

Great-West Life
your Benefits Solutions People

GroupLine

News and updates
for advisors and
plan sponsors



Employment termination and group insurance coverage

This GroupLine is a revised version of GroupLine 07-02. Previous versions also include 05-21, 02-11 and 97-4.

Group coverage: when active employees are terminated

It is important that the correct group insurance termination date is applied when an employee's employment terminates.

Under a standard Great-West Life contract, an employee's group insurance coverage ends on the date the employee-employer relationship ends.

For an employee actively at work (i.e. not on a leave of absence or laid off), termination usually occurs on the last day worked.

Termination pay

For the purpose of administering your Great-West contract, the term termination pay is used to refer to salary paid in lieu of notice for the statutory notice period. (Please refer to the attached statutory notice chart.) Termination pay also includes vacation pay, salary and/or overtime pay owed to the employee at the time of termination.

If a terminated employee receives termination pay, his or her benefit coverage still ends on the last day worked, unless the employee works in Ontario or the Northwest Territories. In these jurisdictions, benefit coverage ends on the last day of the statutory notice period that would have been required if salary had not been given in lieu of notice. (Please refer to the attached statutory notice chart.)

For example, an employee working in Ontario or the Northwest Territories who has one year of service is entitled to two weeks of statutory notice of termination. If salary is paid in lieu of notice, coverage continues until the end of the two-week period. In all other jurisdictions, coverage ends on the last day worked.

Severance agreement

Severance agreements differ from employment contracts. Once the employee-employer relationship ends, the insured no longer meets the definition of an insurable employee, and is no longer covered by the group insurance contract.

There may be situations in which a plan sponsor wishes to extend coverage for certain benefits beyond the usual benefit termination date, as part of a severance agreement.

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Under certain circumstances, Great-West will consider extending coverage for basic life and AD&D (up to \$250,000), dependant life, healthcare and dental care for a limited period of time, providing the extension applies to all employees in similar circumstances.

Short-term disability, long-term disability and elective benefits such as optional life cannot be extended.

If you are considering extending benefit coverage as part of a severance agreement, please contact your Great-West group representative before offering it to the employee. Your representative can then determine which benefits can be extended and for what length of time, as well as the cost involved.

For more information

For more information about termination of coverage or to extend coverage under a severance agreement, please contact your benefits advisor or Great-West group representative.

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Canadian employment standards

The following general information on Canadian employment standards is provided for your reference.

Federal and provincial or territorial jurisdiction

All jurisdictions in Canada have employment regulations that dictate the minimum standards that employers and employees must follow in cases of employment termination.

Industries governed by the *Canada Labour Code* fall under federal jurisdiction. All other industries are subject to the provincial or territorial jurisdiction where the employee works, regardless of where the employer is located.

Notice period

Each jurisdiction specifies the minimum period of time an employer must provide to an employee as reasonable notice of their termination. The notice periods required by regulation are outlined in the attached statutory notice chart.

The following exceptions apply to each jurisdiction:

- Employment contracts and collective bargaining agreements override the regulations.
- Notice requirements differ if a large group of employees is being terminated at the same time.
- Notice requirements do not apply in cases of dismissal with just cause.
- Certain types of employees, doctors, lawyers, and dentists may be exempt from employment standards regulations.
- Certain types of employees, although covered by the regulations, may be excluded from the notice of requirements (e.g. term or seasonal employees and construction workers).
- Employees, whose length of service is less than the minimum period required to qualify for entitlement to notice (as defined by each jurisdiction), are not entitled to notice.

Extended period of notice

In certain situations, employers may be required to provide a longer notice of termination than the required statutory notice. For example:

- Terms of a collective agreement.
- Terms of an employment contract.
- Common-law concept of reasonable notice. In specific cases, the courts take into account many factors to determine reasonable notice, including:
 - Employee's length of service and level of responsibility
 - State of the job market
 - Employer's past practices
 - Prevailing practice in an industry

There may be a considerable difference between the statutory notice period and the extended notice period applicable to a specific case. Contact your local employment standards branch for information or legal advice on specific situations.

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Termination pay

All jurisdictions require employers to provide termination pay.

Severance pay

There are three circumstances in which an employer may be required to provide severance pay.

- If an employee is entitled to a notice period that exceeds the statutory period, and notice is not provided, the employee may be entitled to severance pay.
- In the federal jurisdiction, an employee who has been employed for one year or more is entitled to severance pay of either two days' pay for each year of work or five days' pay, whichever is greater.
- In the Ontario jurisdiction, an employee with five or more years of service is entitled to severance pay if:
 - the employer has a payroll in Ontario of at least \$2.5M, or
 - 50 or more employees are terminated within a six-month period because all or part of the business closed.

In this jurisdiction, an employee can receive up to 26 weeks of severance pay.

For information on how to calculate severance pay for Ontario workers, contact your local employment standards branch.



Statutory Notice Period

Jurisdiction	Length of Service	Statutory Notice Period
Federal	More than three months	Two weeks
Alberta	More than three months, but less than two years	One week
	Two years but less than four years	Two weeks
	Four years but less than six years	Four weeks
	Six years but less than eight years	Five weeks
	Eight years but less than 10 years	Six weeks
	10 years or more	Eight weeks
British Columbia	Three months but less than 12 months	One week
	12 months but less than three years	Two weeks
	Three years but less than four years	Three weeks
	Four years or more	One additional week for each subsequent year, up to eight weeks
Manitoba	At least 30 days but less than one year	One week
	One year but less than three years	Two weeks
	Three years but less than five years	Four weeks
	Five years but less than 10 years	Six weeks
	10 years or more	Eight weeks
New Brunswick	Six months but less than five years	Two weeks
	Five years or more	Four weeks
Newfoundland & Labrador	Three months but less than two years	One week
	Two years but less than five years	Two weeks
	Five years but less than 10 years	Three weeks
	10 years but less than 15 years	Four weeks
	15 years or more	Six weeks
Northwest Territories/ Nunavut	90 days but less than three years	Two weeks
	Three years or more	One additional week for each subsequent year, up to eight weeks
Nova Scotia	Three months but less than two years	One week
	Two years but less than five years	Two weeks
	Five years but less than 10 years	Four weeks
	10 years or more	Eight weeks
Ontario	Three months but less than one year	One week
	One year but less than three years	Two weeks
	Three years or more	One additional week for each subsequent year, up to eight weeks
Prince Edward Island	Six months but less than five years	Two weeks
	Five years but less than 10 years	Four weeks
	10 years but less than 15 years	Six weeks
	15 years or more	Eight weeks
Quebec	Three months but less than one year	One week
	One year but less than five years	Two weeks
	Five years but less than 10 years	Four weeks
	10 years or more	Eight weeks
Saskatchewan	Three months but less than one year	One week
	One year but less than three years	Two weeks
	Three years but less than five years	Four weeks
	Five years but less than 10 years	Six weeks
	10 years or more	Eight weeks
Yukon	Six months but less than one year	One week
	One year but less than three years	Two weeks
	Three years or more	One additional week for each subsequent year, up to eight weeks

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