

## Canada

Exchange rate: US\$1.00 = 0.97  
Canadian dollars (C\$).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First laws:** 1927 (old-age assistance), 1937 (blind assistance), and 1955 (disability assistance).

**Current laws:** 1952 (universal pension), 1965 (earnings-related pension), and 1967 (income-tested supplement).

**Type of program:** Universal pension and social insurance system.

#### Coverage

**Universal pension (Old-Age Security):** All persons meeting residence requirements.

**Earnings-related pension (Canada Pension Plan/Quebec Pension Plan):** Employees and self-employed persons working in Canada.

Exclusions: Casual workers (annual earnings less than C\$3,500) and seasonal agricultural workers.

A province may opt out of the federal earnings-related Canada Pension Plan if it establishes a comparable program, as with the Quebec Pension Plan; benefits are portable between the two plans.

#### Source of Funds

##### Universal pension

*Insured person:* None.

*Self-employed person:* None.

*Employer:* None.

*Government:* The total cost, including the cost of income-tested benefits.

##### Earnings-related pension

*Insured person:* 4.95% of covered earnings.

The minimum annual earnings used to calculate contributions are C\$3,500.

The maximum annual earnings used to calculate contributions are C\$48,300.

Earnings limit adjustment: Adjusted annually according to increases in the average industrial wage.

*Self-employed person:* 9.9% of covered earnings.

The minimum annual earnings used to calculate contributions are C\$3,500.

The maximum annual earnings used to calculate contributions are C\$48,300.

Earnings limit adjustment: Adjusted annually according to increases in the average industrial wage.

*Employer:* 4.95% of covered payroll.

The minimum annual earnings used to calculate contributions are C\$3,500.

The maximum annual earnings used to calculate contributions are C\$48,300.

Earnings limit adjustment: Adjusted annually according to increases in the average industrial wage.

*Government:* None; contributes as an employer.

#### Qualifying Conditions

##### Old-age pension

*Universal pension (Old-Age Security):* Age 65 or older with at least 10 years of residence in Canada after age 18. Retirement from employment is not necessary.

The pension is payable abroad if the beneficiary resided in Canada for at least 20 years after age 18.

Low-income supplement (income-tested): Age 65 or older, receiving the universal pension, and with low annual income. Income is based on individual income or family income if the pensioner has a spouse or common-law (same sex or opposite sex) partner. The supplement is payable abroad for up to six months.

*Low-income allowance (income-tested):* Age 60 to 64, with at least 10 years of residence in Canada after age 18, and the claimant's spouse or common-law partner (same sex or opposite sex) is entitled to the universal pension and the low-income supplement. At age 65, the allowance is replaced by the universal old-age pension and, depending on income, the low-income supplement.

*Earnings-related retirement pension (Canada Pension Plan/Quebec Pension Plan):* Age 65 (full pension) or aged 60 to 64 (reduced pension) with at least one valid contribution.

Before 2012: If the pension is awarded before age 65, the insured must have fully or substantially ceased employment. If the pension is awarded at age 65 or older, retirement from employment is not necessary. Pensioners who return to work can no longer contribute toward their retirement pension.

Beginning in 2012: Retirement pensioners who continue to work will contribute to the Canada Pension Plan Post-Retirement Benefit. Contributions on pensionable employment income will be mandatory for those aged 60 to 64 and voluntary for those aged 65 to 70.

Deferred pension: The pension may be deferred.

The pension is payable abroad.

**Earnings-related disability pension (Canada Pension Plan/Quebec Pension Plan):** The insured must be assessed with a severe and prolonged disability that impedes any substantial gainful occupation and have contributions in four of the last six years, or three of the last six years for those with 25 or more years of contributions who are assessed with a disability no earlier than December 31, 2006. (The Quebec Pension Plan normally requires contributions in half the years in which contributions could have been made; the minimum contribution period is two of the last three years.)

The pension is payable abroad.

### Survivor pension

*Universal pension (survivor allowance, income-tested):* Paid to widows and widowers aged 60 to 64. The survivor must be a resident of Canada and have resided in Canada for at least 10 years after age 18.

The survivor allowance ceases on remarriage or entering into a common-law relationship lasting at least a year.

The survivor allowance is replaced by the universal old-age pension at age 65.

*Earnings-related pension (Canada Pension Plan/Quebec Pension Plan):* The deceased must have made contributions during the lesser of 10 years or one-third of the years in which contributions could have been made; the minimum contribution period is three years.

