

2010 Forecast (Ontario)

A Resource for CME Members in Ontario

To assist members to prepare and budget for 2010, we are providing the following forecast.

CANADA PENSION PLAN	2009	2010
Yearly Maximum Pensionable Earnings	\$46,300.00	\$47,200.00
Employee/Employer Contribution (each)	4.95%	4.95%
Basic Exemption	\$3,500.00	\$3,500.00
Maximum Earnings on which Contributions are based on	\$42,800.00	\$43,700.00
Maximum Employer/Employee Contributions (each)	\$2118.60	\$2,163.15
EMPLOYER HEALTH TAX	1.95%	1.95%
There is no EHT on the first \$400,000 of payroll.		
PRIME LENDING RATE	2.25% ¹	2.75%
INFLATION (Canada, CPI)²	1.0%	1.6%
INFLATION (Ontario, CPI)²	0.4%	1.7%
CANADIAN DOLLAR	US\$ 0.9667 ¹	US\$ 0.95 ²
REAL GDP (Ontario)²	-3.1%	2.1%
REAL GDP (Canada)⁴	-2.3%	3.0%
REAL GDP (United States)⁴	-2.4%	1.4%
MINIMUM WAGE (General)	\$9.50	\$10.25 ⁵

¹ Current rate as of October 16, 2009

² Weighted average of major Canadian banks' latest revised forecasts

³ Fourth quarter forecast

⁴ Bank of Canada – July Monetary Policy Report

⁵ New rate taking effect March 31, 2010

INSURANCE BENEFIT COSTS

* "Many factors contribute to the continuing rising cost of employee benefits, especially group health coverage. As our population ages, the demand for health services also increases. The rise in benefit usage and cost is also a result of an earlier detection and prevention focus, new therapies for previous untreated diseases, increased rate of high treatment cost diseases such as HIV/AIDS, multiple sclerosis, and cancer, increasing proportion of healthcare covered by your employer versus the government, and general inflation.

Overall health care trends are decreasing slightly. We are seeing a continued lowering of the drug claim cost trend, to around the low double digit mark (10%-11%), which accounts for the lion's share of the overall health trend. The rate of growth in the pharmaceutical industry has cooled off, while more and more brand drugs are coming off patent, resulting in the highest generic penetration rates across Canada. These factors mean lower overall drug claim costs than in recent years.

Dental trends increase in a more predictable nature given the standard dental fee guides being used in each province as the method calculating reasonable and customary reimbursement every year. Dental trends are expected to be in the 8% range with the trend driven primarily by increased utilization.

Given the persistent double digit increases in benefit costs, employers are looking for innovative ways in developing and implementing a sustainable, comprehensive health strategy and benefit program that fits within, and is reflective of, their total compensation and human resources strategy. Traditional short-term focused program plan design fixes alone, will not support the containment of future cost increases. An innovative and integrated approach to benefit plan management is critical".

* Provided by Tripemco Burlington Insurance Group Limited

WORKPLACE SAFETY AND INSURANCE BOARD (WSIB)

The WSIB's average premium rate will remain unchanged from the 2009 rate, and will be \$2.26 per \$100 of insurable earnings for 2010. The WSIB **maximum insurable earnings ceiling** for 2010 is \$77,600. This is an increase of 4 per cent from \$74,600 in 2009.

<http://www.wsib.on.ca/wsib/wsibsite.nsf/Public/premiumrates2010>

EMPLOYMENT INSURANCE

	2009	2010
Employee Contribution (per \$100)	1.73	1.73
Employer Contribution (per \$100)	2.42	2.42
Maximum Yearly Insurable Earnings (MYIE)	\$42,300.00	\$43,200.00
Maximum Yearly Employee Contribution	\$732.79	\$747.36
Maximum Yearly Employers Contribution	\$1,028.00	\$1,046.30

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