



2011 Reference Guide to Canadian Benefits

Compliments of



For Your Reference

CFG Inc. has prepared this reference booklet to provide you with a summary of benefits available from government sponsored sources and legislation for 2011.

Although the information provided is current at the time of publication, you should be aware that legislated benefits may change throughout the year.

For more detailed information please consult your legal advisor, or CFG.

An electronic copy of this Guide and additional Carleton Financial Group resources such as our newsletter, industry links, employee handouts and financial calculators are available on our website: www.carletonfinancial.com.

About CFG...

Carleton Financial Group is an independent consulting firm specializing in providing group benefits and pension solutions for small to medium sized companies.

Carleton Financial Group can help your organization benefit from an effective and efficient group plan. We specialize in:

- Employee Benefits and Pension Consulting
- Succession Planning
- Tax Minimization Strategies
- Retirement and Estate Planning

Visit us online at www.carletonfinancial.com.

Carleton Financial Group Inc.

2011 Canadian Benefits Guide

This guide is intended as a reference tool to provide you with an overview of available Federal and Provincial benefits. All information is current at the time of publication, but may change throughout the year. Where available, web sites are shown for further assistance.

	page		page
Employment Insurance		Retirement Income Plans	
Regular and Special Benefits	1	Old Age Security	8-10
Premium Rates for EI	2	Canada/Quebec Pension Plan	10-13
Quebec Parental Insurance Plan (QPIP)	3	Registered Retirement Savings Plans/ Registered Pension Plans (RRSP/RPP)	14
Premium Reduction Program	4-6	Contribution Limits	15
Supplemental Unemployment Benefit (SUB) Plans	6-7	Withholding Tax	16

	page
CPP Disability Benefits	17-18
Workers' Compensation Benefits	19
Provincial Medicare Programs	
Hospital Coverage	20
Medical Care	21
Prescription Drugs	21-23
Dental	24
Vision	24
Contributions	25-26

	page
Taxation	
Life and Health Insurance Premiums	27
Harmonized Sales Tax (HST)	27
Sales Tax on Group Insurance Plans	28
Tax on Employee Assistance Programs	28
Employer Contributions to Group Insurance Benefits	29
Naming a Beneficiary	30-32

Employment Insurance

Regular and Special and Compassionate Care Benefits

Regular EI Benefits are paid to workers who have lost their jobs and are available for work, but due to circumstances, cannot find employment. Special Benefits are paid to those who have left work due to sickness, maternity or parental leave.

Compassionate Care Benefits are paid to workers who leave work to care for a gravely ill relative.

Maximum Insurable Earnings	\$44,200 annually.
Benefit Level and Maximum	55% of average weekly insurable earnings to a maximum of \$468 per week. Claimants with children and a family income under \$25,921 per year will be entitled to a family income supplement.
Minimum Number of Hours Required	420 to 700 depending on unemployment rate in their region, except for new entrants or re-entrants (after 2 or more years), who require a minimum of 910 hours for regular benefits; 600 hours of employment for special benefits.
Regular Benefits	Maximum of 45 weeks (depending on regional unemployment rate) for regular benefits. 50 weeks with compassionate care. 65 weeks with special benefits.
Special Benefits	Sickness: 15 weeks Maternity: 15 weeks Parental Benefits: 35 weeks / natural and adoptive.
Compassionate Care	65 weeks total when combined with regular benefits, except in Quebec. 6 weeks. 50 weeks if combined with regular benefits. 71 weeks if combined with special benefits.

Premium Rates for EI - All of Canada, except Quebec

Year	Maximum Insurable Earnings	Rates per \$100 of Insurable Earnings		Annual Contribution Maximum	
		Employee	Employer*	Employee	Employer*
2009	\$42,300	1.73	2.42	\$731.79	\$1,024.51
2010	\$43,200	1.73	2.42	\$747.36	\$1,046.30
2011	\$44,200	1.78	2.49	\$786.76	\$1,101.46

*1.4 times the employee premium

Premium Rates for EI - Quebec

Rates in Quebec are less than the federal EI rates because Quebec employees and employers with employees in Quebec also contribute to the Quebec Parental Insurance Plan (QPIP). Premiums are a combination of the federal EI rate noted below plus the QPIP rate. See next page for the QPIP rates and information.

