Social Security Abroad

Canada Pension Plan Amended*

Legislative changes in the Canada Pension Plan (CPP) enacted by Parliament in November 1974 came into force January 1, 1975. These recent amendments include (1) a gradual increase in the earnings ceiling for social security contributions over the next several years to restore parity with the average wage in industry; (2) a widening of coverage through lowering of the floor on the amount of earnings exempt from social security contributions; (3) the elimination of the earnings test for retired persons aged 65 and over; and (4) the equalization of benefits for widowers and widows with children.

Like other countries, Canada is currently faced with a serious inflation problem and has had to review the procedures through which social security benefits are adjusted, especially to insure that old-age, disability, and survivor benefits keep pace with the increasing cost-of-living. The latest changes mark the second time within the past 2 years that the Government has raised the wage ceiling for contribution purposes. The amendments are also the first extensive overhaul made by the Government in the country's basic wage-related social security program since its inception in 1966.[1]

BACKGROUND

The Canadian Government maintains a two-tier old-age insurance program composed of a flat-rate and an earnings-related component. The basic coverage is provided by the flat-rate component under the Old Age Security Act, which became operational in 1951. It pays flat-rate benefits to all persons in Canada aged 65 and over without regard to need and subject only to a residence requirement. The program is financed out of general revenue and does not involve a payroll tax. This universal benefit, initially set at $40 per month, has gradually been increased through cost-of-living adjustments to its present level of $123.42 per person per month (April 1975). In 1967, an income-tested supplement, known as the guaranteed income supplement, was added to the pension under the Old Age Security Act for persons with little or no income beyond a flat-rate benefit. For a single person or a married person whose spouse is not a pensioner, the supplementation of income may be as much as $86.57 per month (April 1975).

The second tier is a *national contributory* earnings-related pension program known as the CPP. This program, which came into effect in 1966, covers all employees and self-employed persons residing in Canada outside the Province of Quebec. It is financed by compulsory contributions from employees, employers, and self-employed persons. Tax-deductible contributions are payable on that portion of an individual's annual earnings falling between the "year's basic exemption" and the "year's maximum pensionable earnings" (or ceiling)—in 1975, between $700 and $7,400 a year, respectively. The lower and upper limits are both subject to adjustment for changing price and wage levels.

The Plan incorporated certain transitional provisions, including the lowering of the pensionable age from 70 to 65 in one-year stages between 1966 and 1970. (This change coincided with the lowering of ages under the Old Age Security Act.) The Plan also provided for the payment of proportionately reduced retirement benefits during the first 10 years of the program. Thus a person who is able to qualify for a pension during the transitional period 1967–75 receives a benefit equal to 2.5 percent of his average adjusted earnings per year for every year or fraction there of credited after 1966. After 1975, the retirement benefit payable from age 65 will equal the full amount of 25 percent of the employee's average pensionable earnings. Computation of the 25-percent replacement is based on the total salary up to the ceiling (including the $700 exemption).

Benefits are also provided for the disabled and

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[1] For an earlier analysis of the CPP, see Daniel S Gerig and Robert J. Myers, "Canada Pension Plan of 1965," *Social Security Bulletin*, November 1965. For a summary of the various Canadian social security programs, see *Social Security in Canada*, Department of Health and Welfare, 1974 See also *Canadian Employment Benefits and Pension Guide Reports*, Commerce Clearing House, Inc.

their dependent children and for the contributor's surviving spouse and dependent children, which are likewise subject to adjustment for changes in the cost-of-living index.[2] The maximum benefit payable to a single retired person in April 1975 amounted to $125.90 per month. Until the recent amendments, payment of the old-age benefit was subject to a two-step retirement test, similar to that applied in the United States before 1973.

A separate Quebec Pension Plan (QPP), closely patterned after the Canada Pension Plan, also became effective in 1966. Some differences exist with respect to benefits, but the two plans are being gradually adjusted to maintain basic comparability. The QPP is separately administered. Reciprocity exists between the two plans, however, so that if an employee covered by the CPP undertakes employment in Quebec his contributions to the QPP will produce the same benefits as if they had been made under the CPP and vice versa.

