Office of the Superintendent of Financial Institutions Canada
Office of the Chief Actuary

Bureau du surintendant des institutions financières Canada
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Actuarial report 2027

Employment Insurance premium rate

Canada

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An electronic version of this report is available on the
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https://www.canada.ca/en/employment-social-development/corporate/portfolio/ei-commission.html

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Cat. No. CC536-3E-PDF
ISSN 2291-7950

21 August 2026

Commissioners of the Canada Employment Insurance Commission

Dear Commissioners,

Pursuant to section 66.3 of the *Employment Insurance Act*, I am pleased to submit the 2027 report, which provides actuarial forecasts and estimates for the purposes under sections 4, 66 and 69 of the *Employment Insurance Act*.

The estimates presented in this report are based on the Employment Insurance provisions and proposed program changes as of 22 July 2026.

Yours sincerely,

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Table of Contents

Page

1 Highlights of the report 9

2 Introduction 10
2.1 Purpose of the report 10
2.2 Scope of the report 11

3 Recent program changes and announcements 12

4 Methodology 14

5 Assumptions 16
5.1 Earnings base 16
5.2 Expenditures 20

6 Results 23
6.1 Overview 23
6.2 Earnings base 23
6.3 Expenditures 24
6.4 Premium reductions 25
6.5 7-year forecast break-even rate 26
6.6 Québec Parental Insurance Plan (QPIP) reduction for 2027 27
6.7 Qualified wage-loss plan reductions for 2027 28

7 Uncertainty of results 29
7.1 Individual tests 29
7.2 Combined tests 30
7.3 Scenarios 31

8 Reconciliation of changes in the 7-year forecast break-even rate 34

9 Conclusion 35

10 Actuarial opinion 36

Appendix - A Summary of EI legislation 37
Appendix - B Premium calculation methodology 42
Appendix - C Maximum insurable earnings (MIE) 48
Appendix - D Data, methodology and assumptions 50
Appendix - E Reduction in employer premiums due to qualified wage-loss plans 84

List of Tables

Page

Table 1 Assumptions for earnings base 16
Table 2 Assumptions for expenditures 20
Table 3 Earnings base and number of earners 24
Table 4 Expenditures 24
Table 5 Part I expenditures 25
Table 6 Premium reductions 25
Table 7 Calculation of the 7-year forecast break-even rate 26
Table 8 Projection of the EI operating account using the 7-year forecast break-even rate 27
Table 9 MP expenditures 27
Table 10 Calculation of the QPIP reduction 28
Table 11 Reduction in employer premiums due to qualified wage-loss plans 28
Table 12 Sensitivity of the 7-year forecast break-even rate to the unemployment rate (UR) 29
Table 13 Sensitivity of the 7-year forecast break-even rate to the potential claimants (PC) 29
Table 14 Sensitivity of the 7-year forecast break-even rate to the recipiency rate (RR) 30
Table 15 Sensitivity of the EIOA balance to the 7-year forecast break-even rate 30
Table 16 Sensitivity of the 7-year forecast break-even rate to the unemployment rate (UR) and the recipiency rate (RR) 31
Table 17 Assumptions for base scenario 31
Table 18 Alternate assumptions for the moderate shock scenario 32
Table 19 Impact of the moderate shock scenario on the 7-year forecast break-even rate 32
Table 20 Alternate assumptions for the high shock scenario 32
Table 21 Impact of the high shock scenario on the 7-year forecast break-even rate 33
Table 22 Reconciliation of changes in the 7-year forecast break-even rate 34
Table 23 Maximum insurable earnings 49
Table 24 Prescribed information provided by the Minister of ESD 51
Table 25 Prescribed information provided by the Minister of Finance 54
Table 26 Historical comparison of the number of employees and number of earners 55
Table 27 Projected number of earners 55
Table 28 Historical distribution of earners by level of average employment income 56
Table 29 Number of earners below and above the MIE 56
Table 30 Projected total employment income 57
Table 31 Historical distribution of employment income as a % of average employment income 57
Table 32 Distribution of employment income for earners below and above the MIE 58
Table 33 Derived insurable earnings from assessed premiums 59
Table 34 Projected total insurable earnings 60
Table 35 Split of insurable earnings between Québec and out-of-Québec, based on province of employment (T4 data) 61
Table 36 Historical adjustment payments between the Government of Canada and the Government of Québec to reflect province of residence 62
Table 37 Adjustment to insurable earnings split to reflect province of residence 63

Table 38 Split of salaried insurable earnings based on province of residence 64
Table 39 Calculation of the adjusted premium refunds 66
Table 40 Total insurable earnings subject to a subsequent premium refund 66
Table 41 Projected self-employed EI participants 68
Table 42 Projected covered earnings for self-employed EI participants 69
Table 43 Percentage of benefit weeks for claimants with IE above the MIE 70
Table 44 Average weekly benefits growth factors 71
Table 45 Historical number of potential claimants 72
Table 46 Projected number of potential claimants 73
Table 47 Historical recipiency rate 74
Table 48 Number of weeks 75
Table 49 Regular benefits 76
Table 50 Fishing benefits 77
Table 51 Work-Sharing benefits 77
Table 52 Special benefits 79
Table 53 EI benefit repayments 80
Table 54 Employment Support Measures 80
Table 55 Administration costs 81
Table 56 Variable administrative costs 81
Table 57 Bad debt expense 82
Table 58 Penalties 82
Table 59 Interest on overdue accounts receivable 83
Table 60 First payer cost ratio for calculating 2027 rates of reduction 88
Table 61 Job-attached EI sickness benefits per category of wage-loss plan 89
Table 62 Allocation of insurable earnings for employers with a qualified wage-loss plan 89
Table 63 Experience cost ratio per category 89
Table 64 2027 Rates of reduction 90
Table 65 2027 Estimated amount of premium reduction 90

1 Highlights of the report

Main Findings - 2027 Employment Insurance premium rate actuarial report		
	2027	2026[1]
Maximum insurable earnings (MIE)	$70,800	$68,900
7-year forecast break-even rate[2]	Employee: 1.62% Employer: 2.27%	Employee: 1.63% Employer: 2.28%
Québec Parental Insurance Plan (QPIP) reduction	0.35%	0.33%
Maximum employee contribution	Out of Quebec: $1,146.96 Quebec: $899.16	Out of Quebec: $1,123.07 Quebec: $895.70
Qualified wage-loss plans: EI savings	$1,687 million	$1,493 million[3]
Qualified wage-loss plans: Employer premium reductions	Category 1: 0.22% Category 2: 0.42% Category 3: 0.41% Category 4: 0.46%	Category 1: 0.21% Category 2: 0.38% Category 3: 0.38% Category 4: 0.42%
EI Operating Account deficit[4]	31 December 2026: $15.2 billion	31 December 2025: $15.1 billion
Should the Commission set the EI premium rate for 2027 at the 7-year forecast break-even rate, it would be equal to 1.62%.		
Employers pay premiums at the rate of 1.4 times those of employees, prior to any premium reduction granted to employers who sponsor a qualified wage-loss plan. The reduced employer multipliers are shown below.		
Employer multiplier: Outside Québec *Based on a premium rate of 1.62% in 2027 and 1.63% in 2026*	Category 1: 1.263 Category 2: 1.143 Category 3: 1.144 Category 4: 1.118	Category 1: 1.274 Category 2: 1.167 Category 3: 1.167 Category 4: 1.143
Employer multiplier: Québec *Based on a premium rate of 1.27% in 2027 and 1.30% in 2026*	Category 1: 1.225 Category 2: 1.072 Category 3: 1.073 Category 4: 1.041	Category 1: 1.242 Category 2: 1.107 Category 3: 1.108 Category 4: 1.078

Uncertainty of results		
Assumptions	Variation in the best estimate assumption between 2027-2033	2027 EI 7-year forecast break-even rate
Unemployment rate	+0.5%	1.68% (+0.06%)
Recipiency rate	+5%	1.67% (+0.05%)
Number of potential claimants	+5%	1.65% (+0.03%)
A variation in the premium rate of 0.01% of insurable earnings results in a change of $1,888 million in the cumulative balance of the EI Operating Account at the end of the 7-year forecast period.		
Alternative scenarios are generated by varying the labour force, unemployment rate, average employment income and recipiency rate assumptions, as shown in Section 7.		
Moderate shock	7-year forecast break-even rate of 1.72% (+0.10%)	
High shock	7-year forecast break-even rate of 1.91% (+0.29%)	

1 These set of numbers are based on the Memorandum – Estimated Impact of Recent Announcements on the 2026 7-Year Forecast Break-Even Rate and the EI Operating Account published on September 12, 2025.

2 This is the rate that would generate sufficient premium revenue during the next 7-year period to pay for the expected expenditures over that same period and to eliminate the projected deficit/surplus that has accumulated in the EI Operating Account as of 31 December of the preceding year. The methodology is explained in Section 4.

3 Revised from $1,457 million in the previous report as it is based on updated earnings data.

4 Expected balance (31 December 2026) and actual balance (31 December 2025, revised from $17,159 in the memorandum).

2 Introduction

2.1 Purpose of the report

This Actuarial Report prepared by the Actuary, Employment Insurance Premium Rate-Setting, is the fourteenth report to be presented to the Canada Employment Insurance Commission (Commission) in compliance with section 66.3 of the *Employment Insurance Act* (EI Act).

The previous report, the 2026 Actuarial report on the Employment Insurance Premium Rate, along with the Memorandum – Estimated Impact of Recent Announcements on the 2026 7-Year Forecast Break-Even rate and on the EI Operating Account, were published on 12 September 2025.

The Actuary is a Fellow of the Canadian Institute of Actuaries who is an employee of the Office of the Superintendent of Financial Institutions and who is engaged by the Commission to perform duties under section 66.3 of the EI Act. Pursuant to this section, the Actuary shall prepare actuarial forecasts and estimates for the purposes of calculating the maximum insurable earnings (MIE) under section 4 of the EI Act, the employment insurance (EI) premium rate under section 66 of the EI Act, and the premium reductions under section 69 of the EI Act for employers who sponsor qualified wage-loss plans, and for employees and employers of a province that has established a provincial plan. The actuary shall also, on or before 22 August of each year, provide the Commission with a report that sets out:

- the forecast premium rate for the following year and a detailed analysis in support of the forecast;
- the calculations performed for the purposes under sections 4 and 69 of the EI Act;
- the information provided under section 66.1 of the EI Act; and
- the source of the data, the actuarial and economic assumptions and the actuarial methodology used.

The purpose of this report is to provide the Commission with all the information prescribed under section 66.3 of the EI Act as described above. The Commission shall, on or before 14 September, make available to the public this report along with the summary of this report. More information on the rate setting process along with the inherent deadlines can be found in Appendix A.

The document is intended solely for the above purposes. It was prepared to meet those specific objectives and may not be suitable for any other purposes prior to obtaining approval from the Office of the Chief Actuary.

Please contact us for any questions regarding the proper use of this report.

2.2 Scope of the report

Recent program changes and announcements are summarized in Section 3.

The methodology used in determining the 7-year forecast break-even rate, including the premium rate reduction for employees and employers of a province that has established a provincial plan such as Québec, and the reduction in employer premiums due to qualified wage-loss plans, is summarized in Section 4.

Section 5 provides an overview of the key assumptions used in projecting insurable earnings and EI expenditures, while Section 6 presents the main results, including the calculation of the 2027 EI 7-year forecast break-even rate and the projection of the EI Operating Account. Sensitivity tests on the main assumptions are outlined in Section 7.

A reconciliation between the 2026 and 2027 EI 7-year forecast break-even rates is presented in Section 8.

Concluding remarks and the actuarial opinion are presented in Section 9 and Section 10, respectively. The various appendices provide supplemental information on the EI program and on the data, assumptions and methodology employed. Detailed information on the calculation of the maximum insurable earnings (MIE) is presented in Appendix C.

3 Recent program changes and announcements

3.1 Seasonal claimants

The Spring Economic Update 2026 announced an extension to October 2028 of the temporary legislated measure that provides up to five additional weeks of EI regular benefits, to a maximum entitlement of 45 weeks, to eligible seasonal claimants in 13 targeted EI economic regions. The measure received royal assent in June 2026.

3.2 Benefits for parents through adoption or surrogacy

The implementation of the 15-week shareable EI benefit for parents through adoption or surrogacy is targeting the end of calendar year 2026.

3.3 Parental benefits following the death of a child

Budget 2025 announced a measure providing EI parental benefit claimants with eight additional weeks of parental benefits in the event of the death of their child.

In May 2026, the Government provided royal recommendation and introduced amendments to Private Member's Bill C-222 to allow EI parental benefits to continue to be paid up to the maximum number of weeks following the death of a child and to ensure parents near the end of their claim could each receive at least five weeks of parental benefits. The changes would come into force within six months after the bill receives royal assent.

3.4 Temporary measures to facilitate access to EI

In March 2026, temporary measures introduced to support workers affected by tariffs were renewed until October 10, 2026:

- waiving the one-week waiting period;
- suspending the treatment of monies paid on separation; and
- providing 20 additional weeks of regular benefits for long-tenured workers.

3.5 Work-Sharing program

The temporary special measures for the Work-Sharing Program introduced in March 2025 to support workers and employers affected by tariffs were extended until March 31, 2027. These measures expand eligibility and increase the duration of agreements to help more workers and employers access the program and avoid layoffs.

In February 2026, the Worker Retention Grant for Work-Sharing employers was introduced. Available until March 31, 2027, the grant allows employers with active Work-Sharing agreements to provide additional income top-ups to participating employees who undertake training while working reduced hours.

3.6 Apprenticeship and training measures

The Spring Economic Update 2026 also announced several measures to support apprentices under the Team Canada Strong initiative. Among these measures, the following are to be funded through the EI Operating Account:

- reducing certification delays and improving national consistency of the Red Seal program through online exams, digital logbooks and secure credentials;
- creating a single National Registered Apprenticeship Number (NRAN) and interoperable apprenticeship data system to obtain timely, accurate, comparable, and longitudinal data on apprenticeship participation and outcomes across Canada; and
- introducing an Apprenticeship Training Grant, which would provide apprentices with an income top-up of $400 per week while they are attending mandatory in-class technical training. The grant would be paid in addition to EI regular benefits. The launch date is targeted for 2027.

In July 2026, the Government announced an additional $2 billion over five years through bilateral agreements with provinces and territories to expand access to pre-apprenticeship and technical training, including creating training spaces, hiring instructors, improving training pathways and enhancing apprenticeship system data collection and reporting.

3.7 Other

Supplementary EI Part II funding provided through the bilateral Labour Market Development Agreements (LMDAs) was announced in August and September 2025 to provide upskilling, reskilling, and income supports for affected softwood lumber workers and to retrain and upskill up to 50,000 more workers.

In September 2025, the Government announced the launch of new “Workforce Alliances” and the modernization of the Government of Canada’s online job tools.

Budget 2025 announced an initiative to assess the feasibility of using real-time payroll information to support the administration of EI eligibility and entitlement.

4 Methodology

In accordance with subsection 66(1) of the EI Act, the Commission shall set the premium rate each year in order to generate just enough premium revenue during the next seven years to ensure that at the end of this seven-year period, the total of the amounts credited to the EI Operating Account after 31 December 2008 is equal to the total of the amounts charged to that Account after that date. This calculated premium rate is referred to as the 7-year forecast break-even rate.

