



2018 Guide to Government Benefits

CANADA PENSION PLAN

Canada Pension Plan Contributions & Benefits	2018	
Yearly Maximum Pensionable Earnings (YMPE)		\$55,900
Basic Exemption		\$3,500
Contribution Rate / Annual Contributions (maximum)		
Employer	4.95%	\$2,593.80
Employee	4.95%	\$2,593.80
Self-employed	9.90%	\$5,187.60
Retirement Benefit (maximum at age 65)		\$1,134.17/month
Death Benefits		
Lump sum		\$2,500
Survivor's Benefit (maximum < age 65)		\$614.62/month
Survivor's Benefit (maximum ≥ age 65)		\$680.50/month
Orphan (per child)		\$244.64/month
Disability Benefits		
Contributor (maximum)		\$1,335.83
Child (per child)		\$244.64/month

The yearly maximum pensionable earnings (YMPE) will increase in 2018 to \$55,900 from \$55,300 in 2017. The basic exemption, along with the contribution rates, will remain unchanged at \$3,500.

Your age when you want to take your pension and the length of time you have contributed to CPP will determine your monthly payment amount. If you take your pension before the age of 65, it is reduced by 0.6% for each month you receive it before age 65 (7.2% per year). If you take your pension after age 65, it is increased by 0.7% for each month after age 65 that you delay receiving it up to age 70 (8.4% per year). The indexation rate for benefits in 2018 is 1.5%.

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/payroll-deductions-contributions/canada-pension-plan-cpp/cpp-contribution-rates-maximums-exemptions.html>

<https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/amount.html>

From 2019 to 2023, there will be a 1% increase (from 4.95% to 5.95%) in the employee's contribution rate on earnings between \$3,500 to the original earnings limit. In 2024, employees will start to contribute 4% on an additional range of earnings, starting at the original earnings limit (estimated to be \$69,700 in 2025) and go to the additional earnings limit, which will be 14% higher by 2025 (estimated to be \$79,400).

EMPLOYMENT INSURANCE

Employment Insurance Benefits	2018
Maximum yearly insurable earnings	\$51,700
Maximum weekly benefit based on 55% of average insured earnings	\$547
Required Employee Contributions	
As a percentage of insurable earnings	1.66%
Maximum employee contribution per annum	\$858.22
Required Employer Contributions	
Premium reduced for registered wage loss replacement plan*	
As a multiple of employee contribution	1.40%
- no registered premium reduction program	
As a multiple of employee contribution	1.273%
- with registered premium reduction program	
Maximum employer contribution per annum	\$1,201.51
- no registered premium reduction program	
Maximum employer contribution per annum	\$1,092.51
- with registered premium reduction program	

The maximum yearly insurable earnings for Employment Insurance will increase for 2018 to \$51,700 but the contribution amount will decrease marginally. The maximum weekly benefit will increase to \$547 per week from \$543; the benefit is still equal to 55% of insured earnings.

As of December 3, 2017, Employment Insurance special benefits for Parents of Critically Ill Children (PCIC) have been replaced by the Family Caregiver Benefit for Children. Maximum benefit period is 35 weeks. More information is available here:

<https://www.canada.ca/en/services/benefits/ei/ei-critically-ill-children.html>.

<https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/ei-employers/2018-maximum-insurable-earnings.html>

Registered wage loss replacement plan eligible for a partial rate reduction (cumulative paid sick leave/pregnancy plans that allow for a minimum monthly accumulation of one day and for a maximum accumulation of at least 75 days.)

Qualifying plans must provide benefits at least as generous as EI sickness benefits.

Additional premium reductions are available based on four distinct categories of qualifying paid sick leave plans. Premium reductions range from \$0.21 to \$0.39 per \$100 of insurable earnings.

<https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/reports/premium/rates2018.html>

<http://servicecanada.gc.ca/eng/sc/ei/index.shtml>

<https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/ei-employers/2018-rates-multiples.html>

*Based on a Category 1 Cumulative Sick Leave Plan.

PREMIUM TAX RATES

Plan sponsored insurance plans are subject to taxes – federal and/or provincial. The table outlines the types of tax charged to plan sponsors as of January 1, 2018.

