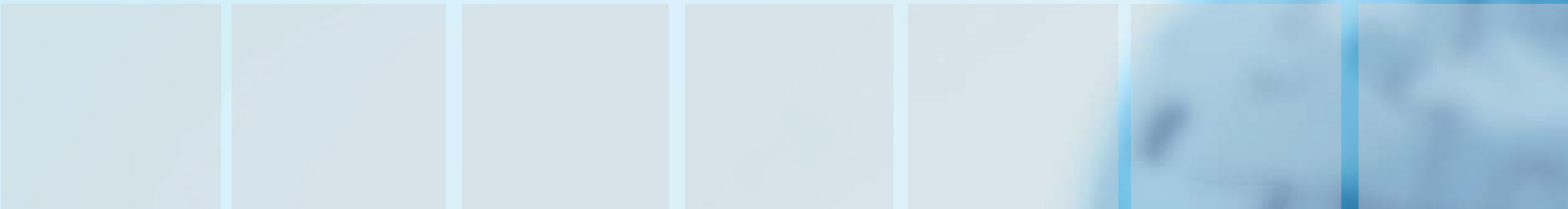


Benefits legislation in Canada 2011



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.

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I. 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 \$524.23 as at January 1, 2011
- Full pension if 40 years of residence in Canada after age 18; otherwise, full pension if at least age 25 on July 1, 1977, 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 exceeding \$67,668 in 2011 must repay 15% of the excess net income up to the full OAS amount; based on the OAS pension as at January 1, 2011, the full OAS pension would be eliminated if the pensioner's net income were \$109,607 or above; 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 at January 1, 2011, maximum monthly allowance for spouses is \$961.18 and maximum allowance for surviving spouses is \$1,065.45

3. Guaranteed Income Supplement (GIS)

- Subject to income test and residence requirements
- OAS pensioners age 65 or over
- Maximum monthly benefit as at January 1, 2011:
 - \$661.69 for single pensioner or for pensioner whose spouse is not receiving OAS pension or the Allowance
 - \$436.95 for each spouse when both are receiving OAS pension or for pensioner whose spouse is receiving the Allowance
- Additional income supplements of varying amounts also paid by Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Ontario, Saskatchewan and Yukon

II. Canada/Québec Pension Plan

- Year's Maximum Pensionable Earnings (YMPE) are indexed every year in accordance with a wage index: \$48,300 in 2011
- 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 2011: \$2,217.60); same rate for employer; self-employed contribution rate is 9.9% (maximum contribution in 2011: \$4,435.20)
- Québec Pension Plan (QPP) contribution is required for every retired person who works if earnings exceed the YBE; the pensionable earnings for a given year will give entitlement to an additional pension from January 1 of the following year; a retired person who continues to be employed and to contribute to the QPP for several years after retirement will be entitled to additional pensions
- QPP: in case of phased-in retirement, QPP contributions may be made based on a full salary
- Pensions indexed annually based on cost-of-living increases: 1.7% increase, effective January 1, 2011
- **Monthly benefits:** 25% of average monthly pensionable earnings adjusted in relation to average YMPE in the year of retirement and the preceding 4 years; subject to certain restrictions, some months of lowest earnings may be dropped in the calculation of the average pensionable earnings, or replaced by months after age 65
- Maximum monthly pension payable from age 65 in 2011: \$960.00
- QPP: Pension reduced by 6% per year if taken between ages 60 and 65 (maximum of 30%); increased by 6% per year if taken after age 65 (maximum of 30%)
- CPP: Pension reduced by 6% per year if taken between ages 60 and 65 (maximum of 30%); increased by 6.84% per year if taken after age 65 (maximum of 34.2%)
- 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

1. Retirement Benefits

- **Eligibility:**
 - QPP: if contributions made for at least one year, from age 65 (60 if a person has substantially ceased working which means that the earnings calculated on an annual basis do not exceed \$12,075 in 2011)
 - Canada Pension Plan (CPP): if at least one valid contribution is made, from age 65 (60 if a person has substantially ceased working which means that the earnings calculated on an annual basis do not exceed \$11,520 in 2011; to be eligible for a pension, a person must have earned less than the monthly maximum CPP retirement pension
- 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

