



1st Quarter 2006



2006 Government Benefits



Many federal and provincially-sponsored benefit programs impact the administration and coverage available under private benefit plans. We are therefore pleased to once again present you with an updated list of the benefits available under these programs. Should you require any additional information regarding benefits, we invite you to consult the corresponding agency's website, which are listed at the end of each section.

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

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

Contributions	2005	2006	Benefits	2005	2006
Yearly maximum pensionable earnings (YMPE)	\$41,100	\$42,100	CPP monthly survivors' pension		
Basic annual exemption	\$3,500	\$3,500	Spouse under 65 years of age	\$462.42	\$471.85
Contribution rate (employer and employee; double for self-employed)	4.95%	4.95%	Spouse 65 years of age or older	\$497.25	\$506.75
Maximum annual contributions (employer and employee; double for self-employed)	\$1,861.20	\$1,910.70	Orphan (per child until age 18 or until age 25 if a student)	\$195.96	\$200.47
Benefits			QPP monthly disability pension		
QPP death benefit (lump sum)	\$2,500	\$2,500	Contributor	\$1,010.20	\$1031.02
CPP death benefit (lump sum)	\$2,500	\$2,500	Dependant child (per child)	\$62.22	\$63.65
QPP monthly survivors' pension			CPP monthly disability pension		
Spouse under 45 years of age			Contributor	\$1010.23	\$1031.05
• Not disabled with no dependent children	\$410.31	\$418.54	Dependent child (per child)	\$195.96	\$200.47
• Not disabled with dependent children	\$671.72	\$658.86	Maximum monthly retirement pension at age 65	\$828.75	\$844.58
• Disabled with or without dependent children	\$699.42	\$714.30			
Spouse between 45 and 54 years of age	\$699.42	\$714.30			
Spouse between 55 and 64 years of age	\$710.37	\$716.31			
Spouse 65 years of age or older	\$497.25	\$506.75			
Orphan (per child until 18 years of age)	\$62.22	\$63.65			

Quebec Pension Plan website:
www.rrq.gouv.qc.ca

Canada Pension Plan website:
www.hrdc-drhc.gc.ca/isp/

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2. Employment Insurance

In order to be eligible for health, maternity or parental benefits under the *Employment Insurance Act*, an employee must have accumulated 600 insurable hours in the 52-week period preceding the claim. Health and maternity benefits are payable for a maximum of 15 weeks and parental leave benefits are payable for a maximum of 35 weeks. A combination of maternity, parental leave and health benefits can be paid up to a maximum of 65 weeks if specific conditions are met. The amount of the weekly benefit depends on the employee's earnings in the last 26 weeks of employment.

Note – Québec Parental Insurance Plan

Please take note that the Québec Parental Insurance Plan (QPIP) came into force on January 1, 2006. Therefore, as of this date, Quebec-based employers and employees will contribute to this new program that pays benefits for maternity, paternity, adoption and parental leaves. Consequently, Quebec taxpayers will contribute slightly less to Employment Insurance, since this program will no longer pay new claims for maternity or parental benefits made in Quebec. Refer to the table below to view the impact of this new plan on Employment Insurance contributions in 2006.

Please note that the 3rd quarter 2005 INFO Bulletin contained an article on the QPIP, and Revenu Québec also published the Table for Québec Parental Insurance Plan Premiums on its website at www.revenu.gouv.qc.ca.

Contributions	2005	2006	Benefits	2005	2006
Maximum annual insurable earnings	\$39,000	\$39,000	Basic benefit rate (% of average insurable earnings)	55%	55%
Employee contribution rate per \$100 of gross insurable earnings			Maximum weekly amount	\$412.50	\$412.50
- No provincial plan – QPIP (refer to the note above)	\$1.95	\$1.87	Last weeks of salary	26 weeks	26 weeks
- Provincial plan – QPIP (refer to the note above)	n/a	\$1.53	Waiting period	2 weeks	2 weeks
Maximum annual employee contribution	\$760.50	\$729.30	Maximum duration of health benefits	15 weeks	15 weeks
Employer contribution rate per \$100 of gross* insurable earnings			Tax status of benefits	Taxable	Taxable
- No provincial plan – QPIP (refer to the note above)	\$2.73	\$2.62			
- Provincial plan – QPIP (refer to the note above)	n/a	\$2.14			
Maximum annual employer contribution	\$1,064.70	\$1,021.02			

* Note that employers who offer their employees a qualified short-term disability plan are eligible for a reduction in Employment Insurance contributions, provided that 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 generated by the premium reduction to all employees to whom the reduced rate applies.

Employment Insurance website:

www.hrsdc-drhc.gc.ca/ae-ei/

For your information, below is a list of several provincial health insurance website addresses.

British Columbia

www.healthservices.gov.bc.ca

Alberta

www.health.gov.ab.ca

Saskatchewan

www.health.gov.sk.ca

Manitoba

www.gov.mb.ca/health

Ontario

www.health.gov.on.ca

Quebec

www.msss.gouv.qc.ca

New Brunswick

www.gnb.ca/hw-sm/

Nova Scotia

www.gov.ns.ca/health

Prince Edward Island

www.gov.pe.ca/infopei/Health

Newfoundland and Labrador

www.gov.nf.ca/health

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3. Workers' Compensation

Workers' compensation plans are governed by provincial legislation and financed by employers. In some provinces, participation in such plans is mandatory for certain employers or groups of workers. Premiums vary according to the type of industry and the size of the company or rating class in each province. Workers' compensation plans mainly provide for income replacement benefits but can also reimburse certain medical costs. Please note that these benefits are not taxable.

