

## Canada

Exchange rate: US\$1.00 equals  
1.25 Canadian dollars (C\$).

### Old Age, Disability, and Survivors

#### Regulatory Framework

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

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

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

#### Coverage

**Universal pension (old-age security):** All residents.

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

**Exclusions:** Those in casual employment (annual earnings less than C\$3,500) or in seasonal agricultural employment.

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

#### Source of Funds

##### Universal pension

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

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

##### Earnings-related pension

**Insured person:** 4.95% of earnings.

The minimum annual earnings for benefit and contribution purposes are C\$3,500.

The maximum annual earnings for benefit and contribution purposes are C\$41,100.

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

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

The minimum annual earnings for benefit and contribution purposes are C\$3,500.

The maximum annual earnings for benefit and contribution purposes are C\$41,100.

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

**Employer:** 4.95% of the employee's earnings.

The minimum annual earnings for benefit and contribution purposes are C\$3,500.

The maximum annual earnings for benefit and contribution purposes are C\$41,100.

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

**Government:** None; contributes as an employer.

#### Qualifying Conditions

##### Old-age pension

**Universal pension:** Age 65 with 10 years of residence in Canada after age 18. Retirement is not necessary.

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

**Low-income supplement (income-tested):** Age 65, receiving the old-age pension, and low annual income. Income is based on individual income or family income if the pensioner has a spouse or common-law (same sex or opposite sex) partner.

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

**Earnings-related retirement pension (Canada Pension Plan/Quebec Pension Plan):** Age 60 with at least 1 valid contribution. If the pension is awarded before age 65, the insured must have fully or substantially ceased employment. If the pension is awarded at age 65 or older, retirement is not necessary.

**Early pension:** A reduced pension is payable from age 60.

**Deferred pension:** The deferred pension is possible.

The pension is payable abroad.

**Earnings-related disability pension (Canada Pension Plan/Quebec Pension Plan):** Severe and prolonged incapacity for any gainful activity with contributions in 4 of the last 6 years. (The Quebec Pension Plan normally requires contributions in half the years in which contributions could have been made; the minimum contribution period is 2 of the last 3 years.)

The pension is payable abroad.

##### Survivor pension

**Universal pension (survivor allowance, income-tested):** Payable to widow(er)s aged 60 to 64. The survivor must be a resident of Canada and have resided in Canada for

10 years after age 18. The pension is replaced by the universal old-age pension at age 65.

*Earnings-related pension (Canada Pension Plan/Quebec Pension Plan):* The deceased had made contributions during the lesser of 10 years or one-third of the years in which contributions could have been made; the minimum contribution period is 3 years.

The pension is payable abroad.

Spouse and widow(er) include legally married persons and common-law partners (including same-sex partners).

## Old-Age Benefits

### Old-age pension

*Universal pension:* The maximum monthly pension is C\$476.97. The pension is calculated as 1/40th of the maximum pension for each year of residence in Canada after age 18, up to a maximum of 40 years. The pension of high-income earners is subject to recovery (the pension is reduced by 15% of annual income, minus allowable income tax deductions and expenses, over C\$60,806).

*Low-income supplement (income-tested):* The supplement increases the maximum monthly universal pension to C\$1,043.84 for a single person or C\$1,692.42 for a couple.

*Benefit adjustment:* Automatic quarterly adjustments of the universal pension for changes in the consumer price index.

*Low-income allowance (income-tested):* Up to a maximum of C\$846.21 a month for a pensioner's spouse between ages 60 and 64.

*Earnings-related retirement pension (Canada Pension Plan/Quebec Pension Plan):* The pension is equal to 25% of average adjusted yearly covered earnings. 15% of the years with the lowest income are disregarded; years in which the insured was caring for a child younger than age 7 may also be disregarded if it is in the insured's favor; months when the insured was receiving a disability benefit are also disregarded.

*Early pension:* The pension is reduced by 0.5% a month if awarded at any age after 60 but before age 65.

*Deferred pension:* The pension is increased by 0.5% a month if awarded after age 65 but before age 70.

The maximum monthly pension is C\$828.75.

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

Recorded earnings are adjusted for changes in national average wages.

*Benefit adjustment:* Automatic annual adjustments of the earnings-related pension for changes in the consumer price index.

## Permanent Disability Benefits

*Earnings-related disability pension (Canada Pension Plan/Quebec Pension Plan):* A basic monthly pension of C\$388.67 is paid, plus 75% of the earnings-related retirement pension.

The maximum monthly pension is C\$1,010.23.

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

Recorded earnings are adjusted for changes in national average wages.

*Child's supplement:* C\$195.96 a month for each child younger than age 18; age 25 if a student. (Quebec Pension Plan: C\$62.22 for each child younger than age 18 only.)