2. Death Benefits

- **Eligibility:** contributions during $\frac{1}{3}$ 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: \$169.09 + 37.5% of deceased's retirement pension (maximum in 2011: \$529.09); 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, see table below)
 - while spouse is age 65 or over: CPP/QPP, 60% of deceased's retirement pension (maximum in 2011: \$576.00)
 - if surviving spouse is also entitled to retirement or disability benefits, combined benefit is subject to various maximum amounts
- **Orphan's monthly benefit:** \$218.50 (CPP) per orphan in 2011; \$69.38 (QPP) per orphan in 2011; 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

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
- **Eligibility:** contributions in disabled's contributory period for:
 - CPP: at least 4 (3 only for contributory period of at least 25 years) 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:** \$433.37 (CPP) or \$433.34 (QPP) + 75% of contributor's retirement pension (maximum in 2011: CPP, \$1,153.37; QPP, \$1,153.34)
- **Children's benefit:** same as orphan's benefit

Surviving Spouse's Benefit under QPP

Age of Spouse	Fixed Monthly Amount*	Maximum in 2011
45 to 65 or disabled	\$433.34	\$793.34
Non-disabled under 45 with dependent child	\$402.35	\$762.35
Non-disabled under 45 without dependent child	\$110.98	\$470.98

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

Recent Change

Canada Pension Plan: effective January 1, 2011, for individuals who start their pension after age 65, their pension is increased by 6.84% per year (instead of 6% per year)

Anticipated Change

Canada Pension Plan: effective January 1, 2012, several changes coming into force, such as removal of the work cessation test, increase in the general low earnings drop-out, mandatory contributions for working CPP pensioners under age 65 and changes to adjustments for early and late CPP take-up

III. Private Pension Plans

Note: the “effective date” and the “reform date” for each jurisdiction are indicated at the end of this section III

■ **Eligibility:**

- full-time employees: all jurisdictions except Manitoba and Québec, 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 2 years of continuous service; Québec, earnings of 35% of YMPE or 700 hours of employment in calendar year preceding membership
- part-time employees: all jurisdictions except Manitoba and Québec, 24 months of continuous service and earnings of 35% of YMPE in each of 2 consecutive calendar years preceding membership (or, in Nova Scotia, Ontario and Saskatchewan, 700 hours of employment in each of 2 consecutive calendar years); Manitoba, mandatory membership after 2 consecutive years of continuous service if earnings of 35% of YMPE or 700 hours of employment in each of 2 consecutive years preceding membership or both conditions; 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 (January 1, 1987 in Ontario; January 1, 1994 in Saskatchewan): Alberta, Newfoundland and Labrador, Nova Scotia, Ontario and federal, 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 and Québec, immediate vesting and locking-in; New Brunswick, lesser of: a) 5 years of service and b) 2 years of participation after 2000; Saskatchewan, if one year of service or participation, and age plus years of service or participation equal 45
- for benefits accrued after reform date (January 1, 1987 in Ontario; January 1, 1994 in Saskatchewan): all jurisdictions except Alberta, Manitoba, Québec and Saskatchewan, 2 years of participation; Alberta, 5 years of service before 2000 and 2 years of participation after 1999; Manitoba and Québec, immediate vesting and locking-in; Saskatchewan, 2 years of service

■ **Minimum employer contribution — 50% rule:**

- for vested benefits accrued between effective date and reform date: 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; not applicable in other jurisdictions
- for vested benefits accrued after reform date (January 1, 1987 in Ontario): all jurisdictions, 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); all jurisdictions except Québec and federal, excess employee contributions may be refunded

- **Portability of commuted value** upon termination of employment must be offered up to eligibility for early retirement in all jurisdictions; Alberta, British Columbia, Manitoba 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 (Alberta, from age 50, 50% on a non-locked-in basis, at member's option and subject to certain conditions; Manitoba, from age 55, 50% on a non-locked-in basis, if plan permits and subject to certain conditions; Saskatchewan, from age 55, 100% 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 (January 1, 1987 in Ontario; January 1, 1994 in Saskatchewan): all jurisdictions except British Columbia, Newfoundland and Labrador, and Québec, refund of up to 25% of commuted value of pension; Saskatchewan, 50% of member contributions with interest
- for all benefits accrued: refund of 100% of commuted value, Alberta, Manitoba and Saskatchewan, if annual pension less than 4% of YMPE or if commuted value less than 20% of YMPE; British Columbia, if annual pension less

