Overview of Québec Parental Insurance Plan

July 13th 2018

15th Annual Seminar
International Network of Leave Policies and Research
Purpose of the plan

• Provide income replacement for parents who are taking time off work to care for a child. This income replacement helps them stay financially secure, facilitate family-work balance and maintain employment link

• Not aim to encourage childbearing
A social movement

1990: Foundation of the Grouping for a Québec Parental Insurance Plan (GQPIP) composed of unions and community groups

Claims of the GQPIP:

- Implementation of a Québec Parental Insurance Plan (QPIP)
- Better access to maternity/paternity/parental leave benefits:
  - Reduction of eligibility criteria
  - Make self-employed eligible
- Improvement of maternity/paternity/parental leave benefits:
  - Abolition of the waiting period
  - Longer duration of benefits
  - Benefit weeks reserved to fathers
  - Higher replacement rate

1996: Summit on Economy and Employment held by the Government of Québec
Path leading to QPIP

March 1997: Beginning of the negotiations between the government of Québec and the government of Canada about the QPIP

June 2000: Deposit of Bill 140 about the QPIP at the Assemblée Nationale

December 2000: Increase from 10 to 35 weeks of parental leave benefits allowed by Employment Insurance (15 weeks of maternity leave remained)

February 2005: Signature of the Canada-Québec final agreement on the QPIP

June 2005: Adoption of modifications to Bill 140 adopted in 2001

January 2006: Entry into force of the QPIP
A glance at the QPIP

Main eligibility criterions
- Be resident of the province of Québec
- Have labor income of at least $2,000 during the reference period (last 12 months in general)
- Have stopped working or seen a reduction of at least 40% in labor income

<table>
<thead>
<tr>
<th>Type of benefit</th>
<th>Basic Plan</th>
<th>Special Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of weeks</td>
<td>Replacement rate</td>
</tr>
<tr>
<td>Maternity</td>
<td>18</td>
<td>70%</td>
</tr>
<tr>
<td>Paternity</td>
<td>5</td>
<td>70%</td>
</tr>
<tr>
<td>Parental</td>
<td>7</td>
<td>70%</td>
</tr>
<tr>
<td></td>
<td>+ 25</td>
<td>55%</td>
</tr>
<tr>
<td>Adoption</td>
<td>12</td>
<td>70%</td>
</tr>
<tr>
<td></td>
<td>+ 25</td>
<td>55%</td>
</tr>
</tbody>
</table>
Some interesting facts

From 2006 to 2017...
- Nearly 1.5 million people benefited from the QPIP to care for some 900,000 children
- More than 20 billion dollars were paid in benefits

Mostly middle-class families
- Average insurable earnings:
  - Around $ 41,000 for women
  - Around $ 51,000 for men

QPIP participation rate of 88%, up since 2006
- In 69% of the cases, both parents claim benefits
- In 20% of the cases, only the mother claims benefits
- In 11% of the cases, only the father claims benefits

Overall benefit weeks utilization rate of 95%
- 97% on the basic plan
- 91% on the special plan

The great favorite of QPIP beneficiaries: the basic plan
- In 74% of the events covered, the basic plan is chosen
- Self-employed workers, however, prefer the special plan at 57%
An objective appraisal

- Allowed releasing robust and unpublished findings
- Associated university researchers from the province of Québec and elsewhere:
  - Andrea Doucet
  - Guy Lacroix
  - Sophie Mathieu
  - Lindsey McKay
  - Erin M. Rehel
  - Diane-Gabrielle Tremblay
  - Annick Vallière
  - And others
- Based on recent scientific publications
- Enriched by two original studies commissioned by the CGAP
Impacts of the QPIP

The arrival of the QPIP had an impact on the behaviour of:

• mothers:
  o A significant increase in mothers’ participation since 2005 (12pp in 2006; 17pp in 2010 and 17pp in 2015)
  o Greater impact on mothers in low-income households

• fathers:
  o A tremendous increase in fathers’ participation since 2005 (21pp in 2006; 50pp in 2010 and 58pp in 2015)
  o Smaller impact on fathers in low-income households

QPIP have allowed mothers to increase their labor income of 2.3% more on average during the 5 years following childbirth
Correlation between QPIP participation rate and parents’ labor income

Correlation between benefit duration and parents’ labor income

Participation rate (%)

Benefit duration (week)

Income level

Mothers

Fathers
Births

• The increase in births observed since 2006 can be attributed to many variables involved in the decision of having a child
• QPIP had a positive, albeit small, effect on fertility (closer births)
• Still early to determine whether the QPIP had or not an effect on the total number of children a woman will have in her lifetime
Concluding remarks

- The QPIP is the result of a long process having involved all parts of society
- Benefits reserved to fathers
- Two types of plan for families:
  - A longer plan (55 weeks) with a lower replacement rate (31 weeks at 70% and 26 weeks at 55%)
  - A shorter plan (43 weeks) with a higher replacement rate (75%)
- High participation rate for mothers (89%) and fathers (80%)
- Participation rate and QPIP’s impact vary according to income level
- Small impact on fertility rate in the short run