



GOVERNMENT BENEFITS UPDATE **2026**

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

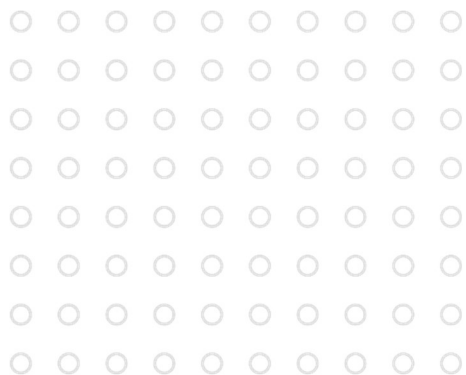




TABLE OF CONTENTS

Welcome Letter	3
Major Legislative Developments	4
▪ Pharmacare Legislation & Expert Committee Report	4
▪ Alberta Bill 11 – Health Statutes Amendment Act, 2025 (No. 2)	6
▪ Virtual Care and the Forthcoming Canada Health Act Services Policy	7
▪ Ontario 2025 Fall Economic Statement: Variable Life Benefits and Jointly Sponsored Pension Plan Developments	8
Updates on Statutory Benefits	9
▪ Old Age Security	9
▪ Canada Pension Plan	10
▪ Québec Pension Plan	12
▪ Employment Insurance	14
▪ Employment Insurance (Quebec)	15
▪ Premium Tax Rates	16
▪ Workers’ Compensation	17
▪ Dollar Limits on Retirement Savings Contributions	18
▪ Premiums for Provincial Medical Plans / Employer Health Tax	19
▪ Taxable Income Implications	22
▪ Employment Protected Leaves	24
About HUB	25
Contacts	26

Any data and information illustrated in our 2026 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 2026 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:

Canada Pension Plan:

- The Yearly Maximum Pensionable Earnings (YMPE) increased to \$74,600 (2026) from \$71,300 (2025).
- The CPP contribution rate will remain at 5.95%.
- The year's additional maximum pensionable earnings (YAMPE) increased to \$85,000 (2026) from \$81,200 (2025). Pensionable earnings between \$74,600 and \$85,000 will be subject to a contribution rate of 4.00%.

Quebec Pension Plan:

- The Yearly Maximum Pensionable Earnings (YMPE) increased to \$74,600 (2026) from \$71,300 (2025).
- The QPP contribution rate has decreased to 6.30% (2026) from 6.40% (2025)
- The Year's additional maximum pensionable earnings (YAMPE) increased to \$85,000 (2026) from \$81,200 (2025). Pensionable earnings between \$74,600 and \$85,000 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 1.63% (2026) from 1.64% (2025); maximum weekly benefit amount increased to \$729 from \$695 due to the increase in EI maximum yearly insurable earnings to \$68,900.

Employment Insurance (Quebec):

- Quebec EI employee contributions (as a percentage of insurable earnings) decreased to 1.30% (2026) from 1.31% (2025); maximum weekly benefit amount increased to \$729 from \$695 due to the increase in EI maximum yearly insurable earnings to \$68,900.

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.

Pharmacare Legislation & Expert Committee Report

Summary:

In October 2024, Bill C-64, the "Pharmacare Act" received royal assent and came into force. The legislation provides a framework for the development of a national pharmacare program, with the first phase describing the federal government's intent to work with provinces and territories to provide universal, single-payer coverage for select contraceptive and diabetes medications. At maturity, a national pharmacare program may cover drugs for all therapeutic classes, with the Canadian Drug Agency tasked to prepare a list of essential medicines to create a national formulary.

As directed in the legislation, a committee of experts was established to provide recommendations on operating and financing national, universal, single-payer pharmacare. The committee's final report was submitted to the Minister of Health in October 2025 and released publicly in November. The report proposed a comprehensive framework with eight key recommendations, including calling for the federal government to fully fund a list of essential medicines ensuring free access for all Canadian residents through existing health card systems.

The federal Health Minister has indicated that the government is reviewing the committee's recommendations but has noted that they are not binding on government policy and has emphasized the importance of working collaboratively with provinces and territories. The Prime Minister has indicated the government's commitment to existing agreements while acknowledging the need to evaluate the appropriate path forward given current economic and political realities. The 2025 federal budget did not include new funding allocations for pharmacare expansion beyond the \$1.5 billion dollars allocated in the previous budget which has not yet been fully committed.