The pension is payable abroad.

The spouse and widow(er) include legally married persons and common-law partners (same sex or opposite sex).

### Old-Age Benefits

#### Old-age pension

*Universal pension:* The pension is 1/40th of the maximum pension for each year of residence in Canada after age 18, up to 40 years. The maximum monthly pension is C\$533.70. The pension of high-income earners is subject to recovery (the pension is reduced by 15% of annual income, minus allowable income tax deductions and expenses, over C\$67,668).

*Low-income supplement (income-tested):* The supplement increases the maximum monthly universal pension to C\$1,207.35 for a single person or C\$1,957.08 for a couple.

*Benefit adjustment:* Automatic quarterly adjustments of benefits are made according to changes in the consumer price index.

*Low-income allowance (income-tested):* Up to C\$978.54 a month is paid to the spouse or common-law partner of a pensioner aged 60 to 64.

*Benefit adjustment:* Automatic quarterly adjustments of benefits are made according to changes in the consumer price index.

*Earnings-related retirement pension (Canada Pension Plan/Quebec Pension Plan):* The full pension is paid at age 65 and represents about 25% of the insured's average monthly pensionable earnings during the contributory period. (The contributory period starts at age 18 or January 1, 1966, whichever is earlier, and ends when claiming a pension, at age 70, or upon death.) 15% of the years with the lowest income (rising to 16% in 2012 and 17% by 2014), years in which the insured was caring for a child younger than age 7, and months when the insured received a disability benefit may be disregarded. The pension is reduced by 0.5% a month (rising gradually to 0.6% from 2012 to 2016) for each month under age 65 that the pension is taken.

*Deferred pension:* The pension is increased by 0.57% a month (rising gradually to 0.7% by 2013) for each month between age 65 and the start of the pension. No adjustment is made after age 70.

The maximum monthly pension taken at age 65 is C\$960.

Pension credits accumulated by spouses or common-law partners (same sex or opposite sex) during marriage or cohabitation may be divided equally in case of divorce or separation.

Recorded earnings are adjusted according to changes in national average wages.

*Benefit adjustment:* Automatic annual adjustments of earnings-related pensions are made according to changes in the consumer price index.

### Permanent Disability Benefits

**Earnings-related disability pension (Canada Pension Plan/Quebec Pension Plan):** A basic monthly pension of C\$433.37 plus 75% of the earnings-related retirement pension is paid.

The maximum monthly pension is C\$1,153.37.

The disability pension is replaced by a retirement pension at age 65.

Recorded earnings are adjusted according to changes in national average wages.

*Child's supplement:* C\$218.50 a month is paid for each child younger than age 18; age 25 if a student. (Quebec Pension Plan: C\$69.38 is paid for each child younger than age 18 only.)

*Benefit adjustment:* Automatic annual adjustment of all benefits according to changes in the consumer price index.

### Survivor Benefits

#### Survivor pension

*Universal pension (survivor allowance, income-tested):* Up to C\$1,050.68 a month is paid to a widow(er) aged 60 to 64.

*Earnings-related survivor pension (Canada Pension Plan/Quebec Pension Plan):* 60% of the deceased's earnings-

related retirement pension, up to C\$576 a month, is paid to a surviving spouse aged 65 or older.

37.5% of the deceased's earnings-related retirement pension plus C\$169.09, up to C\$529.09 a month, is paid to a surviving spouse younger than age 65. (Quebec Pension Plan: Up to C\$793.34 a month is paid to a surviving spouse aged 45 to 64; up to C\$793.34 a month for a surviving spouse younger than age 45 with a disability; up to C\$762.35 if without a disability but caring for a dependent child; up to C\$470.98 if without a disability and with no dependent children.)

A surviving spouse under age 35 who does not have dependent children or a disability is not eligible for benefits under the Canada Pension Plan.

*Orphan's pension (Canada Pension Plan/Quebec Pension Plan):* C\$218.50 a month is paid for each child younger than age 18; age 25 if a student. (Quebec Pension Plan: C\$67.95 is paid for each child younger than age 18.)

*Death benefit:* Six months of the earnings-related retirement pension are paid, up to C\$2,500.

*Benefit adjustment:* Automatic annual adjustment of earnings-related pensions according to changes in the consumer price index.

### Administrative Organization

Human Resources and Skills Development Canada (<http://www.hrsdc.gc.ca>), through district and local offices, administers the universal and earnings-related pensions and income-tested supplements.

