



IGP Country Profile **Canada**





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Customary Employee Benefits

Death benefits

- Most employee benefit plans include group life insurance that provides a lump sum benefit equal to one, two, or three times annual salary. Multiples of \$10,000 or \$5,000 are also common.
- Medical evidence required over non-medical limits, usually a group will provide an amount without evidence, depending on size of Canadian population
- Hourly paid unionized employees, particularly in the construction, lumber, and trucking industries, are often insured for a flat amount rather than a salary-related figure.
- Employee paid through payroll deductions.
- Coverage usually ends at age 65 or 70.
- Retiree coverage is sometimes provided. Amounts are modest and typically decrease with age.
- Dependent life benefits are sometimes included: fixed amounts with fixed premiums per family.
- Paid-up life option available – lower amounts and no termination age.
- All amounts of current Life insurance are transferred on a non-evidence basis, based on regulations set forth by the Canadian Life and Health Insurance agency. “Open enrollment conditions” to a non-evidence maximum are often implemented in change of carrier situation to incentivize participation.
- Minimum: 2 Canadian employees to qualify for group coverage.

Disability benefits

Short-term disability

Employment Insurance

Because of the Employment Insurance (EI) disability benefits available, employers have taken a number of different approaches in providing short-term disability insurance. Some employers:

Some employers

- Do not provide the insurance and allow EI to provide these benefits.
- Provide a plan that will cover part of the first two weeks of disability and that will again provide benefits if an employee is disabled for more than 17 weeks.
- This approach, “carve out”, will not provide any benefits during the 15-week period that EI benefits are normally payable.
- Provide a plan that is integrated with EI. That is, if an employee does not qualify for full EI benefits but is disabled, the insurer would provide benefits during those weeks that EI does not pay.
- Provide a full plan that qualifies for a premium rebate from the EI. Under this type of plan, benefits commence after a maximum two-week waiting period and are payable for 15 or more weeks.
- The benefit level must be 60% of income or greater. In all cases, the maximum benefit must be at least equal to the current year’s EI maximum.

Benefits under Weekly Indemnity Plans

Typical plans provide from 60% to 70% of salary, commencing on the first day for disabilities due to accident and on the fourth or eighth day for disabilities due to sickness.

Some plans have a two-week waiting period for both accident and sickness. Common benefit periods are 15 weeks, 17 weeks, and 26 weeks, with a few 52-week durations.

- Contributions

If an employer contributes to the cost of a Weekly Indemnity Plan, benefits are taxable in the hands of the employee.

Long-term disability

Coverage is usually designed with a benefit period extending to age 65 after a waiting period of 17 weeks to one year depending on the duration of the short-term disability plan (or EI benefits) that an employer has in force.

Benefits follow the same tax considerations as applicable to Weekly Indemnity plans and range from 60% to 70% of income. Benefits are integrated with CPP/QPP and all other government or employment-related disability benefits.

Maximum benefits range from CAD 1,000 to CAD 12,000 or higher per month, with CAD 5,000 being very common.

Accidental death & dismemberment

- Basic amount often equal to Basic Life amount
- Basic or optional coverage
- Employee, Spouse and Dependent coverage available
- Payable under covered loss (i.e., limb, hearing, sight) or loss of life due to accidental injury

Critical illness

Group Critical Illness insurance is a relatively new product in Canada. While it is not yet considered an integral part of a comprehensive group plan, the overall market continues to grow.

- Tax-free lump sum pay-out
- Basic or optional coverage
- Employee, Spouse and Dependent coverage available
- Payable if diagnosed with one of 22 covered critical conditions

There is a trend towards more comprehensive products with an increasing number of covered conditions, typically between 16 and 22 conditions, with some plans as high as 29. Recent innovations include continuing coverage for alternative or even the same condition once a successful claim has been made.

Most Group Critical Illness plans are provided on an employer-paid mandatory basis with no medical questionnaire, although as employers are increasingly challenged to fund additional benefits,

voluntary employee-paid plans requiring a medical questionnaire are becoming more common.

Medical benefits

Group health plans

Typical plan features

Group health plans are provided with or without annual deductibles. If a plan includes deductibles, they are usually quite low: CAD 25 per individual and CAD 50 or per prescription deductibles such as \$5 per prescription.

A coinsurance feature may be included, but the insured generally does not have to pay more than 20% of a covered expense. Lifetime maximums are usually unlimited.

