Social security in canada research paper

Law, Security

Social Security Expenditures: A historical perspective

Social security is a collection of public programs that are aimed at maintaining, protecting, and raising basic livelihood for citizens in a given country. Canada is one of the countries in the globe that employed social security after World War one with the aim of protecting individual's and family's income inadequacy that was extremely influenced by high levels of illnesses, accidents, pregnancies, disabilities, deaths, absence of breadwinners, unemployment, retirement among other factors.

The main impact on the imposition of social security in Canada was the British North America Act of 1971. The main impact of the World War II is the great depression. This was a key motivator for the affirmation of social security in Canada. In 1971, Canada put into place the Unemployment Insurance Act, which was a representation of improved social security in Canada. However, it became challenging for the government to support these systems leading to stagflation in the economy (Guest, 1980).

However, as time elapsed, new ideas were brought forward as the 19th century was accused of promoting pauperism where the unemployment insurance was blamed of increasing the levels of unemployment. During the same era, new techniques were absorbed which restricted aid for the genuinely poor. Using the income tax credit for the year 1989, a system was designed to help the low-income families with a restriction that each of these families must have a working parent (Guest, 1980).

Social security for a country may be evaluated in different methods: Social Security Payment system, Dependency Ratio, Income Distribution among the Aged Population, Structure of Social Security Tax, Employers and Employees contributions, Structure of Social Security Benefits, Retirement Age and Benefits, Family Relations, Unemployment Insurance, Health Care Coverage for recipients, and Social Security Reform.

Social Security Payment system

Canada has established a pension plan known as Canada Pension Plan (CPP), which is a social insurance program where citizens are required to contribute as they earn. CPP is closely related to the Old Age Security (OAS). These programs are required to ensure that all individuals who are employed and have attained eighteen years of age pay some money that they will earn in future as pension. Pension plans may be sponsored by the employer or be outsourced from deferral of tax by individuals on their savings (Canada, 2012).

Canada has already set the CPP in a manner that it will remain as it is for the approximately seventy five years. CPP is a hybrid of the " pay-as-you-go" plan and a government fully funded pension scheme. The government of Canada has developed the Canada Pension Investment Board which is a body entrusted on the management of the funds collected by the CPP. This is an assurance that public's money is not swindled by any government official (Canada, 2012).

Dependency Ratio

Total population dependency ratio refers to the ratio of the combination of the population of youths aged between 0 and 9 years and senior population who are 65 years and more to the population of the individuals working in the country who are the people between 20 and 64 years. It is highlighted as the number of dependants for every 100 employees (Marchildon, 2008).

(AngloInfo, 2013).

The graph indicates that from 1971 to 2006, the total population dependency ratio reduced from 89 to 60 dependants for every 100 employees. The reducing youth demographic dependency ratio has led to the steadiness of the total demographic ratio. There are projections that total dependency ratio for the country will increase to 84 dependants for a set of 100 people in the working age by 2056. Since 1971, to 2006, the youth demographic dependency ratio has dropped from 74 to 39 youth for any 100 people within the working age. This projected to drop to 34 youths by 2056. (Marchildon, 2008).

Income Distribution among the Aged Population

Low income earners are at an adversely risky point of leading an extremely poor livelihood at their old age. In the recent report by the House of Commons it is observed that the old are among the ten groups of people who are at risky positions of low income in future (Marchildon, 2008).

After facing an extensive reduction for 20 years, elderly poverty rate in Canada has been increasing since mid-90s at an extremely alarming rate. The biggest jump in the rate has occurred among elderly women. Between the years 2006, and 2009, nearly approximately 128000 more elderly people were observed to be living under extensively low income. Out of this total, approximately 70% were women (Marchildon, 2008).

(AngloInfo, 2013).

Structure of Social Security Tax, Employers and Employees contributions

The pension plan for Canada is contributory, which is based on the income of an individual. It is guided by the Canada Pension Plan Act. The Act was developed to protect a contributor and his family against income losses following retirement, death or disability (Marchildon, 2008). It is mandatory where employers and employees contribute to the plan.