Based on relevant assumptions, the 2027 EI 7-year forecast break-even rate is the premium rate that is expected to generate sufficient premium revenue to ensure that at the end of 2033, the EI Operating Account balance is $0. It is therefore based on:

- the projected balance of the EI Operating Account as of 31 December 2026; and
- the projection over a period of seven years of:
  - the earnings base;
  - the EI expenditures;
  - the amount of premium reductions granted to employers who sponsor a qualified wage-loss plan; and
  - the amount of premium reductions granted to employees and employers of a province that has established a provincial plan.

The earnings base represents the total insurable earnings on which salaried employees and their employers pay EI premiums, and the earnings on which self-employed individuals that opted into the EI program pay EI premiums. Prior to an adjustment to reflect employee premium refunds, the employer portion of the earnings base is equal to 1.4 times the employee portion of the earnings base.

For purposes of determining the 7-year forecast break-even rate, the earnings base and EI expenditures are projected over a seven-year period.

The base year for the earnings base is 2024, which is the most recent year for which fully assessed T4 slips (Statement of Remuneration Paid) data are available. However, for certain assumptions, the 2025 partially assessed information is used. Complete data for 2025 will not become available until January 2027.

EI benefits are projected from actual 2025 benefits paid (base year) and adjusted, if necessary, based on historical data up to the first six months of 2026.

The earnings base and EI expenditures are projected from the base year using:

- Data and assumptions provided by the Minister of Employment and Social Development (ESD), including prescribed information as set out in section 66.1 of the EI Act (presented in Table 24, Appendix D);
- Assumptions and forecasts provided by the Minister of Finance in accordance with section 66.2 of the EI Act (presented in Table 25, Appendix D);

- Additional data provided by Service Canada, Employment and Social Development Canada (ESDC) and the Canada Revenue Agency (CRA); and
- Methodology and other assumptions developed by the Actuary.

In accordance with section 69 of the EI Act and related regulations, premium reductions are granted to employers who sponsor a qualified wage-loss plan as well as to employees residing in a province that has established a provincial plan and their employers. The expected amounts of these premium reductions over the next seven years are included in the EI expenditures for purposes of determining the 7-year forecast break-even rate.

EI premiums paid by the employer are equal to the employer multiplier times the premiums deducted by the employer on behalf of its employees. Generally, the employer multiplier is equal to 1.4. However, pursuant to subsection 69(1) of the EI Act, the employer premiums can be reduced through a lower employer multiplier when its employees are covered under one of four types of qualified wage-loss plans which reduce EI special benefits otherwise payable. The 2027 premium reductions for those employers are determined in accordance with subsection 69(1) of the EI Act and related regulations. They are based on the methodology and assumptions developed by the Actuary.

Québec is currently the only province that has established a provincial plan through the Québec Parental Insurance Plan (QPIP) which has been providing maternity and parental benefits to Québec residents since 1 January 2006. In accordance with subsection 69(2) of the EI Act and related regulations, a mechanism to reduce EI premiums paid by Québec residents and their employers was introduced. The 2027 reduction for Québec residents and their employers is determined in accordance with legislation and based on a methodology and on assumptions developed by the Actuary. The reduction is granted through a reduced premium rate. For 2027, this reduction is referred to as the 2027 QPIP reduction.

More information on the methodology used for calculating the 7-year forecast break-even rate and the premium reductions for 2027 is provided in Appendix B.

For all tables presented in this document, components may not sum up to totals due to rounding.

5 Assumptions

This section provides a brief overview of the main assumptions used in projecting the variables included in the calculation of the 7-year forecast break-even rate. The section is broken down into two subsections: assumptions related to the projected earnings base and assumptions related to the projected expenditures. More detailed information and supporting data are provided in Appendix D.

5.1 Earnings base

The earnings base is detailed in the denominator of the formula for the 7-year forecast break-even rate and the QPIP reduction developed in Appendix B. The earnings base is comprised of:

- the total insurable earnings on which employers pay EI premiums prior to any adjustment for wage-loss plans or provincial plans;
- the total insurable earnings on which employees pay EI premiums adjusted to reflect employee premium refunds; and
- the earnings on which self-employed individuals that opted into the EI program pay EI premiums.

The main assumptions used in determining the earnings base are presented in Table 1 below.

Table 1 Assumptions for earnings base

Assumptions	2025	2026	2027	2028	2029	2030	2031	2032	2033
Increase in maximum insurable earnings	3.96%	4.87%	2.76%	4.52%	3.65%	3.52%	3.15%	3.05%	3.08%
Increase in number of earners	2.65%	1.12%	0.47%	0.46%	0.64%	0.61%	0.54%	0.59%	0.64%
Increase in average employment income[a]	2.38%	4.01%	3.37%	3.29%	3.03%	3.01%	2.97%	2.95%	2.97%
Increase in total employment income	5.09%	5.17%	3.86%	3.76%	3.69%	3.64%	3.52%	3.56%	3.63%
Increase in total insurable earnings	5.23%	5.67%	3.50%	4.46%	4.04%	3.92%	3.62%	3.61%	3.69%
Net transfer of insurable earnings to Québec reflecting the province of residence	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%
Adjustment due to employee premium refunds (% of total insurable earnings)	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%	2.68%
Increase in covered self-employed earnings:									
Total	9%	9%	10%	10%	9%	8%	8%	8%	8%
Out-of-Québec residents	9%	9%	10%	10%	9%	9%	8%	8%	8%
Québec residents	7%	8%	9%	9%	8%	8%	8%	7%	7%

a. Provided by the Minister of Finance.

5.1.1 Maximum insurable earnings

The MIE represents the income level up to which EI premiums are paid and up to which EI benefits are calculated and is a key element in determining the earnings base. Section 4 of the EI Act provides details on how to determine the yearly MIE. In accordance with this section, the MIE increases annually based on increases in the average weekly earnings, as reported by Statistics Canada.

The 2027 MIE is equal to $70,800, which represents a 2.8% increase from the 2026 MIE of $68,900. The projected MIE for years 2028 to 2033 are calculated based on estimates of the average weekly earnings provided by the Minister of Finance. Detailed explanations and calculations of the 2027 MIE are provided in Appendix C.

5.1.2 Number of earners

The number of earners and their distribution across income ranges is used to determine the earnings base of salaried employees. The projected number of employees per year, which is based on an average of the number of employees per month, is provided by the Minister of Finance. The total number of earners for a year is higher than the number of employees provided given that the number of earners includes all individuals who had earnings at any time during the year rather than an average per month.

The preliminary number of earners for the year 2025 is set such that the resulting insurable earnings are in line with the expected assessed premiums for 2025, which are derived from the 2025 year-to-date assessed premiums and the 2025 increase in average employment income provided by the Minister of Finance. The projected number of earners from 2026 to 2033 is derived from a regression analysis based on the historical number of earners[5] and number of employees[6].

The number of earners is expected to increase by 2.65% in 2025 and by 1.12% in 2026. The average annual increase for the following seven years is 0.56%. The projected distribution of earners as a percentage of average employment income is based on the 2024 distribution.

5.1.3 Average and total employment income

The increase in average employment income, combined with the increase in the number of earners, is used to determine the increase in total employment income. The 2024 distribution of the total employment income across income ranges is used to determine the future distribution of total employment income.

The increase in average employment income is provided by the Minister of Finance and is expected to be 2.38% and 4.01% in 2025 and 2026 respectively. The average annual increase for the following seven years is 3.09%.

Based on these increases in average employment income and the expected variations in the total number of earners, the total employment income is expected to increase by 5.09% in 2025 and by 5.17% in 2026. The average annual increase for the following seven years is 3.67%.

5.1.4 Total insurable earnings

The total insurable earnings of salaried employees are equal to the total employment income, up to the annual MIE, earned by a person employed in insured employment. They are used to determine the earnings base for salaried employees[7].

[5] The number of earners is derived from the T4 data provided by CRA.
[6] The number of employees is based on the latest Statistics Canada Labour Force Survey.
[7] Prior to any adjustments for employee premium refunds, see subsection 5.1.6.

The earnings base for salaried employees is equal to 2.4 times the total insurable earnings since employee premiums are based on their total insurable earnings and employer premiums are generally equal to 1.4 times the employee premiums, for a combined total of 2.4.

Historical information regarding total insurable earnings is derived from aggregate assessed premiums gathered from T4 slips (provided by CRA) of all salaried employees. For employees with multiple employments in the year, this information is based on the combined total EI premiums. This means that, although insurable earnings of each employment are capped at the MIE, the combined total insurable earnings can exceed the MIE. The adjustment to insurable earnings and the earnings base reflecting multiple employments is captured in the employee premium refund section below.

The expected total employment income capped at the annual MIE for 2025 to 2033 is derived from:

- the 2024 distribution of the total employment income;
- the 2024 distribution of the total number of earners as a percentage of average employment income; and
- the expected increases in these variables.

Based on this methodology, the total insurable earnings, before any adjustment for premium refunds, are expected to increase by 5.23% in 2025 and by 5.67% in 2026. The average annual increase for the following seven years is 3.84%. For 2025, the resulting insurable earnings reflect the year-to-date assessed premiums and related total expected assessed premiums for 2025.

5.1.5 Split of total insurable earnings due to provincial plan

For the purposes of determining the reduction that applies to residents of a province with a provincial plan, the earnings base for salaried employees must be split between residents of provinces with and without a provincial plan. The only province that currently has a provincial plan is Québec. Therefore, the earnings base for salaried employees must be split based on the province of residence (between out-of-Québec residents and Québec residents).

The information used to derive historical insurable earnings provided by CRA is on a T4 basis and is therefore based on the province of employment. The historical distribution of insurable earnings on a T4 basis shows that the proportion of insurable earnings that relates to employment in Québec increased between 2019 and 2021, decreased in 2022 and 2023, and slightly increased thereafter. Based on the historical pattern, it is expected that the proportion of insurable earnings that relates to employment in Québec will reach 22.4% in 2025, and will slightly decrease over the 7-year projection period, but will remain close to 21.9%.

The information on historical assessed premiums provided by CRA includes adjustment payments made between the Government of Canada and the Government of Québec each year to reflect the province of residence rather than the province of employment of each employee. These adjustment payments are the object of an administrative agreement between both parties and can be used as a basis to adjust the distribution of insurable earnings to reflect the province of residence.

The methodology used in adjusting the distribution of insurable earnings based on aggregated adjustment payments was validated against administrative data. The administrative data were provided by CRA and are part of the annual exchange of information between the Government of Canada and the Government of Québec.

Based on information provided by CRA, the net annual transfer of insurable earnings on a T4 basis to reflect the actual province of residence was on average 0.16% of total insurable earnings for the last three years of available data (2022 to 2024) with the transfer of insurable earnings on a T4 basis going to Québec from the rest of Canada. It is assumed to remain at 0.16% of total insurable earnings until 2033.

5.1.6 Employee premium refunds

In general, salaried employees contribute EI premiums on their total insurable earnings in a given tax year up to the annual MIE. However, when filing their tax returns, some employees may exceed the maximum contribution and receive a refund of all or a portion of the EI premiums paid in the year (e.g., employees with multiple employers in the same year and employees with insurable earnings below $2,000). The insurable earnings that are subject to any subsequent premium refund must be excluded from the earnings base.

Given that the data used for projection purposes (T4 slips) include insurable earnings for which premiums may later be refunded, an adjustment must be made to reduce the earnings base. It is important to note that the employer does not receive a refund. Thus, only the employee's portion of the total earnings base is adjusted, which is reflected in the formulas presented in Appendix B.

The historical data provided by CRA show that the total insurable earnings subject to a subsequent employee refund as a percentage of total insurable earnings is relatively stable. Based on the average for the last five years of available data (2020 to 2024) this percentage is assumed to be 2.68% from 2025 to 2033.

5.1.7 Self-employed earnings

Since 31 January 2010, self-employed workers may voluntarily opt into the EI program to receive EI special benefits for those who are sick, pregnant or have recently given birth, or are caring for their newborn or newly adopted child(ren) and for those caring for a critically ill or injured family member (family caregiver benefit) or at end-of-life (compassionate care benefit). Although self-employed residents of Québec can access maternity and parental benefits through their provincial plan, they may voluntarily opt into the EI program to access other special benefits.

Self-employed individuals who participate in the EI program contribute premiums based on their self-employed earnings, up to the annual MIE, at the employee rate that corresponds to their province of residence, and there are no employer premium contributions. Therefore, as with the insurable earnings of salaried employees, self-employed covered earnings must be split between out-of-Québec residents and Québec residents.

The increase in self-employed earnings reflects the expected increase in the number of participants and in the average earnings of self-employed individuals.

The projected number of participants is based on historical enrolment information, adjusted to reflect expected future changes in enrolment. The increase in average earnings is assumed to be the same as the one for salaried employees.

Based on this methodology, the covered earnings of all self-employed individuals are expected to increase on average by 9% per year from 2027 to 2033.

5.2 Expenditures

EI Part I benefits are projected from actual 2025 benefits paid (base year) and adjusted, if necessary, based on historical data up to the first six months of 2026.

Table 2 presents a summary of the key expenditure assumptions used in this report, followed by a short description for each of them.

A detailed description of the methodology used to project all benefits is available in Appendix D.

Table 2 Assumptions for expenditures

Assumptions	2025	2026	2027	2028	2029	2030	2031	2032	2033
Increase in labour force[a]	1.9%	0.2%	0.2%	0.4%	0.7%	0.7%	0.8%	0.8%	0.8%
Unemployment rate[a]	6.8%	6.6%	6.2%	6.0%	5.9%	5.9%	5.9%	5.9%	5.9%
Increase in average weekly earnings[a]	3.4%	4.1%	3.8%	3.6%	3.2%	3.1%	3.0%	3.0%	3.0%
Increase in average weekly benefits[b]	4.0%	4.5%	3.2%	4.1%	3.5%	3.4%	3.1%	3.0%	3.0%
Increase in maternity and parental benefits	N/A	8.5%	4.5%	5.0%	4.2%	3.8%	3.5%	3.5%	3.5%
Potential claimants (as a % of unemployed)	49.6%	49.5%	52.5%	54.0%	55.5%	55.5%	55.5%	55.5%	55.5%
Recipiency rate (as a % of potential claimants)	65.9%	69.5%	70.5%	71.5%	71.5%	71.5%	71.5%	71.5%	71.5%
Number of weeks	52.2	52.2	52.2	52.0	52.2	52.2	52.2	52.4	52.0
Percentage of benefit weeks for claimants with insurable earnings above the MIE	51.0%	50.8%	50.9%	50.9%	50.9%	50.9%	50.9%	50.9%	50.9%

a. Provided by the Minister of Finance.
b. Excluding maternity and parental benefits.

5.2.1 Labour force

The labour force affects most of Part I benefits directly by increasing or decreasing the number of potential claimants. The labour force population is expected to remain constant at 22.6 million in 2025 and 2026. The average labour force population between 2027 and 2033 is 23.1 million. This assumption is provided by the Minister of Finance.

5.2.2 Unemployment rate

The unemployment rate affects regular EI benefits directly by also increasing or decreasing the number of potential claimants. The average unemployment rate was 6.8% in 2025 and is expected to decrease over the following years to reach an ultimate value of 5.9% in 2029. This assumption is provided by the Minister of Finance.

5.2.3 Average weekly earnings

The growth in average weekly earnings on a calendar year basis is used, in conjunction with the increase in the MIE, to project the average weekly benefits. The expected growth in average weekly earnings is 4.1% in 2026 and 3.8% in 2027. The average annual growth for years 2028 to 2033 is 3.2%. This assumption is provided by the Minister of Finance.

5.2.4 Average weekly benefits

The average weekly benefits growth affects EI expenditures directly through a corresponding increase or decrease in Part I expenditures. The average weekly benefits are equal to the benefit payments divided by the number of benefit weeks paid for Part I benefits.