than 10% of YMPE or if commuted value less than 20% of YMPE; New Brunswick, if adjusted commuted value less than 40% of YMPE; Newfoundland and Labrador, and Nova Scotia, if annual pension less than 4% of YMPE or if commuted value less than 10% of YMPE; Ontario, if annual pension less than 2% of YMPE; Québec, if commuted value less than 20% of YMPE; federal, if annual pension less than 4% of YMPE
 – for all benefits accrued: Alberta (if allowed under the plan), British Columbia, Manitoba (if allowed under the plan and if pension not commenced), New Brunswick, Québec and federal, refund of 100% of commuted value also if non-resident under prescribed circumstances

- **Preretirement death benefit** for service after reform date (effective date in British Columbia and New Brunswick; January 1, 1987 in Ontario): Alberta (for service after 1999), Manitoba (including service before 1985), New Brunswick, Newfoundland and Labrador, Ontario, Québec, Saskatchewan (including service before 1994) 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 Alberta, British Columbia, Manitoba, Ontario, Québec, Saskatchewan and federal
- **Postretirement death benefit** for all years of service: all jurisdictions, upon the member's death, spouse receives a pension equal to 60% of member's pension; actuarial reduction allowed; waiver by spouse allowed; termination of spouse's pension on remarriage prohibited
- **Early retirement age:** all jurisdictions except Alberta, British Columbia, Newfoundland and Labrador, and federal, must be allowed within 10 years of normal retirement age; Alberta and federal, within 10 years of pensionable age; British Columbia and Newfoundland and Labrador, from age 55
- **Early retirement pension:** all jurisdictions, actuarial reduction allowed; Québec, employees retiring within 10 years of normal retirement age may receive a temporary pension from their plan until age 65
- **Phased retirement benefits:** Alberta, British Columbia, Manitoba, Québec, Saskatchewan and

federal, phased retirement benefits in the form of a pension may be offered under defined benefit plans subject to an individual agreement (Alberta and Saskatchewan, individual agreement is not required), certain age criteria and to a maximum of 60% of accrued pension; Alberta, British Columbia, Manitoba, Québec, Saskatchewan and federal, no reduction of pension accrued under defined benefit plans prior to phased retirement period and member must (Québec, may) accrue pension benefits during phased retirement period; Québec, defined contribution plans may, subject to certain age criteria, offer phased retirement benefits (other than a pension) funded from the member's defined contribution account, to a maximum of 60% of the prescribed ceiling related to life income funds with pension benefit accrual allowed during phased retirement period; Alberta and Québec, employees on working-time reduction and who are within 10 years of or have reached or exceeded normal retirement age in Québec or are within 10 years of pensionable age in Alberta may receive an annual lump sum benefit from their plan to make up for part of pay loss (pension is reduced to take into account amount paid)

- **Postponed retirement:** all jurisdictions, member may continue accrual up to pension plan's maximum service or pension, if pension is not paid; all jurisdictions except Manitoba and Québec, if allowed under the plan, pension may be paid while member continues in employment, with no further benefit accrual; Manitoba, postponed pension must be the greater of accrued pension and actuarial equivalent of pension payable at normal retirement age; Newfoundland and Labrador, plan may provide for pension accrual, adjusted pension corresponding to the actuarial equivalent of pension payable at normal retirement age, or other arrangement if permitted; Québec, postponed pension must be redetermined and partial pension payment may compensate for salary reduction; Saskatchewan, member entitled to pension accrual or to adjusted pension corresponding to the actuarial equivalent of pension payable at normal retirement age; all jurisdictions, maximum retirement date being the end of the calendar year in which member attains age 71
- **Integration of CPP/QPP benefits:** all jurisdictions except Newfoundland and Labrador, and federal, limited to $\frac{1}{35}$ per year of credited service (from January 1, 1966 in New Brunswick; employment from January 1, 1966 in Saskatchewan); Newfoundland and Labrador, reduction according to the formula approved by the Superintendent; federal, no limit

