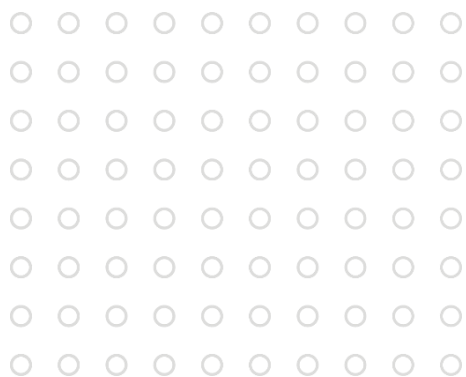




# GOVERNMENT BENEFITS UPDATE **2025**

Our annual update of the  
statutory benefits provided by  
the Federal and Provincial  
Governments of Canada





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*Any data and information illustrated in our 2025 Government Benefits Update 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.*



## WELCOME LETTER

We are pleased to release our 2025 annual Government Benefits Update. As in prior years, our update offers a high-level summary of governmental changes that may be relevant for your employee benefit plan, retirement plan, HR policies, and compensation strategies.

### **Highlights of the changes outlined in this document include:**

- Major legislative changes and updates regarding federal dental care benefits; universal pharmacare; the adoption of legislation restricting ability for employers or insurers to request medical notes; new guidelines from the Canadian Association of Pension Supervisory Authorities (CAPSA); and a roundup of recent provincial pension legislative changes.

#### ***Canada Pension Plan:***

- The Yearly Maximum Pensionable Earnings (YMPE) increased to \$71,300 (2025) from \$68,500 (2024).
- The CPP contribution rate will remain at 5.95%.
- The year's additional maximum pensionable earnings (YAMPE) increased to \$81,200 (2025) from \$73,200 (2024). Pensionable earnings between \$71,300 and \$81,200 will be subject to a contribution rate of 4.00%.

#### ***Quebec Pension Plan:***

- The Yearly Maximum Pensionable Earnings (YMPE) increased to \$71,300 (2025) from \$68,500 (2024).
- The QPP contribution rate remains at 6.40% in 2025.
- The Year's additional maximum pensionable earnings (YAMPE) increased to \$81,200 (2025) from \$73,200 (2024). Pensionable earnings between \$71,300 and \$81,200 will be subject to a contribution rate of 4.00%.

#### ***Employment Insurance:***

- The EI employee contribution rate (as a percentage of insurable earnings) decreased to 1.64% (2025) from 1.66% (2024); maximum weekly benefit amount increased to \$695 from \$668 due to the increase in EI maximum yearly insurable earnings to \$65,700 (2025) from \$63,200 (2024).

#### ***Employment Insurance (Quebec):***

- Quebec EI employee contributions (as a percentage of insurable earnings) decreased to 1.31% (2025) from 1.32% (2024); maximum weekly benefit amount increased to \$695 from \$668 due to the increase in EI maximum yearly insurable earnings to \$65,700 (2025) from \$63,200 (2024).

# MAJOR LEGISLATIVE DEVELOPMENTS

While not an exhaustive review, there are several notable legislative or policy developments that employers and plan sponsors should be aware of.

## Canadian Dental Care Plan

### Summary

The Canadian Dental Care Plan (CDCP), which began as the Canada Dental Plan (CDP), started providing benefits in 2022 to uninsured children under the age of 12 whose adjusted family net income was less than \$90,000. Since then, the list of Canadian residents eligible for the CDCP has expanded to seniors aged 65 and over, persons with a valid Disability Tax Credit certificate and children under 18. **All remaining eligible Canadian residents are expected to become eligible in 2025, however, an exact date has yet to be announced.** To be eligible for the CDCP, Canadian residents must meet the minimum requirements of being uninsured and have an adjusted family net income of less than \$90,000.

### CDCP Coverage

The following services are covered by the CDCP, and may be subject to changes as part of regular review processes based on data to ensure it meets the needs of Canadians:

- preventive services, including scaling (cleaning), polishing, sealants, and fluoride.
- diagnostic services, including examinations and x-rays.
- restorative services, including fillings.
- endodontic services, including root canal treatments.
- prosthodontic services, including complete and partial removable dentures.
- periodontal services, including deep scaling.
- oral surgery services, including extractions.


Health Canada has stated some limited orthodontics will be eligible based on strict criteria in 2025. It appears that most orthodontic treatments will remain ineligible as well as fixed prosthodontics (bridges), periodontal appliances, implants, and some other common dental treatments.

Under the CDCP, eligible residents with an adjusted family net income of less than \$70,000, are reimbursed for eligible dental expenses at 100%; those between \$70,000 and \$79,999 are reimbursed at 60%, and those between \$80,000 and \$89,999 are reimbursed at 40%. Expenses are reimbursed according to the fees established by the CDCP which vary by province and territory and may be lower than the annual fee guides published by provincial and territorial Dental Associations.

### Plan Sponsor Perspective

Since those covered by privately sponsored dental plans, whether insured or self-funded, including Health Care Spending Accounts are not eligible for the CDCP, this program is not expected to offer any immediate cost relief for private plan sponsors. While some employers may be considering eliminating dental coverage for lower-paid workers, there are several challenges with such an approach:

- Access to family net income data – The biggest challenge is that eligibility is based on adjusted family net income, which may include spousal income as well as other sources of income and deductions that are unknown to employers and may disqualify employees from CDCP eligibility.

