

Behind the Counter

Changes to the Employment Insurance Program (EI) for the self employed

This is a legislative change that has yet to be passed by parliament but is scheduled to be in effect beginning in January 2011. This amendment to the Employment Insurance Act had its first reading on November 3, 2009.

The reason that I am writing about this now is that if a self employed person registers in January 2010, their EI claims could start as early as January 2011 depending on whether the legislation has been passed as of that date.

There will be four types of benefits that will be available to persons who are self employed. They are maternity benefits, parental/adoptive benefits, sickness benefits and compassionate care benefits. These benefits are the same or similar to those currently available for salaried employees. This kind of EI will not cover you if your self employment venture is not income producing and you are finding yourself out of work.

Maternity benefits will be up to 15 weeks in length and can start up to 8 weeks before the birth date. Parental/adoptive benefits are available for 35 weeks and may be taken by either parent or shared between them and be used for caring for a newborn or a newly adopted child. Sickness benefits will be paid to a person who is unable to work because of sickness, injury or quarantine for up to 15 weeks. Compassionate care has a 6 week maximum for persons that are required to be away from work to care for a family member that has a risk of death from their current health condition.

Here are the qualifications:

The definition of a self employed person would be one who is engaged in a business or employed by a business owning more than 40% of the voting shares of the corporation. The self employed person must be a Canadian citizen or a permanent resident of Canada. The self employed person would need to register and pay premiums into the plan at least one calendar year before receiving benefits. To qualify for benefits, the self employed person must have earned a minimum of \$6000 in the preceding calendar year. The self employed person would pay the same amount of premium that a salaried employee would pay under the current plan which is \$1.73 per \$100 of insurable earnings up to a maximum of \$747 for the 2010 year. The self employed person would not be required to pay the employer portion of the premium. These rates have stayed at the same level as they were in 2008 and 2009, but may increase for 2011 based on the use of a new breakeven formula being developed by the federal government. This payment will be due to be paid on April 30th, 2011 or March 15th, 2011 if you make installment payments. The self employed person is required to file a return of self employment earnings for the year and estimate the premiums that will need to be paid.

In order to access these special benefits you will need to enter into an agreement with Service Canada starting January 31, 2010. You can register using the My Service Canada Account through the internet. If you register for benefits between January 31 and April 1, 2010, you will be able to make a claim for

special benefits as early as January 2011. If you register after April 1, 2010, you will be required to wait 12 months before you can make a claim.

What if you pay in and want to stop paying? You can only back out of the program if you have never received any benefits, otherwise you will be required to continue to pay premiums until you cease to be self employed.

For more information please refer to the Service Canada site at http://www.servicecanada.gc.ca/eng/sc/ei/self_employed_workers.shtml

I and my staff wish you all a prosperous and happy 2010!!

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