

CANADA PENSION PLAN

STATUTORY ACTUARIAL REPORT NO. 2

AS AT DECEMBER 31, 1972

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I. INTRODUCTION

This report has been prepared as at December 31, 1972. It is the second actuarial report since the inception of the plan and was prepared primarily to comply with subsection 116(2) of the Canada Pension Plan which provides that, whenever any Bill is introduced in or presented to the House of Commons to amend the Act, a report shall be prepared indicating the extent to which such Bill would if enacted by Parliament affect any of the estimates contained in the most recent report made pursuant to subsection 116(1) before the introduction or presentation of such Bill.

The most recent report made pursuant to subsection 116(1) is the actuarial report as at December 31, 1969, which was tabled in the House of Commons on December 16, 1970. The report contained estimates for the existing Canada Pension Plan as required under subsection 116(1), as well as estimates for the amendments proposed in the 1970 White Paper entitled "Income Security for Canadians". Since references to the 1970 White Paper proposals were, strictly speaking, not part of the preceding statutory report and since comparisons with earlier proposals as well as the existing plan may lead to confusion and could hardly have been the legislative intent of subsection 116(2), no further references to the 1970 White Paper proposals are made in the present report.

The remainder of this report is divided as follows. Section II contains a summary of the main provisions of the existing plan, section III presents a summary of the proposals contained in the amending Bill, section IV outlines the principal assumptions underlying the financial estimates, section V contains the main tables of financial estimates for the existing and proposed plans, separately as well as combined for purposes of comparison, and section VI contains certain observations and conclusions. The report is followed by two appendices.

Appendix 1 contains a description of the bases of the population projections appearing in condensed form in section IV, as well as more detailed tables of those projections, while appendix 2 contains fund projections based on assumptions that differ from those used in developing the estimates contained in the body of the report.

For purposes of the comparison required pursuant to section 116(2) of the Act, projections for the proposed plan had to be made on the same assumptions as used in the preceding actuarial report. However, it might be added that such adjustments in assumptions as might have suggested themselves on the basis of recent experience would have had a very minor effect.

Thus, the tables of financial estimates included in this report have been prepared on the same single set of demographic assumptions and the same two sets of economic assumptions which were used for purposes of the actuarial report as at December 31, 1969. Moreover, the remainder of the assumptions and all the procedures used are consistent with and, for practical purposes, identical with those used for purposes of the preceding actuarial report. However, the projections in that report were carried only to the year 2000, and a comparison with the preceding report will reveal some slight differences between the estimates for the existing plan which are largely attributable to the removal of some minor inaccuracies in the process of "computerization" and to the use of actual accumulations as starting point for the fund projections.

Projections are shown for each year from 1973 to 1985, inclusive, and for each fifth year thereafter to the year 2025, inclusive. This is more than sufficient to satisfy the requirements of section 116(1) for a periodic report as at December 31, 1972. The three types of projections shown in section V are

- (a) amounts of benefits (classified by type of benefit) and expenses,
- (b) benefits and expenses expressed as percentages of contributory earnings (pay-as-you-go contribution rates), and
- (c) fund projections (including benefits and expenses, amounts of contributions at stipulated rates and net cash flow to the provinces).

It will be noted that the fund projections are developed on three different assumptions regarding levels of contribution rates, namely:

Fund A assumes an indefinite continuation of the present rate of 3.6% of contributory earnings. This eventually produces negative fund accumulations and is then obviously inoperative unless new sources of funds are introduced.

Fund B assumes increases in the rate of contribution as and when required to equate current contributions to current benefits and expenses. This results in a gradual reduction in the net cash flow to the provinces, as in Fund A, but avoids a reversal of the cash flow and in fact results in an ever increasing fund, since the interest earnings of the fund are not used for purposes of expenditures.

Fund C assumes increases in the rate of contribution as and when required to equate current contributions plus interest on the fund to current benefits and expenses. This results in a gradual reduction in the net cash flow to the provinces as in Fund A and Fund B, allows a reversal of the cash flow, and eventually stabilizes the negative cash flow at an amount equal to the interest earned on the fund when the fund has attained a value equal to the maximum in Fund A.

The three different types of fund projections are given in order to demonstrate the progress of the fund under three relatively simple assumptions regarding levels of contributions. Clearly, each one has significantly different economic implications.

As noted, the assumption underlying Fund A is unacceptable, if benefits are to be supported by contributions. In theory, Fund A might be made viable by raising contribution rates to the pay-as-you-go level once the fund becomes exhausted, but such a discontinuity hardly commends itself, and in any event, the complete exhaustion of the fund would seem difficult to rationalize.

Fund B might appear attractive from the point of view of cash flow to the provinces. However, the continued accumulation of rather substantial funds compared to annual expenditures might not be easy to justify from the point of view of the operation of the Plan.

Of the three alternatives presented, Fund C may appear the most acceptable, since it involves a gradual movement toward pay-as-you-go contribution rates while maintaining a reasonable balance in the fund.

Needless to say, some other alternative may commend itself. Moreover, if, for example, it were decided to adopt the policy implied in Fund C, a schedule involving less frequent changes in contribution rates would likely be preferable and could be designed to approximate a theoretically appropriate scale which, in any event, would depend heavily on the experience as it develops.

II. MAIN PROVISIONS OF THE EXISTING CANADA PENSION PLAN

1. Coverage

In general, the Canada Pension Plan which came into force on January 1, 1966, applies to virtually all paid members of the labour force in Canada (both employees and self-employed persons) between the ages of 18 and 70, other than persons in the province of Quebec who are covered by the Quebec Pension Plan. Persons with annual earnings less than the "basic exemption" are the main exception.

2. Definition of Terms Relating to Earnings

Four terms relating to the earnings of contributors that are used frequently in the remainder of this report are defined and described below.

Year's Maximum Pensionable Earnings (Y.M.P.E.)

"Year's Maximum Pensionable Earnings" for any year means the upper limit above which annual earnings are not subject to contributions.

For 1966 and 1967, the Y.M.P.E. was \$5,000. For the period 1968 to 1975, it is adjusted upward in steps of integral hundreds of dollars in accordance with increases in the "Pension Index". After 1975, the Y.M.P.E. is adjusted (upward or downward) in steps of integral hundreds of dollars in accordance with changes in the "Earnings Index".

Year's Basic Exemption (Y.B.E.)

"Year's Basic Exemption" for any year means the amount of annual earnings below which earnings are not subject to contributions in that year. It is calculated as 12% of the Y.M.P.E. for the year (rounded if necessary to the nearest lower multiple of \$100).

A person with salary and wages in any year greater than the Y.B.E. is required to contribute under the Plan on all earnings between the Y.B.E. and the Y.M.P.E.

A person with salary and wages lower than the Y.B.E. is required to contribute under the Plan, provided that the total of his self-employed earnings and salary and wages are about one-third (or more) greater than the Y.B.E. For example, for 1966, when the Y.B.E. was \$600 and the Y.M.P.E. was \$5,000, a person with salary and wages below \$600 was required to contribute on earnings between \$600 and \$5,000, provided that his total earnings were \$800 or more; if such a person had total earnings of less than \$800 he was not eligible to contribute under the Plan.

Contributory Earnings

"Contributory earnings" for any year means the earnings of a contributor falling between the contributory earnings limits, i.e., between the Y.B.E. and the Y.M.P.E. for that year. (These are the earnings on which contributions are based.)

Pensionable Earnings

"Pensionable earnings" for any year means all earnings of a contributor up to the Y.M.P.E., provided that required contributions have been made in that year, multiplied by the ratio that the average Y.M.P.E. for the year when a retirement pension becomes payable under the Act and for the two preceding years bears to the Y.M.P.E. for the year in which the contributions were made. (These are the earnings on which earnings-related benefits are based.)

3. Automatic Adjustment Features

Several elements of the Plan are subject to automatic adjustment in accordance with changes in specified indices. These elements include

- (a) the Year's Maximum Pensionable Earnings and, dependent thereon, pensionable earnings upon which all earnings-related benefits going into payment are based and the upper limit on the amount of death benefit,

- (b) the Year's Basic Exemption and, dependent thereon, the minimum amount of total earnings (including earnings from self-employment) necessary for a person with salary and wages below the Y.B.E. to contribute under the Plan,
- (c) the flat-rate component of a disability pension,
- (d) the flat-rate component of a widow's (or a disabled widower's) pension,
- (e) the flat-rate benefit for orphans and children of disabled contributors,
- (f) all monthly benefits in payment.

Annual adjustment of all elements subject to automatic adjustment, except the contributory earnings limits after 1975, depend on changes in the Pension Index constructed as described in the next following paragraph. Annual adjustments of the contributory earnings limits after 1975 depend on changes in an Earnings Index constructed as described in the second following paragraph.

For 1967, the Pension Index was computed as the average of the Consumer Price Indexes for Canada for the twelve months ending with June, 1966. For 1968 and each following year, the Pension Index is computed as the average of the Consumer Price Indexes for the twelve months ending with June of the preceding year or 1.02 times the Pension Index for the preceding year, whichever is the lesser, except that the Pension Index for the preceding year is retained for the current year if the calculated increase is less than 1%. (It will be noted from the foregoing description that, for the Pension Index and, consequently, for all elements that depend for adjustment on that index, there can never be any downward adjustment; moreover, there cannot be any annual upward adjustment of less than 1% or more than 2%, except in the case of the contributory earnings limits before 1976 and elements dependent thereon, as a result of the rounding to the nearest lower multiple of \$100.)

The Earnings Index is computed as the average of employees' average annual earnings, determined by the Department of National Revenue,

for the eight consecutive years ending with the year two years prior to the year for which the Earnings Index is to apply, divided by the corresponding average for the first eight years of operation of the Plan.

4. Earnings Test

Any retirement pension that commences at an age less than 70 is subject to the operation of an earnings test until age 70 is reached. The earnings test is such that the annual retirement pension of a contributor is reduced by \$1 for each \$2 of earnings in excess of approximately 18% of the Y.M.P.E. and is reduced further by \$1 for each \$2 of earnings in excess of approximately 30% of that limit.

5. Retirement Pensions

A contributor may become entitled to a retirement pension at any age from 65 to 70. (A contributor in receipt of a disability pension on attainment of age 65 becomes entitled immediately to a retirement pension.) After a retirement pension becomes payable or, in any event, after age 70, a contributor is not eligible to contribute under the Plan. Thus, except for the operation of the "earnings test" and adjustment of the amount of pension in payment in accordance with changes in the Pension Index, the amount of pension is fixed at the time the pension first becomes payable.

In general, the initial amount of retirement pension payable to a contributor is based on the whole history of his Pensionable Earnings from January 1, 1966, or from attainment of age 18, if later, until the year in which his pension commences. Subject to the operation of the earnings test, "full" pensions are available after December 31, 1975, when the transitional ten years end.

Retirement pensions in payment are subject to automatic adjustment in accordance with changes in the Pension Index.

A convenient formula for determining the initial amount of retirement pension involves the use of an "average earnings ratio", as follows:

Formula for Retirement Pension

Initial Amount of Annual Pension

This amount is equal to 25% of the average of the Y.M.P.E. for the three years ending with the year in which pension commences, multiplied by the "average earnings ratio" which is determined as follows:

<u>Date Pension Commences</u>	<u>Years in Contributory Period</u>	<u>Formula for Average Earnings Ratio</u>
Before 1976	irrelevant	Total of recorded "annual earnings ratios" divided by 10 less the number of years when disability pension payable
1976 & later		Average of a number of the highest "annual earnings ratios", such number being the <u>greater of</u>
	less than 10	(a) the number of years in the contributory period or (b) 10 less the number of years when disability pension payable
	10 or more	(a) 10 or (b) 85% of the years in the contributory period

The "annual earnings ratio" referred to above is the ratio of "unescalated pensionable earnings" to the Y.M.P.E. in a calendar year. Unescalated pensionable earnings for a year are the actual earnings of a contributor up to the Y.M.P.E., provided that required contributions have been made. (It should be noted that if no contributions are made during a calendar year, the "annual earnings ratio" for that year is zero; and for any year in which a contributor's earnings exceed the Y.M.P.E., the ratio is one.)

The "contributory period" for purposes of retirement pensions is the number of years from January 1, 1966, (or from attainment of age 18, if later), to age 65, less the number of years, if any, during which a disability pension is payable.

Examination of the above formula will make it clear that, in addition to the exclusion from the benefit calculations of the whole period during which a disability pension is payable, certain lowest recorded annual earnings ratios will normally be excluded from the benefit calculations by reason of contributions made after age 65 and by reason of the 15% "drop-out" provision; however, the drop-out must not reduce the total number of years to less than ten.

The following three examples are given to illustrate the operation of the benefit formula. For all examples, it is assumed that the Y.M.P.E., which was \$5,000 in 1966 and 1967 and has increased by \$100 for each subsequent year to 1973, will continue to increase in accordance with the "moderate inflation" assumptions described in section IV of this report.

- (a) Suppose that a person aged exactly 60 on January 1, 1966, has annual earnings of \$4,000 for each of the first two years, receives an increase of \$600 every second year and that he elects to have his pension commence at age 68, that is on January 1, 1974.

Initial amount of annual pension

= Average earnings ratio x average of the Y.M.P.E. for the three years ending with the year in which pension commences x 25 per cent,

$$= \frac{1}{10} \left(2 \times \frac{4,000}{5,000} + \frac{4,600}{5,100} + \frac{4,600}{5,200} + \frac{5,200}{5,300} + \frac{5,200}{5,400} + \frac{5,500}{5,500} + \frac{5,600}{5,600} \right)$$

$$\frac{1}{3} (5,500 + 5,600 + 5,700) \times 0.25$$

$$= 0.7331 \times 5,600 \times 0.25$$

$$= \$1,026.34$$

- (b) Suppose that a person aged exactly 45 on January 1, 1966, contributes continuously up to and including the year in which he attains age 69, and that he elects to have his pension commence at age 70. The pertinent details relating to his pensionable earnings and the calculation of his pension are shown in the schedule below.

<u>Year</u>	<u>Year's Maximum Pensionable Earnings</u> \$	<u>Age of Contributor</u>	<u>Unescalated Pensionable Earnings</u>	<u>Annual Earnings Ratio</u>
1966	5,000	45	3,000	0.6000
1967	5,000	46	3,000	0.6000
1968	5,100	47	3,600	0.7059
1969	5,200	48	3,600	0.6923
1970	5,300	49	4,200	0.7925
1971	5,400	50	4,200	0.7778
1972	5,500	51	4,800	0.8727
1973	5,600	52	4,800	0.8571
1974	5,700	53	5,400	0.9474
1975	5,800	54	5,400	0.9310
1976	6,100	55	6,000	0.9836
1977	6,500	56	6,000	0.9231
1978	6,900	57	6,300	0.9130
1979	7,300	58	6,600	0.9041
1980	7,700	59	6,900	0.8961
1981	8,100	60	6,900	0.8519
1982	8,600	61	7,500	0.8721
1983	9,100	62	7,800	0.8571
1984	9,600	63	7,800	0.8125
1985	10,100	64	8,400	0.8317
1986	10,700	65	9,000	0.8411
1987	11,200	66	9,000	0.8036
1988	11,900	67	9,000	0.7563
1989	12,500	68	9,000	0.7200
1990	13,200	69	7,500	0.5682
1991	13,900	70		

For this employee, the number of "highest" annual earnings ratios to be taken into account in calculating the average earnings ratio is 17 (that is, 85% of the number of years from age 45 to age 65).

Average earnings ratio

$$= \frac{14.8906}{17}$$

$$= 0.8759$$

Initial amount of annual pension

$$= 0.8759 \times \frac{1}{3} (12,500 + 13,200 + 13,900) \times 0.25$$

$$= \$2,890.47$$

(c) Suppose that an immigrant who arrives in Canada in 1975 and commences work on January 1, 1976, is of exactly the same age and has exactly the same earnings history for the period from 1976 to 1986, inclusive, as the person described in (b) above, and that he elects to have his pension commence at age 66. For this contributor, the number of "highest" annual earnings ratios to be taken into account in calculating the average earnings ratio is also 17, but six of these annual earnings ratios must be zero since there is a record of pensionable earnings for only 11 years.

Average earnings ratio

$$= \frac{9.6863}{17}$$

$$= 0.5698$$

Initial amount of annual pension

$$= 0.5698 \times \frac{1}{3} (10,100 + 10,700 + 11,200) \times 0.25$$

$$= \$1,519.47$$

6. Disability Pensions

A contributor aged less than 65, who becomes disabled within the meaning of the disability provisions of the Plan, is entitled to a disability pension, under the following conditions:

<u>Number of calendar years in contributory period</u>	<u>Number of calendar years for which contributions must have been made</u>
Less than 10	5
10 to 30	5 of last 10, and in total at least 1/3 of the number of calendar years in the contributory period
30 or more	5 of last 10, and in total at least 10

The "contributory period" for purposes of disability pensions is the number of years from January 1, 1966, (or from attainment of age 18, if later) to the date of commencement of the disability pension, except for any calendar years during the whole of which a disability pension was previously payable.