- 
- **Out-of-Pocket Costs** – Reimbursement levels may be lower and out-of-pocket costs higher than private plans, especially for residents with adjusted family net incomes between \$70,000 and \$90,000. The CDCP fee guide may be lower than the provincial and territorial fee guides and dentists do not need to bill according to the CDCP benefits grid, so the patient may be responsible for the difference. Even at 100% coverage, a CDCP plan member may pay out of pocket for standard dental procedures.
  - **Access to Participating CDCP Dentists** – As of September 2024, Health Canada reported that 74% of dentists were accepting patients through the CDCP but participation rates varied widely from province to province, ranging from a low of 40% in New Brunswick to a high of 87% in Newfoundland and Labrador. Some provincial governments are also considering opting out of the CDCP.

As of December 2024, 3 million Canadian residents have been approved for coverage. If the implementation stays on schedule, approximately 6 million additional uninsured Canadian residents will be eligible to apply for the CDCP in 2025. Given the enormous footprint of the CDCP, there may yet be additional impacts to private plan sponsors as it continues to develop.



# Universal National Pharmacare Program

## Summary

The issue of national pharmacare had significant developments in 2024. Legislation was introduced in February 2024 and the 2024 federal budget provided \$1.5 billion in funding over five years to support the launch of a national pharmacare plan. In October 2024, Bill C-64, the “Pharmacare Act” received royal assent and came into force. The legislation provides a framework, although the details of implementation, operating and financing the program will be subject to further consultation and expert committees.

The legislation sets up the first phase of a national pharmacare plan and describes the federal government's intent to work with provinces and territories to provide universal, single-payer coverage for a number of select contraception and diabetes medications. Notably, the list does not include “GLP-1” diabetes medications such as Ozempic, which has increased drug costs for many private plans in recent years. At maturity, a national pharmacare plan would be expected to cover drugs for all therapeutic classes and the total annual cost was previously projected by the Parliamentary Budget Officer to be close to \$40 billion.

The federal Minister of Health will seek to reach bilateral agreements with provinces and territories to provide access to the initial categories of drugs as the first phase of a national universal pharmacare program. As of this writing, only British Columbia has signed a Memorandum of Understanding with the federal government regarding funding, while several other provinces have come out in opposition to national pharmacare. This calls into question whether and when Canadians in different jurisdictions will have equitable access to prescription drugs covered under the program. The current federal political environment is strained and there will be a federal election by or before October 2025. The outcome of the next federal election is likely to have a significant impact on how national pharmacare may be rolled out.

The legislation calls for the Canadian Drug Agency to prepare, within one year, a list of essential medicines to inform the development of a national formulary. As called for, in November 2024, the government appointed a committee of experts to make recommendations regarding the operation and funding of a “national, universal, single-payer pharmacare” program. According to a government news release, the committee is to provide a written report of recommendations to the federal Health Minister by October 10, 2025.

## Plan Sponsor Perspective

There are few undertakings more complex than efficiently operating a national prescription drug plan, let alone sustainably paying for it. The 2019 final report of the of the Advisory Council on the Implementation of National Pharmacare called for a universal single-payer drug plan for all Canadians but lacked a funding plan and did not address some major obstacles to implementation.

Although the legislation has now passed, little immediate action is expected and the short-term implications for private plan sponsors are minimal. That said, future developments warrant attention. Key actions to monitor include agreements with provinces and territories, development of a formulary, clarification on operating and funding a plan, clarification on how national pharmacare may interact with private plans, and the political realities of carrying out further actions.

As reported in various news articles, the federal government has provided conflicting information regarding the delivery of national pharmacare. The text of the legislation refers a number of times to “national, universal, single payer pharmacare” and the government has emphasized this in statements as well. However, elected officials have also stated that the legislation would not affect private drug plans, which typically include a much more expansive list of eligible drugs that what has historically been available through government programs in Canada.

The two categories of drugs to be covered in the first stage, contraception and diabetes medications, are to be covered by the federal plan as first-payer. For the first phase, savings for private plans are expected to be in the range of 3%-5% of prescription drug costs depending on the parameters of the plan. Savings are expected to grow significantly if and when other prescription drugs are included under the program.



The legislation also refers to funding for the National Strategy for Drugs for Rare Diseases. This is intended to “improve access to new and emerging drugs, as well as support enhanced access to existing drugs, early diagnosis, and screening for rare diseases”. As of late 2024, agreements are in place with three provinces: Alberta, British Columbia, and Newfoundland and Labrador. If this program helps to mitigate the cost pressure and uncertainty associated with very high-cost drugs, it will be welcome news for private plan sponsors.

# Adoption of Bills restricting ability for employers or insurers to request medical notes

## Summary

### Quebec

On October 9, 2024, the Quebec government passed Bill 68 which is intended to lighten the administrative burden on physicians. Under this new legislation, a number of changes will be introduced and will come into force on the dates set out below, as applicable, or following publication of the regulations in the coming months.

#### **End of doctor's notes for absences of three days or less**

Effective January 1, 2025, employers will not be able to require a note from a physician for employee absences of three days or less, except for the fourth absence within a period of 12 consecutive months. The restriction also extends to absences to care for a parent or child or as a caregiver.

#### **End of referrals required by insurance plans or employee benefit plans**

An insurer or plan administrator will not be able to require a referral for reimbursement of the services of health professionals (e.g. physiotherapist) or social services or for reimbursement of medical supplies (e.g. crutches).

#### **Physician autonomy in disability management**

In the future, the attending physician will decide how often to see their patients who are on disability leave. In addition, the law allows the government to limit the health information required by a third party and require the use of a standardized form.

### Ontario

The Ontario government passed Bill 190 on October 28, 2024, which includes several amendments to the *Employment Standards Act, 2000* ("ESA"). Notably, Bill 190 prohibits employers from requiring a certificate from a healthcare practitioner for the three-day sick leave entitlement per calendar year prescribed by the ESA. Instead, employers in Ontario can request "reasonable evidence in the circumstances" of the need for leave. Employers can still request sick notes for sick leaves not protected under the ESA.