Year	Maximum Insurable Earnings	Rates per \$100 of Insurable Earnings		Annual Contribution Maximum	
		Employee	Employer*	Employee	Employer*
2010	\$43,200	1.36	1.90	\$587.52	\$822.53
2011	\$44,200	1.41	1.97	\$623.22	\$872.51

*1.4 times the employee premium

Quebec Parental Insurance Plan (QPIP)

The QPIP provides benefits similar to the EI benefits, with some additions and modifications. Employees choose from either the **Basic** or **Special** plan which provides a percentage of average weekly income. Benefits are as follows:

Maternity - for mother only	Basic: 18 weeks of benefits at 70% Special: 15 weeks of benefits at 75%
Paternity - for father only	Basic: 5 weeks of benefits at 70% Special: 3 weeks of benefits at 75%
Parental - for mother and/or father	Basic: 32 weeks of benefits. First 7 weeks: 70% remainder: 55% Special: 25 weeks of benefits at 75%
Adoption - for mother and/or father	Basic: 37 weeks of benefits. First 12 weeks: 70% remainder: 55% Special: 28 weeks of benefits at 75%

There is no waiting period before benefits begin.

Year	Maximum Insurable Earnings	Rates per \$100 of Insurable Earnings		Annual Contribution Maximum	
		Employee	Employer	Employee	Employer
2010	\$62,500	\$0.506	\$0.708	\$316.25	\$422.50
2011	\$64,000	\$0.537	\$0.752	\$343.68	\$481.28

*This QPIP contribution is in addition to the EI annual contribution displayed on the previous page.

Premium Reduction Program

Under the Employment Insurance (EI) Act and the EI Regulations, an employer's EI premiums may be reduced when employees are covered by a qualified short-term disability plan which reduces EI benefits that would be payable if such a plan did not exist. The employer must demonstrate that the short-term disability plan meets certain standards.

To qualify for a reduction, the employer must:

- Apply for a reduction
- Provide short-term disability coverage that meets the requirements of the Program
- Demonstrate that at least five-twelfths of the reduction will be passed on to the employees covered by your approved plan
- Remit to Canada Revenue Agency (CRA) under separate payroll deduction accounts, if necessary

The reduction for a registered and approved short-term disability plan with a maximum payment period of at least 15 weeks, compares as follows:

Category	2011 Rate
Employee Premium	\$1.78 per \$100 of Insurable Earnings (\$1.41 in Quebec)
Employer Premium Multiple Without Registered W.I. Plan	1.4 times the employee premium
Employer Premium Multiple With Registered W.I. Plan	1.181 times the employee premium (1.123 in Quebec)

Employers with employees both in and out of Quebec can obtain new premium rates by calling 1-800-561-7923.

Premium Reduction Program (cont'd)

For employers who offer Paid Sick Leave Plans that provide coverage based on sick leave credits accumulated by employees, the plan must also meet the following qualifications in order to qualify for a premium reduction, namely, the plan must pay benefits until at least the earliest of the following:

- the payment of 75 days of sick leave, 125 in the case of an Enhanced plan; or
- the exhaustion of all accumulated paid sick leave; or
- the period of incapacity due to illness or injury has ended; or
- the employee has retired; or
- the date of separation for any reason other than illness or injury if the notice of separation was given prior to the beginning of the illness or injury.

A Paid Sick Leave Plan must provide coverage for the health related portion of maternity leave – typically six to eight weeks. It may also provide for parental benefits.

Partial reductions based on reduced multiples will apply for plans qualifying on the previous basis.

For detailed information about the Program, its requirements and how to apply for a reduction, please refer to: www.hrdc.gc.ca.

