

Tens of thousands of Canadian parents opting for 18-month parental leave ^[1]

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EXCERPTS

It's been nearly one year since Canadian residents have had the option of taking up to 18 months of parental leave, instead of only 12 months.

From Dec. 3, 2017 to Sept. 8, 2018, there were about 22,000 claims for the new extended parental benefits option, according to data provided by the federal government.

To help put that in perspective, there were about 195,000 employment insurance (EI) parental claims in Canada from 2016 to 2017. The number excludes Quebec, which has its own parental program. More information about the Quebec Parental Insurance Plan can be found online.

Justine Mageau and her husband opted to take an extended leave from work with their second child. Mageau wanted to be home for a year and her husband also wanted to take parental leave, so they decided to share the first four months.

"When I was recovering from childbirth, I had my husband home every day to help with both of the kids.

"I can't imagine having to do that alone."

Mageau said her family was only able to make it work thanks to her employer top up.

"I was really fortunate to receive a top up from my employer. So that allowed us the financial capability to have some overlap," she said.

"Without that top up, I don't think we would have been able to manage because having two people on EI, it's pretty hard to meet your basic monthly payments."

Under both options, birth moms and surrogates are eligible for 15 weeks of maternity benefits, with federal EI providing them with 55 per cent of their average weekly salary (up to a maximum \$547 a week).

After those 15 weeks of maternity leave, any parent or caregiver (adoptive or birth) opting for the 12-month system can take 35 additional weeks of parental leave. The government will provide 55 per cent of their average weekly earnings during that time, up to \$547 a week.

For those taking 18 months, the maternity benefits are the same. But once those 15 weeks are up and you switch over to parental benefits, the government will pay out just 33 per cent of the average weekly salary (to a maximum of \$328 per week) over the longer time span of 61 weeks.

So for example, a mother receiving the maximum amount of EI, will received \$27,350 over the span of 12 months or \$28,213 over 18 months.

What should parents consider?

While taking the extra time may sound enticing, parents need to remember they'll be receiving less of an allowance from the government.

"Parents need to have a little more planning in place because often times they don't realize that the benefits don't last the full 18 months. They reduce substantially," said Amy Dietz- Graham, a portfolio manager and investment advisor with BMO.

"So it's figuring out, can you afford it?

Dietz- Graham said planning and modeling a budget is key. She said not only do parents need to consider start-up costs for having a baby, but they also need to consider costs such as life insurance and the creation of a will.

"These are costs some people forget about. But they're really, really important."

She said from a personal standpoint, parents need to decide whether they want to be away from work for an extended period of time.

“I know some people say: ‘I’m going to be away from work for that long — it is a challenge.’ It’s being out of the loop for 18 months.”

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