- **Integration of OAS benefits:** all jurisdictions except Manitoba, Newfoundland and Labrador, Saskatchewan and federal, limited to $\frac{1}{35}$ per year of credited service before reform date (January 1, 1987 in Ontario; effective date in British Columbia and New Brunswick); Manitoba, limit of 3% for service before January 1, 1984; Newfoundland and Labrador, reduction according to the formula approved by the Superintendent for service before December 31, 1996, and no integration permitted for service after that date; Saskatchewan, no integration permitted with exceptions; federal, no limit

- **Sex distinctions:** all jurisdictions except Alberta, Newfoundland and Labrador, and Québec, prohibited for membership eligibility, member contributions and benefits (accrued after reform date in federal and Nova Scotia; after January 1, 1987 in Ontario; after effective date for New Brunswick); Alberta and Newfoundland and Labrador, no requirements; Québec, no requirements other than the prescribed use of sex-distinct mortality tables in benefit value determination

- **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

Recent Changes

Federal: several changes to pension legislation, including new permanent rules respecting funding, changes with respect to marriage breakdown and phased retirement, now in force

Manitoba: a number of major changes to pension legislation and regulations came into force May 31, 2010

Recent Changes (cont'd)

Québec: changes to pension legislation effective December 10, 2010, to allow the use of letters of credit for multi-employer pension plans, to extend certain payment options if assets are insufficient and employer insolvent, to grant to the Régie des rentes the power to order the division of a multi-jurisdictional pension plan to protect the rights of Québec members and to extend by 5 years the period of administration of any pension it pays

Anticipated Changes

Federal: several changes to pension legislation including immediate vesting, use of letters of credit, electronic communication to plan members, small pension rule and notice to amendment, adopted but not in force yet

Nova Scotia: changes to pension legislation with respect to phased retirement adopted but not in force yet

Ontario: changes to pension legislation have been adopted but not in force (elimination of partial wind ups, introduction of phased retirement and immediate vesting, further grow-in rights and communication requirements, changes to asset transfer rules and to pension division rules on marriage and common law relationship breakdown)

Ontario: further changes to pension legislation (revised defined benefit funding rules primarily for improvements of benefits security, solvency exemption for certain jointly sponsored pension plans and target benefit plans) have been adopted but most of the changes are not in force yet

Prince Edward Island: first pension legislation expected to be adopted

The Agreement Respecting Multi-Jurisdictional Pension Plans proposed by CAPSA is expected to be submitted to governments for consideration; the Agreement intends to clarify the rules applicable to plans that have members in more than one jurisdiction

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

1. Income Benefits

- **Maximum yearly insurable earnings:** \$44,200 in 2011

- **Benefits in 2011**

Rate of benefits	55% of average insurable earnings (total earnings over last 26 weeks)
Maximum weekly insurable earnings	\$850
Maximum weekly benefit	\$468

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 net family income below \$25,921
- **Allowable earnings:** under a pilot project in effect up to August 6, 2011, claimants are entitled to earn up to 40% of their weekly regular, parental or compassionate care benefits (\$75 for those receiving less than \$188 of benefits per week) without any decrease

- **Premium in 2011**

All jurisdictions except Québec:

Employee	<ul style="list-style-type: none"> ■ 1.78% of insurable earnings ■ Maximum annual premium of \$786.76
Employer	<ul style="list-style-type: none"> ■ 2.492% of insurable earnings ■ Maximum annual premium of \$1,101.46

Québec:

Employee	<ul style="list-style-type: none"> ■ 1.41% of insurable earnings ■ Maximum annual premium of \$623.22
Employer	<ul style="list-style-type: none"> ■ 1.974% of insurable earnings ■ Maximum annual premium of \$872.51

- **Eligibility:**

- regular 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 reentrants to labour force, at least 910 hours required; for reentrant parents, special rules apply
- maternity and parental benefits: all jurisdictions except Québec, 600 hours of insurable employment; Québec, see Section 3
- sickness and compassionate care benefits: 600 hours of insurable employment

- **Waiting period:** benefits payable after 2 weeks

- **Benefit duration:**

- maternity and parental benefits for Québec residents: see Section 3
- regular 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 regular benefits, total benefit period may not exceed 50 weeks

■ **Clawback:**

- if net income for taxation year exceeds 1¼ times maximum yearly insurable earnings (\$55,250 in 2011), 30% of the lesser of total benefits paid to claimant and the amount by which net income exceeds \$55,250 must be reimbursed
- 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 beginning before June 30, 1996

