

Changes to Employment Insurance and New Canada Recovery Benefits: Q&A

August 25, 2020

On August 20, the federal government announced that eligibility for the Canada Emergency Response Benefit (CERB) would be extended until September 26. However, after that date, Canadians currently receiving the CERB or in need of assistance will transition to Employment Insurance or to one of three new benefits. In order to increase access to Employment Insurance, the government has also announced temporary reforms to EI.

If I am receiving the CERB, what will happen to my benefits on September 27?

If you are receiving the CERB, your last four-week benefit period will be from August 30 to September 26. Beginning September 27, you will transition to either Employment Insurance benefits (regular, sickness, or caregiver) or you may be eligible for one of three new benefits: the Canada Recovery Benefit, the Canada Recovery Sickness Benefit, or the Canada Recovery Caregiving Benefit.

Who will now be eligible for EI benefits?

In order to qualify for EI regular benefits, EI sickness benefits, or EI caregiver benefits, workers must have 120 hours of insurable employment in the past 52 weeks or since their last EI claim. You must be available and looking for work and willing to accept reasonable job offers. Your application requires a Record of Employment from your employer and your ROE must not say that you quit your job voluntarily.

What if I am not eligible for EI benefits?

If you are not eligible for EI benefits, you may be eligible for one of three new benefits:

- **The Canada Recovery Benefit:** This benefit is available to workers who had employment or self-employment income of at least \$5,000 in either 2019 or 2020. You must have stopped working or had your hours reduced due to the COVID-19 pandemic, but you must be available and looking for work.
- **The Canada Recovery Sickness Benefit:** This benefit is available to workers who are ill or must self-isolate. You must have had employment or self-employment income of at least \$5,000 in either 2019 or 2020 and you must have missed a minimum of 60% of your scheduled work week. You cannot be receiving any other form of paid sick leave.
- **The Canada Caregiving Benefit:** This benefit is available to workers who had employment or self-employment income of at least \$5,000 in either 2019 or 2020. You must have missed a minimum of 60% of your scheduled work week due to the need to care for a dependent, whose school or childcare facility is closed or whose normal caregiver is unavailable. If the child's normal care options are available, a medical note is required to certify that the child cannot attend.

Who is not covered by EI or by one of the new benefits?

Workers with less than \$5,000 in employment income or who are not currently available for work are not eligible for EI regular benefits or for the Canada Recovery Benefit (CRB). Furthermore, workers who stopped working for a reason not related to the COVID-19 pandemic are not eligible for the CRB. This means that students and workers who were already unemployed prior to the pandemic are not eligible.

Parents of children whose school or child care facility is open and who do not have a note from a medical professional certifying that their child is ill or at high risk of illness are not eligible for EI caregiver benefits or the Canada Recovery Caregiving Benefit.

If I am already receiving the CERB, do I need to apply for EI?

If you applied for the CERB through Service Canada, your application should be automatically transferred to EI and you do not need to reapply again. If you applied for the CERB through the Canada Revenue Agency, you will need to apply for EI through Service Canada:

<https://www.canada.ca/en/services/benefits/ei/ei-regular-benefit/apply.html>.

If I am already receiving the CERB, do I need to apply for one of the new Canada Recovery Benefits?

The new Canada Recovery Benefits must be applied for retroactively (after the time period covered has passed) so you will need to submit applications for these benefits even if you have received the CERB.

How do I apply for one of the new benefits?

Applications for the new Canada Recovery Benefits will be accepted through the Canada Revenue Agency beginning in October.

You do not need a Record of Employment to apply for one of these benefits; applications will be by attestation.

How much will I get?

The new Canada Recovery Benefit provides a flat rate benefit of \$400 a week, while the new Canada Recovery Sickness Benefit and the new Canada Recovery Caregiving Benefit provide a flat rate benefit of \$500 a week.

Employment Insurance benefits provide up to 55% of your weekly insurable earnings to a maximum of \$573 a week. However, the government has set a minimum benefit level of \$400 a week for the next year to ensure that everyone on EI receives at least as much as anyone receiving the CRB.

How long can I get benefits for?

The new Canada Recovery Sickness Benefit is available for a maximum of two weeks. The new Canada Recovery Benefit and the new Canada Caregiving Benefit are available for up to 26 weeks. EI benefits are available for between 26 to 45 weeks, depending on your regional rate of unemployment and the number of insurable hours of employment you have accumulated since your last claim.

What if I go back to work?

If you are receiving EI benefits, the Working While on Claim program allows you to earn up to 90% of your previous salary while still collecting benefits. However, your benefits will be reduced by 50 cents for every dollar of income you earn.

For the new Canada Recovery Benefit, you are allowed to earn income while receiving the benefit but if your annual income for the calendar year exceeds \$36,000, then you will be asked to repay the benefit on your annual income tax return at the rate of 50% per dollar of additional income, such that the full benefit is repaid if you earn \$46,000 a year or more.

For the new Canada Recovery Sickness Benefit and the new Canada Recovery Caregiving Benefit, if you work more than 40% of your normally scheduled work week, you are not eligible for the benefit.

Are the benefits taxable?

Employment Insurance benefits and the new Canada Recovery Benefits are all taxable. All benefits will have taxes deducted by Service Canada or the Canada Revenue Agency before the payment is made to you.

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