



Canada – an overview of employee benefits

State and Mandatory Benefits	Retirement age is 65 for men and women. Old Age Security provides a non-contributory flat-rate pension of CAD 516.96 a month (Jan 2010) to age 65, accruing at the rate of 1/40 th for each year of residence. In addition, the Canada Pension Plan (CPP) provides an earnings-related pension between age 60 and 70. The full CPP pension at age 65 is 25% of average career earnings, up to a maximum of pension of C\$934.17 a month (Jan 2010). A reduced pension is available between age 60 and age 65. Pensions are indexed to the Consumer Price Index. The Quebec Pension Plan (QPP) provides similar benefits for residents in Quebec. The CPP also provides survivors' and disability pensions. Medical care is provided by the Provinces under the hospital insurance program and the medical insurance program. The services vary according to the province.		
Typical New Private Plan	Most employees are provided with retirement benefits from Registered Pension Plans (RPPs) on a defined contribution (DC) basis. Separate plans may be provided for non-union and union employees. Executive employees may be provided with a defined benefit (DB) pension plan typically based on 2% of final average earnings per year of service, integrated with the CPP. Post-retirement survivors' pensions are available as an option at retirement. Most plans include a pre-retirement lump sum death benefit of one to three times earnings, and may provide survivors' and disability pensions. Group health and dental plans are also provided.		
Typical Costs	Contributions to the CPP are 4.95% of covered earnings by employer and employee. Covered earnings are earnings between the Basic Exemption (CAD 3,500 for 2010) and Maximum Pensionable Earnings (CAD 47,200 for 2010). Contributions for medical care vary according to the Province. Contribution levels for private plans vary widely and are normally shared between employer and employees. The average employer cost is around 5% for DC plans, but in excess of 10% for executive employees.		
Tax Implications	Employer and employee contributions to registered pension plans are tax-deductible subject to a combined limit of \$22,000 (2010). Benefits from the CPP and private plans are taxable.		
Labour Law Issues	Minimum conditions for membership, vesting, form of pension, death benefit, etc., vary by Province of employment. Generally, pension rights vest after two years' membership.		
Pooling Potential	Life insurance and long term disability insurance offered to Canadian employees can be included in multinational pooling arrangements.		
International Financial Reporting	International Financial Reporting Standards are due to be adopted in 2011. In the meantime, retirement benefits must be accounted for in accordance with Section 3461 of the CICA Handbook.		
Local IBN Contact	<table border="0"> <tr> <td style="vertical-align: top;"> <p>Avalon Actuarial 36 King Street East, Suite 700, Toronto, Ontario, Canada M5C 1E5</p> <p>Contact: Neil Hendry Phone: +1 (416) 777 0008 E-mail: neil.hendry@avalon.ca Website: www.avalon.ca</p> </td> <td style="vertical-align: top;"> <p>Avalon Actuaire 2000 McGill College Avenue, Suite 1050, Montréal, Québec, Canada H3A 2M8</p> <p>Contact: Jean-Robert Élie Phone: +1 (514) 282-1181, ext 252 E-mail: jeanrobert.elie@avalon.ca Website: www.avalon.ca</p> </td> </tr> </table>	<p>Avalon Actuarial 36 King Street East, Suite 700, Toronto, Ontario, Canada M5C 1E5</p> <p>Contact: Neil Hendry Phone: +1 (416) 777 0008 E-mail: neil.hendry@avalon.ca Website: www.avalon.ca</p>	<p>Avalon Actuaire 2000 McGill College Avenue, Suite 1050, Montréal, Québec, Canada H3A 2M8</p> <p>Contact: Jean-Robert Élie Phone: +1 (514) 282-1181, ext 252 E-mail: jeanrobert.elie@avalon.ca Website: www.avalon.ca</p>
<p>Avalon Actuarial 36 King Street East, Suite 700, Toronto, Ontario, Canada M5C 1E5</p> <p>Contact: Neil Hendry Phone: +1 (416) 777 0008 E-mail: neil.hendry@avalon.ca Website: www.avalon.ca</p>	<p>Avalon Actuaire 2000 McGill College Avenue, Suite 1050, Montréal, Québec, Canada H3A 2M8</p> <p>Contact: Jean-Robert Élie Phone: +1 (514) 282-1181, ext 252 E-mail: jeanrobert.elie@avalon.ca Website: www.avalon.ca</p>		