FEDERAL-PROVINCIAL REVIEW

At the beginning of 1970 the rising concern with poverty in Canada, as in a number of other countries in the late 1960's, led the Federal Government to undertake a major reexamination of its total social security program. The objective of the study was to find new methods for reducing poverty and dependence upon social assistance and to improve the basic income protection of insured persons within the framework of existing social insurance programs.[3] The review covered the main areas of social security: The pensions under the Old Age Security Act, the CPP, family allowances, unemployment benefits, and means-tested benefits under the provisions for the guaranteed-income supplement.

In Canada, constitutional responsibility for legislation on income security is shared jointly by the Federal Parliament and the legislatures of the Provinces. Amendments to existing legislation in this field, therefore, require approval at both Federal and Provincial levels. For this reason, a joint Federal-Provincial review was started in the spring of 1973 to study the proposed changes in Canada's social security laws through working groups whose recommendations were then referred to the appropriate Federal and Provincial ministerial levels for further consideration and legislative action.[4]

One of the central issues raised during the review was the role of the CPP in providing an adequate level of income protection in the case of retirement, disability, or death. According to the Government White Paper, two points stood out: (1) Even though the maximum 25-percent replacement of average adjusted pensionable earnings becomes payable in 1976, it will be two or three decades before the great majority of retired workers will be getting full benefits under the Plan; and (2) in the meantime a growing number of people are becoming dependent upon means-tested benefits.[5]

The CPP, as originally designed in 1966, was intended to provide an income-security program that, when combined with the flat-rate pension under the Old Age Security Act and any private pension arrangements or savings, would keep retired people out of poverty. Since basic minimum protection is already provided under the flat-rate universal program, the replacement rate under the CPP and the QPP was set, after the 10-year transitional period, at the modest level of 25 percent of average previous earnings. It was expected that as these programs matured, coverage under these plans would reduce the extent to which people would depend on the guaranteed income supplement and social assistance for income support.

In practice, however, the trend during the first 8 years under both plans—particularly since 1972—has been toward increased dependence upon income supplementation. Between 1966 and 1974, the total number of persons aged 65 or older receiving the universal flat-rate benefit rose 68 percent; during this period, those receiving the guaranteed income supplement in addition to the old-age pension more than doubled. At the same time, statutory limitations imposed on the replacement of earnings during the plans transitional period made it necessary for persons retiring

[2] Unlike the social security program of the United States, the Canada Pension Plan provides no additional retirement insurance benefit to the wife of a retired insured man.

[3] See Government White Paper, *Income Security for Canadians*, Department of Health and Welfare, 1970.

[4] See, for example, *Social Security Bulletin*, February 1972, pages 31–33 and 37.

[5] Government White Paper, *op. cit.*, page 21.

under these programs to seek income supplementation. Table 1 compares the number of persons receiving income supplementation and the number of persons granted benefits under the CPP and QPP during 1966–74.

Currently, benefits paid out under the two wage-related plans account for only a small portion of the country's total social security payments to persons aged 65 and over. In December 1974, 459,000 persons were receiving Government wage-related retirement benefits—359,000 under the CPP and 100,000 under the QPP. These figures equaled less than one-fourth of the total number of persons aged 65 and over who were receiving benefits under the universal Old Age Security Act. At the same time, the average retirement benefit, although it increased each year, had reached only $44 per month in December 1974. This low growth was due, of course, to the provisions in the plans that provide for proportionately reduced retirement benefits during the transitional period.

In terms of current retirement benefits for persons aged 65 and over, income-related payments under the two plans as yet account for only a small proportion of the country's total social security package. During the fiscal year 1973–74, retirement benefits paid under these plans had reached only $160 million, or the equivalent of approximately 5 percent of the benefits paid out under the old-age security and guaranteed income supplement programs. In the same period, payments under the Old Age Security Act totaled $3.03 billion, including $760 million paid as guaranteed income supplements. According to Canadian official sources the universal program and supplemental benefits, financed from general revenue, account for more than half the total income security expenditures made by the Federal Government.

