



1st Quarter 2004



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Legislation

Government Benefits in 2004

Many government provided social programs in Canada affect the administration and coverage of private benefits plans. We are pleased to present you again this year, an update of these program for 2004. Should you require further information on these benefits, we invite you to consult their websites, the addresses for which we have 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.hrhc-drhc.gc.ca/isp

Contributions	2003	2004
Yearly maximum pensionable earnings (YMPE)	\$39,900	\$40,500
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)	\$1,801.80	\$1,831.50
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	\$395.31	\$403.18
• Not disabled with dependent children	\$644.28	\$660.12
• Disabled with or without dependent children	\$670.76	\$687.45
Spouse between 45 and 54 years of age	\$670.76	\$687.45
Spouse between 55 and 64 years of age	\$700.06	\$704.90
Spouse 65 years of age or older	\$480.75	\$488.50
Orphan (per child until 18 years of age)	\$59.28	\$61.18
CPP monthly Survivors' Pension		
Spouse under 65 years of age	\$444.96	\$452.42
Spouse 65 years of age or older	\$480.75	\$488.50
Orphan (per child until age 18 or until age 25 if a student)	\$186.71	\$192.68
QPP monthly disability pension		
Contributor	\$971.23	\$992.77
Dependent child (per child)	\$59.28	\$61.18
CPP monthly disability pension		
Contributor	\$971.26	\$992.80
Dependent child (per child)	\$186.71	\$192.68
Maximum monthly retirement pension at age 65	\$801.25	\$814.17
Pension indexation rate as of January 1	1.6%	3.2%

2 Employment Insurance

To be eligible for sickness, 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. The sickness and maternity benefits are payable for a maximum of 15 weeks. The parental leave benefits are payable for a maximum of 35 weeks. A combination of maternity, parental leave and

sickness benefits can be paid up to a maximum of 65 weeks (it was limited to 50 weeks before March 2002) if specific conditions are met. The amount of the weekly benefit depends on the employee's earnings in the last 26 weeks of employment.

A new type of benefit has been introduced by Employment Insurance. Since January 4, 2004,

Compassionate care benefits are paid to persons 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. We invite you to read the article about this new benefit in this bulletin.

Contributions	2003	2004
Maximum annual insurable earnings	\$39,000	\$39,000
Employee contribution rate per \$100 of gross insurable earnings	\$2.10	\$1.98
Maximum annual employee contribution	\$819.00	\$772.20
Employer contribution rate per \$100 of gross insurable earnings*	\$2.94	\$2.77
Maximum annual employer contribution	\$1,146.60	\$1,081.08
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

* 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.

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

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 the 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 2003	Maximum assessable earnings 2004	Disability Benefits	Web Site
British Columbia	\$60,100	\$60,700	90% of net average income; For workers injured prior to June 30, 2002 will be 75% of gross average income	www.worksafebc.com
Alberta	\$58,800	\$61,200	90% of net average income	www.wcb.ab.ca
Saskatchewan	\$51,900	\$53,000	90% of net income	www.wcb.sask.ca
Manitoba	\$55,620	\$56,310	90% of net average income for the first 24 months, 80% thereafter	www.wcb.mb.ca
Ontario	\$65,600	\$66,800	85% of net income	www.wsib.on.ca
Quebec	\$53,500	\$55,000	90% of net income	www.csst.qc.ca
New Brunswick	\$48,400	\$50,000	85% of net income	www.whscc.nb.ca
Nova Scotia	\$41,800	\$43,200	75% of net income for the first 26 weeks, 85% thereafter	www.wcb.ns.ca
Prince Edward Island	\$40,000	\$41,200	80% of net income for the first 38 weeks, 85% thereafter	www.wcb.pe.ca
Newfoundland and Labrador	\$45,500	\$45,500	80% of net income	www.whscc.nf.ca
Northwest Territories and Nunavut	\$64,500	\$66,500	90% of net income	www.wcb.nt.ca
Yukon	\$66,200	\$65,800	75% of gross income	www.wcb.yk.ca

4 Provincial Health Insurance Plans

The federal government and provincial governments share responsibility for the health care system in Canada. Here are the responsibilities incumbent to each level of government:

The **federal government** is responsible for:

- setting and administering national principles or standards for the health care system through the Canada Health Act;
- assisting in the financing of provincial health care services through fiscal transfers;
- delivering direct health services to specific groups (veterans, native Canadians, military personnel, etc.);
- fulfilling other health-related functions such as health protection, disease prevention, and health promotion.

