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OCTOBER 2015

AT A GLANCE ...

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Changes to RRIF for 2015 Tax Year

The 2015 Federal Budget introduced a reduction to the minimum amount that must be withdrawn from a Registered Retirement Income Fund (RRIF) for seniors aged 71 and older. Mandatory withdrawal factors were lowered which reduced the amount of RRIF assets that seniors must withdraw for tax purposes. The legislation for this change received Royal Assent on June 23, 2015 and the reduced RRIF minimum withdrawal factors are effective for the 2015 tax year.

The table below shows the new factors for ages 71 to 94 years old. Prior to the 2015 Federal Budget change to RRIF, plans that were set up prior to 1993 had lower RRIF factors than plans that were set up after 1992. Starting in 2015, all plans use the new factors. ❧

Age (at start of year)	New Factor (%)	Age (at start of year)	New Factor (%)
71	5.28%	83	7.71%
72	5.40%	84	8.08%
73	5.53%	85	8.51%
74	5.67%	86	8.99%
75	5.82%	87	9.55%
76	5.98%	88	10.21%
77	6.17%	89	10.99%
78	6.36%	90	11.92%
79	6.58%	91	13.06%
80	6.82%	92	14.49%
81	7.08%	93	16.34%
82	7.38%	94	18.79%

Source: www.cra-arc.gc.ca

Preferred Pricing for REMICADE®

Coughlin & Associates Ltd., through Express Scripts Canada, has negotiated an agreement with the manufacturer of REMICADE to provide plan sponsors and plan members with increased value and access through reduced costs for REMICADE at the pharmacy.

This reduction for plan members with an ESC pay-direct drug card is applicable in all provinces and territories except for Quebec*. The reduction is applied at the point of sale (at the pharmacy). Plan members using REMICADE will not have to change their current therapy or experience any disruption in service.

REMICADE is used to treat rheumatoid arthritis, Crohn's disease, ulcerative colitis, ankylosing spondylitis, psoriatic arthritis and psoriasis. ❧

**This program does not currently apply to plan members based in Quebec. Current provincial regulations do not enable this program being offered in Quebec at this time.*

Increase to Tax-Free Savings Account Annual Contribution Amount

The Tax-Free Savings Account (TFSA) is a flexible, registered, general-purpose means of saving for Canadians who are 18 years old and older. It allows individuals to earn tax-free investment income, including interest, dividends and capital gains.

According to the Government of Canada, as of the end of 2013, individuals with annual incomes of less than $80,000 accounted for more than 80% of all TFSA holders and about 75% of TFSA assets. About half of TFSA holders had annual incomes of less than $42,000.

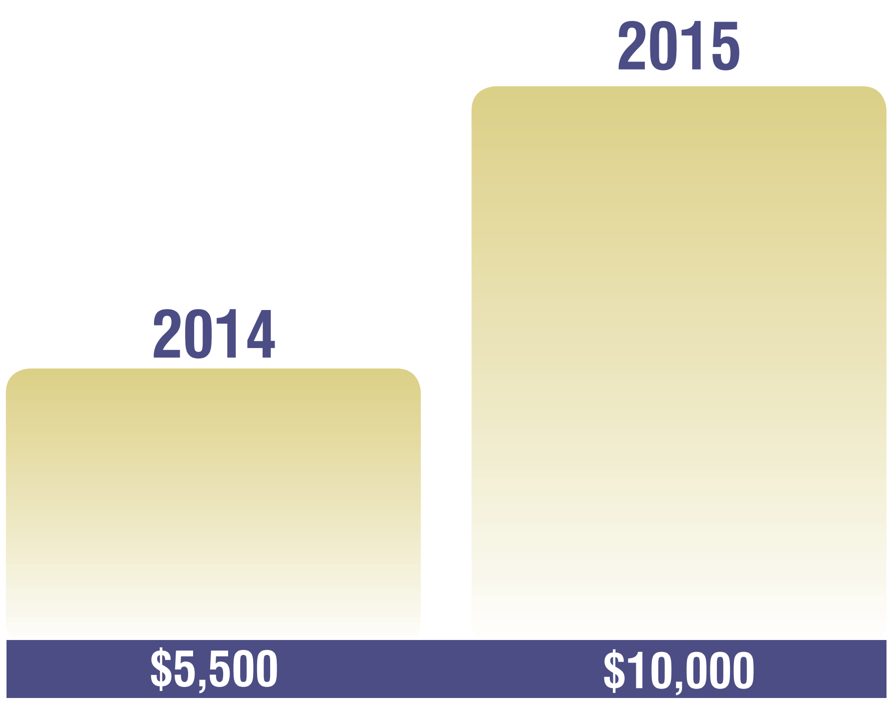
The Economic Action Plan 2015 proposed to increase the TFSA annual contribution limit from $5,500 to $10,000, retroactive to January 1, 2015.