Indexing of Contributions and Benefits

In line with its objective of alleviating poverty and reducing dependency upon income supplementation and social assistance, the Federal Government recommended in its 1970 White Paper on Income Security that immediate steps be taken to eliminate certain limitations imposed on

TABLE 1.—Number of persons receiving benefits in Canada, by type, end of fiscal year, 1966–74

End of fiscal year (March)—	Old age security	Guaranteed income supplement [1]	Retirement pension	
			CPP	QPP
1966	1,105,776	(2)	(2)	(2)
1967	1,229,561	505,240	8,344	2,969
1968	1,366,210	714,648	51,097	10,423
1969	1,504,862	775,034	79,106	24,042
1970	1,670,639	812,835	147,239	44,700
1971	1,720,128	860,393	201,559	59,702
1972	1,762,834	974,648	241,098	70,107
1973	1,808,233	1,045,467	306,113	85,894
1974	1,858,481	1,076,425	[3] 358,942	[3] 100,014

[1] Full or partial payments
[2] Program introduced in 1966
[3] Data for December 1974

Source Statistics Canada (Department of Industry, Trade, and Commerce), Department of Health and Welfare, and Quebec Pension Board

benefit levels under the CPP. One of the first aspects of the Plan to be examined by the Federal-Provincial working group on income maintenance, therefore, was the imposition of limitations on the automatic adjustment of the earnings ceiling and the benefits.

Built into the CPP were provisions for keeping the floor and ceiling of earnings and benefits in payment up to date. From the outset it was intended that the current earnings ceiling should be continually adjusted to improvements in wage and salary levels, while the amount of current pensions was to be adjusted annually according to an index based on prices. The measurement used for the adjustment of pensions is the "pension index," which is computed by averaging for the year the monthly changes in the consumer price index. Until 1974, however, such adjustments were limited by law to a maximum of 2 percent a year, largely because in 1965 when the legislation was enacted 2 percent was equivalent to the long-term trend in price increases. (A similar limitation was imposed on the adjustment of flat-rate benefits under the Old Age Security Act in 1968.) This limitation was intended to provide an orderly means of adjusting benefit levels under the Plan in response to moderate wage and price increases and to hold in check the adjustments to any sudden changes in the economic indicators.

The original legislation further provided that during the first 10 years of operation the pension index would also be used in determining changes in the earnings ceiling. As for benefits, annual adjustments were not to exceed the 2-percent maximum set for changes in the pension index. For the first 2 years of the Plan's operation the ceiling was fixed at $5,000, an amount closely approximated the average annual earnings of workers in Canadian industry at that time. Beginning in 1968, however, the earnings ceiling for contributions started to move up annually in steps of 2 percent, which by law were rounded down to the next multiple of $100. Because of these restrictions on the upward adjustment of the ceiling, the desired relationship between maximum contribution levels and average current earnings began to disappear when wages and prices advanced even faster, stimulated by inflationary pressures.

By 1970, as table 2 shows, the average earnings in industry had advanced 32 percent, but the earnings ceiling had risen by only 6 percent. By 1973, in dollar terms these figures had grown to $8,327 and $5,600, respectively. In the 8-year period, from 1966 to 1973, industrial wages rose 66 percent while the earnings ceiling had been increased by only 12 percent.

It was evident that the decline in the earnings ceiling in relation to average wages was having a serious impact on the level of retirement, survivor, and disability pensions and that, unless additional adjustments were made, benefits in future years for persons with earnings at or above the ceiling would decline steadily in value in relation to their total earnings. Likewise, limiting the adjustment of current benefits to an increment of not more than 2 percent annually at a time when the consumer price index had been rising at a greater rate was adversely affecting the purchasing power of existing benefits. With the inflation rate then projected, it seemed likely that this deterioration would increase considerably over a period of time.

In light of these developments, three major steps were taken. The first was the removal of the 2-percent limitation on the increase in benefits and the ceiling; the second was an ad hoc increase in the earnings ceiling for 1974 and 1975; and the third was the adoption of a new formula for the adjustment of the ceiling after 1975.