■ **Premium reduction:**

- employers with a registered disability income plan qualify for premium reduction; registered plans qualifying for premium reduction must provide benefits at least as generous as Employment Insurance sickness benefits
- amount of reduction: 39¢/\$100 of weekly insurable earnings for most plans; cumulative sick leave or pregnancy plans eligible for a reduction of up to 40¢/\$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 various programs such as:
 - employment assistance services
 - job creation partnerships
 - self-employment assistance
 - skills development
 - targeted wage subsidies

3. Québec Parental Insurance Plan

Benefits paid to all eligible workers—salaried or self-employed—who take maternity leave, paternity leave, parental leave or adoption leave

- **Maximum annual insurable earnings:**
\$64,000 in 2011

■ **Benefits**

Maternity benefits	Offered to birth mothers only and may not be shared between both parents
Paternity benefits	Offered to fathers and may not be shared between both parents
Parental benefits	Full number of weeks of parental benefits may be taken by either parent or shared between them, and benefits may be paid concurrently
Adoption benefits	Full number of weeks of benefits may be taken by either parent or shared between them, and benefits may be paid concurrently

- **Family income supplement:** up to 80% of the weekly insurable earnings for claimants with dependent children and a net family income below \$25,921
- **Allowable earnings:** under certain transitional measures, claimants are entitled to earn up to 40% of their weekly paternity, parental or adoption benefits (\$75 for those receiving less than \$188 of benefits per week) without any decrease
- **Premium in 2011 as a percentage of insurable earnings:** 0.537% for employee, 0.752% for employer and 0.955% for self-employed worker up to a maximum annual premium of \$343.68 for employee, \$481.28 for employer and \$611.20 for self-employed worker
- **Eligibility:** parent of a child born or adopted on or after January 1, 2006, residing in Québec at the beginning of the benefit period, earning at least \$2,000 of insurable income in the last 52 weeks preceding commencement of benefit payments regardless of the number of hours worked, whose regular weekly income is reduced by at least 40% and being required to pay the premium under the plan

- **Waiting period:** none
- **Benefit duration:** parents have a choice between two benefit payment periods: the basic plan and the special plan; weekly benefits are equal to a percentage (see table opposite) of the average weekly earning from last 26 weeks
- The average weekly earnings cannot exceed \$1,230.77 in 2011
- The maximum weekly benefit is \$923.08 in 2011

Type of Benefits	Basic Plan*	Special Plan*
Maternity benefits	18 weeks at 70%	15 weeks at 75%
Paternity benefits	5 weeks at 70%	3 weeks at 75%
Parental benefits	7 weeks at 70% + 25 weeks at 55%	25 weeks at 75%
Adoption benefits	12 weeks at 70% + 25 weeks at 55%	28 weeks at 75%

* Option selected by the first parent filing a claim applies to the other parent

Recent Changes

Effective January 1, 2011, sickness, compassionate care, maternity, adoption and parental benefits are provided to the self-employed

Temporary measure extended to August 6, 2011: increase in allowable earnings when receiving regular, parental or compassionate care benefits

New measure for military families, including reservists: parental benefits under employment insurance extended by the number of weeks that the parental leave is deferred or interrupted because of military requirement, effective July 4, 2010

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, political belief, physical or mental disability
- Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec and Saskatchewan: mandatory retirement prohibited (with exceptions)
- All jurisdictions (except Manitoba): statutory exceptions with respect to insurance and pension plans allowing discrimination on specific grounds
- Manitoba: has 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 measures required in public sector; Ontario and Québec: pay equity measures required in public and private sectors
- Ontario, Québec, Yukon (for public sector only) and federal: equal pay required for work of equal value

Recent Change

Newfoundland and Labrador: in force as of June 24, 2010, introduction of a new human rights legislation (disfigurement, pregnancy, criminal conviction unrelated to the employment, source of income are now prohibited grounds of discrimination; definition of marital status includes same-sex and common-law relationships)

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 (subject to certain exceptions), 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 per Canada Health Act 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:			
Less than \$15,000	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
Over \$30,000	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:			
Less than \$33,000	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
Over \$50,000	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); to calculate the deductible, the adjusted annual family income is multiplied by the PharmaCare deductible rate