As of late 2025, bilateral agreements have only been implemented with Manitoba and Prince Edward Island, while British Columbia and Yukon Territory expect their programs to launch in March 2026. No additional jurisdictions have announced agreements at this time.

The government faces the challenge of balancing multiple considerations including federal-provincial relations, fiscal constraints, the complexity of healthcare delivery across diverse jurisdictions, and the need to ensure any expansion is sustainable and effective.

Plan Sponsor Perspective:

Plan sponsors who offer private group employee drug coverage in the provinces and territories where bilateral agreements have been reached or are expected to launch can anticipate projected annualized drug cost savings of approximately three percent to five percent. The specific lists of covered drugs vary by jurisdiction, reflecting different provincial priorities and existing coverage frameworks. For example, British Columbia's agreement includes hormone replacement therapy, building on that province's existing contraceptive coverage that was established in 2023.

The expert committee report recommended that pharmacare could act as the first payer for essential medicines, with private insurance continuing to offer supplementary coverage for non-essential medicines and other health benefits. This model, similar to approaches used in other countries, would preserve an important role for employer-sponsored benefits while ensuring universal access to core medications. The committee noted that private insurance would remain compatible with such a system and that employers in comparable jurisdictions continue offering competitive benefit packages that include both public formulary drugs and additional coverage. While this approach would lower prescription drug costs by some amount for private plans, leaving drugs not included on the essential medicines list for private plans may lead to increased drug cost volatility and a higher focus on high cost pooling.



The expert committee's report recommends an approach that represents a significant change from the status quo and the federal government's rhetoric regarding national pharmacare has been much different in recent months than it had been previously. The government is navigating complex policy considerations including federal-provincial jurisdiction, fiscal sustainability, program design, and the appropriate balance between public and private coverage. The gap between the expert committee's recommendations and near-term government priorities suggests that any major structural changes to the drug coverage landscape will require considerable time and consultation to implement, if pursued at all. Key areas of ongoing consideration include whether additional bilateral agreements will be pursued and on what timeline, how the federal government will balance the expert committee's recommendations with provincial autonomy and fiscal realities, what role private insurance will play in any expanded national program, and how potential changes in federal government leadership might affect pharmacare policy direction.

The expert committee report notably does not make specific recommendations regarding how the cost of pharmacare would be managed and refers to other federal programs having been implemented without funding sources being identified. The report discusses the current favourable tax treatment of employer contributions to private plans and suggests that discontinuing this approach would be a sustainable way of finding public pharmacare. The prospect of adjusting the taxation of private plans has arisen in the past and previous reports regarding pharmacare have also not addressed funding (as the expert committee report notes specifically). The expert committee report itself also notes in 2025 private plans are projected to spend \$17.3 billion in drug costs. Adjusting the taxation of private plans would lead to some plan sponsors reassessing their approach and if private drug coverage is reduced or eliminated those costs would be inevitably redirected either to public plans or as out of pocket costs for individuals.

For now, this issue warrants close monitoring by plan sponsors while recognizing that the path forward remains in development. The government's deliberative approach to pharmacare expansion, combined with the inherent complexity of implementing major healthcare policy changes across multiple jurisdictions, indicates that substantial impacts on private drug plans are not likely imminent. HUB International continues to monitor these developments closely to provide timely guidance to our clients on the evolving pharmacare landscape.

Alberta Bill 11 – Health Statutes Amendment Act, 2025 (No. 2)

Summary

In December 2025, Alberta Bill 11 – Health Statutes Amendment, 2025 (No. 2) received Royal Assent. This major piece of legislation amends several key health-related statutes with an objective of modernizing the province's health care system as well as government sponsored provincial health insurance programs.

Plan Sponsor Perspective

The Act contains changes that will have a direct impact on employer-sponsored group drug and health plans and are expected to come into effect in Summer 2026.

Private Plans as First Payor

Under the new legislation, when a claim is eligible under both a private plan (such as an employer group benefits plan) and a government-sponsored plan, the claim will be billed to the private plan first, before government coverage is applied. Currently, the Alberta Seniors (65+) health plan is always the first payor; and the Alberta Non-Group plan is usually the first payor when a claimant has dual (private and government-sponsored) coverage.

This change has been projected to increase drug and health claims for active employees by 2% to 5%* on average. The change in costs may vary depending on a number of factors including but not limited to the plan sponsor's current plan design (e.g. coinsurance levels, annual or lifetime drug maximums, etc.), percentage of active employees currently covered by the Alberta Seniors plan, percentage of employees covered under the Alberta Non-Group plan (typically this is a very small number, if any), and the cost of prescription drugs currently being covered by an Alberta government plan as first payor.

