



Benefits Legislation in Canada 2005

This document summarizes Canadian legislation affecting benefits plans. Canadian legislation covers a broad range of social and tax measures directly affecting employer-sponsored protection provided to employees.

Revised December 24, 2004

1. Old Age Security Act

Payments indexed quarterly to reflect changes in cost of living

1. Old Age Security (OAS) Pension

- From age 65, regardless of means, subject to residence requirements, full monthly pension of \$471.76 as of 2005-01-01
- Full pension if 40 years of residence in Canada after age 18; otherwise, full pension if at least age 25 on 1977-07-01, lived in Canada on that date (or had lived in Canada before that date, but after age 18), and has lived in Canada for 10 continuous years prior to the OAS pension application (each missing year during the 10-year period may be replaced by 3 years of earlier residence in Canada, provided the person lived in Canada during the whole year before the application)
- Persons not eligible for a full pension: partial pension of $\frac{1}{40}$ of full pension per year of residence after age 18, if at least 10 years of residence after age 18
- Special provisions apply to immigrants from countries that have a social security agreement with Canada
- Clawback: OAS pensioners with net income in 2005 exceeding \$60,806 must repay 15% of excess net income up to full OAS amount; since July 1, 1996, OAS benefits are reduced at the time of payment to reflect the clawback

2. Allowance and Survivor Allowance

- Subject to income test and residence requirements
- Payable from age 60 to 65 to eligible spouses and surviving spouses of OAS pensioners
- As of 2005-01-01, maximum monthly allowance for spouses is \$836.97 and maximum allowance for surviving spouses is \$924.04

3. Guaranteed Income Supplement (GIS)

- Subject to income test and residence requirements
- Recipient must be age 65 or over and in receipt of OAS pension
- Maximum monthly benefit as of 2005-01-01:
 - \$560.69 for single pensioner or for pensioner whose spouse is not receiving OAS pension or the allowance
 - \$365.21 for each person in a conjugal relationship when both are receiving OAS pension or for pensioner whose spouse is receiving the allowance
- Additional supplements of varying amounts also paid by Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Saskatchewan and Yukon

II. Canada/Québec Pension Plan (C/QPP)

- Year's Maximum Pensionable Earnings (YMPE) are indexed every year in accordance with a wage index; \$41,100 in 2005
- Year's Basic Exemption (YBE): \$3,500
- Employee contribution rate: 4.95% of employment earnings in excess of YBE, up to YMPE (maximum contribution in 2005: \$1,861.20); same rate for employer; self-employed contribution rate is 9.9%
- Combined contribution rate is expected to remain at 9.9%
- QPP contribution is required for every retired person who works; the retirement benefits will be revised when the retired person stops working
- QPP: in case of phased-in retirement, contributions may be made based on a full salary
- Pensions indexed annually based on cost-of-living increases
- C/QPP maximum monthly pension payable from age 65 in 2005: \$828.75
- C/QPP pension reduced by 6% per year if taken between ages 60 and 65; increased by 6% per year (maximum of 30%) if taken after age 65
- Pensionable earnings may be split equally between parties for benefit and eligibility purposes in case of divorce, separation or declaration of nullity if spouses cohabited for a minimum period
- Spouses may share their pension if they are age 60 or over
- CPP: retirement benefits for disability pension recipients from 1998 are based on the benefit at time of disability indexed to inflation instead of recomputation at retirement
- QPP: retirement benefits for disability pension recipients from 1999 are reduced by 0.5% for each month for which they received a disability pension between ages 60 and 65

1. Retirement Benefits

- **Eligibility:** from age 65 (60 if person has substantially ceased working) and contributions made for at least one year
- **Monthly benefits:** 25% of average monthly pensionable earnings adjusted in relation to average YMPE in year of retirement and preceding 4 years; subject to certain restrictions, some months of lowest earnings may be dropped in the calculation of average pensionable earnings, or replaced by months after age 65

2. Death Benefits

- **Eligibility:** contributions during 1/3 of the deceased's contributory period or 10 years, whichever is less (subject to a minimum of 3 years)
- **Lump-sum payment:** lesser of 6 times deceased's monthly retirement pension and \$2,500 (CPP); \$2,500 (QPP)

■ **Surviving spouse's monthly benefit:**

- while spouse is under age 65:
 - CPP: \$149.11 + 37.5% of deceased's retirement pension (maximum in 2005: \$462.42); unless disabled or has dependent children, spouse under age 45 entitled to reduced benefit, and no benefit if under age 35
 - QPP: fixed monthly amount + 37.5% of deceased's retirement pension (for details, refer to table below)
- while spouse is age 65 or over: C/QPP, 60% of deceased's retirement pension (maximum in 2005: \$497.25)
- if surviving spouse also entitled to retirement or disability benefits, combined benefit is subject to various maximum amounts