Benefits

Covered benefits include semi-private or private hospital room and board for an unlimited period of time. The various government plans cover expenses up to the ward level.

Physicians and surgical expenses are only covered to the extent that Medicare does not cover them for treatment outside of Canada on an emergency, non-elective basis.

Other covered expenses include prescription drugs, private duty nurses, rental or purchase of braces, crutches, prosthetic devices, convalescent hospitals, and paramedics such as physiotherapists, speech therapists, osteopaths, and chiropractors.

Some plans also include eyeglasses and eye refractions and hearing aids. Certain dollar limitations may be applied to any of the above items, and where an item is covered under a provincial Medicare scheme, it is not offered in a private plan in that province.

Contributions

Contributions on the employer's part are usually 50% to 100% of the premium.

Group Dental Plans

Typical Plan Features

Deductibles are similar to those for medical plans. Coinsurance on the part of the insured ranges from 50% to 100%, the most common being 80%. Often a plan will provide 100% coinsurance on basic services and a lower benefit on major services. If orthodontia is provided, it is usually covered at 50% to a lifetime maximum of CAD 1,500 or CAD 2,500.

Benefits are provided with maximums based on the current fee schedule developed by the provincial Dental Association.

In addition, an individual cannot be reimbursed in any one year for more than a stated amount ranging from CAD 250 to CAD 2,500.

A lifetime maximum of CAD 1,500 for orthodontia is common, although sometimes, it will range up to CAD 2,500.

Benefits

An employer may often institute a basic maintenance plan at first and later add more expensive procedures as funds become available and as the utilization of the plan increases.

A basic plan normally includes diagnostic, preventive, and restorative services along with oral surgery.

Periodontics, endodontics, and removable prosthetics either together or as separate units are usually included.

Fixed prosthetics, crowns, and inlays will then provide a total package.

Orthodontia is sometimes included in a total plan but is limited to dependent children.

Sample Schedule of Group Dental Benefits

- Basic – examinations, x-rays, fillings, extractions
 - Typically, 80% to 100% reimbursed
- Periodontic and Endodontic (root canal)
 - Typically, 80% to 100% reimbursed
- Bridgework, crowns and dentures
 - Typically, 50% to 100% reimbursed

- Orthodontics often not included
 - Typically, 50% covered
 - Lifetime maximum per person
- Provincial dental associations establish fee guides annually
 - Fee guides usually used for reimbursement limits

Contributions

The employer usually contributes 50% to 100% of the premium.

Retirement benefits

Private pension plans are widely offered in Canada. A major reason for this is that the Canada/Quebec Pension Plan (CPP/QPP) provides a basic pension related to a modest earnings ceiling. The normal retirement age is generally 65. Separate plans are often provided for non-union (or salaried) and union (or hourly-paid) employees.

There are two principal types of employer pension plans – defined benefit plans and defined contribution plans. In recent years, a DC plan is more favorable to employers.

Defined benefit plan

In a defined benefit plan, one is promised a monthly pension income that is determined (or “defined”) by a formula, such as a combination of earnings, job classification, and the length of time worked for the employer.

The three most frequently used funding formulae are mentioned later. It is generally the employer’s responsibility to ensure that sufficient funds are available to pay the pension when the employee retires. The employer assumes the risk of investing all contributions wisely to guarantee the future value of the pension.

Defined contribution plan

In a defined contribution plan, the amount of the pension is not set in advance. Instead, an employee and his/her employer contribute a set (or “defined”) amount to the plan, usually determined as a percentage of earnings.

Registered Retirement Savings Plans (RRSPs) are plans with DC features. They can be set up as individual retirement saving plans or provided as a group RRSP by the employer.

Savings in an RRSP receive tax assistance – contributions are tax deductible, and investment income is not taxed as it is earned. Taxes are paid when funds are withdrawn from these plans.

RRSP funds may be invested in a range of financial products and investment vehicles, including savings accounts, Canada Savings Bonds, and mutual funds. RRSPs can be arranged through most financial institutions – banks, mutual fund companies, brokerage firms, and insurance companies.

