



1st Quarter 2005



Legislation

Government Benefits in 2005

Many government-provided social programs in Canada affect the administration and coverage of private benefit plans. We are pleased to present an update of these programs for 2005. For further information concerning these benefits, please go to their websites, the addresses for which are provided in this article.

1 Quebec Pension Plan (QPP) and the Canada Pension Plan (CPP)

The QPP and CPP rates are the same, unless otherwise indicated. The pension amount indicated represents the maximum pension amount.

QPP Web Site:
www.rrq.gouv.qc.ca

CPP Web Site:
www.hrdc-drhc.gc.ca/isp

Contributions	2004	2005
Yearly maximum pensionable earnings (YMPE)	\$40,500	\$41,100
Basic annual exemption	\$3,500	\$3,500
Contribution rate (employer and employee; double for a self-employed person)	4.95%	4.95%
Maximum annual contributions (employer and employee; double for a self-employed person)	\$1,831.50	\$1,861.20
Benefits		
QPP Death Benefit (lump sum)	\$2,500	\$2,500
CPP Death Benefit (lump sum)	6 times the retirement pension, maximum \$2,500	6 times the retirement pension, maximum \$2,500
QPP monthly Survivors' Pension		
Spouse under 45 years of age		
• Not disabled with no dependent children	\$403.18	\$410.31
• Not disabled with dependent children	\$660.12	\$671.72
• Disabled with or without dependent children	\$687.45	\$699.42
Spouse between 45 and 54 years of age	\$687.45	\$699.42
Spouse between 55 and 64 years of age	\$704.90	\$710.37
Spouse 65 years of age or older	\$488.50	\$497.25
Orphan (per child until 18 years of age)	\$61.18	\$62.22
CPP monthly Survivors' Pension		
Spouse under 65 years of age	\$452.42	\$462.42
Spouse 65 years of age or older	\$488.50	\$497.25
Orphan (per child until age 18 or until age 25 if a student)	\$192.68	\$195.96
QPP monthly disability pension		
Contributor	\$992.77	\$1,010.20
Dependent child (per child)	\$61.18	\$62.22
CPP monthly disability pension		
Contributor	\$992.80	\$1,010.23
Dependent child (per child)	\$192.68	\$195.96
Maximum monthly retirement pension at age 65	\$814.17	\$828.75
Pension indexation rate as of January 1	3.2%	1.7%

2 Employment Insurance

To be eligible for sick leave, maternity leave or parental leave benefits under the Employment Insurance Act, an employee must have accumulated 600 insurable hours in the 52-week period preceding the claim. Sick leave and maternity leave benefits are payable for a maximum of 15 weeks. Parental leave benefits are payable for a maximum of 35 weeks. A combination of sick

leave, maternity leave or parental leave benefits can be paid up to a maximum of 65 weeks, if certain specific conditions are met. The amount of the weekly benefit depends on the employee's earnings in the last 26 weeks of employment.

Since January 4, 2004, Compassionate care benefits may be paid to individuals who have to be away

from work temporarily to provide care or support to a family member who is gravely ill with a significant risk of death. The benefit is payable for six weeks following a two-week waiting period. It can be obtained by one employee or shared with other family members who meet the eligibility conditions for this benefit.

Contributions	2004	2005
Maximum annual insurable earnings	\$39,000	\$39,000
Employee contribution rate per \$100 of gross insurable earnings	\$1.98	\$1.95
Maximum annual employee contribution	\$772.20	\$760.50
Employer contribution rate per \$100 of gross insurable earnings*	\$2.77	\$2.73
Maximum annual employer contribution	\$1,081.08	\$1,064.70
Benefits		
Basic benefit rate (% of average insurable earnings)	55%	55%
Maximum weekly amount	\$412.50	\$412.50
Last weeks of salary	26 weeks	26 weeks
Waiting period	2 weeks	2 weeks
Maximum duration of sickness benefits	15 weeks	15 weeks
Tax status of benefits	Taxable	Taxable

Employment Insurance Web Site:
www.hrdc-drhc.gc.ca/ae-ei/

* Employers who offer a qualified short-term disability plan to their employees are eligible for a reduction in their employment insurance contribution, provided the plan reduces EI benefits that would be payable if such a plan did not exist. Employers are required to return 5/12 of the savings from the premium reduction to all employees to whom the reduced rate applies.