The annual average weekly benefits growth rates, applicable to Part I benefits other than maternity and parental benefits, are forecasted at 4.5% for 2026 and 3.2% for 2027. The average annual increase for years 2028 to 2033 is 3.4%.

5.2.5 Increase in maternity and parental (MP) benefits

A new methodology to project the MP benefits is introduced, based on:

- the projected number of births[8] in Canada, excluding Québec;
- the ratio of EI MP claims to the number of births;
- the average duration in weeks for a claim; and
- the average weekly benefit.

Assumptions are developed separately for the following claim types: maternity, standard parental (mother), extended parental (mother), standard parental (father) and extended parental (father).

5.2.6 Potential claimants

The EI Program is designed to provide temporary income support to eligible insured persons who have lost their jobs through no fault of their own, such as due to a shortage of work, or as a result of seasonal or mass lay-offs and are available for work. The potential claimants represent the number of individuals or the percentage of unemployed individuals that meet the basic coverage criteria of the EI program. The number of potential claimants as a percentage of unemployed decreased from 52.0% in 2024 to 49.6% in 2025. This decrease mainly reflects an increase in individuals that have been unemployed for more than one year, as well as an increase in individuals entering the labour force without any prior work experience. Based on the experience of the first six months of 2026, it is expected to slightly decrease to 49.5% in 2026. Afterwards, it is expected to gradually increase before reaching its ultimate value of 55.5% in 2029. Appendix D presents additional information on the potential claimants' calculation.

[8] Based on the 32nd Actuarial Report on the Canada Pension Plan as at 31 December 2024.

5.2.7 Recipiency rate

The recipiency rate represents the proportion of potential claimants in a given period who are receiving EI regular benefits. It is directly linked to the target population of the EI program (i.e., potential claimants) and does not consider individuals outside the target population of the EI program, such as the long-term unemployed and those who did not contribute to the program in the previous year. The recipiency rate is normally lower than 100% for multiple reasons, including that some potential claimants have not accumulated the required number of insurable hours, while other potential claimants do not apply for benefits, are serving the one-week waiting period, or have exhausted the number of weeks they were entitled to receive and remain unemployed.

The recipiency rate without temporary measures was estimated to be 65.0% in 2024 and 65.9% in 2025. People having benefited from measures are not considered in the recipiency rate since they were accounted for separately as recipients of these measures. Based on the experience of the first six months of 2026, the recipiency rate is assumed to increase to 69.5% for the whole year 2026. It then gradually increases until it reaches 71.5% in 2028.

5.2.8 Number of weeks

EI expenditures are reported in the EI Operating Account on an accrual basis, that is, they are recorded in the period for which they should have been paid, regardless of the delay in processing the payment. Furthermore, EI benefits are paid on a weekly basis, but only weekdays that belong to a particular period are reported in that period.

The number of weeks affects Part I expenditures as benefits are payable for every weekday of the year, regardless of holidays. The number of workdays in a year ranges from 260 days to 262 days. Therefore, an adjustment is included to reflect the number of days benefits are paid in any year. The number of weeks for years 2025 to 2033 ranges between 52.0 and 52.4.

5.2.9 Percentage of benefit weeks for claimants with earnings above MIE

From analyses of administrative data provided by ESDC, 51.0% of benefit weeks for claims that accrued in 2025 were based on insurable earnings above the MIE compared to 50.1% in 2024. Based on partial data for 2026, the proportion of benefit weeks for claimants with insurable earnings above the MIE is assumed to decrease to 50.8% in 2026. It is expected to increase to 50.9% in 2027 (observed average between 2025 and 2026) and to remain constant thereafter.

5.2.10 Other expenditures

Additional information used to project expenditures such as pilot projects and temporary measures, the cost of new program changes, baseline administration costs and Employment Support Measures (EI Part II benefits) are provided by ESDC.

6 Results

6.1 Overview

This report provides actuarial forecasts and estimates for the purposes under sections 4, 66 and 69 of the EI Act. It has been prepared based on EI provisions as of 22 July 2026, on the information provided by the Ministers of ESD and Finance, and on the methodology and non-prescribed assumptions developed by the Actuary.

The key findings are as follows:

- The 2027 MIE is equal to $70,800, an increase of 2.8% from the 2026 MIE of $68,900.
- The 2027 EI 7-year forecast break-even rate is 1.62% of insurable earnings for residents of all provinces except Québec.
- The 2027 premium reduction for residents of Québec due to its provincial plan is 0.35%.
- The 2027 premium reduction for employers who sponsor qualified wage-loss plans is estimated at $1,687 million. This translates in premium reductions for employers who sponsor a qualified wage-loss plan corresponding to about 0.22%, 0.42%, 0.41% and 0.46% of insurable earnings for categories 1 through 4 respectively[9].
- The total earnings base is expected to grow each year from $2,185 billion in 2025 to $3,005 billion in 2033.
- Total expenditures are expected to increase from $31 billion in 2025 to $34 billion in 2026 before reaching $41 billion in 2033.
- The EI Operating Account shows a cumulative deficit of $15.1 billion as of 31 December 2025. The projected cumulative deficit as of 31 December 2026 is $15.2 billion.

6.2 Earnings base

EI premiums, prior to any adjustment for wage-loss plans, are determined by the product of the premium rate and the earnings base. The national earnings base is required to determine the 7-year forecast break-even rate while the earnings base of provinces not offering a provincial plan is required to determine the reduction due to those plans. Since Québec is the only province offering a provincial plan, the earnings base is split between Québec and out-of-Québec residents.

Based on the methodology and assumptions presented in Section 5, Table 3 shows the earnings base for Québec and out-of-Québec residents as well as the total number of earners.

[9] The corresponding unrounded premium reductions are presented in Table 11.

Table 3 Earnings base and number of earners

Calendar year	Earnings base ($ million)			Number of earners (thousands)
	Out-of-Québec	Québec	Total	
2024	1,607,975	469,177	2,077,152	21,587
2025	1,690,732	493,887	2,184,619	22,159
2026	1,789,902	518,678	2,308,580	22,407
2027	1,856,960	532,558	2,389,518	22,512
2028	1,943,072	553,074	2,496,146	22,615
2029	2,023,386	573,595	2,596,981	22,760
2030	2,104,986	593,951	2,698,937	22,900
2031	2,183,207	613,507	2,796,714	23,023
2032	2,264,111	633,639	2,897,750	23,158
2033	2,350,186	654,647	3,004,833	23,307

These results are used in the calculation of the 2027 EI 7-year forecast break-even rate and the 2027 QPIP reduction. A detailed explanation of the methodology and assumptions used to derive the results is available in Appendix D.

6.3 Expenditures

This section examines the expenditures side of the 7-year forecast break-even rate.
EI expenditures include Part I (income benefits), Part II (Employment Support Measures), administration costs, benefit repayments and bad debts. EI benefits may also include temporary spending initiatives, such as pilot projects and special measures announced by the Government of Canada. A detailed explanation of the methodology and assumptions used to derive the results is available in Appendix D.

For the purposes of the 7-year forecast break-even rate calculation, penalties and interest on overdue accounts receivable are included on the expenditures side of the equation.

Table 4 shows the breakdown of the 2025 EI expenditures, as well as a projection up to 2033.

Table 4 Expenditures
($ million)

Calendar year	Part I	Part II	Admin costs	Benefit repayments	Bad debt	Penalties	Interest	Total
2025	26,113	2,137	2,989	(349)	163	(113)	(52)	30,887
2026	29,018	2,460	3,342	(388)	174	(114)	(52)	34,441
2027	28,608	3,207	3,504	(399)	174	(112)	(54)	34,928
2028	29,531	3,038	3,381	(412)	178	(116)	(58)	35,543
2029	30,840	3,015	2,913	(431)	185	(121)	(59)	36,341
2030	31,907	3,015	2,815	(446)	192	(125)	(61)	37,296
2031	33,212	2,673	2,860	(466)	200	(130)	(63)	38,285
2032	34,455	2,559	2,920	(484)	207	(135)	(66)	39,455
2033	35,548	2,559	2,986	(500)	214	(140)	(68)	40,599

Table 5 shows the breakdown of Part I EI expenditures.

Table 5 Part I expenditures
($ million)

Calendar year	Regular	Fishing	Work-Sharing	Special benefits: MP	Special benefits: Sickness	Special benefits: Compas-sionate	Special benefits: Family caregiver benefit	Special benefits: Sub-total	Total
2025	16,277	419	87	5,743	3,351	62	174	9,330	26,113
2026	18,256	435	224	6,233	3,624	65	183	10,104	29,018
2027	17,600	440	217	6,523	3,571	67	189	10,351	28,608
2028	18,143	457	95	6,857	3,712	70	198	10,836	29,531
2029	18,983	475	90	7,143	3,870	73	207	11,293	30,840
2030	19,599	491	93	7,414	4,018	76	215	11,724	31,907
2031	20,466	506	97	7,676	4,164	79	224	12,143	33,212
2032	21,241	523	101	7,946	4,328	83	233	12,590	34,455
2033	21,900	535	104	8,225	4,458	85	240	13,008	35,548

6.4 Premium reductions

The employer premiums can be reduced through a lower employer multiplier when its employees are covered under a qualified wage-loss plan that reduces EI special benefits otherwise payable, provided that at least 5/12 of the reduction is passed on to employees. Premiums paid by employees and their employers can also be reduced when employees are covered under a plan established under provincial law that reduces EI maternity and parental benefits otherwise payable. An agreement must be in place between the Government of Canada and the province to establish a system for reducing premiums paid by residents of that province and their employers.

Table 6 shows the projection of the expected premium reductions up to 2033 taken into account in the determination of the 7-year forecast break-even rate. Temporary and permanent measures recently announced are considered in the projection of the premium reductions for qualified wage-loss plans and provincial plans.

Table 6 Premium reductions
($ million)

Calendar year	Qualified wage-loss plans	Provincial plans
2027	1,687	1,864
2028	1,884	1,936
2029	1,886	2,008
2030	1,916	2,079
2031	1,945	2,147
2032	2,016	2,218
2033	2,090	2,291

6.5 7-year forecast break-even rate

The 7-year forecast break-even rate is the rate that, based on relevant assumptions, is expected to generate sufficient premium revenue during the next seven years to ensure that, at the end of that seven-year period, the amounts credited and charged to the EI Operating Account (EIOA) after 31 December 2008 are equal.

This rate is expected to generate sufficient premium revenue during the 2027-2033 period to pay for the expected EI expenditures over that same period and to eliminate the projected deficit that has accumulated in the EIOA as of 31 December 2026.

The expected amounts of the premium reductions over the next seven years for qualified wage-loss plans (WLP) and for provincial plans (PP) are included in the EI expenditures for purposes of determining the 7-year forecast break-even rate. This ensures that in the absence of wage-loss plans and provincial plans, a premium rate set at the 7-year forecast break-even rate would generate enough revenues to cover all EI expenses for employees of every employer residing in any province.

Table 7 shows the projection of the variables used to determine the 7-year forecast break-even rate. The annual expected pay-as-you-go rates (PayGo) are the rates required to cover the expected expenditures of that year. The 7-year forecast break-even rate is higher than the average PayGo rates since the projected deficit as at 31 December 2026 is considered.

Table 7 Calculation of the 7-year forecast break-even rate
($ million)

Calendar year	Expenditures covered by the 7-year forecast break-even rate				Surplus (deficit) in the EIOA as at 31 December 2026	Earnings base	Annual PayGo rate / 7-year forecast break-even rate
	EI expenditures	Reduction for WLP	Reduction for PP	Total expenditures before reductions			
2027	34,928	1,687	1,864	38,479		2,389,518	1.61%
2028	35,543	1,884	1,936	39,362		2,496,146	1.58%
2029	36,341	1,886	2,008	40,235		2,596,981	1.55%
2030	37,296	1,916	2,079	41,291		2,698,937	1.53%
2031	38,285	1,945	2,147	42,377		2,796,714	1.52%
2032	39,455	2,016	2,218	43,689		2,897,750	1.51%
2033	40,599	2,090	2,291	44,981		3,004,833	1.50%
2027-33	**262,448**	**13,425**	**14,542**	**290,415**	**(15,176)**	**18,880,880**	**1.62%[a]**

a. The deficit in the EIOA as at 31 December 2026 is used in the calculation of the 7-year forecast break-even rate: (290,415 + 15,176) / 18,880,880 = 1.62%.

Table 8 shows the projection of revenues, EI expenditures, and the account balance using the 7-year forecast break-even rate and the premium reductions.

Table 8 Projection of the EI operating account using the 7-year forecast break-even rate
($ million)

Calendar year	Premium rate	Revenues: Gross premiums after refunds	Revenues: Reduction for WLP	Revenues: Reduction for provincial plans	Revenues: Other adj.[a]	Net premiums	Expenditures	Annual surplus (deficit)	Cumulative surplus (deficit) 31 December
2025	1.64%	35,828	(1,395)	(1,630)	(138)	32,664	30,887	1,777	(15,144)
2026	1.63%	37,630	(1,493)	(1,712)	(17)	34,408	34,441	(32)	(15,176)
2027	1.62%	38,710	(1,687)	(1,864)	-	35,159	34,928	231	(14,945)
2028	1.62%	40,438	(1,884)	(1,936)	-	36,618	35,543	1,075	(13,870)
2029	1.62%	42,071	(1,886)	(2,008)	-	38,177	36,341	1,836	(12,034)
2030	1.62%	43,723	(1,916)	(2,079)	-	39,728	37,296	2,431	(9,603)
2031	1.62%	45,307	(1,945)	(2,147)	-	41,214	38,285	2,929	(6,673)
2032	1.62%	46,944	(2,016)	(2,218)	-	42,710	39,455	3,255	(3,418)
2033	1.62%	48,678	(2,090)	(2,291)	-	44,297	40,599	3,698	279

a. Adjustments for the timing of premium assessment.

The 2027 EI 7-year forecast break-even rate is 1.62%. This rate would balance out the EI Operating Account at the end of 2033. The cumulative balance in the EI Operating Account at the end of 2033 is not exactly $0 since the 7-year forecast break-even rate is rounded to the nearest cent.

6.6 Québec Parental Insurance Plan (QPIP) reduction for 2027

EI maternity and parental (MP) benefits included in Part I special benefits, as well as direct EI administrative costs incurred to provide MP benefits (variable administrative costs (VAC)), are required to determine the QPIP reduction. VAC represent the direct operating costs incurred by the EI program associated with the administration of EI MP benefits outside Québec.

They are determined each year by ESDC in accordance with the agreement between Canada and Québec, which stipulates a minimum VAC amount.

EI MP benefits reflect the impacts of program changes and special measures. The projected EI MP expenditures used to determine the 2027 QPIP reduction are shown in Table 9, based on the methodology developed in Appendix D.

Table 9 MP expenditures
($ million)

	Actual	Forecast	
	2025	2026	2027
EI MP benefits	5,743	6,233	6,523
Variable administration costs	28	31	32
MP expenditures	5,772	6,263	6,555

The QPIP reduction is equal to the ratio of EI MP expenditures (EI MP benefits and VAC) to the earnings base of residents of all provinces without a provincial plan, that is, residents of all provinces except Québec. It is the premium reduction for Québec residents as it relates to the savings to the EI Program resulting from the QPIP.

Table 10 shows the estimates of the variables that are required in the calculation of the 2027 QPIP reduction, as well as the resulting 2027 QPIP reduction.

