

2020-2021 lump sums, salary retroactivity from April 1, 2020, and QPIP

Note: The following information applies as much to the lump sums for the periods from April 1, 2019, to March 31, 2020, and from April 1, 2020, to March 31, 2021, as to the retroactive salary increases,¹ no matter if those amounts were received at the same time or over multiple different paycheques.

1) What happens if I receive QPIP benefits when I receive the two lump sums and the April 1, 2020 retroactive increase?

If a person qualifies for QPIP benefits during the week when one or the other lump sums and the retroactivity are paid, **there will be no cut on their ongoing benefits**. Indeed, those revenues are not considered remuneration and **thus do not lead to a reduction of the payable benefits**. The person must still declare the lump sum and retroactivity to the QPIP, **indicating that it is a retroactive salary adjustment**.

2) Will the QPIP benefits that I receive, or that I received in previous years, be recalculated?

- a. Person working or in a paid leave at the moment the lump sum and retroactivity are paid, from the same employer

For the purpose of calculating the QPIP benefit rate, **the lump sums and retroactivity will be fully allocated to the week when they are paid** for all persons working or on paid leave (including a disability period) with the same employer from which those amounts come (paragraph 23(1)(b) of the *Employment Insurance Regulations*). **Thus, those amounts will have no impact on previously received benefits**. Only the benefits following a subsequent benefits application may potentially be influenced by the lump sum and retroactivity (subject to reaching the maximum amount of benefits²), if the week of payment is included in the 26 weeks used for the calculation of the benefit rate.

¹ Must be included in the retroactive salary increases: the intersectoral agreement (2% on April 1, 2020, and 2% on April 1, 2021), some sectoral agreements, if applicable, and the pay equity salary retroaction.

² In 2021, the maximum rates are, respectively: \$1,204 (75%), \$1,124 (70%) and \$883 (55%). In 2022, those rates will be approximately \$1,276 (75%), \$1,191 (70%) and \$936 (55%). The maximum eligible earnings for the calculation of the QPIP for 2022 will be confirmed in October 2021.

Example 1:

Lump sum and retroactivity payment	Week of February 20, 2022 (\$600)
Benefits application	April 3, 2022
26-week period for the benefit rate calculation	From October 3, 2021, to April 2, 2022
Usual weekly wages	\$800
Parental benefit rate (55%) without lump sum and retroactivity	$((26 \text{ weeks} \times \$800) / 26) \times 55\% = \440
Parental benefit rate (55%) with lump sum and retroactivity	$(((26 \text{ weeks} \times \$800) + \$600) / 26) \times 55\% = \452

- b. Person whose job targeted by the retroactivity has ended (end of contract, retirement, etc.) or who is on leave without pay or maternity, paternity or adoption leave provided in the collective agreement at the time the lump sums and retroactivity are paid.

In these cases, the lump sums and retroactivity will be fully allocated to the **last week when the person received regular wages from the employer paying these amounts** (subsection 23(1.1) of the *Employment Insurance Regulations*). If that week was included in the period used in the benefit rate calculation of a previous or current QPIP benefit period, there could be a new calculation of that rate, unless the person was already receiving the maximum.³

If so, the employer must issue an amended employment record that will include the lump sum and retroactivity on the last week when regular wages were paid. That new employment record will then be transmitted to the QPIP by exchange of information between the two organizations. Following the reception of the amended employment record, the QPIP will proceed to a new benefit rate calculation and will pay the corresponding retroactive amounts, without any other action required.

Example 2:

- Maternity leave from August 29, 2021, to January 22, 2022
- Extension of the leave without pay starting on January 23, 2022, and still ongoing at the time the lump sum and retroactivity are paid

Since the person is on leave without pay when the lump sum and retroactivity are paid, these amounts will be fully allocated to the last week when the person received regular wages, which is the week of August 23, 2021. That amount will have to be noted on an

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amended employment record produced by their employer. These benefits will then be recalculated accordingly if the person's benefit rate was below the maximum.⁴

3) Can the lump sum increase the benefits received from the employer during maternity, paternity or adoption leave?

No. Benefits received from the employer during those leaves are calculated according to the basic remuneration. Lump sums are not part of the basic remuneration.

4) Can the salary increase retroactive to April 1, 2020 increase the benefits received from the employer during maternity, paternity or adoption leave?

Yes. Starting on the date of the collective agreement's signature, the employer will be able to adjust the benefits to take into account the 2% increase from April 1, 2020, and the 2% increase from April 1, 2021.

5) If I am eligible to an increase of my QPIP benefit rate, can the employer ask for a refund of part of the benefits they paid me during my maternity, paternity or adoption leave?

Yes. The QPIP benefit rate increase for the weeks included in a maternity, paternity or adoption leave during which a person received benefits can be claimed by the employer.

Do not hesitate to contact us for more information.

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