Supplemental Unemployment Benefits (SUB)

This program allows employers to register SUB plans that meet certain requirements set by Human Resources and Skills Development Canada (HRSDC). The purpose of the SUB plan is to provide supplemental payments to EI benefits during a period of unemployment due to temporary stoppage of work, training, illness, injury or quarantine.

Payments provided by employers, to supplement maternity and parental benefits do not require formal approval from HRSDC and are not included in this SUB Program excerpt.

Supplemental Unemployment Benefits (cont'd)

All other SUB Plans must meet the following basic requirements:

- Require the employee to be in receipt of EI benefits before SUB payments are made.
- Be intended for temporary unemployment.
- Be entirely financed by the employer.
- Provide for a benefit that will not exceed 95% of the employee's weekly earnings when the SUB payment is added to the EI benefit rate (not to exceed 100% of weekly earnings during maternity, parental, or compassionate care leave).
- Be registered with HRDC before its effective date.

Payments from unregistered SUB plans will be considered as earnings and may reduce the employee's EI benefits.

Retirement Income Plans

Canada's retirement income system provides benefits on three distinct levels; Old Age Security (OAS), Canada/Quebec Pension Plan (CPP/QPP) and Private Pension and Savings (RRSP and RPP). See www.servicecanada.gc.ca, and follow the links to "Seniors."

Old Age Security

The plan provides:

- Basic benefits for most people age 65 and older and are taxable to the recipient.
- Guaranteed Income Supplement (GIS) – an additional non-taxable monthly benefit for low-income OAS pensioners.
- A non-taxable Allowance for low-income spouses or common-law partners (between the ages of 60 and 64) of OAS pensioners providing the pensioners are or were eligible to receive both OAS and GIS.

The Government of Canada pays OAS benefits from general tax revenues.

To qualify for OAS benefits an individual must be 65 and a resident of Canada for at least 10 years after his/her 18th birthday.

Special provisions apply to immigrants from countries that have international social security agreements with Canada. Basic OAS benefits can only be paid outside Canada if the individual has lived in Canada for at least 20 years after his/her 18th birthday. GIS and Allowance cease if the individual leaves Canada for more than six months. If persons return to Canada they must re-apply.

Maximum Monthly OAS Benefits January - March 2011

(Benefits are adjusted for inflation every January, April, July and October. To find out current amounts, call 1-800-277-9914)

Benefit	Maximum Monthly Benefit	Maximum Annual Income*
<i>Old Age Security Pension</i> (age 65 and over)	\$524.23	See Note**
Allowance (age 60-64)	\$961.18	\$29,376
Allowance for Survivor	\$1,065.45	\$21,408
<i>Guaranteed Income Supplement</i>		
Single	\$661.69	\$15,888
Spouse of non-pensioner	\$661.69	\$38,112
Spouse of pensioner	\$436.95	\$20,976
Spouse of allowance recipient	\$436.95	\$38,112

*Pensioners are not eligible for benefits if their income, or the combined income including their spouse, is more than the maximum shown.

**Note: Pensioners with an individual net income above \$67,688 per annum must repay part or all of the maximum Old Age Security pension amount. The full pension is eliminated when net income is \$109,607 or more.

Maximum Monthly OAS Benefits (cont'd)

Provincial and territorial governments also offer a variety of benefits and programs to assist seniors. This varies by province or territory and may include for example, income, transportation and housing assistance, health care programs, tax assistance and in some cases, social assistance.

For more information on these benefits, visit the HRSDC web site www.servicecanada.gc.ca.

Canada Pension Plan/Quebec Pension Plan (CPP/QPP)

The plan provides:

- monthly retirement benefits to people who have worked and contributed to the Plan;
- a monthly income to a covered individual including their dependent children in the event of a severe disability during working years (see Page 17 – CPP Disability Benefits for further information);
- a monthly income to your surviving spouse or common-law partner and dependent children in the event of death; and,
- a lump-sum death benefit to individual's estate in the event of death.

Canada Pension Plan/Quebec Pension Plan (CPP/QPP) (cont'd)

Contributions are deducted from the member's pay subject to a minimum and maximum amount and are matched by the employer.