Table 10 Calculation of the QPIP reduction
($ million)

	2027 Forecast
MP expenditures	6,555
MP earnings base (out-of-Québec residents)	1,856,960
Unrounded QPIP reduction	0.3530%
QPIP reduction	0.35%

Consequently, the premium rate applicable to residents of all provinces except Québec for 2027 would be 1.62%[10]. The premium rate applicable to residents of Québec would be 1.27% (1.62% minus 0.35%).

6.7 Qualified wage-loss plan reductions for 2027

Based on the methodology developed in Appendix B and on the 2027 projected insurable earnings of employees covered by a qualified wage-loss plan, the 2027 estimated reduction in employer premiums due to qualified wage-loss plans is $1,687 million, compared to $1,493 million for 2026.

EI premiums paid by the employer are equal to the employer multiplier times the premiums deducted by the employer on behalf of its employees. Generally, the employer multiplier is equal to 1.4. However, the employer premiums can be reduced through a lower employer multiplier when its employees are covered under one of four types of qualified wage-loss plans.

Table 11 shows the main results. A detailed explanation of the data and methodology used to derive the results is available in Appendix E.

Table 11 Reduction in employer premiums due to qualified wage-loss plans

Wage-loss plan category	Unrounded rate of reduction	Rounded rate of reduction	Employer multiplier (out-of-Québec)[a]	Employer multiplier (Québec)[a]	2027 estimated insurable earnings ($ million)	2027 estimated premium reduction ($ million)
Category 1	0.2227%	0.22%	1.263	1.225	79,957	178
Category 2	0.4159%	0.42%	1.143	1.072	34,659	144
Category 3	0.4148%	0.41%	1.144	1.073	286,488	1,188
Category 4	0.4563%	0.46%	1.118	1.041	38,701	177
Total	N/A	N/A	N/A	N/A	439,805	1,687

a. The employer multipliers shown are based on a 2027 premium rate of 1.62% (1.27% for Québec residents).

[10] The Commission is responsible for setting the premium rate. More information on the rate setting process along with the inherent deadlines can be found in Appendix A.

7 Uncertainty of results

The 7-year forecast break-even rate and the subsequent impact on the EI Operating Account (EIOA) depend on different demographic and economic factors. As actual experience over the next seven years will likely deviate from the assumptions presented throughout this report, this section presents individual tests, combined tests, and alternative scenarios for illustration purposes.

7.1 Individual tests

The individual tests illustrate the sensitivity of the 2027 EI 7-year forecast break-even rate to changes in the unemployment rate, the potential claimants and the recipiency rate assumptions. Afterwards, the effect of a variation in the premium rate on the EIOA is examined.

7.1.1 Unemployment rate

The unemployment rate is closely related to the state of the economy and the supply of labour. The following table shows that a variation in the average unemployment rate of 0.5% over the period 2027-2033 would result in an increase or decrease of about 0.06% in the 7-year forecast break-even rate (assuming all other assumptions remain constant).

Table 12 Sensitivity of the 7-year forecast break-even rate to the unemployment rate (UR)

Variation in average UR (2027-2033)	Average UR (2027-2033)	Resulting 7-year forecast break-even rate
(1.0%)	5.0%	1.50%
(0.5%)	5.5%	1.56%
Base	**6.0%**	**1.62%**
0.5%	6.5%	1.68%
1.0%	7.0%	1.74%

7.1.2 Potential claimants

The proportion of the potential claimants to unemployed individuals has been lower than historically observed prior to the COVID-19 pandemic. As shown in the following table, a 5% variation in the average number of potential claimants over the period 2027-2033 would result in an increase or decrease of approximately 0.03% to 0.04% in the 7-year forecast break-even rate (assuming all other assumptions remain constant).

Table 13 Sensitivity of the 7-year forecast break-even rate to the potential claimants (PC)

Variation in average PC (2027-2033)	Average PC in thousands (2027-2033)	Resulting 7-year forecast break-even rate
(10.0%)	682	1.55%
(5.0%)	720	1.58%
Base	**758**	**1.62%**
5.0%	796	1.65%
10.0%	834	1.69%

7.1.3 Recipiency rate

The volatility shown by the recipiency rate in the past can be attributed to several factors, such as the decision of those eligible for EI to apply (or not) for the benefit. The following table shows that a variation in the average recipiency rate of 5% over the period 2027-2033 would result in an increase or decrease of about 0.05% in the 7-year forecast break-even rate (assuming all other assumptions remain constant).

Table 14 Sensitivity of the 7-year forecast break-even rate to the recipiency rate (RR)

Variation in average RR (2027-2033)	Average RR (2027-2033)	Resulting 7-year forecast break-even rate
(10.0%)	61.4%	1.52%
(5.0%)	66.4%	1.57%
Base	**71.4%**	**1.62%**
5.0%	76.4%	1.67%
10.0%	81.4%	1.72%

7.1.4 Premium rate

As shown in the following table, a variation in the premium rate of one-hundredth percentage point (0.01% of insurable earnings) from the 7-year forecast break-even rate would result in a $1,888 million increase or decrease in the cumulative balance of the EIOA at the end of the 7-year forecast period.

Table 15 Sensitivity of the EIOA balance to the 7-year forecast break-even rate

Variation in EI 7-year forecast break-even rate	Resulting EI 7-year forecast break-even rate	Cumulative EIOA balance as at 31 Dec. 2033 ($ million)	Variation in EIOA cumulative balance as at 31 Dec. 2033 ($ million)
(0.05%)	1.57%	(9,161)	(9,440)
(0.01%)	1.61%	(1,609)	(1,888)
Base	**1.62%**	**279**	-
0.01%	1.63%	2,168	1,888
0.05%	1.67%	9,720	9,440

7.2 Combined tests

The combined tests illustrate the sensitivity of the 7-year forecast break-even rate to simultaneous variations in the unemployment rate and the recipiency rate. Increases or decreases in the average unemployment rate and the average recipiency rate, of 0.5% and 5% respectively over the period 2027-2033, would result in an increase or decrease of 0.11% to 0.12% in the 7-year forecast break-even rate (assuming all other assumptions remain constant). If the unemployment rate increases by 0.5% while the recipiency rate decreases by 5% (or vice-versa) it results in a variation of 0.01% to 0.02% in the 7-year forecast break-even rate.

Table 16 Sensitivity of the 7-year forecast break-even rate to the unemployment rate (UR) and the recipiency rate (RR)

Variation in average UR (2027-2033)	Average UR (2027-2033)	Variation in average RR (2027-2033)	Average RR (2027-2033)	Resulting 7-year forecast break-even rate
(0.5%)	5.5%	(5.0%)	66.4%	1.51%
(0.5%)	5.5%	5.0%	76.4%	1.60%
Base	**6.0%**	Base	**71.4%**	**1.62%**
0.5%	6.5%	(5.0%)	66.4%	1.63%
0.5%	6.5%	5.0%	76.4%	1.74%

7.3 Scenarios

Given the current global context, Canada's macroeconomic outlook remains uncertain and may result in different outcomes than the base scenario assumptions that were used to determine the 2027 EI 7-year forecast break-even rate.

Two alternative scenarios are presented in this section to demonstrate some possible impacts from different economic environments relative to the base scenario. These scenarios are for illustration purposes only and might not be considered as internally consistent. As such, the likelihood of these scenarios occurring was not considered.

These scenarios are created by changing various assumptions. For comparison purposes, Table 17 below presents the key assumptions that vary in the alternative scenarios.

Table 17 Assumptions for base scenario

Calendar year	Labour force increase	Unemployment rate	Increase in average employment income	Recipiency rate
2027	0.2%	6.2%	3.4%	70.5%
2028	0.4%	6.0%	3.3%	71.5%
2029	0.7%	5.9%	3.0%	71.5%
2030	0.7%	5.9%	3.0%	71.5%
2031	0.8%	5.9%	3.0%	71.5%
2032	0.8%	5.9%	3.0%	71.5%
2033	0.8%	5.9%	3.0%	71.5%

7.3.1 Moderate shock scenario

Under this scenario, each of the assumptions shown in Table 17 are changed to create pressure over a short-term period on the 2027 7-year forecast break-even rate. This would represent a hypothetical scenario where there is a moderate economic shock starting in the year 2027 (regardless of the reason for the economic change). As shown in Table 18, the alternative assumptions are assumed to gradually return to the base scenario.

Table 18 Alternate assumptions for the moderate shock scenario

Calendar year	Labour force increase	Unemployment rate	Increase in average employment income	Recipiency rate
2027	(2.9%)	7.5%	2.6%	75.0%
2028	0.4%	7.0%	2.8%	75.0%
2029	0.7%	6.5%	2.8%	74.0%
2030	0.7%	6.0%	2.8%	73.0%
2031	0.8%	5.9%	3.0%	72.0%
2032	0.8%	5.9%	3.0%	71.5%
2033	0.8%	5.9%	3.0%	71.5%

The results of this scenario on the 2027 7-year forecast break-even rate are illustrated in Table 19. The 7-year forecast break-even rate calculated for 2027 would increase from 1.62% in the base scenario to 1.72% in this scenario.

Table 19 Impact of the moderate shock scenario on the 7-year forecast break-even rate
($ billion)

Calendar year	7-year break-even rate	Net premiums	Expenditures	Annual surplus / deficit on EIOA	Cumulative surplus / deficit on EIOA (31 Dec.)
2026					(15.2)
2027	1.72%	35.7	38.8	(3.1)	(18.3)
2028	1.72%	37.1	38.4	(1.3)	(19.6)
2029	1.72%	38.8	37.8	0.9	(18.6)
2030	1.72%	40.4	37.0	3.5	(15.2)
2031	1.72%	42.0	37.4	4.6	(10.6)
2032	1.72%	43.5	38.4	5.1	(5.4)
2033	1.72%	45.1	39.5	5.6	0.2

7.3.2 High shock scenario

Under this scenario, each of the assumptions shown in Table 17 are changed to create pressure over a short-term period on the 2027 7-year forecast break-even rate. This would represent a hypothetical scenario where there is a severe economic downturn starting in the year 2027 (regardless of the reason for the economic change). As shown in Table 20, most alternative assumptions are assumed to gradually return to the base scenario.

Table 20 Alternate assumptions for the high shock scenario

Calendar year	Labour force increase	Unemployment rate	Increase in average employment income	Recipiency rate
2027	(7.5%)	9.5%	1.9%	77.5%
2028	0.4%	8.5%	2.3%	77.5%
2029	0.7%	7.5%	2.5%	76.5%
2030	0.7%	7.0%	2.5%	75.5%
2031	0.8%	6.5%	3.0%	74.5%
2032	0.8%	6.0%	3.0%	73.5%
2033	0.8%	5.9%	3.0%	72.5%

The results of this scenario on the 2027 7-year forecast break-even rate are illustrated in Table 21. The 7-year forecast break-even rate calculated for 2027 would increase from 1.62% in the base scenario to 1.91% in this scenario.

Table 21 Impact of the high shock scenario on the 7-year forecast break-even rate
($ billion)

Calendar year	7-year break-even rate	Net premiums	Expenditures	Annual surplus / deficit on EIOA	Cumulative surplus / deficit on EIOA (31 Dec.)
2026					(15.2)
2027	1.91%	37.0	43.7	(6.6)	(21.8)
2028	1.91%	38.5	42.1	(3.5)	(25.4)
2029	1.91%	40.4	40.2	0.2	(25.2)
2030	1.91%	42.0	39.3	2.6	(22.5)
2031	1.91%	43.8	38.4	5.4	(17.1)
2032	1.91%	45.7	37.7	7.9	(9.2)
2033	1.91%	47.4	38.3	9.1	(0.1)

8 Reconciliation of changes in the 7-year forecast break-even rate

The main elements of change in the 7-year forecast break-even rate since the 2026 Actuarial Report are presented in Table 22.

Table 22 Reconciliation of changes in the 7-year forecast break-even rate

	7-year forecast break-even rate (%)
2026 Actuarial Report - after rounding	1.61
September 2025 measures announcement	0.02
Revised 2026 (September 2025 Memorandum) - after rounding	1.63
Revised 2026 (September 2025 Memorandum) - before rounding	1.6320
Higher than projected EI operating account as at 31 December 2025	(0.0114)
Change in unemployment rate assumption	(0.0114)
Changes in economic assumptions	(0.0161)
Update to the administration cost methodology	0.0193
Updated cost for program changes	0.0288
Change in 7-year period (2026-2032 to 2027-2033)	(0.0220)
2027 Actuarial Report - before rounding	1.6193
2027 Actuarial Report - after rounding	1.62

The actual 2025 expenditures were lower than projected in the 2026 Actuarial Report and the September 2025 Memorandum. This resulted in a decrease in the cumulative deficit of the EI Operating Account, i.e., $15,144 million compared to the projected deficit of $17,159 million. This decreased the 7-year forecast break-even rate by about 1 cent.

In comparison with the 2026 Actuarial Report, the unemployment rate assumptions were revised downward slightly for 2026 and 2027. This decreased the 7-year forecast break-even rate by about 1 cent.

The changes in economic assumptions resulted in a decrease to the 7-year forecast break-even rate by almost 2 cents.

An update to the methodology for calculating administration costs over the forecast period increased the 7-year forecast break-even rate by about 2 cents.

Finally, updated costs for program changes increased the 7-year forecast break-even rate by over 2 cents.

Overall, the 7-year forecast break-even rate changed from 1.61% (1.63% including the September 2025 measures) in 2026 to 1.62% in 2027.

9 Conclusion

This report was prepared by the Actuary in accordance with the relevant legislation and provides to the Commission the forecasts and estimates for the purposes under sections 4 (MIE), 66 (EI premium rate) and 69 (employers who sponsor qualified wage-loss plans and premium reductions for Québec residents and their employers) of the EI Act.

In accordance with the methodology detailed in the EI Act and the relevant economic data, the 2027 MIE is **$70,800**. In addition, the 2027 estimated employer premium reduction due to qualified wage-loss plans is **$1,687 million**, and the 2027 QPIP reduction is **0.35%**.

Based on the assumptions of the relevant economic and demographic variables provided by the Minister of Finance, on the expenditure estimates provided by the Minister of ESD, and on the methodology and other assumptions developed by the Actuary, the 7-year forecast break-even rate that would generate sufficient premium revenue to cover the expected cost of the EI program for the period 2027-2033 and eliminate the projected $15.2 billion cumulative deficit in the EI Operating Account as of 31 December 2026, is **1.62%** of insurable earnings.

Should the Commission set the 2027 premium rate at the 7-year forecast break-even rate, the 2027 premium rate would be equal to:

- **1.62%** of insurable earnings for residents of all provinces except Québec (2.27% for employers who pay 1.4 times the employee rate), for a maximum employee contribution of $1,146.96; and
- **1.27%** of insurable earnings for residents of Québec, after taking into account the QPIP reduction of **0.35%** (1.78% for employers who pay 1.4 times the employee rate), for a maximum employee contribution of $899.16.

10 Actuarial opinion

In our opinion, considering that this report was prepared pursuant to the *Employment Insurance Act*:

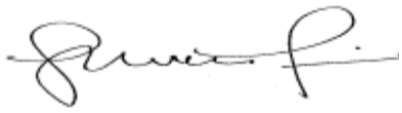
- the data on which this report is based are sufficient and reliable for the purposes of this report;
- the assumptions are appropriate for the purposes of this report; and
- the methods employed are appropriate for the purposes of this report.

Based on the results of this valuation, we hereby certify that the 7-year forecast break-even rate required to generate sufficient premium revenue to cover the expected cost of the EI program over the period 2027-2033 and eliminate the projected cumulative deficit in the EI Operating Account as of 31 December 2026, is 1.62% of insurable earnings.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

The estimates presented in this report are based on prescribed information provided by the Minister of Employment and Social Development and the Minister of Finance.