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

## Survivor Benefits

### Survivor pension

*Universal pension (survivor allowance, income-tested):* For a widow(er) aged 60 to 64.

The allowance ceases on remarriage or if the person enters into a common-law relationship that lasts for at least a year.

The maximum monthly allowance is C\$934.24.

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

*Earnings-related survivor pension (Canada Pension Plan/Quebec Pension Plan):* A surviving spouse aged 65 or older receives 60% of the deceased's earnings-related retirement pension, up to a maximum of C\$497.25 a month. (Quebec Pension Plan: The provision is the same for a surviving spouse aged 65 or older.)

A surviving spouse younger than age 65 receives 37.5% of the deceased's earnings-related retirement pension plus C\$151.64, up to a maximum of C\$462.42 a month. (Quebec Pension Plan: A surviving spouse aged 55 to 64 receives up to a maximum of C\$710.37 a month; aged 45 to 54, up to a maximum of C\$699.42 a month. For a surviving spouse younger than age 45 and disabled, the maximum pension is C\$699.42 a month; if not disabled but caring for a dependent child, up to a maximum of C\$671.62; if not disabled and with no dependent children, up to a maximum of C\$410.31.)

*Orphan's pension (Canada Pension Plan/Quebec Pension Plan):* C\$195.96 a month for each child younger than age 18; age 25 if a student. (Quebec Pension Plan: C\$62.22 for each child below age 18 only.)

*Death benefit:* Equal to 6 months' earnings-related retirement pension, up to a maximum of C\$2,500.

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

## Administrative Organization

Department of Social Development (<http://www.sdg.ca>), through district and local offices, administers the universal and earnings-related pensions and income-tested supplements.

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

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

## Sickness and Maternity

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### Regulatory Framework

#### Cash benefits

*First and current law:* 1996 (employment insurance).

#### Physician and hospital services

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

*Current law:* 1984 (health).

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

#### Coverage

**Cash benefits:** All salaried workers, including federal government employees; self-employed fishermen.

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

Exclusions: Self-employed persons other than fishermen.

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

Special provisions for certain groups, including members of the armed forces.

#### Source of Funds

##### Insured person

*Cash benefits:* See source of funds under Unemployment, below.

*Physician and hospital benefits:* Through general taxation. Premiums are paid in Alberta and British Columbia. Ontario has a health premium that is based on taxable income above a certain threshold. None in the other provinces.

##### Self-employed person

*Cash benefits:* See source of funds under Unemployment, below.

*Physician and hospital benefits:* Through general taxation. Premiums are paid in Alberta and British Columbia. Ontario has a health premium that is based on taxable income above a certain threshold. None in the other provinces.

##### Employer

*Cash benefits:* See source of funds under Unemployment, below.

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

##### Government

*Cash Benefits:* None.

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

#### Qualifying Conditions

**Cash sickness and maternity benefits:** Must have a minimum of 600 hours of insurable employment in the previous 52 weeks.

**Compassionate care benefits:** Must have a minimum of 600 hours of insurable employment in the previous 52 weeks. Payable to insured persons who leave work temporarily to provide care or support to a family member with a grave illness.

**Medical and hospitalization benefits:** Generally, 3 months' residence in the province is required to be insured. When the insured moves from one province to another, the former province continues to provide insurance coverage during the waiting period.

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

#### Sickness and Maternity Benefits

**Sickness benefit:** The benefit is equal to 55% of average weekly insurable earnings in the last 26 weeks, plus a family supplement for low-income and modest-income earners with dependent children. The supplement is awarded if annual net family income (after application of allowable deductions under the Income Tax Act) is less than C\$25,921. The benefit is paid after a 2-week waiting period, for up to 15 weeks.

**Maternity benefit:** The benefit is equal to 55% of average weekly insurable earnings in the last 26 weeks, plus a family

supplement for low-income and modest-income earners with dependent children. The supplement is awarded if annual net family income (after application of allowable deductions under the Income Tax Act) is less than C\$25,921. The benefit is paid for up to 15 weeks, plus up to 35 additional weeks for parental care (the mother, father, or both) on the birth or adoption of a child.

**Compassionate care benefit:** The benefit is equal to 55% of average weekly insurable earnings in the last 26 weeks, plus a family supplement for low-income and modest-income earners with dependent children. A supplement is awarded if annual net family income (after application of allowable deductions under the Income Tax Act) is less than C\$25,921. The benefit is paid after a 2-week waiting period for up to 6 weeks.

The maximum weekly benefit is C\$413.

### **Workers' Medical Benefits**

**Medical benefits:** Benefits include general medical and maternity care; and surgical, specialist, and laboratory services. Benefits are paid directly by provincial authorities according to predetermined formulas and agreed-upon fee schedules.