Generally, all workers in Canada over the age of 18 pay into the plan and qualify for benefits. Benefit payments are taxable.

The normal age to start receiving a retirement pension is 65. However, pension can start as early as 60 or as late as 70. If pension is elected before 65, the individual must stop working or earn less than a specified amount for a required period of time.

If pension is elected early, it is permanently reduced by 0.5% for each month that the individual is under 65 and increased by 0.5% for each month the individual is over 65, up to age 70.

For more information on CPP/QPP, visit www.servicecanada.gc.ca.

Contributions - 2011

	CPP and QPP
Year's Maximum Pensionable Earnings (YMPE)	\$48,300
Year's Basic Exemption (YBE)	\$3,500
Maximum Annual Contribution Rate*	
-employee	4.95%
-employer	4.95%
-self-employed	9.9%
Maximum Annual Contribution	
-employee	\$2,217.60
-employer	\$2,217.60
-self-employed	\$4,435.20

* Percentage of employment earnings up to the YMPE less YBE

Maximum Monthly Benefit - 2011

Type of Benefit	CPP	QPP
<i>Retirement Pension</i> (at age 65)	\$960.00	\$960.00
<i>Disability Benefit</i>		
-contributor (maximum)	\$1,153.37	\$1,153.34
-each child	\$218.50	\$69.38
<i>Survivor Benefit</i> (spouse)*		
-65 and older	\$576.00	\$576.00
-64 and under (maximum)	\$529.09	\$793.34
-under 45 (disabled)	\$529.09	\$793.34
-under 45 (not disabled with dependent child)	\$529.09	\$762.35
-under 45 (not disabled without dependent child)	\$529.09	\$470.98
<i>Orphan Benefit</i>	\$218.50	\$69.38
<i>Death Benefit</i> (maximum lump-sum)	\$2,500.00	\$2,500.00

* May differ for survivor on regular or disability pension.

Registered Pension Plans (RPP), Registered Retirement Savings Plans (RRSP) and Deferred Profit-Sharing Plans (DPSP), and Tax Free Savings Accounts (TFSA).

Contributions to RPPs, RRSPs, and DPSPs are tax deductible and investment income is not taxed until the funds are withdrawn or received as pension income. TFSA contributions are made after taxes. Withdrawals and investment growth are tax free.

Registered Pension Plans (RPP):

Employer sponsored plans registered with Canada Customs and Revenue Agency and the appropriate federal or provincial regulatory authorities.

Registered Retirement Savings Plans (RRSP):

Individual, personally managed savings plans and can be set up through most financial institutions.

Deferred Profit-Sharing Plans (DPSP):

Plans set up by an employer into which contributions are made for employees, based on the company's profits up to a specified maximum.

Tax Free Savings Accounts (TFSA):

A savings mechanism that can be set up on an individual basis at most financial institutions or on a group basis through an employer.

Maximum Contribution Limits for RRSPs, Defined Contribution RPPs and DPSPs

	2011	2012
RRSP	Lesser of 18% of prior year's earned income or \$22,450 <i>minus</i> the PA* <i>plus</i> any unused RRSP contribution room	Lesser of 18% of prior year's earned income or \$22,970 <i>minus</i> the PA* <i>plus</i> any unused RRSP contribution room
Defined Contribution RPP	Lesser of 18% of compensation or \$22,970 .	Prior year limit indexed to the Average Industrial Wage after 2011.
DPSP**	Lesser of 18% of compensation or \$11,485.	Prior year limit indexed to the Average Industrial Wage after 2011.
TFSA***	\$5,000. Unused contribution and withdrawal amounts carried forward.	Prior limit indexed to the inflation rate. Unused contribution and withdrawal amounts carried forward.

* A Pension Adjustment (PA) applies to members of an RPP or DPSP and reduces his or her RRSP contribution level.

**Employees cannot contribute to a DPSP. The maximum an employer can contribute is 50% of an individual's defined contribution RPP amount.

