

*Pension Rights*

at retirement age. Most industrial pension plans in force in Canada are either non-contributory or are contributory in part, on the part of the employees.

I realize that in most cases the employee can recover his own contributions on the termination of his service with a company, but this does not in the main apply to the contributions paid into the pension fund on his behalf by his employer until his pension plan has reached maturity. Sometimes there are very definite hardships to be met by the employee in order to qualify to a certain rigid retirement age. Often it is impossible for him to work until that time.

The federal government has a very real stake in these pension funds, in that it foregoes the collection of any income tax on contributions paid into these funds. In recent years the income tax on corporations with net incomes over \$20,000 has been in the neighbourhood of 50 per cent. This means that the federal government has an interest of almost 50 per cent in the corporations' contributions, and they have a lesser interest in the employees' contributions. The government would have no control over earlier vesting of pension rights except by disallowing, in whole or in part, the employers' right to deduct their contributions to pension plans under the Income Tax Act, where earlier vesting was not allowed.

I am concerned about those Canadians who by their work have built up an equity for later payment to themselves, and who are unable to meet the number of years of service required, or are unable to work to a certain chronological retiring age. I realize that pension plans were started by companies to provide an incentive for employees to remain in their employment for a number of years, and to reward them for a life time of service. Quite large sums of money are involved in all pension plans that mature.

As an example, a fully paid up pension of \$100 a month for an employee at 65 years of age has a capitalized value of about \$13,000. If an employee just misses or falls short of qualifying for this pension under a non-contributory plan he misses out on \$13,000. If he is in a contributory plan he misses out on \$13,000 less the amount that he can recover in respect of his own contributions.

I realize that the terms of many of these plans are definitely set out in contracts between management and labour but in other cases men are hired in a plant and they know simply that there is a pension scheme in force there. They are merely advised that they will have a pension in 20 years and

often the unions know nothing about the terms of maturity of these plans.

There are various reasons why a workman might not be able to complete his service up to retirement age and thus qualify for a pension. I can think of various medical reasons why this might be so. First, coronary insufficiency of the heart which is quite common. I have seen many cases where a man with this condition might be able to continue at work for a number of years if he is assigned light work, but if he has to continue in a job that requires sudden expenditures of energy or rushing about it might bring on coronary pain and could even cause death. Unless he can obtain light work in the plant where he is employed such an employee has to give up work and forfeit any pension that has accrued in respect of his services.

I have seen cases of respiratory allergies develop in men working in plants where chemicals are used and where certain gases escape into the air. Often these allergies do not develop until after some years of employment or until new chemicals and gases are utilized in the plant production. Men so affected are often not actually sick but are too miserable while working in such surroundings to continue at work.

The personal element also might be a big factor in deciding whether an employee can continue working. He might have an altercation with his boss, for instance, and the events that ensue from the flare-up of tempers often result in discharge of the employee. Then, again, an employee might be free of asthma in another part of the country. Some of these reasons for termination of employment are beyond anything a workman may do. In other cases, it would be a distinct advantage to an employee to move to another location and follow similar work for personal, family or other reasons. For example, by a change in location he might be better able to give his family a more adequate education.

The government of Canada should, I feel, see to it that pension plans are put to the best possible use for all Canadians generally. Practically all the companies I know are generous with their employees in respect of the difficulties I have enumerated but the smaller companies that have pension plans cannot always be so generous because the jobs available are not sufficiently diversified to provide men who have certain disabilities with light work up to pensionable retiring age. If the government itself could handle these plans or enact some enabling legislation I feel it could accomplish three things. It could provide that in the event of the bankruptcy of a company pension funds would not be considered in the assets of the company. It could also provide that the employee would take