### Elsewhere in Canada

Sick notes have been prohibited in Nova Scotia since 2023 for absences of five consecutive working days or if the employee has had at least two non-consecutive absences of five or fewer working days less within a 12-month period. Federally regulated employers cannot request sick notes before five days of consecutive medical leave (or beyond 15 days after the employee's return from leave).

There is pressure in other provinces to relieve the burden on physicians due to lack of resources in the public health system.

## **Plan Sponsor Perspective**

Given the pressures on the health care system, it is a laudable goal to reduce the administrative burden on physicians. For example, many medical appointments are simply to confirm an absence, often after the symptoms had disappeared. On the other hand, the new measures significantly reduce the autonomy of employers and insurers, which are intended to limit abuse and encourage disabled employees to return to work quickly. In any case, employers and insurers will have to adapt their policies to be compliant with the new legislation. It is important to observe if similar measures are adopted in other jurisdictions. We anticipate that these changes will have limited impact on group benefit insurance premiums.



## New CAPSA Guidelines

### **Summary**

On September 9, 2024, the Canadian Association of Pension Supervisory Authorities (CAPSA) published the following long-awaited guidelines:

1. New Guideline for Risk Management for Plan Administrators
2. Revised Guideline #3 for Capital Accumulation Plans (CAPs)

### **Risk Management**

The Risk Management Guideline applies to defined benefit, defined contribution, target benefit, and hybrid pension plans and recommends that plan administrators establish a risk management framework to identify, evaluate, manage, and monitor material risks relating to the plan. The framework should be tailored to the specific circumstances of each plan and reviewed regularly. The Guideline provides considerations for specific topics including:

- Third-Party Risk
- Cyber Security
- Investment Governance
- Environmental, Social, Governance (ESG) Issues
- Use of Leverage

### **CAP Guidelines**

The revised CAP Guidelines apply to defined contribution pension plans and other tax-assisted CAPs under which members exercise investment choice, such as Group Registered Retirement Savings Plans (RRSPs), Deferred Profit-Sharing Plans, and Tax-Free Savings Accounts (TFSA).

These guidelines outline regulators' views on industry best practices for the maintenance and administration of CAPs, emphasizing proper governance.

### **Plan Sponsor Perspective**

Plan administrators and sponsors should review the new guidelines and evaluate their plans' alignment with the recommended best practices as described in the Guidelines.

CAPSA advises that where changes to IT systems or administrative processes are necessary, they should be completed by January 1, 2026.

# Provincial Pension Roundup

## Summary

### Nova Scotia Amends Pension Benefits Act

Nova Scotia has amended its Pension Benefits Act and regulations with the following changes taking effect April 1, 2025:

- Individuals transferring funds to a life income fund (LIF), at age 55 or older, will have the one-time ability to unlock up to 50% of their locked-in pension funds.
- Plan administrators will be required to provide pension plan statements with prescribed content requirements for former and retired members every two years.

### Ontario Finalizes Regulations Establishing Target Benefit Framework

In October, the Ontario government finalized regulations to establish a permanent target benefit framework, effective January 1, 2025. Starting in 2025, multi-employer pension plans seeking to convert their benefits to target benefits can apply to the regulator for consent.

### Ontario Consults on Variable Life Benefits

The Ontario Ministry of Finance released a consultation paper on November 12, 2024 seeking input on a future framework for Variable Life Benefits (VLBs). While the *Income Tax Act* (Canada) was amended in 2021 to allow for these payment options, amendments to the Ontario Pension Benefits Act will be required to implement them.

VLBs pool the longevity risk of retirees within a DC Plan and pay variable retirement payments dependent on mortality and investment returns.

The consultation period ends January 10, 2025.

### Québec Eliminates Withdrawal Limits for Life Income Funds (LIFs)

In June of 2024, Québec approved the following changes to the regulations pursuant to sections 90.1 and 92 of the Supplemental Pension Plans Act, which are effective as of January 1, 2025:

- Individuals in a Québec-registered LIF aged 55 and older can withdraw any amount from their LIF account without limitation.
- Individuals in a Québec-registered LIF under 55 will have a new calculation affecting their maximum withdrawal limit, however there are no changes to their minimum withdrawal limit, which is regulated by the Canada Revenue Agency (CRA).
- Individuals in a Québec-registered LIF can no longer transfer money from a LIF to a Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), or a non-locked-in Voluntary Retirement Savings Plan (VRSP).

## Plan Sponsor Perspective

These amendments enhance flexibility for individuals accessing their retirement savings from LIFs registered in Nova Scotia or Québec. Plan sponsors should consider how the evolving rules for accessing money in retirement impacts the choice around which retirement savings vehicles to offer employees. Member education efforts should emphasize strategies to help participants optimize their retirement income, such as delaying OAS and CPP/QPP benefits where appropriate.

Plan administrators in Nova Scotia will need to engage with their third-party service providers to ensure compliance with the new statement requirements.

Plan administrators of Specified Ontario Multi-Employer Pension Plans (SOMEPPs) must familiarize themselves with the new regulatory requirements if they choose to convert to a target benefit plan.

# UPDATES ON STATUTORY BENEFITS

Updates on statutory benefits provided by the Federal and Provincial Governments of Canada.

## Old Age Security

Old Age Security (OAS) is a federal government program that provides a basic pension to individuals aged 65 and older who meet Canadian legal status and residence requirements. The amount is based on how long an eligible individual has lived in Canada after the age of 18. OAS is a taxable benefit, meaning recipients may need to pay income tax on it. OAS is funded and administered by the federal government and not plan sponsors. However, plan sponsors may provide information to employees about OAS as part of overall retirement planning support.