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

Other benefits include oral surgery if required and performed in an approved hospital and, in some provinces, services of osteopaths, chiropractors, and optometrists; dental care for children; prosthetics; and prescribed drugs. Some cost sharing may be required in such cases.

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

### **Dependents' Medical Benefits**

**Medical benefits:** Benefits include surgical, specialist, and laboratory services and general medical and maternity care. Benefits are paid directly by provincial authorities according to predetermined formulas and agreed-upon fee schedules.

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

Other benefits include oral surgery if required and performed in an approved hospital and, in some provinces, services of osteopaths, chiropractors, and optometrists;

free dental care for children; prosthetics; and prescribed drugs. Some cost sharing may be required in such cases.

### **Administrative Organization**

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

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

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

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

### **Work Injury**

#### **Regulatory Framework**

**First and current laws:** 1908 and 1994 (Newfoundland), 1915 and 1996 (Nova Scotia), 1915 and 1996 (Ontario), 1916 and 1993 (British Columbia), 1916 and 1993 (Manitoba), 1918 and 1994 (New Brunswick), 1918 and 1995 (Alberta), 1928 and 1994 (Quebec), 1930 and 1994 (Saskatchewan), 1949 and 1995 (Prince Edward Island), 1974 and 1992 (Northwest Territories/Nunavut), and 1993 (Yukon).

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

#### **Coverage**

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

Exclusions: Domestic workers, professional athletes, and members of sports clubs (some differences exist among provinces).

Special systems for merchant seamen and federal civil servants.

#### **Source of Funds**

**Insured person:** None.

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

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

**Government:** None.



### **Qualifying Conditions**

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

### **Temporary Disability Benefits**

The benefit varies from 75% to 90% of gross earnings, according to province.

There is no nationally enforced minimum benefit. The minimum benefit varies according to province.

### **Permanent Disability Benefits**

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

There is no nationally enforced maximum benefit. The maximum benefit varies according to province.

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

### **Workers' Medical Benefits**

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

### **Survivor Benefits**

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

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

**Other dependents (in the absence of a spouse or orphan):** A reasonable sum in proportion to the loss of income.

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

### **Administrative Organization**

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

### **Unemployment**

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#### **Regulatory Framework**

**First law:** 1940.

**Current law:** 1996 (employment insurance), with amendments.

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

### **Coverage**

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

**Exclusions:** Self-employed persons other than fishermen.

### **Source of Funds**

**Insured person:** 1.95% of insurable earnings.

The maximum annual earnings for contribution and benefit purposes are C\$39,000.

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

**Employer:** 2.73% of the insured's earnings.

The maximum annual earnings for contribution and benefit purposes are C\$39,000.

**Government:** None.

### **Qualifying Conditions**

**Unemployment benefit:** The qualifying conditions vary from 420 hours to 700 hours of covered employment during the last year, depending on the regional unemployment rate, or 910 hours for a new entrant or reentrant to the labor force.

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

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

### **Unemployment Benefits**

The benefit is equal to 55% of average insurable earnings in the last 26 weeks, plus a family supplement for low-income and modest-income earners with dependent children. The supplement is awarded if annual net family income (after application of allowable deductions and expenses under the Income Tax Act) is less than C\$25,921. The benefit is payable after a 2-week waiting period for between 14 and 45 weeks, depending on the claimant's employment history and regional unemployment rates.

The maximum weekly benefit is C\$413.

### **Administrative Organization**

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

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

## ***Family Allowances***

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### ***Regulatory Framework***

**First law:** 1944.

**Current law:** 1998.

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

### ***Coverage***

All residents.

### ***Source of Funds***

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** Total cost.

### ***Qualifying Conditions***

A child must be younger than age 18 and live with the primary caregiver who has Canadian citizenship or who has permanent resident, refugee, or visitor status, and who must file an annual income tax return to be eligible.

### ***Family Allowance Benefits***

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

The maximum annual benefit is C\$2,950 for the first child, C\$2,730 for the second child, and C\$2,734 for the third and subsequent children.

The benefit has two components: the base tax benefit, which is paid to low- and middle-income families with children, and the national child benefit supplement, which is paid to low-income families with children. For the period July 2005 to June 2006, families with net income up to C\$96,995 receive the base tax benefit. Families with net income up to C\$35,595 also receive the benefit supplement.

The Canada child tax benefit contains an additional benefit of up to C\$243 a year for children younger than age 7.

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

### ***Administrative Organization***

Canada Revenue Agency (<http://www.cra-arc.gc.ca/menu-e.html>) administers the program.

Quebec Pension Board administers the program in Quebec.