Disability pensions commence in the fourth month after the month of disablement and are payable until age 65 or until death or recovery from disability at an earlier age. Unlike retirement pensions, disability pensions are not subject to a gradual build-up to "full" benefits during the ten years ending December 31, 1975.

Disability pensions in payment like retirement pensions are subject to automatic adjustment in accordance with changes in the Pension Index.

The amount of pension payable is composed of two parts, namely, a flat-rate part depending initially only on the year in which the disability pension commences, and an earnings-related part depending initially only on the pensionable earnings record of the contributor to the date of commencement of the disability pension. The initial flat-rate part is determined as \$25 per month adjusted in accordance with the increase in the Pension Index from 1967 to the year in which the disability pension commences. (For example, the initial flat-rate is \$28.15 for pensions commencing in 1973). The initial earnings-related part is equal to 75% of an earnings-related pension calculated in the manner described earlier for retirement pensions, except that the contributory period ends at the date of commencement of the disability pension and that, both before and after December 31, 1975, the number of years to be taken into account in determining the "average earnings ratio" is as follows:

<u>Years in Contributory Period</u>	<u>Number of highest "annual earnings ratios" used in calculating average earnings ratio</u>
Less than 10	years in contributory period
10 or more	greater of 10 or 85% of the number of years in contributory period

The following three examples are given to illustrate the determination of the initial amount of a disability pension. For all examples, it is assumed that the Y.M.P.E., which was fixed at \$5,000 for 1966 and 1967 and increased by \$100 for each subsequent year to 1973, will continue to increase in accordance with the "moderate inflation" assumptions described in section IV of this report, and that the flat-rate component of the disability pension which has increased from \$25.00 by 2% for each year after 1967, will also continue to increase after 1970 in accordance with the "moderate inflation" assumptions.

- (a) Suppose that a person aged exactly 55 on January 1, 1966, has annual earnings of \$5,000 for each year from 1966 to 1972, inclusive, and that a disability pension becomes payable to him in January, 1973.

Initial amount of annual pension

$$\begin{aligned}
 &= 28.15 \times 12 + 0.75 \left\{ \frac{1}{7} \left(2 \times \frac{5,000}{5,000} + \frac{5,000}{5,100} + \frac{5,000}{5,200} + \frac{5,000}{5,300} + \right. \right. \\
 &\quad \left. \left. \frac{5,000}{5,400} + \frac{5,000}{5,500} \right) \times \frac{1}{3} (5,400 + 5,500 + 5,600) \times 0.25 \right\} \\
 &= 337.80 + 990.00 \\
 &= \$1,327.80
 \end{aligned}$$

- (b) Suppose that a person aged exactly 45 on January 1, 1966, has the same history of earnings from 1966 to 1980, inclusive, and, consequently, the same annual earnings ratios for those years, as the person described in example (b) for retirement pensions above and that a disability pension becomes payable to him in January, 1981. For this contributor, the number of "highest" annual earnings ratios to be taken into account in calculating the average earnings ratio for the earnings-related part of his pension is 12.75 (that is, 85% of the number of years from age 45 to age 60).

Average earnings ratio

$$\begin{aligned}
 &= \frac{11.0235}{12.75} \\
 &= 0.8646
 \end{aligned}$$

Initial amount of annual pension

$$\begin{aligned}
 &= 33.00 \times 12 + 0.75 \left(0.8646 \times \frac{1}{3} (7,300 + 7,700 + 8,100) \times 0.25 \right) \\
 &= 396.00 + 1,248.27 \\
 &= \$1,644.27
 \end{aligned}$$

- (c) Suppose that a person aged exactly 18 on January 1, 1976, has annual earnings of \$4,200 in 1976 increasing by \$600 each year to 1980, inclusive, and that a disability pension becomes payable to him in January, 1981.

Initial amount of annual pension

$$\begin{aligned} &= 33.00 \times 12 + 0.75 \left(\frac{1}{5} \left(\frac{4,200}{6,100} + \frac{4,800}{6,500} + \frac{5,400}{6,900} + \frac{6,000}{7,300} + \right. \right. \\ &\quad \left. \left. + \frac{6,600}{7,700} \right) \times \frac{1}{3} (7,300 + 7,700 + 8,100) \times 0.25 \right) \\ &= 396.00 + 1,122.80 \\ &= \$1,518.80 \end{aligned}$$

In addition to the normal disability pension described above, benefits may be payable to the children of disabled contributors.

7. Benefits to Children of Disabled Contributors

An unmarried child of a disabled male contributor or a disabled female contributor who wholly or substantially maintained the child at the time she became disabled is entitled to a benefit provided the child

- (i) is under age 18, or
- (ii) is aged 18 or over but under age 25 and has been attending school full-time and substantially without interruption since attainment of age 18 or the time of the contributor's disability, whichever occurred later.

The initial amount of pension payable in respect of each of the first four children is equal to the initial flat-rate benefit payable to the disabled contributor (i.e., \$25 per month adjusted in accordance with changes in the Pension Index from 1967 to the year in which the disability pension commences); one-half that amount is payable in respect of each child in excess of four. However, only one child's benefit is payable in respect of each child, even if both parents are disabled contributors.

8. Survivors' Benefits

(a) General

A widow, a "dependent" disabled widower or an orphan may become entitled to a survivor's pension. For entitlement to such a pension, the deceased contributor must have made contributions during the lesser of

- (i) ten calendar years, or
- (ii) one-third of the number of calendar years in which contributions could have been made, but not less than three years.

By the expression "calendar years in which contributions could have been made" is meant all calendar years after 1965 or from age 18, if that age is attained after 1965, to the date of death if death occurs before age 65 or, otherwise, to the later of attainment of age 65 or cessation of contributions, except for any calendar years during the whole of which a disability pension was payable.

A widow aged less than 65 may become entitled to a widow's pension by reason of having dependent children, being disabled or simply being over age 35 at widowhood. The amount of pension payable to a widow who becomes entitled to a widow's pension for more than one reason is the largest to which she is entitled for any one of such reasons.

A widow (or a disabled widower) may become entitled to both a survivor's pension and either a disability pension or a retirement pension. However, the total annual amount of the two pensions cannot initially exceed an amount equal to 25% of the average of the Y.M.P.E. for the three years ending with the year in which the later of the two pensions commences (that is, except in the transitional period ending December 31, 1975, an amount equal to the maximum retirement pension applicable for that year).

A widow's (or a disabled widower's) pension is suspended during any period of remarriage.

Like disability pensions and unlike retirement pensions, survivors' pensions are not subject to a gradual build-up to "full" benefits during the ten years ending December 31, 1975.

Survivors' benefits in payment like retirement and disability pensions are subject to automatic adjustment in accordance with changes in the Pension Index.

(b) Widows' Pensions

(i) Definition of "widow with dependent children"

A "widow with dependent children" means a widow who wholly or substantially maintains an unmarried child of the deceased contributor, where the child is

- A. under age 18,
- B. aged 18 or over but under age 25 and has been attending school full-time and substantially without interruption since attainment of age 18 or the time of the contributor's death, whichever occurred later, or
- C. aged 18 or over and is disabled, having been disabled without interruption since attainment of age 18 or the time of the contributor's death, whichever occurred later.

(ii) Widows aged between 45 and 65 at widowhood

A widow aged between 45 and 65 at the death of her "contributor" husband is entitled to a widow's pension, whether or not she has dependent children or is disabled.

The amount of pension payable is composed of two parts, namely, a flat-rate part depending initially only on the year of death of the contributor and an earnings-related part depending initially only on the pensionable earnings record of the contributor to the date of his death. The flat-rate part is determined as \$25 per month adjusted in accordance with the increase in the Pension Index from 1967 to the year in which the death of

the contributor occurs. The initial earnings-related part is equal to $37\frac{1}{2}\%$ of an earnings-related pension based on the contributor's pensionable earnings record, calculated as at the date of the contributor's death or commencement of his age retirement pension, whichever is the earlier, except that, in the latter case, the calculated pension is adjusted in accordance with the increase in the Pension Index from the year in which the contributor's age retirement pension became payable to the year of his death. In general, the amount of the contributor's earnings-related pension is calculated in the manner described earlier for retirement pensions, except that the "contributory period" ends at the date of death or at age 65, whichever is the earlier, and that, both during and after the ten-year transitional period ending December 31, 1975, the number of years to be taken into account in determining the "average earnings ratio" is,

- A. if the number of years in the contributory period is less than ten, the number of years in the contributory period, or
- B. if the number of years in the contributory period is ten or more, the greater of ten or 85% of the number of years in the contributory period.

(iii) Widows aged less than 45 at widowhood, without dependent children and not disabled

A widow without dependent children and not disabled, age 35 or less at the death of her "contributor" husband, is not entitled to a widow's pension.

A widow without dependent children and not disabled, aged more than 35 but less than 45 at the death of her "contributor" husband, is entitled to an amount of pension, calculated as described in (ii) above, reduced by $1/120$ th of such amount for each month that her age, at the date of death of the contributor, is less than 45.

(iv) Widows aged less than 45 at widowhood,
with dependent children

A widow aged less than 45 at the death of her "contributor" husband, with dependent children, is entitled to a widow's pension calculated as described in (ii) above.

If a widow in receipt of a widow's pension is aged less than 45 and not disabled at the time she ceases to be a "widow with dependent children", the amount of her pension is discontinued or reduced in the manner described in (iii) above in accordance with her age at the time she ceased to be a "widow with dependent children" except that, for the purpose of determining such age, a non-disabled child attending school after age 18 is deemed not to be a child.

(v) Disabled widows

A widow aged less than 65 is entitled to a disabled widow's pension, if she either is disabled at the date of death of the contributor or becomes disabled at a later date.

The disabled widow's pension is payable from the month following the month in which the contributor dies or from the month following the month in which the widow is disabled, whichever is the later. The initial amount of pension is calculated as described in (ii) above, except that, in the case where the widow becomes disabled subsequent to the death of the contributor, the pension so calculated is adjusted in accordance with changes in the Pension Index from the year in which the contributor died to the year in which disability occurs. The calculated initial amount of pension is subject to the limitation on the maximum initial amount payable in respect of dual pensions, as explained in (a) above.

(vi) Widows aged 65 or over

At age 65, or upon widowhood at a later age, a widow who is not then in receipt of an age retirement pension or to whom such a pension does

not become immediately payable, is entitled to an amount of pension equal to 60% of an earnings-related pension* based on the pensionable earnings record of her "contributor" husband.

At the time that a widow becomes entitled to both a widow's pension and a retirement pension or to either one if she is then in receipt of the other, the total amount of pension is equal to the greater of

- A. 60% of the widow's own retirement pension plus 60% of an earnings-related pension* based on the pensionable earnings record of her "contributor" husband, or
- B. 100% of the widow's own retirement pension plus 37½% of an earnings-related pension* based on the pensionable earnings record of her "contributor" husband,

subject to the limitation on the maximum initial amount payable in respect of dual pensions, as explained in (a) above.

(c) Disabled Widowers' Pensions

A widower of any age who was wholly or substantially maintained by his "contributor" wife before her death is entitled to a disabled widower's pension, if he is disabled at the time of death of the contributor.

The initial amount of pension payable to a disabled widower aged less than 65 is determined in the manner described for widows' pensions in (b)(ii) above. The initial amount of pension payable to a disabled widower at age 65 or after is determined in the manner described for widows' pensions in (b)(vi) above.

(d) Orphans' Benefits

The provision for orphans' benefits are analogous to those described earlier for children of disabled contributors.

* An earnings-related pension, calculated as described in (ii) above, adjusted, where applicable, in accordance with changes in the Pension Index from the year in which the contributor died to the year in which the widow attains age 65 or the year in which a retirement pension becomes payable to her while she is in receipt of a widow's pension.

For purposes of orphans' benefits, an "orphan" means an unmarried child of a deceased male contributor or of a deceased female contributor who wholly or substantially maintained the child immediately before her death, where the child is

- (i) under age 18, or
- (ii) aged 18 or over but under age 25 and has been attending school full-time and substantially without interruption since attainment of age 18 or the time of the contributor's death, whichever occurred later.

The initial amount of pension payable in respect of each of the first four orphans is \$25 per month adjusted in accordance with changes in the Pension Index from 1967 to the year of death of the contributor; one-half that amount is payable in respect of each orphan in excess of four. However, only one orphan's benefit is payable in respect of each child, even if both deceased parents were contributors.

9. Death Benefits

A lump-sum benefit is payable to the estate of a deceased contributor who made contributions in at least the minimum number of calendar years required for entitlement to a survivor's benefit.

The amount of benefit is equal to,

- (a) in respect of a contributor to whom a retirement pension was not payable at the time of death, one-half of the annual amount of an earnings-related pension calculated in the manner described for retirement pensions, except that the deceased contributor's contributory period ends at the date of death or at age 65, whichever is the earlier, and that there is no reduction by reasons of death occurring within the ten-year transitional period ending December 31, 1975, or
- (b) in respect of a contributor to whom a retirement pension was payable at the time of death, one-half of the annual amount of pension payable in the year of death, adjusted to exclude any reduction that may have arisen by reason of commencement of pension within the ten-year transitional period ending December 31, 1975.

subject to the limitation that the amount of benefit cannot exceed 10% of the Y.M.P.E. applicable in the year of the contributor's death.

10. Contributions

No person who is under age 18 or over age 70, or who has earnings less than the minimum required for contribution purposes or who is in any specifically excluded class is eligible to contribute. Also, no contributor to whom a retirement pension or a disability pension is payable is eligible to contribute.

For those who are eligible, contributions in any year are required in respect of all earnings between the basic exemption and the maximum pensionable earnings for that year.

The rate of contribution as respects earnings subject to contributions which has been in effect since the inception of the Plan is 1.8% of salary and wages for each of employees and their employers and 3.6% of self-employed earnings.

III. SUMMARY OF 1973 PROPOSALS CONTAINED IN BILL C-224

1. The Year's Maximum Pensionable Earnings (upper contributory earnings limit) is to be equal to \$6,600 in 1974 and \$7,400 in 1975. Thereafter, the YMPE is assumed to increase in accordance with the Earnings Index, as provided in the existing plan.

2. The limit on the annual increase in the Pension Index is to be removed, and all payments due after 1973 are to be increased to the level that would have been attained in 1973, if there had never been a limit on the Pension Index in so far as the index affects the escalation of earnings-related benefits in pay and of flat-rate benefits; in addition, the normal increase in earnings-related benefits in pay and in flat-rate benefits, effective January 1, 1974, is to be based on the ratio of the average of the Consumer Price Index for the sixteen months ending October 31, 1973, to the corresponding average for the preceding sixteen months period.

For the year 1976 and each following year, the annual adjustment is to be based on the ratio of the Pension Index for the year to the Pension Index for the preceding year. The Pension Index for each of those years is to be the average of the Consumer Price Index for the twelve months ending October 31 in the preceding year. A similar adjustment is to be made for the year 1975.

IV. PRINCIPAL ASSUMPTIONS UNDERLYING FINANCIAL ESTIMATES

1. General

At the time of preparing the preceding report it was felt that the dramatic reduction in fertility rates in recent years and the apparently remote likelihood of a return to higher levels had removed one of the principal reasons for preparing estimates on two sets of demographic assumptions and, in fact, one set of what were regarded as reasonably realistic demographic assumptions was adopted. These assumptions were then combined with two sets of economic assumptions to produce two separate series of financial projections.

In the few years that have elapsed since the preceding report, very little appears to have occurred that would lead us to change our basic approach or substantially alter the various assumptions regarding future experience that were then adopted. (It might be of interest to note in this connection that the Office of the Actuary of the Social Security Administration in the United States recently abandoned the practice of providing "low cost" and "high cost" estimates in favour of a single estimate.)

Thus, as noted in the introduction, the assumptions used in developing the estimates contained in the present actuarial report are, for practical purposes, identical to those used in connection with the preceding actuarial report as at December 31, 1969.

Of course, it will be realized that there will be differences between the demographic assumptions and actual experience, as it unfolds, and that actual results may well fall outside the range suggested by the two sets of economic assumptions. Indeed, it should be recognized that the two sets of projections do not really indicate a range of costs, since they allow only for different levels of inflation and do not imply different basic relationships between increases in earnings, increases in prices and rates of return on investments. Some additional projections which may help in measuring the effect of certain variations in economic factors are given in Appendix 2.

2. Economic Assumptions

As for the preceding actuarial report the economic assumptions underlying the financial estimates for 1975 and later have the following characteristics:

	<u>Moderate Inflation</u>	<u>Reasonable Stability</u>
Annual increase in average earnings	5.5%	3.5%
Annual increase in Consumer Price Index	3.0%	1.0%
Annual rate of interest on new investments*	6.5%	4.5%

The factors for the years preceding 1975 were slightly higher.

* Pursuant to sections 111 to 113 of the Canada Pension Plan, funds are invested in provincial obligations at interest rates comparable to the average yield on outstanding Government of Canada obligations of comparable maturity. The term to maturity is 20 years or such lesser period as may be fixed by the Minister of Finance for purposes of liquidity.