■ **Orphan's monthly benefit:** CPP, \$195.96 per orphan in 2005; QPP, \$62.22 per orphan in 2005; payable to dependent children only (under 18 or, for CPP only, under 25 if attending school); for CPP only, orphan may receive double benefits if both parents have died and were eligible contributors

- **Eligibility:** contributions in disabled's contributory period for:
 - CPP: at least 4 of the last 6 years
 - QPP: at least 2 of the last 3 years, at least 5 of the last 10 years or for half of the years (minimum of 2 years)
- Monthly benefits payable from the 4th month following month of disability
- **Contributor's monthly benefit:** \$388.67 (CPP) or \$388.64 (QPP) + 75% of contributor's retirement pension (maximum in 2005: CPP, \$1,010.23; QPP, \$1,010.20)
- **Children's benefit:** identical to orphan's benefit

Anticipated Change

Major reform of the QPP: a bill is expected in 2005 – among other things, the amendments will provide for greater flexibility in the choice of the age of retirement and greater equity among the various categories of beneficiaries

3. Disability Benefits

■ **Definition of disability:** inability to regularly perform any substantially gainful occupation (under QPP, own occupation if age 60 or over); disability must likely result in death or be of indefinite duration

Surviving Spouse's Benefit under QPP

Age of Spouse	Fixed Monthly Amount*	Maximum in 2005
55 and over	\$399.59 (not indexed)	\$710.37
45 to 54 or disabled	\$388.64	\$699.42
Non-disabled under 45 with dependent child	\$360.84	\$671.62
Non-disabled under 45 without dependent child	\$99.53	\$410.31

* 37.5% of deceased's retirement pension is added to this amount

III. Private Pension Plans

■ Eligibility:

- full-time employees: 24 months of continuous service (Alberta and British Columbia, earnings of 35% of YMPE in each of 2 consecutive calendar years preceding membership also required); Manitoba, mandatory membership after 24 months of continuous service; Québec, earnings of 35% of YMPE or 700 hours of employment in calendar year preceding membership
- part-time employees: 24 months of continuous service and earnings of 35% of YMPE in each of 2 consecutive calendar years preceding membership (Nova Scotia, Ontario and Saskatchewan, or 700 hours of employment in each of 2 consecutive calendar years); Manitoba, mandatory membership after 24 months of continuous service if earnings of 25% of YMPE in each of 2 consecutive calendar years preceding membership; Québec, earnings of 35% of YMPE or 700 hours of employment in calendar year preceding membership

■ Vesting and locking-in:

- for benefits accrued between effective date and reform date (1987-01-01 in Ontario; 1994-01-01 in Saskatchewan): 10 years of service or participation and age 45; British Columbia, vesting after 2 years of participation for all benefits and locking-in after 2 years of participation for benefits after effective date; Manitoba, vesting after 10 years of service or participation but no locking-in before age 45; New Brunswick, lesser of: a) 5 years of service and b) 2 years of participation after 2000; Québec, immediate; Saskatchewan, if one year of service or participation, and age plus years of service or participation equals 45; British Columbia, New Brunswick and Saskatchewan, employers must provide for at least 50% (or such other percentage as is provided under the plan in New Brunswick) of the value of benefits at termination or retirement (or death in British Columbia); excess employee contributions may be refunded
- for benefits accrued after reform date (1987-01-01 in Ontario; 1994-01-01 in Saskatchewan): 2 years of participation (Alberta, 5 years of service before 2000 and 2 years of participation after 1999; Manitoba, 2 years of participation or service;

Québec, immediate; Saskatchewan, 2 years of service); employers must provide for at least 50% of the value of benefits at termination, retirement or death (federal, not applicable if plan provides indexation at prescribed rate during deferral period); excess employee contributions may be refunded, except Québec and federal

- **Transferability of commuted value** upon termination of employment must be offered up to eligibility for early retirement (Manitoba, up to retirement; Alberta, British Columbia and Québec, up to retirement for defined contribution plan); depending on the jurisdiction and the member's age, commuted value may be transferred on a locked-in basis to a prescribed retirement savings arrangement (Saskatchewan, from age 55, on a non-locked-in basis, if plan permits transfer from that age)

■ Cash availability upon termination of employment:

