retire between the ages of 55 and 65. The "Magic 85" formula affects the Royal Canadian Navy the most. Petty

[Mr. Deputy Speaker.]

officers are not permitted to serve for more than 25 years, so there is no way that a retired petty officer can get that increase before the age of 60.

I would point out that one other thing equally distasteful is that compulsory retirement age for corporals in the armed forces is 45. A corporal of that age will presumably have about 25 years of service; but he, too, will have to wait until the age of 60 to get the increment. However, if you are a lieutenant or a captain, the age rises to 47. If you are a major, it is 49. If you are a lieutenant-colonel, it is 51. If you are a colonel, it is 55. If you have served to the age of 55, you have a very good chance of having 30 years, service and you can immediately qualify for pension.

Understandably, Canadian forces annuitants claim that they should receive escalation immediately when they retire. They are forced to retire in the interest of maintaining an armed force which is also a fighting force. Established arguments for early retirement are applicable especially in the armed forces. Early retirement allows an employee suffering from ill health in his final years of service to retire in decent circumstances before normal retirement age, while sparing the employer the costs and inconveniences of such personal misfortunes as low productivity, high absenteeism, double-manning to overcome delays and disruptions in operations, and so on.

Another element of unfairness is that most of those who retire at age 55 or more will have a correspondingly larger pension than those who retire earlier. A person who retired on an unindexed pension will, when he reaches age 60, begin to receive a pension which compensates him for the increases in the cost of living between the date he retired and the date he reached 60. His pension will have been indexed on paper from the time he retired, and when he reaches 60 his pension will increase by whatever percentage the cost of living increased in the intervening years.

● (1710)

But to sustain any standard of living they would have to endeavour to continue in the work force until age 55 at least. Surely people who are forced to retire have the right to have their pensions protected. The rest of us who are working get increases every year, we bargain for them or we shop around until we get a job in which we can get a better rate of pay. People who are retired do not always have the choice. Ex-servicemen have found that employers are not at all appreciative of the varied training and skills that a service person may have acquired. They often do not get to the interview stage, with their qualifications.

The government has deemed that the need for an extra pension is not as acute for those in the age 45-55 group. That may be valid for regular civil servants. Although they are allowed to retire at age 55, not many do so. People in the armed forces, as I have pointed out, have no choice. Moreover, inflation rates have cut the real value of pensions considerably, and will continue to do so. In this day and age, when government resigns itself to the fact that we have 944,000 unemployed, and openly admits that the figure will go up in the near