Most consulting actuaries in Canada work primarily or exclusively with retirement plans and other employee benefit programs, the greater portion of their time being taken up with development of new plans, revision of existing plans and periodic actuarial valuations, cost studies and projections. One of the major factors affecting the development of employee benefit programs over the last few years has been the increasing government involvement, both direct and indirect, in this area.

The Canada Pension Plan, after ten years in existence, has now matured and provides a pension at age sixty-five based on 25% of contributory earnings indexed to the final three years prior to retirement. The maximum level for contributions and benefits is currently being upgraded at the rate of 12½% annually until it reaches the level of the average industrial wage. The Canada Labour Congress has proposed that this benefit be upgraded from its present level in stages, until it reaches 75% of unlimited earnings payable at age sixty, in 1996. The National Liberal Party has adopted a proposal that the benefit should increase to 40% by 1985 and to 50% by 1990 with a corresponding increase in contributions.

The proposals for increases in the benefits are based on the concept that a generous national plan can give greater security than a privately funded system because the benefits can be increased with the cost of living, and are secure, portable and universal. Opponents of these increases make note of the present high levels of benefits when the Canada Pension Plan is added to other government benefits, the requirement for future increases in contributions to support the present benefits, the role of private employer plans and individual savings plans, and the effect that a substantially increased government plan would have on funds available for investment in Canada's future.

The Ministries of Finance and National Health and Welfare are currently undertaking a joint study of Private Pension Plans and their relation to Public Plans. In the meantime, Government Benefits are increasing with wage levels, and in the cost of living, causing a greater need to integrate Private Plans in the areas of disability and survivor benefits as well as pension benefits.

Six out of ten provinces have now introduced legislation for the registration of pension plans, the setting of funding standards, minimum vesting conditions, basic design standards and regulation of investments.

The Province of Ontario has introduced Human Rights legislation prohibiting discrimination in employee benefit plans in the areas of sex, age and marital status. For the purpose of this legislation, age has been defined as being between 18 and 65. The general criterion for fairness is taken to be the level of benefits, rather than the cost of the benefits. Thus, the level of benefit to the individual employee should not vary, nor should the cost to the employee so vary. Exceptions are made in the case of money purchase pension plans, for instance, and voluntary employee pay-all plans or features of plans. Marital status has been defined to include common-law as well as legal spouses, although the definition of common-law was left to the individual benefit plan. An exception made in the area of marital status was that the availability of survivor benefits to surviving adults should be allowed to vary by the marital status of the employee, and by the marital status of the survivor for remarriage purposes.

While a large number of benefit plans have had to make technical changes to meet the legislation, it does not appear that the overall impact has been major in terms of cost. Quebec is now introducing similar legislation and it is anticipated that the other provinces will follow. Other recent developments in provincial legislation include such items as free drugs for senior citizens and free dental care for children.

The continuing existence of a high level of inflation has made its impact on the development of benefit plans in many ways. There has been continuing interest in upgrading existing pension plans, relating the benefits to final earnings prior to retirement, and the introduction of cost-of-living increases. There has been a noticeable reaction by younger employees against contributory pension plans particularly when they compare high current market interest rates with low returns received when contributions are refunded on termination. There is a trend developing towards non-contributory plans supplemented by individual savings.

The "National Attack on Inflation" introduced by the Liberal Government in October 1975 imposed wage and price controls on most Canadian employers and employees. The wage controls apply to all forms of compensation including fringe benefits. They take the form of a limit on the percentage increase permitted from year to year during the control period (which is expected to last about three years). The emphasis is on groups of employees and increases in earnings ranges rather than increases to individuals. The controls apply to all firms with more than 500 employees, bargaining associations, the construction industry, the federal government, provincial governments and professionals. Exemptions are granted for increases to improve health and safety conditions, to eliminate restrictive practices, to eliminate sex discrimination and to offset deficiencies in pension plans. These controls are likely to have the greatest single effect on benefit plans since the advent of the Canada Pension Plan ten years ago. Among the effects we expect to see are improved salary administration systems and the re-organization of benefit programs to make more effective use of budgets within the specified limits.

The benefit areas for which growth is anticipated in the future are dental plans (which were given a strong push by the adoption of a plan for the United Auto Workers in the United States in 1974) survivor income plans, and plans to provide prepaid legal services. But the effect of the anti-inflation legislation has been to turn attention away from benefit improvements, to cost control and financial analysis.