### Maximum Monthly Benefits & Annual Income

The following table illustrates the maximum monthly rates for Old Age Security benefits as well as the maximum annual income to be eligible for these benefits.

Old Age Security Pension (OAS) pension amounts	Maximum Monthly Benefit Oct-Dec 2024 <sup>1</sup>	Maximum Annual Income Oct-Dec 2024 <sup>2</sup>
Age 65 to 74	\$727.67	\$148,451 (individual income)
75 and over	\$800.44	\$154,196 (individual income)

### Guaranteed Income Supplement (GIS)

Single person, widowed or divorced pensioner	\$1,086.88	\$22,056 (individual income)
Spouse/common-law partner of a non-pensioner	\$1,086.88	\$52,848 (combined income)
Spouse/common-law partner of a pensioner who receives a full OAS pension	\$654.23	\$29,136 (combined income)
Spouse/common-law partner of an allowance recipient	\$654.23	\$40,800 (combined income)
<b>Allowance</b>	\$1,381.90	\$40,800 (combined income)
<b>Allowance for the survivor</b>	\$1,647.34	<u>\$29,712</u> (individual income)

1 The payment is reviewed quarterly (Jan-Mar, Apr-Jun, Jul-Sep, Oct-Dec) and any increase in cost of living is based on the CPI.

2 The maximum annual income is the income level at which you cannot receive the Old Age Security (OAS) pension or benefits. The amount of your Old Age Security pension is determined by how long you have lived in Canada after the age of 18.

More information on OAS is available on this website:

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

To find out how OAS is calculated, go to:

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

## Canada Pension Plan

The Canada Pension Plan (CPP) is a national government-sponsored pension program that provides financial support to eligible individuals in retirement, disability, or to their survivors. The amount an individual receives is based on their contributions during their working years.

Employees and employers contribute to the CPP during the time a person is employed and has employment earnings in excess of \$3,500. Employers deduct CPP contributions from employees' pay and contribute their own share. Contributions are based on a percentage of the individual's pensionable earnings, up to a yearly maximum.

The Yearly Maximum Pensionable Earnings (YMPE) increased to \$71,300 (2025) from \$68,500 (2024).

The CPP contribution rate will remain at 5.95% as the five-year phased approach that began in 2019 to increase the CPP contribution rate by a full percentage point has ended.

The year's additional maximum pensionable earnings (YAMPE) increased to \$81,200 (2025) from \$73,200 (2024). Pensionable earnings between \$71,300 and \$81,00 will be subject to a contribution rate of 4.00%.

### Canada Pension Plan Contributions & Benefits

	2024	2025
<b>Yearly Maximum Pensionable Earnings (YMPE)</b>	\$68,500	\$71,300
<b>Year's additional maximum pensionable earnings (YAMPE)</b>	\$73,200	\$81,200
<b>Basic Exemption</b>	\$3,500	\$3,500

### Contribution Rate (YMPE)

Employer	5.95%	5.95%
Employee	5.95%	5.95%
Self-Employed	11.90%	11.90%

### Maximum yearly contribution (YMPE)

Employer	\$3,867.50	\$4,034.10
Employee	\$3,867.50	\$4,034.10
Self-Employed	\$7,735.00	\$8,068.20

### Contribution rate (YAMPE)

Employer	4%	4%
Employee	4%	4%
Self-Employed	8%	8%

### Maximum yearly contribution (YAMPE)

Employer	\$188	\$396
Employee	\$188	\$396
Self-Employed	\$376	\$792

## Canada Pension Plan (Continued)

### Canada Pension Plan Contributions & Benefits

2024

2025

#### Retirement Benefit

Maximum at age 65	\$1,364.60/month	\$1,433.00/month
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#### Death Benefits

Lump sum	\$2,500	\$2,500
Survivor's Benefit (maximum under age 65)	\$739.31/month	\$770.88/month
Survivor's Benefit (maximum age 65 or over)	\$818.76/month	\$859.80/month
Orphan (per child)	\$294.12/month	\$301.77/month

#### Disability Benefits

Contributor (maximum)	\$1,613.54/month	\$1,683.57/month
Child (per child)	\$294.12/month	\$301.77/month

Detailed information on the current elements of CPP may be found on:

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

## Québec Pension Plan

The Québec Pension Plan (QPP) is a government-sponsored pension program designed to help ensure residents of Quebec have a basic level of income in retirement. It operates similarly to the Canada Pension Plan (CPP) - providing financial support to eligible individuals in retirement, disability, or to their survivors. The main difference is that the QPP is administered separately by the provincial government of Quebec, with some variations in contribution rates and benefits compared to CPP.

Employees and employers in Quebec contribute to the QPP during the time a person is employed in the province and has employment earnings in excess of \$3,500. Employers deduct QPP contributions from employees' pay and contribute their own share. Contributions are based on a percentage of the individual's pensionable earnings, up to a yearly maximum.

The Yearly Maximum Pensionable Earnings (YMPE) increased to \$71,300 (2025) from \$68,500 (2024).

The QPP contribution rate remains at 6.40% in 2025.

The Year's additional maximum pensionable earnings (YAMPE) increased to \$81,200 (2025) from \$73,200 (2024). Pensionable earnings between \$71,300 and \$81,200 will be subject to a contribution rate of 4.00%.