This is an 82% increase in contribution allowance. Also, the TFSA annual contribution limit will no longer be indexed to inflation.

This proposed measure is subject to parliamentary approval. However, the Canada Revenue Agency (CRA) is allowing individuals to immediately benefit from the proposed increase to the TFSA annual contribution limit. They are administering this measure on the basis of the federal budget announcement. Many financial institutions are allowing existing and new account holders to contribute up to the proposed maximum. CRA is working with them to ensure a smooth implementation of this new proposed measure. ❧

Tax Free Savings Account (TFSA)

Annual Contribution Limits



Source: www.budget.gc.ca

Details about the Ontario Retirement Pension Plan (ORPP)

The Government of Ontario believes that strengthening the retirement income system is not only important to Ontario families, but it is also critical to the future prosperity of the province. They are taking a leadership role in addressing this issue by proposing the Ontario Retirement Pension Plan (ORPP), a new provincially managed pension plan being created for residents of Ontario. This mandatory provincial pension plan is thought to enable Ontario workers to build a more secure retirement future and will offer a retirement benefit on top of the Canada Pension Plan (CPP).

The ORPP would be the first of its kind in Canada and would build on key features of the current Canada Pension Plan. It is intended to cover people who don't have workplace pension plans by providing retirees a predictable income stream for life.

All employees in Ontario (excluding federally regulated sector employees and the self-employed) who are not currently members of comparable workplace pension plans will be required to participate in the ORPP. The province estimates that 3.5 million workers (from the 6.9 million workers in the province) will participate in the plan by the year 2020.

The key features of the Ontario Retirement Pension Plan are:

- Offer a predictable stream of income in retirement for life, similar to the Canada Pension Plan's retirement benefit. Retirement benefits under the ORPP will be indexed to inflation.
- Require equal contributions to be shared between employers and employees. The contribution amount will be no more than 1.9% each (for a total of 3.8%) of the employee's annual earnings up to a maximum of $90,000 (in 2014 dollars). ORPP's maximum earnings threshold would increase each year.
- Aim to replace 15% of an individual's earnings, up to an annual maximum earnings threshold of $90,000 (in 2014 dollars).
- Provide a cost-effective benefit by pooling longevity risk and investment risk.

The Government of Ontario plans to launch the ORPP on January 1, 2017 with enrolment staged in four waves.

The four waves for enrolment are as follows:

Wave 1 (January 1, 2017). Large employers without workplace pension plans and have 500 or more employees as of January 1, 2017.

Wave 2 (January 1, 2018). Medium employers without workplace pension plans and have 50 to 499 employees as of January 1, 2018.

Wave 3 (January 1, 2019). Small employers without workplace pension plans and have less than 50 employees as of January 1, 2019.

Wave 4 (January 1, 2020). Employers with a workplace pension plan that is not sufficiently enhanced, modified or adjusted to meet the comparability test. Employees who opt-out of their workplace pension plans.

The contribution rates would be phased in over two years for Waves 1 to 3. Once employers and employees contribute at the maximum rate, they will continue at that rate.

The ORPP Contribution Rates

	2017	2018	2019	2020	2021
Wave 1	0.8%	1.6%	1.9%	1.9%	1.9%
Wave 2	0%	0.8%	1.6%	1.9%	1.9%
Wave 3	0%	0%	0.8%	1.6%	1.9%
Wave 4	0%	0%	0%	1.9%	1.9%

All contributions start on January 1 of the given year.

The Ontario Legislature has already approved Ontario Bill 56, the Ontario Retirement Pension Plan (ORPP) Act. The Act received Royal Assent on May 5, 2015 and forms the foundation of the ORPP. Royal Assent is the symbolic final stage of the legislative process by which a bill becomes law. ❧

Source: www.ontario.ca

Over 16 Years of Fond Memories as David Whitbread Retires from Coughlin & Associates Ltd.

The year David Whitbread was hired at Coughlin & Associates Ltd., Wayne Gretzky was retiring from hockey and the last Toronto Maple Leafs hockey game was being played at Maple Leaf Gardens as the team moved to the new Air Canada Centre in Toronto.