Canada Revenue Agency (<http://www.cra-arc.gc.ca>) collects contributions for the earnings-related pensions.

Quebec Department of Revenue (<http://www.revenu.gouv.qc.ca>) and Quebec Pension Board (<http://www.rrq.gouv.qc.ca>) administer the earnings-related Quebec Pension Plan.

### Sickness and Maternity

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#### Regulatory Framework

##### Cash benefits

*First and current laws:* 1996 (employment insurance) and 2006 (Quebec maternity benefits).

##### Physician and hospital services

*First laws:* 1957 (hospital services) and 1968 (physician services).

*Current law:* 1984 (health).

**Type of program:** Social insurance (cash benefits) and universal system (physician and hospital services).

#### Coverage

**Cash benefits:** All salaried workers, including federal government employees; self-employed fishermen. Self-employed persons in Quebec covered by the Quebec Parental Insurance Plan are eligible for maternity and parental benefits.

Voluntary coverage for self-employed persons.

Provincial government employees may be covered with the consent of provincial government.

**Physician and hospital services:** All persons residing in Canada who meet federal and provincial criteria for eligibility and insured status. (Virtually the total population is covered.) Coverage is portable from province to province and for emergency care anywhere in the world. In the latter case, payment is limited to the rate paid in the person's home province.

Special provisions for certain groups, including military personnel.

#### Source of Funds

##### Insured person

*Cash benefits:* See source of funds under Unemployment. In Quebec, 0.537% of earnings up to C\$64,000.

*Physician and hospital benefits:* Premiums are paid in Alberta and British Columbia. Ontario has a health premium based on taxable income above a certain threshold. No premiums are paid in the other provinces.

##### Self-employed person

*Cash benefits:* See source of funds under Unemployment. In Quebec, 0.955% of taxable income.

*Physician and hospital benefits:* Premiums are paid in Alberta and British Columbia. Ontario has a health premium based on taxable income above a certain threshold. No premiums are paid in the other provinces.

##### Employer

*Cash benefits:* See source of funds under Unemployment. In Quebec, 0.752% of payroll.

*Physician and hospital benefits:* Contributions vary by province from 1% to 4.5% of payroll.

##### Government

*Cash Benefits:* None.

*Physician and hospital benefits:* The total cost is met through federal, provincial, and territorial general revenues, except in provinces in which premiums are paid. Federal government makes contributions to provinces and territories through block transfers, part of which are conditional on provinces and territories meeting federal program requirements as set out in the Canada Health Act.

## Qualifying Conditions

**Cash sickness, maternity and parental benefits:** The insured must have at least 600 hours of covered employment in the previous 52 weeks or since the last claim; for maternity benefits in Quebec, at least C\$2,000 of insured income in the previous 52 weeks and have ceased work or reduced work by at least 40%.

A family supplement for low-income and modest-income earners with dependent children is paid if annual net family income is less than C\$25,921.

**Compassionate care benefits:** The benefit is paid to insured persons with at least 600 hours of covered employment in the previous 52 weeks (or since the start of the last claim) who leave work temporarily to provide care or support to a family member with a grave illness.

**Medical and hospital benefits:** Generally, three months of residence in the province is required to be insured. When the insured moves from one province to another, the former province continues to provide coverage during the waiting period.

In Alberta, British Columbia, and Ontario, the payment of premiums is an additional condition, but such payment is not linked to entitlement to services.

## Sickness and Maternity Benefits

**Sickness benefit:** 55% of average weekly covered earnings in the last 26 weeks plus a family supplement for low-income and modest-income earners with dependent children is paid after a two-week waiting period for up to 15 weeks.

**Maternity and parental benefits:** 55% of average weekly covered earnings in the last 26 weeks plus a family supplement for low-income and modest-income earners with dependent children is paid after a two week waiting period for up to 15 weeks; up to 35 additional weeks for parental care (provided by the mother, father, or both) on the birth or adoption of a child.

In Quebec, there is a choice of benefits. Maternity benefits are 70% of covered earnings paid for 18 weeks; 75% of covered earnings for 15 weeks. Paternity benefits are 70% of covered earnings paid for five weeks; 75% of covered earnings for three weeks. Parental benefits (mother, father, or both) are 70% of covered earnings for seven weeks plus 55% of covered earnings for 25 weeks; 75% of covered earnings for 25 weeks. Adoption benefits are 70% of covered earnings for 12 weeks plus 55% of covered earnings for 25 weeks; 75% of covered earnings for 28 weeks. If the net family income is less than C\$25,921, benefits may be increased.