<b>Quebec Pension Plan Contributions &amp; Benefits</b>	<b>2024</b>	<b>2025</b>
<b>Yearly Maximum Pensionable Earnings (YMPE)</b>	\$68,500	\$71,300
<b>Year's additional maximum pensionable earnings (YAMPE)</b>	\$73,200	\$81,200
<b>Basic Exemption</b>	\$3,500	\$3,500
<b>Contribution Rate (YMPE)</b>		
Employer	6.40%	6.40%
Employee	6.40%	6.40%
Self-Employed	12.80%	12.80%
<b>Annual Contributions (YMPE)</b>		
Employer	\$4,160	\$4,339
Employee	\$4,160	\$4,339
Self-Employed	\$8,320	\$8,678
<b>Contribution rate (YAMPE)</b>		
Employer	4%	4%
Employee	4%	4%
Self-Employed	8%	8%
<b>Maximum yearly contribution (YAMPE)</b>		
Employer	\$188.00	\$396.00
Employee	\$188.00	\$396.00
Self-Employed	\$376.00	\$792.00

## Québec Pension Plan (Continued)

### Quebec Pension Plan Contributions & Benefits

2024

2025

#### Retirement Benefit

Maximum at age 65	\$1,364.60/month	\$1,433.00/month
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#### Death Benefits

Lump sum	\$2,500	\$2,500
Surviving Spouse (maximum under age 45)		
<ul style="list-style-type: none"> <li>Has no dependent child and is not disabled</li> </ul>	\$668.91/month	\$689.43/month
<ul style="list-style-type: none"> <li>Has a dependent child and is not disabled</li> </ul>	\$1,061.12/month	\$1,091.84/month
<ul style="list-style-type: none"> <li>Is disabled with or without a dependent child</li> </ul>	\$1,102.80/month	\$1,134.61/month
Spouse (maximum age 45 to 64)	\$1,102.80/month	\$1,134.61/month
Spouse (maximum age 65 and over)	\$822.14/month	\$844.24/month
Orphan (per child)	\$294.12/month	\$301.77/month

#### Disability Benefits

Contributor (maximum)	\$1,606.75/month	\$1,672.62/month
Child (per child)	\$93.39/month	\$95.82/month

Detailed information on the current elements of QPP may be found on:

<https://www.retraitequebec.gouv.qc.ca/en/landing/indexation/Pages/montants-donnees-base.aspx#note1>

## Employment Insurance

Employment Insurance (EI) is a federal government program designed to provide temporary financial assistance to eligible individuals who are unemployed, sick, or on maternity/parental leave. Employees and employers contribute to the EI program through payroll deductions. When individuals experience a period of unemployment, illness, maternity, or parental leave, they may be eligible to receive financial benefits through EI.

Employers play a role in the EI program by deducting EI premiums from employees' pay and remitting their own contributions. Understanding EI is important as it can contribute to the overall financial well-being of employees during challenging life events.

The EI employee contribution rate (as a percentage of insurable earnings) decreased to 1.64% (2025) from 1.66% (2024); maximum weekly benefit amount increased to \$695 from \$668 due to the increase in EI maximum yearly insurable earnings to \$65,700.

### Employment Insurance Benefits

	2024	2025
Maximum yearly insurable earnings	\$63,200	\$65,700
Maximum weekly benefit based on 55% of average insured earnings	\$668	\$695

### Required Employee Contributions

As a percentage of insurable earnings	1.66%	1.64%
Maximum employee contribution per annum	\$1,049.12	\$1,077.48

### Required Employer Contributions

Premium reduced for registered wage loss replacement plan<sup>1</sup>

As a multiple of employee contribution – no registered premium reduction program	1.40	1.40
As a multiple of employee contribution – with registered premium reduction program	1.177	1.269
As a percentage of insurable earnings – no registered premium reduction program	2.324%	2.296%
As a percentage of insurable earnings – with registered premium reduction program	1.954%	2.081%
Maximum employer contribution per annum – no registered premium reduction program	\$1,468.77	\$1,508.47
Maximum employer contribution per annum – with registered premium reduction program	\$1,234.81	\$1,367.32

<sup>1</sup> Based on a Category 3 Cumulative Sick Leave Plan

Registered wage loss replacement plans may be 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.

More information on Employment Insurance is available on the Service Canada website:

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

## Employment Insurance (Quebec)

Employment Insurance in Quebec is designed to provide temporary financial assistance to individuals who are unemployed, sick, or on maternity/parental leave. Quebec employees and their employers contribute to the EI program through payroll deductions.

Employers of Quebec employees play a role in the EI program by deducting EI premiums from employees' pay and remitting their own contributions. The rate is different in Quebec than in the rest of Canada because Quebec administers its own parental insurance plan which is financed directly by employees in Quebec and their employers.

Quebec EI employee contributions (as a percentage of insurable earnings) decreased to 1.31% (2025) from 1.32% (2024); maximum weekly benefit amount increased to \$695 from \$668 due to the increase in EI maximum yearly insurable earnings to \$65,700.

<b>Employment Insurance Benefits</b>	<b>2024</b>	<b>2025</b>
<b>Maximum yearly insurable earnings</b>	\$63,200	\$65,700
<b>Maximum weekly benefit based on 55% of average insured earnings</b>	\$668	\$695

### **Required Employee Contributions**

As a percentage of insurable earnings	1.32%	1.31%
Maximum employee contribution per annum	\$834.24	\$860.67

### **Required Employer Contributions**

Premium reduced for registered wage loss replacement plan<sup>1</sup>

As a multiple of employee contribution – no registered premium reduction program	1.40	1.40
As a multiple of employee contribution – with registered premium reduction program	1.119	1.236
As a percentage of insurable earnings – no registered premium reduction program	1.567%	1.834%
As a percentage of insurable earnings – with registered premium reduction program	1.477%	1.619%
Maximum employer contribution per annum – no registered premium reduction program	\$1,167.94	\$1,204.94
Maximum employer contribution per annum – with registered premium reduction program	\$933.25	\$1,063.79

<sup>1</sup> Based on a Category 3 Cumulative Sick Leave Plan

More information on Employment Insurance is available on the Service Canada website:

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

## Premium Tax Rates

Employer sponsored insurance plans are subject to taxes – federal and/or provincial. The table outlines the types of tax charged to plan sponsors.