TABLE 2.—Comparison of consumer price index, pension index, earnings ceiling, and average annual earnings in industry

Year	Consumer price index (1961=100)	Pension index (1961=100)	Earnings ceiling	Average annual earnings in industry
1966	111 4	------------	$5,000	$5,008
1967	115 4	109 3	5,000	5,347
1968	120 1	111 5	5,100	5,714
1969	125 5	113 7	5,200	6,117
1970	129 7	116 0	5,300	6,595
1971	133 4	118 3	5,400	7,158
1972	139 8	120 7	5,500	7,759
1973	150 4	123 1	5,600	8,327

Source Statistics Canada (Deparment of Industry, Trade, and Commerce), and Department of Health and Welfare

1973 AMENDMENTS

The removal of the 2-percent limit on the annual adjustment of benefits in payment grew out of the Federal-Provincial review and was the first step taken to improve retirement and survivor benefits. This legislation, enacted by Parliament in December 1973, provided that effective January 1, 1974, all benefits paid under the CPP and the universal pensions and guaranteed income supplements under the Old Age Security Act were to be "escalated" by the total increase in the consumer price index averaged over the 16-month period ended October 31, 1973. For the year 1975 and each year thereafter, the pension index is to be based on the monthly average of the consumer price index for the 12-month period ending October 31 of the preceding year.

At the same time an ad hoc increase was authorized in the level of the ceiling, with an advance to $6,600 for 1974 and to $7,400 for 1975. This advance of $1,000 in 1974 represented the largest increase in the tax ceiling since the Plan came into effect in 1966.

The effect these adjustments in the ceiling have had upon benefits from 1973 to 1975 is shown in table 3, which compares the maximum rates payable under the CPP for these years.

1974 AMENDMENTS

Although the ad hoc adjustment in the ceiling provided a temporary solution to the widening gap between average earnings and the ceiling, certain additional basic inequities and the lack of protection of pensions against future wage and price increases remained. A second set of amendments to the CPP were introduced in 1974 that included the four major changes mentioned earlier. These measures, recommended by the Con-

TABLE 3.—Maximum monthly benefit rates under the Canada Pension Plan, 1973–75

Type of benefit	1973	1974	1975
Retirement pension:			
Starting at beginning of year	$80 20	$98 33	$122 50
Starting at end of year	90 89	109 60	134 97
Disability	114 09	125 95	139 35
Widow (er)			
Under age 65	71 12	79 86	88 31
Aged 65 and over	68 75	73 75	81 67
Orphan or child of disabled contributor	28 15	33 76	37 27
Death benefit [1]	550 00	660 00	740 00

[1] The maximum amount, 10 percent of earnings at ceiling

ference of Federal and Provincial Welfare Ministers in October 1973, were passed by Parliament in November 1974 and came into force on January 1, 1975.

New Formula for Computing the Earnings Ceiling

The 1974 amendments introduce a new formula for calculating the earnings ceiling. After a transitional period that will permit catching up with average earnings in industry, computation of the ceiling will be based on the monthly "industrial composite" reflecting average weekly wages and salaries as published by the Labor Division of Statistics Canada (Department of Industry, Trade, and Commerce).

The new formula replaces the former provisions of the law in which the adjustment of the ceiling in the years after 1975 was to follow changes in income measured by an "earnings index." The earnings index was to have been based on income-tax returns and was to have represented an average of all wages and salaries paid in Canada.

Beginning 1976 and in subsequent years, adjustments will be made by increasing the earnings ceiling in stages, at the rate of 12½ percent a year, until it reaches the average of wages and salaries of Canadian workers in industry as represented by the "industrial composite." After the transitional period, the ceiling will be determined for each year by projecting the most recent "industrial composite" forward 18 months on the basis of the annual movement of the "industrial composite" averaged out over the past 3 years.

It is estimated that during 1975 the "industrial composite" will reach approximately $9,000 and that the earnings ceiling under the new formula will be raised to $8,300 beginning 1976. It is hoped that, by progressively moving the ceiling toward the new contemplated maximum, equity in the replacement of earnings can be restored.