3. Population Projections

The table below shows census and projected populations for selected years for Canada excluding Quebec. The projections were used as a basis for the financial estimates. More detailed tables and the bases of derivation are given in Appendix 1.

Census and Projected Populations for Canada excluding Quebec

Middle of Year	(in thousands)			Birth Rate per 1,000	% Proportion of population aged 65 and over to population aged 20 to 64
	Males	Females	Total		
1931	3,928	3,574	7,502	20.9	10.8
1941	4,228	3,947	8,175	20.6	12.7
1951	5,067	4,887	9,954	26.1	15.5
1961	6,587	6,392	12,979	26.1	16.4
1966	7,168	7,066	14,234	19.5	16.7
1970	7,590	7,523	15,113	17.2	16.5
1975	8,100	8,081	16,181	17.1	16.4
1980	8,716	8,736	17,452	18.3	16.6
1985	9,413	9,461	18,874	18.3	16.9
1990	10,125	10,198	20,323	17.0	18.1
1995	10,811	10,906	21,717	15.8	19.1
2000	11,481	11,597	23,078	15.3	19.0
2005	12,160	12,294	24,454	15.2	18.6
2010	12,864	13,015	25,879	15.2	18.6
2015	13,581	13,757	27,338	15.1	20.3
2020	14,292	14,504	28,796	14.8	22.7
2025	14,986	15,240	30,226	14.6	25.6

4. Participation Rates

These rates are required for purposes of estimating the number of contributors and beneficiaries and were derived from a comparison of the records of contributors for 1966 and 1967 with populations from the 1966 census and projections for 1967. In the case of females in age group 25 to 64 some provision was made for the trend toward higher participation in the labour force.

While it is recognized that average rates of participation have been decreasing both below age 20 and in the early twenties because of the increasing trend toward continued education, it was felt that the effect of this factor would be largely reflected in the lower average earnings at these ages.

The element of unemployment was not introduced explicitly into the calculations. The effect of unemployment is, of course, reflected in average earnings, and variation in unemployment was not thought to have a significant effect on the financial projections. The rates used are shown below.

(a) Participation Rates for Existing Plan

Age Group	Males %	Females		
		to 1974 %	1975-84 %	1985 & later %
18-19	65	46	46	46
20-24	100	66	66	66
25-29	100	44	48	52
30-34	100	36	40	44
35-49	93	36	40	44
50-59	87	36	40	44
60-64	78	25	28	31
65-69	53	13	13	13

(b) Participation Rates for Proposed Plan

<u>Males</u>				<u>Females</u>			
<u>Age Group</u>	<u>to 1974</u>	<u>1975 to 1984</u>	<u>1985 & later</u>	<u>Age Group</u>	<u>to 1974</u>	<u>1975 to 1984</u>	<u>1985 & later</u>
<u>Moderate Inflation</u>							
18-19	65	64	63	18-19	46	43	43
20-24	100	99	99	20-24	66	64	63
25-34	100	100	99	25-29	44	46	50
35-49	93	93	93	30-49	36	39	42
50-59	87	87	87	50-59	36	39	42
60-64	78	78	77	60-64	25	27	30
65-69	53	53	52	65-69	13	13	13
<u>Reasonable Stability</u>							
18-19	65	63	63	18-19	46	42	43
20-24	100	99	99	20-24	66	63	63
25-34	100	99	99	25-29	44	46	50
35-49	93	92	93	30-49	36	38	42
50-59	87	86	86	50-59	36	38	42
60-64	78	77	77	60-64	25	27	30
65-69	53	52	52	65-69	13	12	12

5. Modified Average Earnings

For purposes of estimating contributions and pensionable earnings on which earnings-related benefits are based, modified average earnings were developed which could be applied to the participating populations. Modified average earnings take account only of earnings up to the Year's Maximum Pensionable Earnings and ignore all earnings of persons who are precluded from participation because their earnings are below the required minimum. Sample values of modified average earnings are shown below. They were derived from the 1966 and 1967 experience of contributors, taking into account assumed subsequent changes in earnings levels, the Year's Maximum Pensionable Earnings, and the Year's Basic Exemption.

Modified Average Earnings

(A) Moderate Inflation Assumptions

<u>Age Group</u>	<u>Year</u>	<u>Existing Plan</u>			<u>Proposed Plan</u>		
		<u>1975</u>	<u>2000</u>	<u>2025</u>	<u>1975</u>	<u>2000</u>	<u>2025</u>
	<u>Y.M.P.E.</u>	\$5,800	\$22,600	\$86,300	\$7,400	\$28,900	\$110,200
<u>Males</u>							
18-19		3,247	12,484	47,672	3,266	12,548	47,849
20-24		4,688	18,175	69,402	5,316	20,525	78,264
25-34		5,308	20,688	78,999	6,515	25,351	96,667
35-49		5,386	20,986	80,138	6,672	25,998	99,136
50-59		5,211	20,313	77,566	6,410	24,952	95,147
60-64		4,994	19,450	74,270	6,035	23,438	89,372
65-69		4,532	17,574	67,107	5,161	19,935	76,016
<u>Females</u>							
18-19		2,489	9,754	37,247	2,634	10,288	39,231
20-24		3,747	14,685	56,078	4,148	16,120	61,470
25-29		4,119	16,132	61,601	4,646	18,091	68,985
30-59		4,008	15,702	59,961	4,550	17,733	67,619
60-64		3,983	15,571	59,461	4,555	17,739	67,641
65-69		3,618	14,179	54,145	4,000	15,531	59,221

Modified Average Earnings

(B) Reasonable Stability Assumptions

<u>Age Group</u>	<u>Year</u> <u>Y.M.P.E.</u>	<u>Existing Plan</u>			<u>Proposed Plan</u>		
		<u>1975</u>	<u>2000</u>	<u>2025</u>	<u>1975</u>	<u>2000</u>	<u>2025</u>
		\$5,800	\$14,700	\$34,800	\$7,400	\$18,800	\$44,400
<u>Males</u>							
18-19		3,065	7,303	17,289	3,095	7,415	17,511
20-24		4,583	11,290	26,726	5,128	12,453	29,411
25-34		5,272	13,254	31,376	6,417	16,029	37,855
35-49		5,353	13,483	31,919	6,602	16,544	39,072
50-59		5,179	13,021	30,826	6,321	15,796	37,305
60-64		4,945	12,380	29,309	5,919	14,641	34,579
65-69		4,428	10,925	25,863	4,983	12,107	28,594
<u>Females</u>							
18-19		2,376	5,801	13,732	2,522	6,163	14,554
20-24		3,631	8,967	21,228	3,992	9,701	22,910
25-29		4,007	9,934	23,518	4,478	10,968	25,903
30-59		3,913	9,690	22,940	4,400	10,787	25,477
60-64		3,886	9,661	22,871	4,409	10,848	25,619
65-69		3,502	8,647	20,469	3,842	9,340	22,058

6. Contributions and Expenses of Administration

- (a) Contributory earnings, calculated as the product of Modified Average Earnings less Year's Basic Exemption, and projected populations, were adjusted upwards to allow for overpayments.
- (b) The contribution rates assumed in the fund accumulations were applied to contributory earnings to estimate contributions.
- (c) Costs of administration were assumed to be at the level of 0.1% of contributory earnings.

7. Retirement Benefits

- (a) For the period to 1974 it was assumed that
 - (i) a person who did not commence to contribute on January 1, 1966, or who ceased to contribute after that date will not subsequently contribute;
 - (ii) the probabilities of being a contributor at pertinent ages are as follows:

<u>Age Last Birthday</u>	<u>Males</u>	<u>Females</u>
56-59	0.87	0.36
60-64	0.78	0.25
65	0.73	0.18
66	0.57	0.14
67	0.52	0.12
68	0.44	0.10
69	0.36	0.08

- (iii) a worker will elect to take his pension as soon as possible after ceasing to contribute.

(b) For the period beginning in 1975 it was assumed that

- (i) the effect of the "15% drop-out" provision would be zero for females and one-half its maximum value for males,
- (ii) the proportion of available benefits not payable between ages 65 and 70 because of delayed retirement or the earnings test would be 50% for males and 25% for females.

8. Disability Benefits

(a) For the purpose of estimating amounts of flat-rate benefits the assumed proportions of total populations insured for disability benefits under the existing plan were as shown in the table below. Slightly lower proportions were assumed for purposes of the proposed plan.

	<u>22-24</u> %	<u>25-29</u> %	<u>30-34</u> %	<u>35-39</u> %	<u>40-54</u> %	<u>55-59</u> %	<u>60-64</u> %
Males	40	95	95	95	90	85	85
Females							
1975	20	45	40	35	35	35	30
1980 and 1985	20	50	45	40	40	40	35
1990 and later	20	55	50	45	45	45	40

(b) Disability prevalence rates were assumed in accordance with the table below:

<u>Age Group</u>	<u>1975</u> %	<u>1980</u> %	<u>1985</u> %	<u>1990</u> %	<u>1995</u> %	<u>2000 & later</u> %
22-24	0.05	0.05	0.05	0.05	0.05	0.05
25-29	0.12	0.14	0.14	0.14	0.14	0.14
30-34	0.30	0.36	0.38	0.38	0.38	0.38
35-39	0.50	0.62	0.68	0.70	0.70	0.70
40-44	0.82	1.00	1.08	1.13	1.15	1.15
45-49	1.17	1.45	1.57	1.64	1.67	1.69
50-54	2.19	2.73	2.96	3.08	3.15	3.18
55-59	3.54	4.46	4.82	4.98	5.08	5.13
60-64	6.14	8.09	8.74	9.02	9.21	9.30

(c) For purposes of estimating amounts of earnings-related benefits

- (1) it was assumed that the proportions insured shown in (a) above would not be applicable because the insured population will generally have higher earnings than the uninsured population, and consequently somewhat higher proportions were required. The following were used:

<u>Males</u>	<u>Females</u>		
	<u>1975</u>	<u>1980 and 1985</u>	<u>1990 and later</u>
95%	70%	75%	80%

(ii) for the existing plan all benefits in payment in a given year were assumed to be at the level of payments emerging in that year;

(iii) for the proposed plan all benefits in payment in a given year were calculated so as to bear a proper ratio to all benefits in payment for the existing plan.

9. Pensions to Children of Disabled Contributors

- (a) The "proportions insured for disability benefits" shown in 8(a) above and the "disability prevalence rates" used for disability benefits, and the "distributions of fathers of new born children" used for orphans' benefits, were assumed to be applicable.
- (b) No specific provision was made for payment of benefits beyond age 18 or for payments to children of female contributors.
- (c) All children under age 18 of male disability pensioners were assumed to be entitled to benefits (i.e., no reduction was made for an aggregate number of children in excess of four, or for termination of benefits because of marriage of children).
- (d) Under the proposed plan, benefits will be payable in respect of children of contributors over age 65 who were in receipt of a disability pension immediately prior to age 65 and who continue to satisfy the disability test. This was ignored.

10. Widows' and Disabled Widowers' Benefits

- (a) No direct provision was made for benefits to dependent disabled widowers.
- (b) The effect of ineligibility for benefits because of an insufficient number of years of contributions was ignored.
- (c) Reductions or suspensions of pensions to widows below age 45 at widowhood were disregarded.
- (d) No reduction was made below age 65 for widows entitled to disability pension as well as widow's pension.
- (e) Proportions of male participants married were derived from the 1961 census with some allowance for expected improvement in female mortality. Sample values are as follows:

Proportions Married

<u>Age</u>	<u>1975</u>	<u>2000</u>	<u>2025</u>
20-24	30	30	30
25-29	70	70	70
30-34	82	82	82
40-44	88	88	88
40-54	87	88	88
60-64	83	85	85
70-74	76	80	81
80-84	58	62	64

- (f) Relative age distributions of husbands and wives were derived from 1961 census data.
- (g) Rates of remarriage were assumed in accordance with the rates described in the paper "Remarriage Experience under the Pension Act of Canada" (Transactions of the Society of Actuaries, Volume XII).
- (h) A final adjustment factor of 0.9 was applied to total widows' benefits calculated in accordance with the foregoing assumptions to allow for lighter mortality among married than unmarried males.

11. Orphans' Benefits

- (a) The distributions of fathers of new born children by age was based on data from Vital Statistics for 1958 to 1962.
- (b) No specific provision was made for payments of benefits beyond age 18 or for payments to children of female contributors.
- (c) All children under age 18 of males who died after January 1, 1968, were assumed to be entitled to benefits (i.e., no reduction was made for uninsured males, for an aggregate number of orphans in excess of four, or for termination of benefits because of marriage of orphans).

12. Recognition of Experience Statistics

As in the preceding report, the projections include no arbitrary adjustment to allow for the gradually diminishing gap between actual and projected expenditures for benefits in the early years which is thought to be attributable in large measure to delays by eligible beneficiaries in submitting applications for pension benefits.

On the other hand, rather high credibility was given to contribution statistics, and the substantial excess of contributions actually received over contributions expected on the basis of unadjusted projections was used for purposes of deriving adjustments to allow for overpayments.

V. MAIN TABLES OF FINANCIAL ESTIMATES

This section contains the following tables:

	<u>Moderate Inflation**</u>		<u>Reasonable Stability**</u>	
	<u>Table</u>	<u>Page</u>	<u>Table</u>	<u>Page</u>
(a) <u>Existing Plan</u>				
Benefits and expenses of administration	1A	32	1B	33
Benefits and expenses as percentages of contributory earnings	2A	34	2B	35
Fund projections	3A	36	3B	37
(b) <u>Plan proposed in Bill C-224</u>				
Benefits and expenses of administration	4A	38	4B	39
Benefits and expenses as percentages of contributory earnings	5A	40	5B	41
Fund projections	6A	42	6B	43
(c) <u>Comparison of Existing and Proposed Plans</u>				
Benefits and expenses of administration	7A	44	7B	45
Benefits and expenses as percentages of contributory earnings	8A	46	8B	47
Fund A* projections	9A	48	9B	49
Fund B* projections	10A	50	10B	51
Fund C* projections	11A	52	11B	53

* See page 3 for specifications applying to each fund.

** See page 24 for details.

Table 1A

Benefits and Expenses of Administration
(in millions of dollars)

Existing Plan

"Moderate Inflation" assumptions*

Calendar Year	Retirement Pensions	Disability Pensions			Widows' Pensions		Orphans' Benefits	Death Benefits	Expenses of Administration	Total
		Flat Rate	Earnings Related	Children's Benefits	Flat Rate	Earnings Related				
	(1)	(2a)	(2b)	(2c)	(3a)	(3b)	(4)	(5)	(6)	(7)
1973	109.1	18.7	38.1	13.0	28.9	48.1	27.1	17.6	25.9	326.6
1974	148.6	21.2	45.5	14.1	34.6	60.0	32.6	20.1	27.3	404.1
1975	194.9	23.8	54.2	15.2	40.4	73.2	38.1	22.8	29.2	491.8
1976	266.4	26.6	64.1	16.2	46.2	87.7	41.3	25.8	31.1	605.3
1977	348.1	29.4	75.0	17.2	51.9	103.8	44.1	29.0	33.9	732.5
1978	439.1	32.3	86.8	18.1	57.7	121.5	46.5	32.4	36.4	870.9
1979	537.9	35.2	99.3	19.0	63.4	141.1	48.6	36.2	39.5	1,020.2
1980	643.6	38.0	112.3	19.9	69.0	162.7	50.3	40.2	42.3	1,178.2
1981	745.5	40.3	124.6	20.6	74.3	186.3	51.7	44.5	45.8	1,333.7
1982	854.2	42.7	137.5	21.3	79.5	212.3	52.9	49.1	49.5	1,498.9
1983	970.8	45.0	150.9	22.0	84.7	240.6	53.9	54.0	53.5	1,675.3
1984	1,096.4	47.3	165.0	22.7	89.8	271.5	54.8	59.3	57.8	1,864.5
1985	1,232.1	49.6	179.9	23.5	95.1	305.0	55.6	65.1	62.3	2,068.1
1990	2,102.3	63.3	270.2	29.2	123.1	517.8	64.0	100.9	87.2	3,358.1
1995	3,316.8	76.2	393.0	35.8	147.0	808.4	75.0	151.9	120.6	5,124.6
2000	4,863.9	94.3	581.4	41.6	178.6	1,221.9	83.9	224.4	168.0	7,457.9
2005	6,871.7	119.1	883.3	46.8	213.6	1,777.2	94.3	329.9	237.1	10,573.0
2010	9,817.1	151.4	1,335.0	52.8	260.8	2,556.6	105.7	482.0	330.2	15,091.6
2015	14,943.2	182.2	1,914.1	60.7	320.7	3,664.8	121.1	703.4	452.0	22,362.1
2020	23,276.3	211.5	2,643.5	70.6	386.2	5,266.6	140.9	1,024.7	612.7	33,632.7
2025	35,952.1	233.0	3,449.8	81.7	452.2	7,582.0	163.6	1,484.4	826.1	50,224.9

* See page 24 for details

Table 1B

Benefits and Expenses of Administration
(in millions of dollars)