Employee resides in:	Premium Tax		Provincial Sales Tax					GST/HST based on place of supply
	Ind. and group insurance premium	ASO plans, HCSAs and Cost Plus	Premiums on group insurance	Claims for ASO, HCSAs and Cost Plus	Fees on ASO plans with pooling, HCSAs and Cost Plus	Fees on ASO plans without pooling	EAPs and other fee for service products	Fees on ASO plans without pooling, EAPs and other fee for service products
AB	3%							5%
BC	2%							5%
MB	2%	8% RST (except health and dental)						5%
NB	2%							15%
NL	5%	5%						15%
NS	3%							15%
NT	3%							5%
NU	3%							5%
ON	2%	2% (except taxable ASO disability income claims and fees)	8% RST	8% (except taxable ASO disability income claims)	8% RST	8% RST (when the place of supply is a GST jurisdiction)		13%
PE	3.75%							15%
QC	3.48%	3.48%	9% QTIP	9% QTIP	9% QTIP	9.975% QST (when the place of supply is Quebec)	9.975% QST (when the place of supply is Quebec)	5%
SK	3%		6% PST	6% PST	6% PST			5%
YT	2%							5%

WORKERS' COMPENSATION

Jurisdiction	Maximum Assessable Earnings	Wage Loss Benefits
AB	\$98,700	90% of net earnings
BC	\$82,700	90% of net earnings
MB	\$127,000	90% of net earnings
NB	\$63,600	85% of net earnings
NL	\$64,375	80% of net earnings
NS	\$59,800	Temporary earnings replacement benefit (TERB) calculated at 75% of net earnings for the first 26 weeks, increasing to 85% of net earnings thereafter
NT and NU	\$90,600	90% of net earnings
ON	\$90,300	Loss of earnings benefit (LOE) calculated at 85% of net earnings
PE	\$53,400	85% of net earnings
QC	\$74,000	90% of net earnings
SK	\$82,627	90% of net earnings
YT	\$86,971	75% of net earnings

Workers' Compensation benefits are funded by employers. Premiums will vary by industrial sector in each province and by classification or ratings group. Employers pay premiums based on the insurable earnings of employees, up to the maximum assessable earnings amount (plus personal coverage, if any). The cost of coverage is usually per \$100 of insurable earnings based on the average losses in each group, subject to a minimum amount. In some jurisdictions, premiums are adjusted using an experience rating factor, which compares an individual employer to the average of other employers in the same ratings group.

PREMIUMS FOR PROVINCIAL MEDICAL PLANS

Province	Payer								
AB	Resident/Employee Premiums eliminated for all residents effective January 1, 2009.								
BC	Resident/Employee One Adult: \$37.50/month Two Adults in a Family: \$75.00/month (there are no premiums for children under the age of 19) Premium assistance may be available for low income individuals or couples/families earning less than \$26,000/year.								
MB	Employer The Manitoba Health Premium is payroll-based and administered through the provincial tax system. <table> <thead> <tr> <th>Total Yearly Payroll Amount</th> <th>Employer Premium</th> </tr> </thead> <tbody> <tr> <td>\$0 - \$1,250,000</td> <td>0%</td> </tr> <tr> <td>\$1,250,000 - \$2,500,000</td> <td>4.3% on amounts in excess of \$1,250,000</td> </tr> <tr> <td>\$2,500,000 +</td> <td>2.15% of total payroll</td> </tr> </tbody> </table>	Total Yearly Payroll Amount	Employer Premium	\$0 - \$1,250,000	0%	\$1,250,000 - \$2,500,000	4.3% on amounts in excess of \$1,250,000	\$2,500,000 +	2.15% of total payroll
Total Yearly Payroll Amount	Employer Premium								
\$0 - \$1,250,000	0%								
\$1,250,000 - \$2,500,000	4.3% on amounts in excess of \$1,250,000								
\$2,500,000 +	2.15% of total payroll								
NB	Resident/Employee Monthly premiums per adult (ranging from \$16.67-\$166.67) and 30% copayment up to a maximum amount per prescription (ranging from \$5-\$a). Amounts are calculated based on annual family income. Children age 18 and younger do not pay premiums but a parent must be enrolled in the plan.								
NL	Employer Payroll tax of 2% for employers with payroll in excess of \$1,200,000.								
NS	Resident/Employee Residents do not pay premiums for Nova Scotia's Health Insurance Programs. Residents age 65 and over can enroll in the Senior's Pharmacare Program if they do not have private or other public drug coverage. Premium is income-based with a maximum annual premium of \$424. Premium assistance available.								
ON	Resident/Employee Residents with income of more than \$20,000 are subject to paying the Ontario Health Premium through the tax system. Premium rate varies according to taxable income up to a maximum of \$900 per tax year for incomes in excess of \$200,600. Employer The Ontario Employer Health Tax (EHT) is based on a scale between 0.98% - 1.95% where payroll is \$0 - \$450,000 or more.								
QC	Resident/Employee Residents covered under the provincial drug plan (RAMQ) pay an annual premium up to \$667 per adult collected through taxation. Residents who are at least age 18 by the end of 2017 are subject to the Quebec Health Services Fund. First \$14,545 is exempt; maximum contribution is \$1,000. Employer Employer must remit the Quebec Health Services Fund (QHSF). All public sector employers pay 4.26%, regardless of their total annual payroll. All other employers pay 4.26% if their annual payroll is over \$5 million; for payroll between \$1 and \$5 million, they pay a calculated rate; if payroll is less than \$1 million, they pay 2.5%. Employers in the primary or manufacturing sectors pay 1.55% if their payroll is under \$1 million; if their payroll is between \$1 million and \$5 million, they pay a calculated rate.								
NOTE:	There are no health premiums in PE, SK, NT, NU and YT.								