The cost impact will mostly be related to prescription drugs as the above noted government plans only cover a few other health-related benefits. The percentage impact could be significantly higher for retiree health and drug plans and could have a material impact on post-retirement accounting liabilities.

There may also be a cost impact on employees with this dual private and government coverage, who could see their out-of-pocket cost increase.

Continuation of Coverage for Employees Age 65 and Over

The legislation requires employers to maintain drug and health benefit coverage for active employees who are age 65 years and older. Employers will not be allowed to remove, reduce, change or limit their drug and health benefit plan based on the employee's age (i.e., it will not be possible to offer lower coverage levels only for employees age 65 and over).

Dual practice model for physicians

One additional change that may have some indirect impacts for plan sponsors is an amendment to allow certain physicians to operate in both the public system and private practice. The initial focus will be on procedural and surgical specialists, such as physicians who perform hip, knee, and cataract surgeries.

Legislative debate and government communications have emphasized that several categories of care would remain outside the scope of private billing under this model, including family medicine and basic primary care, emergency services, cancer surgeries, and other urgent or life-threatening procedures. While the direct impact on employer-sponsored benefit plans remains to be determined, plan sponsors should monitor how this dual practice framework develops, as it may influence access to care and utilization patterns over time.

What's Next?

As the supporting regulations have not yet been released, significant uncertainty remains regarding the details of the changes along with how and when insurers may adjust premiums to reflect potential increases in private claims costs. We will continue to monitor developments and will provide additional analysis and guidance to plan sponsors as further details are released by the Alberta government.

**Source: Government of Alberta 2025 fall legislation – Bill 11: What this means for Alberta Blue Cross® group plans.*



Virtual Care and the Forthcoming Canada Health Act Services Policy

Summary:

Virtual care allows individuals to access medical consultations and treatments remotely. With many Canadians not having access to a family doctor or other sources of medical care, virtual care services continue to gain popularity. Some provinces provide free virtual care, although the scope of services may be limited. Some employers and plan sponsors choose to offer more robust virtual care plans services to their plan members as part of a private group benefits plan. While the Fall 2025 federal budget invested in health care infrastructure, virtual care was not specifically referenced.

As [previously reported](#), the Canada Health Act (CHA) Services Policy is still targeted to take effect April 1, 2026 which may provide funding to expand virtual care to provide equitable access nationwide. If virtual care is considered medically necessary, provinces or territories would not permit user charges or extra-billing for such services - whether through private clinics or employer-sponsored plans – because doing so would risk federal health transfer claw backs. The question remains whether the CHA will consider employer-sponsored virtual care services medically necessary or a value-added benefit.

Plan Sponsor Perspective:

At this time, the role of private virtual care providers remains unchanged and continues to be a valued employee benefit, increasing in popularity with expanded offerings in the industry. The current federal government has not provided any indication of what their position on employer-sponsored virtual care programs will be. More information is expected from the federal government and the industry leading up to the April 1, 2026 CHA Services Policy effective date.



Ontario 2025 Fall Economic Statement: Variable Life Benefits and Jointly Sponsored Pension Plan Developments

Summary:

Following consultations held earlier in 2025, the Ontario government confirmed in its Fall Economic Statement that it is developing legislation to introduce a Variable Life Benefit (VLB) framework. The framework would permit VLBs to be offered from pooled registered pension plans (PRPPs), defined contribution (DC) pension plans, and plans with additional voluntary contributions. Draft legislation is expected in 2026 after the government incorporates feedback received from this year's stakeholder consultations. The initiative is part of a broader national trend toward creating lifetime income options within DC arrangements, aligning with federal efforts on Variable Payment Life Annuities (VPLAs).

Bill 68, Plan to Protect Ontario Act (Budget Measures), 2025 (No. 2) received Royal Assent, although it is not yet proclaimed in force. Bill 68 amends the Pension Benefits Act to expand the Jointly Sponsored Pension Plan (JSPP) conversion framework. The changes would allow defined contribution plans to convert into JSPPs and enable smaller JSPPs to merge with larger, established plans. The policy goal is to promote consolidation, economies of scale, and stronger governance through shared-risk structures; particularly across the broader public, quasi-public, and not-for-profit sectors.