- for benefits accrued between effective date and reform date (1987-01-01 in Ontario; 1994-01-01 in Saskatchewan): refund of up to 25% of commuted value of pension (Saskatchewan, 50% of member contributions with interest), except British Columbia, Newfoundland and Labrador, and Québec
- for all benefits accrued: refund of 100% of commuted value if annual pension less than 2% of YMPE (Alberta, Manitoba, Newfoundland and Labrador, Nova Scotia and federal, 4% of YMPE; British Columbia, 10% of YMPE; New Brunswick and Québec, n/a) or if commuted value less than 20% of YMPE (Manitoba and Saskatchewan, 4% of YMPE; Ontario and federal, n/a; Newfoundland and Labrador, Nova Scotia, 10% of YMPE; New Brunswick, if adjusted commuted value less than 40% of YMPE) or if non-resident, under prescribed circumstances (Alberta, British Columbia, New Brunswick, Québec and federal)

- **Preretirement death benefit** for service after reform date (effective date in British Columbia and New Brunswick; 1987-01-01 in Ontario; 1994-01-01 in Saskatchewan): Alberta (for service after 1999), Manitoba, New Brunswick, Newfoundland and Labrador, Ontario, Québec, Saskatchewan and federal, minimum value equal to 100% of commuted value of benefits; Alberta (for service

before 2000), British Columbia and Nova Scotia, 60%; Newfoundland and Labrador, Saskatchewan and federal, if member was eligible for early retirement, spouse receives a lifetime pension equal to 60% of member's early retirement pension; Alberta, Nova Scotia and federal, refund of member contributions with interest if there is no eligible spouse; waiver by spouse allowed in British Columbia, Ontario, Québec and federal

- **Postretirement death benefit** for all years of service: upon the member's death, spouse receives a pension equal to 60% of member's pension; Manitoba, 66 2/3%; actuarial reduction allowed; waiver by spouse allowed; termination of spouse's pension on remarriage prohibited
- **Early retirement** must be allowed within 10 years of normal retirement age; federal, 10 years of pensionable age; British Columbia and Newfoundland and Labrador, from age 55; Manitoba, reasonable age and service requirements allowed; Alberta and Québec, employees on working-time reduction and who are within 10 years of normal retirement age may receive an annual benefit from their plan to make up for part of pay loss; Québec, employees retiring less than 10 years before normal retirement age may receive a temporary pension from their plan until age 65; actuarial reduction allowed
- **Upon postponed retirement**, member may continue accrual up to pension plan's maximum service or pension, if pension is not paid; Québec, postponed pension must be revalorized and partial pension payment may compensate for salary reduction
- **Integration of C/QPP benefits** limited to 1/35 per year of credited service (from 1966-01-01 in New

Brunswick; employment from 1966-01-01 in Saskatchewan); Manitoba, limit of 3% per year; Newfoundland and Labrador, reduction according to the formula approved by the superintendent; federal, no limit; **integration of OAS benefits** limited to 1/35 per year of credited service before reform date (1984-01-01 in Manitoba, limit of 3%; 1987-01-01 in Ontario; effective date in British Columbia and New Brunswick); Newfoundland and Labrador, reduction according to the formula approved by the superintendent for service before 1996-12-31, and no integration permitted for service after that date; federal, no limit; Saskatchewan, no integration permitted

- **Sex distinctions** prohibited for member's contributions, benefits (accrued after reform date in federal and Nova Scotia; 1987-01-01 in Ontario; after effective date for British Columbia and New Brunswick) and eligibility for membership; no requirements in Alberta, Newfoundland and Labrador, and Québec
- **Division of pension benefits on marriage breakdown:** provision in all jurisdictions; generally, limit division to 50% (except British Columbia and federal) of pension benefits accrued during marriage or plan membership; transferability of pension benefits generally allowed
- **Garnishment** of pension benefits permitted in some jurisdictions
- **Minimum interest rate** on member's contributions in all jurisdictions

Anticipated Changes

New standard for determining pension commuted values adopted by Canadian Institute of Actuaries with effective date of February 1, 2005

Saskatchewan: changes to pension legislation, including flexible pension plans, preretirement death benefits and cash availability

Jurisdiction	Effective Date	Reform Date
Alberta	January 1, 1967	January 1, 1987
British Columbia	January 1, 1993	—
Manitoba	July 1, 1976	January 1, 1985
New Brunswick	December 31, 1991	—
Newfoundland and Labrador	January 1, 1985	January 1, 1997
Nova Scotia	January 1, 1977	January 1, 1988
Ontario	January 1, 1965	January 1, 1988
Québec	January 1, 1966	January 1, 1990
Saskatchewan	January 1, 1969	January 1, 1993
Federal	October 1, 1967	January 1, 1987