Adjusted Annual Family Income	2010-2011 PharmaCare Deductible Rate
below \$15,000	2.71%
\$15,001 to \$21,000	3.84%
\$21,001 to \$29,000	3.88% - 4.22%
\$29,001 to \$40,000	4.25%
\$40,001 to \$47,500	4.62% - 4.82%
\$47,501 to \$75,000	4.89%
\$75,001 and up	6.12%

- Newfoundland and Labrador: comprehensive income-based prescription drug program for residents; program covers costs for eligible drugs when out-of-pocket costs exceed specified percentages of net family annual incomes; coverage available for those with net family annual incomes up to \$149,999; private plans remain first payer
- Nova Scotia: Seniors' Pharmacare provides optional coverage for residents age 65 and over; copayment for each prescription of 30% of the prescription cost; annual out-of-pocket maximum of \$382; 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 \$806 in a year; Family Pharmacare provides optional coverage for Nova Scotia residents not covered by another public program; participants are required to pay a 20% copayment per prescription as well as a deductible; the annual maximum deductible and copayment are based on family size and annual income
- Ontario: residents age 65 and over, with an income over the threshold (\$16,018 for singles, \$24,175 for couples) must each pay an annual deductible of \$100

before they are eligible for coverage (plus up to \$6.11 per prescription); residents age 65 and over with an income below the threshold only have to pay \$2 per prescription; for residents under age 65 whose drug costs are not completely covered by private insurance, there is catastrophic coverage with 100% reimbursement after a large deductible varying with family income and size (plus \$2 per prescription)

- Prince Edward Island: residents age 65 and over pay the dispensing fee (varies from one pharmacy to another) plus \$8.25 toward ingredient costs
- Québec: for all residents not eligible for a group insurance plan, 68% reimbursement after monthly deductible of \$16.00 per adult and 100% reimbursement after monthly out-of-pocket maximum of \$80.25 per adult
- Saskatchewan: 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 be eligible for assistance under the special support program; Children's Drug Plan provides coverage for children age 14 and under; maximum patient cost of \$15 per prescription for drugs listed on the Saskatchewan formulary; Seniors' Drug Plan provides coverage for residents age 65 and over, subject to income test; maximum patient cost of \$15 per prescription for drugs listed on the Saskatchewan formulary
- 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 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 certain special programs for low-income persons and medically required services)

Provinces	Eligibility
Alberta, British Columbia and Manitoba	Residents under age 19, and age 65 and over
Nova Scotia	Residents under age 10, and age 65 and over
Ontario	Residents under age 20, and age 65 and over
Québec	Residents under age 18, and age 65 and over
Saskatchewan	Residents under age 18
Yukon	Residents at least age 65 or 60 and married to a living Yukon resident who is at least age 65

3. Out-of-Country Coverage

- Coverage limited to a maximum per diem rate in all jurisdictions
- With prior approval, services not available in the province or territory of residence may be covered
- See table on the following page

4. Contributions

Costs supported in some provinces by employer or resident contributions:

- British Columbia: \$60.50 single, \$109 family of 2, \$121 family of 3 and over, per month
- Manitoba:

If payroll is ...	Employer contributes ...
More than \$2,500,000	2.15% of payroll
Between \$1,250,000 and \$2,500,000	4.30% on amount in excess of \$1,250,000
Less than \$1,250,000	0%

- Newfoundland and Labrador: employer with payroll in excess of \$1,000,000 contributes 2% tax on payroll in excess of \$1,000,000

- Nova Scotia: residents age 65 and over pay annual premium of up to \$424 for Seniors' Pharmacare Program drug coverage; no premium or fees under the Family Pharmacare Program

- 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 \$13,305 (excluding the portion between \$28,305 and \$46,260) to a maximum of \$1,000
 - residents covered under the Drug Insurance Plan: annual premium of up to \$600 per adult
 - health contribution of \$100 applies to individuals who reside in Québec and who are at least age 18 by the end of 2011, other than individuals with family income below the Québec Prescription Drug Insurance Plan premium exemption threshold not yet known for 2011 (for illustration purposes, the 2010 threshold, for a person living alone was \$14,080 and \$28,695 for a couple with more than one child)

Provincial Health Insurance Coverage Outside Of Canada

The information in this table is intended as a guide only. Certain conditions may apply.