Plan Sponsor Perspective:

Details are still being finalized, however sponsors with DC Plans or PRPPs may want to assess how an in-plan lifetime income option could integrate with their decumulation framework.

With respect to JSPP conversions, most private DC plans are not immediate candidates for conversion.

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 and your income. 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 by employers and employees. However, employers may elect to 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 Jan-Mar 2026 ¹	Maximum Annual Income Jan-Mar 2026 ²
Age 65 to 74	\$742.31	\$148,451 (individual income)
75 and over	\$816.54	\$154,196 (individual income)

Guaranteed Income Supplement (GIS)

Single person, widowed or divorced pensioner	\$1,108.74	\$22,488 (individual income)
Spouse/common-law partner of a non-pensioner	\$1,108.74	\$53,904 (combined income)
Spouse/common-law partner of a pensioner who receives a full OAS pension	\$667.41	\$29,712 (combined income)
Spouse/common-law partner of an allowance recipient	\$667.41	\$41,616 (combined income)
Allowance	\$1,409.72	\$41,616 (combined income)
Allowance for the survivor	\$1,680.47	\$30,312 (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 and your income.

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 and administered pension program that provides financial support to eligible individuals in retirement, disability, or to their survivors. The amount an individual receives is based on a variety of factors, including the age at which payments commence and their contributions and average earnings during their working years, subject to a maximum benefit.

CPP is a taxable benefit, meaning recipients may need to pay income tax on it. CPP is funded by employers and employees. Although employers do not sponsor or administer CPP, they may elect to provide information to employees about CPP as part of overall retirement planning support.

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 \$74,600 (2026) from \$71,300 (2025).

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 \$85,000 (2026) from \$81,200 (2025). Pensionable earnings between \$74,600 and \$85,000 will be subject to a contribution rate of 4.00%.

Canada Pension Plan Contributions & Benefits	2025	2026
Yearly Maximum Pensionable Earnings (YMPE)	\$71,300	\$74,600
Year's additional maximum pensionable earnings (YAMPE)	\$81,200	\$85,000
Basic Exemption	\$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	\$4,034.10	\$4,230.45
Employee	\$4,034.10	\$4,230.45
Self-Employed	\$8,068.20	\$8,460.90

Contribution rate (YAMPE)

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

Maximum yearly contribution (YAMPE)

Employer	\$396	\$416
Employee	\$396	\$416
Self-Employed	\$792	\$832

Canada Pension Plan (Continued)

Canada Pension Plan Contributions & Benefits

2025

2026

Retirement Benefit

Maximum at age 65	\$1,433.00/month	\$1,507.65/month
-------------------	------------------	------------------

Death Benefits

Lump sum	\$2,500	\$2,500
Survivor's Benefit (maximum under age 65)	\$770.88/month	\$803.54/month
Survivor's Benefit (maximum age 65 or over)	\$859.80/month	\$904.59/month
Orphan (per child)	\$301.77/month	\$307.81/month

Disability Benefits

Contributor (maximum)	\$1,683.57/month	\$1,741.20/month
Child (per child)	\$301.77/month	\$307.81/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 people who have worked in 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.

QPP is a taxable benefit, meaning recipients may need to pay income tax on it. QPP is funded by employers and employees. Although employers do not sponsor or administer QPP, they may elect to provide information to employees about QPP as part of overall retirement planning support.

Employees in Quebec and their employers 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 \$74,600 (2026) from \$71,300 (2025).

The QPP contribution rate has decreased to 6.30% (2026) from 6.40% (2025)

The Year's additional maximum pensionable earnings (YAMPE) increased to \$85,000 (2026) from \$81,200 (2025). Pensionable earnings between \$74,600 and \$85,000 will be subject to a contribution rate of 4.00%.

Quebec Pension Plan Contributions & Benefits

2025

2026

	2025	2026
Yearly Maximum Pensionable Earnings (YMPE)	\$71,300	\$74,600
Year's additional maximum pensionable earnings (YAMPE)	\$81,200	\$85,000
Basic Exemption	\$3,500	\$3,500

Contribution Rate (YMPE)

Employer	6.40%	6.30%
Employee	6.40%	6.30%
Self-Employed	12.80%	12.60%

Maximum yearly contribution (YMPE)

Employer	\$4,339	\$4,479.30
Employee	\$4,339	\$4,479.30
Self-Employed	\$8,678	\$8,958.60

Contribution rate (YAMPE)

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

Maximum yearly contribution (YAMPE)