With minima exceptions, every person aged between 18 and 70 years and earns wages is required to contribute to CPP. Contributions are not extended to individuals already receiving retirement or CPP pension. Contributions are annual are wide spread from minimum to maximum. The minimum is frozen at $ 3500 while the maximum level is changed every year (Marchildon, 2008). Below is a table 2005 for maximum monthly benefit.

In 1984, the government of Canada passed an employee tax rate of approximately 5. 4%. In 1990, tax was imposed among self employed individuals where their net earnings were exposed to compulsory taxation in the same rates as that of government employees. Those who benefited from any form of pension were never taxed. This means that elderly people were never involved in the taxation bracket. Also, beneficiaries of certain contributor to a given pension scheme were never taxed (AngloInfo, 2013).

Structure of Social Security Benefits

The benefits for the Canada social security are divided into different sections. The first component of the social security is the Old Age Security. This is a system that was put in place in 1952 with the aim of saving the old from poverty at their old age. This program was created in aid of any individual who exceeds sixty five years (Marchildon, 2008).

The other social security system is the Canada Pension Plan. This program was started in 1966. It is usually financed by payroll tax for employees as well as their employers. Eligibility of the plan is based on contributions for the entire year (Marchildon, 2008).

Retirement Age and Benefits

The current retirement age in Canada is 65 years. However, one is never forced to retire at this age as it can be extended to 68 years. 65 years is used to mark the beginning of pension benefits. The government has come up with a plan that adjoins the private sector to the public sector where a common retirement plan has been developed for the two sectors. The common agreement dictates that pension should be paid at the age of 65 years. However, retirement is never forced in the country but individuals are expected to have requested for retirement at the age of 65 years and at most 68 years (Canada, 2012).

Canada has some special retirement benefits for some groups of people in the nation. Judges in Canada are subjected to mandatory age of retirement. They are required to retire at the age of 70 years. However, their retirement age may be raised up to 75 years based on the cases that are pending in court. The other group of people that has a fixed retirement age is that of federal senators. It is the requirement of government that all federal senators should retire at the age of 75.

The government of Canada has prohibited the mandatory retirement for all federally controlled employees as from December 2012.

Family Relations

The social security system of Canada has recognized the significance of sustaining family relations. In this context, it has defined various techniques through which certain family members should benefit from contribution by one of their members.

In case, of death of a spouse who has been contributing to the social security scheme of the country, the spouse who has been left is supposed to have direct benefit from the contributions by his or her spouse. This is regulated by presence of marriage certificate. Widows are expected to benefit on widowers benefits as it is a system recognized in Canada (Canada, 2012). Dependent Children's Benefit is also common on the basis that a contributor had outlined some special beneficiaries of his or she pension.

Unemployment Insurance

Canada recognizes Employment Insurance as a service that should provide temporary financial help to unemployed citizens of the country. However, the citizen must have been employed before and lost their job out of their fault. The insurance also benefits the critically sick, pregnant women, a single parent taking care of a newborn baby as well as adopted children.

This has led to the classification of types of benefits that Canadians may benefit from under the Employment Insurance scheme;

- Employment Insurance Regular Benefits for individuals who involuntarily lose their job.

- Employment Insurance Maternity and Parental Benefits for supporting pregnant women and mothers who have given birth recently.

- Employment Insurance Sickness Benefits for people who cannot continue working following sickness or injury.

- Employment Insurance Compassionate Care Benefits for people who are required to be away from work for some time to attend some urgent matter in the family like sickness.

- Employment Insurance benefits for Parents of Critically Ill Children for parents who take leave from work to attend their critically ill children.

- Employment Insurance Fishing Benefits for self-employed individuals who are enthusiastically seeking for employment.

(Haerens, 2011).

Health Care Coverage for recipients

Through the Employment Insurance program the government of Canada extends massive help to the individuals close to the person insured. As a family the members may benefit if one of the parents is insured and the government recognizes the individual. It is in this case, that children and other dependants may benefit from the insurance of one of the parents (Haerens, 2011).

Social Security Reform

Social security reform is an extremely wide scope for the Canadian government. Although, there may be intentions to reform the system, it has become extremely difficult to sort the issue. This is a process that requires extensive research and consultations. Therefore, if it's to take place, it can only be fostered through phases and not as entirely.

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