

Initial amount of annual pension

$$= 0.5705 \times \frac{1}{3} (6,800 + 6,900 + 7,000) \times 0.25$$

$$= \$984$$

6. Disability Pensions

A contributor aged less than 65, who becomes disabled within the meaning of the disability provisions of the Plan, will be entitled to a disability pension provided that contributions have been made in

- (a) five calendar years, and
- (b) the lesser of ten calendar years or one-third of the number of calendar years in which contributions could have been made, and
- (c) five of the last ten or less calendar years in which contributions could have been made.

By the expression "calendar years in which contributions could have been made" is meant all calendar years from the effective date of the Plan or from age 18, if that age is attained after the effective date, to the date of commencement of the disability pension, except for any calendar years during the whole of which a disability pension was previously payable.

Disability pensions will commence in the fourth month after the month of disablement and will be payable until age 65 or until death or recovery from disability at an earlier age. Unlike age retirement pensions, disability pensions will not be reduced by reason of their commencement within the first ten years of operation of the Plan.

Disability pensions in payment will be subject to automatic adjustment in accordance with changes in the Pension Index.

The amount of pension initially payable is composed of two parts, namely, a flat-amount part depending only on the year in which the disability pension commences, and an earnings-related part depending on the pensionable earnings record of the contributor to the date of commencement of the disability pension. The flat-amount part will be determined as \$25 per month adjusted in accordance with changes in the Pension Index from 1967 to the year in which the disability pension commences. The earnings-related part will be equal to 75% of an earnings-related pension calculated in the manner described for age retirement pensions in subsection 5 above except that the contributor's primary contribution period ends at the date of commencement of the disability pension and that, both during and after the ten-year transitional period from the effective date of the Plan, the number of years to be taken into account in determining the "average earnings ratio" is

- (a) if the number of years in the primary contribution period is less than ten, the number of years in the primary contribution period, or
- (b) if the number of years in the primary contribution period is ten or more, the greater of ten or 90% of the number of years in the primary contribution period.

The following three examples are given to illustrate the determination of the initial amount of a disability pension. For all examples, it is assumed that the effective date of the Plan is January 1, 1966, that the contributory earnings upper limit is \$5,000 for 1966 and 1967 and increases by \$100 for each year thereafter, and that the flat-amount component of the disability pension is \$25 per month in 1967 and increases by 50¢ for each year thereafter.

- (a) Suppose that a worker aged exactly 55 at the effective date has annual pensionable earnings of \$5,000 for each year 1966 to 1972, inclusive, and that a disability pension becomes payable to him in January, 1973.