3 Workers' Compensation

Workers' Compensation plans are governed by provincial legislation and are financed by employers. Participation in these plans is mandatory for some employers or groups of workers, depending

on the province. Premiums vary according to type of industry, size of company or rating class for each province. Workers' compensation plans mainly provide for income replacement benefits,

but they also reimburse certain medical costs. These benefits are not taxable.

Province	Maximum assessable earnings 2004	Maximum assessable earnings 2005	Disability Benefits	Web Site
British Columbia	\$60,700	\$61,300	90% of net average income; For workers injured prior to June 30, 2002 will be 75% of gross average income	www.worksafebc.com
Alberta	\$61,200	\$62,600	90% of net average income	www.wcb.ab.ca
Saskatchewan	\$53,000	\$55,000	90% of net income	www.wcb.sask.com
Manitoba	\$56,310	\$58,260	90% of net average income for the first 24 months, 80% thereafter	www.wcb.mb.ca
Ontario	\$66,800	\$67,700	85% of net income	www.wsib.on.ca
Quebec	\$55,000	\$56,000	90% of net income	www.csst.qc.ca
New Brunswick	\$50,000	\$50,900	85% of net income	www.whscc.nb.ca
Nova Scotia	\$43,200	\$43,800	75% of net income for the first 26 weeks, 85% thereafter	www.wcb.ns.ca
Prince Edward Island	\$41,200	\$42,300	80% of net income for the first 38 weeks, 85% thereafter	www.wcb.pe.ca
Newfoundland and Labrador	\$45,500	\$46,275	80% of net income	www.whscc.nf.ca
Northwest Territories and Nunavut	\$66,500	\$66,500	90% of net income	www.wcb.nt.ca
Yukon	\$65,800	\$67,000	75% of gross income	www.wcb.yk.ca

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Provincial Health Insurance Plans

The federal and provincial governments share responsibility for the health care system in Canada. Health care services vary from province to province. The coverage provided is constantly being reviewed and revised. In this article, we outline the main changes that occurred in 2004.

Quebec

In Quebec, it is compulsory for all residents who are not covered under a group insurance plan to be covered under a government-provided prescription drug plan. On July 1, 2004 the contribution requirements for the plan were changed as indicated in the table below:

Quebec Drug Plan	Before July 1, 2004	As of July 1, 2004
Monthly deductible	\$9.60	\$10.25
Co-insurance	28%	28.5%
Maximum annual contribution	\$839	\$857
Annual premium	\$460	\$494

Ontario

Delisting

The Ontario government announced three delisted services in 2004. Eye exams ceased to be covered effective November 1, 2004. Chiropractic services were delisted as of December 1, 2004. Physiotherapy services will cease to be covered as of April 2005.

Introduction of the Ontario Health Premium

On July 1, 2004, a health premium based on income was introduced for individuals with a taxable income of \$20,000 per year or more. The premium ranges between \$300 and \$900 per year. The introduction of the Ontario health premium did not result in the reduction or the elimination of the Employer Health Tax ("EHT"), which employers must continue to pay. Employers should also be aware that the OHP applies to taxable short-term and long-term disability benefits.

For your information, here are the Web sites of the Ministry of Health of each province and territory:

Alberta
www.health.gov.ab.ca/

British Columbia
www.healthservices.gov.bc.ca/

Manitoba
www.gov.mb.ca/health

New Brunswick
www.gnb.ca/hw-sm

Newfoundland and Labrador
www.gov.nf.ca/health

Northwest Territories
www.hltss.gov.nt.ca/

Nova Scotia
www.gov.ns.ca/health

Nunavut
www.gov.nu.ca/hss.htm

Ontario
www.health.gov.on.ca

Prince Edward Island
www.gov.pe.ca/infopei/Health

Quebec
www.msss.gouv.qc.ca

Saskatchewan
www.health.gov.sk.ca

Yukon
www.hss.gov.yk.ca/

Benefits

Rehabilitation

With the growing incidence and cost of disabilities, employers need to start taking a different approach for managing their employees' disabilities. We all know that prevention and health promotion are key to reducing the number of disabilities.

That having been said, it is nonetheless true that when an employee becomes disabled, a proactive disability management program that includes a rehabilitation component is a necessity.

