

Retroactive Salary and the Quebec Parental Insurance Plan

1) Is the employer obliged to impose Quebec Parental Insurance Plan contributions on a retroactive salary payment?

Yes. The total gross amount of retroactivity (except for interest payments) is subject to QPIP payments at the rate set during the year it is paid out, until the maximum insurable salary of that year has been reached (\$66 000 in 2012), the same as any other employment revenue.

2) What happens if I am receiving QPIP benefits at the moment I receive my retroactivity?

If a person qualifies for QPIP benefits during the week when retroactivity is paid, **he or she must declare this amount even though there will be no stoppage of payments in progress**. In fact, this revenue is not considered to be concurrent revenue and does not have the effect of reducing payable benefits.

3) In what case can I request that my rate of benefit be recalculated?

a. Individuals working for, or on paid leave from, the same employer which pays them retroactivity

For calculation of the benefit rate for QPIP, **the gross amount of retroactivity (not counting interest) will be fully attributed to the week when it was paid out** for all people who are working or who are on paid leave (including disability leave) by the employer who is paying the retroactivity during that week (article 23 (1) b) of Employment Insurance Regulations). **Retroactivity will therefore have no impact on benefits received while or before it is paid.** Only benefits resulting from a subsequent application for benefits could possibly be influenced by retroactivity (subject to reaching the maximum benefit rate ¹), should the week in which the retroactivity was paid be included in the 26 weeks used to calculate the rate of benefits.

Example 1:

Retroactivity payment	Week of January 13, 2013 (\$200)
Application for benefits	May 5, 2013
26 week period for calculation of benefit rate	From November 4, 2012 to May 4, 2013
Regular weekly salary	\$770
Benefit rate (70 %) without retroactivity	$(26 \text{ weeks} \times \$770) / 26 \times 70 \% = \539
Benefit rate (70 %) with retroactivity	$[(26 \text{ weeks} \times \$770) + \$200] / 26 \times 70 \% = \544.38

¹ In 2013, the maximum rates are respectively \$973 (75 %), \$908 (70 %) and \$713 (55 %).

b. Individuals whose employment affected by retroactivity has been terminated (termination of contract, retirement, etc.) or who are on leave without pay (maternity, paternity, or adoption leave) at the moment that retroactivity is paid out

In these cases, the gross amount of retroactivity (without interest) will be fully attributed to **the last week in which the individual received a regular pay** (article 23 (1.1) of Employment Insurance Regulations). If this week was included in the base period used for calculation of past QPIP benefits, or for QPIP benefit presently in progress, a recalculation of the rate of benefits might be required, unless the individual involved had already reached the maximum². **In fact, this is the only situation where an earlier or present benefit rate may be recalculated.**

Whatever the case, the employer should automatically issue a revised salary statement which includes the sum of retroactivity in the last week during which a regular salary payment was made. QPIP will proceed automatically to make a retroactive adjustment and **the individual does not have to make a request for this to happen.**

Example 2:

- Maternity leave and extension of leave without pay from December 2, 2012 to November 16, 2013
- Retroactivity payment : week of January 13, 2013

Because the individual is on maternity leave at the time when retroactivity was paid, the sum will be completely attributed to the last week in which she received a regular salary payment, which was the week of November 25, 2012. This amount will be shown on the amended salary statement which the employer issues automatically. Benefits will then be consequently revised (subject to reaching the maximum benefit rate).

² In 2012, the maximum rates were respectively \$951 (75 %), \$888 (70 %) and \$698 (55 %).