

take into account a rise in the general earnings level in subsequent years of the worker's employment.

The contributory old-age benefit payable from January 1, 1967, amounts to 25 percent of the average monthly earnings on which contributions were made. These average monthly pensionable earnings are calculated from the persons earnings during his working lifetime after the plan begins or after he reaches age 18. Full pensions under the Canada Pension Plan become payable only after 10 years operation of the program. During the 10-year transitional phase, the beneficiary receives up to 10 percent of the maximum benefit for each year in which he has made contributions to the plan. Without taking account of changes resulting from the use of the automatic adjustment, the maximum benefit payable after 10 years is \$104.17 monthly. Government estimates of the combined benefits of the Canada Pension Plan and Old Age Security by 1976 range from a maximum of \$126 monthly for the 65-year-old single man with a history of \$300 monthly earnings to \$236 for 70-year-old married men with \$400 monthly earnings.

Between ages 65 and 70, the elderly person must be retired from regular employment in order to qualify for the benefit. A retirement test is administered so as to relate payments to the degree of separation from paid work and to provide incentive where the elderly person displays extra initiative or has unusual financial needs. In computing pension benefits for those who retire before age 70, a two-step formula is used. The monthly exempt earnings permitted are 1.5 percent of pensionable earnings for the year. In the first 2 years before adjustment becomes applicable in the plan, the pensioner suffers no penalty if he has earnings up to \$75 monthly, or \$900 yearly, based on the calculation of 1.5 percent times \$5,000. The first reduction in the benefits takes place on annual earnings between 12 and 20 times the \$75 monthly exempt figure. Benefits are reduced by 50 cents for each dollar of earnings within the range \$900 to \$1,500. At the latter figure and above it there is a second reduction in the pension benefit of \$1 for each dollar of earnings. Once having reached the age of 70, however, the person is no longer subject to these benefit reductions.

In the determination of benefits for the Canadian program, each contributor may exclude 15 percent of the years since the inception of the plan or since he became age 18, provided the number remaining does not fall below 10 years. This provides an opportunity for those who have low or zero earnings by reason of education, illness, unemployment, or absence from the country to qualify for somewhat higher benefits than they would receive otherwise. An additional drop-out provision applies to those who choose to work past age 65. This provision may give such persons the opportunity to build up larger pension benefits.

Lump-sum death benefits and income payments to widows, orphans, disabled widowers, and disabled persons, make the benefits under the plan comprehensive in scope. Entitlement to supplementary income benefits is to be delayed for several years after the inception of the plan for administrative and financial reasons. Full widow's benefits are payable where the contributor's widow has reached 45 years of age at the time of widowhood. If there are dependent children or the widow is disabled, benefits are payable at any age. This payment