Basic Exemption Lowered for Social Security Contributions

The 1974 amendments also lowered the basic amount of annual earnings that are exempt from social security contributions from 12 percent of the earnings ceiling to 10 percent. This modification makes it possible to cover certain low-income workers, such as farmers, fishermen, and certain self-employed persons, who because their earnings are small would be ineligible to participate in the Plan.

In 1966, the CPP covered all workers aged 18–70 with annual earnings above $600 and all self-employed persons with earnings of at least $800. Persons whose earnings fall below the basic exemption in any year are not required to contribute to the CPP for that year and are, hence, excluded from coverage. Persons with earnings above the minimum, however, are able to include both the amount exempted from contributions and the earnings on which contributions are paid in the pension computation.

As explained earlier, the basic exemption established at the inception of the CPP was computed as an amount equal to 12 percent of the earnings ceiling, rounded down to a multiple of $100. During the first 8 years of the CPP when inflation was minimal, the basic exemption remained at $600, since the earnings ceiling rose only moderately in accordance with the adjustment formula. With the ad hoc increase in the ceiling to $6,600 under 1974 legislation, exemption rose to $700. If the basic exemption had remained at 12 percent of the ceiling, the earnings excluded from social security contributions would have risen in 1975 to $800 for employees and $1,066 for the self-employed. Accordingly, an even larger number of persons would have been excluded from protection under the Plan as the basic exemption increased to conform with index changes.

The amendment reduces the minimum level of annual earnings that qualify workers for contributions and for coverage in a year from 12 percent to 10 percent of the ceiling—for 1975, a basic exemption of $700 rather than the $800 as would have resulted under the old formula. In addition, that amendment deletes the requirement that self-employed persons must earn at least one and one-third times the basic exemption to qualify as a contributor in any one year. The basic earnings exemption is now identical for both employed and self-employed contributors.

Removal of the Retirement Test

Another important change that has the effect of increasing benefit amounts is the removal of the retirement test under the CPP. Before 1975, persons aged 65–69 had their retirement pensions reduced or eliminated if they had earnings that exceeded the limits stipulated in the law. The amount of benefit withheld was related to the earnings ceiling. Pensions were reduced by 50 cents for every $1 earned between 18 percent and 30 percent of the earnings ceiling, and by $1 for each 1 dollar earned on amounts above 30 percent of the ceiling. In 1974, for example, earnings up to $1,140 per year were exempt from the retirement test; for earnings from $1,141 to $1,900, a 50-percent reduction in the benefit was applicable; and earnings above $1,900 were offset by a reduction of 100 percent.

The new legislation eliminates the retirement test altogether by no longer requiring that a person must have "retired from regular employment" before he can receive his retirement pension. Now, all eligible persons aged 65 or older who apply for retirement benefits under the CPP may receive such benefits as a matter of right, whether or not they continue to work and receive wages.

To become eligible for a retirement pension, a contributor aged 65 and over must apply for his pension. The timing of the application varies with individual circumstance. Eligible persons must decide whether to draw the pension immediately on reaching age 65 or to hold off in order to increase through additional earnings the retirement credits on which the pension amount is based. (After age 70, the contributor may acquire no further retirement credits.) Once an eligible recipient applies for his pension, he is automatically excluded from making contributions to the CPP.

The Government estimates that the removal of the retirement test under the CPP will increase benefits for approximately 35,000 pensioners during 1975.

Equalizing Benefits for Widowers and Widows with Children

Beginning 1975, a surviving spouse's pension will be paid to a widower on the same basis as such benefits were paid previously to widows. In addition, children's benefits will become payable on the disability or death of women contributors on the same basis as such benefits were paid in the past with respect to men.

Before this amendment, only the widow of a contributor was entitled to a pension if she had dependent children or was aged 35 or over or was disabled. Likewise, only the children of a deceased male contributor were entitled to an orphan's pension. Upon the death of a woman contributor, the husband was entitled to a widower's pension only if he was disabled and was wholly or substantially supported by his spouse, and her children were entitled to an orphan's pension only if they were maintained wholly or substantially by her. The same distinction applied to the disability pension.