Plan member resides in:	Premium Tax		Provincial Sales Tax					GST/HST based on place of supply
	Individual 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	EFAPs and other fee-for-service products	Fees on ASO plans without pooling, EFAPs and other fee-for-service products
Alberta	3%							5%
British Columbia	2%							5%
Manitoba	2%		7% RST (except health and dental)					5%
New Brunswick	2%							15% (reduced to 14% as of April 1, 2025)
Newfoundland & Labrador	5%	5%						15%
Nova Scotia	3%							15% (reduced to 14% as of April 1, 2025)
Ontario	2%	2% (except taxable ASO disability income claims and fees)	8% RST	8% RST (except taxable ASO disability income claims)	8% RST	8% RST (when the place of supply is a GST jurisdiction)		13%
Prince Edward Island	3.75%							15%
Québec	3.30%	3.30%	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%
Saskatchewan	3%							5%
Northwest Territories	3%							5%
Nunavut	3%							5%
Yukon	4%							5%

## Workers' Compensation

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. In some cases (e.g., Manitoba), employees may be entitled to 100% of their pre-injury earnings, if such earnings are less than or equal to a minimum annual earnings threshold.

Jurisdiction	Maximum Assessable Earnings	
	2024	2025
Alberta	\$104,600	\$106,400
British Columbia	\$116,700	\$121,500
Manitoba	\$160,510	\$167,050
New Brunswick	\$76,900	\$84,200
Newfoundland & Labrador	\$76,955	\$79,345
Nova Scotia	\$72,500	\$76,300
Ontario	\$112,500	\$117,000
Prince Edward Island	\$78,400	\$82,900
Quebec	\$94,000	\$98,000
Saskatchewan	\$99,945	\$104,531
Northwest Territories	\$110,600	\$112,600
Nunavut	\$110,600	\$113,900
Yukon	\$102,017	\$104,975

## Dollar Limits on Retirement Savings Contributions

Registered Pension Plan (RPP) contributions in respect of a money purchase (MP), or defined contribution, pension plan are based on the lesser of the current year RPP dollar, or money purchase, limit and 18% of the member's current year's earnings. The pension adjustment (PA) for defined contribution pension plans and deferred profit-sharing plans (DPSP) is equal to the contributions made in the year to the RPP (money purchase only) or DPSP for each member. The PA will reduce the amount of RRSP contributions for the next year.

The maximum benefit accrual for defined benefit pension plans in 2025 is \$3,756.67.

Registered retirement savings plan (RRSP) contributions are based on the lesser of the current year RRSP limit or 18% of the individual's previous year's earned income.

The DPSP contribution limit for the year is based on the lesser of 50% of the current year's money purchase limit or 18% of the member's earnings in that year.

The Tax-Free Savings Account (TFSA) was first introduced in 2009. The TFSA limit for 2025 is \$7,000 plus any unused contribution from the program's introduction in 2009. The current TFSA maximum for all years is \$102,000.

The First Home Savings Account (FHSA) was announced by the federal government in 2022 with individuals able to open FHSA accounts starting in mid-2023. The FHSA participation limit for 2025 is \$8,000 plus any unused participation room from previous years - up to a limit of \$40,000.

Tax Year	Registered Pension Plan (RPP)	Deferred Profit-Sharing Plan (DPSP)	Registered Retirement Savings Plan (RRSP)	Tax-Free Savings Account (TFSA)	First Home Savings Account (FHSA)
1996-2002	\$13,500	\$6,750	\$13,500	N/A	N/A
2003	\$15,500	\$7,750	\$14,500	N/A	N/A
2004	\$16,500	\$8,250	\$15,500	N/A	N/A
2005	\$18,000	\$9,000	\$16,500	N/A	N/A
2006	\$19,000	\$9,500	\$18,000	N/A	N/A
2007	\$20,000	\$10,000	\$19,000	N/A	N/A
2008	\$21,000	\$10,500	\$20,000	N/A	N/A
2009	\$22,000	\$11,000	\$21,000	\$5,000	N/A
2010	\$22,450	\$11,225	\$22,000	\$5,000	N/A
2011	\$22,970	\$11,485	\$22,450	\$5,000	N/A
2012	\$23,820	\$11,910	\$22,970	\$5,000	N/A
2013	\$24,270	\$12,135	\$23,820	\$5,500	N/A
2014	\$24,930	\$12,465	\$24,270	\$5,500	N/A
2015	\$25,370	\$12,685	\$24,930	\$10,000	N/A
2016	\$26,010	\$13,005	\$25,370	\$5,500	N/A
2017	\$26,230	\$13,115	\$26,010	\$5,500	N/A
2018	\$26,500	\$13,250	\$26,230	\$5,500	N/A
2019	\$27,230	\$13,615	\$26,500	\$6,000	N/A
2020	\$27,830	\$13,915	\$27,230	\$6,000	N/A
2021	\$29,210	\$14,605	\$27,830	\$6,000	N/A
2022	\$30,780	\$15,390	\$29,210	\$6,000	N/A
2023	\$31,560	\$15,780	\$30,780	\$6,500	\$8,000
2024	\$32,490	\$16,245	\$31,560	\$7,000	\$8,000
<b>2025</b>	<b>\$33,810</b>	<b>\$16,905</b>	<b>\$32,490</b>	<b>\$7,000</b>	<b>\$8,000</b>

## Premiums for Provincial Medical Plans / Employer Health Tax

### Province

### Payer

#### Alberta

Resident/Employee

- Premiums eliminated for all residents effective January 1, 2009

#### British Columbia

Resident/Employee

- Premiums eliminated for all residents effective January 1, 2020

Employer

- Effective January 1, 2019, the BC government has implemented the Employer Health Tax (EHT), which applies to all employers and charitable or non-profit employers in BC.