Existing Plan

"Reasonable Stability" assumptions*

Calendar Year	Retirement Pensions	Disability Pensions			Widows' Pensions		Orphans' Benefits	Death Benefits	Expenses of Administration	Total
		Flat Rate	Earnings Related	Children's Benefits	Flat Rate	Earnings Related				
	(1)	(2a)	(2b)	(2c)	(3a)	(3b)	(4)	(5)	(6)	(7)
1973	109.1	18.7	38.1	13.0	28.9	48.1	27.1	17.6	25.7	326.3
1974	148.5	21.2	45.5	14.1	34.6	60.1	32.6	20.1	27.0	403.7
1975	194.6	23.8	54.1	15.2	40.4	73.2	38.1	22.8	28.7	490.9
1976	265.6	26.6	63.6	16.2	46.2	87.7	41.3	25.6	30.3	603.1
1977	346.0	29.4	73.9	17.2	51.9	103.6	44.1	28.7	32.5	727.3
1978	434.3	32.3	84.6	18.1	57.7	121.1	46.5	31.9	34.2	860.8
1979	529.2	35.2	95.7	19.0	63.4	140.1	48.6	35.3	36.6	1,003.1
1980	629.0	38.0	106.9	19.9	69.0	160.8	50.3	38.9	39.0	1,151.9
1981	725.5	40.4	117.0	20.6	74.4	183.9	51.7	42.7	41.6	1,297.8
1982	825.8	42.8	127.0	21.3	79.7	208.8	52.9	46.7	44.2	1,449.1
1983	930.0	45.1	137.0	22.0	84.9	235.2	53.9	50.8	47.0	1,605.9
1984	1,038.4	47.4	147.1	22.7	90.1	263.3	54.8	55.2	49.7	1,768.7
1985	1,151.3	49.6	157.4	23.5	95.1	292.9	55.6	59.7	52.6	1,937.7
1990	1,790.4	61.0	213.8	28.1	118.6	462.1	61.7	85.2	66.4	2,887.2
1995	2,545.5	69.9	280.9	32.8	134.9	659.7	68.8	116.6	83.8	3,992.8
2000	3,381.0	82.4	377.6	36.3	156.0	907.5	73.3	156.1	106.1	5,276.3
2005	4,333.5	99.0	520.4	38.9	177.6	1,203.6	78.4	208.4	135.0	6,794.7
2010	5,612.7	119.8	714.8	41.8	206.4	1,574.9	83.6	275.9	172.2	8,802.0
2015	7,718.8	137.3	927.5	45.7	241.6	2,050.1	91.2	364.3	213.9	11,790.4
2020	10,875.6	151.7	1,161.4	50.6	277.0	2,674.5	101.0	481.2	262.2	16,035.2
2025	15,223.0	159.1	1,377.2	55.8	308.7	3,499.7	111.7	633.9	322.2	21,691.2

* See page 24 for details

Table 2A

Benefits and Expenses of Administration
expressed as
Percentages of Contributory Earnings

Existing Plan

"Moderate Inflation" assumptions*

Calendar Year	Retirement Pensions	Disability Pensions			Widows' Pensions		Orphans' Benefits	Death Benefits	Expenses of Administration	Total
		Flat Rate	Earnings Related	Children's Benefits	Flat Rate	Earnings Related				
	(1)	(2a)	(2b)	(2c)	(3a)	(3b)	(4)	(5)	(6)	(7)
1973	.42	.07	.15	.05	.11	.19	.10	.07	.10	1.26
1974	.54	.08	.17	.05	.13	.22	.12	.07	.10	1.48
1975	.67	.08	.19	.05	.14	.25	.13	.08	.10	1.68
1976	.86	.09	.21	.05	.15	.28	.13	.08	.10	1.95
1977	1.03	.09	.22	.05	.15	.31	.13	.09	.10	2.16
1978	1.21	.09	.24	.05	.16	.33	.13	.09	.10	2.39
1979	1.36	.09	.25	.05	.16	.36	.12	.09	.10	2.58
1980	1.52	.09	.27	.05	.16	.39	.12	.10	.10	2.79
1981	1.63	.09	.27	.05	.16	.41	.11	.10	.10	2.91
1982	1.72	.09	.28	.04	.16	.43	.11	.10	.10	3.03
1983	1.81	.08	.28	.04	.16	.45	.10	.10	.10	3.13
1984	1.90	.08	.29	.04	.16	.47	.09	.10	.10	3.23
1985	1.98	.08	.29	.04	.15	.49	.09	.10	.10	3.32
1990	2.41	.07	.31	.03	.14	.59	.07	.12	.10	3.85
1995	2.75	.06	.33	.03	.12	.67	.06	.13	.10	4.25
2000	2.90	.06	.35	.02	.11	.73	.05	.13	.10	4.44
2005	2.90	.05	.37	.02	.09	.75	.04	.14	.10	4.46
2010	2.97	.05	.40	.02	.08	.77	.03	.15	.10	4.57
2015	3.31	.04	.42	.01	.07	.81	.03	.16	.10	4.95
2020	3.80	.03	.43	.01	.06	.86	.02	.17	.10	5.49
2025	4.35	.03	.42	.01	.05	.92	.02	.18	.10	6.08

* See page 24 for details

Table 2E

Benefits and Expenses of Administration
expressed as
Percentages of Contributory Earnings

Existing Plan		Percentages of Contributory Earnings					"Reasonable Stability" assumptions*			
Calendar Year	Retirement Pensions	Disability Pensions			Widows' Pensions		Orphans' Benefits	Death Benefits	Expenses of Administration	Total
		Flat Rate	Earnings Related	Children's Benefits	Flat Rate	Earnings Related				
	(1)	(2a)	(2b)	(2c)	(3a)	(3b)	(4)	(5)	(6)	(7)
1973	.42	.07	.15	.05	.11	.19	.11	.07	.10	1.27
1974	.55	.08	.17	.05	.13	.22	.12	.07	.10	1.50
1975	.68	.08	.19	.05	.14	.25	.13	.08	.10	1.71
1976	.88	.09	.21	.05	.15	.29	.14	.08	.10	1.99
1977	1.06	.09	.23	.05	.16	.32	.14	.09	.10	2.24
1978	1.27	.09	.25	.05	.17	.35	.14	.09	.10	2.51
1979	1.45	.10	.26	.05	.17	.38	.13	.10	.10	2.74
1980	1.61	.10	.27	.05	.18	.41	.13	.10	.10	2.95
1981	1.74	.10	.28	.05	.18	.44	.12	.10	.10	3.12
1982	1.87	.10	.29	.05	.18	.47	.12	.11	.10	3.28
1983	1.98	.10	.29	.05	.18	.50	.11	.11	.10	3.42
1984	2.09	.10	.30	.05	.18	.53	.11	.11	.10	3.56
1985	2.19	.09	.30	.04	.18	.56	.11	.11	.10	3.69
1990	2.70	.09	.32	.04	.18	.70	.09	.13	.10	4.35
1995	3.04	.08	.34	.04	.16	.79	.08	.14	.10	4.76
2000	3.19	.08	.36	.03	.15	.86	.07	.15	.10	4.97
2005	3.21	.07	.39	.03	.13	.89	.06	.15	.10	5.03
2010	3.26	.07	.42	.02	.12	.91	.05	.16	.10	5.11
2015	3.61	.06	.43	.02	.11	.96	.04	.17	.10	5.51
2020	4.15	.06	.44	.02	.11	1.02	.04	.18	.10	6.12
2025	4.72	.05	.43	.02	.10	1.09	.03	.20	.10	6.73

* See page 24 for details

Existing Plan

Table 3A

"Moderate Inflation" assumptions*

Fund Accumulations

(Fund in billions of dollars, other dollar figures in millions, contribution rate as per cent of contributory earnings)

Calendar Year	Benefits and Expenses	Fund A			Fund B				Fund C			
		3.6% Contribution Rate			Cash Flow to Provinces Decreases until Zero				Cash Flow to Provinces Decreases until Negative and Equal to Interest on Fund			
		Contributions	Cash Flow to Provinces	Fund	Contribution Rate	Contributions	Cash Flow to Provinces	Fund	Contribution Rate	Contributions	Cash Flow to Provinces	Fund
\$ (1)	\$ (2)	\$ (3)	\$ (4)	% (5)	\$ (6)	\$ (7)	\$ (8)	% (9)	\$ (10)	\$ (11)	\$ (12)	
1973	327	933	606	6.6	3.60	933	606	6.6	3.60	933	606	6.6
1974	404	983	579	7.7	3.60	983	579	7.7	3.60	983	579	7.7
1975	492	1,053	561	8.8	3.60	1,053	561	8.8	3.60	1,053	561	8.8
1976	605	1,119	513	9.9	3.60	1,119	513	9.9	3.60	1,119	513	9.9
1977	733	1,222	489	11.1	3.60	1,222	489	11.1	3.60	1,222	489	11.1
1978	871	1,310	440	12.3	3.60	1,310	440	12.3	3.60	1,310	440	12.3
1979	1,020	1,423	403	13.5	3.60	1,423	403	13.5	3.60	1,423	403	13.5
1980	1,178	1,521	343	14.8	3.60	1,521	343	14.8	3.60	1,521	343	14.8
1981	1,334	1,647	314	16.1	3.60	1,647	314	16.1	3.60	1,647	314	16.1
1982	1,499	1,783	284	17.5	3.60	1,783	284	17.5	3.60	1,783	284	17.5
1983	1,675	1,928	252	18.9	3.60	1,928	252	18.9	3.60	1,928	252	18.9
1984	1,865	2,080	216	20.4	3.60	2,080	216	20.4	3.60	2,080	216	20.4
1985	2,068	2,241	173	21.9	3.60	2,241	173	21.9	3.60	2,241	173	21.9
1990	3,358	3,141	-217	30.1	3.85	3,358	0	30.5	3.60	3,141	-217	30.1
1995	5,125	4,343	-781	38.3	4.25	5,125	0	41.8	3.60	4,343	-781	38.3
2000	7,458	6,048	-1,410	46.0	4.44	7,458	0	57.4	3.60	6,048	-1,410	46.0
2005	10,573	8,537	-2,036	52.9	4.46	10,573	0	78.6	3.60	8,537	-2,036	52.9
2010	15,092	11,887	-3,205	57.5	4.57	15,092	0	107.8	3.60	11,887	-3,205	57.5
2015	22,362	16,272	-6,090	52.0	4.95	22,362	0	147.8	4.12	18,616	-3,746	57.6
2020	33,633	22,057	-11,576	19.7	5.49	33,633	0	202.6	4.88	29,887	-3,746	57.6
2025	50,225	29,740	-20,485	-67.0	6.08	50,225	0	277.8	5.63	46,479	-3,746	57.6

Existing Plan

Table 3B

"Reasonable Stability" assumptions

Fund Accumulations

(Fund in billions of dollars, other dollar figures in millions, contribution rate as per cent of contributory earnings)

Calendar Year	Benefits and Expenses	Fund A			Fund B				Fund C			
		3.6% Contribution Rate			Cash Flow to Provinces Decreases until Zero				Cash Flow to Provinces Decreases until Negative and Equal to Interest on Fund			
		Contributions	Cash Flow to Provinces	Fund	Contribution Rate	Contributions	Cash Flow to Provinces	Fund	Contribution Rate	Contributions	Cash Flow to Provinces	Fund
\$ (1)	\$ (2)	\$ (3)	\$ (4)	% (5)	\$ (6)	\$ (7)	\$ (8)	% (9)	\$ (10)	\$ (11)	\$ (12)	
1973	326	925	599	6.6	3.60	925	599	6.6	3.60	925	599	6.6
1974	404	970	567	7.6	3.60	970	567	7.6	3.60	970	567	7.6
1975	491	1,034	543	8.7	3.60	1,034	543	8.7	3.60	1,034	543	8.7
1976	603	1,092	489	9.8	3.60	1,092	489	9.8	3.60	1,092	489	9.8
1977	727	1,170	443	10.8	3.60	1,170	443	10.8	3.60	1,170	443	10.8
1978	861	1,233	372	11.9	3.60	1,233	372	11.9	3.60	1,233	372	11.9
1979	1,003	1,317	314	12.9	3.60	1,317	314	12.9	3.60	1,317	314	12.9
1980	1,152	1,405	253	13.9	3.60	1,405	253	13.9	3.60	1,405	253	13.9
1981	1,298	1,497	199	14.9	3.60	1,497	199	14.9	3.60	1,497	199	14.9
1982	1,449	1,592	143	15.9	3.60	1,592	143	15.9	3.60	1,592	143	15.9
1983	1,606	1,691	85	16.9	3.60	1,691	85	16.9	3.60	1,691	85	16.9
1984	1,769	1,791	22	17.8	3.60	1,791	22	17.8	3.60	1,791	22	17.8
1985	1,938	1,893	-45	18.8	3.69	1,938	0	18.8	3.60	1,893	-45	18.8
1990	2,887	2,389	-498	22.6	4.35	2,887	0	24.3	3.60	2,389	-498	22.6
1995	3,993	3,018	-975	24.2	4.76	3,993	0	30.5	3.60	3,018	-975	24.2
2000	5,276	3,819	-1,457	23.3	4.97	5,276	0	38.1	3.95	4,187	-1,090	24.2
2005	6,795	4,859	-1,936	19.7	5.03	6,795	0	47.6	4.23	5,705	-1,090	24.2
2010	8,802	6,199	-2,603	12.1	5.11	8,802	0	59.6	4.48	7,712	-1,090	24.2
2015	11,790	7,699	-4,092	-3.3	5.51	11,790	0	74.5	5.00	10,701	-1,090	24.2
2020	16,035	9,438	-6,597	-33.8	6.12	16,035	0	93.3	5.70	14,945	-1,090	24.2
2025	21,691	11,601	-10,090	-88.6	6.73	21,691	0	116.8	6.39	20,601	-1,090	24.2

* See page 24 for details

Table 4A

Proposed Plan

Benefits and Expenses of Administration
(in millions of dollars)

'Moderate Inflation' assumptions*

Calendar Year	Retirement Pensions	Disability Pensions			Widows' Pensions		Orphans' Benefits	Death Benefits	Expenses of Administration	Total
		Flat Rate	Earnings Related	Children's Benefits	Flat Rate	Earnings Related				
	(1)	(2a)	(2b)	(2c)	(3a)	(3b)	(4)	(5)	(6)	(7)
1973	109.1	18.7	38.1	13.0	28.9	48.1	27.1	17.6	25.9	326.6
1974	157.4	24.3	46.0	16.2	39.4	64.7	37.4	21.5	29.8	436.8
1975	212.2	27.7	56.7	17.6	46.9	80.4	44.2	25.5	33.2	544.5
1976	299.8	31.2	69.9	19.0	54.2	97.9	48.4	29.7	35.3	685.5
1977	401.4	34.8	85.1	20.3	61.6	117.7	52.3	34.1	38.5	845.9
1978	515.7	38.5	101.9	21.7	69.1	140.0	55.7	38.8	41.4	1,022.6
1979	641.4	42.2	119.8	23.0	76.6	164.9	58.7	43.7	44.4	1,214.6
1980	776.9	45.9	138.4	24.2	84.2	192.7	61.4	48.9	48.1	1,420.8
1981	910.7	49.3	154.9	25.4	91.5	223.6	63.7	54.4	52.1	1,625.6
1982	1,054.3	52.7	171.8	26.5	98.8	257.9	65.8	60.3	56.3	1,844.4
1983	1,208.8	56.1	189.3	27.7	106.3	295.7	67.7	66.7	60.9	2,079.0
1984	1,375.5	59.6	207.6	28.8	114.0	337.2	69.5	73.5	65.7	2,331.3
1985	1,555.7	63.1	226.8	30.1	121.8	382.8	71.3	80.9	70.7	2,603.1
1990	2,699.5	83.4	342.1	39.3	165.6	678.5	86.1	128.3	98.9	4,321.6
1995	4,282.0	105.9	496.9	50.5	207.6	1,095.1	105.9	195.2	137.1	6,676.3
2000	6,291.3	138.2	734.7	61.7	264.9	1,695.0	124.4	289.7	191.6	9,791.5
2005	8,874.6	183.2	1,106.3	72.8	332.5	2,511.1	146.8	427.3	268.2	13,923.0
2010	12,614.1	244.0	1,666.7	86.3	426.4	3,645.7	172.8	621.8	373.7	19,851.4
2015	19,021.9	308.6	2,372.0	104.2	550.4	5,242.0	207.8	901.5	513.2	29,221.5
2020	29,355.4	376.2	3,262.4	127.2	696.1	7,540.8	253.9	1,306.5	694.8	43,613.2
2025	44,964.4	435.3	4,254.2	154.6	855.7	10,875.5	309.7	1,888.4	937.5	64,675.1

* See page 24 for details

Table 4B

Proposed PlanBenefits and Expenses of Administration
(in millions of dollars)"Reasonable Stability" assumptions*