The new law eliminates all points of distinction by providing that the surviving spouses and children of a deceased or disabled woman contributor will qualify for benefits under the same conditions as the surviving spouses and children of a man.

In addition, the Act provides for retroactive entitlement but not retroactive payment. This change means that the widower, orphans, or dependent children of a woman contributor who died or became disabled before the effective date of the amendment will now be entitled to benefits, but that such benefits will not be paid for any period before January 1, 1975.

AMENDMENTS TO THE QUEBEC PENSION PLAN

As pointed out earlier in this report, the Province of Quebec maintains an earnings-related old-age, disability, and survivor insurance which is separate from but comparable with the CPP. Until the end of 1972, both plans were closely

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TABLE M-10.—OASDHI cash benefits: Number of monthly benefits in current-payment status for retired workers and their dependents and for survivors, 1940–75

[Data contain some duplication arising from dual entitlement; see the *1972 Annual Statistical Supplement*, p. 9]

At end of selected month	Total	Retired workers [1]	Wives and husbands [1 2]	Children [3]	Widowed mothers [4]	Widows and widowers [1 5]	Parents [1]	Persons with special age-72 benefits [6]
December								
1940	222,488	112,331	29,749	54,648	20,499	4,437	824	----------
1945	1,288,107	518,234	159,168	390,134	120,581	93,781	6,209	----------
1950	3,477,243	1,770,984	508,350	699,703	169,438	314,189	14,579	----------
1955	7,960,616	4,473,971	1,191,963	1,276,240	291,916	701,360	25,166	----------
1960	14,157,138	8,061,469	2,269,384	1,844,970	401,358	1,543,843	36,114	----------
1961	15,467,673	8,924,849	2,392,012	1,988,635	428,138	1,697,308	36,731	----------
1962	16,778,290	9,738,500	2,531,465	2,159,885	451,984	1,859,191	37,265	----------
1963	17,583,017	10,263,331	2,580,566	2,229,744	461,675	2,010,769	36,932	----------
1964	18,236,173	10,668,731	2,603,964	2,297,604	470,597	2,158,912	36,365	----------
1965	19,127,716	11,100,584	2,613,550	2,535,044	471,816	2,371,433	35,289	----------
1966	20,796,930	11,658,443	2,640,467	2,739,397	487,755	2,602,015	34,540	634,313
1967	21,564,773	12,019,175	2,644,937	2,872,665	496,307	2,769,618	33,494	728,577
1968	22,225,263	12,420,742	2,645,407	3,009,033	504,916	2,937,890	31,596	675,679
1969	22,826,514	12,822,201	2,644,022	3,123,441	511,639	3,091,710	30,207	603,294
1970	23,563,634	13,349,175	2,668,105	3,233,705	523,136	3,227,160	28,729	533,624
1971	24,361,500	13,926,939	2,698,117	3,336,301	535,126	3,366,304	27,157	471,556
1972	25,204,542	14,555,475	2,734,699	3,427,202	540,965	3,509,777	26,055	410,369
1973	26,309,163	15,364,562	2,807,996	3,526,101	571,907	3,656,353	24,183	358,061
1974	26,942,028	15,958,492	2,826,022	3,513,092	573,557	3,769,603	23,022	278,240
1974								
April	26,520,368	15,529,411	2,810,923	3,569,658	564,538	3,682,703	24,202	338,933
May	26,451,836	15,493,518	2,799,471	3,560,412	561,741	3,679,939	23,966	332,789
June	26,547,863	15,588,935	2,806,469	3,527,402	565,076	3,705,978	23,866	330,137
July	26,564,878	15,659,819	2,809,044	3,456,859	566,840	3,722,556	23,703	326,057
August	26,640,870	15,726,168	2,813,498	3,465,901	568,660	3,735,393	23,587	307,663
September	26,715,804	15,787,405	2,819,105	3,475,919	569,071	3,743,717	23,476	297,111
October	26,792,688	15,846,191	2,823,520	3,485,002	569,915	3,753,092	23,342	291,626
November	26,881,955	15,908,364	2,825,784	3,504,453	572,440	3,761,893	23,200	285,821
December	26,942,028	15,958,492	2,826,022	3,513,092	573,557	3,769,603	23,022	278,240
1975								
January	27,035,736	16,040,839	2,826,016	3,520,641	575,007	3,778,310	22,811	272,112
February	27,083,554	16,070,281	2,828,611	3,534,140	574,088	3,786,545	22,652	267,237
March	27,106,010	16,080,406	2,826,855	3,553,641	569,085	3,792,009	22,482	261,532
April	27,156,433	16,113,058	2,827,917	3,570,917	567,462	3,799,908	22,331	254,840