***The annual TFSA dollar limit will be indexed to the inflation rate. The contribution limit will be increased only when the cumulative indexing results in an increase rounded to the nearest \$500 increment.

Withholding Tax

Withholding tax on lump-sum and RRSP payments:

Amount	Provinces Other Than Quebec Federal Tax	Quebec	
		Federal Tax	Quebec Tax
Up to \$5,000	10%	5%	16%
\$5,001 to \$15,000	20%	10%	20%
Over \$15,000	30%	15%	20%

CPP Disability Benefits

The Plan pays a monthly benefit to people who have contributed to the Plan and who are disabled according to legislation. It also pays monthly benefits for dependent children.

To qualify, the individual must:

- Have contributed to the Plan in four of the last six years and during that period have earned at least 10% of each year's Maximum Pensionable Earnings (YMPE). In Quebec, at least two of the last three years; five of the last ten years; or at least half of the years in the individual's contributory period (minimum two years).
- Be disabled due to a condition which is deemed "severe and prolonged".
- Be under the age of 65.
- Apply in writing.

CPP Disability Benefits (cont'd)

	CPP	QPP
Waiting Period	Four Months	Four Months
Monthly Payment - Contributor	A flat amount of \$433.37 (CPP) or \$433.34 (QPP) plus 75% of retirement pension. Maximum \$1,153.37 (CPP) and \$1,153.34 (QPP).	
- Child (under 18)	\$218.50	\$69.38

Workers' Compensation Benefits

Wage loss, permanent disability and survivor benefits are available to claimants as a result of work-related injury or disease – legislation is specific to each province and territory. Employer contributions are calculated as a percentage of insurable earnings and vary by province and territory. Visit the Association of Worker's Compensation Board of Canada web site at www.awcbc.org for links to WCBs across Canada.

Province	Percent of Earnings	Maximum Assessable Earnings
Alberta	90% of net	\$82,800
British Columbia	90% of net	\$71,700
Manitoba	90% of net	\$96,000
New Brunswick	85% of net	\$56,700
Newfoundland	80% of net	\$51,595
NWT/Nunavut	90% of net	\$82,720
Nova Scotia	75% of net 1st 26 weeks, then 85%	\$52,000
Ontario	85% of net	\$79,600
Prince Edward Island	80% of net 1st 38 weeks, then 85%	\$47,800
Quebec	90% of net	\$64,000
Saskatchewan	90% of net	\$55,000
Yukon	75% of gross	\$77,920

Provincial Medicare Programs

The Canada Health Act (CHA) ensures that all residents of Canada have access to medically necessary hospital, physical and extended health care services based on need, rather than ability to pay.

All provinces and territories provide, at their discretion and on their terms and conditions, a range of health services that go beyond the CHA.

For information on these services, visit the CHA web site www.hc-sc.gc.ca/medicare and click on LINKS for each provincial health care site.

Hospital Coverage

All provinces provide room and board to the ward level, surgical facilities, in-hospital nursing, drugs and diagnostic services.

An additional cost for semi-private and private accommodation applies, which varies by province (Note: charges in Alberta, Manitoba, Quebec, PEI and Newfoundland are legislated).

Emergency Out-Of-Country expenses are also covered, but to limited levels (e.g. in Ontario the maximum payment for hospitalization is \$400 CDN per day and \$50 for out-patient services).

Medical Care

Provincial Medicare programs cover medically necessary services provided by physicians based on an approved fee schedule. Other private practitioners (i.e. chiropractors, podiatrists, physiotherapists, etc) may be covered on a limited basis.

Varying levels of coverage are also available while temporarily traveling out of province.

Prescription Drugs (out of hospital)

Varying levels of coverage are available to seniors and lower income persons based on a provincial drug list. See the listing on the following pages.

