

Winter 2009

The recent increase in unemployment has resulted in many families facing a financial crisis. The federal government provides a “safety net” in the form of employment insurance to assist individuals as they transition between jobs. However, an analysis of the current system suggests that professional and middle class families that have paid into the system for years may be disappointed if they believe this program will fund their period of unemployment.

In this edition of the Canadian Financial Planner, we shall provide an overview of the benefits provided by Employment Insurance and outline why it may not meet the needs of many middle income Canadians. The current system appears to be designed for lower income Canadians who are frequently between jobs. For example, if an individual is a landscaper or fisherman who does not work in the winter, the program provides an adequate safety net. However, for individuals that have paid into the fund for years and never made a claim, they may find the benefits totally inadequate if they suddenly lose their source of employment income.

Benefits Provided by the EI Program

EI has five distinct programs to provide financial support for Canadians. These are:

Unemployment Benefits – These are available to individuals who lose their jobs through no fault of their own and are available to work, but cannot find a job.

Parental and Maternity Benefits – This component provides financial assistance to individuals who are pregnant, caring for a newborn child or in the process of adoption.

Sickness Benefits – This program provides assistance to individuals who are unable to work because of sickness or injury.

Compassionate Care Benefits – Financial assistance is available to individuals who provide care to gravely ill family members.

Training – EI supports the retraining of individuals who have lost their job.

We shall provide a brief overview of these programs, but there are numerous exceptions, so our overview will be general in nature.

Unemployment Benefits - The country is divided into 54 regions and the rate of unemployment in each region determines the number of hours that must be worked before being eligible to claim benefits. The following chart outlines the formula that determines the amount of hours that must be worked:

Regional rate of unemployment	Required number of hours of insurable employment in the last 52 weeks
0% to 6%	700 hours
6.1% to 7%	665 hours
7.1% to 8%	630 hours
8.1% to 9%	595 hours
9.1% to 10%	560 hours
10.1% to 11%	525 hours
11.1% to 12%	490 hours
12.1% to 13%	455 hours
13.1% and over	420 hours

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