TAXABLE INCOME IMPLICATIONS

Old Age Security	Benefit payments are taxable.
Canada/Quebec Pension Plan	Payments taxable. Employer contributions deductible. Employee contributions subject to 15% tax credit.
Workers' Compensation	Payments are non-taxable. Employer contributions deductible.
Employment Insurance	Benefit payments are taxable. Employer contributions deductible.
Quebec Parental Insurance Plan	Benefit payments are taxable. Employer contributions deductible.
Health & Dental Expenses	<u>For government plans:</u> Taxable to employee if paid by employer. Not deductible if paid by the employee. Quebec provides a tax credit on individual contributions. <u>For private plans:</u> Employers may deduct their contributions. Benefits are not taxable to employees except in Quebec, where employer contributions are taxable to employees and qualify for the medical expense tax credit.
Insured Group Sickness/Disability Plans	Benefits paid from a plan to which employer contributes are taxable. Employer contributions not taxable to employee. Lump sum payments in settlement of future payments from an insured disability policy are not taxable to the employee. Employer contributions are taxable except to the extent that the contributions are attributable to benefits that are payable on a periodic basis and are in respect of a loss of employment income. 18% of earned income in the prior year can be contributed plus unused contribution room since 1991. Withdrawals are taxed as income in the year withdrawn.
Registered Retirement Savings Plan (RRSP)	Tax-free transfers from a retiring allowance up to \$2,000/year of service prior to 1996, plus \$1,500 for each year of service prior to 1989 during which employer contributions to either an RPP or DPSP have not vested in the employee. Funds may be withdrawn totally by no later than the end of the year that the participant turns age 71. Funds may be used to provide a monthly pension through a Registered Retirement Income Fund (RRIF) or through the purchase of a life annuity or fixed annuity to age 90.
Group Life Insurance	Net premium paid by employer for group life insurance and dependent life is considered taxable income to employee. Benefits received by the employee are not taxable.
Accidental Death & Dismemberment (AD&D)	Net premium paid by employer for AD&D is considered taxable income to employee. Benefit received by the employee is not taxable.
Critical Illness (CI)	Net premium paid by employer for CI is considered taxable income to employee. Benefit received by the employee is not taxable.
Tax-Free Savings Account (TFSA)	Canadian residents 18 years of age and older can contribute up to \$5,500 in 2017, plus any unused TFSA contributions since the program's inception. Contributions are not deductible from income. Withdrawals can be made at any time and the amount of the withdrawal can be added to the contribution room for the following year. Unused contribution room may be carried forward Indefinitely.

LINKS TO MORE INFORMATION

Old Age Security

<https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security.html>

Dollar Limits on Retirement Savings Contributions

Current Tax Year	Registered Pension Plan (RPP)	Registered Profit Sharing Plan (DPSP)	Registered Retired Savings Plan (RRSP)
2018	\$26,500	\$13,250	\$26,230

The Tax-Free Savings Account (TFSA) limit for 2018 is \$5,500 plus any unused contribution from the program's introduction in 2009. The current TFSA maximum for all years is \$57,500.

<https://www.canada.ca/en/revenue-agency/services/tax/registered-plans-administrators/pspa/mp-rrsp-dpsp-tfpa-limits-ympe.html>

Retirement Income Fund Withdrawal Calculations and Percentages

<https://www.fsco.gov.on.ca/en/pensions/policies/active/Documents/L200-416.pdf>

Compassionate Care Leave

<https://www.canada.ca/en/services/benefits/ei/ei-compassionate.html>

EI Maternity and Parental Benefits

<https://www.canada.ca/en/services/benefits/ei/ei-maternity-parental.html>

The data and information presented in this 2018 guide has been compiled from official government documents and publications. Although we believe the sources to be accurate, readers should refer to the actual legislation if using this data for more than informational purposes.