The **provincial governments** are responsible for:

- managing and delivering insured health services;
- planning, financing, and evaluating the provision of hospital care, physician and related health care services;
- managing some aspects of prescription drug and public health;

Thus, health care services vary from province to province. The coverages provided are constantly being reviewed and revised. In this article we outline the main changes that occurred in 2003.

British Columbia

On May 1, 2003, British Columbia introduced the "Fair PharmaCare program" which provides financial assistance to British Columbia residents for eligible prescription drugs and designated medical supplies based on their net income. The PharmaCare deductible is now a percent (from 0% to 3%) of the family net income.

For your information, here are the web sites for each province's Ministry of Health:

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

Quebec

In Quebec, participation in the government provided prescription drug plan is mandatory for all residents who are not covered under a group insurance plan. On July 1, 2003, the contribution requirements for the plan were changed as indicated in the following table:

Quebec Drug Plan	Before July 1, 2003	As of July 1, 2003
Monthly deductible	\$9.13	\$9.60
Co-insurance	27.4%	28%
Maximum annual contribution	\$822	\$839
Annual premium	\$422	\$460

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Compassionate care benefit

Effective January 4, 2004, the Employment Insurance ("EI") Act was amended to provide for a Compassionate Care Benefit. The aim of the benefit is to provide job and income protection for employees who wish to take time off work to provide care or support to a family member who has a serious medical condition which could result in the individual's death within 26 weeks.

Who is eligible for the benefit?

To be eligible to apply for the benefit the employee must show that his/her regular weekly earnings have decreased by at least 40% as a result of having to provide the care or support and that he/she has accumulated 600 insured hours during the last 52 weeks or from the date of his/her last claim with EI.

What is the benefit that is payable?

The amount of the benefit that is payable is 55% of the employee's average insured earnings, subject to a maximum of \$413 per week. It is considered taxable and as a result provincial (if applicable) and federal taxes will be deducted.

The benefit is payable for 6 weeks following a two-week waiting period and can be taken by one employee or it can be shared with other family members who satisfy the conditions for being eligible to receive the benefit.

Who is considered a "family member"?

A family member is considered

- the employee's child or a child of the employ-

ee's spouse or common-law spouse

- the employee's spouse or common-law spouse
- the employee's parents
- the spouse or common-law spouse of the employee's parent

The seriously ill family member does not need to reside in Canada for the employee to be eligible to receive the compassionate care benefit.

What is considered "care" or "support"?

Care or support of a family member means

- providing or participating in the care or support of the family member; or
- arranging the care of the family member by a third party care provider; or
- providing psychological or emotional support to the family member

What proof is required by EI?

To apply for the compassionate care benefit, the employee must provide a medical certificate from the attending physician or other medical practitioner attending the seriously ill family member. The medical certificate must attest to the fact that the family member has a serious medical condition with a significant risk of death within 26 weeks and that the individual requires the care or support of one or more family members.

Impact on employers?

Federally regulated employers

The Canada Labour Code has been amended so

that employees are entitled to up to 8 weeks of compassionate care leave and job protection.

This means that an employee who takes a period of compassionate care leave must be reinstated to his/her former position or be given a comparable position at the same location and at the same wages and benefits, upon returning from the leave.

Provincially regulated employers

Currently only some of the provincial/territorial labour codes allow or are in the process of being amended to allow employees to take advantage of the new Compassionate Care Benefit from EI. The provinces include Quebec, Nova Scotia, New Brunswick, Prince Edward Island, Manitoba and the Yukon.

It is expected that all provinces over time will implement changes to their labour codes to allow for their residents to take advantage of the new EI benefit while retaining their jobs.

For further information regarding the Compassionate Care Benefit from EI, go to the EI website at www.hrdc-drhc.gc.ca/ei.