#### EHT Rates for Business:

Annual Payroll	Tax Rate
\$1,000,000 or less	0%
\$1,000,000.01 - \$1,500,000	5.85% x (payroll - \$1,000,000)
\$1,500,000 +	1.95%

#### EHT Rates for Non-Profits & Charities:

Annual Payroll	Tax Rate
\$1,500,000 or less	0%
\$1,500,000.01 - \$4,500,000	2.925% x (payroll - \$1,500,000)
\$4,500,000 +	1.95%

#### Manitoba

Employer

- The Manitoba health premium (called the [Health & Post-Secondary Education Tax Levy](#)) is payroll based and administered through the provincial tax system:

Total Yearly Payroll Amount	Employee Premium
\$0 - \$2,250,000	0%
\$2,250,000 - \$4,500,000	4.3% on amount in excess of \$2,250,000
\$4,500,000 +	2.15% of total payroll

## Premiums for Provincial Medical Plans / Employer Health Tax (Continued)

Province	Payer
<b>New Brunswick</b>	Resident/Employee <ul style="list-style-type: none"><li>Uninsured New Brunswick residents who have an active Medicare card can enroll in the New Brunswick Drug Plan. Monthly premiums per adult (ranging from \$5.67 - \$228) and 30% co-payment up to a maximum amount per prescription (ranging from \$4 - \$33.05). The premiums and maximum co-payment amounts are calculated based on annual family income. Children aged 18 and younger do not pay premiums but a parent must be enrolled in the plan.</li><li><a href="#">See more about Premiums and Copayments for New Brunswick Drug Plan.</a></li></ul>
<b>Newfoundland &amp; Labrador</b>	Employer – <a href="#">Health and Post Secondary Education Tax</a> <ul style="list-style-type: none"><li>Payroll tax of 2% for employers with payroll in excess of \$2,000,000.</li></ul>
<b>Nova Scotia</b>	Resident/Employee <ul style="list-style-type: none"><li>Residents do not pay premiums for Nova Scotia's Health Insurance Programs. Residents aged 65 and over can enroll in the <a href="#">Seniors' Pharmacare Program</a> 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. There is also a <a href="#">Family Pharmacare Program</a> for families who have no drug coverage.</li></ul>
<b>Ontario</b>	Resident/Employee <ul style="list-style-type: none"><li>Residents with income of more than \$20,000 are subject to paying the <a href="#">Ontario Health Premium</a> 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.</li></ul> Employer <ul style="list-style-type: none"><li>The <a href="#">Ontario Employer Health Tax (EHT)</a> is based on a scale between 0.98% on Ontario payroll up to \$200,000 and up to 1.95% for payroll in excess of \$400,000. The EHT exemption is \$1,000,000 of total payroll (not available to certain employers including those with an Ontario payroll over \$5,000,000).</li></ul>

## Premiums for Provincial Medical Plans / Employer Health Tax (Continued)

### Province

### Payer

#### Quebec

#### Resident/Employee

- Residents covered under the provincial drug plan (RAMQ) pay an [annual premium](#) up to \$744 per adult collected through taxation. This rate is in effect from July 1, 2024, to June 30, 2025. The amount adjusted annually on July 1.
- Individuals who were residents in Quebec on December 31, 2023 may be subject to paying a [contribution to the Health Services Fund](#). First \$16,780 of income is exempt (calculated without reference to certain source of income), with a maximum contribution of \$1,000.

[Employer must remit the Quebec Health Services Fund \(QHSF\).](#)

	Total Payroll (TP)		
	\$1,000,000 or less	\$1,000,001 to \$7,499,999	\$7,500,000 or more
Rates for employers whose total payroll is more than 50% attributable to activities in the primary and manufacturing sectors	1.25%	$0.8074 + (0.4426 \times TP \div 1,000,000)$	4.26%
Rates for all employers other than public sector employers and employers whose total payroll is more than 50% attributable to activities in the primary and manufacturing sectors	1.65%	$1.2662 + (0.3838 \times TP \div 1,000,000)$	4.26%
Rates for public sector employers	4.26%		

**There are no health premiums in Prince Edward Island, Saskatchewan, Northwest Territories, Nunavut, and Yukon Territory.**

## Taxable Income Implications

The following is intended to be a general and non-exhaustive overview of income tax implications to employers and employees for both government and group benefits.

### Government Benefits

Program	Income Tax Implications
<b>Old Age Security</b>	Benefit payments are taxable.
<b>Canada/Quebec Pension Plan</b>	Payments taxable; employer contributions deductible. Employee base contributions subject to 15% tax credit. Beginning January 1, 2024, employees can also claim a tax deduction for the enhanced portion of CPP and QPP contributions.
<b>Workers' Compensation</b>	Payments are non-taxable; employer contributions deductible.
<b>Employment Insurance</b>	Benefit payments taxable; employer contributions deductible.
<b>Quebec Parental Insurance Plan</b>	Benefit payments taxable; employer contributions deductible.
<b>Registered Retirement Savings Plans (RRSPs)</b>	<p>18% of earned income in the prior year (up to a maximum of \$32,490 for 2025) can be contributed plus unused contribution room since 1991. Withdrawals are taxed as income in the year withdrawn. Tax-free transfers from a retiring allowance up to \$2,000 per 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.</p> <p>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.</p>
<b>Tax-Free Savings Account (TFSA)</b>	<p>Canadian residents 18 years of age and older can contribute up to \$7,000 in 2025, plus any unused TFSA contributions since the program's inception.</p> <p>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.</p>
<b>Government Healthcare Plans</b>	For government plans, taxable to employee if paid by employer, not deductible by the employee. Premiums under some provincial healthcare plans may be eligible for a tax credit on individual contributions.

