

Provision for Portable Pensions

This government then decided that as soon as there was the widest measure of agreement as to the approach to be taken by the provinces to this problem as it applied to employment under provincial jurisdiction, the federal government, as a measure of co-operation with the provinces, would introduce similar legislation applicable to employment in works, undertakings and businesses under the jurisdiction of parliament. Since then the legislatures of the provinces of Quebec and Alberta have passed similar legislation and it is now in force. The legislatures of the provinces of Manitoba and Saskatchewan have recently introduced such legislation. Certain other provinces have expressed their interest in similar legislation, so that the introduction of this bill at this time is in accordance with the intent expressed in 1964.

The bill before the house is based on the model act which was developed at the conference on uniform pension legislation at which federal officials were present. There are, of course, a number of changes necessitated by the slightly different role of the federal government. On the other hand, since the bill covers any works, undertakings or businesses of a local or private nature in the Yukon Territory or the Northwest Territories, the role of the federal government in this regard will be similar to that of the provincial governments, in dealing with pension plans in employment under provincial jurisdiction. I should add that this inclusion of the pension plans in these territories was made at the request of the territorial governments concerned.

• (2:10 p.m.)

The administration of this legislation will be handled on behalf of the Minister of Finance (Mr. Sharp) by the Department of Insurance, which will have responsibility for the registration and continuing review of the pension plans which are subject to the bill once it becomes law. In accordance with the approach followed in the model act to which I referred, the standards for registration are spelled out in the bill but the detailed provisions dealing with the handling of pension funds have been left to regulation.

The qualification date to which many of the provisions in this bill are related is defined as the first of January, 1967. This date was included when it was hoped that this bill might have been passed well in advance of that date. Therefore in order to give the administrators of the pension plans affected by it enough time in which to amend their pension plans, when the relevant clause is reached at the [Mr. Chrétien.]

committee stage the government plans to move that the definition of the qualification date be amended to read October 1, 1967 instead of January 1, 1967.

The bill contains registration provisions requiring the employers to whom it applies to file their existing plans and any amendments to them with the Superintendent of Insurance. The same requirements apply to new pension plans as they may be developed.

In this connection I would like to make it clear that the bill contains no provisions requiring that a pension plan be introduced where none exists now, or which prevent a plan from being terminated. Neither does the bill require that all employees of an employer must be members of the plan. However, it does require that a plan must meet the requirements of the legislation so long as the plan remains in force.

In the case of termination or winding-up of a pension plan, there are provisions dealing with the application of all pension fund moneys in order to provide deferred or immediate pensions for both former and present members of the plan in accordance with their respective entitlements.

The standards for registration require that these pension plans must provide for the so-called "locking-in" of certain contributions made after the proposed qualification date of October 1, 1967. This will mean that any member of the pension plan who has attained the age of 45 and who has been in the service of the employer for a continuous period of ten years, or has been a member of the plan for ten years, shall be entitled under the plan upon retirement or termination of his service to a deferred or immediate annuity, depending on whether or not he has reached retirement age. This annuity must be related to at least his service under the plan after the qualification date. These "locking-in" requirements do not apply to contributions for service before the qualification date or to voluntary additional contributions.

There is nothing to prevent a plan from having the "locking-in" provisions apply from an earlier age or in respect of service for less than ten years. Limited payments of lump sum amounts is also permitted in cases where the monthly pension under the plan would be less than \$10. In addition, a plan may provide for payment of a lump sum not exceeding 25 per cent of the commuted value of the deferred annuity benefit. This may be paid upon