"I joined Coughlin on a six-month contract. Sixteen years later and I'm retiring from the company. The contract definitely worked out well for everybody," said David Whitbread.

David joined Coughlin & Associates Ltd. in 1999 after eleven years as marketing communications manager for the Metropolitan Life Insurance Company (MetLife), six years in the marketing communications department at London Life and five years as a public relations officer for two public service organizations. His wealth of experience in the insurance industry as well as his journalism education enabled him to lead Coughlin's marketing communications and editorial writing initiatives.

In the 16 years at Coughlin, David was involved in various projects including the creation of the voluntary life insurance promotions for some of Coughlin's largest clients, the establishment of the *Coughlin Courier* as a pension and benefits reference publication, the early development of Coughlin's *Privileged Selection* brand of products and the formation of Coughlin's existing editorial and graphic standards.

We thank David Whitbread for his dedication to Coughlin & Associates Ltd. and wish him a happy retirement. ❧

New Addition to Coughlin's Marketing Communications Team

Coughlin & Associates Ltd. is pleased to announce the addition of Kim Kaldis to our marketing communications team.

Ms. Kaldis joined Coughlin at the beginning of March 2015 as the Marketing Communications Manager. She has over 19 years of marketing experience including nine years of experience in the financial services industry. For over six years, she held a variety of positions at Royal Bank of Canada in Toronto including product development, market analysis, website development and marketing roles. Ms. Kaldis also worked as the manager of e-commerce at Loblaw Companies Limited and was the marketing manager at President's Choice Financial.

A graduate of McMaster University, Ms. Kaldis has a Bachelor of Arts degree with Honours in Political Science. She also obtained a Certified Marketing Executive (CME®) designation with Sales & Marketing Executives International, Inc. (SMEI), a global sales and marketing professional association. Ms. Kaldis is responsible for Coughlin's marketing communications and editorial services and is also the privacy officer for the company. ❧

Increase to Ontario's Minimum Wage

On October 1, 2015, Ontario's minimum wage increased to $11.25 per hour. This will make Ontario's minimum wage the second highest rate in the country and behind Northwest Territories, which has the highest rate at $12.50 per hour.

Last year, the Liberal government passed a legislation to tie minimum wage to inflation. This means that Ontario's minimum wage is tied to the Consumer Price Index (CPI) and increases with the rising cost of living. However, decreases to the CPI will not mean a corresponding reduction to the minimum wage. The new rate will be announced by April 1st of each year and the new minimum wage rates will take effect that October.

Most employees are eligible for minimum wage, but there are certain categories of employees that are exempt from the minimum wage rules under the Employment Standards Act, 2000 (ESA).

The province dictates different minimum wages for certain classes of workers. The new minimum wage rates as of October 1, 2015 and the classes of workers are as follows:

	Rates (June 1, 2014 – September 30, 2015)	New Rates as of October 1, 2015
General Minimum Wage	$11.00 per hour	$11.25 per hour
Student Minimum Wage	$10.30 per hour	$10.55 per hour
Liquor Servers Minimum Wage	$9.55 per hour	$9.80 per hour
Homeworkers Wage	$12.10 per hour	$12.40 per hour
Hunting and Fishing Guides	$55.00 - Rate for working less than five consecutive hours in a day.	$56.30 - Rate for working less than five consecutive hours in a day.
Minimum Wage	$110.00 - Rate for working five or more hours in a day whether or not the hours are consecutive.	$112.60 - Rate for working five or more hours in a day whether or not the hours are consecutive.

Source: www.labour.gov.on.ca

CN Cycle for CHEO Results

Learing that your child has cancer is one of the most devastating news that any parent can handle. Childhood cancer is rare. However, every year at the Children's Hospital of Eastern Ontario (CHEO) there are approximately 75 new diagnoses of childhood cancer in the Ottawa region.

The children, youth and families who are dealing with a cancer diagnosis rely on the staff at CHEO to help them through their difficult time. This is why the CN Cycle for CHEO is such an important community event in the Ottawa region. It is the hospital's largest pediatric cancer fundraising event and has become Ottawa's largest display of community support for children and families dealing with pediatric cancer.