As of the date of the signing of this report, we have not learned of any subsequent events that would have a material impact on the 2027 7-year forecast break-even rate presented in this report.



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Ottawa, Canada
21 August 2026

Appendix - A Summary of EI legislation

The Unemployment Insurance program was first implemented in 1940, with the last major reform occurring in 1996. At that time, the name of the program was changed from "Unemployment Insurance" to "Employment Insurance" to reflect the program's primary objective of promoting employment in the labour force and to better emphasize that individuals' access to the program is linked to significant workforce attachment.

The EI program provides temporary income support to individuals who have lost their employment through no fault of their own or are unable to work due to specific life circumstances. This Appendix provides a brief overview of the EI program.

Temporary measures, as well as future permanent changes, if any, not yet in effect are not shown in this Appendix; they are summarized in Section 3 and considered in the results presented in this report. It is important to note that the temporary measures currently in place take precedence over some of the normal program provisions described below.

A.1 EI Part I benefits

Although access and entitlement to benefits vary depending on each benefit type, the calculation of weekly benefit rates is the same for most benefit types. Weekly benefits are generally equal to 55% of the claimants' average weekly insurable earnings, during their variable best weeks over the qualifying period (generally 52 weeks), up to a maximum amount. The number of best weeks taken into account is determined by the regional unemployment rate and varies from 14 to 22 insurable earnings weeks. The maximum amount payable is determined by the MIE.

The EI family supplement provides additional benefits to low-income families with children. The family supplement rate is based on the net family income up to a maximum of $25,921 per year and the number of children in the family and their ages. The family supplement may increase benefits up to 80% of average weekly insurable earnings.

Benefits are not paid until claimants have served a waiting period of one week of unemployment.

To stay connected to the labour market and earn some additional income, EI claimants can work while they are on claim. This measure is available to those collecting regular, fishing, maternity, parental, sickness, compassionate care, or family caregiver benefits. Claimants can keep 50 cents of their EI benefits for every dollar they earn, up to a maximum of 90 per cent of the weekly insurable earnings used to calculate their EI benefit amount.

A.1.1 Regular benefits

EI regular benefits are provided to eligible insured persons who have lost their jobs through no fault of their own (for example, due to a shortage of work, seasonal or mass lay-offs) and are available for and able to work but can't find a job.

To qualify for regular benefits, individuals must have been without work and without pay for at least seven consecutive days. Claimants must have worked at least the minimum required hours

of insurable employment, between 420 and 700 hours, as determined by the regional unemployment rate, in the last 52-week qualifying period or since their last claim, whichever is shorter. The number of insurable hours required to qualify is increased in cases of violations regarding prior EI claims. Claimants must also be available and actively looking for work in order to maintain eligibility.

The maximum number of regular benefit weeks varies from 14 to 45 weeks, depending on the number of insurable hours accumulated in the qualifying period and the regional unemployment rate. In certain circumstances, the maximum duration of benefits can be extended through temporary special measures.

A.1.2 Fishing benefits

EI provides fishing benefits to qualifying self-employed fishers who are actively seeking work. Unlike regular EI benefits, eligibility for EI fishing benefits is determined by the claimant's insurable fishing earnings accumulated during the qualifying period, not the number of hours worked. A self-employed person engaged in fishing who has earned a minimum of between $2,500 and $4,200 (depending on the regional unemployment rate) during the maximum 31-week qualifying period is eligible to receive up to 26 weeks of EI fishing benefits.

A.1.3 Work-Sharing benefits

To avoid lay-offs due to a temporary reduction in the normal level of business activity that is beyond the control of the employer, employers and employees can enter into a Work-Sharing agreement with the Commission through Service Canada to provide EI benefits to eligible workers willing to work a temporarily reduced work week. This enables employers to retain staff and adjust their work activity during temporary work shortages, as well as avoid the expenses of hiring and training new staff once business levels return to normal. Employees are able to retain their skills and jobs while receiving EI benefits for the days that they do not work.

Work-Sharing agreements have a minimum duration of 6 weeks and a maximum of 26 weeks, with a possible extension of up to 12 weeks for a maximum duration of 38 weeks. From time to time, the maximum duration of Work-Sharing agreements may be extended through temporary special measures.

A.1.4 Special benefits

To qualify for special benefits, the claimant's normal weekly earnings must be reduced by over 40% for at least one week. In addition, special benefits require a minimum of 600 hours of insurable employment in the 52-week qualifying period. Special benefits include:

- Maternity benefits, for people who are away from work because they are pregnant or have recently given birth. These benefits can be paid for a maximum of 15 weeks. They can start as early as 12 weeks before the expected date of birth and can end as late as 17 weeks after the actual date of birth.
- Parental benefits, for a parent to take care of their newborn or newly adopted child(ren). Parents may share the available weeks of parental benefits. There are two options available:

- Standard parental benefits can be paid for a maximum of 40 weeks at 55% of the claimant's average weekly insurable earnings (up to a maximum) and must be claimed within a 52-week period (12 months) after the week the child was born or placed for the purpose of adoption. As no parent can access more than 35 weeks, sharing parental benefits is required to access the additional weeks.
- Extended parental benefits can be paid for a maximum of 69 weeks at 33% of the claimant's average weekly insurable earnings (up to a maximum) and must be claimed within a 78-week period (18 months) after the week the child was born or placed for the purpose of adoption. As no parent can access more than 61 weeks, sharing parental benefits is required to access the additional weeks.

- Sickness benefits, for people who are unable to work due to illness, injury or quarantine. These benefits can be paid for a maximum of 26 weeks (on or after 18 December 2022).
- Compassionate care benefits, for people who take a temporary leave from work to provide end-of-life care or support for a family member who has a significant risk of death in the next 6 months. These benefits can be paid for a maximum of 26 weeks, which can be shared among eligible family caregivers.
- Family caregiver benefit for children, for family members who must be away from work to care for or support a critically ill or injured person under 18. This benefit can be paid for a maximum of 35 weeks, which can be shared among eligible family caregivers.
- Family caregiver benefit for adults, for family members who must be away from work to care for or support a critically ill or injured person 18 or over. This benefit can be paid for a maximum of 15 weeks, which can be shared among eligible family caregivers.

Since 2006, the Province of Québec has been responsible for providing maternity and parental benefits to residents of Québec through the QPIP. All other types of EI benefits remain available to residents of Québec.

Self-employed fishers can qualify for special benefits with fishing earnings of $3,760 or more during the 31-week qualifying period.

Self-employed Canadians voluntarily enter into an agreement with the Commission through Service Canada to contribute EI premiums and access EI special benefits. They must be registered for at least one year prior to claiming benefits and their self-employment earnings must meet the minimum self-employment eligibility threshold in the year preceding the claim.

Self-employed residents of Québec entering into an agreement with the Commission may not be able to access EI maternity and parental benefits if equivalent benefits are already payable to them through QPIP, but can access sickness, compassionate care, and family caregiver benefits.

A.2 EI Part II benefits

Part II of the EI Act includes Employment Support Measures, which are labour market programs and services established to help Canadians find and keep employment and to develop a labour force that meets the current and emerging needs of employers. These programs are delivered mostly by provincial and territorial governments through Labour Market Development Agreements.

It is proposed that Part II benefits be expanded to support apprentices through measures such as the Apprenticeship Training Grant, which would provide an income top-up of $400 per week while apprentices attend mandatory in-class technical training.

A.3 Financing

The EI program is financed by contributions from employees and employers, via premiums paid on insurable earnings up to the MIE. Employee premiums apply to insurable earnings, up to the MIE. However, the EI program has specific provisions for contributors who are unlikely to qualify for benefits, e.g., employees with insured earnings of less than $2,000 are entitled to a refund of their EI premiums when they file an income tax return.

In addition, in accordance with subsection 69(2) of the EI Act and related regulations, a mechanism to reduce EI premiums paid by Québec residents and their employers was introduced. The reduced premium rate reflects the savings to the EI program due to the existence of the QPIP.

Since 31 January 2010, self-employed individuals may voluntarily opt into the EI program to receive EI special benefits. Self-employed individuals pay the same EI premium rate as salaried employees but are not required to pay the employer portion of premiums, as they do not have access to EI regular benefits.

Employers pay premiums at the rate of 1.4 times those of employees. Employers bear a higher overall share of program costs based on the principle that they have more control over layoffs. However, in accordance with subsection 69(1) of the EI Act, employers who sponsor a qualified wage-loss plan which reduces the EI special benefits otherwise payable receive a premium reduction if they meet the requirements set out by the Commission. In such cases, the employer pays premiums at a rate that is lower than 1.4 times those of employees, and a portion of those savings must be returned to their employees.

A.4 Premium rate

In accordance with subsection 66(1) of the EI Act, the Commission shall set the premium rate for each year in order to generate just enough premium revenue to ensure that, at the end of the seven-year period that commences at the beginning of that year, the total of the amounts credited to the EI Operating Account after 31 December 2008 is equal to the total of the amounts charged to that Account after that date. This calculated premium rate is referred to as the 7-year forecast break-even rate. In accordance with subsection 66(7), the premium rate is limited to an annual increase or decrease of 0.05%.

A.4.1 Legislative framework

The EI Act includes the following dates by which various responsibilities related to the setting of the EI premium rate must be met.

22 July

The Minister of Employment and Social Development (ESD) shall provide to the Actuary and the Commission the information prescribed in subsection 66.1(1) of the EI Act.

The Minister of Finance shall provide to the Actuary and the Commission the information prescribed in subsection 66.2(1) of the EI Act.

22 August

In accordance with section 66.3 of the EI Act, the Actuary shall prepare actuarial forecasts and estimates for the purposes under sections 4, 66 and 69 of the EI Act, and shall provide the Commission with a report that sets out:

- the forecast premium rate for the following year and a detailed analysis in support of the forecast;
- the calculations performed under sections 4 and 69 of the EI Act;
- the information provided under section 66.1 of the EI Act; and
- the source of the data, the actuarial and economic assumptions and the actuarial methodology used.

31 August

The Commission shall provide the Ministers of ESD and Finance with the report referred to in section 66.3 and a summary of that report.

14 September

The Commission shall set the premium rate for the following year and make available to the public the report referred to in section 66.3 of the EI Act and a summary of that report. After the premium rate is set and the report and its summary are made available to the public, the Minister of ESD shall cause them to be laid before each House of Parliament on any of the next 10 days during which that House is sitting.

30 September

The Governor in Council may substitute a premium rate for the following year that is different from the one set by the Commission, if it is considered to be in the public interest. Additionally, it may set the premium rate for the following year if the Commission has not done so by September 14. The Governor in Council must set the premium rate based on the joint recommendation of the Ministers of ESD and Finance.

Appendix - B Premium calculation methodology

B.1 Premium rate

Based on relevant assumptions and prior to any limit to the annual change in the premium rate, the 7-year forecast break-even rate for 2027 is the premium rate that is expected to generate sufficient premium revenue to ensure that at the end of 2033 the amounts credited and charged to the EI Operating Account after 31 December 2008 are equal. It is therefore based on the projected balance of the EI Operating Account as of 31 December 2026 and the projection over a period of seven years (2027-2033) of both the earnings base and EI expenditures.

The earnings base represents the total insurable earnings on which salaried employees and their employers pay EI premiums, and the earnings on which self-employed individuals that opted into the EI program pay EI premiums. The employer portion of the earnings base for salaried employees is equal to 1.4 times the employee portion of the earnings base for salaried employees, prior to the adjustment to reflect employee premium refunds.

Premium reductions are granted to employers who sponsor a qualified wage-loss plan as well as to employees residing in a province that has established a provincial plan and their employers. The expected costs of these premium reductions over the next seven years are included in the EI expenditures for purposes of determining the 7-year forecast break-even rate. More information on these premium reductions as well as the methodology used for calculating the applicable reductions for 2027 are provided in subsections B.2 (wage-loss) and B.3 (provincial plan).

For purposes of determining the 7-year forecast break-even rate, the earnings base and EI expenditures are projected over a seven-year period using the expected growth rates in the relevant economic and demographic variables applied to the base year, i.e., the last year for which complete data are available. The base year for the earnings base is 2024, which is the most recent year for which fully assessed T4 data are available. However, for certain assumptions, the 2025 partially assessed information is used. Complete data for 2025 will not become available until January 2027. EI benefits are projected from actual 2025 benefits paid (base year) and adjusted, if necessary, based on historical data up to the first six months of 2026.

The earnings base and EI expenditures are projected from the base year using:

- Data and assumptions provided by the Minister of ESD, including prescribed information as set out in section 66.1 of the EI Act;
- Assumptions and forecasts provided by the Minister of Finance in accordance with section 66.2 of the EI Act;
- Additional data provided by Service Canada, ESDC, and the Canada Revenue Agency (CRA); and
- Methodology and other assumptions developed by the Actuary.

The 7-year forecast break-even rate is calculated such that the sum of expected revenues from insurable and self-employed covered earnings over the next seven years and the EI Operating

Account balance as of 31 December 2026 are equal to the expected EI expenditures over the same period. For this purpose, the expected EI expenditures include the expected amount of premium reductions granted to employers who sponsor a qualified wage-loss plan as well as to employees residing in a province that has established a provincial plan and their employers.

The expected EI expenditures are comprised of:

- Direct program expenditures, including:
  - EI Part I benefits, net of benefit repayments that apply in certain situations (e.g., if a claimant's income for a tax year exceeds 1.25 times the annual MIE, the claimant may be required to repay a portion of benefits received);
  - EI Part II benefits, that is, Employment Support Measures;
  - Additional benefits paid through various pilot projects and special measures;
  - Administration costs; and
  - Other costs such as bad debt expense, net of penalties and interests recovered from claimants.
- Premium reductions granted to employers who sponsor qualified wage-loss plans; and
- Premium reductions granted to employees residing in a province that has established a provincial plan and to their employers.

The expected revenues are comprised of:

- Employer premiums paid on behalf of salaried employees over the next seven years prior to premium reductions;
- Employee premiums over the next seven years for earnings included in insured employment of salaried employees, net of refunds that apply in certain situations (e.g., insurable earnings below $2,000, over contributions due to multiple employments in the year) and prior to premium reductions for provincial plans; and
- Employee premiums over the next seven years for self-employed individuals who voluntarily opted into the EI program prior to premium reductions for provincial plans.

Depending on the projected cumulative balance in the EI Operating Account as at 31 December 2026, the 7-year forecast break-even rate could either increase or decrease. For 2027, given that the projected EI Operating Account as of 31 December 2026 is projected to be in deficit, the amortization of the projected EI Operating account balance increases the 7-year forecast break-even rate.

The formula for calculating the 7-year forecast break-even rate is developed as follows:

EI expenditures (over the next 7 years) = Revenues (over the next 7 years) + EIOA as at 31 December 2026

Direct program expenditures + R_{WLP} + R_{PP} = 1.4 x Rate x TIE + Rate x TIE x (1 – PR%) + Rate x TSEE + EIOA

- 1.4 x Rate x TIE: Employer premiums paid on behalf of salaried employees, prior to reductions for wage-loss plans and provincial plans
- Rate x TIE x (1 – PR%): Salaried employee premiums net of employee refunds prior to reductions for provincial plans
- Rate x TSEE: Employee premiums for self-employed prior to reductions for provincial plans

$$\text{7-year forecast break-even rate} = \frac{\text{Direct program expenditures} + R_{WLP} + R_{PP} - \text{EIOA}}{\underbrace{1.4 \times TIE + TIE \times (1 - PR\%) + TSEE}_{\text{Earnings base for residents of all provinces over the next 7 years}}}$$

Where:

R_{WLP} = amount of reduction in employer premiums due to qualified wage-loss plans over the next 7 years;
R_{PP} = amount of reduction in employee and employer premiums due to provincial plans over the next 7 years;
EIOA = EI Operating Account as of 31 December 2026 (surplus/(deficit));
TIE = total insurable earnings over the next 7 years for salaried employees prior to adjustments for employee premium refunds;
PR% = average adjustment over the next 7 years to reflect employee premium refunds (as a percentage of TIE);
TSEE = total self-employed earnings over the next 7 years for individuals who opt into the EI program.