Health insurance coverage available to residents of any province while outside of Canada	Provincial coverage for emergency medical services and hospital services, limited to provincial pre-set rates
Residency requirements to maintain provincial health insurance coverage	Resident must be physically present in his/her province of residence for at least 6 months in a calendar year (British Columbia, Manitoba, Nova Scotia, Québec, Saskatchewan); 183 days in a 12-month period (Alberta, New Brunswick); 153 days in any 12-month period and physically present for 153 days of first 183 days immediately after establishing primary residence (Ontario); 6 months plus one day on an annual basis (Prince Edward Island); must be ordinarily present in province (Newfoundland and Labrador) If resident is absent from Canada for work, coverage may be extended (from 1 to 4 years depending on province), subject to prior approval of provincial health authorities
Former Canadian resident without provincial health insurance coverage returning after working outside of Canada	Eligible for coverage on day of arrival provided he/she becomes a resident (Alberta, Newfoundland and Labrador); on first day he/she becomes a permanent resident (Nova Scotia, Prince Edward Island); after a waiting period consisting of the balance of month of arrival plus 2 months (British Columbia); on first day of third month after establishing residence (Manitoba, New Brunswick, Ontario, Saskatchewan); after a waiting period of up to 3 months following registration (Québec) <i>Upon arrival in Canada, a person must immediately register with appropriate provincial health care authorities to obtain coverage as soon as possible</i>

Recent Changes

British Columbia: contributions increased, effective January 1, 2011. Pharmacy Services Agreement, effective July 28, 2010, has introduced generic drug pricing limits that will be decreasing in stages between July 28, 2010 and April 2, 2012. Negotiated changes have also been made to the dispensing fees and mark up that will be reimbursed by Pharmacare

Manitoba: deductible table modified, effective April 1, 2010

Ontario: the Ontario government has changed the cost of a generic drug from 50% to 25% of the cost of the brand name equivalent and has eliminated the pharmacist professional allowance; the change has already been implemented with respect to the Ontario Drug Plan and will be phased in for private drug payers

Prince-Edward Island: copayment for seniors' Drug Cost Assistance Program decreased, effective September 1, 2010

Québec: deductible, out-of-pocket and premium under Prescription Drug Insurance Plan modified, effective July 1, 2010. Health contribution of \$100 applicable to individuals who reside in Québec and who are at least age 18 by the end of 2011

Anticipated Change

Alberta: depending on the Senior's taxable income, Seniors may be required to pay a monthly premium and a copayment for each prescription, effective date delayed

VII. Family Leaves

Note: additional rules, which are not addressed in this publication, may apply to other leaves of absence (such as sick leave, organ donor leave and reservist 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. Paternity Leave

- Only Québec has provisions regarding paternity leave
- **Eligibility:** no requirements
- **Duration:** 5 weeks
- Employee to be reinstated to the same position or a comparable one after paternity leave
- Québec requires participation in employer-sponsored benefits to continue during paternity leave, subject to continuation of employee contributions

3. 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 and Prince Edward Island
- 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, Prince Edward Island and Saskatchewan: employee may be required to pay employer contributions); Prince Edward Island: continuing participation does not include pension plans)

- Québec: 2-day paid leave upon birth or adoption of child for employee with 60 days of service with employer

4. Compassionate Care Leave

- All jurisdictions (except Alberta) 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 (British Columbia and Ontario, extension possible up to 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, Newfoundland and Labrador, 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
- 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, Prince Edward Island and Saskatchewan: employee may be required to pay employer contributions; Prince Edward Island: continuing participation does not include pension plans)

Recent Changes

Prince Edward Island: in force as of October 1, 2010, changes to the employment legislation (eligibility to maternity and parental leave is enhanced; changes to benefits participation rights during leaves; if new born or adopted child suffers from health condition, extension of the leave allowed up to 5 weeks; definition of family member is expanded)

Québec in force as of February 28, 2011, introduction of a period of leave for organ donation (surgery) with rights to maintain participation in employer-sponsored benefits

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**

Provinces	Benefits
Alberta, British Columbia, Manitoba, Québec and Saskatchewan	90% of net eligible earnings
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 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 Changes

Québec: the method for making contributions to workers' Compensation (CSST) is modified, effective January 1, 2011; as of that date, Revenu Québec, rather than the CSST, is responsible for collecting the contributions from employers