Summary of Coverage for Prescription Drugs

Province	Under age 65	Age 65 and over
Alberta	Supplementary provincial health coverage available for quarterly cost. Provides drug coverage at 70% to a maximum out-of-pocket of \$25 per prescription.	70% maximum out-of-pocket – \$25 per prescription.
British Columbia	70% after deductible of 0%-3% of family income; 100% after out-of-pocket 2%-4% of family income.	75% after deductible of 0%-2% of family income; 100% after out-of-pocket 1.25%-3% of family income.
Manitoba	100% after deductible of 2.71%-6.12%, depending on adjusted total annual family income. Deductible based on income.	
New Brunswick	Some coverage for certain situations.	If qualify, \$15/drug deductible, based on annual income.
Newfoundland	The Assurance Plan is for residents with a net family income of less than \$150,000. These families are eligible for coverage with a deductible of 5% - 10%, depending on income.	

Summary of Coverage for Prescription Drugs

Province	Under age 65	Age 65 and over
Nova Scotia	The Nova Scotia Family Pharmacare program provides coverage when drugs have become a financial burden. No premiums.	
		Optional with premium payment of \$424 per year. Co-pay: 30% up to a maximum per prescription cost of \$30. \$382 annual out-of-pocket maximum.
Ontario	Individuals without private coverage (second pay or otherwise) deductible based on income and number of dependents (varies).	Low income \$2 per drug Others: Deductible of \$6.11 per drug after first \$100 per year out-of-pocket.
Prince Edward Island	The Family Health Benefit Program helps families with children with drug costs. Eligibility depends on family size and income.	100% after deductible of \$8.25/drug plus dispensing fee.
Quebec (Updated every July 1st)	Individuals without group coverage: 68% after monthly deductible of \$16.00/adult, to a monthly maximum of \$80.25 (\$963 per annum). 100% coverage after monthly maximum.	
Saskatchewan	Qualify for assistance if drug costs exceed 3.4% of family income. Under age 15, province pays cost of prescription above \$15.	Seniors pay maximum of \$15 per prescription; 100% of remainder of cost is covered by province.

Dental Care

There is limited coverage in some provinces for children, seniors, and low income individuals who meet minimum requirements.

Vision Care

Eye examinations are covered in the following provinces once every year unless noted:

Province	Coverage
Ontario	Under age 20 and age 65 & older (Once every 12 months)
Alberta, British Columbia	Under age 19 and age 65 & older
Manitoba	Under age 19 and age 65 & older (Once every 24 months)
Quebec	Under age 18 and age 65 & older
Nova Scotia	Under age 10 and age 65 & older (Once every 24 months)
Saskatchewan	Under age 18
All Others	No Coverage

Note: Special coverage may be provided for low income individuals or under certain medical conditions.

Contributions

These services are supported in part by Canada Health and Social Transfer and in part by contributions of employers and residents of the various provinces.

Province	Premium / Taxes
Alberta (Alberta Health Care Insurance Plan)	Premiums for residents eliminated on January 1, 2009.
British Columbia (Medical Services Plan of British Columbia)	\$60.50 single, \$109 family of 2, \$121 family of 3 and over, per month. Subsidies available for low income.
Manitoba (Manitoba Health)	Employer payroll tax: Greater than \$2,500,000 - 2.15% \$1,250,000 - \$2,500,000 - 4.30% Under \$1,250,000 - 0%
Newfoundland and Labrador (Newfoundland Medical Care Plan)	Employer payroll tax: Greater than \$1,000,000 -2% Under \$1,000,000 - 0% The 2% tax is applied after an exemption of <i>up to</i> \$1,000,000

Contributions (cont'd)

Province	Premium / Taxes
Ontario (Ontario Health Insurance Plan)	Employer payroll tax: Greater than \$400,000 - 1.95% Under \$400,000 - 0% Ontario Health Premium paid as follows: Taxable income of \$20,000 or less: no premium charge Taxable income of \$20,000 or more: Maximum of \$900 per year, depending on income level.
Quebec (Quebec Health Insurance Plan)	Employer payroll tax: Greater than \$5,000,000 - 4.26% \$1,000,000-\$5,000,000 - reduced rate between 2.7% and 4.26% Under \$1,000,000 - 2.7%
All other provincial plans are supported from general revenues.	