Calendar Year	Retirement Pensions	Disability Pensions			Widows' Pensions		Orphans' Benefits	Death Benefits	Expenses of Administration	Total
		Flat Rate	Earnings Related	Children's Benefits	Flat Rate	Earnings Related				
	(1)	(2a)	(2b)	(2c)	(3a)	(3b)	(4)	(5)	(6)	(7)
1973	109.1	18.7	38.1	13.0	28.9	48.1	27.1	17.6	25.7	326.3
1974	154.8	23.8	45.1	15.8	38.4	63.9	36.6	21.4	29.4	429.1
1975	207.0	26.7	54.6	17.0	45.2	78.5	42.6	25.3	32.2	528.9
1976	289.7	29.4	66.1	18.0	51.3	94.4	45.8	29.2	33.9	657.8
1977	383.9	32.1	79.3	18.9	57.2	111.8	48.5	33.2	36.3	801.2
1978	487.8	34.8	93.5	19.7	62.8	131.0	50.6	37.3	38.4	956.0
1979	599.6	37.3	108.3	20.5	68.3	151.9	52.4	41.5	41.0	1,120.9
1980	717.3	39.7	123.2	21.2	73.6	174.8	53.7	45.8	43.0	1,292.4
1981	829.7	41.9	135.0	21.8	78.5	199.9	54.6	50.2	45.8	1,457.3
1982	946.6	44.0	146.5	22.3	83.2	227.1	55.3	54.6	48.8	1,628.3
1983	1,068.5	46.0	158.0	22.8	87.7	256.3	55.8	59.3	51.9	1,806.3
1984	1,196.1	47.9	169.6	23.3	92.2	287.7	56.2	64.1	55.1	1,992.3
1985	1,329.8	49.9	181.5	23.8	96.6	321.3	56.5	69.3	58.3	2,187.0
1990	2,106.9	60.1	251.8	28.2	119.0	523.4	61.9	100.0	74.6	3,325.9
1995	3,038.3	68.9	331.6	32.9	135.3	774.9	69.0	138.7	93.7	4,683.4
2000	4,051.2	81.3	445.9	36.4	156.5	1,097.2	73.5	187.1	118.7	6,247.9
2005	5,183.1	98.2	608.3	39.0	178.2	1,481.5	78.7	251.0	151.3	8,069.2
2010	6,683.3	118.2	831.1	41.9	207.1	1,955.3	83.9	331.2	191.5	10,443.5
2015	9,143.1	135.7	1,072.4	45.9	242.4	2,552.4	91.5	435.5	238.6	13,957.6
2020	12,782.1	150.1	1,336.7	50.8	277.9	3,333.8	101.4	572.3	293.6	18,898.7
2025	17,719.4	157.3	1,583.7	56.0	309.7	4,365.6	112.1	750.2	358.8	25,412.6

* See page 24 for details

Table 5A

Benefits and Expenses of Administration
expressed as
Percentages of Contributory Earnings

Proposed Plan

"Moderate Inflation" assumptions*

Calendar Year	Retirement Pensions	Disability Pensions			Widows' Pensions		Orphans' Benefits	Death Benefits	Expenses of Administration	Total
		Flat Rate	Earnings Related	Children's Benefits	Flat Rate	Earnings Related				
	(1)	(2a)	(2b)	(2c)	(3a)	(3b)	(4)	(5)	(6)	(7)
1973	.42	.07	.15	.05	.11	.19	.10	.07	.10	1.26
1974	.53	.08	.15	.05	.13	.22	.13	.07	.10	1.46
1975	.64	.08	.17	.05	.14	.24	.13	.08	.10	1.64
1976	.85	.09	.20	.05	.15	.28	.14	.08	.10	1.94
1977	1.04	.09	.22	.05	.16	.31	.14	.09	.10	2.20
1978	1.25	.09	.25	.05	.17	.34	.13	.09	.10	2.47
1979	1.45	.10	.27	.05	.17	.37	.13	.10	.10	2.74
1980	1.62	.10	.29	.05	.18	.40	.13	.10	.10	2.95
1981	1.75	.09	.30	.05	.18	.43	.12	.10	.10	3.12
1982	1.87	.09	.30	.05	.18	.46	.12	.11	.10	3.27
1983	1.99	.09	.31	.05	.17	.49	.11	.11	.10	3.42
1984	2.09	.09	.32	.04	.17	.51	.11	.11	.10	3.55
1985	2.20	.09	.32	.04	.17	.54	.10	.11	.10	3.68
1990	2.73	.08	.35	.04	.17	.69	.09	.13	.10	4.37
1995	3.12	.08	.36	.04	.15	.80	.08	.14	.10	4.87
2000	3.28	.07	.38	.03	.14	.88	.06	.15	.10	5.11
2005	3.31	.07	.41	.03	.12	.94	.05	.16	.10	5.19
2010	3.38	.07	.45	.02	.11	.98	.05	.17	.10	5.31
2015	3.71	.06	.46	.02	.11	1.02	.04	.18	.10	5.69
2020	4.23	.05	.47	.02	.10	1.09	.04	.19	.10	6.28
2025	4.80	.05	.45	.02	.09	1.16	.03	.20	.10	6.90

* See page 24 for details

Table 5B

Benefits and Expenses of Administration
expressed as
Percentages of Contributory Earnings

Proposed Plan

"Reasonable Stability" assumptions*

Calendar Year	Retirement Pensions	Disability Pensions			Widows' Pensions		Orphans' Benefits	Death Benefits	Expenses of Administration	Total
		Flat Rate	Earnings Related	Children's Benefits	Flat Rate	Earnings Related				
	(1)	(2a)	(2b)	(2c)	(3a)	(3b)	(4)	(5)	(6)	(7)
1973	.42	.07	.15	.05	.11	.19	.11	.07	.10	1.27
1974	.53	.08	.15	.05	.13	.22	.12	.07	.10	1.46
1975	.64	.08	.17	.05	.14	.24	.13	.08	.10	1.64
1976	.85	.09	.19	.05	.15	.28	.14	.09	.10	1.94
1977	1.06	.09	.22	.05	.16	.31	.13	.09	.10	2.21
1978	1.27	.09	.24	.05	.16	.34	.13	.10	.10	2.49
1979	1.46	.09	.26	.05	.17	.37	.13	.10	.10	2.73
1980	1.67	.09	.29	.05	.17	.41	.12	.11	.10	3.01
1981	1.81	.09	.29	.05	.17	.44	.12	.11	.10	3.18
1982	1.94	.09	.30	.05	.17	.47	.11	.11	.10	3.34
1983	2.06	.09	.30	.04	.17	.49	.11	.11	.10	3.48
1984	2.17	.09	.31	.04	.17	.52	.10	.12	.10	3.62
1985	2.28	.09	.31	.04	.17	.55	.10	.12	.10	3.75
1990	2.83	.08	.34	.04	.16	.70	.08	.13	.10	4.46
1995	3.24	.07	.35	.04	.14	.83	.07	.15	.10	5.00
2000	3.41	.07	.38	.03	.13	.92	.06	.16	.10	5.26
2005	3.42	.06	.40	.03	.12	.98	.05	.17	.10	5.33
2010	3.49	.06	.43	.02	.11	1.02	.04	.17	.10	5.45
2015	3.83	.06	.45	.02	.10	1.07	.04	.18	.10	5.85
2020	4.35	.05	.46	.02	.09	1.14	.03	.19	.10	6.44
2025	4.94	.04	.44	.02	.09	1.22	.03	.21	.10	7.08

* See page 24 for details

Table 6A

Proposed Plan

'Moderate Inflation' assumption*

Fund Accumulations

(Fund in billions of dollars, other dollar figures in millions, contribution rate as per cent of contributory earnings)

Calendar Year	Benefits and Expenses	Fund A			Fund B				Fund C			
		3.6% Contribution Rate			Cash Flow to Provinces Decreases until Zero				Cash Flow to Provinces Decreases until Negative and Equal to Interest on Fund			
		Contributions	Cash Flow to Provinces	Fund	Contribution Rate	Contributions	Cash Flow to Provinces	Fund	Contribution Rate	Contributions	Cash Flow to Provinces	Fund
\$ (1)	\$ (2)	\$ (3)	\$ (4)	% (5)	\$ (6)	\$ (7)	\$ (8)	% (9)	\$ (10)	\$ (11)	\$ (12)	
1973	327	933	606	6.6	3.60	933	606	6.6	3.60	933	606	6.6
1974	437	1,074	637	7.7	3.60	1,074	637	7.7	3.60	1,074	637	7.7
1975	544	1,195	651	8.9	3.60	1,195	651	8.9	3.60	1,195	651	8.9
1976	686	1,272	586	10.1	3.60	1,272	586	10.1	3.60	1,272	586	10.1
1977	846	1,386	540	11.4	3.60	1,386	540	11.4	3.60	1,386	540	11.4
1978	1,023	1,490	467	12.6	3.60	1,490	467	12.6	3.60	1,490	467	12.6
1979	1,215	1,598	383	13.9	3.60	1,598	383	13.9	3.60	1,598	383	13.9
1980	1,421	1,731	310	15.1	3.60	1,731	310	15.1	3.60	1,731	310	15.1
1981	1,626	1,874	249	16.4	3.60	1,874	249	16.4	3.60	1,874	249	16.4
1982	1,844	2,028	183	17.7	3.60	2,028	183	17.7	3.60	2,028	183	17.7
1983	2,079	2,192	113	19.0	3.60	2,192	113	19.0	3.60	2,192	113	19.0
1984	2,331	2,365	33	20.3	3.60	2,365	33	20.3	3.60	2,365	33	20.3
1985	2,603	2,546	-57	21.6	3.68	2,603	0	21.7	3.60	2,546	-57	21.6
1990	4,322	3,562	-760	27.4	4.37	4,322	0	29.9	3.60	3,562	-760	27.4
1995	6,676	4,934	-1,742	30.2	4.87	6,676	0	41.1	3.60	4,934	-1,742	30.2
2000	9,791	6,896	-2,895	27.6	5.11	9,791	0	56.3	4.09	7,830	-1,962	30.2
2005	13,923	9,657	-4,266	16.8	5.19	13,923	0	77.2	4.46	11,961	-1,962	30.2
2010	19,851	13,453	-6,398	-7.9	5.31	19,851	0	105.8	4.79	17,890	-1,962	30.2
2015	29,221	18,473	-10,748	-60.6	5.69	29,221	0	145.1	5.31	27,260	-1,962	30.2
2020	43,613	25,013	-18,600	-168.8	6.28	43,613	0	198.9	5.99	41,652	-1,962	30.2
2025	64,675	33,750	-30,925	-376.6	6.90	64,675	0	272.7	6.69	62,713	-1,962	30.2

* See page 24 for details

Table 6B

Proposed Plan

Fund Accumulations

Reasonable Stability assumptions*

(Fund in billions of dollars, other dollar figures in millions, contribution rate as per cent of contributory earnings)

Calendar Year	Benefits and Expenses	Fund A			Fund B				Fund C			
		3.6% Contribution Rate			Cash Flow to Provinces Decreases until Zero				Cash Flow to Provinces Decreases until Negative and Equal to Interest on Fund			
		Contributions	Cash Flow to Provinces	Fund	Contribution Rate	Contributions	Cash Flow to Provinces	Fund	Contribution Rate	Contributions	Cash Flow to Provinces	Fund
\$ (1)	\$ (2)	\$ (3)	\$ (4)	% (5)	\$ (6)	\$ (7)	\$ (8)	% (9)	\$ (10)	\$ (11)	\$ (12)	
1973	326	925	599	6.6	3.60	925	599	6.6	3.60	925	599	6.6
1974	429	1,057	628	7.7	3.60	1,057	628	7.7	3.60	1,057	628	7.7
1975	529	1,158	630	8.8	3.60	1,158	630	8.8	3.60	1,158	630	8.8
1976	658	1,221	563	10.0	3.60	1,221	563	10.0	3.60	1,221	563	10.0
1977	801	1,308	507	11.1	3.60	1,308	507	11.1	3.60	1,308	507	11.1
1978	956	1,381	425	12.2	3.60	1,381	425	12.2	3.60	1,381	425	12.2
1979	1,121	1,476	355	13.3	3.60	1,476	355	13.3	3.60	1,476	355	13.3
1980	1,292	1,547	255	14.4	3.60	1,547	255	14.4	3.60	1,547	255	14.4
1981	1,457	1,649	192	15.4	3.60	1,649	192	15.4	3.60	1,649	192	15.4
1982	1,628	1,756	128	16.4	3.60	1,756	128	16.4	3.60	1,756	128	16.4
1983	1,806	1,867	61	17.4	3.60	1,867	61	17.4	3.60	1,867	61	17.4
1984	1,992	1,982	-10	18.3	3.62	1,992	0	18.3	3.60	1,982	-10	18.3
1985	2,187	2,099	-88	19.2	3.75	2,187	0	19.3	3.60	2,099	-88	19.2
1990	3,326	2,684	-642	22.7	4.46	3,326	0	24.9	3.60	2,684	-642	22.7
1995	4,683	3,374	-1,310	22.9	5.00	4,683	0	31.3	3.88	3,638	-1,046	23.2
2000	6,248	4,272	-1,975	19.2	5.26	6,248	0	39.1	4.38	5,202	-1,046	23.2
2005	8,069	5,449	-2,621	11.2	5.33	8,069	0	48.8	4.64	7,023	-1,046	23.2
2010	10,443	6,896	-3,548	-3.0	5.45	10,443	0	61.1	4.91	9,398	-1,046	23.2
2015	13,958	8,591	-5,366	-28.4	5.85	13,958	0	76.4	5.41	12,912	-1,046	23.2
2020	18,899	10,571	-8,327	-73.5	6.44	18,899	0	95.6	6.08	17,853	-1,046	23.2
2025	25,413	12,915	-12,498	-149.6	7.08	25,413	0	119.7	6.79	24,367	-1,046	23.2

* See page 24 for details

Table 7A

Benefits and Expenses of Administration
(in millions of dollars)

"Moderate Inflation" assumptions*

Calendar Year	Existing Plan				Proposed Plan			
	Retirement Pensions	Disability Pensions**	Survivors' and Death Benefits	Total***	Retirement Pensions	Disability Pensions**	Survivors' and Death Benefits	Total***
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1973	109.1	69.8	121.7	326.6	109.1	69.8	121.7	326.6
1974	148.6	80.8	147.3	404.1	157.4	86.5	163.0	436.8
1975	194.9	93.2	174.5	491.8	212.2	102.0	197.0	544.5
1976	266.4	106.9	201.0	605.3	299.8	120.1	230.2	685.5
1977	348.1	121.6	228.8	732.5	401.4	140.2	265.7	845.9
1978	439.1	137.2	258.1	870.9	515.7	162.1	303.6	1,022.6
1979	537.9	153.5	289.3	1,020.2	641.4	185.0	343.9	1,214.6
1980	643.6	170.2	322.2	1,178.2	776.9	208.5	387.2	1,420.8
1981	745.5	185.5	356.8	1,333.7	910.7	229.6	433.2	1,625.6
1982	854.2	201.5	393.8	1,498.9	1,054.3	251.0	482.8	1,844.4
1983	970.8	217.9	433.2	1,675.3	1,208.8	273.1	536.4	2,079.0
1984	1,096.4	235.0	475.4	1,864.5	1,375.5	296.0	594.2	2,331.3
1985	1,232.1	253.0	520.8	2,068.1	1,555.7	320.0	656.8	2,603.1
1990	2,102.3	362.7	805.8	3,358.1	2,699.5	464.8	1,058.5	4,321.6
1995	3,316.8	505.0	1,182.3	5,124.6	4,282.0	653.3	1,603.8	6,676.3
2000	4,863.9	717.3	1,708.8	7,457.9	6,291.3	934.6	2,374.0	9,791.5
2005	6,871.7	1,049.2	2,415.0	10,573.0	8,874.6	1,362.3	3,417.7	13,923.0
2010	9,817.1	1,539.2	3,405.1	15,091.6	12,614.1	1,997.0	4,866.7	19,851.4
2015	14,943.2	2,157.0	4,810.0	22,362.1	19,021.9	2,784.8	6,901.7	29,221.5
2020	23,276.3	2,925.6	6,818.4	33,632.7	29,355.4	3,765.8	9,797.3	43,613.2
2025	35,952.1	3,764.5	9,682.2	50,224.9	44,964.4	4,844.1	13,929.3	64,675.1

* See page 24 for details

** Includes pensions for children of disabled contributors

*** Includes expenses of administration

Table 7B

Benefits and Expenses of Administration
(in millions of dollars)

