

An Important note on Quebec Parental Insurance Plan Offsets

Following the recent introduction of the Quebec Parental Insurance Plan (QPIP), insurers have begun to issue statements detailing their response to it. In general, their first action was to seek confirmation from Human Resources and Social Development Canada

(HRSDC) that maternity/parental leave benefits paid through the QPIP plan, as is the case with Employment Insurance (EI), could be deducted from privately sponsored income replacement plans (such as Short Term Disability or Salary Continuance plans) and the plans would continue to qualify for premium reduction.

Now that they have received such confirmation, their next move has been to start amending disability plan contracts to include mention of these deductions. What needs to be

specified in these amendments, however, is what portion of the QPIP payment should be offset.

Only the portion of the payment related to the period of medical recovery from delivery should be deducted from the group disability plan. The balance of the QPIP payment relates to a leave benefit where loss of employment income is not a result of disability. It is important to remember here that the purpose of a group disability plan is to replace lost employment income resulting from illness or accident. At the point where medical recovery is deemed complete, the offset and presumably, disability income payments, would cease and the employee would continue on with the maternity leave.

Before agreeing to general amendments on this subject, we recommend that you speak to your consultant to help choose the correct amendment language for your plan, your company and your employees. Finally, don't forget to amend your employee communication materials and to inform affected employees in Quebec.

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