Yukon: effective January 1, 2011, change in legislation with respect to re-employment protection for injured workers

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 15% 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 15% federal tax credit (at provincial level, the percentage used to calculate the tax credit varies with each province)
- **Québec parental insurance plan (QPIP):** payments taxable; employer contributions deductible; employee contributions subject to a 15% federal tax credit (for Québec tax purposes, the QPIP tax credit is included in the basic personal tax credit)
- **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 disability plans:**
 - benefits paid from plan to which employer contributed are taxable; employer contributions deductible from taxable benefits; employer contributions not taxable to employees
 - lump-sum amount in settlement of future benefits under a group long-term disability policy is not taxable to the employee
 - 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 \$22,970, 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: \$2,552.22 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 \$11,485, 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 2011:
 - a) individuals not participating in an RPP or DPSP in 2010: lesser of 18% of earned income in 2010 and \$22,450
 - b) members of money purchase RPP and DPSP in 2010: lesser of 18% of earned income in 2010 and \$22,450, reduced by pension adjustment (i.e., employer and employee contributions to RPP and employer contributions to DPSP for 2010)
 - c) members of defined benefit RPP in 2010: lesser of 18% of earned income in 2010 and \$22,450, reduced by pension adjustment (i.e., deemed value of benefits accrued in 2010 under RPP) plus any unused RRSP deduction room at the end of 2010
- the RRSP deduction limit for 2011 is increased by the Pension Adjustment Reversal (PAR) calculated for 2011
- 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 71; 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

■ Registered Retirement Income Funds (RRIF)

- Property under a RRIF is derived only as a result of a transfer of funds from another RRIF, an RRSP or an RPP
- Starting in the year after the year a RRIF is established, a minimum amount has to be paid yearly from the RRIF

■ Tax Free Savings Account (TFSA)

- Canadian residents age 18 or older can contribute up to \$5,000 to a TFSA in 2011, plus any unused TFSA contribution room at the end of 2010. The contributions are not deductible for income tax purposes
- TFSA holders can make withdrawals at any time, and the total amount of the withdrawals in a calendar year will be added to the contribution room for the following year
- Unused contribution room can be carried forward indefinitely

- **Private pension benefits:** federal tax credit of 15% (max. \$300) of the first \$2,000 of eligible pension income (at provincial level, the amount eligible and the percentage used to calculate the tax credit vary 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 8% sales tax on net cost in Ontario and 9% in Québec

However, administrative charges for self-insured plans are subject to goods and services tax (GST) or harmonized sales tax, which rates vary by province; additionally to the latter, in Québec, administrative charges for self-insured plans are subject to 8.5% sales tax.

Recent Changes

Contribution limits for money purchase RPP and DPSP increased to \$22,970 and \$11,485, respectively; maximum pension benefit per year of service under a defined benefit RPP increased to \$2,552.22, and RRSP dollar limit increased to \$22,450

In response to tax-planning schemes and TFSA misuses, anti-avoidance measures have been proposed to strengthen TFSA rules, applicable to transactions occurring after October 16, 2009

As of January 1, 2011, Québec's sales tax on administrative charges for self-insured plans, subject to GST, is increased from 7.5% to 8.5%

Anticipated Change

Québec Insurance Premium Tax will be increased from 2.35% to 2.55%, retroactively to April 1, 2010

X. Saskatchewan Pension Plan

■ Voluntary money purchase retirement savings

plan: any person age 18 to 69 may contribute up to \$600 per year; membership is not limited to Saskatchewan residents; 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); 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

Anticipated Changes

Proposed changes to the Income Tax Act to accommodate an increase in the annual contribution limit to the Saskatchewan Pension Plan to \$2,500 from \$600, and align its tax treatment with that of other tax-assisted retirement savings vehicles. These changes will ensure that Saskatchewan Pension Plan members benefit from additional features of the Registered Retirement Savings Plan and Registered Pension Plan rules that were not previously available to them. The proposed changes will apply to 2010 and subsequent taxation years

The Government of Saskatchewan is simultaneously proceeding with amendments to provincial legislation and regulations required to enact these changes

This document was prepared by Mercer. It is intended as an overview of Canadian legislated benefits.

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