

MATERNITY AND PARENTAL LEAVES OF ABSENCE Group Benefits and Employment Insurance (EI)

While on maternity/parental leave, employees are entitled to the same employee benefits that they receive while actively at work. Employer and employee contributions towards benefits remain the same as well. For example, if the employer pays 100% of the premium for life insurance and AD&D, they are required to continue paying the premiums throughout the leave. If the employee pays 100% of the premium for a certain benefit (ie. long term disability (LTD)), the employee is required to pay the premium during the leave to continue eligibility for that benefit.

For benefits where the employee and employer both contribute to the premiums, the employee is required to pay for their portion of the premium cost during the leave. If the employee elects not to pay for the coverage, the employer has the right to cancel the coverage on the day after the leave begins.

Opting out of coverage

The employee can opt out of coverage during the leave period. There are things to note should an employee decide to opt out of coverage. Upon their return to work, they may need to:

- complete the waiting period for coverage again
- begin any pre-existing conditions waiting period from the date of return to work
- be required to provide proof of insurability for some benefits

Life and disability benefits tend to be mandatory benefits. Therefore, many employers do not offer the option of opting out of these coverages. If it is allowed, the employee should be required to sign an “opt-out” or “waiver” form that clearly outlines the implications to terminate these benefits during the leave.

Disability benefits while on leave

Disability benefits cannot be claimed while on maternity or parental leave, because the employee is not considered to be “actively at work”. However, if the prescribed waiting period has been met, the employee can file a claim for disability benefits if they are unable to return to work on the scheduled date. If the employee opted out of all coverage, they would have to meet the eligibility rules based on the return-to-work date. Therefore, it is crucial for the employee or employer (according to how the plan was set up) to continue paying disability premiums during the leave.

Review Your Policies

It is always a good idea to review your company policies regarding maternity and parental leaves. This should include the method by which the employee portion of premiums is collected for the duration of the leave.

THE JOHNSTONE'S ADVANTAGE

Our mission is simple:
Treat each client as if they were our only client.

Our value is clear:
We are completely independent. We work for you and offer total flexibility on insurers and plans.

We offer all your group insurance services including administration, brokerage, consulting, and communications.

We provide dedicated client support, customization and flexibility to meet all of your company's benefits needs. And we make **solid group plans simple.**



We also advise you to document your maternity and parental leave provisions and to clearly communicate the information to your employees.

Employment Insurance (EI) Coverage

EI **maternity benefits** are offered to biological mothers, including surrogate mothers, who cannot work because they are pregnant or have recently given birth. A maximum of 15 weeks of EI maternity benefits is available. Benefits can be paid as early as 12 weeks before the expected date of birth and can end as late as 17 weeks after the actual date of birth. The weekly benefit rate is 55% of the claimant's average weekly insurable earnings up to a maximum amount, currently \$695.

EI **parental benefits** are offered to parents who are caring for a newborn or newly adopted child or children.

There are two options available for receiving parental benefits: standard or extended.

- **Standard parental benefits** can be paid for a maximum of 40 weeks, if the parents are sharing the leave period, and must be claimed within a 52-week period (12 months) after the week the child was born or placed for the purpose of adoption. The weekly benefit rate is 55% of the claimant's average weekly insurable earnings up to a maximum amount, currently \$695. Note: one parent cannot receive more than 35 weeks of the standard parental benefits.
- **Extended parental benefits** can be paid for a maximum of 69 weeks, if the parents are sharing the leave period, and must be claimed within a 78-week period (18 months) after the week the child was born or placed for the purpose of adoption. The benefit rate is 33% of the claimant's average weekly insurable earnings up to a maximum amount, currently \$417. Note: one parent cannot receive more than 61 weeks of extended benefits.

Eligibility

You may be eligible to receive Employment Insurance (EI) maternity or parental benefits if:

- you're pregnant or have recently given birth when requesting maternity benefits
- you're a parent caring for your newborn or newly adopted child when requesting parental benefits
- your regular weekly earnings from work have decreased by more than 40% for at least 1 week
- you accumulated 600 insured hours of work in the 52 weeks before the start of your claim or since the start of your last claim, whichever is shorter

For more information regarding eligibility go to [EI maternity and parental benefits: Eligibility - Canada.ca](https://www.ei.gc.ca/en/eligibility)

Waiver Form

We suggest that employers have employees sign a waiver of coverage form confirming they understand the implications of discontinuing benefits. We can help design this form!

Some specific points that should be included on the form that the employee is signing agreement to when opting out of benefits:

- There is NO benefits coverage – so, for example, a death, or an illness or injury during the leave that prevents the employee from returning to work, will not be covered. In addition, benefits cannot be reinstated until an employee has returned to work.
- Once they return to work, the insurer may require the employee to re-serve a waiting period for benefits eligibility.
- Pre-existing conditions may re-commence and could limit coverage or delay the effective date of coverage.
- If the employee is opting out of benefits during their leave because their spouse's plan has coverage, this coverage is limited to health and dental benefits only – not life insurance or disability insurance

CONTACT US

Johnstone's Benefits

Phone: 604 980 6227

Toll Free: 1 800 432 9707

Website: www.jbenefits.com

JOHNSTONE'S JOURNAL is published monthly and designed to provide topical information of interest not only to plan administrators, but to all employees who enjoy coverage under the benefit plan. Feel free to make copies and share with your employees.