**Compassionate care benefit:** 55% of average weekly covered earnings in the last 26 weeks plus a family supplement for low-income and modest-income earners with depen-

dent children is paid for up to six weeks after a two-week waiting period.

The maximum weekly benefit is C\$468. In Quebec, the maximum weekly benefit is based on a maximum annual income of C\$64,000.

## Workers' Medical Benefits

**Medical benefits:** Medical benefits include general medical and maternity care and surgical, specialist, and laboratory services. Provincial authorities pay benefits directly according to predetermined formulas and agreed-upon fee schedules.

**Hospital benefits:** Benefits include standard ward care, necessary nursing, pharmaceuticals provided in the hospital, and diagnostic and therapeutic services. Provincial authorities pay benefits directly according to predetermined formulas and agreed-upon fee schedules.

Other benefits include oral surgery if required and performed in an approved hospital and, in some provinces, osteopathic, chiropractic, and optometrist services; dental care for children; prosthetics; and prescribed medicine. Some cost sharing may be required in such cases.

In some provinces, welfare recipients and persons older than age 65 are eligible for free medicine, eyeglasses, and subsidized nursing home care.

## Dependents' Medical Benefits

Medical benefits for dependents are the same as those for the insured.

## Administrative Organization

Health Canada (<http://www.hc-sc.gc.ca>) administers programs for groups not covered under provincial plans; monitors provincial compliance with conditions of national legislation; and provides provinces with technical, consultative, and coordinating services.

Provincial authorities administer their health insurance plans, establish resident eligibility status, assess hospital and medical claims, pay providers, and monitor all aspects of programs.

Providers are usually public, not-for-profit hospitals and other specialized institutions; doctors and allied practitioners in entrepreneurial practice.

Human Resources and Skills Development Canada, through Service Canada (<http://www.canadabenefits.gc.ca>), is responsible for cash sickness, maternity, parental, and compassionate care benefits provided under the Employment Insurance program.

Quebec Parental Insurance Plan administers Quebec parental benefits.

## Work Injury

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### Regulatory Framework

**First and current laws:** 1908 and 1996 (Newfoundland), 1915 and 1996 (Nova Scotia), 1915 and 1998 (Ontario), 1916 and 1996 (British Columbia), 1916 and 2006 (Manitoba), 1918 and 2004 (New Brunswick), 1918 and 2002 (Alberta), 1928 and 1998 (Quebec), 1930 and 2003 (Saskatchewan), 1949 and 1994 (Prince Edward Island), 1974 and 1998 (Northwest Territories/Nunavut), and 2002 (Yukon).

**Type of program:** Social insurance system.

### Coverage

Employees in industry and commerce (some differences exist among provinces).

Exclusions: Self-employed persons, household workers, professional athletes, and members of sports clubs (some differences exist among provinces).

Special systems for merchant seamen and federal civil servants.

### Source of Funds

**Insured person:** None.

**Self-employed person:** Not applicable.

**Employer:** The total cost, met through contributions that vary by industry and according to the assessed degree of risk (large firms in some provinces may self-insure).

**Government:** None.

### Qualifying Conditions

**Work injury benefits:** There is no minimum qualifying period.

### Temporary Disability Benefits

From 75% to 90% of gross earnings is paid, according to province.

The minimum benefit varies according to province.

### Permanent Disability Benefits

**Permanent disability pension:** In most provinces, 75% or 90% of the insured's earnings is paid for a full disability.

The maximum benefit varies according to province.

Partial disability: The pension is a percentage of the full benefit according to the assessed degree of loss of earning capacity; in some provinces, the pension is converted to a lump sum if the assessed degree of loss is 10% or less.

### Workers' Medical Benefits

Benefits in all provinces include medical, surgical, nursing, and hospital services; medicine; and appliances.

## Survivor Benefits

**Survivor pension:** The pension varies according to province. The pension is paid to a widow(er).

**Orphan's pension:** Either a monthly flat-rate pension slightly greater than that of children residing with a parent or a percentage of the deceased's wages is paid, according to province.

**Other dependents (if there is no spouse or orphan):** A reasonable sum is paid in proportion to the loss of income.

**Funeral grant:** The grant paid varies according to province.

## Administrative Organization

Workers' Compensation Board, or a Work Safety Commission, in each province and territory administers the program.