Employer	\$396.00	\$416.00
Employee	\$396.00	\$416.00
Self-Employed	\$792.00	\$832.00

Québec Pension Plan (Continued)

Quebec Pension Plan Contributions & Benefits

2025

2026

Retirement Benefit

Maximum at age 65	\$1,433.00/month	\$1,507.65/month
-------------------	------------------	------------------

Death Benefits

Lump sum	\$2,500	\$2,500
Surviving Spouse (maximum under age 45)		
<ul style="list-style-type: none"> Has no dependent child and is not disabled 	\$689.43/month	\$719.50/month
<ul style="list-style-type: none"> Has a dependent child and is not disabled 	\$1,091.84/month	\$1,129.95/month
<ul style="list-style-type: none"> Is disabled with or without a dependent child 	\$1,134.61/month	\$1,173.58/month
Spouse (maximum age 45 to 64)	\$1,134.61/month	\$1,173.58/month
Spouse (maximum age 65 and over)	\$844.24/month	\$881.48/month
Orphan (per child)	\$301.77/month	\$307.81/month

Disability Benefits

Contributor (maximum age 18 to 59)	\$1,670.46/month	\$1,737.67/month
Child (per child)	\$95.82/month	\$97.74/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 certain leaves of absence from work (maternity/parental or other caregiving). Employees and employers contribute to the EI program. When individuals experience a period of unemployment, illness, maternity/parental or other caregiving 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 1.63% (2026) from 1.64% (2025); maximum weekly benefit amount increased to \$729 from \$695 due to the increase in EI maximum yearly insurable earnings to \$68,900.

Employment Insurance Benefits	2025	2026
Maximum yearly insurable earnings	\$65,700	\$68,900
Maximum weekly benefit based on 55% of average insured earnings	\$695	\$729

Required Employee Contributions

As a percentage of insurable earnings	1.64%	1.63%
Maximum employee contribution per annum	\$1,077.48	\$1,123.07

Required Employer Contributions

Premium reduced for registered wage loss replacement plan¹

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	1.269	1.274
As a percentage of insurable earnings – no registered premium reduction program	2.296%	2.282%
As a percentage of insurable earnings – with registered premium reduction program	2.081%	2.077%
Maximum employer contribution per annum – no registered premium reduction program	\$1,508.47	\$1,572.30
Maximum employer contribution per annum – with registered premium reduction program	\$1,367.32	\$1,430.79

¹Based 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.

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 1.30% (2026) from 1.31% (2025); maximum weekly benefit amount increased to \$729 from \$695 due to the increase in EI maximum yearly insurable earnings to \$68,900.

Employment Insurance Benefits	2025	2026
Maximum yearly insurable earnings	\$65,700	\$68,900
Maximum weekly benefit based on 55% of average insured earnings	\$695	\$729

Required Employee Contributions

As a percentage of insurable earnings	1.31%	1.30%
Maximum employee contribution per annum	\$860.67	\$895.70

Required Employer Contributions

Premium reduced for registered wage loss replacement plan¹

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	1.236	1.242
As a percentage of insurable earnings – no registered premium reduction program	1.834%	1.82%
As a percentage of insurable earnings – with registered premium reduction program	1.619%	1.615%
Maximum employer contribution per annum – no registered premium reduction program	\$1,204.94	\$1,253.98
Maximum employer contribution per annum – with registered premium reduction program	\$1,063.79	\$1,112.46

¹ 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%
Newfoundland & Labrador	5%	5%						15%
Nova Scotia	3%							14%
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%

*Effective January 1, 2027, the QST rate on all taxable insurance premiums will increase from 9% to 9.975%.

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	
	2025	2026
Alberta	\$106,400	\$110,900
British Columbia	\$121,500	\$127,500
Manitoba	\$167,050	\$171,500
New Brunswick	\$84,200	\$85,800
Newfoundland & Labrador	\$79,345	\$80,935
Nova Scotia	\$76,300	\$79,900
Ontario	\$117,000	\$121,700
Prince Edward Island	\$82,900	\$89,300
Quebec	\$98,000	\$103,000
Saskatchewan	\$104,531	\$108,223
Northwest Territories	\$112,600	\$116,000
Nunavut	\$113,900	\$117,300
Yukon	\$104,975	\$107,599

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 2026 is \$3,932.22.

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 2026 is \$7,000 plus any unused contribution from the program's introduction in 2009. The current TFSA maximum for all years is \$109,000.

