



## Update on changes to the Employment Insurance reduction of the waiting period

The Employment Insurance (EI) waiting period is the unpaid period of time that must be served before a claimant can begin to receive EI benefits. It has been set at two weeks since the program's inception.

The 2016 Federal Budget released earlier this year proposed a legislative change to the EI program that may impact disability coverage on group insurance plans. The proposal was to **reduce the waiting period for EI benefits from two weeks to one week**. The proposal has since been passed with an effective date of January 1, 2017 (see information letter at the end of this memo).

Currently, the total payment period is 17 weeks, including a 2-week waiting period (during which no paid benefit is issued) and 15 weeks of paid benefit.

As of **January 1<sup>st</sup>, 2017**, the total payment period will consist of a 1-week waiting period (during which no paid benefit is issued) and 15 weeks of paid benefit. This means that the total benefit period will become 16 weeks.

Please note the number of weeks of paid benefit is **not changing** and remains at 15 weeks.

### How will this change affect your group insurance plan?

- Short term disability plans qualified under the EI Premium Reduction Program (**PRP**) with waiting periods greater than seven days will need to reduce their waiting period to seven days or less in order to continue to qualify under the PRP program and preserve any EI premium reduction they are receiving.
- This modification could also have an impact on long term disability (**LTD**) plans. Indeed, some plan sponsors will have to consider if a change to the LTD elimination period is required to avoid a gap between the short term disability benefits (or EI sickness benefits) and LTD.

### Transition period and communication

Service Canada (EI) has indicated that plan sponsors will benefit from a period of transition to make any needed adjustments so that existing plans can continue to comply with the PRP requirements.

During this transition period, Group Censeo will present in the context of the group insurance renewals of their clients, the impacts (if there are any) of these changes and if needed will propose the necessary adjustments.

For more information, do not hesitate to communicate with your advisor.

## Important Message for Employers

### **Subject: Employment Insurance waiting period will drop from two weeks to one week**

Effective January 1, 2017, the waiting period for Employment Insurance claims will drop from two weeks to one week. The modification is based on legislative changes to the *Employment Insurance Act*, following the *Budget Implementation Act, 2016, No. 1*, which received royal assent on June 22, 2016. Changes to the *Employment Insurance Regulations* are also expected as a result of this legislative change.

Due to the change to the duration of the waiting period for EI claims, a proposal has been made to amend the waiting period requirement for payment of short-term disability benefits for participants in the Premium Reduction Program, to a maximum of seven days.

If the proposal is approved, qualifying plans with a waiting period of more than seven days would be affected. To lessen the potential impact on employers, the Government is exploring transitional measures that would give employers time to adjust their qualifying plans.

If these changes are made and you have a qualifying plan with a waiting period that is more than seven days, a representative from the Premium Reduction Program will send you a letter in January 2017 to explain the transitional measures.

Any changes to the Premium Reduction Program in 2017 will appear online at [Canada.ca/EI-premium-reduction](http://Canada.ca/EI-premium-reduction).