

### EMPLOYMENT INSURANCE

#### Waiting Period Change: January 1, 2017

Employment Insurance (EI) offers temporary financial assistance to unemployed workers, which includes “sickness benefits” to people unable to work because of sickness, injury or quarantine. Employees may be eligible to receive up to a maximum of 15 weeks of EI sickness benefits.

Company-sponsored Short-Term Disability (STD) plans, which are also known as Weekly Indemnity (WI) plans, are often designed to start following company-paid sick days and/or are unpaid but match the Waiting Period of EI. Such plans that meet or exceed the level of coverage of the EI sickness benefits may also be eligible for participation in the EI Premium Reduction Program, where the federal government agrees to reduce the amount of EI premiums paid, and the employer shares the premium savings with employees.

#### Change in EI Waiting Period

Effective January 1, 2017, the federal government is reducing the Waiting Period for EI benefits from two (2) weeks to one (1) week. The change in legislation was announced as part of the 2016 Federal Budget earlier this year. The change does not impact the current maximum number of benefit weeks (15 weeks).

#### STD/WI Plans – What is the Impact?

Plans that meet or exceed the EI sickness benefit plan will need to be reviewed to determine the impact of the EI Waiting Period change. Draft government regulation for the EI Waiting Period change has not yet been published, however this is expected shortly, at which time the insurance industry will review and likely prepare industry comments to the government.

Although the change will be effective January 1, 2017, Service Canada has indicated there will be an extended period before mandating compliance.

#### THE JOHNSTONE'S ADVANTAGE

Our mission is simple:  
**Treat each client as if they were our only client.**

Our value is clear:  
**We are completely independent.** We work for you and offer total flexibility on insurers and plans.

We offer all your group insurance services including administration, brokerage, consulting, and communications.

We provide dedicated client support, customization and flexibility to meet all of your company's benefits needs. And we make **solid group plans simple.**



We continue to monitor information from insurers on this change, specifically what plan design changes will be offered, and at what cost, to insured STD/WI and LTD programs.

It will be important for employers to weigh the cost to improve their plan, if they currently have a Waiting Period of two (2) weeks or more, to align with the EI sickness benefit plan.

For employers who wish to maintain strict consistency to EI, preserve eligibility for the EI Premium Reduction Program, and not reduce benefit eligibility for their employees, disability plan amendments may include:

- Reduce the Waiting Period for STD/WI from 2 weeks to 1 week
- Reduce the Waiting Period for Long Term Disability (LTD) from 17 weeks (119 days) to 16 weeks (112 days) to cover the unpaid week at the end of EI or STD/WI created by the change in the EI Waiting Period.

There are employers who do not take advantage of the EI Premium Reduction Program, and therefore may not wish to make any disability plan amendments. STD/WI plans that are already better than EI do not need to make a change, for example those with a Waiting Period of 1 week or less and a benefit period of at least 15 weeks

We expect within the next several weeks, Service Canada will communicate the EI Waiting Period change to affected employers, at which time we also anticipate insurers will be prepared with more concrete direction on their insured plans.

We'll keep you informed as more specific information is available.

## 2017 EI Premium Rates

Effective January 1, 2017, regular EI premium rates will reduce from \$1.88 per \$100 of earnings to \$1.63 per \$100 of earnings; maximum insurable earnings level will increase to \$51,300.

## INTRODUCING

### William Campbell, Benefits Specialist

William joined Johnstone's Benefits in April 2016 having previously worked with London Life in an advisory capacity for two and a half years. Prior to joining the insurance industry in 2014, Will studied



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at the University of Calgary where he achieved his Bachelors' degree with honours. Will is committed to developing strong relationships to create the "best benefit plan experience" for clients. In his free time William enjoys spending time golfing, playing hockey and volunteering his time to the Forest Hills Little League.

## CONTACT US

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**JOHNSTONE'S JOURNAL** is published monthly and designed to provide topical information of interest not only to plan administrators, but to all employees who enjoy coverage under the benefit plan. Feel free to make copies and share with your employees.

