

*Pension Benefits Standards Act, 1985*

As a result, the amount of pension which today's mobile Canadians can accumulate over their working lives will be significantly increased. Because women tend to move in and out of the paid labour force more often than men, the proportion of women benefiting from this change will be particularly high. That is something that I am very pleased to report to the House. Vested benefits will also be locked in. This means that the funds will remain in a pension plan or be transferred to a locked-in RRSP to provide for retirement income as they are intended. This early vesting and locking in will therefore result in more persons having private pension coverage at retirement and many persons having increased pension coverage at retirement.

Portability is another important matter. Pensions will be portable, allowing Canadians who change jobs the option of leaving their pension entitlements with their former employer, transferring them to their new employer, or locking them into an RRSP. This long awaited pension reform will remove an obstacle which has stood in the way of many Canadians wanting to make significant career changes. Also, by encouraging a more mobile labour force, portability will enhance the competitiveness of our economy and of the country's prosperity. People will be more willing to move where there are job opportunities as these open up.

I would now like to turn to minimum employer contributions. For the first time, the new legislation will require that in all circumstances employers pay for at least 50 per cent of the value of pensions earned by their employees. This usually happens now with long-service employees, but not with those who spend shorter periods with an employer. So this change will particularly benefit young workers and mobile workers, many of whom are women. In the case of pension entitlements which employees have earned when they change jobs, the same objective can be met by indexing these deferred entitlements. These amendments also improve access to pension plans since they ensure that more workers will have the opportunity to join plans.

Of major importance are the provisions which will require employers to allow part-time workers to join pension plans currently available only to full-time workers, provided they have earned at least 35 per cent of average wages, or met an equivalent hours-related criterion for two consecutive years. As Hon. Members know, increasing numbers of people, especially women, are taking part-time jobs. For the first time many of them will be able to build up pension plans. Also important is the provision that all full-time workers in any group for which a pension plan exists will now be eligible to join the plan at any time, provided they have at least two years of service. At present, some plans have more restrictive eligibility requirements.

I would now like to deal with another important social issue, that is, flexible retirement. The new standards being proposed in the legislation before us will permit employees more choice in deciding when to retire. Canadians will be able to elect early retirement anytime within a ten-year period before the normal retirement age specified in their pension plan. Should they do

so their pension will be appropriately adjusted to reflect the longer period over which the benefits will be paid. This change is in keeping with evolving patterns of retirement and may be particularly attractive to many working women who are younger than their retired husbands and wish to join them in retirement.

Another area of concern has been information and pension committees. A major thrust of the PBSA amendments is to encourage pension plan members to be more knowledgeable about their plans and to participate in decision making about them if they wish. The amendments will require pension plan sponsors to provide members and their spouses with regular information about the amount of benefits earned, their accumulated contribution and the plan's financial situation. This will help them to plan responsibly and knowledgeably for retirement. As well, representation of plan members will be required on pension committees, if the plan has 50 or more members and if a majority of the members request representation.

I have emphasized two or three times the implications for women because that is what I am most proud of in this legislation. In Canada today pension policy must recognize that working patterns for many women have changed dramatically and will continue to change. At the same time, pension policy must recognize that many women will continue to choose more traditional family roles. It is our responsibility to ensure that the pension needs of both are met.

In describing the changes I have outlined thus far I have mentioned that while they are designed to deal with fundamental shortcomings affecting everyone, several of them will be of particular significance to women because women, on average, change jobs more often and hold more part-time employment than men. There are a number of other changes, however, which are explicitly intended to remedy the failures of present standards to meet women's pension needs.

I would now like to turn to the subject of equal pension benefits. One such change will ensure that women and men who retire under similar circumstances will receive the same monthly pensions. Many plans meet the standard now, but others may have lower periodic benefits paid to women than to men because a woman's life expectancy is longer than a man's. This change is fair because it costs women just as much to live month-by-month as it does men.

I would now like to speak about survivor benefits. The new provisions concerning survivor benefits are of major significance to women. Many women now find themselves totally unprovided for, or inadequately provided for, by their husband's pension plan if he dies. The new standards will require pension plans to offer survivor benefits which will provide surviving spouses with at least 60 per cent of the pension which would have been paid had the retired plan member lived. These benefits will not be ended if the survivor remarries, as has been the case in the past. If the plan member dies before becoming eligible to retire, the full value of the pension that has been earned will be transferred to a locked-in RRSP for the spouse.