Province	Maximum assessable earnings 2005	Maximum assessable earnings 2006	Disability benefits	Website
British Columbia	\$61,300	\$62,400	90% of net average income	www.worksafebc.com
Alberta	\$62,600	\$63,300	90% of net average income	www.wcb.ab.ca
Saskatchewan	\$55,000	\$55,000	90% of net income	www.wcbsask.com
Manitoba	\$58,260	No maximum	90% of net average income	www.wcb.mb.ca
Ontario	\$67,700	\$69,400	85% of net income	www.wsib.on.ca
Quebec	\$56,000	\$57,000	90% of net income	www.csst.qc.ca
New Brunswick	\$50,900	\$51,900	85% of net income	www.whscc.nb.ca
Nova Scotia	\$43,800	\$45,100	75% of net income for the first 26 weeks 85% thereafter	www.wcb.ns.ca
Prince Edward Island	\$42,300	\$43,300	80% of net income for the first 38 weeks 85% thereafter	www.wcb.pe.ca
Newfoundland and Labrador	\$46,275	\$47,245	80% of net income	www.whscc.nf.ca
Northwest Territories and Nunavut	\$66,500	\$67,500	90% of net income	www.wcb.nt.ca
Yukon	\$67,000	\$69,500	75% of gross income	www.wcb.yk.ca

4. Provincial Health Insurance Plans

The federal and provincial governments share responsibility for Canada's healthcare system. Healthcare services vary from province to province and the available coverage is constantly being reviewed and revised. This section outlines the main changes that were made to Quebec's health insurance plan in 2005.

- **Quebec**

Participation in Quebec's government-sponsored prescription drug plan is mandatory for all residents who are not covered under a private group insurance plan. On July 1, 2005, the following changes were made to the plan's contribution requirements:

	Before July 1, 2005	As of July 1, 2005
Monthly deductible	\$10.25	\$11.90
Co-insurance	28.5%	28.5%
Maximum annual contribution	\$857	\$857
Annual premium	\$494	\$521

Legislation

Elimination of Mandatory Retirement in Ontario

On December 12, 2005, legislation eliminating mandatory retirement in Ontario (Bill 211) was given royal assent and passed into law. However, employers have one full year to adjust their workplace practices in order to comply with the legislation.

As a result, starting December 12, 2006, employers will no longer be able to force employees aged 65 or more to retire unless it can be justified on "bona fide occupational requirement" grounds determined under the Human Rights Code of Ontario. In cases where a forced retirement cannot be justified, an employer wishing to dismiss an employee aged 65 or older will have to give the employee proper notice of termination or pay-in-lieu of the notice.

Bill 211 will impact collective agreements as these documents will no longer be able to include provisions requiring mandatory retirement, except where they can be properly justified. Consequently, mandatory retirement provisions in existing collective agreements will no longer be enforceable as of December 12, 2006. Please note however that the legislation does not go so far as to prevent unions and employers from negotiating voluntary retirement incentives such as early retirement packages.

The new legislation does not impact current practices regarding pension plans and group benefit plans, and existing rules for participation in pension plans will not be affected by the elimination of mandatory retirement. Furthermore, the legislation does not require employers to continue providing

group benefits to employees aged 65 or more. However, employers who currently terminate the group benefits of employees at age 65 and intend to continue this practice should provide notice of this policy to their employees. Failure to continue providing benefits could raise certain issues, such as the termination of group benefits being viewed as a constructive dismissal of older employees.

In addition, entitlements under the *Ontario Workplace Safety and Insurance Act* have not been changed by the legislation, which means that workplace and safety insurance benefits will continue to be limited to employees who are injured prior to age 65.

For more information on the elimination of mandatory retirement in Ontario, we invite you to contact the Ontario Ministry of Labour or visit their website at www.labour.gov.on.ca.

Legislation

CompCorp Changes its Name to Assuris



CompCorp, the organization that protects Canadian policyholders in the event their life insurance company becomes insolvent, announced in December that it has changed its name to Assuris. The new name was chosen to better reflect the organization's role and promote stronger recognition among consumers.

The protection offered by Assuris applies to benefits available under various products issued by member companies, including life insurance, critical illness insurance, health insurance, disability income, payout annuities, accumulation annuities, group insurance, group retirement, and segregated funds.

Funded by the life insurance industry, Assuris is a non-profit corporation that protects Canadian policyholders against benefit losses due to the

insolvency of a member company. Founded in 1990, Assuris has earned a reputation for working to support policyholders and containing losses. Since its inception, Assuris has protected the financial interests of almost three million Canadian insureds through three insurer insolvencies.

In view of the fact that the life insurance industry is currently stable and no life insurance companies have been declared insolvent in the last 11 years, Assuris felt that this was an ideal time to introduce a new name and logo as it will cause virtually no disruptions to the industry.

To find out more about Assuris, we invite you to visit their website at www.assuris.ca.

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.

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