Note: Yukon falls under federal legislation

IV. Employment Insurance (EI)

1. Income Benefits

- **Maximum yearly insurable earnings:** \$39,000 in 2005
- **Benefits:** 55% of average insurable earnings (total earnings over last 26 weeks); maximum weekly insurable earnings in 2005 are \$750; maximum weekly benefit is \$413; no benefits for employees who quit their job without just cause or are dismissed for misconduct
- **Family income supplement:** up to 80% of the weekly insurable earnings for claimants with dependent children and a family income below \$25,921
- **Allowable earnings:** claimants entitled to earn up to 25% of their weekly EI benefits without any decrease (\$50 for those receiving less than \$200 of benefits per week)
- **Premium in 2005:** \$1.95 for employee and \$2.73 for employer per \$100 of insurable earnings, to a maximum annual premium of \$760.50 for the employee and \$1,064.70 for the employer
- **Eligibility:**
 - layoff benefits for employees working a minimum number of hours in the last 52 weeks: from 420 to 700 hours, depending on regional unemployment rate; for new entrants and re-entrants to labour force: at least 910 hours required; for re-entrant parents: special rules apply
 - maternity, sickness, parental and compassionate care benefits: 600 hours of insurable employment
- **Waiting period:** benefits payable after 2 weeks
- **Benefit duration:**
 - layoff benefits: payable for up to 45 weeks, depending on number of hours worked in last 52 weeks and regional unemployment rate
 - maternity and sickness benefits: payable for up to 15 weeks
 - parental benefits to take care of a newborn or to adopt a child: payable for up to 35 weeks; may be shared between parents if both eligible
 - compassionate care benefits: payable for up to 6 weeks; may be shared between claimants

- maternity, sickness, parental and compassionate care benefits subject to a combined maximum of 50 weeks (could be extended up to 71 weeks under special circumstances); if in combination with layoff benefits, total benefit period may not exceed 50 weeks

- **Clawback:**

- if net income for taxation year exceeds 1¼ times maximum yearly insurable earnings (\$48,750 in 2005), 30% of benefits recovered or 30% of amount by which net income exceeds \$48,750, if less
- no clawback for sickness, maternity, parental and compassionate care benefits, or for claimant who received less than 1 week of layoff benefits in the preceding 10 years or for weeks before June 30, 1996

- **Premium reduction:**

- employers with a registered disability income plan qualify for EI premium reduction; registered plans qualifying for premium reduction must provide benefits at least as generous as EI sickness benefits
- amount of reduction: 32¢/\$100 of weekly insurable earnings for most plans; cumulative sick leave or pregnancy plans eligible for a reduction of up to 34¢/\$100 of weekly insurable earnings if plans meet certain standards; ½ of reduction must be shared with employees in cash or equivalent benefits

2. Re-Employment Benefits

- Assistance will be provided to those experiencing difficulty in returning to work through the following programs:
 - targeted wage subsidies
 - self-employment assistance
 - job creation partnerships
 - skills development

V. Human Rights

1. Discrimination in Employment

- Grounds for discrimination in employment vary between jurisdictions, but main prohibitions are vis-à-vis: age (defined differently in various jurisdictions), sex, sexual orientation, pregnancy, race or ethnic origin, religion, marital status, family status, physical or mental disability
- Alberta, Manitoba, New Brunswick, Nova Scotia (for public sector only), Prince Edward Island and Québec: mandatory retirement prohibited (with exceptions)
- All jurisdictions (except Manitoba): statutory exceptions with respect to insurance and pension plans allowing discrimination on specific grounds
- Manitoba: issued guidelines regarding discrimination in benefits plans
- Québec: distinctions based on pregnancy, sexual orientation or handicap prohibited in benefits plans; distinctions based on age, sex or civil status allowed if based on actuarial data and if legitimate

2. Employment Equity (Affirmative Action)

- All jurisdictions: adoption of affirmative action programs allowed; British Columbia, Nova Scotia and Saskatchewan can appoint boards of inquiry that may order companies to adopt such programs
- Federal: public and private sectors with over 100 employees required to implement employment equity measures
- Employers with 100 employees or more bidding on federal contracts of \$200,000 or more must certify they will implement employment equity measures
- Québec: employers with 100 employees or more soliciting contracts or subsidies of more than \$100,000 must certify they will implement affirmative action programs; in public sector, employers with 100 employees or more are required to establish an employment equity program

3. Pay Equity

- All jurisdictions: equal pay required for equal or similar work for women and men
- Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island: pay equity legislation requiring pay equity measures in public sector; Ontario and Québec: pay equity legislation requiring pay equity measures in public and private sectors
- Québec, Yukon (for public sector only) and federal: equal pay required for work of equal value

Recent Change

Québec: provisions forbidding psychological harassment in work environment introduced