## Unemployment

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### Regulatory Framework

**First law:** 1940.

**Current law:** 1996 (employment insurance).

**Type of program:** Social insurance system.

### Coverage

All salaried workers, including federal government employees; self-employed fishermen.

Exclusions: Self-employed persons other than fishermen.

### Source of Funds

**Insured person:** 1.78% of covered earnings. In Quebec, 1.41% of covered earnings.

The maximum annual earnings used to calculate contributions are C\$44,200.

The insured person's contributions also finance benefits under Sickness and Maternity, except in Quebec.

**Self-employed person:** Not applicable.

**Employer:** 2.49% of covered payroll. In Quebec, 1.97% of covered payroll.

The maximum annual earnings used to calculate contributions are C\$44,200.

The employer's contributions also finance benefits under Sickness and Maternity, except in Quebec.

**Government:** None.

### Qualifying Conditions

**Unemployment benefit:** The qualifying conditions vary from 420 hours to 700 hours of covered employment in the

last year, depending on the regional unemployment rate, or 910 hours for a new entrant or reentrant to the labor force.

The insured must be registered, able, willing, and available to work and unable to obtain suitable employment; unable to work because of sickness, maternity, or providing parental care or compassionate care to a gravely ill family member with a potentially fatal condition.

If unemployment is due either to voluntary leaving without just cause or to misconduct, the disqualification is indefinite and applies until the insured requalifies for the benefit.

### **Unemployment Benefits**

55% of average covered earnings in the last 26 weeks, plus a family supplement for low-income and modest-income earners with dependent children, is paid after a two-week waiting period for 14 to 45 weeks, depending on the claimant's employment history and regional unemployment rates. The supplement is awarded if annual net family income is less than C\$25,921.

A pilot project provides up to five additional weeks of benefits (up to a maximum of 45 weeks) to claimants in 21 regions of high unemployment until September 15, 2012.

Another pilot project in 25 regions, running from October 30, 2005, until June 25, 2012, calculates benefits based on the highest 14 weeks of covered earnings.

The maximum weekly benefit is C\$468.

### **Administrative Organization**

Human Resources and Skills Development Canada, through Service Canada (<http://www.canadabenefits.gc.ca>) regional and local offices, administers the program.

Canada Revenue Agency (<http://www.cra-arc.gc.ca>) collects contributions.

### **Family Allowances**

#### **Regulatory Framework**

**First law:** 1944.

**Current laws:** 1998 and 2006.

**Type of program:** Refundable tax credit and universal system.

#### **Coverage**

All persons residing in Canada.

#### **Source of Funds**

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

### **Qualifying Conditions**

**Canada child tax benefit (income-tested):** A child must be younger than age 18 and live with a primary caregiver who is a Canadian citizen, permanent resident, or refugee, and files an annual income tax return.

**Universal child care benefit:** A child must be younger than age 6 and live with a primary caregiver who is a Canadian citizen, permanent resident, or refugee.

### **Family Allowance Benefits**

**Canada child tax benefit (income-tested):** The benefit is delivered through the income tax system.

The maximum annual benefit is C\$3,436 for the first child, C\$3,196 for the second child, and C\$3,106 for the third and subsequent children.

The benefit has two components: the base tax benefit, paid to low- and middle-income families with children, and the national child benefit supplement, paid to low-income families with children. From July 2010 to June 2011, families with net income of up to C\$108,370 receive some of the base tax benefit (for one- and two-child families). Families with net income of up to C\$40,970 also receive some of the national child benefit supplement. The child disability benefit for families caring for children with severe disabilities is also delivered through the Canada child tax benefit.

Benefits are paid monthly and are based on total family income during the previous year.

**Universal child care benefit:** The benefit provides families with direct financial support to help offset the cost of child care. C\$100 a month (up to C\$1,200 a year) is paid for each child younger than age 6. The benefit is taxable at the rate of the spouse with the lowest income. Single parents can report all universal child care benefit amounts in their own income or include the amounts in the income of a child beneficiary. Parents with joint custody of child beneficiaries can split the benefit.

### **Administrative Organization**

Canada Revenue Agency (<http://www.cra-arc.gc.ca>) administers the Canada child tax benefit.

Human Resources and Skills Development Canada (<http://www.hrsdc.gc.ca>), through district and local offices, administers the universal child care benefit.