Human Resources Legislative Update

Federal Government Tables Budget 2012

Date: March 30, 2012

On March 29, 2012, the federal government tabled its 2012 Budget, *Economic Action Plan 2012 – A Plan for Jobs, Growth and Long-Term Prosperity.* Among other things, the Budget includes the following proposals:

- a requirement that federally regulated private sector employers insure the long-term disability plans they offer to employees;
- tax changes in respect of employer contributions made to group sickness or accident insurance plans;
- a reduction of the federal public service by 19,200 jobs, taking into account attrition through retirement or voluntary departures;
- continued elimination of severance benefits in case of voluntary severance and retirement;
- amendments to the Public Service Pension Plan such that employees bear 50% of the contribution costs over time;
- changes to the eligibility age for Old Age Security and Guaranteed Income Security benefits;
- new rules regarding the Retirement Compensation Arrangements; and
- various initiatives relating to innovation, research and development and tax reform measures.

For more information on the federal Budget 2012, see our *FTR Now, Federal Budget 2012 – Highlights for Employers*.