

Update on changes to the Employment Insurance waiting period

Background/Context

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 and serves as a deductible, similar to private insurance.

What's changing?

The 2016 Federal Budget released earlier this year proposed a legislative change to the EI program that may impact disability coverage on 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.

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.

With this change, 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 payment 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 impact disability coverage?

While we are still assessing the impacts this change will have on disability coverage, we expect the following impacts:

- Plans registered with the EI Premium Reduction Program will have to reduce the waiting period for Weekly Indemnity (WI) and/or Short-Term Disability (STD) benefits from two weeks to one week in order to preserve any EI premium reduction they are receiving.
- Plans that integrate the expiry of EI benefits or EI-equivalent STD or WI benefits with a privately-sponsored long-term disability (LTD) benefit will be affected.

Transition period

Through the Canadian Life and Health Insurance Association (CLHIA), we learned that employers impacted by this change will be provided with a transition period to allow time to make the necessary amendments to their plans. During the transition period, plans will continue to qualify for the EI Premium Reduction Program. The federal government has not yet confirmed a specific time period for this transitional period but we will communicate once these details are provided.

While we monitor any development with this legislative change, Sun Life is continuing to review the impact on the various types of disability coverage plans we offer. We will keep you informed as work progresses.

Questions?

Contact your Sun Life Financial group benefits representative.