

*Income Tax Act*

that I am looking into that situation. I have a lot of sympathy with this problem but I want to take a look at the implications before coming to a decision. In protecting certain circumstances I do not want to create more problems.

I might add that I have been made aware of these problems only during the last few days. I hope I will be able to come up with a solution as quickly as possible. If I can, I will find ways and means to do so. If there is some precedent you want to correct in midstream we can always take steps to correct it subject to later legislation. I will undertake to go to work as quickly as possible and try to resolve the situation. I do not want to drop all the schemes under the RRIF which have been well received by the public and which give a lot of flexibility to the people who will reach 71 and want to plan their income but do not want to be forced just to buy an annuity. If they die a year after, there is nothing left for the survivors of the spouse. We must find a solution to cope with the problem of unmatured RRSPs and in the process not destroy the RRIF programs. That is an undertaking I have made public this afternoon in answer to the many points raised by both sides of the House.

**Mr. Lumley:** Mr. Chairman, in order to ensure that there is no misunderstanding with respect to comments raised by the hon. member for Regina-Lake Centre, I would like to say that the minister made a commitment to meet with the trust companies, credit unions and other financial institutions in trying to arrive at a reasonably satisfactory solution. At the present time no official representation has been made by the credit unions. All we have are letters sent by the individual credit unions or representations made by members from both sides of the House.

**Mr. Benjamin:** Mr. Chairman, I am glad to have the words of the parliamentary secretary. Once this clause becomes law, unless new legislation is brought in, no matter how much one agrees with the representations of credit unions, the only solution is to amend the law. It does not say much for the advisers to the Minister of Finance and the parliamentary secretary. Since the budget was brought down it has taken that time for the Co-op Trust and the credit-unions to realize what the ramifications of the legislation will be. If the minister's advisers did not follow through on what the ramifications are, he should fire those advisers.

The Minister of Finance talks about the RRIFs, the registered retirement income funds. He is a very optimistic minister. The change proposed by the minister would allow RRSP holders to establish a registered retirement income fund which would provide payments until the planholder reaches the age of 90. Now, really, Mr. Chairman, why did he not put down age 190? The RRIFs will provide continually increasing payments as long as the fund generates a return on its investment. That will tend to offset some price increases caused by inflation. Maybe that is what the minister's advisers had in mind. I do not know if there is anyone in this place who will live to age 190, except for the hon. member for Winnipeg North Centre and the right hon. member for Prince Albert, but I just do not

[Mr. Chrétien.]

accept it, and neither does the Co-op Trust and the credit unions, and I think they are probably somewhat more expert in this area than I am.

I do not think the alternative that the Minister of Finance suggests is adequate. I do not think it is sufficient to overcome or offset criticisms by the co-operative and credit union movement of what the government intends to do on this bill concerning the registered retirement savings plans. If the rules are to be changed on a long-term investment or long-term pension program, you cannot make the change and have it take effect immediately. If we are going to change the rules on something that is a long-term investment or long-term program, we cannot make the change to have effect immediately. We must not punish people who took the government's advice two or three years ago and bought these plans on the basis of long-term retirement, people who are investing for the long-term in their retirement, by three or four years later coming out with a substantially increased tax. We cannot do that once they have taken out the annuity, or if the recipient or the owner of a plan dies and the beneficiary loses as much as one third. Surely that is not fair.

● (2052)

I do not see how the minister or his parliamentary secretary can say that even though we pass this clause tonight, he will reach some settlement with the credit unions and the co-op trusts. The minister cannot kid me that he will meet with them one week and the next bring in a bill to amend this act. He is not kidding me or anyone else. It would save a hell of a lot of trouble if he withdrew those sections, met with those organizations and came up with some firm legislation to deal with those two matters in a way that is fair to the people who followed the advice of the government several years ago.

**Mr. Chrétien:** The hon. member should know that very often with technical problems under the present system we make an announcement that such and such a change can be made and that it will be done in the next legislation, retroactive to a date chosen by the minister. We have to do that all the time when there are difficult problems.

If we have a problem, as I suspect we have, it would solve the problem. With regard to the comment as to why we choose age 90 as being optimistic, it is a way to spread the revenues. If you choose more years than that, the revenues will be less. Income will have to be spread over a longer period of time. We want to cover most of the people who retire and choose the plan after 71. That is why age 90 is a fair number.

If a man dies before that age, a certain amount would be received the first year and another amount the second year, according to inflation. In that way it is spread. If he dies between the ages of 71 and 91, his wife can carry on until she reaches 90. Of course, if he is alone when he dies, this is included in his estate and taxed accordingly.

This is to spread the revenue. Before that there was no option. If one did not take an annuity, one had to take the cash and pay the tax at 71. If there was a substantial amount of