

another, delay application for their benefit. To understand the reasons for this change it is necessary to look in some detail at a couple of the provisions of the CPP. First, contributors, upon reaching age 65, are entitled to defer their application for a CPP retirement pension in order to continue to contribute and possibly enlarge their CPP pension. In the first ten years of the plan it was sometimes very difficult to decide whether to use this provision or not. On the one hand the person would not be receiving benefits, but on the other he or she might greatly improve the benefits finally received since both the average earnings and the percentage of the possible full pension could increase greatly over a fairly short period. But over-all, a large number of Canadians did elect to defer their benefits. Secondly, up to 1975 pensioners aged 65 to 70 had to be retired before they could apply for a CPP retirement pension. Even after the pension was in pay these pensioners were subject to an earnings test; that is, the pension was reduced or abated altogether if they were in receipt of employment earnings greater than certain specified amounts. Therefore, the amount of the pension payable could, and sometimes did, vary.

In the decade since the CPP came into being, however, a number of changes have taken place to alter the circumstances cited above. Effective January 1, 1975, the CPP earnings tests applicable to retirement pensioners aged 65 to 70 were repealed. Also, the plan had been in existence for a full decade as of 1976, and henceforth the increase in benefits which could be realized by a pensioner by delaying application for benefits after age 65 was not often as dramatic as before. Increases in the amount of benefits can still, in some cases, be realized by a deferment, especially if a contributor has been subject to periods of very low, or zero earnings earlier in the contributory period; but the number of Canadians who can profit by this arrangement is decreasing.

It is, thus, a natural result of the maturing of the plan that most late applications now result from simple oversight or circumstances beyond the individual's control. The resultant loss of one or more months' benefits has been the cause of concern and sometimes financial hardship to persons who might otherwise have been eligible for those benefits. We would like to correct any hardships this situation brings. Thus, the amendment would allow for the payment of up to 12 months' retroactive retirement pension including periods when the contributor was under age 70. This retroactivity would extend only as far back as the date on which this new legislation takes effect. Moreover, the retroactivity would not extend into periods during which a person was contributing to the plan and so possibly enhancing his or her eventual benefit entitlement. The net result should be to ameliorate the very considerable hardship which some pensioners who had fully earned their pensions faced as a result of quite innocent errors on their part.

A second minor amendment indirectly related to the one just mentioned refers to applications for CPP benefits made in respect of potential CPP beneficiaries who died without applying for their benefits. Up to now the CPP legislation has only permitted benefit applications to be made by or on behalf of

### *Canada Pension Plan*

living persons. In some cases, however, through lack of knowledge or other circumstances beyond a person's control, potential eligibility for CPP benefits is only discovered after the person has died. In these circumstances, any survivor or the estate is denied the entitlement to normal retroactive benefits which would have been received had the application been submitted earlier. This technical amendment will permit any normal retroactive benefits to be applied for and paid in respect of a deceased person, provided the other conditions of eligibility are met.

The next of these amendments would have the effect of making more benefits available to some dependents of deceased or disabled contributors. Under the current legislation, the amount of orphans' and disabled contributors' children's benefits payable per child is reduced to half the full rate for the fifth and subsequent child. Under current provisions, benefits payable to all the children of a contributor are totalled and then divided equally among all of them. The result is that children in large families receive less support per child from the CPP than those in smaller families. The proposed amendment would rectify this problem. Full benefits would be paid to, or on behalf of, each dependent child of a deceased or disabled CPP contributor regardless of the number of dependent children which are eligible for benefits.

Another amendment is of a more administrative nature. It does, however, relate to a topic which is of great concern and has tremendous potential impact for a large number of CPP contributors; that is, international social security agreements. This amendment would enhance the flexibility of the authority which currently is contained in the CPP and would enable agreements to be signed with other nations with respect to the plan. As hon. members will no doubt realize, international social security agreements would directly benefit a very large number of people who have chosen to immigrate to Canada and make their homes here. Often, these immigrants have spent a considerable portion of their working careers in other countries and have, therefore, built up an entitlement to social security benefits from foreign programs. However, these foreign programs may place restrictions or limitations on the nature or level of benefits which they pay to persons living abroad.

● (1540)

Through the negotiation of international social security agreements, the social security protection earned by persons under programs in their countries of origin can be made available to them in Canada. In recent years we have had preliminary discussions with countries such as France, Italy, the United Kingdom and the United States, seeking agreements in order to provide coverage for the large number of immigrants to Canada from those nations. A major roadblock to the fruition of these negotiations was our inability to include old age security, the foundation of our retirement income system, in such discussions. With the passage of the recent amendments to the Old Age Security Act we may now proceed with the development of such agreements.