

Keeping you informed

Coronavirus and employer responsibilities around benefits and pensions

Does the company have responsibility to keep benefits active?

This depends on the employment standards legislation for your jurisdiction, as well as any terms in applicable employment contracts or collective agreements. For example, in Ontario, if benefits continue, temporary layoff provisions could be extended.

From a best practice standpoint, we encourage employers to consider their strategies and, if possible, continue benefits coverage during temporary layoffs. The goal and the hope is that business resumes quickly, but the reality is that some employers may need to temporarily cease benefits coverage to remain viable.

Another issue being raised is around co-pays, employers can pick up the employee contribution and figure out a way that's legal to have the employee pay them back when things return to normal. Alternatively some businesses are requiring employees to pay for their benefits completely if they want to continue them. Another option is for employers to extend employee life and disability coverage, as well as the employee assistance program, rather than all benefits.

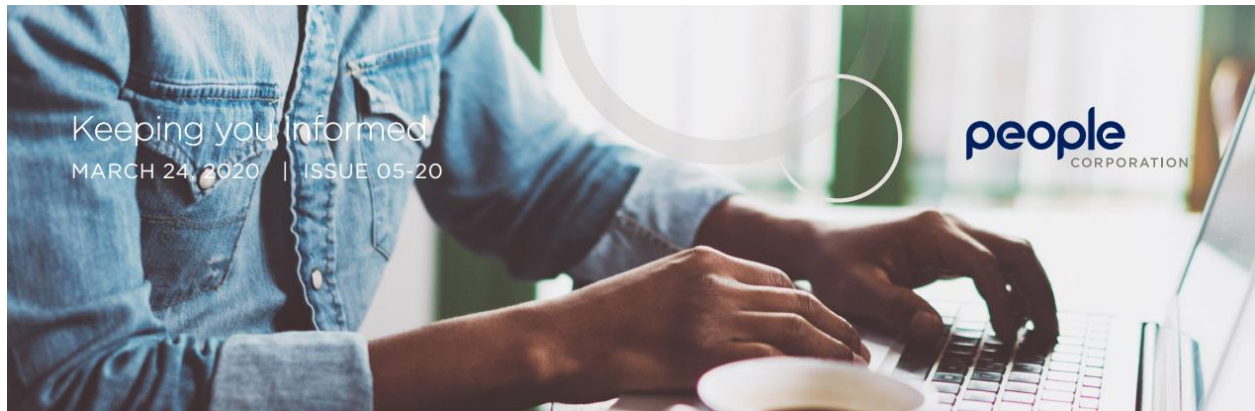
We suggest looking at your benefit structure so you are familiar with the following aspects:

- Do employees pay a portion? If so, how much?
- How much does health and dental cost the business per month?
- Will long-term disability and life insurance continue during a temporary layoff? You will likely need to call your provider and review the details of your plan.
- Could the business afford to cover 100% of the benefits today? If so, for how long?

Determine financially what is reasonable and what you can do to support your workers today while continuing operations.

Sources:

<https://www.benefitscanada.com/news/employer-responsibilities-around-benefits-pension-provision-during-coronavirus-144187>
<https://www.hrdownloads.com/blog/>



Does the company have responsibility to keep retirement benefits active?

Capital accumulation plan sponsors will have to look to their plan texts since they should cover situations like unpaid leave, temporary leave and short-term disability. They should also be looking to ensure they're on the right side of employment standards legislation because some jurisdictions are actively changing the regulations in response to the coronavirus situation. unpaid leave in instances of infectious disease, which essentially means that contributions to defined contribution plans would need to continue if the member is at least making the contributions that are required of them.

All CAP sponsors should be communicating a message of reassurance to their members in the wake of market turmoil caused by the spread of the virus. Remind people that, historically, markets have rebounded reasonable quickly. If your perspective is 20 to 60 years, waiting one or two years for recovery is not necessarily the end of the world.

Business Planning Tips

I need to temporarily lay off employees

- Develop a communication strategy to ensure that employees are aware of business changes and that you can remain in contact with them during this time.
- Review employment contracts and jurisdictional requirements, keeping in mind that we are currently operating in an unplanned emergency situation, so normal practices may not apply the same way.
- Determine whether you will continue to provide health and dental benefits during the temporary layoff. If possible, it is encouraged to continue to provide these benefits
- Contact your benefits provider to see how life, long-term disability, and other insurance will be affected during a temporary layoff.
- It is not necessary to pay out vacation accounts during a temporary layoff. As a best practice suggestion, you may want to let employees know what is available within their account, so that they can request to use vacation before the temporary layoff.

- Prepare a Record of Employment for each affected employee.
 - Use Code A: Shortage of Work; and
 - Select Unknown for return-to-work date.

Some of my employees are under quarantine or self-isolation requirements.

- In these cases, the business should consider any affected employee to be on sick leave.
- Let the employee to use any available paid sick leave.
- If paid sick leave is unavailable, issue a Record of Employment (ROE) to those employees.
 - Use Code D: Illness; and
 - Within comment include “employee is under quarantine or self-isolation.”
- Benefits need to remain active and in place during sick leaves.
- Develop check-ins with the employee. Keep them informed on changes within the business.
- If a temporary layoff is necessary after the period of quarantine or self-isolation, an amended ROE will need to be issued changing the reason.

What are some creative strategies to consider? I want to help my employees.

- Consider offering a small salary advance to employees who will be temporarily laid off, with the written agreement that upon return to work they will repay the advance through payroll deduction.
- Consider offering voluntary temporary layoffs if your business isn’t considering laying off all employees. This option may enable employees to collect Employment Insurance during a time when they are not comfortable coming into work.
- Consider talking to employees about reduced hours or job-sharing, so that more employees remain employed with a flow of income during this time.

Whatever temporary strategy a plan sponsor is implementing, it’s important they provide clear communications and good documentation confirming both the details and that the arrangement is temporary to avoid any misunderstandings and misinterpretations down the road. We are here to help navigate these uncertain times.

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