

Focus UPDATE

Important Group Benefits news

106 – January 2007

2007 government benefits

Government premium rates and maximums for 2007:

- Employment Insurance (EI)
- Quebec Parental Insurance Plan (QPIP) benefits
- Canada Pension Plan (CPP)/Quebec Pension Plan (QPP)

Increase in EI maximum insurable earnings will impact Short Term Disability plans

Both the federal and Quebec governments have announced rates and maximums for Employment Insurance (EI), Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) benefits, and Quebec Parental Insurance Plan (QPIP) benefits for 2007.

The most significant change this year is to the EI maximum insurable earnings threshold, which increases by \$1,000 from \$39,000 to \$40,000 for 2007. This increase, which is the first since 1996, will impact short-term disability (STD) plans where:

- the maximum STD benefit is based on the EI maximum weekly benefit (\$423 for 2007), or
- the EI maximum earnings amount is used to calculate the STD benefit.

System changes required

We'll need to update our systems so that STD claim payments reflect the increase in EI benefits payable and billing statements reflect the increase in the benefit amount. For those plans where no contract amendment is necessary, these updates took effect January 1, 2007.

Note: Because we have already sent out bills for January, February bills will reflect the revised STD benefits payable, as well as any retroactive adjustments for January. If you do your own billing you will need to ensure that these changes are incorporated into your own system and processes.

Contract adjustments

If your contract wording indicates that the maximum disability benefit is based on the EI maximum weekly benefit or earnings, no contract amendment will be required. STD benefits will be adjusted automatically.

If your contract indicates a specific maximum benefit amount that is less than the EI weekly maximum of \$423, you will need to let us know if you want to adjust your STD benefit payable to reflect the new EI maximum weekly benefit. If you choose to continue with the lesser benefit, please be aware that your plan may no longer continue to qualify for the EI premium reduction program.

The attached chart outlines all the rates changes for 2007.

If you have any questions, please contact your group benefits representative.

Government rates and maximums for 2007

Employment Insurance (All provinces except Quebec)

	2007	2006
Maximum Insurable Earnings	\$40,000.00	\$39,000.00
Maximum Weekly Benefit	\$423.00	\$413.00
Employee premium rate (per \$100 of insurable earnings)	\$1.80	\$1.87
Employer premium rate (per \$100 of insurable earnings)	\$2.52	\$2.62
Maximum annual employee premium	\$720.00	\$729.3
Maximum annual employer premium	\$1008.00	\$1021.02
Premium Reduction rate* (For employers with short-term disability plans)	1.248%	1.248%

* Your plan must meet standards established by the *EI Regulations*, to qualify for the reduced rate.

Employment Insurance and Quebec Parental Insurance Plan (Quebec only)

	2007	2006
Employment Insurance		
Maximum Insurable Earnings	\$40,000.00	\$39,000.00
Maximum Weekly Benefit	\$423.00	\$413.00
Employee premium rate (per \$100 of insurable earnings)*	\$1.46	\$1.53
Employer premium rate (per \$100 of insurable earnings)*	\$2.04	\$2.14
QPIP		
Maximum annual insurable earnings	\$59,000	\$57,000
Employee premium rate (per \$100 of insurable earnings)	\$0.416	\$0.416
Employer premium rate (per \$100 of insurable earnings)	\$0.583	\$0.583

* Rates are lower than in the rest of Canada because of the new Quebec Parental Insurance Plan (QPIP) that took effect January 1, 2006. With this legislation, Quebec now offers its own parental benefits

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

The following contributions and benefits data are effective January 1, 2007.

	CPP	QPP
Yearly Maximum Pensionable Earnings (YMPE)	\$43,700.00	\$43,700.00
Yearly Basic Exemption (YBE)	3,500.00	3,500.00
Maximum Contributory Earnings (YMPE – YBE)	40,200.00	40,200.00
Maximum annual employee / employer contributions	1,989.90	1,989.90
Contribution rate (employee / employer)*	4.95%	4.95%
Maximum self-employed contributions	3,979.80	3,979.80
Maximum Monthly Retirement Pension		
At age 65	863.75	863.75
At age 60	604.63	604.63
Death Benefits		
Lump sum	2,500.00	2,500.00
Maximum monthly surviving spouse's pension:		
▪ under age 55	482.30	729.84
▪ age 55 to 64	482.30	729.84
▪ age 65 or older	518.25	518.25
Monthly Orphan's Pension (each child)	204.68	64.99
Disability Benefits		
Maximum Monthly Contributor's Pension	1,053.77	1,053.74
Monthly Child's Pension (each child)	204.68	64.99

* In 2007 the employee and employer contributions for the CPP and QPP are equal to 4.95% of employment earnings (for a total of 9.9%) up to the YMPE minus the YBE.