"Reasonable Stability" assumptions*

Calendar Year	Existing Plan				Proposed Plan			
	Retirement Pensions (1)	Disability Pensions** (2)	Survivors' and Death Benefits (3)	Total*** (4)	Retirement Pensions (5)	Disability Pensions** (6)	Survivors' and Death Benefits (7)	Total*** (8)
1973	109.1	69.8	121.7	326.3	109.1	69.8	121.7	326.3
1974	148.5	80.8	147.4	403.7	154.8	84.7	160.3	429.1
1975	194.6	93.1	174.5	490.9	207.0	98.3	191.6	528.9
1976	265.6	106.4	200.8	603.1	289.7	113.5	220.7	657.8
1977	346.0	120.5	228.3	727.3	383.9	130.3	250.7	801.2
1978	434.3	135.0	257.2	860.8	487.8	148.0	281.7	956.0
1979	529.2	149.9	287.4	1,003.1	599.6	166.1	314.1	1,120.9
1980	629.0	164.8	319.0	1,151.9	717.3	184.1	347.9	1,292.4
1981	725.5	178.0	352.7	1,297.8	829.7	198.7	383.2	1,457.3
1982	825.8	191.1	388.1	1,449.1	946.6	212.8	420.2	1,628.3
1983	930.0	204.1	424.8	1,605.9	1,068.5	226.8	459.1	1,806.3
1984	1,038.4	217.2	463.4	1,768.7	1,196.1	240.8	500.2	1,992.3
1985	1,151.3	230.5	503.3	1,937.7	1,329.8	255.2	543.7	2,187.0
1990	1,790.4	302.9	727.6	2,887.2	2,106.9	340.1	804.3	3,325.9
1995	2,545.5	383.6	980.0	3,992.8	3,038.3	433.4	1,117.9	4,683.4
2000	3,381.0	496.3	1,292.9	5,276.3	4,051.2	563.6	1,514.3	6,247.9
2005	4,333.5	658.3	1,668.0	6,794.7	5,183.1	745.5	1,989.4	8,069.2
2010	5,612.7	876.4	2,140.8	8,802.0	6,683.3	991.2	2,577.5	10,443.5
2015	7,718.8	1,110.5	2,747.2	11,790.4	9,143.1	1,254.0	3,321.8	13,957.6
2020	10,875.6	1,363.7	3,533.7	16,035.2	12,782.1	1,537.6	4,285.4	18,898.7
2025	15,223.0	1,592.1	4,554.0	21,691.2	17,719.4	1,797.0	5,537.6	25,412.6

* See page 24 for details

** Includes pensions for children of disabled contributors

*** Includes expenses of administration

Table 8A

Benefits and Expenses of Administration
expressed as
Percentages of Contributory Earnings

"Moderate Inflation" assumptions*

Calendar Year	Existing Plan				Proposed Plan			
	Retirement Pensions	Disability Pensions**	Survivors' and Death Benefits	Total***	Retirement Pensions	Disability Pensions**	Survivors' and Death Benefits	Total***
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1973	.42	.27	.47	1.26	.42	.27	.47	1.26
1974	.54	.30	.54	1.48	.53	.28	.55	1.46
1975	.67	.32	.60	1.68	.64	.30	.59	1.64
1976	.86	.35	.64	1.95	.85	.34	.65	1.94
1977	1.03	.36	.68	2.16	1.04	.36	.70	2.20
1978	1.21	.38	.71	2.39	1.25	.39	.73	2.47
1979	1.36	.39	.73	2.58	1.45	.42	.77	2.74
1980	1.52	.41	.77	2.79	1.62	.44	.81	2.95
1981	1.63	.41	.78	2.91	1.75	.44	.83	3.12
1982	1.72	.41	.80	3.03	1.87	.44	.87	3.27
1983	1.81	.40	.81	3.13	1.99	.45	.88	3.42
1984	1.90	.41	.82	3.23	2.09	.45	.90	3.55
1985	1.98	.41	.83	3.32	2.20	.45	.92	3.68
1990	2.41	.41	.92	3.85	2.73	.47	1.08	4.37
1995	2.75	.42	.98	4.25	3.12	.48	1.17	4.87
2000	2.90	.43	1.02	4.44	3.28	.48	1.23	5.11
2005	2.90	.44	1.02	4.46	3.31	.51	1.27	5.19
2010	2.97	.47	1.03	4.57	3.38	.54	1.31	5.31
2015	3.31	.47	1.07	4.95	3.71	.54	1.35	5.69
2020	3.80	.47	1.11	5.49	4.23	.54	1.42	6.28
2025	4.35	.46	1.17	6.08	4.80	.52	1.48	6.90

* See page 24 for details

** Includes pensions for children of disabled contributors

*** Includes expenses of administration

Table 8B

Benefits and Expenses of Administration
expressed as
Percentages of Contributory Earnings

"Reasonable Stability" assumptions*

Calendar Year	Existing Plan				Proposed Plan			
	Retirement Pensions	Disability Pensions**	Survivors' and Death Benefits	Total***	Retirement Pensions	Disability Pensions**	Survivors' and Death Benefits	Total***
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1973	.42	.27	.48	1.27	.42	.27	.48	1.27
1974	.55	.30	.54	1.50	.53	.28	.54	1.46
1975	.68	.32	.60	1.71	.64	.30	.59	1.64
1976	.88	.35	.66	1.99	.85	.33	.66	1.94
1977	1.06	.37	.71	2.24	1.06	.36	.69	2.21
1978	1.27	.39	.75	2.51	1.27	.38	.73	2.49
1979	1.45	.41	.78	2.74	1.46	.40	.77	2.73
1980	1.61	.42	.82	2.95	1.67	.43	.81	3.01
1981	1.74	.43	.84	3.12	1.81	.43	.84	3.18
1982	1.87	.44	.88	3.28	1.94	.44	.86	3.34
1983	1.98	.44	.90	3.42	2.06	.43	.88	3.48
1984	2.09	.45	.93	3.56	2.17	.44	.91	3.62
1985	2.19	.43	.96	3.69	2.28	.44	.94	3.75
1990	2.70	.45	1.10	4.35	2.83	.46	1.07	4.46
1995	3.04	.46	1.17	4.76	3.24	.46	1.19	5.00
2000	3.19	.47	1.23	4.97	3.41	.48	1.27	5.26
2005	3.21	.49	1.23	5.03	3.42	.49	1.32	5.33
2010	3.26	.51	1.24	5.11	3.49	.51	1.34	5.45
2015	3.61	.51	1.28	5.51	3.83	.53	1.39	5.85
2020	4.15	.52	1.35	6.12	4.35	.53	1.45	6.44
2025	4.72	.50	1.42	6.73	4.94	.50	1.55	7.08

* See page 24 for details

** Includes pensions for children of disabled contributors

*** Includes expenses of administration

Table 9A

Fund A Projections
3.6% contribution rate

"Moderate Inflation" assumptions*

(Fund in billions of dollars, other dollar figures in millions, contribution rate as per cent of contributory earnings)

Calendar Year	Existing Plan				Proposed Plan			
	Benefits and Expenses	Contributions	Cash Flow to Provinces	Fund	Benefits and Expenses	Contributions	Cash Flow to Provinces	Fund
1973	327	933	606	6.6	327	933	606	6.6
1974	404	983	579	7.7	437	1,074	637	7.7
1975	492	1,053	561	8.8	544	1,195	651	8.9
1976	605	1,119	513	9.9	686	1,272	586	10.1
1977	733	1,222	489	11.1	846	1,386	540	11.4
1978	871	1,310	440	12.3	1,023	1,490	467	12.6
1979	1,020	1,423	403	13.5	1,215	1,598	383	13.9
1980	1,178	1,521	343	14.8	1,421	1,731	310	15.1
1981	1,334	1,647	314	16.1	1,626	1,874	249	16.4
1982	1,499	1,783	284	17.5	1,844	2,028	183	17.7
1983	1,675	1,928	252	18.9	2,079	2,192	113	19.0
1984	1,865	2,080	216	20.4	2,331	2,365	33	20.3
1985	2,068	2,241	173	21.9	2,603	2,546	-57	21.6
1990	3,358	3,141	-217	30.1	4,322	3,562	-760	27.4
1995	5,125	4,343	-781	38.3	6,676	4,934	-1,742	30.2
2000	7,458	6,048	-1,410	46.0	9,791	6,896	-2,895	27.6
2005	10,573	8,537	-2,036	52.9	13,923	9,657	-4,266	16.8
2010	15,092	11,887	-3,205	57.5	19,851	13,453	-6,398	-7.9
2015	22,362	16,272	-6,090	52.0	29,221	18,473	-10,748	-60.6
2020	33,633	22,057	-11,576	19.7	43,613	25,013	-18,600	-168.8
2025	50,225	29,740	-20,485	-67.0	64,675	33,750	-30,925	-376.6

* See page 24 for details

Table 9B

Fund A Projections
3.6% contribution rate"Reasonable Stability" assumptions*

(Fund in billions of dollars, other dollar figures in millions, contribution rate as per cent of contributory earnings)

Calendar Year	Existing Plan				Proposed Plan			
	Benefits and Expenses	Contributions	Cash Flow to Provinces	Fund	Benefits and Expenses	Contributions	Cash Flow to Provinces	Fund
	\$	\$	\$	\$	\$	\$	\$	\$
1973	326	925	599	6.6	326	925	599	6.6
1974	404	970	567	7.6	429	1,057	628	7.7
1975	491	1,034	543	8.7	529	1,158	630	8.8
1976	603	1,092	489	9.8	658	1,221	563	10.0
1977	727	1,170	443	10.8	801	1,308	507	11.1
1978	861	1,233	372	11.9	956	1,381	425	12.2
1979	1,003	1,317	314	12.9	1,121	1,476	355	13.3
1980	1,152	1,405	253	13.9	1,292	1,547	255	14.4
1981	1,298	1,497	199	14.9	1,457	1,649	192	15.4
1982	1,449	1,592	143	15.9	1,628	1,756	128	16.4
1983	1,606	1,691	85	16.9	1,806	1,867	61	17.4
1984	1,769	1,791	22	17.8	1,992	1,982	-10	18.3
1985	1,938	1,893	-45	18.8	2,187	2,099	-88	19.2
1990	2,887	2,389	-498	22.6	3,326	2,684	-642	22.7
1995	3,993	3,018	-975	24.2	4,683	3,374	-1,310	22.9
2000	5,276	3,819	-1,457	23.3	6,248	4,272	-1,975	19.2
2005	6,795	4,859	-1,936	19.7	8,069	5,449	-2,621	11.2
2010	8,802	6,199	-2,603	12.1	10,443	6,896	-3,548	-3.0
2015	11,790	7,699	-4,092	-3.3	13,958	8,591	-5,366	-28.4
2020	16,035	9,438	-6,597	-33.8	18,899	10,571	-8,327	-73.5
2025	21,691	11,601	-10,090	-88.6	25,413	12,915	-12,498	-149.6

* See page 24 for details

Table 10A

Fund B Projections
Cash Flow to Provinces Decreases to Zero

"Moderate Inflation" assumptions*

(Fund in billions of dollars, other dollar figures in millions, contribution rate as per cent of contributory earnings)

Calendar Year	Existing Plan					Proposed Plan				
	Benefits and Expenses	Contribution Rate	Contributions	Cash Flow to Provinces	Fund	Benefits and Expenses	Contribution Rate	Contributions	Cash Flow to Provinces	Fund
	\$	%	\$	\$	\$	\$	%	\$	\$	\$
1973	327	3.60	933	606	6.6	327	3.60	933	606	6.6
1974	404	3.60	983	579	7.7	437	3.60	1,074	637	7.7
1975	492	3.60	1,053	561	8.8	544	3.60	1,195	651	8.9
1976	605	3.60	1,119	513	9.9	686	3.60	1,272	586	10.1
1977	733	3.60	1,222	489	11.1	846	3.60	1,386	540	11.4
1978	871	3.60	1,310	440	12.3	1,023	3.60	1,490	467	12.6
1979	1,020	3.60	1,423	403	13.5	1,215	3.60	1,598	383	13.9
1980	1,178	3.60	1,521	343	14.8	1,421	3.60	1,731	310	15.1
1981	1,334	3.60	1,647	314	16.1	1,626	3.60	1,874	249	16.4
1982	1,499	3.60	1,783	284	17.5	1,844	3.60	2,028	183	17.7
1983	1,675	3.60	1,928	252	18.9	2,079	3.60	2,192	113	19.0
1984	1,865	3.60	2,080	216	20.4	2,331	3.60	2,365	33	20.3
1985	2,068	3.60	2,241	173	21.9	2,603	3.68	2,603	0	21.7
1990	3,358	3.85	3,358	0	30.5	4,322	4.37	4,322	0	29.9
1995	5,125	4.25	5,125	0	41.8	6,676	4.87	6,676	0	41.1
2000	7,458	4.44	7,458	0	57.4	9,791	5.11	9,791	0	56.3
2005	10,573	4.46	10,573	0	78.6	13,923	5.19	13,923	0	77.2
2010	15,092	4.57	15,092	0	107.8	19,851	5.31	19,851	0	105.8
2015	22,362	4.95	22,362	0	147.8	29,221	5.69	29,221	0	145.1
2020	33,633	5.49	33,633	0	202.6	43,613	6.28	43,613	0	198.9
2025	50,225	6.08	50,225	0	277.8	64,675	6.90	64,675	0	272.7

* See page 24 for details

Table 10B

Fund B Projections
Cash Flow to Provinces Decreases to Zero

"Reasonable Stability" assumptions*

(Fund in billions of dollars, other dollar figures in millions, contribution rate as
per cent of contributory earnings)

Calendar Year	Existing Plan					Proposed Plan				
	Benefits and Expenses	Contribution Rate	Contributions	Cash Flow to Provinces	Fund	Benefits and Expenses	Contribution Rate	Contributions	Cash Flow to Provinces	Fund
	\$	%	\$	\$	\$	\$	%	\$	\$	\$
1973	326	3.60	925	599	6.6	326	3.60	925	599	6.6
1974	404	3.60	970	567	7.6	429	3.60	1,057	628	7.7
1975	491	3.60	1,034	543	8.7	529	3.60	1,158	630	8.8
1976	603	3.60	1,092	489	9.8	658	3.60	1,221	563	10.0
1977	727	3.60	1,170	443	10.8	801	3.60	1,308	507	11.1
1978	861	3.60	1,233	372	11.9	956	3.60	1,381	425	12.2
1979	1,003	3.60	1,317	314	12.9	1,121	3.60	1,476	355	13.3
1980	1,152	3.60	1,405	253	13.9	1,292	3.60	1,547	255	14.4
1981	1,298	3.60	1,497	199	14.9	1,457	3.60	1,649	192	15.4
1982	1,449	3.60	1,592	143	15.9	1,628	3.60	1,756	128	16.4
1983	1,606	3.60	1,691	85	16.9	1,806	3.60	1,867	61	17.4
1984	1,769	3.60	1,791	22	17.8	1,992	3.62	1,992	0	18.3
1985	1,938	3.69	1,938	0	18.8	2,187	3.75	2,187	0	19.3
1990	2,887	4.35	2,887	0	24.3	3,326	4.46	3,326	0	24.9
1995	3,993	4.76	3,993	0	30.5	4,683	5.00	4,683	0	31.3
2000	5,276	4.97	5,276	0	38.1	6,248	5.26	6,248	0	39.1
2005	6,795	5.03	6,795	0	47.6	8,069	5.33	8,069	0	48.8
2010	8,802	5.11	8,802	0	59.6	10,443	5.45	10,443	0	61.1
2015	11,790	5.51	11,790	0	74.5	13,958	5.85	13,958	0	76.4
2020	16,035	6.12	16,035	0	93.3	18,899	6.44	18,899	0	95.6
2025	21,691	6.73	21,691	0	116.8	25,413	7.08	25,413	0	119.7

* See page 24 for details

Table 11A

"Moderate Inflation" assumptions*

Fund C Projections

Cash Flow to Provinces Decreases until Negative and Equal to Interest on Fund

(Fund in billions of dollars, other dollar figures in millions, contribution rate as per cent of contributory earnings)

Calendar Year	Existing Plan					Proposed Plan				
	Benefits and Expenses	Contribution Rate	Contributions	Cash Flow to Provinces	Fund	Benefits and Expenses	Contribution Rate	Contributions	Cash Flow to Provinces	Fund
	\$	%	\$	\$	\$	\$	\$	\$	\$	\$
1973	327	3.60	933	606	6.6	327	3.60	933	606	6.6
1974	404	3.60	983	579	7.7	437	3.60	1,074	637	7.7
1975	492	3.60	1,053	561	8.8	544	3.60	1,195	651	8.9
1976	605	3.60	1,119	513	9.9	686	3.60	1,272	586	10.1
1977	733	3.60	1,222	489	11.1	846	3.60	1,386	540	11.4
1978	871	3.60	1,310	440	12.3	1,023	3.60	1,490	467	12.6
1979	1,020	3.60	1,423	403	13.5	1,215	3.60	1,598	383	13.9
1980	1,178	3.60	1,521	343	14.8	1,421	3.60	1,731	310	15.1
1981	1,334	3.60	1,647	314	16.1	1,626	3.60	1,874	249	16.4
1982	1,499	3.60	1,783	284	17.5	1,844	3.60	2,028	183	17.7
1983	1,675	3.60	1,928	252	18.9	2,079	3.60	2,192	113	19.0
1984	1,865	3.60	2,080	216	20.4	2,331	3.60	2,365	33	20.3
1985	2,068	3.60	2,241	173	21.9	2,603	3.60	2,546	-57	21.6
1990	3,358	3.60	3,141	-217	30.1	4,322	3.60	3,562	-760	27.4
1995	5,125	3.60	4,343	-781	38.3	6,676	3.60	4,934	-1,742	30.2
2000	7,458	3.60	6,048	-1,410	46.0	9,791	4.09	7,830	-1,962	30.2
2005	10,573	3.60	8,537	-2,036	52.9	13,923	4.46	11,961	-1,962	30.2
2010	15,092	3.60	11,887	-3,205	57.5	19,851	4.79	17,890	-1,962	30.2
2015	22,362	4.12	18,616	-3,746	57.6	29,221	5.31	27,260	-1,962	30.2
2020	33,633	4.88	29,887	-3,746	57.6	43,613	5.99	41,652	-1,962	30.2
2025	50,225	5.63	46,479	-3,746	57.6	64,675	6.69	62,713	-1,962	30.2

* See page 24 for details

Table 11B

"Reasonable Stability" assumptions*

Fund C Projections

Cash Flow to Provinces Decreases until Negative and Equal to Interest on Fund

(Fund in billions of dollars, other dollar figures in millions, contribution rate as per cent of contributory earnings).