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Privacy legislation

On January 1, 2004, the federal Personal Information Protection and Electronics Documents Act (PIPEDA) came into force. The purpose of the Act is to safeguard the personal information that is collected, used or disclosed by private companies during the course of their commercial activities. This includes insurers when collecting employees' personal information to enroll them and their family in Group Plans or to pay their claims.

PIPEDA applies to all provinces, except those provinces that have introduced privacy legislation which is "substantially similar". Currently only Quebec, British Columbia and Alberta have introduced such legislation.

10 Privacy Principles

PIPEDA has established 10 principles that all provincial privacy legislation applicable to private sector commercial activities must meet or exceed to be considered substantially similar. These 10 principles govern how companies (like us) must manage and safeguard the personal information of plan members and their families that is collected.

The 10 principles are:

1. **Accountability** – the company is responsible for the personal information it has collected, including information that may be transferred to a third party (e.g. service provider) that may be performing services for, or on behalf of, the company.

2. **Purpose** – the purpose for which the information is collected must be clearly identified before or at the time of collection.

3. **Consent** –

- the company will only collect, use or disclose personal information with the consent of the individual (unless allowed by law).
- the individual's consent may be withdrawn at any time, subject to legal or contractual restrictions.

4. **Collection** – the company will only collect the personal information that is necessary for the purposes identified.

5. Use, Disclosure and Retention of Personal Information

- an individual's personal information will not, without the individual's consent, be used or disclosed to a third party for any purpose other than that for which it was collected, unless such disclosure is required or allowed by law.

- the company will only retain the personal information for the period necessary to fulfill the identified purpose, unless otherwise required or allowed by law.

6. **Accuracy** – the company will use all reasonable efforts to ensure that the personal information collected is accurate and complete for the purpose for which it is to be used.

7. **Safeguards** – the company will protect the security and confidentiality of the personal information with the level of safeguards appropriate to the sensitivity of the information.

8. **Openness** - the company's Privacy Guidelines must be made available to its clients and the public.

9. Individual Access

- an individual must be informed of the existence, use and disclosure of personal information pertaining to him/her.
- an individual has the right to access the information which has been collected by the company on him/her, to challenge the accuracy of such information and, if warranted, to have any incorrect information corrected.

10. **Challenging Compliance** – an individual has the ability to challenge or question the Company regarding its privacy practices.

Finally the company can only collect, use or disclose an individual's personal information if doing so would be considered acceptable by a reasonable person.

What is considered personal information?

An individual's personal information under PIPEDA is broadly defined. It will include information such as:

- Name, address and telephone number
- Age, gender, family and marital status
- Identification numbers such as Social Insurance Numbers
- Financial and employment information
- Medical and health information

However it does not include the name, title, business address or business telephone number of an employee of a company.

Meeting Privacy Requirements?

We are committed to protecting personal information from unauthorized collection, use or disclosure

by ensuring that the appropriate and necessary safeguards are in place. These include:

- Limiting the physical access to areas where personal information is stored through building security measures.
- Policies and procedures that limit who has access to personal information that has been collected.
- Use of passwords, encryption and firewalls to protect personal information that has been collected and stored electronically.

If we receive a request to release an individual's personal information, we will only do so upon satisfactory proof that the individual to whom the information applies has consented to such release, unless required or permitted by law.

In addition we have taken a number of steps to better meet the requirements under the privacy legislation. Among the steps that we have taken are:

- We reviewed our internal procedures and introduced changes where required to ensure that they comply with principles embedded in the legislation. We have established corporate Privacy Guidelines which reflect the principles and show our commitment to them.
- We are updating the authorization wordings on our standard forms to better reflect the legislation.
- We have revised our external reports to remove any personal identifiers.
- We are revising our mailing procedures for health and dental claims. Claim cheques will be mailed directly to the claimants' addresses or in individually sealed envelopes to plan administrators for delivery.

We continue to monitor the new and emerging privacy legislation and will implement changes to our policies and procedures as required by the legislation.

For further information regarding PIPEDA, consult the Privacy Commissioner of Canada website at www.privcom.gc.ca. To find out more about the policies and procedures we have implemented or are implementing with respect to privacy legislation please contact your Group Sales Representative.

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 Sales Representative.

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