A description of the assumptions used in projecting the variables included in the above formulas is provided in Section 5 of the main report, with additional supporting information provided in Appendix D.

B.2 Reduction in employer premiums due to qualified wage-loss plans

Generally, EI premiums paid by the employer are equal to 1.4 times the premiums deducted by the employer on behalf of the employee, referred to as the employer multiplier. However, pursuant to subsection 69(1) of the EI Act, the employer premiums can be reduced through a lower employer multiplier when its employees are covered under a qualified wage-loss plan which reduces EI special benefits otherwise payable, provided that at least 5/12 of the reduction is passed on to the employees.

In accordance with sections 63, 64, 65 and 66 of the Employment Insurance Regulations (EI Regulations), there are four distinct categories of qualified wage-loss plans, and a separate rate of reduction, expressed as a percentage of insurable earnings, is calculated annually for each category. These rates of reduction are then converted into reduced employer multipliers for

each category and applicable premium rate. The principle in determining the rates of reduction is that the EI program is paying lower sickness benefits due to the presence of qualified wage-loss plans, and that these savings to the EI program should be passed on to the employers who sponsor these plans and their employees. For administrative simplicity, the full premium reduction is provided to the employer who is then responsible for returning the employees' portion of the reduction to them.

As discussed in the previous subsection, the projection over seven years of the reduction in employer premiums due to qualified wage-loss plans is taken into account in the determination of the 7-year forecast break-even rate. For this purpose, it is viewed as a cost to the EI program and included in the numerator of the 7-year forecast break-even rate calculation. However, the cost to the EI program of granting premium reductions to employers with qualified wage-loss plans is offset by the savings to the EI program generated by lower EI sickness benefits due to the existence of qualified wage-loss plans. In addition to determining the 7-year forecast break-even rate, one of the purposes of this report is to determine the reduction in employer premiums due to qualified wage-loss plans that will apply for 2027. The remainder of this subsection provides summarized information on this.

The methodology to calculate the rates of reduction applicable for 2027 is prescribed in section 62 of the EI Regulations. Pursuant to this section, the employer's premium rate shall be reduced by the percentage by which the first payer cost ratio in respect of all insured persons exceeds the experience cost ratio in respect of insured persons covered by a qualified wage-loss plan of that employer's category. The formula used in determining the rate of reduction of each category is provided below:

Rate of reduction(x) = First payer cost ratio – Experience cost ratio(x)

Where: x = Category of wage-loss plan (1 to 4).

B.2.1 First-payer cost (FPC) ratio

The FPC ratio, which is identical for all insured persons and categories, represents the average estimated job-attached[11] EI sickness benefits that would have been paid if benefits payable under a group sickness or disability wage-loss indemnity plan or paid sick leave plan were disregarded for purposes of determining benefits otherwise payable to persons under the EI Act. It is expressed as a percentage of average insurable earnings for all insured persons. The FPC for each year is determined by multiplying the hypothetical number of first payer job-attached EI sickness benefit weeks by the average weekly sickness benefits that would apply in such circumstance.

[11] A sickness claim is considered job-attached if the interruption of earnings with the employer was by reason of illness, injury or quarantine.

For the purposes of calculating the 2027 rates of reduction, the FPC ratio is equal to the average of the FPC for the years 2023 to 2025, divided by the average insurable earnings of all insured persons for the years 2023 to 2025. The formula used in determining the FPC ratio is provided below:

$$\text{FPC ratio} = \frac{\text{FPC (2025)} + \text{FPC (2024)} + \text{FPC (2023)}}{\text{TIE (2025)} + \text{TIE (2024)} + \text{TIE (2023)}}$$

Where: TIE = total insurable earnings for all salaried employees prior to adjustments for employee premium refunds.

B.2.2 Experience cost (EC) ratio

The EC ratio is different for each category and reflects the actual average job-attached EI sickness benefits paid for each category. It is expressed as a percentage of average insurable earnings for the insured persons in that category.

The EC for each year and category, as well as the allocation of insurable earnings amongst categories are based on an analysis of administrative data provided by Service Canada and ESDC.

Similarly to the calculation of the FPC ratio, for the purposes of calculating the 2027 rates of reduction, the EC ratio of each category is based on the years 2023 to 2025. The formula used in determining the EC ratio of each category is provided below:

$$\text{EC ratio (x)} = \frac{\text{EC(x) (2025)} + \text{EC(x) (2024)} + \text{EC(x) (2023)}}{\text{TIE(x) (2025)} + \text{TIE(x) (2024)} + \text{TIE(x) (2023)}}$$

Where: x = Category of wage-loss plan (1 to 4);
TIE(x) = total insurable earnings for salaried employees of the category x, prior to adjustments for employee premium refunds.

B.2.3 Rates of reduction and amount of premium reduction

The resulting uniform FPC ratio applicable to all categories and the EC ratio of each category are used to determine the 2027 rates of reduction per category. The 2027 estimated insurable earnings per category are then used to estimate the 2027 employer premium reduction due to qualified wage-loss plans.

Additional supporting information on the calculation of the 2027 employer premium reduction due to qualified wage-loss plans and of each separate component is provided in Appendix E.

B.3 Reduction in premiums due to provincial plan

In accordance with subsection 69(2) of the EI Act and related regulations, premiums paid by employees and their employers can be reduced when employees are covered under a plan established under provincial law which reduces EI maternity and parental benefits otherwise payable, provided that an agreement has been entered into between the Government of Canada and the province to establish a system for reducing premiums paid by residents of that province and their employers.

As discussed in the previous subsection, the projection over seven years of the reduction in premiums due to the presence of provincial plans is taken into account in the determination of the 7-year forecast break-even rate. For this purpose, it is viewed as a cost to the EI program and included in the numerator of the 7-year forecast break-even rate calculation. However, the cost to the EI program of granting these premium reductions is offset by the savings to the EI program generated by lower EI MP benefits due to the existence of provincial plans. In addition to determining the 7-year forecast break-even rate, one of the purposes of this report is to determine the reduction in premiums due to provincial plans that will apply for 2027. The remainder of this subsection provides more information on this.

Since 1 January 2006, the province of Québec has been responsible for providing maternity and parental benefits to the residents of Québec through the QPIP. Pursuant to subsection 69(2) of the EI Act and related regulations, a mechanism to reduce EI premiums paid by Québec residents and their employers was introduced. The reduced premium rate reflects the savings to the EI program due to the existence of the QPIP. To date, the QPIP is the only provincial plan established in Canada.

Pursuant to the agreement signed between the Government of Canada and the Government of Québec and in accordance with Part III.1 of EI Regulations, the 2027 premium reduction for the MP provincial plan in the province of Québec, also referred to as the QPIP reduction, is equal to the ratio of the 2027 EI MP expenditures, including EI MP benefits and the variable administrative costs related to administering EI MP benefits, to the 2027 earnings base of residents outside the province of Québec. Accordingly, the formula for the QPIP reduction is as follows:

$$\text{2027 QPIP reduction} = \frac{\text{2027 EI MP expenditures}}{\underbrace{1.4 \times TIE_{(2027\ OQ)} + TIE_{(2027\ OQ)} \times (1 - PR\%) + TSEE_{(2027\ OQ)}}_{\text{2027 earnings base for out-of-Québec residents}}}$$

Where:

$TIE_{(2027\ OQ)}$ = 2027 total insurable earnings for out-of-Québec resident salaried employees, prior to adjustments for employee premium refunds;

$PR\%$ = adjustment to reflect 2027 employee premium refunds (as a percentage of TIE);

$TSEE_{(2027\ OQ)}$ = 2027 total self-employed earnings for out-of-Québec residents who opted into the EI program.

Appendix - C Maximum insurable earnings (MIE)

Section 4 of the EI Act provides details on how to determine the yearly MIE, the income level up to which EI premiums are paid and up to which EI benefits are calculated.

Based on the EI Act, the annual MIE is set at $39,000, beginning in 1996, until this threshold is surpassed by 52 times the product obtained by multiplying:

a. the average for the 12-month period ending on April 30 in the preceding year of the average weekly earnings (AWE), according to the latest revision of Statistics Canada[12], for each month in that period

   by

b. the ratio that the average for the 12-month period ending on April 30 in that preceding year of the AWE for each month in that 12-month period bears to the average for the 12-month period ending twelve months prior to April 30 of that preceding year of the AWE for each month in that 12-month period ending twelve months prior to April 30 of that preceding year.

In the year in which the threshold is surpassed, the MIE is equal to the amount calculated as described above and is rounded down to the nearest multiple of $100.

For subsequent years, the MIE before rounding is equal to the previous year's MIE before rounding, multiplied by the average of the AWE for each month for the twelve-month period ending on April 30 of the previous year divided by the average of the AWE for each month for the twelve-month period ending on April 30 in the year prior to the previous year. This unrounded MIE is then rounded down to the nearest multiple of $100.

In accordance with the EI Act, the first time the $39,000 threshold was exceeded was for 2007. The unrounded MIE for 2007 is $40,060.51[13].

The unrounded MIE for 2027 is equal to the unrounded MIE from 2007 ($40,060.51) multiplied by the average of the AWE for each month for the twelve-month period ending 30 April 2026 ($1,315.6300) divided by the average of the AWE for each month for the twelve-month period ending 30 April 2006 ($743.3842).

$$MIE_{2027} = MIE_{2007} \times \frac{AWE_{2026}}{AWE_{2006}}$$

$$= \$40{,}060.51 \times \frac{\$1{,}315.6300}{\$743.3842} = \$70{,}898.49$$

Rounded down to the nearest multiple of $100, the MIE is **$**70,800 for 2027. This is an increase of $1,900 or 2.8% from the 2026 MIE of $68,900.

[12] The AWE series has been revised by Statistics Canada since the 2026 Actuarial Report.

[13] $52 \times \text{AWE}_{2006} \times \frac{\text{AWE}_{2006}}{\text{AWE}_{2005}} = 52 \times \$743.3842 \times \frac{\$743.3842}{\$717.3208}$

Table 23 Maximum insurable earnings
($)

Year	12-month AWE average as of 30 April	Revised unrounded MIE	Applicable MIE	% change in applicable MIE
2006	743.3842	39,000.00	39,000	-
2007	764.6858	40,060.51	40,000	2.6%
2008	796.3442	41,208.45	41,100	2.8%
2009	814.6158	42,914.50	42,300	2.9%
2010	829.9575	43,899.14	43,200	2.1%
2011	862.2092	44,725.90	44,200	2.3%
2012	878.3517	46,463.92	45,900	3.8%
2013	901.1417	47,333.83	47,400	3.3%
2014	919.0992	48,561.97	48,600	2.5%
2015	943.3808	49,529.69	49,500	1.9%
2016	952.7167	50,838.21	50,800	2.6%
2017	961.4017	51,341.31	51,300	1.0%
2018	985.1850	51,809.34	51,700	0.8%
2019	1,006.8517	53,091.01	53,100	2.7%
2020	1,044.9217	54,258.61	54,200	2.1%
2021	1,118.8658	56,310.18	56,300	3.9%
2022	1,141.1617	60,294.99	60,300	7.1%
2023	1,174.3533	61,496.50	61,500	2.0%
2024	1,220.4450	63,285.18	63,200	2.8%
2025	1,279.4925	65,769.03	65,700	4.0%
2026	1,315.6300	68,951.06	68,900	4.9%
2027	N/A	70,898.49	70,800	2.8%

MIE for years prior to 2027 are not revised and are based on the legislation that applied at the time they were determined. However, the 2027 MIE reflects retroactive adjustments to the calculation in accordance with current legislation.

C.1 2027 Minimum self-employed earnings (MSEE)

To qualify for EI special benefits, self-employed individuals who opted in the EI program need to earn at least the MSEE during the calendar year before the year they submit a claim. For claims filed in 2026, in accordance with subsection 11.1 of the EI Regulations, the unrounded MSEE of 2026 was $9,254.33 of self-employed earnings in 2025. It is adjusted annually on a compound basis by the same ratio used for the indexation of the MIE (see previous section), rounded down to the nearest dollar.

$$MSEE_{2027} = MSEE_{2026} \times \frac{AWE_{2026}}{AWE_{2025}} = \$9{,}254.33 \times \frac{\$1{,}315.6300}{\$1{,}279.4925} = \$9{,}515.71$$

The MSEE for claims filed in 2027 is therefore set at $9,515 of self-employed earnings in 2026.

Appendix - D Data, methodology and assumptions

This appendix describes the data, methodology and assumptions that underlie the projections of the earnings base and expenditures included in this report. Although the assumptions have been developed using the most up-to-date available information, the resulting estimates should be interpreted with caution. These estimates are projections, and eventual differences between future experience and these projections will be analyzed and taken into account in subsequent reports.

D.1 Prescribed data

D.1.1 Minister of Employment and Social Development

Under subsection 66.1(1) of the EI Act, the Minister of ESD shall provide the Actuary, on or before 22 July of each year, with:

- the forecast change in payments to be made under paragraphs 77(1) (a), (b) or (c) of the EI Act during each of the following seven years if any changes to the payments to be made are announced;
- the forecast administration costs[14] to be paid under paragraphs 77(1) (d), (d.1) and (g) of the EI Act during each of the following seven years, including any forecast change in those costs resulting from any change to the payments to be made under paragraphs 77(1) (a), (b) or (c) of the EI Act; and
- the total amounts charged to the EI Operating Account as of the last day of the most recent month for which that total is known.

For the purposes of determining the 2027 EI 7-year forecast break-even rate under section 66 of the EI Act, the Minister of ESD has provided the Actuary with the following information:

[14] The Minister of ESD provides the baseline administration cost projections, which the Actuary can subsequently adjust.

Table 24 Prescribed information provided by the Minister of ESD
($ million)

	Actual	Forecast							
Part I	2025	2026	2027	2028	2029	2030	2031	2032	2033
Pilot projects/special temporary measures									
Seasonal claimants									
Support for eligible seasonal claimants in targeted regions	159.9	164.7	173.0	174.6	77.0	-	-	-	-
One-year extra four weeks seasonal measure	19.4	-	-	-	-	-	-	-	-
Tariff special measures									
Work-Sharing enhanced access	39.9	144.3	134.6	9.5	-	-	-	-	-
Suspending the allocation of separation earnings	191.0	514.9	117.9	-	-	-	-	-	-
Extra weeks for long-tenured workers	45.6	851.0	288.9	71.7	-	-	-	-	-
Adjusting the unemployment rate in certain regions	229.4	160.0	-	-	-	-	-	-	-
Waiving the waiting period									
Regular	441.2	356.6	-	-	-	-	-	-	-
Special	175.0	173.8	-	-	-	-	-	-	-
Fishing	10.4	7.9	-	-	-	-	-	-	-
Hours credit for 2024 wildfires	0.6	0.3	-	-	-	-	-	-	-
Sub-total	1,312.4	2,373.6	714.3	255.8	77.0	-	-	-	-
Recent proposed and permanent changes									
Extending maximum EI sickness weeks from 15 to 26	719.4	739.4	759.4	780.0	801.2	822.9	845.3	868.2	891.7
New 15-week shareable EI benefit for parents through adoption or surrogacy	-	-	10.0	13.2	13.4	13.6	13.9	14.1	14.3
Bereavement	-	-	2.1	4.4	5.1	5.3	5.4	5.6	5.8
Sub-total	**719.4**	**739.4**	**771.5**	**797.6**	**819.7**	**841.8**	**864.5**	**887.9**	**911.8**
Total	**2,031.8**	**3,112.9**	**1,485.8**	**1,053.4**	**896.7**	**841.8**	**864.5**	**887.9**	**911.8**

	Actual	Forecast							
	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
Part II (Employment Support Measures[a])	2,187.5	2,773.2	3,115.1	3,001.5	3,014.8	3,014.8	2,558.8	2,558.8	2,558.8
Administration costs	3,037.0	3,444.1	3,455.3	2,858.9	2,238.1	2,231.7	2,211.3	2,211.3	2,211.3

a. Includes additional LMDA investment and measures as shown in Table 54. Some measures are provided on a fiscal year basis while other measures are provided on a calendar year basis.

