

*Canada Pension Plan*

year period before reaching 70. Some have had insufficient savings, private pensions or other means to see them through. For others serious illness may have wiped out or reduced what provision had been made. For many older people this five year gap between retirement and receipt of old age security has been a period which slowly and steadily reduced them to an impoverished condition so that the amount of the universal pension at age 70 has proved to be insufficient. Some have had to apply for assistance on reaching age 65 because their personal provision for retirement was too meagre. Some carry on for a few years beyond age 65 before they have to seek old age assistance. Many of these people had modest incomes throughout their working life and had heavy family responsibilities to meet as best they could, and as a result they were able to make little or no provision for retirement income.

Part IV of the bill as it now stands contains the principle that old age security should be payable at age 65 rather than at age 70 as provided in the Old Age Security Act. It is proposed that the age of eligibility should be reduced to 69 in 1966, to 68 in 1967, to 67 in 1968, to 66 in 1969 and to 65 in 1970. The same approach of extending coverage to the lower age groups a year at a time is proposed in the resolution and in the amendments to clauses in part IV which will follow.

The concept of an age reduced benefit payable from age 65 will be dropped under the proposal set out in the resolution. Instead of the size of benefit being determined by the age of the beneficiary at the time he or she begins to receive the benefit, the full pension will be paid regardless of age. It was pointed out in the joint committee that the \$51 a month payable at age 65 would be insufficient to meet the needs of many and that these people would have to obtain considerable supplementation through public assistance. It was also suggested that those who took the age reduced benefit at some age below 70 would find it difficult to continue on at that reduced rate after age 70. Indeed it could be argued that these considerations might in themselves make it difficult to maintain the age reduced approach over the long run.

The joint committee in its report recommended that the government give consideration to further measures regarding the position of those people who, because they are or soon will be retired, will not be substantial contributors to, or beneficiaries from the

Canada pension plan. This proposal will be extremely helpful to many retired people who have not yet reached age 70 and who will not be contributors to the earnings related plan. It will also be most helpful to the many people who are in their early and mid-sixties and who are near retirement but who will not be substantial contributors to the wage related plan. Thus, this proposal meets a number of the points of criticism raised during the joint committee's deliberations and in some measure meets this particular recommendation of the committee. If the nature and scope of this proposal and of the earnings related plan, along with their financial implications, are assessed, it will be seen that this represents the most far reaching provision for old age security ever undertaken in Canada.

In the years ahead, Canada pension plan benefits will steadily increase in size and the number of persons receiving those benefits will grow and grow. This universal flat rate benefit complements these earnings related benefits. The combined benefit level as proposed by this resolution and the provisions of Bill C-136 with regard to the earnings related benefit will afford retired Canadians a measure of security previously unknown. This universal flat rate pension together with the exemption of the first \$600 of earnings under the earnings related plan, means that the combined program is heavily weighted in favour of the low income groups, while at the same time providing for a differential in the benefits afforded.

While the majority of people in the 65 to 69 age group are not employed in gainful employment, there are some who carry on in full time employment and continue to receive their normal earnings from employment or self employed earnings. The retirement test under the earnings related plan will, of course, be applicable in these instances. With the provision of \$75 a month for persons 65 to 69, the question of whether or not such a retirement test should also be applied to this group had to be considered.

The problems of administering an earnings test to some recipients of an earnings related plan and to some recipients of both, present extensive technical difficulties. This would be further complicated by the fact that in any province operating a comparable earnings related plan, the federal government would be involved in applying the retirement test to the flat rate benefit to all eligible residents in such a province. The problems