Coughlin & Associates Ltd. is a major sponsor of the CN Cycle for CHEO. Along with the fundraising for the CN Cycle for CHEO, we also hold various fundraising activities throughout the year. This year, we raised a total of approximately $19,690 for CHEO ($15,000 Coughlin donation for the CN Cycle sponsorship and another $4,690 in staff donations for the CN Cycle event). ❧

Amendments to Quebec Supplemental Pension Plans Act

Bill 34

Introduced on February 18, 2015 by Quebec's Minister of Employment and Social Solidarity, Bill 34 was tabled as *"An Act to amend the Supplemental Pension Plans Act with respect to the funding and restructuring of certain multi-employer pension plans."* Bill 34 amends the Supplemental Pension Plans Act and introduces special measures and rules that apply to certain multi-employer pension plans.

Bill 34 has transformed the legislative rules around multi-employer pension plans and has brought Quebec legislation in-line with the rules applicable to multi-employer pension plans in many other Canadian provinces. Bill 34 was adopted on April 2, 2015, but is effective as of December 31, 2014.

Some of the key changes to the legislation include the following:

1. Establishment of funding rules:
    - Multi-employer pension plans will only need to be funded on a going-concern basis.
    - The employer is only required to pay the employer contribution stipulated in the plan.
    - The maximum amortization period of a funding deficiency is 12 years instead of 15 years.
    - Solvency deficiencies are no longer funded.
2. Bill 34 allows for the retroactive reduction of benefits of active members and retirees in order to reflect a plan's deficit.
3. If an actuarial valuation report indicates that contributions are insufficient to satisfy the new funding rules, Bill 34 requires the plan to be restructured and a recovery plan must be prepared by the party that may amend the plan (i.e. board of trustees). The recovery plan must specify the measures that need to be taken to ensure the plan's funding complies with the law and may include such measures as:
    - an increase in the employer contributions
    - an increase in the member contributions
    - an amendment to reduce benefits for service before or after the effective date of the amendment, including pensions that are already being paid to retirees or beneficiaries.

Bill 34 contains a number of detailed rules, exceptions and transitional provisions. Administrators of multi-employer pension plans in Canada should review Bill 34 in detail to determine which provisions apply to their specific situation.

Bill 57

Introduced on June 11, 2015 to the National Assembly, Bill 57 was tabled as "*An Act to amend the Supplemental Pensions Plans Act mainly with respect to the funding of defined benefit pension plans."* Even though Bill 57 primarily focuses on the funding of private sector pension plans, it also contains provisions applicable to all pension plans registered in Quebec.

The most significant change proposed in Bill 57 is the elimination of the requirement to fund a plan on a solvency basis and the establishment of a new method for funding based on funding. Pension plans registered in Quebec will be required to adopt a funding policy that meets the requirements set out by Bill 57.

Some of the key changes to the legislation include the following:

- Elimination of the requirement to fund a plan on a solvency basis.
- Requirement to establish a stabilization provision, funded with actuarial gains, additional current service contributions and special amortization payments. The target level of the stabilization provision would be prescribed by regulation and varies based on the plan's investment policy.
- All private sector pension plans would be required to prepare an actuarial valuation as at December 31, 2015 in accordance with the new rules. An actuarial valuation must be carried out every 3 years or if the degree of solvency is less than 85%. An annual notice on the plan's financial position must be sent to the Régie des rentes du Québec within 4 months after the end of every fiscal year of the plan.
- Amendments to the rules for appropriating and allocating surplus assets during the life of a plan and in the event of a termination of the plan.

The proposed changes set out in Bill 57 aim to ensure the sustainability of existing defined benefit plans. However, the new rules will mean a re-assessment of risk management measures and an analysis of the impacts on the funding of the plan by plan sponsors. Bill 57 is expected to come into force on January 1, 2016. ❧

Source: www.assnat.qc.ca

EI Maximum Insurable Earnings to Increase in 2016

The Canada Employment Insurance Commission (CEIC) announced that the Employment Insurance (EI) Maximum Insurable Earnings (MIE) will be increasing on January 1, 2016 to $50,800 from $49,500. This is a 2.6% increase over the 2015 MIE. The MIE is indexed to the annual percentage increase in the average weekly earnings of Canada's industrial aggregate on an annual basis.

For self-employed individuals that have opted into the EI program, the prescribed amount of self-employed earnings will increase on January 1, 2016 to $6,820 from $6,645 in 2015.

The EI premium rate is set at $1.88 per $100 of insurable earnings for 2015 and 2016. Beginning in 2017, the EI Commission will assume responsibility for setting the annual EI premium rate. They will set the premium rate each year and base it on the seven-year break-even rate setting mechanism.