Benefit Formula

For a defined benefit plan

- Final earnings – pension for each year is a percentage of final average earnings or best average earnings
- Career average – pension for each year is a percentage of earnings in that year
- Flexible pension – employer provides a basic level of benefit and employee contributions accumulate until retirement
- Flat benefit – for union (or hourly-paid) employees, the benefit provided is frequently a flat dollar amount of monthly pension per year of service

For a defined contribution plan

- Money purchase – employer contribution is a fixed percentage of earnings
- Profit sharing – employer contribution depends on profits of the company subject to a minimum of 1% of earnings

Contributions

Employee contributions are tax deductible, and therefore, many plans are contributory.

Government Regulations

All registered plans are subject to various federal and provincial laws and regulations. Federal regulations are concerned primarily with the tax status of pension plan contributions.

Provincial legislation focuses on the protective standard of eligibility, vesting requirements, minimum funding standards and more recently, human rights.

Where a pension plan has been established, it must provide for all employees in the classes covered, whether part-time or full-time, to be eligible to participate once they meet minimum service and/or earnings requirements.

Legislative news

Bill C-58

Bill 58 amends the Canadian Labour Code to ban an employer's use of replacement workers during a strike or lockout in federally regulated workplaces. Effective June 20, 2025.

Employment Insurance (EI)

In 2024, there were several key legislative changes that impacted employee benefits, especially Employment Insurance (EI) and workplace standards. EI provides temporary income support for eligible, unemployed contributors seeking work, undergoing training, or facing specific life circumstances.

The changes to EI included extending benefits for seasonal workers and introducing an adoption benefit:

- The extension allows up to 5 additional weeks of EI benefits, totaling 45 weeks, for seasonal workers in 13 regions until October 2026.
- The new EI adoption benefit offers up to 15 weeks of shareable benefits with job-protected leave for eligible adoptive or surrogate parents in federally regulated workplaces.

Bill 190

Many of Bill 190's amendments to the Employment Standards Act (ESA) became effective on October 28, 2024, including:

- Employer can no longer require an employee to provide a certificate from a "qualified health practitioner" as evidence that the employee is entitled to sick leave under the ESA.
- Increase in fines for individuals convicted of an offence under the ESA. If convicted, an individual could be subject to a fine or imprisonment or both.
- Employers are required to disclose in a publicly advertised job posting if the posting is for an existing vacancy or not
- If an employer interviews an applicant for a publicly advertised job posting, they are required to advise the applicant whether a hiring decision has been made for that posting - within a certain timeframe.

Many of Bill 190's amendments to the OHSA came into force on October 28, 2024, including:

- Employers are responsible for ensuring the health and safety of employees working from home, including addressing potential hazards.
- Expansion of the definitions of "workplace harassment" and "workplace sexual harassment" to include virtual activities.
- Joint health and safety committees can meet virtually.
- OSHA safety documents can be provided by the employer electronically, if employees are advised how to access them.

Bill 190 also amended that OHSA require employers and constructors on construction sites to ensure that any washroom facilities they provide for workers are kept in a clean and sanitary condition. Cleaning records must be maintained to verify compliance. This amendment is still under consideration.

Trends

Trends impacting employee benefits in Canada

Greater awareness of mental health benefit, social & economic impacts:

- 40%+ of sick leave & disability claims related to mental health (1 in 5 Canadians)
- Introduction of web educational tools and subject matter experts
- Link between financial wellness and physical/emotional health

Prescription drug costs at forefront

- Makes up ~65% of the overall health claims
- Introduction of oversight programs for drugs
- Specialty Drug program focus: Who pays? Public or Private?
- Preferred Provider Networks
- Nurse case management
- Opioid crisis

Focus on prevention/presenteeism

- Digital disease prevention programs
- Wellness education and guidance

Other

- Virtual health care
- Continued increase in mobile traffic and paperless claims
- Extending disability coverage beyond age 65 for active employees and other benefits to a much later age.
- Ending Retiree Benefits
- Member preference for plan flexibility continues to grow
- Insurers becoming more of an extension of the customer's HR team

Typical employee benefits plans

Retirement benefit plans

In a defined benefit plan, a plan member is promised a monthly pension income that is determined (or “defined”) by a formula, such as a combination of percentage earnings and the length of time worked for the employer. It is generally the employer’s responsibility to ensure that sufficient funds are available to pay the pension when the plan member retires. The employer assumes the investment risk to guarantee the future value of the pension.