VI. Public Hospital and Medical Care

1. Hospital Benefits

- Hospital plans vary by jurisdiction, but they all cover, during the active treatment period, room and board to ward level, operating room and anaesthetic facilities, medically necessary in-patient nursing care, drugs, laboratory and diagnostic services, and certain out-patient services
- Entry fees and/or daily ward charges for chronic-care and nursing homes exist in most jurisdictions
- All jurisdictions cover expenses incurred out of the province or territory to varying degrees

2. Medical Care, Drugs, Dental Care and Eye Examinations

Medical care

- Medicare plans essentially cover all medically required services rendered by medical practitioners at

home, office or hospital; depending on jurisdiction, limited coverage available for paramedic services and prosthetic or durable appliances

- Charges incurred by a person temporarily outside province or territory of residence reimbursed to varying degrees

Drug expenses (out of hospital, excluding special programs for low-income persons)

- All jurisdictions have a drug formulary
- Alberta: 70% reimbursement for residents age 65 and over; out-of-pocket maximum of \$25 per prescription
- British Columbia: family deductible and annual out-of-pocket maximum based on date of birth and net annual family income as per chart below

*Net Annual Family Income	Family Deductible	**Fair PharmaCare Reimbursement (after deductible is reached)	Annual Out-of-Pocket Maximum
For BC residents born in 1940 or later:			
\$15,000 or less	None	70% of eligible prescription drug costs	2% of net annual family income
\$15,000 to \$30,000	2% of net annual family income	70% of eligible prescription drug costs	3% of net annual family income
\$30,000 and over	3% of net annual family income	70% of eligible prescription drug costs	4% of net annual family income
For BC residents born in 1939 or earlier:			
\$33,000 or less	None	75% of eligible prescription drug costs	1.25% of net annual family income
\$33,000 to \$50,000	1% of net annual family income	75% of eligible prescription drug costs	2% of net annual family income
\$50,000 and over	2% of net annual family income	75% of eligible prescription drug costs	3% of net annual family income

* Based on line 236 of the income tax return.

** Only drugs on the PharmaCare formulary count towards the deductible and out-of-pocket maximum.

- Manitoba: for residents without private drug insurance coverage, 100% reimbursement after annual family deductible based on adjusted annual family income (i.e., family income reduced by \$3,000 for spouse and each dependent child under age 18)

Adjusted Annual Family Income	Deductible as % of Adjusted Annual Family Income
below \$15,000	2.32%
\$15,001 to \$40,000	3.48%
\$40,001 to \$75,000	4.0%
\$75,001 and up	5.0%

- Nova Scotia: optional coverage for residents age 65 and over; co-payment for each prescription of 33% of the prescription cost to a maximum of \$30 per prescription (minimum of \$3 per prescription); annual out-of-pocket maximum of \$350; Pharmacare does not reimburse expenses where seniors are covered by a private plan that provides first-dollar drug coverage in another Canadian jurisdiction; seniors with such private coverage are eligible for reimbursement under Pharmacare when private plan costs exceed \$740 in a year
- Ontario: for residents age 65 and over, after an annual deductible of \$100, 100% reimbursement for charges in excess of the dispensing fee (maximum, \$6.11 per prescription); for residents under age 65, catastrophic coverage with 100% reimbursement after large deductible varying with family income and size
- Prince Edward Island: residents age 65 and over pay the dispensing fee (varies from one pharmacy to another) plus \$11 toward ingredient costs
- Québec: for all residents not eligible for a group insurance plan, 71.5% reimbursement after monthly deductible of \$10.25 per adult and 100% reimbursement after monthly out-of-pocket maximum of \$71.42 per adult
- Saskatchewan: only those families whose prescription drug costs exceed 3.4% of adjusted annual family income (income adjusted by deducting \$3,500 for each child under age 18) may apply for assistance under the special support program

- Yukon: for residents who are at least age 65, or age 60 and married to a living Yukon resident who is at least age 65, 100% of lowest priced generic prescription drugs plus certain non-prescription drugs and goods

Dental care

(excluding special programs for low-income persons)

- Specific dental and oral surgery in hospital covered in all jurisdictions
- Limited coverage for children in Newfoundland and Labrador, Nova Scotia, Prince Edward Island, Québec and Yukon

Eye examinations

(excluding special programs for low-income persons)

- Alberta, British Columbia and Manitoba: limited to residents under age 19, and age 65 and over
- Nova Scotia: limited to residents under age 10, and age 65 and over
- Ontario: limited to residents under age 20, and age 65 and over
- Québec: limited to residents under age 18, and age 65 and over
- Saskatchewan: limited to residents under age 18