[1] Persons aged 65 and over (and aged 62–64, beginning 1956 for women and 1961 for men).

[2] Includes, beginning 1950, wife beneficiaries under age 65 with entitled children in their care and, beginning September 1965, entitled divorced wives.

[3] Includes, beginning 1957, disabled persons aged 18 and over whose disability began before age 22 (age 18 before January 1973) and beginning September 1965, entitled full-time students aged 18–21. Beginning January 1973, students who attain age 22 before end of semester may continue to receive benefits until end of semester.

[4] Includes, beginning 1950, surviving divorced mothers with entitled children in their care

[5] Includes, beginning September 1965, widows aged 60–61 and entitled surviving divorced wives aged 60 and over; beginning March 1968, disabled widows aged 50–59 and disabled widowers aged 50–61; and beginning January 1973, nondisabled widowers aged 60–61.

[6] Authorized by 1966 legislation for persons aged 72 and over not insured under the regular or transitional provisions of the Social Security Act.

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coordinated and operated almost as a single program. At the beginning of 1973, however, Quebec made substantial changes in its program.

The limit on the adjustment of benefits was raised from 2 percent to 3 percent a year. An ad hoc adjustment was made in the earnings ceiling, which was raised to $5,900 in 1973, $6,100 in 1974, and $6,300 in 1975. Pensions for widows, disabled widowers under age 65, and other disabled persons were increased from $27.60 a month in 1972 to $80 in 1973. The retirement test was also altered to provide for a smaller reduction in benefits when earnings exceed a specified amount than was under the CPP. These changes resulted in significant divergencies between the two systems.

In October 1973, following the Conference of Federal and Provincial Ministers of Welfare, new measures were enacted by the Quebec Legislature designed to bring its pension plan again into line with the rest of Canada. On January 1, 1974, amendments to the QPP provided for further ad hoc adjustments of the ceiling to $6,600 and $7,400 in 1975 to make it comparable with the CPP.

Further measures in the direction of restoring

TABLE M-11.—OASDHI cash benefits: Amount of monthly benefits in current-payment status for retired workers and their dependents and for survivors, 1940–75

[In thousands]