Calendar Year	Existing Plan					Proposed Plan				
	Benefits and Expenses	Contribution Rate	Contributions	Cash Flow to Provinces	Fund	Benefits and Expenses	Contribution Rate	Contributions	Cash Flow to Provinces	Fund
	\$	%	\$	\$	\$	\$	%	\$	\$	\$
1973	326	3.60	925	599	6.6	326	3.60	925	599	6.6
1974	404	3.60	970	567	7.6	429	3.60	1,057	628	7.7
1975	491	3.60	1,034	543	8.7	529	3.60	1,158	630	8.8
1976	603	3.60	1,092	489	9.8	658	3.60	1,221	563	10.0
1977	727	3.60	1,170	443	10.8	801	3.60	1,308	507	11.1
1978	861	3.60	1,233	372	11.9	956	3.60	1,381	425	12.2
1979	1,003	3.60	1,317	314	12.9	1,121	3.60	1,476	355	13.3
1980	1,152	3.60	1,405	253	13.9	1,292	3.60	1,547	255	14.4
1981	1,298	3.60	1,497	199	14.9	1,457	3.60	1,649	192	15.4
1982	1,449	3.60	1,592	143	15.9	1,628	3.60	1,756	128	16.4
1983	1,606	3.60	1,691	85	16.9	1,806	3.60	1,867	61	17.4
1984	1,769	3.60	1,791	22	17.8	1,992	3.60	1,982	-10	18.3
1985	1,938	3.60	1,893	-45	18.8	2,187	3.60	2,099	-88	19.2
1990	2,887	3.60	2,389	-498	22.6	3,326	3.60	2,684	-642	22.7
1995	3,993	3.60	3,018	-975	24.2	4,683	3.88	3,638	-1,046	23.2
2000	5,276	3.95	4,187	-1,090	24.2	6,248	4.38	5,202	-1,046	23.2
2005	6,795	4.23	5,705	-1,090	24.2	8,069	4.64	7,023	-1,046	23.2
2010	8,802	4.48	7,712	-1,090	24.2	10,443	4.91	9,398	-1,046	23.2
2015	11,790	5.00	10,701	-1,090	24.2	13,958	5.41	12,912	-1,046	23.2
2020	16,035	5.70	14,945	-1,090	24.2	18,899	6.08	17,853	-1,046	23.2
2025	21,691	6.39	20,601	-1,090	24.2	25,413	6.79	24,367	-1,046	23.2

* See page 24 for details

VI. OBSERVATIONS AND CONCLUSIONS

1. As indicated in section IV, the two sets of financial estimates contained in this report are based on the same two sets of economic assumptions as were used for purposes of the preceding report. Notwithstanding the apparent persistency of relatively inflationary conditions over the last few years, the effect of a return to more stable conditions must be examined. While it may not be unreasonable to expect actual conditions in the long run to lie somewhere between our "moderate inflation" and "reasonable stability" assumptions, they could become stabilized outside the range suggested by these two sets of assumptions. In any event, the two sets of projections are no more than markers of a very narrow range of forecasts and should not be taken as "low cost" and "high cost" estimates.

2. From an inspection of the economic assumptions it will be noted that both sets of assumptions maintain constant differentials of (a) $2\frac{1}{2}\%$ between the annual rate of increase in average earnings and the annual rate of increase in the Consumer Price Index and (b) $3\frac{1}{2}\%$ between the rate of interest on new investments and the annual rate of increase in the Consumer Price Index. If actual experience in the long term reveals greater differentials, the operation of the Plan will generally be somewhat more favourable than anticipated; if actual differentials turn out to be smaller, the reverse will be true. A comparison of fund projections for the Proposed Plan with the auxiliary tables of fund projections in Appendix 2 will indicate the possible effect of different values for these assumed differentials. For example, if the differential between increases in earnings and prices should be 2% rather than $2\frac{1}{2}\%$, long term costs for the proposed plan may be higher than indicated in the projection by about 0.3% of contributory earnings; however, in the case of the existing plan the effect would also depend significantly on the level of the increases, because the limit on the annual increase in the Pension Index precludes variations in the annual increase of the Consumer Price Index from affecting costs as long as the level of such increases remains above 2% per annum.

3. Although, as indicated in section IV, the demographic assumptions were selected to produce reasonably realistic populations of contributors and beneficiaries, substantial variation of experience from the assumed bases could occur. For example, a major breakthrough in medical science could result in an unexpectedly high increase in the amounts of retirement pensions payable, although this should be partially offset by a reduction in widows' and orphans' pensions. On the other hand, a return to higher fertility rates or a substantial increase in the level of net immigration would tend to result in relatively lower costs and higher fund accumulations than indicated by the projections, toward the last decade of this century and beyond.

4. Long-term projections in terms of dollar amounts, obviously, depend very heavily on the underlying economic assumptions. The higher the assumed rates of increases in average earnings, etc., and the longer the period, the more difficult it becomes to interpret the results in relation to current values. On the other hand, costs expressed as percentages of contributory earnings are much easier to assimilate and use as a meaningful guide to expected changes in levels of cost.

5. It will be noted that costs expressed as percentages of contributory earnings (pay-as-you-go rates) tend to be somewhat higher on "reasonable stability" than on "moderate inflation" assumptions, even though the gap between the assumed increases in earnings and prices is the same. Moreover, the difference in cost is more pronounced in case of the existing plan. The latter phenomenon is explained, of course, by the fact that under "moderate inflation" assumptions there is a relatively greater divergence of benefits and contributions because of the 2% limit on annual increases to pensions in payment for the existing plan. Under "reasonable stability" assumptions this divergence is temporary rather than continuous. It may be appropriate to suggest that the "reasonable stability" projections give a better indication of costs for the existing plan as visualized at its inception than do "moderate inflation" projections.

6. A temporary levelling out of costs expressed as percentages of contributory earnings may be expected about the beginning of the twenty-first century, as a result of low fertility rates in the depression of the 1930s. Thereafter, the rates are expected to reach a maximum about the year 2030 and then return again to below the level attained in 2025.

7. In the long run, contribution rates for the proposed plan under "moderate inflation" assumptions might be higher by 1% of contributory earnings than for the existing plan. Under "reasonable stability" assumptions, the difference between the contribution rates for the two plans would be less than $\frac{1}{2}$ % of contributory earnings in the long run.

8. Table 10 below contains some of the highlights of the tables in section V as well as some ratios showing the relationship of the accumulated funds at various points to annual expenditures (benefits and expenses of administration). Examination of these ratios appears more useful than the contemplation of dollar amounts in any attempt to evaluate the significance of fund accumulations from the point of view of the Canada Pension Plan.

Table 12

Comparative Summary of Projections

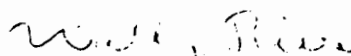
	<u>Moderate Inflation</u>		<u>Reasonable Stability</u>		
	<u>Existing Plan</u>	<u>Proposed Plan</u>	<u>Existing Plan</u>	<u>Proposed Plan</u>	
(1) Year provincial cash flow becomes zero (Fund B) or negative (Funds A and C)	1988	1985	1985	1984	
(2) Year Fund A reaches maximum and Fund C is stabilized	2011	1995	1995	1992	
(3) Year Fund A is exhausted	2022	2009	2014	2010	
	(\$ billions)				
(4) Projected fund in year (1)	26.8	21.6	18.8	18.3	
(5) Projected fund in year (2)					
Fund A and C	57.6	30.2	24.2	23.2	
Fund B	114.8	41.1	30.5	27.3	
	(% of Contributory Earnings)				
	<u>Year</u>				
(6) Projected Fund B contribution rate	1985	3.60	3.68	3.69	3.75
	1995	4.25	4.87	4.76	5.00
	2005	4.46	5.19	5.03	5.33
	2015	4.95	5.69	5.51	5.85
	2025	6.08	6.90	6.73	7.08
(7) Projected Fund C contribution rate	1985	3.60	3.60	3.60	3.60
	1995	3.60	3.60	3.60	3.88
	2005	3.60	4.46	4.23	4.64
	2015	4.12	5.31	5.00	5.41
	2025	5.63	6.69	6.39	6.79
	(multiples)				
(8) Ratio of Fund B to annual expenditures	1985	10.6	8.3	9.7	8.8
	1995	8.2	6.2	7.6	6.7
	2005	7.4	5.5	7.0	6.0
	2015	6.6	5.0	6.3	5.5
	2025	5.5	4.2	5.4	4.7
(9) Ratio of Fund C to annual expenditures	1985	10.6	8.3	9.7	8.8
	1995	7.5	4.5	6.1	5.0
	2005	5.0	2.2	3.6	2.9
	2015	2.6	1.0	2.1	1.7
	2025	1.1	0.5	1.1	0.9

Note: See page 3 for description of funds.

9. The projections indicate that while for the existing plan the cash flow to the provinces will likely remain positive until at least 1985 and perhaps until close to 1990, for the proposed plan it is unlikely to remain positive beyond 1985. From that point on, only that part of the interest payable by the provinces not required for the payment of benefits and expenses of administration would be available for the purchase of additional securities of the provinces, unless there were a change in the rate of contributions.

10. The gradually increasing rates exhibited in the projections of costs expressed as percentages of contributory earnings suggest that the most orderly way of guiding the Canada Pension Plan Investment Fund toward an agreed level would be to raise contribution rates gradually in a series of steps. However, for the proposed plan with current contribution rates, the fund appears unlikely to begin its decline until some years after 1990. Even if the more demanding funding policy implied in the Fund B projections were to be adopted, an increase in the contribution rate would not likely be required until 1984 or later. Accordingly, it may be somewhat premature to enact a definite schedule of increasing contribution rates which might be adjusted many times in the light of actual experience before coming into effect.

Respectfully submitted,



Walter Riese,
Chief Actuary.

Department of Insurance,
Ottawa, Canada.
K1A OH2

November 2, 1973.

Appendix 1

Population Projections

1. General

The populations required for the Canada Pension Plan pertain to Canada excluding Quebec but including all members of the Canadian Forces and the Royal Canadian Mounted Police. The population projections used for purposes of the estimates were obtained by simple subtraction of the projected populations for Quebec from the projected populations for all of Canada. However, provision for members of the Canadian Forces and the Royal Canadian Mounted Police was made in the development of participation rates given in section IV of this report.

Populations were projected from the 1966 census up to the year 2025; this provides a period of fifty-three years from the effective date of this examination and more than satisfies the requirements of section 116 of the Canada Pension Plan, in respect of periodic actuarial reports.

2. Fertility

The fertility assumptions chosen for the projections of the population for All Canada as well as for Quebec were, that fertility rates for 1970 and later would correspond to a gross reproduction rate of 1.05 (which is approximately equal to a net reproduction rate of one; i.e., every female born alive is assumed to bear one female child).

Schedule 1 below shows the average fertility rates for the 1956-60 and 1964-68 periods as well as the rates used for 1970 and later in accordance with the above assumptions.

Schedule 1

Selected Fertility Rates
(Number of live births per 1,000 females in age group)

Female Age Group	Average of Fertility Rates for 1956-60 period		Average of Fertility Rates for 1964-68 period		Fertility Rates Assumed for 1970 and later	
	All Canada	Quebec	All Canada	Quebec	All Canada	Quebec
15-19	59.2	33.7	47.3	25.0	35.2	20.0
20-24	226.8	199.9	176.8	154.2	131.8	123.2
25-29	225.1	229.9	169.4	164.0	126.2	131.1
30-34	148.6	165.8	107.0	108.6	79.7	86.8
35-39	89.0	108.2	58.1	63.4	43.3	50.7
40-44	29.3	39.9	19.2	22.7	14.3	18.1
45-49	2.7	3.9	1.7	2.4	1.3	1.9
Total	3903.5	3906.5	2897.5	2701.5	2159.0	2159.0

3. Mortality

The method of introducing mortality assumptions into the population projections for all of Canada as well as for Quebec consisted of the calculation of five-year survivorship ratios for five-year age groups on the basis of the mortality rates of the 1955-57 and 1960-62 life tables as well as the mortality rates assumed for the year 2000 and later, the calculation of survivorship ratios for each intermediate five-year period by interpolation, and finally the application of these survivorship ratios to successive quinquennial populations.

Schedule 2 below shows, for specimen ages, a comparison of mortality rates for all of Canada as well as for Quebec on the basis of the Canadian Life Tables 1955-57 and 1960-62 and shows the mortality rates assumed for the year 2000 and later.

Schedule 2

Comparison of Mortality Rates for Quebec and for All of Canada
(Annual deaths per 1,000 persons)

<u>Age</u>	<u>Life Tables 1955-57</u>		<u>Life Tables 1960-62</u>		<u>Rates Assured for 2000 A.D. and later</u>
	<u>Province of Quebec</u>	<u>All Canada</u>	<u>Province of Quebec</u>	<u>All Canada</u>	
<u>Males</u>					
0	43.19	34.72	34.90	30.58	20.17
1	2.97	2.50	2.11	1.85	1.26
5	.97	.83	.93	.73	.54
10	.62	.57	.59	.50	.34
20	1.58	1.60	1.50	1.53	1.20
30	1.76	1.72	1.50	1.50	1.21
40	3.12	2.88	3.15	2.82	2.20
50	8.73	7.94	8.29	7.72	5.62
60	22.23	20.37	21.56	19.99	15.32
70	47.75	44.25	47.06	44.67	36.86
80	112.25	106.11	104.95	100.91	92.41
90	243.15	237.84	244.10	227.12	224.04
<u>Females</u>					
0	34.62	27.67	27.19	23.87	15.87
1	2.38	2.16	1.86	1.64	1.10
5	.76	.58	.67	.53	.39
10	.41	.37	.34	.29	.23
20	.61	.60	.55	.55	.41
30	1.07	.94	.82	.79	.69
40	2.29	1.94	1.93	1.74	1.46
50	5.17	4.75	4.63	4.36	3.20
60	14.26	11.91	12.27	10.64	7.57
70	33.60	29.55	31.60	27.74	22.16
80	96.51	87.17	86.85	79.41	69.16
90	213.49	198.89	234.59	207.08	192.33

4. Immigration

The population projections were made on the assumption that the number of net immigrants to Canada was 100,000 for 1967 and that this number would increase at a compound rate of 1½% per annum until the year 2000 and at a compound rate of 1% thereafter. The assumption was designed to produce a level of net immigration which would bear an approximately constant ratio to the population at any point in time. Schedule 3 below shows the relationship of projected net immigrants and projected populations for three pivotal years:

Schedule 3

<u>Year</u>	<u>Population</u> (1)	<u>Net</u> <u>Immigrants</u> (2)	<u>% Ratio</u> <u>(2):(1)</u>
1975	22,757,000	112,649	0.495
2000	32,344,000	163,448	0.505
2025	41,924,000	209,611	0.500

It was further assumed 23.5% of the net immigrants to Canada would take up residence in Quebec, that there would be an equal number of male and female net immigrants and that their age distributions would be as shown in Schedule 4 below:

Schedule 4

Distribution of Net Immigrants by Age Group

<u>Age Group</u>	<u>Males</u> %	<u>Females</u> %
0-4	6	5
5-9	11	10
10-14	12	11
15-19	10	11
20-24	9	11
25-29	10	11
30-34	11	11
35-39	11	10
40-44	4	4
45-49	2	2
50-54	2	3
55-59	2	2
60-64	3	2
65-69	3	3
70 & over	4	4

5. Populations

In Schedules 5, 6 and 7 are shown for All Canada, Quebec and All Canada excluding Quebec, respectively, the 1966 census population and the projected populations for 1975 and every tenth year thereafter to the year 2025. The populations are shown distributed by sex and broad age groups.

