



# Pension and Benefits Bulletin

## Information for Congregations, Treasurers and Other Employers

### Maternity and Parental Leave Update

On November 9<sup>th</sup>, the Government of Canada released changes to the EI **parental** leave benefit. Starting December 3, 2017, parents with a newborn or newly adopted child may choose from the following two options:

#### Option 1: Standard parental benefits:

- Parents can receive EI parental benefits for up to 35 weeks.
- The 35 weeks must be in the 12 months after the child is born or adopted.
- The benefit is equal to 55% of the individual's average insurable earnings. Earnings are capped at the year's Maximum Insurable Earnings (MIE: \$51,300 for 2017).

#### Option 2: Extended parental benefits:

- Parents can receive EI parental benefits for up to 61 weeks.
- The 61 weeks must be in the 18 months after the child is born or adopted.
- The benefit is equal to 33% of the individual's average insurable earnings. Earnings are capped at the year's Maximum Insurable Earnings (MIE: \$51,300 for 2017).

There have been no changes made to the length or benefit amount paid under EI maternity leaves. More information regarding the changes to EI parental leave is available online: <http://bit.ly/EIParental>

#### What does this change mean for our top-up policy?

Currently, the Maternity and Parental Leave Policy of The Presbyterian Church in Canada tops-up Employment Insurance payments so that employees receive a total of 95% of stipends for ministers and salaries for employees. Top-up is paid for a maximum of 17 weeks for maternity leave and a maximum of 10 weeks for parental leave. The PCC will continue to top-up EI payments for employees on maternity and parental leave.

The updated top-up policy provides equal benefits to employees, regardless of the parental leave option chosen. This policy uses a constant EI rate to top-up from. Now that the EI rate is variable (it could be 55% or 33% depending on the option chosen) our policy will be to use the standard rate of 55% for all employees, regardless of their actual EI benefit.

The number of top-up weeks paid by the PCC will remain unchanged: 17 weeks maternity leave and 10 weeks parental leave.

There have been no changes made to the length or benefit amount paid by EI for maternity leaves. As such, the PCC's top-up benefits for maternity leaves will remain unchanged.

For employees who select the **standard parental leave option**, there will be no change as the EI rate for the standard option is already 55%. The PCC will continue to top-up to 95% of stipends for ministers and salaries for employees for a maximum of 10 weeks.

For those employees who select the **extended parental leave option**, the employer will calculate what the employee's EI payment would have been at the standard parental leave rate (55%) and top-up from 55% to 95% of stipends ministers and salaries for employees for a maximum of 10 weeks.

## Examples

To illustrate how top-up benefits will be calculated with this change in effect, please consult the examples below.

### Employee who makes \$40,000 annually in stipend or salary.

#### Option 1 - Standard Parental Leave

1. 95% of salary divided by 52 weeks = \$730.77 per week
2. EI pays 55% capped at \$51,300 (MIE 2017) = \$423.00 per week \*EI rounds to the nearest dollar
3. PCC pays top-up from 55% to 95% :  $\$730.77 - \$423.00 = \$307.77$

#### Option 2 - Extended Parental Leave

1. 95% of salary divided by 52 weeks = \$730.77 per week
2. EI pays 33% capped at \$51,300 (MIE 2017) = \$254.00 per week \*EI rounds to the nearest dollar
3. PCC calculates what the EI benefit would have been under the standard option (55%) to determine top-up payment = \$423.00 per week
4. PCC pays top-up from 55% to 95% :  $\$730.77 - \$423.00 = \$307.77$

**Total top-up benefit paid by PCC for both standard and extended = \$307.77 per week**

### Employee who makes \$55,000 annually in stipend or salary.

#### Option 1 - Standard Parental Leave

1. 95% of salary divided by 52 weeks = \$1004.81 per week
2. EI pays 55% capped at \$51,300 (MIE 2017) = \$543.00 per week
3. PCC pays top-up from 55% to 95% :  $\$1004.81 - \$543.00 = \$461.81$

#### Option 2 - Extended Parental Leave

1. 95% of salary divided by 52 weeks = \$1004.81 per week
2. EI pays 33% capped at \$51,300 (MIE 2017) = \$326.00 per week
3. PCC calculates what the EI benefit would have been under the standard option (55%) to determine top-up payment = \$543.00 per week
4. PCC pays top-up from 55% to 95% :  $\$1004.81 - \$543.00 = \$461.81$

**Total top-up benefit paid by PCC for both standard and extended = \$461.81 per week**

**If you have any questions regarding the changes to EI parental leave benefits, our top-up policy, or how to calculate maternity/parental leave top-ups, please contact our office.**