EI premium rates are lower for residents of Quebec because the province of Quebec administers its own parental insurance plan, the Quebec Parental Insurance Plan (QPIP). The QPIP is financed by Quebec workers and their employers. In 2016, the QPIP will be reduced by $0.36 per $100 of insurable earnings. This means that the maximum premium rate that could be set for Quebec residents is $1.52 per $100 of insurable earnings.

There will also be premium reductions for employers registered under the EI Premium Reduction Program (PRP). The premium reductions for these employers will range from $0.20 to $0.37 per $100 of insurable earnings and is based on the four categories of qualified plans. It is estimated that the reductions in 2016 will provide registered employers and their employees with $915 million in premium relief. Employers registered in PRP will be notified individually because the individual premium reductions may vary. ❧

Source: www.esdc.gc.ca

Coughlin Web Claims – a Secure and Convenient Online Claims Submission Service

At Coughlin & Associates Ltd. we are always looking for ways to further develop and enhance our services, infrastructure and technological innovations. In the past year, we have received numerous inquiries and requests from plan members across Canada and in remote communities about online claims submission.

Did you know that Coughlin offers an online claims submission service called *Coughlin Web Claims?* This is a more convenient way for plan members to submit their vision and paramedical service claims.

The advantages of the *Coughlin Web Claim* service include:

- Easy to use.
- Accessible 24 hours a day, 7 days a week – plan members can make a claim online anytime, anywhere. They can also view information about their claim and their claims history online anytime, anywhere.
- Fast turnaround time – claims are processed within two working days.
- Secure – password protected access to a secure plan member portal.
- Paperless – there are no paper forms to complete and plan members are not required to attach claim receipts with their online claim submission. Plus, it is environmentally friendly and will minimize the environmental impact of claiming.
- Reimbursement is deposited directly into the plan member's bank account.
- Plan members do not have to worry about stolen or lost claim cheques in the mail.

Online claims submission has its advantages, but there is also a potential risk for fraud. At Coughlin, we have implemented security measures and audit controls to deal with the possibility of fraud with our online claims submission service. Our web claims submission system automatically selects every tenth claim for a random audit, which is consistent with industry practices. When we detect plan members who have committed fraud, we take steps to try and recover the funds they received for the claims.

Plan sponsors can add value to their employee group benefits program by providing plan members with a choice to submit their claims online. For more details, please contact Coughlin & Associates Ltd. ❧

Fast Facts

- Health Canada has approved a number of new drugs for the treatment of hepatitis C over the past year. Ranging in cost from $50,000 to over $150,000 for a course of treatment, the number and cost of hepatitis C claims are increasing. This can be attributed to the increased cost of treatment as well as to a higher number of patients seeking treatment because the new drugs have fewer side effects, shorter treatment time and can have over a 90% cure rate. Health Canada estimates that between 210,000 to 275,000 people in Canada are currently infected with hepatitis C and only 30% of them know that they have the virus.

- The Government of Canada's Economic Action Plan 2015 proposes to extend the duration of the Employment Insurance Compassionate Care Benefits from the current six week duration to six months, as of January 2016. They are planning to invest up to $37 million annually to extend the duration of this benefit. Through the EI program, Compassionate Care Benefits provide financial assistance to people who have to be away from work temporarily in order to care for a family member who is gravely ill with a significant risk of death.

PPN Update

The following pharmacies have joined the Coughlin & Associates Ltd. Preferred Provider Network (PPN) of pharmacies throughout Ontario:

- **Jean Coutu Pharmacy** located at 867 Notre Dame Street in Embrun. They can be reached at 613-443-3552.
- **Dundalk Village Pharmacy** located at 1 Main Street East in Dundalk. They can be reached at 519-923-2215.
- **Sobeys Pharmacy** located at 581 Huron Street, Unit 1, in Stratford. They can be reached at 519-271-7063.
- **Strandherd Guardian Pharmacy** located at 3091 Strandherd Drive in Nepean. They can be reached at 613-825-7400.
- **Central Algoma Pharmacy** located at 9242 Highway 17 East in Bruce Mines. They can be reached at 705-785-3555.
- **Ultra Care Pharmacy** located at 1366 Clyde Avenue in Nepean. They can be reached at 613-225-2225.
- **North Gower Pharmacy** located at 2333 Church Street in North Gower. They can be reached at 613-489-5000.

Pioneer Park Pharmacy, formerly located at 123 Pioneer Drive in Kitchener, is no longer a functioning pharmacy.

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