3. Out-of-Country Coverage

- Coverage limited to a maximum per diem rate in all jurisdictions
- Coverage limited to emergency services in Manitoba, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan
- With prior approval, services not available in the province or territory of residence may be covered

4. Contributions

Costs supported in some provinces by employer or resident contributions:

- Alberta: \$44 single, \$88 family, per month; all Alberta residents age 65 and over, and their eligible dependents, will be exempt from paying Alberta Health Care Insurance premiums, regardless of income
- British Columbia: \$54 single, \$96 family of 2, \$108 family of 3 and over, per month
- Manitoba: employer contributes 2.15% payroll tax if payroll greater than \$2,000,000; 4.30% if payroll between \$1,000,000 and \$2,000,000; 0% if payroll under \$1,000,000
- Newfoundland and Labrador: employer with payroll in excess of \$600,000 contributes 2% tax on payroll in excess of \$500,000 (partial tax exemption on payroll between \$600,000 and \$700,000)
- Nova Scotia: residents age 65 and over pay annual premium of up to \$390 for Seniors' Pharmacare Program drug coverage
- Ontario:
 - employer: 1.95% payroll tax (first \$400,000 of payroll exempt)
 - residents earning more than \$20,000 in taxable income pay Ontario Health Premium to a maximum of \$900
- Québec:
 - employer: 4.26% payroll tax; reduced rate if payroll under \$5,000,000
 - residents: 1% of most non-salary taxable income in excess of \$12,075 (excluding the portion between \$27,076 and \$41,990) to a maximum of \$1,000
 - residents covered under the Drug Insurance Plan: annual premium of up to \$494 per adult

Recent Changes

Alberta: elimination of health care premiums for Albertans age 65 and over and their eligible dependents, effective October 1, 2004

Manitoba: drug insurance plan annual family deductible increased, effective April 1, 2004

Nova Scotia: significant changes in long-term care services including funding approach, financial assessment process, specialized health equipment and respite care

Ontario: eye examinations for residents age 20 to 65 and chiropractic services no longer covered; Ontario Health Premium introduced July 1, 2004

Québec: deductible, coinsurance, maximum contribution and premium under Prescription Drug Insurance Plan increased, effective July 1, 2004

Anticipated Change

Ontario: physiotherapy services other than those provided to seniors through home care or long-term care facilities will no longer be covered beginning in the spring of 2005

VII. Family Leave

1. Maternity Leave

- All jurisdictions have provisions regarding maternity leave
- **Eligibility:** from 13 to 52 weeks of service, depending on jurisdiction; British Columbia, New Brunswick and Québec: no requirements
- **Duration:** 17 weeks (Alberta: 15 weeks; Québec and Saskatchewan: 18 weeks); if medically required, extension allowed up to 6 weeks in British Columbia, Québec and Saskatchewan
- All jurisdictions: employee to be reinstated to the same position or a comparable one after maternity leave
- British Columbia, Nova Scotia, Ontario, Québec, Saskatchewan and federal require participation in employer-sponsored benefits to continue during maternity leave, subject to continuation of employee contributions (Nova Scotia and Saskatchewan: employee may be required to pay employer contributions)
- Québec and federal grant leave to a pregnant or breast-feeding woman when preventive reassignment is impossible and working conditions could be dangerous to the mother's or baby's health

2. Parental Leave

- All jurisdictions have provisions regarding parental leave for birth and adoptive parents
- **Eligibility:** from 13 to 52 weeks of service, depending on jurisdiction; British Columbia, New Brunswick and Québec: no requirements
- **Duration:** Alberta, Manitoba and Yukon, 37 weeks; British Columbia, New Brunswick, Ontario and federal, 35 weeks for birth mother and 37 weeks for birth father and adoptive parents; Newfoundland and Labrador, and Prince Edward Island, 35 weeks for birth parents, 52 weeks for adoptive parents; Nova Scotia, 35 weeks for birth mother, 52 weeks for birth father and adoptive parents; Québec, 52 weeks; Saskatchewan, 34 weeks for birth mother, 37 weeks for birth father and 52 weeks for adoptive parents; if the newborn or adoptive child suffers from health condition, extension allowed up to 5 weeks in British Columbia
- Alberta, New Brunswick, Prince Edward Island, Yukon and federal: when both parents take a leave, the combined total duration of those leaves may not exceed the maximum duration permitted; Yukon: both parents cannot normally take leave concurrently
- **Adopted-child age limit:** New Brunswick and Québec, under age 19; other jurisdictions, not specified; federal, based on criteria of the province or territory where parents reside
- All jurisdictions: employee to be reinstated to the same position or a comparable one after parental leave
- British Columbia, Nova Scotia, Ontario, Québec, Saskatchewan and federal require participation in employer-sponsored benefits to continue during leave, subject to continuation of employee contributions (Nova Scotia and Saskatchewan: employee may be required to pay employer contributions)
- Québec: 2-day paid leave upon birth or adoption of child for employee with 60 days of service with employer

