

Canada Pension Plan

eligible, will receive one tenth of the benefit they would have received if they had contributed for ten years or more. Those who retire after having made contributions for the first two years of the program will receive one fifth of the benefit they would have received for contributions for ten years or more, and so on. People who retire after making contributions for the first ten years of the program will have their benefits calculated at 20 per cent of their average contributory earnings over that period.

As stated in the resolution before the committee, Mr. Chairman, it is also proposed that some of the contributor's benefits will be available to a surviving spouse. At age 65 a widow or a widower will be entitled to the larger part of, (a) her or his own Canada pension plan pension, or (b) 60 per cent of the combined Canada pension plan pensions of the couple, subject however to the maximum which applies at the time to the total pension which may be paid to any one person.

I should like now to deal briefly with the financing of the Canada pension plan. First of all, I should like to make it abundantly clear that this plan is to be financed out of earnings related to contributions of employees, employers and self-employed persons. The contributions will be an allowable deduction for income tax purposes. The Canada pension plan is not going to involve any charge whatsoever against the general taxation revenue of Canada. Indeed, Mr. Chairman, I should go further and state that the costs of administering the plan are to be financed out of contributions and not out of general taxation revenues. In this connection, I should like to point out to the hon. member for Perth that the Prime Minister did not say the administrative costs would not be included under the Canada pension plan.

Mr. Monteith: Pardon me, Mr. Chairman, he said they would at the beginning.

Mr. Benson: If the hon. member would let me conclude my statement—

Mr. Monteith: That is what I said.

Miss LaMarsh: That is not what you said.

Mr. Monteith: This is the first interruption, so you people across there should not harass us at this stage.

Mr. Benson: If I may continue, Mr. Chairman, the Prime Minister said the costs of the administrative machinery set up before collections started will require advances from the treasury.

Mr. Monteith: That is what I said.

Mr. Benson: That is what the Prime Minister said. These will be repaid from contributions when the plan is in operation.

Participation in the plan, Mr. Chairman, is to be compulsory for all employed persons, and the rate of contributions will be 1 per cent of wages by employer and employee to a maximum annual contribution of \$90 per employee or \$7.50 a month at the top earning level of \$375 per month. It is proposed, based on carefully prepared actuarial reports, that these rates of contribution will continue for 15 years and that thereafter they will rise slowly to a maximum of 2 per cent per employee and employer in the year 2015.

It is the intention to have actuarial reports on the Canada pension plan prepared every five years. The rates of contributions are to be set out in the legislation, and while there will be authority to postpone an increase in contributions, this can only be done on the basis of the then current actuarial report. The self-employed person will have the right to contribute under the Canada pension plan and to receive benefits thereunder. In this case, the allowable contributions for the first 15 years will be 2 per cent of income up to \$4,500 per annum before deducting personal exemptions.

A good many people who are presently participating in pension plans have asked the question, what happens to my present pension under the Canada pension plan? I should like to make it quite clear that in no case should there be a reduction in total benefits received by these people and for many total benefits will be increased.

Much has been said about the problem of integration, Mr. Chairman, but the government is planning integration of the largest pension plan in this country, namely that of federal civil servants, and has encountered no great difficulties. There will be no loss of benefits to civil servants on retirement. While we recognize that problems of integration for some existing industrial plans will be complicated, they certainly cannot be regarded as insoluble. As a matter of fact, Mr. Chairman, many of these plans presently take into consideration the old age security pension which has increased over the years. I believe that integration with the Canada pension plan will be no more difficult in this country than it has been in other countries with contributory social insurance programs. I think that one will see a great increase in private pension plans in Canada, for the Canada pension plan will make employers and employees more pension conscious. They will look for ways of supplementing the basic pension provided from age 65 by the Canada pension plan and the old age security pension.