Rehabilitation Goals

Rehabilitation services are designed to make it easier for disabled employees to access the resources they need. Doing so facilitates their recovery and ensures a safe and lasting return to work. Rehabilitation services also promote various options, based on each claimant's specific needs. The services are designed to break up the isolation associated with disability and allow for an early intervention, which is critical to the return-to-work process. As many studies have shown, the sooner the intervention takes place, the better the chances are that the person will recover.

Rehabilitation services are currently offered in a variety of ways within the Industry. Services may be provided by an in-house team of specialists or by independent professionals. In most cases, both the in-house team and the independent professionals have access to a network of specialists such as ergonomists, occupational therapists, clinical psychologists and mediators, etc.

How Rehabilitation Works

The process begins with a preliminary examination of the disability claim. Once the claim is examined, the file is transferred to Rehabilitation Services, only if the employee's medical condition is considered stable and it is appropriate to do so.

A rehabilitation counsellor then takes charge of the case and evaluates the claimant's specific needs through a series of interviews and meetings with the claimant, the attending physician and the employer, if appropriate. The subsequent steps are determined based on the claimant's specific condition and vary according to the needs identified. Claimants are sometimes referred to various

professionals for help in moving forward toward recovery. Certain tools specially designed for rehabilitation may be used, such as functional capacity evaluations and transferable skills analyses. Rehabilitation has a dual goal of restored health and a lasting return to work for the claimant. A personalized return-to-work program may be prepared with input from the claimant, the physician and the employer. It should be noted that the employer's collaboration is key to the return to work strategy. Rehabilitation may lead to a gradual return to work, a full resumption of duties and even a career change, in certain instances.

Industrial Alliance is committed to providing rehabilitation services that will suit its clients needs. Please contact your Industrial Alliance Group Account Executive if you would like to learn more about rehabilitation services or to obtain further details on the services that Industrial Alliance offers.

Administration

Transactional Sites

With the Internet's unquestionable popularity, transactional sites are being used more and more today for personal and professional activities. The life and health insurance industry, which has adapted to this trend, has made increasingly comprehensive and sophisticated transactional sites available to its clients in recent years. These sites not only enable clients to purchase a variety of financial products, but also allow them to administer their financial products through the Internet.

Group insurance plan transactions lend themselves even more easily to transactional Web sites, as these sites make it possible to simplify procedures for all concerned - policyholders, administrators and members alike. In fact, transactional Web sites are quite an asset to group insurance plans, and everyone finds advantages to using them.

It should be noted that the quality of the advantages mentioned below is closely tied to the quality of the transactional site. The site must be simple, quick and easy to use. Transactions conducted must be reflected in real time. Users must appreciate its advantages, gain from using it and recognize the added value from using the site. In fact, that is the challenge of transactional sites, and that is the factor that will determine the ones that will still be around years from now.

Advantages for Policyholders and Plan Administrators

- Simplification of the enrolment process for new members and their dependents;
- Speedy access to information and quick information updates concerning members and their dependents;
- Easy access to new insurance certificates;
- Electronic billing and speedy access to previous premium statements;
- Access to an easy-to-use spreadsheet showing invoice data, as well as a list of employees;
- Simple access to contracts and booklets;
- Speedy access to information bulletins and communiqués;
- Quick and simple access to various reports, such as reports on payroll deductions and taxable benefits.

Advantages for Plan Members

- Speedy access to information on insurance benefits
 - Deductibles and frequency of visits
 - Balance available for vision care or dental care benefits;
 - Balance of the health spending account;

- Continuous access to the status of medical expense and dental claims;
- One-step access to the annual benefits statement, for income tax purposes;
- Direct deposit for benefits and electronic benefit statements, eliminating postal delays;

Industrial Alliance is committed to offering state-of-the-art technology. Web@dmin, Industrial Alliance's transactional site, is very user friendly and multifunctional. To learn more about transactional sites or to obtain further details on Industrial Alliance's transactional site, please contact your Group Account Executive.

Your Input

We are always interested in hearing from you. If you have any comments or questions regarding any of the articles included in this bulletin, or if you would like a particular topic to be covered in a future issue, please contact your Group Account Executive.

About Industrial Alliance The INFO Bulletin is presented to you by Industrial Alliance.

Industrial Alliance is among the most solid financial institutions in the country and is a leader in insurance and financial services. With offices from coast to coast, Industrial Alliance insures more

than 1.7 million Canadians and has over \$25.5 billion in assets under management and under administration, making it the 5th largest life and health insurance provider in Canada.