3. Compassionate Care Leave

- All jurisdictions (except Alberta and British Columbia) have provisions regarding compassionate care leave
- **Eligibility:** Manitoba and Newfoundland and Labrador, 30 days of service; Nova Scotia, Québec and Saskatchewan, 3 months of service; all jurisdictions (except Québec), medical certificate required confirming the family member's high risk of death within the next 26 weeks
- **Duration:** 8 weeks (Québec, 12 weeks except if child under age 19 with potentially mortal illness, extension allowed up to 104 weeks for parents; Saskatchewan, 12 weeks except if employee also under the EI program, extension allowed up to 16 weeks)
- New Brunswick, Ontario, Prince Edward Island, Yukon and federal: when two or more individuals take a leave in respect of the same family member, the combined total duration may not exceed the maximum duration permitted
- All jurisdictions: employee to be reinstated to the same position or a comparable one after leave
- Nova Scotia, Ontario, Québec, Saskatchewan and federal require participation in employer-sponsored benefits to continue during leave, subject to continuation of employee contributions (Nova Scotia and Saskatchewan: employee may be required to pay employer contributions)

Recent Changes

Newfoundland and Labrador, and Ontario: compassionate care leave introduced

Saskatchewan: compassionate care leave improved

VIII. Workers' Compensation

- No-fault guarantee of compensation for work-related injury or disease; legislation specifics vary by jurisdiction
- Funded 100% by employers; rating methods vary by jurisdiction
- Provides wage loss, health care, vocational rehabilitation, permanent disability awards and fatality survivor benefits
- **Disability wage loss benefits:** Alberta, British Columbia, Québec and Saskatchewan, 90% of net eligible earnings; Manitoba, 90% of net eligible earnings for first 24 months, then reduced to 80%; New Brunswick and Ontario, 85% of net eligible earnings; Newfoundland and Labrador, 80% of net eligible earnings; Nova Scotia, 75% of net eligible earnings for first 26 weeks, then 85%; Prince Edward Island, 80% of net eligible earnings for first 38 weeks, then 85%; Yukon, 75% of gross eligible earnings
- **Permanent disability pension or lump-sum awards:** based on the degree of physical impairment and ensuing wage loss; Alberta: based on physical assessment of capacity to work and potential wage loss; all jurisdictions (except British Columbia) have dual award systems providing both wage loss and non-monetary loss awards
- **Adjustment:** all jurisdictions adjust some or all benefits periodically, some on the basis of CPI-related indexation, others with legislated periodic improvements

Recent Change

Nova Scotia: increased benefit indexation and new benefits for injured workers with chronic pain

IX. Tax Provisions

1. Income Tax

- **Old Age Security Act:** payments not subject to clawback are taxable
- **Canada/Québec Pension Plan:** payments taxable; employer contributions deductible; employee contributions subject to a 16% federal tax credit (at provincial level, the percentage used to calculate the tax credit varies with each province)
- **Workers' compensation:** payments essentially non-taxable; employer contributions deductible
- **Employment insurance:** payments taxable; employer contributions deductible; employee contributions subject to a 16% federal tax credit (at provincial level, the percentage used to calculate the tax credit varies with each province)
- **Health and dental expenses:**
 - government plans: individual's contributions not deductible but taxable to employee if paid by employer (20% tax credit on individual's contributions to the Québec Health Services Fund for Québec tax purposes); employers may deduct contributions; benefits not taxable; Québec prescription drug insurance premium qualifies for the medical expense tax credit
 - private plans: employers may deduct their contributions; employee contributions qualify for the medical expense tax credit; employer contributions and benefits not taxable to employees (for Québec income tax purposes, contributions are taxable to employees and qualify for the medical expense tax credit)
- **Insured salary continuance:**
 - benefits paid from plan to which employer contributed are taxable; employee contributions deductible from taxable benefits; employer contributions not taxable to employees
 - benefits paid under employee-pay-all plan not taxable
- **Group life insurance policies:** net employer contributions on total amount of group life insurance and on dependent life insurance considered taxable income for employee; employee contributions in respect of taxable coverage reduce taxable benefit
- **Registered pension plans (RPP):**
 - combined employer-employee contributions to money purchase RPP may not exceed the lesser of 18% of compensation and \$18,000, subject to comprehensive limit if employee also participates in defined benefit RPP or DPSP; allowable contributions fully deductible
 - maximum pension benefit under defined benefit RPP: \$2,000 per year of service
 - employee current service contributions to defined benefit RPP may not exceed the lesser of 9% of member's compensation and aggregate of \$1,000 and 70% of member's pension adjustment related to the defined benefit provision; allowable RPP contributions fully deductible (except for limits applicable to past service before 1990); employer current and past service contributions to defined benefit RPP, tax deductible without limit, but must be approved by tax authorities
- **Deferred profit-sharing plans (DPSP):**
 - employer contributions may not exceed the lesser of 18% of compensation and \$9,000, subject to a comprehensive limit if employee also participates in an RPP; allowable contributions fully deductible; employee contributions are prohibited
 - contributions vest after 2 years of plan membership
 - employer contributions to DPSP on behalf of beneficiary who is significant shareholder (or related person) disallowed
 - registration of a new DPSP is denied if significant shareholder (or related person) is beneficiary