In a defined contribution plan, or registered retirement savings plan, the amount of the pension is not set in advance. Instead, an employee and his/her employer contribute a set (or “defined”) amount to the plan. This is usually determined as a percentage of earnings or a flat dollar amount. The retirement benefit the plan member receives is derived from the accumulated contributions and their investment growth. The employer may allow the plan member to select their own investments among those offered in the plan. In this case, the plan member assumes the investment risk.

Group life insurance plans

These plans are provided to full-time employees, usually based on 1-2 times salary. An accidental death and dismemberment benefit is also common. Additional voluntary insurance in increments of CAD 10,000 is often available. Dependent coverage is also common in flat dollar nominal amounts.

Group health insurance plans

Provincial medical service plans provide hospital services and basic health services to all residents. Private plans cover mainly prescription drugs, major health services including paramedics, private duty nursing, nursing home services, dental services, vision care, hearing aids, and emergency treatment outside Canada.

Most private plans are comprehensive major medical plans with small deductibles, CAD 25 to CAD 50 being common. Dental plans have the same kind of deductible with coinsurance of 50%-80% being common on major coverages and 100% on basic services.

Accounting firm 489 employees

Basic life

All employees – 4 times annual earnings, rounded to the next higher CAD 1,000 if not already a multiple thereof, to a maximum of CAD 500,000.

Optional life

All employees – amounts up to but not exceeding the basic amount of life insurance, subject to evidence of good health.

Dependent life

All employees – CAD 10,000 for spouse, CAD 5,000 for each child.

Long-term disability

- All employees – 60% of monthly earnings plus a pension supplement of 10% of monthly earnings to a maximum of CAD 8,000 per month.
- Qualifying period of 90 days, maximum duration to age 65, with CPP/QPP primary offsets only.

Dental

- All employees – no deductible, basic services at 100% reimbursement, major restorative services at 60% coinsurance, and orthodontics for dependent children up to age 18 at 50% coinsurance.
- Unlimited maximum.
- Payments based on the prevailing provinces' general practitioner's schedule of fees at time of claim.

Vision care

All employees – no deductible, no coinsurance by insured, maximum benefit of CAD 200 every two years for frames and lenses.

Major medical

All employees – no deductible, no coinsurance by insured, unlimited maximum. Semi-private room and board in hospital (private room only on the recommendation of a physician), prescription drugs and medicines, extended health benefits.

Construction firm (Union) 203 employees

Basic life

All members – CAD 10,000 each.

Survivors' income benefit

- All married members – CAD 100 per month payable until the earlier of death or remarriage for a maximum of five years.
- All single members – CAD 2,000 lump sum.

AD&D

All members – CAD 10,000 each.

Dental

- All members – CAD 25/50 deductible, no coinsurance by insured, all coverages except orthodontics.
- Annual maximum of CAD 500 for the first year, increasing by CAD 250 per year until CAD 1,500 is reached and remaining constant thereafter.

Major medical

All employees – CAD 10/20 deductible, 100% coinsurance, and CAD 5,000 lifetime maximum. Coverages include semi-private hospital, prescription drugs and medicines, extended health benefits, vision care to a maximum of CAD 40 for frames and lenses every two years.

Law firm 685 employees

Basic life

- Partners – CAD 400,000 each. All other full-time employees – two times annual earnings rounded to the next higher CAD 1,000.
- Non-medical maximum – CAD 400,000.
- Benefits are reduced by 50% at age 65 or earlier retirement and terminate at age 70.

Long-term disability

- Partners – 60% of monthly earnings to a maximum benefit of CAD 12,000.
- All other full-time employees – 50% of monthly earnings to a maximum of CAD 2,500. Non-medical maximum – CAD 8,000. Qualifying disability period – 119 days. Offsets – CPP/QPP primary benefits.

Major medical

- All employees – flat CAD 25 deductible, no coinsurance by insured, except semi-private hospital, which is on a first-dollar basis.
- Other benefits include prescription drugs and medicines, and extended health care benefits.

Office supply company 576 employees

Basic life

- All managers, assistant managers, and those enrolled in the plan prior to May 1, 1979 – three times annual earnings to the next higher CAD 1,000.
- All other employees with one or more years of service – 1.5 times annual earnings to the next higher CAD 1,000. Non-medical maximum – CAD 400,000. Terminates at retirement.

AD&D

Same as Basic Life.

