

employed and partly employed by someone else. I have in mind a person who works for three months during the summer who on a monthly earnings basis may earn more than \$600 but who actually does not earn that much during the period he is employed. Will deductions be made from his earnings?

Mr. SHEPPARD: Yes, his employer will make deductions from his earnings if the earnings on a monthly basis are more than \$50 per month. As to what will happen at the end of the year, that will depend on his total earnings for the year.

Senator MACDONALD (*Cape Breton*): I will come to that. Such a man might be self-employed in doing a bit of farming or fishing, and he may earn over \$800 by being self-employed. Would he have to pay on what he earned over \$800 while self-employed, and also on what he earned while working for someone else during the three months period that I mentioned. Do you follow me?

Mr. SHEPPARD: Yes. In the case you are mentioning if while he was employed he earned \$300 at \$100 a month over three months he would receive an exemption in respect of \$50 per month, and would pay on \$150. If he had self-employment earnings of \$800 he would be allowed an exemption of \$450 thereon, being the total exemption of \$600 minus the \$150 allowed as a wage earner, so that he would pay on \$350 of his self-employed earnings.

Senator MACDONALD (*Cape Breton*): A person under this plan is supposed to contribute for 47 years in order to get his full benefit. If he should contribute for half that period for one reason or another would his ultimate benefit be half of what he would otherwise receive?

Dr. WILLARD: Mr. Chairman, there would be the drop-out provision, which would mean that the effective period is more likely to be 42 years than 47. So, if he worked half—it would be the ratio of the number of years worked to 42.

Mr. OSBORNE: 40 years. It is a 15 per cent drop out.

Dr. WILLARD: Yes, the bill was amended in the house to increase the period of dropout provision.

Senator MACDONALD (*Cape Breton*): If he contributed for 20 years he would get half of what—

Dr. WILLARD: Let me put it in this way; his earnings over the period would be averaged, and then there would be this up-dating process that would be carried out, so in a general way what you are saying is correct. In terms of the years that are taken into account it would be half if he worked for 20 years.

Senator PHILLIPS: Mr. Chairman, there was a question—

The ACTING CHAIRMAN: Yes, they are waiting to get the information on the number of farmers. Had you a question, Senator McCutcheon?

Senator McCUTCHEON: I was just interjecting, but I would like to ask just one question. I should like to ask what pension will be received by an individual who will be 55 in 1966, and who has had earnings of \$5,000 a year, and who contributes for ten years. I would like to know what pension he will get at the age of 65?

Dr. WILLARD: Mr. Chairman, as I mentioned earlier, he would get the maximum and full benefit at the end of the ten years which, assuming no change in prices, would be, of course, \$104.

Senator McCUTCHEON: Let us assume no change in prices. He will have contributed \$792, assuming he is an employee. Am I right?

Dr. WILLARD: Yes.