■ **Registered retirement savings plans (RRSP):**

- RRSP deduction limits for 2005:
 - a) individuals not participating in an RPP or DPSP in 2004: lesser of 18% of earned income in 2004 and \$16,500
 - b) members of money purchase RPP and DPSP in 2004: lesser of 18% of earned income in 2004 and \$16,500, reduced by pension adjustment (i.e., employer and employee contributions to RPP and employer contributions to DPSP for 2004)
 - c) members of defined benefit RPP in 2004: lesser of 18% of earned income in 2004 and \$16,500, reduced by pension adjustment (i.e., deemed value of benefits accrued in 2004 under RPP) plus any unused RRSP deduction room at the end of 2004
- the RRSP deduction limit for 2005 is increased by the Pension Adjustment Reversal (PAR) calculated for 2005
- the RRSP deduction limit is reduced by net Past Service Pension Adjustments (PSPA)
- unused RRSP deduction room since 1991 may be carried forward indefinitely
- funds accumulated under RRSP may be withdrawn totally or partially at any time prior to end of year in which individual attains age 69; in addition, over same period, these funds may be used to purchase life annuity or fixed-term annuity to age 90 or transferred to a Registered Retirement Income Fund (RRIF)
- tax-free transfer of retiring allowance to RRSP limited to \$2,000 per year of service prior to 1996, plus \$1,500 for each year of service prior to 1989 for which employer contributions to either an RPP or a DPSP have not vested in the employee

■ **Private pension benefits:** federal tax credit of 16% (max. \$160) of eligible pension income (at provincial level, the percentage used to calculate the tax credit varies with each province) may be claimed for total of:

- life annuity payments from RPP; and
- annuity payments out of DPSP, RRSP or RRIF and taxable portion of other annuities, if age 65 or over, or regardless of age if received owing to spouse's death

2. Life and Health Insurance Premium Tax

■ 2% of net premiums in Yukon and all provinces except:

- Newfoundland and Labrador: 4%
- Nova Scotia: 3%
- Prince Edward Island: 3.5%
- Québec: 2.35%
- Saskatchewan: 3%

(also applicable to most self-insured plans in Newfoundland and Labrador, Ontario and Québec)

- Group insurance plans, including most self-insured plans, are subject to sales tax in Ontario (8% on net cost) and Québec (9% on net cost; 7.5% tax on charges for self-insured plans subject to GST)

Recent Change

Contribution limits for money purchase RPP and DPSP increased to \$18,000 and \$9,000, respectively; maximum pension benefit per year of service under a defined benefit RPP increased to \$2,000, and RRSP dollar limit increased to \$16,500

X. Saskatchewan Pension Plan

■ Voluntary money purchase retirement savings

plan: any person age 18 to 69 may contribute up to \$600 per year; member may elect to start receiving retirement benefits at any time from age 55 or transfer funds to a Locked-in Retirement Account (LIRA) or a Registered Retirement Income Fund (RRIF); member leaving province may continue to contribute; after six months of plan membership, contributions are locked in and must remain in the plan until death or retirement; no government matching contribution; no minimum guaranteed monthly pension

This brochure was prepared by Mercer Human Resource Consulting Limited. It is intended as an overview of Canadian legislated benefits.

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MERCER

Human Resource Consulting

Our offices in Canada

CALGARY
(403) 269-4945

EDMONTON
(780) 483-5288

HALIFAX
(902) 429-7050

LONDON
(519) 672-9310

MONTRÉAL
(514) 285-1802

OTTAWA
(613) 230-9348

QUÉBEC
(418) 658-3435

SASKATOON
(306) 683-6950

ST. JOHN'S
(709) 576-7146

TORONTO
(416) 868-2000

VANCOUVER
(604) 683-6761

WINNIPEG
(204) 947-0055

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