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Recommendations for improvements in Canadian pensions

The government of Canada has put forward several major proposals to reform the Canadian pension system. The release of its green paper on pension reform, *Better Pensions for Canadians*, by Finance Minister Marc Lalonde and Health and Welfare Minister Monique Bégin, marks the beginning of a round of extensive consultations which will lead to important improvements in pensions for Canadians.

The proposals set down in the green paper will be reviewed by a special committee which will hold hearings across Canada and report their recommendations to Parliament by December 31, 1983.

"Reform of the pension system is important because there are serious deficiencies relating to coverage, inflation protection, portability and the treatment of women," said Mrs. Bégin. "As a result, many Canadians face a significant decline in living standards on retirement due to inadequate pension incomes."

"Economic recovery is obviously the government's number one priority. But that doesn't mean we can afford to ignore other longer-term problems that will affect Canadians in a major way when the economy does recover," Mr. Lalonde noted.

Pension reform is a long-term process because of the time required for consultation, negotiation, legislation and implementation. While serious discussion and debate can start now, costs arising from pension reform will not be felt in the immediate future and will not interfere with economic recovery.

Inclusions

The proposals touch on many aspects of the retirement income system — employer-sponsored pension plans, the tax system, the Canada and Quebec Pension Plans, and government programs for the elderly with low incomes.

One recommendation is that employer-sponsored plans be required to meet



Monique Bégin, Canada's Minister of National Health and Welfare.

strengthened minimum standards, primarily by providing greater inflation protection, earlier vesting, improved portability and better protection for spouses. This stems from the view that pension assets are not only a form of deferred compensation, but a joint family asset.

Proposals to improve the Canada Pension Plan are also considered, including an increase in maximum pensionable earnings to the average industrial wage during three years and implementation of the "child-rearing drop-out provision". In addition, the Parliamentary committee will review proposals on survivor benefits and splitting of pension credits on separation, retirement, disablement or death. Under credit-splitting, pensions would be recognized as joint family assets and each spouse would have access to half of the couple's pension credits. This is already allowed under both the Canada and Quebec Pension Plans in the case of divorce.

The paper also includes proposals to



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