Schedule 5

Populations for All Canada
(in thousands)

Middle of Year	Total	14 and under		15 - 19		20 - 39		40 - 59		60 - 64		65 - 69		70 and over	
		Number	Prop'n of Total	Number	Prop'n of Total	Number	Prop'n of Total	Number	Prop'n of Total	Number	Prop'n of Total	Number	Prop'n of Total	Number	Prop'n of Total
			%		%		%		%		%		%		%
1966 Males	10,054	3,373	33.6	929	9.2	2,627	26.1	2,079	20.7	330	3.3	255	2.5	462	4.6
Females	9,961	3,219	32.3	909	9.1	2,604	26.1	2,072	20.8	333	3.4	277	2.8	546	5.5
Total	20,015	6,592	32.9	1,838	9.2	5,231	26.1	4,151	20.7	663	3.3	532	2.7	1,008	5.1
1975 Males	11,373	3,056	26.9	1,209	10.6	3,400	29.9	2,404	21.1	428	3.8	334	2.9	542	4.8
Females	11,384	2,902	25.5	1,164	10.2	3,386	29.7	2,434	21.4	446	3.9	359	3.2	693	6.1
Total	22,757	5,958	26.2	2,373	10.4	6,786	29.8	4,838	21.3	874	3.8	693	3.1	1,235	5.4
1985 Males	13,226	3,260	24.6	994	7.5	4,600	34.8	2,710	20.5	530	4.0	418	3.2	714	5.4
Females	13,322	3,098	23.3	948	7.1	4,512	33.9	2,762	20.7	585	4.4	482	3.6	935	7.0
Total	26,548	6,358	24.0	1,942	7.3	9,112	34.3	5,472	20.6	1,115	4.2	900	3.4	1,649	6.2
1995 Males	15,164	3,728	24.6	1,166	7.7	4,701	31.0	3,543	23.4	581	3.8	525	3.5	920	6.0
Females	15,321	3,541	23.1	1,111	7.3	4,584	29.9	3,615	23.6	617	4.0	597	3.9	1,256	8.2
Total	30,485	7,269	23.8	2,277	7.5	9,285	30.5	7,158	23.5	1,198	3.9	1,122	3.7	2,176	7.1
2005 Males	17,003	3,819	22.5	1,341	7.9	4,776	28.1	4,733	27.8	688	4.0	546	3.2	1,101	6.5
Females	17,212	3,626	21.1	1,278	7.4	4,653	27.0	4,759	27.7	763	4.4	626	3.6	1,505	8.8
Total	34,215	7,445	21.8	2,619	7.7	9,429	27.6	9,492	27.7	1,451	4.2	1,172	3.4	2,606	7.6
2015 Males	18,916	4,177	22.1	1,345	7.1	5,478	28.9	4,856	25.7	1,018	5.4	795	4.2	1,249	6.6
Females	19,181	3,967	20.7	1,282	6.7	5,334	27.8	4,867	25.4	1,086	5.6	917	4.8	1,728	9.0
Total	38,097	8,144	21.4	2,627	6.9	10,812	28.4	9,723	25.5	2,104	5.5	1,712	4.5	2,977	7.8
2025 Males	20,780	4,549	21.9	1,493	7.2	5,809	28.0	4,990	24.0	1,191	5.7	1,046	5.0	1,702	8.2
Females	21,144	4,321	20.4	1,423	6.7	5,658	26.8	4,991	23.6	1,262	6.0	1,179	5.6	2,310	10.9
Total	41,924	8,870	21.2	2,916	7.0	11,467	27.3	9,981	23.8	2,453	5.8	2,225	5.3	4,012	9.6

02

Schedule 6

Populations for Quebec
(in thousands)

Middle of Year	Total	14 and under		15 - 19		20 - 39		40 - 59		60 - 64		65 - 69		70 and over		
		Number	Prop'n of Total	Number	Prop'n of Total	Number	Prop'n of Total	Number	Prop'n of Total	Number	Prop'n of Total	Number	Prop'n of Total	Number	Prop'n of Total	
			%		%		%		%		%		%		%	
1966	Males	2,886	995	34.5	284	9.8	796	27.6	565	19.6	84	2.9	63	2.2	98	3.4
	Females	2,895	949	32.8	282	9.7	807	27.9	576	19.9	91	3.1	71	2.5	120	4.1
	Total	5,781	1,944	33.6	566	9.8	1,603	27.7	1,141	19.8	175	3.0	134	2.3	218	3.8
1975	Males	3,273	882	26.9	356	10.9	1,033	31.6	675	20.6	112	3.4	88	2.7	128	3.9
	Females	3,303	835	25.3	344	10.4	1,039	31.5	698	21.1	120	3.6	99	3.0	168	5.1
	Total	6,576	1,717	26.1	700	10.7	2,072	31.5	1,373	20.9	232	3.5	187	2.8	296	4.5
1985	Males	3,813	958	25.1	274	7.2	1,347	35.3	796	20.9	145	3.8	112	2.9	181	4.8
	Females	3,861	909	23.5	261	6.8	1,324	34.3	829	21.5	162	4.2	131	3.4	245	6.3
	Total	7,674	1,867	24.3	535	7.0	2,671	34.8	1,625	21.2	307	4.0	243	3.2	426	5.5
1995	Males	4,353	1,070	24.6	338	7.7	1,336	30.7	1,052	24.2	166	3.9	147	3.4	244	5.6
	Females	4,415	1,017	23.0	322	7.3	1,298	29.4	1,084	24.6	182	4.1	173	3.9	339	7.7
	Total	8,768	2,087	23.8	660	7.5	2,634	30.0	2,136	24.4	348	4.0	320	3.7	583	6.6
2005	Males	4,843	1,076	22.2	381	7.9	1,351	27.9	1,363	28.1	210	4.3	158	3.3	305	6.3
	Females	4,918	1,024	20.8	363	7.4	1,311	26.7	1,373	27.9	236	4.8	184	3.7	427	8.7
	Total	9,761	2,100	21.5	744	7.6	2,662	27.3	2,736	28.0	446	4.6	342	3.5	732	7.5
2015	Males	5,335	1,168	21.9	375	7.0	1,540	28.9	1,358	25.5	296	5.5	235	4.4	364	6.8
	Females	5,424	1,110	20.5	357	6.6	1,497	27.6	1,357	25.0	315	5.8	275	5.1	511	9.4
	Total	10,759	2,278	21.2	732	6.8	3,037	28.2	2,715	25.2	611	5.7	510	4.8	875	8.1
2025	Males	5,794	1,262	21.8	413	7.1	1,605	27.7	1,389	24.0	331	5.7	298	5.1	497	8.6
	Females	5,904	1,199	20.3	394	6.7	1,561	26.4	1,384	23.5	349	5.9	336	5.7	681	11.5
	Total	11,698	2,461	21.0	807	6.9	3,166	27.1	2,773	23.7	680	5.8	634	5.4	1,178	10.1

Schedule 7

Populations for Canada Excluding Quebec
(in thousands)

Middle of Year	Total	14 and under		15 - 19		20 - 39		40 - 59		60 - 64		65 - 69		70 and over	
		Number	Prop'n of Total	Number	Prop'n of Total	Number	Prop'n of Total	Number	Prop'n of Total	Number	Prop'n of Total	Number	Prop'n of Total	Number	Prop'n of Total
			%		%		%		%		%		%		%
1966 Males	7,168	2,378	33.2	645	9.0	1,831	25.5	1,514	21.1	246	3.4	192	2.7	363	5.1
1966 Females	7,066	2,270	32.1	627	8.9	1,797	25.4	1,497	21.2	243	3.4	206	2.9	427	6.1
1966 Total	14,234	4,648	32.7	1,272	8.9	3,628	25.5	3,011	21.2	489	3.4	398	2.8	790	5.5
1975 Males	8,101	2,174	26.8	853	10.5	2,367	29.3	1,730	21.4	316	3.9	246	3.0	414	5.1
1975 Females	8,082	2,067	25.6	820	10.1	2,347	29.1	1,735	21.5	326	4.0	260	3.2	525	6.5
1975 Total	16,183	4,241	26.2	1,673	10.4	4,714	29.1	3,465	21.4	642	4.0	506	3.1	935	5.8
1985 Males	9,412	2,302	24.5	720	7.6	3,253	34.5	1,915	20.3	385	4.1	306	3.3	533	5.7
1985 Females	9,461	2,189	23.1	687	7.3	3,188	33.7	1,933	20.4	423	4.5	351	3.7	690	7.3
1985 Total	18,873	4,491	23.8	1,407	7.5	6,441	34.1	3,848	20.4	808	4.2	657	3.5	1,223	6.5
1995 Males	10,810	2,658	24.6	828	7.7	3,366	31.1	2,491	23.1	415	3.8	378	3.5	676	6.2
1995 Females	10,907	2,524	23.2	789	7.2	3,286	30.1	2,531	23.2	435	4.0	424	3.9	917	8.4
1995 Total	21,717	5,182	23.9	1,617	7.4	6,652	30.7	5,022	23.1	850	3.9	802	3.7	1,593	7.3
2005 Males	12,160	2,743	22.6	960	7.9	3,425	28.2	3,370	27.7	478	3.9	388	3.2	796	6.5
2005 Females	12,294	2,603	21.2	915	7.4	3,342	27.2	3,386	27.5	528	4.3	442	3.6	1,078	8.8
2005 Total	24,454	5,346	21.8	1,875	7.7	6,767	27.7	6,756	27.6	1,006	4.1	830	3.4	1,874	7.7
2015 Males	13,581	3,008	22.2	970	7.1	3,937	29.0	3,498	25.8	722	5.3	560	4.1	885	6.5
2015 Females	13,757	2,857	20.8	925	6.7	3,837	27.9	3,510	25.5	771	5.6	642	4.7	1,216	8.8
2015 Total	27,338	5,865	21.5	1,895	6.9	7,774	28.4	7,008	25.6	1,493	5.5	1,202	4.4	2,101	7.7
2025 Males	14,986	3,287	21.9	1,080	7.2	4,204	28.1	3,601	24.0	860	5.7	748	5.0	1,206	8.1
2025 Females	15,240	3,122	20.5	1,029	6.7	4,097	26.9	3,607	23.7	913	6.0	843	5.5	1,629	10.7
2025 Total	30,226	6,409	21.2	2,109	7.0	8,301	27.4	7,208	23.8	1,773	5.9	1,591	5.3	2,835	9.4

Appendix 2

Auxiliary Fund Projections for Proposed Plan

Table 13 on page 66 is based on the same assumptions as Table 6A on page 42, except that the annual increase in the Consumer Price Index is assumed to be $3\frac{1}{2}\%$ and 3% , respectively. A comparison of the two tables thus indicates the relative effect of a differential between the assumed annual increases in earnings and prices of 2% rather than $2\frac{1}{2}\%$.

Table 14 on page 67 is based on the same assumptions as Table 6A on page 42, except that the rate of interest on new investments is assumed to be $5\frac{1}{2}\%$ and $6\frac{1}{2}\%$, respectively. A comparison of these two tables thus indicates the relative effect of investment earnings.

Proposed Plan

Table 13

"Moderate Inflation", except 3.5%
annual increase in prices*

Fund Accumulations

(Fund in billions of dollars, other dollar figures in millions, contribution rate as
per cent of contributory earnings)

Calendar Year	Benefits and Expenses	Fund A			Fund B				Fund C			
		3.6% Contribution Rate			Cash Flow to Provinces Decreases until Zero				Cash Flow to Provinces Decreases until Negative and Equal to Interest on Fund			
		Contributions	Cash Flow to Provinces	Fund	Contribution Rate	Contributions	Cash Flow to Provinces	Fund	Contribution Rate	Contributions	Cash Flow to Provinces	Fund
\$ (1)	\$ (2)	\$ (3)	\$ (4)	% (5)	\$ (6)	\$ (7)	\$ (8)	% (9)	\$ (10)	\$ (11)	\$ (12)	
1973	327	933	606	6.6	3.60	933	606	6.6	3.60	933	606	6.6
1974	439	1,074	635	7.7	3.60	1,074	635	7.7	3.60	1,074	635	7.7
1975	548	1,195	647	8.9	3.60	1,195	647	8.9	3.60	1,195	647	8.9
1976	692	1,272	580	10.1	3.60	1,272	580	10.1	3.60	1,272	580	10.1
1977	856	1,386	530	11.3	3.60	1,386	530	11.3	3.60	1,386	530	11.3
1978	1,037	1,490	453	12.6	3.60	1,490	453	12.6	3.60	1,490	453	12.6
1979	1,234	1,598	364	13.8	3.60	1,598	364	13.8	3.60	1,598	364	13.8
1980	1,446	1,731	285	15.1	3.60	1,731	285	15.1	3.60	1,731	285	15.1
1981	1,657	1,874	217	16.3	3.60	1,874	217	16.3	3.60	1,874	217	16.3
1982	1,884	2,028	144	17.5	3.60	2,028	144	17.5	3.60	2,028	144	17.5
1983	2,127	2,192	64	18.8	3.60	2,192	64	18.8	3.60	2,192	64	18.8
1984	2,389	2,365	-25	20.0	3.64	2,389	0	20.1	3.60	2,365	-25	20.0
1985	2,672	2,546	-126	21.2	3.78	2,672	0	21.4	3.60	2,546	-126	21.2
1990	4,465	3,562	-903	26.3	4.51	4,465	0	29.5	3.60	3,562	-903	26.3
1995	6,931	4,934	-1,997	27.4	5.06	6,931	0	40.5	3.75	5,135	-1,796	27.6
2000	10,205	6,896	-3,309	21.9	5.33	10,205	0	55.5	4.39	8,409	-1,796	27.6
2005	14,551	9,657	-4,894	5.9	5.42	14,551	0	76.1	4.76	12,756	-1,796	27.6
2010	20,770	13,454	-7,317	-27.4	5.56	20,770	0	104.4	5.08	18,974	-1,796	27.6
2015	30,542	18,473	-12,068	-93.9	5.95	30,542	0	143.1	5.60	28,746	-1,796	27.6
2020	45,537	25,013	-20,524	-224.0	6.55	45,537	0	196.1	6.30	43,741	-1,796	27.6
2025	67,496	33,750	-33,746	-466.2	7.20	67,496	0	268.9	7.01	65,700	-1,796	27.6

* See page 24 for details

Table 14

"Moderate Inflation", except
5.5% interest on new investments*

Proposed PlanFund Accumulations

(Fund in billions of dollars, other dollar figures in millions, contribution rate as
per cent of contributory earnings)

Calendar Year	Benefits and Expenses	Fund A			Fund B				Fund C			
		3.6% Contribution Rate			Cash Flow to Provinces Decreases until Zero				Cash Flow to Provinces Decreases until Negative and Equal to Interest on Fund			
		Contributions	Cash Flow to Provinces	Fund	Contribution Rate	Contributions	Cash Flow to Provinces	Fund	Contribution Rate	Contributions	Cash Flow to Provinces	Fund
\$ (1)	\$ (2)	\$ (3)	\$ (4)	% (5)	\$ (6)	\$ (7)	\$ (8)	\$ (9)	\$ (10)	\$ (11)	\$ (12)	
1973	327	933	606	6.6	3.60	933	606	6.6	3.60	933	606	6.6
1974	437	1,074	637	7.7	3.60	1,074	637	7.7	3.60	1,074	637	7.7
1975	544	1,195	651	8.9	3.60	1,195	651	8.9	3.60	1,195	651	8.9
1976	686	1,272	586	10.1	3.60	1,272	586	10.1	3.60	1,272	586	10.1
1977	846	1,386	540	11.3	3.60	1,386	540	11.3	3.60	1,386	540	11.3
1978	1,023	1,490	467	12.5	3.60	1,490	467	12.5	3.60	1,490	467	12.5
1979	1,215	1,598	383	13.7	3.60	1,598	383	13.7	3.60	1,598	383	13.7
1980	1,421	1,731	310	14.9	3.60	1,731	310	14.9	3.60	1,731	310	14.9
1981	1,626	1,874	249	16.0	3.60	1,874	249	16.0	3.60	1,874	249	16.0
1982	1,844	2,028	184	17.2	3.60	2,028	184	17.2	3.60	2,028	184	17.2
1983	2,079	2,192	113	18.4	3.60	2,192	113	18.4	3.60	2,192	113	18.4
1984	2,331	2,365	33	19.6	3.60	2,365	33	19.6	3.60	2,365	33	19.6
1985	2,603	2,546	-57	20.7	3.68	2,603	0	20.7	3.60	2,546	-57	20.7
1990	4,322	3,562	-760	25.2	4.37	4,322	0	27.6	3.60	3,562	-760	25.2
1995	6,676	4,934	-1,742	25.7	4.87	6,676	0	36.3	3.82	5,240	-1,437	26.1
2000	9,791	6,896	-2,895	20.2	5.11	9,791	0	47.5	4.36	8,355	-1,437	26.1
2005	13,923	9,657	-4,266	6.0	5.19	13,923	0	62.1	4.65	12,486	-1,437	26.1
2010	19,851	13,454	-6,398	-22.4	5.31	19,851	0	81.3	4.93	18,415	-1,437	26.1
2015	29,221	18,473	-10,748	-77.9	5.69	29,221	0	106.5	5.41	27,785	-1,437	26.1
2020	43,613	25,013	-18,600	-185.7	6.28	43,613	0	139.4	6.07	42,177	-1,437	26.1
2025	64,675	33,750	-30,925	-384.7	6.90	64,675	0	182.6	6.75	63,238	-1,437	26.1

* See page 24 for details