In addition, the Minister of ESD provided an EI Operating Account summary that shows a preliminary cumulative deficit of $13.0 billion as of 31 March 2026, the most recent month for which that total is known.

Additional information with regards to the pilot projects, special measures and new permanent changes shown in Table 24 can be found below.

D.1.1.1 Pilot projects and special temporary measures

D.1.1.1.1 Seasonal claimants

Budget 2018 first introduced a seasonal claimants' pilot project to provide up to five additional weeks (to a maximum entitlement of 45 weeks) of EI regular benefits to eligible seasonal claimants in 13 targeted EI economic regions. Budget 2024 extended these rules until October 2026. The Spring Economic Update 2026 extended these rules until October 2028.

The 2023 Fall Economic Statement announced the introduction of a temporary measure from September 2023 to September 2024. This measure provides up to four more weeks (in addition to the five weeks outlined in the measure above) of EI regular benefits to eligible seasonal claimants in 13 targeted EI economic regions. The maximum entitlement of 45 weeks of EI regular benefits remains in place.

D.1.1.1.2 Facilitate access to EI

In March 2025, three temporary measures were introduced to improve access to EI benefits to support workers affected by tariffs:

- adjusting EI regional unemployment rates upward by one percentage point in all EI regions to a maximum of 13.1%, with no region below 7.1% (in place until 11 October 2025);
- waiving the one-week waiting period (first extended in September 2025 and then extended in March 2026 until 10 October 2026); and
- suspending the treatment of monies paid on separation (first extended in September 2025 and then extended in March 2026 until 10 October 2026).

On September 5, 2025, several new measures and investments were announced to protect, build and transform Canadian industries most impacted by tariffs and trade disruptions. The announcements included 20 extra weeks of income support for long-tenured workers, up to a maximum of 65 weeks. It was extended in March 2026 until 10 October 2026.

Additionally, in response to the 2024 wildfires, an EI pilot project was introduced. It consists of a one-time credit of 300 hours of insurable employment to workers in Jasper, Alberta and Bunibonibee Cree Nation, Manitoba for one year (until 19 July 2025).

D.1.1.1.3 Work-Sharing program

As part of the measures to support workers and employers affected by tariffs, temporary special measures for the Work-Sharing program are in place until March 2027 (it was extended in March 2026 for one additional year). The new measures expand eligibility and increase the duration of the agreements to help more workers and employers access the program.

D.1.1.2 Recent proposed and permanent changes

Budget 2021 announced the enhancement of sickness benefits from 15 to 26 weeks. This extension became effective on 18 December 2022.

The 2023 Fall Economic Statement announced a 15-week shareable EI benefit for parents through adoption or surrogacy, which is targeting implementation for the end of calendar year 2026.

Budget 2025 announced a change that would allow claimants receiving Employment Insurance parental benefits to access an additional eight weeks of parental benefits in the event of the death of their child. It was expanded in May 2026 so that parents near the end of their claim could each receive at least five weeks of parental benefits.

D.1.1.3 Part II

Supplementary EI Part II funding provided through the bilateral Labour Market Development Agreements (LMDAs) was announced in August and September 2025 to provide upskilling, reskilling, and income supports for affected softwood lumber workers and to retrain and upskill up to 50,000 more workers.

In September 2025, the Government announced the launch of new “Workforce Alliances” and the modernization of the Government of Canada’s online job tools.

In February 2026, the new Worker Retention Grant for employers was launched to help employers support their Work-Sharing employees to upskill and adapt to changing labour market needs. Between 17 February 2026 and 31 March 2027, this top-up supplements employees’ incomes while they train during lost work time.

The Spring Economic Update 2026 also announced several measures to support apprentices under the Team Canada Strong initiative. Among these measures, the following are to be funded through the EI Operating Account:

- reducing certification delays and improving national consistency of the Red Seal program through online exams, digital logbooks and secure credentials;
- creating a single National Registered Apprenticeship Number (NRAN) and interoperable apprenticeship data system to obtain timely, accurate, comparable, and longitudinal data on apprenticeship participation and outcomes across Canada; and
- introducing an Apprenticeship Training Grant, which would provide apprentices with an income top-up of $400 per week while they are attending mandatory in-class technical training. The grant would be paid in addition to EI regular benefits. The launch date is targeted for 2027.

In July 2026, the Government announced an additional $2 billion over five years through bilateral agreements with provinces and territories to expand access to pre-apprenticeship and technical training, including creating training spaces, hiring instructors, improving training pathways and enhancing apprenticeship system data collection and reporting.

D.1.2 Minister of Finance

Under subsection 66.2(1) of the EI Act, the Minister of Finance shall provide the Actuary, on or before 22 July of each year, with the following:

- the most current forecast values of the economic variables relevant to the determination of the 7-year forecast break-even rate for the following seven years;
- the forecast amounts to be credited and charged to the EI Operating Account for the current year and an estimate of the total amounts credited to the Account as at 31 December of the previous year.

Accordingly, for the purposes of determining the 2027 EI 7-year forecast break-even rate under section 66 of the EI Act, the Minister of Finance has provided the Actuary with the following information:

Table 25 Prescribed information provided by the Minister of Finance
(thousands)

	Actual	Forecast							
Economic variables	2025	2026	2027	2028	2029	2030	2031	2032	2033
Population (15+)	34,569	34,757	34,835	35,072	35,413	35,776	36,163	36,546	36,921
Labour force	22,564	22,604	22,643	22,733	22,890	23,059	23,242	23,422	23,614
Employment	21,022	21,109	21,229	21,359	21,530	21,696	21,861	22,036	22,217
Employees	18,312	18,412	18,506	18,601	18,739	18,877	19,015	19,161	19,313
Self-employed	2,711	2,697	2,723	2,758	2,791	2,818	2,846	2,875	2,905
Unemployed	1,542	1,495	1,414	1,374	1,360	1,364	1,381	1,386	1,397
Unemployment rate	6.8%	6.6%	6.2%	6.0%	5.9%	5.9%	5.9%	5.9%	5.9%
Average weekly earnings ($)	1,303	1,357	1,408	1,458	1,505	1,552	1,599	1,647	1,696
Average employment income growth	2.4%	4.0%	3.4%	3.3%	3.0%	3.0%	3.0%	3.0%	3.0%

D.2 Earnings base

The earnings base represents the total insurable earnings on which salaried employees and their employers pay EI premiums, and the earnings on which self-employed individuals that opted into the EI program pay EI premiums. The earnings base is comprised of:

- the total insurable earnings on which employers pay EI premiums prior to any adjustment for qualified wage-loss plans or provincial plans;
- the total insurable earnings on which employees pay EI premiums, adjusted to reflect employee premium refunds; and
- the earnings on which self-employed individuals that opted into the EI program pay EI premiums.

Section 5 of the report presents an overview of the assumptions used in determining the earnings base. The following subsections provide additional information and data in support of the development of these assumptions.

D.2.1 Number of earners

In order to calculate the earnings base, an assumption is required for the number of earners, as well as the split of these earners between those who have earnings below and above the MIE.

The annual statistic on the number of employees provided by the Minister of Finance represents an average of the number of individuals who work for a public or private sector employer in a month. The number of earners provided by CRA is always greater than the average monthly number of employees since it represents a count of all individuals who received one or more T4 slips in the year and had employment income and/or insurable earnings during the year. This is mainly due to the fact that the number of earners includes all individuals who had earnings at any time during the year, whereas the number of employees only indicates a monthly average.

A historical comparison of the number of employees and the number of earners is presented in Table 26. The preliminary number of earners for 2025 is set such that the resulting insurable earnings are in line with the expected assessed premiums for 2025, which are derived from the 2025 year-to-date assessed premiums and the 2025 increase in average employment income provided by the Minister of Finance. Historical numbers might change due to data revisions.

Table 26 Historical comparison of the number of employees and number of earners
(thousands)

Year	Number of employees	Increase in number of employees	Number of earners (CRA T4 data)	Increase in number of earners	Difference in annual increases
2019	16,286		19,944		
2020	15,310	(5.99%)	19,600	(1.73%)	4.26%
2021	16,301	6.47%	20,066	2.38%	(4.10%)
2022	17,050	4.60%	20,941	4.36%	(0.23%)
2023	17,692	3.76%	21,351	1.96%	(1.81%)
2024	18,051	2.03%	21,587	1.11%	(0.92%)
2025	18,312	1.45%	22,159	2.65%	1.20%

The projected number of earners is obtained by a regression based on a correlated historical relationship from 1996 to 2025 between the number of earners and the number of employees. Table 27 shows projected number of employees as provided by the Minister of Finance as well as the projected number of earners for the years 2026 to 2033.

Table 27 Projected number of earners
(thousands)

Year	Projected number of employees	Increase in number of employees	Projected number of earners	Increase in number of earners
2026	18,412		22,407	
2027	18,506	0.51%	22,512	0.47%
2028	18,601	0.51%	22,615	0.46%
2029	18,739	0.74%	22,760	0.64%
2030	18,877	0.74%	22,900	0.61%
2031	19,015	0.73%	23,023	0.54%
2032	19,161	0.77%	23,158	0.59%
2033	19,313	0.79%	23,307	0.64%

As shown in Table 28, based on information with regards to the historical number of earners across income ranges, the distribution of earners by level of average employment income is fairly stable from year to year.

Table 28 Historical distribution of earners by level of average employment income

Year	Average employment income ($)	Range as a % of average employment income					
		0 - 25%	25 - 50%	50 - 75%	75 - 100%	100 - 125%	> 125%
2019	51,082	20.8%	14.4%	13.8%	12.8%	10.2%	27.9%
2020	51,422	23.1%	13.8%	12.3%	12.0%	10.1%	28.7%
2021	54,958	22.2%	13.4%	13.2%	12.8%	10.3%	28.1%
2022	57,682	21.3%	13.9%	13.5%	12.9%	10.6%	27.7%
2023	60,354	20.6%	14.0%	13.9%	13.2%	10.5%	27.9%
2024	63,279	20.4%	14.2%	13.9%	13.5%	10.3%	27.7%

The 2024 distribution of the number of earners by level of average employment income is used to determine the proportion of earners with employment income below and above the MIE for years 2025 to 2033.

Table 29 shows the resulting split of the number of earners between those with employment income below the MIE and those with employment income above the MIE. Actual data is also shown for years 2019 to 2024.

Table 29 Number of earners below and above the MIE

Year	MIE ($)	MIE as a proportion of average employment income	Proportion of earners below MIE	Thousands		
				Total number of earners	Number of earners below MIE	Number of earners above MIE
2019	53,100	1.0395	63.7%	19,944	12,697	7,247
2020	54,200	1.0540	63.7%	19,600	12,478	7,121
2021	56,300	1.0244	62.8%	20,066	12,611	7,455
2022	60,300	1.0454	64.0%	20,941	13,397	7,544
2023	61,500	1.0190	62.5%	21,351	13,351	8,000
2024	63,200	0.9988	61.9%	21,587	13,364	8,223
2025	65,700	1.0141	62.5%	22,159	13,858	8,300
2026	68,900	1.0225	62.9%	22,407	14,105	8,302
2027	70,800	1.0164	62.7%	22,512	14,104	8,408
2028	74,000	1.0285	63.2%	22,615	14,302	8,313
2029	76,700	1.0348	63.5%	22,760	14,463	8,298
2030	79,400	1.0399	63.8%	22,900	14,608	8,292
2031	81,900	1.0416	63.9%	23,023	14,706	8,316
2032	84,400	1.0426	63.9%	23,158	14,804	8,354
2033	87,000	1.0438	64.0%	23,307	14,912	8,395

D.2.2 Average and total employment income

The projected increase in average employment income, provided by the Minister of Finance, combined with the increase in the projected number of earners, are used to determine the total employment income. Table 30 shows the derivation of the projected total employment income for years 2025 to 2033, as well as actual data provided by CRA for years 2019 to 2024.

Table 30 Projected total employment income

Year	Number of earners from CRA T4 data (thousands)	Increase in number of earners	Average employment income from CRA T4 data ($)	Increase in average employment income	Increase in total employment income	Total employment income ($ thousand)
2019	19,944		51,082			1,018,784,902
2020	19,600	(1.73%)	51,422	0.67%	(1.07%)	1,007,872,380
2021	20,066	2.38%	54,958	6.87%	9.41%	1,102,762,945
2022	20,941	4.36%	57,682	4.96%	9.54%	1,207,919,600
2023	21,351	1.96%	60,354	4.63%	6.68%	1,288,629,153
2024	21,587	1.11%	63,279	4.85%	6.01%	1,366,012,225
2025	N/A	2.65%	N/A	2.38%	5.09%	1,435,531,232
2026	N/A	1.12%	N/A	4.01%	5.17%	1,509,819,091
2027	N/A	0.47%	N/A	3.37%	3.86%	1,568,069,378
2028	N/A	0.46%	N/A	3.29%	3.76%	1,627,047,610
2029	N/A	0.64%	N/A	3.03%	3.69%	1,687,079,068
2030	N/A	0.61%	N/A	3.01%	3.64%	1,748,552,235
2031	N/A	0.54%	N/A	2.97%	3.52%	1,810,176,843
2032	N/A	0.59%	N/A	2.95%	3.56%	1,874,562,435
2033	N/A	0.64%	N/A	2.97%	3.63%	1,942,679,812

As shown in Table 31, the historical distribution of total employment income as a percentage of average employment income is usually stable from year to year.

Table 31 Historical distribution of employment income as a % of average employment income

Year	Average employment income ($)	Range as a % of average employment income					
		0 - 25%	25 - 50%	50 - 75%	75 - 100%	100 - 125%	> 125%
2019	51,082	2.3%	5.4%	8.6%	11.2%	11.4%	61.2%
2020	51,422	2.5%	5.1%	7.7%	10.4%	11.3%	63.0%
2021	54,958	2.3%	5.0%	8.3%	11.1%	11.5%	61.8%
2022	57,682	2.3%	5.1%	8.5%	11.3%	11.8%	61.0%
2023	60,354	2.2%	5.2%	8.7%	11.5%	11.7%	60.6%
2024	63,279	2.2%	5.3%	8.7%	11.8%	11.6%	60.5%

The 2024 distribution of total employment income as a percentage of average employment income is used to determine the proportion of employment income that relates to earners with employment income below and above the MIE for years 2025 to 2033. Table 32 shows the total employment income split between earners with employment income below the MIE and earners with employment income above the MIE for years 2025 to 2033. Actual data is also shown for years 2019 to 2024.