Long-term disability

- All employees – 60% of monthly earnings to a maximum of CAD 10,000.
- Non-medical maximum – CAD 10,000
- Qualifying disability period – 120 days
- Maximum Duration – to age 65
- Offsets – CPP/QPP primary and family benefits

Dental

All employees – CAD 25/50 deductible, no coinsurance by insured, CAD 1,000 per year maximum, basic services only.

Major medical

- All employees, CAD 10/20 deductible, no coinsurance by insured, lifetime maximum of CAD 20,000.
- Coverages include semi-private hospital room and board (deductible waived), prescription drugs and medicines, extended health benefits.

Clothing Manufacturer 344 Hourly Employees

Basic life

All employees – CAD 20,000 each.

AD&D

Same as Basic Life.

Long-term disability

- All employees – 50% of monthly earnings, to a maximum benefit of CAD 1,500 per month.
- Qualifying Disability Period – 15 weeks. Maximum duration – to age 65.

Weekly income

All employees – two-thirds of weekly earnings subject to a maximum weekly benefit equal to the prevailing maximum benefit per week applicable under the Unemployment Insurance Act as of the date of commencement of disability.

Benefits begin on the first day for disability due to injury and on the eighth day for disability due to sickness and will continue for 15 weeks.

Major medical

- All employees – CAD 25/50 deductible, no coinsurance by insured, CAD 5,000 lifetime maximum.
- Benefits include semi-private hospital room and board, prescription drugs and medicines, extended health benefits.

Wood Products Manufacturer 1,588 Employees

Basic life

- All active employees – CAD 25,000 each
- All retired employees – CAD 2,500 each

Dependent life

All active employees.

- Spouse: CAD 5,000
- Each child over 6 months of age: CAD 2,500
- Each child 14 days old to 6 months: CAD 1,250

Survivors' income benefit

- All married employees – CAD 100 per month for the benefit of the spouse.
- All employees with children – CAD 20 per month for each child, not to exceed a total of CAD 40 for all children.
- For full orphans – CAD 40 per month each, not to exceed a total of CAD 80 for all children.
- Benefit ceases for spouse at death or remarriage; benefits cease for children when they no longer fall within the “dependent” definition.

AD&D

All active employees – CAD 15,000 each

Long-Term Disability

- All active employees – CAD 1,500 per month
- Qualifying Disability Period – 15 weeks
- Maximum Duration – to age 65
- Offsets – CPP/QPP primary and family benefits

Weekly income

- All active employees, two-thirds of weekly earnings, subject to a maximum benefit equal to the current maximum disability

Typical employee benefits plans (continued)

benefit available under the Unemployment Insurance Act as of commencement of disability.

- Benefits begin on the 15th day for disability due to sickness or injury and will run for a maximum duration of 15 weeks.

Dental

- All employees, CAD 10/20 deductible, and no coinsurance by insured on all coverages except orthodontics, which is 50%.
- Calendar year maximums ranging from CAD 500 in the first year to CAD 2,000 in the fifth and subsequent years, except for orthodontics, which has a CAD 1,000 lifetime maximum. Coverages include all basic and major dental services.
- Amounts of reimbursement are based on the province's General Practitioner's Schedule of Fees in effect on the date the service is rendered, or the supply is furnished.

Major medical

- All employees – CAD 10/20 deductible, no coinsurance by insured, lifetime maximum of CAD 25,000.
- Benefits include semi-private hospital room and board (not subject to deductible), prescription drugs and medicines, extended health benefits, vision care to a maximum of CAD 75 every two years for frames and lenses, hearing aids with a lifetime maximum of CAD 400 per person.

Non-standard items under the extended health benefits (EHB) include charges for an infusion pump for insulin and charges for anti-embolism stockings, subject to a maximum of CAD 400 per year. Under Vision Care, prescription safety lenses and frames are covered to the same maximum of CAD 75 every two years.

Useful links

Demographic information and macro-economic indicators

[CIA World Factbook](#) (please select the country to review)

[World Bank Group](#) (please select the country to review)

Canada Pension Plan (CPP)

<https://www.canada.ca/en.html>

Quebec Pension Plan (QPP)

<https://www.retraitequebec.gouv.qc.ca/en/>

More information on Manulife Canada

Your Local Link to IGP in Canada

[Go to partner page on www.igpinfo.com](http://www.igpinfo.com)

Manulife Canada

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07/02/2025 - WCAG AA