Taxation

Life and Health Insurance - Premium Tax

Nova Scotia	3% of net* premiums
Newfoundland	4% of net* premiums
Prince Edward Island	3.5% of net* premiums
Quebec	2.55% of net* premiums
Saskatchewan	3% of net* premiums
All Others	2% of net* premiums

*Net premiums defined as gross premium less dividends or surplus

Harmonized Sales Tax (HST)

<p>Applies to: Federal “place of supply” rules, published on June 9/10 and retroactive to May 1/10, affect employers with operations in more than one province. The rules determine whether an employer is charged HST or GST.</p>	<p>ON, BC, NB, NS, NL</p>
<p>Combination of:</p>	<p>GST (5%) + provincial sales tax (varies by province)</p>
<p>Does not affect group benefit plans with an insured component EXCEPT for:</p>	<ul style="list-style-type: none"> - When “GST only” rules apply - The expenses portion of Administration Services Only (ASO) plans where there is no stop loss. - EAPs – see chart on the next page for details
<p>For Group Retirement: Applies to Investment Management Fees (IMFs) and Annual Member Fees</p>	<p>HST calculation depends on various factors. For questions about HST and its application to your group retirement program, contact CFG.</p>

Call 1-800-959-5525 or visit www.cra.gc.ca for more information on GST/HST.

Sales Tax on Group Insurance Plans

Applicable based on corporate site locations

Ontario	8% on net group insurance cost
Quebec	9% on net group insurance cost
All Other	Not applicable

This reflects the taxation on most insured and self-insured programs, however, some variations exist.

Tax on Employee Assistance Programs

Applicable based on corporate site locations

Quebec	13.5% (8.5% QST + 5% GST)
New Brunswick Nova Scotia Newfoundland & Labrador	HST (sales tax + 5% GST)
All Other	5% GST

Employer Contributions to Group Benefits

Group Benefit	Is the Premium Taxable to Employees
Employee Life Insurance	Yes
Dependent Life Insurance	Yes
AD&D	No - Yes in Quebec
Short Term Disability	No
Long Term Disability	No
Medical	No - Yes in Quebec
Dental	No - Yes in Quebec
Health Spending Account	No - Yes in Quebec
Critical Illness	No - Yes in Quebec

See www.cra.gc.ca for further information.

Naming A Beneficiary

Beneficiaries are persons named by an individual to receive the life insurance proceeds upon his/her death.

An employee generally may nominate anyone he/she wishes as a beneficiary. All beneficiary nominations are revocable unless the employee designates in writing that the beneficiary is irrevocable, *or laws in effect at the time of the nomination have rendered it irrevocable*. An irrevocable beneficiary cannot be revoked or changed without the written consent of the named beneficiary.

Irrevocable Designations

In Quebec, beneficiary designations of married spouse is irrevocable unless otherwise stipulated.

An irrevocable beneficiary may be designated in any province by adding a notation that the designation is irrevocable. However, while the beneficiary is living, the designation cannot be revoked or altered without the consent of the beneficiary (an irrevocable designation persists even if the policyholder changes carriers).

Naming Two or More Beneficiaries

List the names of each beneficiary and the percentage of the proceeds each should receive:

e.g. – John Smith, Mary Smith each to receive an equal percentage

– John Smith to receive 75%, Mary Smith to receive 25%

(If different percentages are directed to each beneficiary, the total must be 100%)

Use the words “primary beneficiary” and “secondary beneficiary” to stipulate that the proceeds go to the primary beneficiary unless deceased, in which case the proceeds should go to the secondary beneficiary.

Minor Beneficiary

Where the beneficiary is a minor, Trustee or Guardian of the Estate of the minor should be appointed. In the absence of a Trustee or Guardian, the proceeds may be paid into Court or held until the minor is of legal age.

Estate as Beneficiary

When naming “estate” as a beneficiary, an individual should be aware that proceeds of the life insurance may be exposed to creditor claims, probate fees and in some cases estate taxes.

It is important that plan members refer questions regarding wills, trustees or estate planning to a legal or financial advisor.

Notes