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 2026 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)
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
2025	\$33,810	\$16,905	\$32,490	\$7,000	\$8,000
2026	\$35,390	\$17,695	\$33,810	\$7,000	\$8,000

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
New Brunswick	Resident/Employee <ul style="list-style-type: none">Uninsured New Brunswick residents who have an active Medicare card can enroll in the New Brunswick Drug Plan. Monthly premiums per adult (ranging from \$6.00 - \$241.33) and 30% co-payment up to a maximum amount per prescription (ranging from \$5.25 - \$36.00). 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.See more about Premiums and Copayments for New Brunswick Drug Plan.
Newfoundland & Labrador	Employer – Health and Post Secondary Education Tax <ul style="list-style-type: none">Payroll tax of 2% for employers with payroll in excess of \$2,000,000.
Nova Scotia	Resident/Employee <ul style="list-style-type: none">Residents do not pay premiums for Nova Scotia's Health Insurance Programs. Residents aged 65 and over can enroll in the Seniors' 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. There is also a Family Pharmacare Program for families who have no drug coverage.
Ontario	Resident/Employee <ul style="list-style-type: none">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 <ul style="list-style-type: none">The Ontario Employer Health Tax (EHT) 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).

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 \$766 per adult collected through taxation. This rate is in effect from July 1, 2025, to June 30, 2026. The amount adjusted annually on July 1.
- Individuals who were residents in Quebec on December 31, 2024 may be subject to paying a [contribution to the Health Services Fund](#). First \$17,630 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 \(QHSE\).](#)

	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
Old Age Security	Benefit payments are taxable.
Canada/Quebec Pension Plan	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.
Workers' Compensation	Payments are non-taxable; employer contributions deductible.
Employment Insurance	Benefit payments taxable; employer contributions deductible.
Quebec Parental Insurance Plan	Benefit payments taxable; employer contributions deductible.
Registered Retirement Savings Plans (RRSPs)	<p>18% of earned income in the prior year (up to a maximum of \$35,390 for 2026) 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>
Tax-Free Savings Account (TFSA)	<p>Canadian residents 18 years of age and older can contribute up to \$7,000 in 2026, 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>
Government Healthcare Plans	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
Group Accidental Death & Dismemberment (AD&D)	Premium paid by employer for AD&D is considered taxable income to employee. The benefit received by the employee is not taxable.
Group Critical Illness (CI)	Premium paid by the employer for CI is considered taxable income to employee. The benefit received by the employee is not taxable.
Group Health & Dental Plans	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.
Group Sickness / Disability Plans	<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>
Group Life Insurance	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
Federal	17 weeks	63 weeks	63 weeks	28 weeks
Alberta	16 weeks	62 weeks	62 weeks	27 weeks
British Columbia	17 weeks	62 weeks	62 weeks	27 weeks
Manitoba	17 weeks	63 weeks	63 weeks	28 weeks
Newfoundland and Labrador	17 weeks	35 weeks	17 weeks	26 weeks
New Brunswick	17 weeks	62 weeks	62 weeks	28 weeks
Northwest Territories	17 weeks	61 weeks	61 weeks	27 weeks
Nunavut	17 weeks	37 weeks	37 weeks	8 weeks
Nova Scotia	16 weeks	77 weeks	77 weeks	28 weeks
Ontario	17 weeks	63 weeks	63 weeks	28 weeks
Prince Edward Island	17 weeks	62 weeks	62 weeks	28 weeks
Quebec	18 weeks	65 weeks	65 weeks	Various ¹
Saskatchewan	19 weeks	71 weeks	19 weeks ²	28 weeks
Yukon	17 weeks	63 weeks	63 weeks	28 weeks

- 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.
- 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 19,000 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.

Outlook 2026

As you prepare for 2026, we invite you to explore the [HUB 2026 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 2026 Government Benefit Update, please contact your HUB Employee Benefits consultant or:

Nicolas Bérubé, Associate VP, Employee Benefits
+418-554-9481 nicolas.berube@hubinternational.com

Sean Liss, Consultant, Group Retirement
+ 416-619-8472 sean.liss@hubinternational.com

Ken Macdonald, Associate VP, Health & Benefits Consulting
+403-776-3635 ken.macdonald@hubinternational.com

Carol Vercaigne, Regional VP, Employee Benefits
+ 204-984.9459 carol.vercaigne@hubinternational.com

David White, Associate VP, Employee Benefits
+604-642-5232 david.white@hubinternational.com

Any data and information illustrated in our 2026 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.