## Taxable Income Implications (continued)

### Group Benefits

Program	Income tax implications
<b>Group Accidental Death &amp; Dismemberment (AD&amp;D)</b>	Premium paid by employer for AD&D is considered taxable income to employee. The benefit received by the employee is not taxable.
<b>Group Critical Illness (CI)</b>	Premium paid by the employer for CI is considered taxable income to employee. The benefit received by the employee is not taxable.
<b>Group Health &amp; Dental Plans</b>	Employers may deduct their contributions, and benefits are not taxable to employees except in Quebec where employer contributions are taxable to employees and qualify for the medical expense tax credit.
<b>Group Sickness / Disability Plans</b>	<p>If an employer pays any portion of the disability premiums, the benefits collected by the employee (in the event of a disability) are taxable (but the employee may reduce the income inclusion by the total amount of any contributions made by the employee before the end of the year).</p> <p>Employer contribution to the disability premium is not a taxable benefit to the employee.</p> <p>If an employee pays 100% of premiums, the benefits collected (in the event of a disability) are non-taxable. However, the premium contributions are not tax deductible to the employee.</p>
<b>Group Life Insurance</b>	Premium paid by the employer for group life insurance and dependent life is considered taxable income to employee. The benefits received by the employee are not taxable.

## Employment Protected Leaves of Absence

This following table provides an overview of duration lengths for employment protected leaves - federally and across the provinces and territories. Specifically covered here are maternity, parental, adoption, and compassionate care leaves. All durations shown are in weeks.

Durations shown have been compiled from official government sources and links are provided in the table. Although we believe the sources to be accurate, readers should refer to official legislation if using this data for more than informational purposes. Readers can click on all figures for more details from the applicable federal or provincial resources.

Region	Maternity	Parental	Adoption	Compassion
<a href="#">Federal</a>	17 weeks	63 weeks	63 weeks	28 weeks
<a href="#">Alberta</a>	16 weeks	62 weeks	62 weeks	27 weeks
<a href="#">British Columbia</a>	17 weeks	62 weeks	62 weeks	27 weeks
<a href="#">Manitoba</a>	17 weeks	63 weeks	63 weeks	28 weeks
<a href="#">Newfoundland and Labrador</a>	17 weeks	35 weeks	17 weeks	28 Weeks
<a href="#">New Brunswick</a>	17 weeks	62 weeks	62 weeks	28 weeks
<a href="#">Northwest Territories</a>	17 weeks	61 weeks	61 weeks	27 weeks
<a href="#">Nunavut</a>	17 weeks	37 weeks	37 weeks	8 weeks
<a href="#">Nova Scotia</a>	16 weeks	77 weeks	77 weeks	28 weeks
<a href="#">Ontario</a>	17 weeks	63 weeks	63 weeks	28 weeks
<a href="#">Prince Edward Island</a>	17 weeks	62 weeks	62 weeks	28 weeks
<a href="#">Quebec</a>	18 weeks	65 weeks	65 weeks	Various <sup>1</sup>
<a href="#">Saskatchewan</a>	19 weeks	71 weeks	19 weeks <sup>2</sup>	28 weeks
<a href="#">Yukon</a>	17 weeks	63 weeks	63 weeks	28 weeks

1. up to 10 days for obligations relating to the care, health or education of a child or spouse's child or the health of a family member for whom they act as an informal caregiver, up to 16 weeks to stay with a relative because of a serious accident or a serious illness, up to 27 weeks if the person who is seriously ill has a life-threatening illness, and up to 36 weeks if the person who is seriously ill or had an accident is a minor child.

2. Adoptive parents are eligible to access parental leave following adoptive leave.



## ABOUT HUB

Headquartered in Chicago, Illinois, HUB International Limited is a leading full-service global insurance broker and financial services firm providing risk management, insurance, employee benefits, retirement and wealth management products and services. With more than 17,000 employees in offices located throughout North America, HUB's vast network of specialists brings clarity to a changing world with tailored solutions and unrelenting advocacy, so clients are ready for tomorrow.

For more information, please visit [www.hubinternational.com](http://www.hubinternational.com).

### Outlook 2025

As you prepare for 2025, we invite you to explore the [HUB 2025 Employee Benefits & Retirement Outlook](#) for insights from our risk management, insurance, employee benefits, and retirement experts. Our latest annual outlook explores how to keep benefits affordable, vital and resilient by embracing new perspectives and innovative strategies



## CONTACTS

If you have any questions about the information in our 2025 Government Benefit Update, please contact your HUB Employee Benefits consultant or:

Nicolas Bérubé, Senior Consultant, Employee Benefits  
+418-554-9481 [nicolas.berube@hubinternational.com](mailto:nicolas.berube@hubinternational.com)

Marc Drouin, Vice President, Employee Benefits  
+418-990-7012 [marc.drouin@hubinternational.com](mailto:marc.drouin@hubinternational.com)

Sean Liss, Consultant, Group Retirement  
+ 416-619-8472 [sean.liss@hubinternational.com](mailto:sean.liss@hubinternational.com)

Ken MacDonald, Associate Vice President, Employee Benefits  
+403-650-0764 [ken.macdonald@hubinternational.com](mailto:ken.macdonald@hubinternational.com)

Michael Scott, Senior Consultant, Group Retirement  
+416-619-8476 [michael.scott@hubinternational.com](mailto:michael.scott@hubinternational.com)

David White, Associate Vice President, Employee Benefits  
+604-642-5232 [david.white@hubinternational.com](mailto:david.white@hubinternational.com)

*Any data and information illustrated in our 2025 Government Benefits Update 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.*