TRANSFER OF CPP CREDITS
RECOMMENDATIONS OF THE STANDING COMMITTEE

Two elements of the Consultation Paper proposals as they relate to post-retirement age survivors which were subject to criticism by witnesses before the Committee should be addressed; the proposal that the transfer of CPP credits be limited to the period of the marriage, and the ceiling which limits the receipt of credits by a survivor to 100% of the maximum pensionable earnings in any one year.

Tie to period of the marriage

The argument in favour of the tie of pension credit transfer to the period of the marriage is that the survivor should share in the assets of a marriage earned during the period of the marriage. In the words of the Consultation Paper:

> In recognition that marriage is an economic partnership and that survivors had expected to share retirement income with their spouses, it is proposed that 60% of the CPP pension credits earned by the deceased spouse during the marriage be transferred to the surviving spouse's CPP account.

The Consultation Paper acknowledges that "where there was a shorter period of cohabitation, however, the transfer might result in smaller survivor/retirement pension being paid than that currently provided."

The Standing Committee shares the concerns raised by many witnesses in regard to the transfer of CPP credits. As has been pointed out to the Committee in a brief submitted by the Calgary YWCA, for example, no survivors over the age of 65 will benefit by the proposed changes to the CPP structure and some future survivors would find the proposal had reduced the amount of pension income they would have received:

> ...the position for survivors who are also retired (over 65 years of age) will **AT BEST** remain unchanged, and quite possibly deteriorate as a result of the cohabitation requirement on credit transfer.
>
> The Calgary YWCA believes that improvements to survivor benefits should be based on principles which seek not only to maintain, but to improve the financial position of elderly survivors.

The Standing Committee agrees that pension reform should not have the effect of reducing income for this vulnerable group of Canadians, most of whom are women. Survivors over retirement age must adjust to the loss of income of a spouse, without having the ability to do so by re-entering the work force or, in most cases, through remarriage. In view of this inability to influence future income, the Committee believes that survivors over retirement age not be subjected to the credit transfer, but rather, receive the calculated pension of 60% of the deceased contributor's earned pension.

The situation for younger survivors is somewhat different. Survivors under age 55 are in a position to influence their own retirement income. Younger widows are more likely to be employed and are also more likely to remarry.