At end of selected month	Total	Retired workers [1]	Wives and husbands [1,2]	Children [3]	Widowed mothers [4]	Widows and widowers [1,5]	Parents [1]	Persons with special age-72 benefits [6]
December:								
1940	$4,070	$2,539	$361	$668	$402	$90	$11	----------
1945	23,801	12,538	2,040	4,858	2,391	1,893	81	----------
1950	126,856	77,678	11,995	19,366	5,801	11,481	535	----------
1955	411,613	276,942	39,416	46,444	13,403	34,152	1,256	----------
1960	888,320	596,849	87,867	88,578	23,795	89,054	2,178	----------
1961	1,003,937	675,154	94,366	96,347	25,425	110,179	2,466	----------
1962	1,099,227	741,961	100,305	105,108	26,838	122,475	2,541	----------
1963	1,166,587	789,064	103,059	110,071	27,438	134,403	2,552	----------
1964	1,224,240	827,548	104,769	114,947	27,954	146,476	2,547	----------
1965	1,395,817	931,532	114,035	141,802	30,882	174,883	2,683	----------
1966	1,502,863	983,338	115,686	154,618	31,983	192,821	2,642	$21,777
1967	1,575,646	1,026,047	117,016	164,706	32,686	207,692	2,587	24,913
1968	1,880,601	1,227,875	135,479	196,216	37,833	253,923	2,787	26,488
1969	1,964,275	1,287,300	137,176	205,260	38,406	269,799	2,687	23,647
1970	2,385,926	1,576,551	163,263	245,515	45,258	328,245	2,965	24,128
1971	2,763,022	1,840,748	184,420	280,203	51,163	380,963	3,103	22,423
1972	3,514,741	2,363,098	229,973	348,964	62,457	483,161	3,620	23,468
1973	3,821,165	2,556,956	238,072	362,931	67,578	571,654	3,488	20,485
1974	4,445,245	3,003,620	270,618	409,134	76,986	663,578	3,626	17,683
1974								
April	4,153,572	2,785,142	257,052	395,385	71,154	620,423	3,652	20,765
May	4,144,862	2,779,334	255,918	394,622	70,781	620,198	3,620	20,389
June	4,328,649	2,906,872	267,051	405,981	74,222	649,805	3,743	20,976
July	4,342,338	2,923,827	267,486	398,343	74,918	653,317	3,722	20,726
August	4,362,100	2,939,180	268,059	400,225	75,408	655,966	3,709	19,554
September	4,381,161	2,953,965	268,757	402,277	75,665	657,920	3,693	18,883
October	4,399,446	2,967,834	269,301	404,186	76,003	659,913	3,675	18,535
November	4,425,902	2,988,234	270,092	407,298	76,606	661,851	3,655	18,166
December	4,445,245	3,003,620	270,618	409,134	76,986	663,578	3,626	17,683
1975								
January	4,470,838	3,025,633	270,944	410,532	77,287	665,552	3,595	17,294
February	4,482,951	3,033,926	271,264	412,700	77,136	667,369	3,571	16,985
March	4,490,948	3,038,805	271,310	415,763	76,200	668,701	3,547	16,622
April	4,502,951	3,047,063	271,514	418,342	75,885	670,424	3,526	16,197

[1] Persons aged 65 and over (and aged 62–64, beginning 1956 for women and 1961 for men).

[2] Includes, beginning 1950, wife beneficiaries under age 65 with entitled children in their care and, beginning September 1965, entitled divorced wives.

[3] Includes, beginning 1957, disabled persons aged 18 and over whose disability began before age 22 (age 18 before January 1973) and beginning September 1965, entitled full-time students aged 18–21. Beginning January 1973, students who attain age 22 before end of semester may continue to receive benefits until end of semester.

[4] Includes, beginning 1950, surviving divorced mothers with entitled children in their care.

[5] Includes, beginning September 1965, widows aged 60–61 and entitled surviving divorced wives aged 60 and over; beginning March 1968, disabled widows aged 50–59 and disabled widowers aged 50–61; and beginning January 1973, nondisabled widowers aged 60–61.

[6] Authorized by 1966 legislation for persons aged 72 and over not insured under the regular or transitional provisions of the Social Security Act.

uniformity of the two plans were adopted by the Quebec Assembly in December 1974: (1) equal treatment of men and women contributors under the QPP with respect to benefits, including survivor benefits for widowers and the entitlement of the children of a woman contributor to benefits upon disability or death on the same basis as a man; (2) the adoption of a new formula for calculating the ceiling, similar to that under the CPP, described earlier; and (3) adoption of a parallel change in the formula for calculating the basic exemption from social security contributions.

A few points of divergence between the two plans still remain. Recent amendments of the QPP, for example, did not remove the retirement and earnings test for Quebec contributors aged 65–69. Full retirement benefits are thus available from age 65 only for those who have in fact retired from regular employment and do not earn from part-time or casual employment more than $1,320 a year.[6] Survivor benefits also remain higher under the QPP than under the CPP. These differences do not, however, affect the coordination and portability of retirement credits and benefits between the two plans.

[6] For earnings above $1,320 per year, the retirement benefit is reduced by 50 cents for each dollar earned.