Table 32 Distribution of employment income for earners below and above the MIE

Year	MIE ($)	MIE as a proportion of average employment income	Proportion of employment income for earners below MIE	($ thousand) Total employment income	Total employment income for earners below MIE	Total employment income for earners above MIE
2019	53,100	1.0395	29.3%	1,018,784,902	298,240,070	720,544,832
2020	54,200	1.0540	28.3%	1,007,872,380	285,174,882	722,697,498
2021	56,300	1.0244	28.0%	1,102,762,945	308,372,705	794,390,240
2022	60,300	1.0454	29.5%	1,207,919,600	356,640,097	851,279,503
2023	61,500	1.0190	28.5%	1,288,629,153	367,611,181	921,017,972
2024	63,200	0.9988	27.9%	1,366,012,225	380,816,284	985,195,940
2025	65,700	1.0141	28.5%	1,435,531,232	409,524,450	1,026,006,782
2026	68,900	1.0225	28.9%	1,509,819,091	437,026,572	1,072,792,519
2027	70,800	1.0164	28.6%	1,568,069,378	449,134,875	1,118,934,503
2028	74,000	1.0285	29.2%	1,627,047,610	475,819,625	1,151,227,985
2029	76,700	1.0348	29.6%	1,687,079,068	498,595,638	1,188,483,430
2030	79,400	1.0399	29.8%	1,748,552,235	521,204,064	1,227,348,171
2031	81,900	1.0416	29.9%	1,810,176,843	541,179,666	1,268,997,177
2032	84,400	1.0426	29.9%	1,874,562,435	561,363,186	1,313,199,249
2033	87,000	1.0438	30.0%	1,942,679,812	582,837,266	1,359,842,546

D.2.3 Total insurable earnings

Total insurable earnings for salaried employees are equal to total employment income, up to the annual MIE, earned by a person employed in insured employment. They are used to determine the earnings base for salaried employees. Prior to any adjustments for employee premium refunds, the earnings base for salaried employees is equal to 2.4 times the total insurable earnings.

Historical information regarding total insurable earnings is derived from aggregate assessed EI premiums gathered from T4 slips of all salaried employees and is provided by CRA. Insurable earnings can be calculated by dividing gross EI premium revenues by 2.4 times the weighted-average premium rate. Gross EI premium revenues are derived by adding the following components to the net EI assessed premiums:

- Unadjusted employee premium refunds (multiple employments, insurable earnings below $2,000 and net adjustments for Québec residents working outside of Québec and vice-versa);

- Overage (correction to EI premiums due to employer-related administrative errors);
- Employer premium reductions for qualified wage-loss plans;
- Net adjustment payments between the Government of Canada and the Government of Québec for Québec residents working outside of Québec and vice-versa; and
- Other accounting adjustments.

Gross EI premium revenues represent employee EI premiums deducted at source and the corresponding employer premium before adjusting for qualified wage-loss plans and reflect the employee's province of work. Therefore, the annual weighted-average premium rates are calculated from the split of insurable earnings between Québec and out-of-Québec as reflected in the T4 data provided by CRA (i.e., on a province of employment basis, not province of residence). The derivation of insurable earnings for years 2019 to 2024 from the CRA statement of premium revenue is shown in Table 33.

Table 33 Derived insurable earnings from assessed premiums
($ million)

	2019	2020	2021	2022	2023	2024
Net premiums assessed	23,069.0	21,910.7	23,790.6	26,693.7	29,314.2	31,535.7
Unadjusted employee premium refunds	266.1	219.8	309.1	373.9	360.7	365.9
Overage	2.7	2.5	2.7	2.6	2.9	2.8
Wage-loss premium reduction	992.3	1,023.0	1,086.4	1,171.9	1,333.3	1,329.0
Net adjustment payments (QPIP)	6.1	7.3	6.1	3.6	0.0	(2.7)
Other accounting adjustments	2.5	1.4	2.6	3.9	5.1	8.3
Gross EI premium revenues	24,338.7	23,164.6	25,197.5	28,249.7	31,016.2	33,238.9
Distribution of insurable earnings (province of employment):						
Out-of-Québec	77.8%	77.5%	77.3%	77.3%	77.6%	77.6%
Québec	22.2%	22.5%	22.7%	22.7%	22.4%	22.5%
EI premium rate:						
Out-of-Québec	1.62%	1.58%	1.58%	1.58%	1.63%	1.66%
Québec	1.25%	1.20%	1.18%	1.20%	1.27%	1.32%
Weighted average premium rate	1.54%	1.49%	1.49%	1.49%	1.55%	1.58%
Total insurable earnings	659,464	645,880	705,026	787,921	834,113	874,522

For employees with multiple employments in a year, the information is based on the combined total EI premiums. This means that although insurable earnings of each employment are capped at the MIE, the combined total insurable earnings can exceed the MIE. The adjustment to insurable earnings and the earnings base to reflect multiple employments is captured in the employee premium refund section.

The 2024 distributions of total number of earners and total employment income as a percentage of average employment income are used to calculate insurable earnings for years 2025 to 2033. Total employment income capped at the MIE is derived from these distributions. The resulting capped employment income is adjusted for consistency with total insurable earnings, which takes into account multiple employments as well as excluded employments. The adjustment varies based on expected changes in the unemployment rate. For 2025, the adjustment is expected to be 96.4% and remain constant until 2033.

Table 34 shows details of the projected total insurable earnings calculations for years 2025 to 2033, as well as actual data for years 2019 to 2024. The resulting insurable earnings for 2025 reflect the year-to-date assessed premiums and related total expected assessed premiums for the year.

Table 34 Projected total insurable earnings

Year	MIE ($)	Total employment income for earners below MIE ($ thousand)	Number of earners above MIE (thousands)	Total employment income for earners above MIE, capped at MIE ($ thousand)	Total employment income, capped at MIE ($ thousand)	Total insurable earnings ($ thousand)	Increase in total insurable earnings
2019	53,100	298,240,070	7,247	384,804,549	683,044,619	659,463,657	
2020	54,200	285,174,882	7,121	385,979,175	671,154,057	645,879,678	(2.06%)
2021	56,300	308,372,705	7,455	419,724,776	728,097,481	705,026,063	9.16%
2022	60,300	356,640,097	7,544	454,922,978	811,563,075	787,921,272	11.76%
2023	61,500	367,611,181	8,000	492,025,707	859,636,888	834,113,105	5.86%
2024	63,200	380,816,284	8,223	519,676,915	900,493,199	874,521,968	4.84%
2025	65,700	409,524,450	8,300	545,336,912	954,861,361	920,276,736	5.23%
2026	68,900	437,026,572	8,302	572,006,268	1,009,032,840	972,486,150	5.67%
2027	70,800	449,134,875	8,408	595,254,195	1,044,389,070	1,006,561,794	3.50%
2028	74,000	475,819,625	8,313	615,155,610	1,090,975,235	1,051,460,630	4.46%
2029	76,700	498,595,638	8,298	636,432,984	1,135,028,622	1,093,918,424	4.04%
2030	79,400	521,204,064	8,292	658,366,540	1,179,570,604	1,136,847,117	3.92%
2031	81,900	541,179,666	8,316	681,104,061	1,222,283,728	1,178,013,192	3.62%
2032	84,400	561,363,186	8,354	705,056,785	1,266,419,970	1,220,550,841	3.61%
2033	87,000	582,837,266	8,395	730,360,285	1,313,197,551	1,265,634,160	3.69%

D.2.4 Split of total insurable earnings due to provincial plan

On 1 March 2005, an agreement was reached between the Government of Canada and the Government of Québec, which gave the Government of Québec the means to set up, starting 1 January 2006, the Québec Parental Insurance Plan (QPIP). Under the QPIP, Québec is responsible for maternity and parental (MP) benefits claimed by residents of Québec. The final agreement between the Governments of Canada and Québec includes a financial mechanism whereby the Government of Canada reduces EI premiums paid by Québec residents and their employers so that the Government of Québec can collect premiums for its own program. The premium reduction reflects the savings to the EI Account realized as a result of Québec's program, including MP benefits that are no longer paid under EI and administrative savings.

Given that eligibility for the QPIP is based on the province of residence, for the purposes of calculating the QPIP reduction, insurable earnings must be split between Québec and all other provinces based on the province of residence. The information regarding historical insurable earnings provided by CRA (T4 basis) is based on the province of employment. Therefore, an adjustment is required to transfer insurable earnings from Québec to out-of-Québec and vice-versa to reflect the province of residence.

D.2.4.1 Split based on province of employment (T4)

Premiums are remitted by employers and employees based on province of employment, i.e., on a T4 basis. The information regarding historical insurable earnings provided by CRA is also on a T4 basis and is therefore based on the province of employment. The historical distribution of insurable earnings on a T4 basis shows that the proportion of insurable earnings that relates to employment in Québec increased between 2019 and 2021, decreased in 2022 and 2023, and slightly increased thereafter. It is expected that the proportion of insurable earnings that relates to employment in Québec will slightly decrease over the 7-year projection period as highlighted in Table 35.

Table 35 Split of insurable earnings between Québec and out-of-Québec, based on province of employment (T4 data)

Year	Proportion of insurable earnings for employment in Québec	Proportion of insurable earnings for employment out-of-Québec
2019	22.22%	77.78%
2020	22.53%	77.47%
2021	22.71%	77.29%
2022	22.66%	77.34%
2023	22.40%	77.60%
2024	22.45%	77.55%
2025	22.45%	77.55%
2026	22.31%	77.69%
2027	22.13%	77.87%
2028	22.00%	78.00%
2029	21.93%	78.07%
2030	21.85%	78.15%
2031	21.78%	78.22%
2032	21.71%	78.29%
2033	21.63%	78.37%

The proportions shown in the table above are used to split the insurable earnings between Québec and out-of-Québec based on province of employment. Adjustments to these proportions are required to reflect the province of residence.

D.2.4.2 Split based on province of residence (T1)

The premiums are remitted based on the province of employment, in accordance with the Canada-Québec Agreement and Part III.1 of the EI Regulations, and for the purpose of facilitating inter-provincial mobility. However, when a worker's premium, as well as the related employer's premium is collected under the EI MP or the QPIP, and the person for whom the premium is collected is not covered by the regime to which they have contributed because of their province of residence, adjustment payments between the Government of Canada and the Government of Québec are made as long as this person is covered under the other regime. These adjustment payments are based on information included in individual tax returns and reflect the province of residence as of 31 December.

The information on historical assessed premiums provided by CRA includes the annual adjustment payments between the Government of Canada and the Government of Québec. A split between the employee adjustment payments and the employer adjustment payments, and a split between the transfer from the Government of Canada to the Government of Québec and vice-versa is provided. Table 36 shows the detailed adjustment payments between both parties for calendar years 2019 to 2024. The adjustment payments for calendar year 2024 are preliminary.

Table 36 Historical adjustment payments between the Government of Canada and the Government of Québec to reflect province of residence
($ thousand)

	2019	2020	2021	2022	2023	2024
Adjustment payments from Government of Canada to Government of Québec (i.e. for Québec residents working outside of Québec):						
Employee portion	15,164	15,511	18,537	20,255	20,474	19,433
Employer portion	19,949	20,445	24,644	26,723	26,742	25,394
Total	35,112	35,956	43,181	46,978	47,217	44,827
Adjustment payments from Government of Québec to Government of Canada (for non-Québec residents working in Québec):						
Employee portion	16,681	16,011	19,931	23,640	26,541	27,380
Employer portion	12,292	12,639	17,117	19,743	20,668	20,140
Total	28,972	28,650	37,047	43,384	47,209	47,520
Net adjustment payment from Government of Canada to Government of Québec:						
Employee portion	(1,517)	(500)	(1,394)	(3,385)	(6,067)	(7,947)
Employer portion	7,657	7,806	7,528	6,980	6,074	5,254
Total	6,140	7,306	6,134	3,594	7	(2,693)

The rules on how these adjustment payments are calculated are established in Division 4 of the *Employment Insurance Regulations* and Division 5 of *An Act Respecting Parental Insurance* (QPIP). Under these rules, the employer adjustment payment for each T4 slip of a given employee is generally equal to that employee's insurable earnings times the QPIP reduction times the employer's multiplier. Therefore, by using the aggregate employer adjustment payments provided by CRA and an average employer multiplier, it is possible to calculate the insurable earnings of Québec residents working outside of Québec and vice-versa. Given that a similar exercise is not possible using the employee adjustment payments due to different rules that apply to various individual situations, the employer adjustment payments are used to calculate the transfer of insurable earnings on a province of employment basis from Québec to out-of-Québec and vice-versa to reflect the province of residence.

Based on information provided by CRA, insurable earnings for employees who reside in Québec and work outside of Québec correspond to 0.68% of total insurable earnings on average for the last three years of available data (2022 to 2024). Insurable earnings for employees who reside outside of Québec and work in Québec correspond to 0.52% of total insurable earnings for the same period. The resulting net effect is that, from the split based on province of employment, an average net transfer of 0.16% of total insurable earnings from out-of-Québec to Québec occurs to reflect the province of residence. This is outlined in Table 37.

Table 37 Adjustment to insurable earnings split to reflect province of residence
($ thousand)

	2021	2022	2023	2024
Total insurable earnings ($)	705,026,063	787,921,272	834,113,105	874,521,968
QPIP reduction	0.40%	0.38%	0.36%	0.34%
Average employer multiplier:				
Out-of-Québec employers	1.29	1.30	1.29	1.30
Québec employers	1.30	1.30	1.30	1.31
Employer adjustment payments:				
From Government of Canada to Government of Québec	24,644	26,723	26,742	25,394
From Government of Québec to Government of Canada	17,117	19,743	20,668	20,140
Estimated transfer of insurable earnings to reflect province of residence (employer adjustment payments / (QPIP reduction x average employer multiplier))				
From Government of Canada to Government of Québec ($)	4,758,375	5,427,378	5,753,292	5,750,503
From Government of Québec to Government of Canada ($)	3,291,616	3,986,494	4,404,571	4,526,794
Net transfer (from Canada to Québec) ($)	1,466,759	1,440,884	1,348,721	1,223,708
Estimated transfer of insurable earnings to reflect province of residence as a % of total insurable earnings				
From Government of Canada to Government of Québec	0.67%	0.69%	0.69%	0.66%
From Government of Québec to Government of Canada	0.47%	0.51%	0.53%	0.52%
Net from Government of Canada to Government of Québec	0.21%	0.18%	0.16%	0.14%

The information included in the administrative files that are exchanged between CRA and Revenu Québec was used to validate the methodology developed to estimate the transfer of insurable earnings using aggregate data. This file includes information on all tax filers who are Québec residents and work outside of Québec and vice-versa. The actual insurable earnings of Québec residents working outside of Québec (roughly 137,000 people in 2024) and of non-Québec residents working in Québec (roughly 137,000 people in 2024) were close to the ones calculated on an aggregate basis.

It is assumed that the net transfer of insurable earnings on a T4 basis to reflect actual province of residence for years 2025 to 2033 will be equal to the average transfer for years 2022 to 2024, that is 0.16%. The resulting insurable earnings on a province of residence basis are outlined in Table 38.

Table 38 Split of salaried insurable earnings based on province of residence

	Proportion of insurable earnings - province of work (T4 basis)			Proportion of insurable earnings - province of residence		Total insurable earnings - province of residence ($ thousand)		
Year	Out-of-Québec	Québec	Net transfer to Québec	Out-of-Québec	Québec	Canada	Out-of-Québec	Québec
2024	77.55%	22.45%	0.14%	77.41%	22.59%	874,521,968	676,968,078	197,553,890
2025	77.55%	22.45%	0.16%	77.39%	22.61%	920,276,736	712,202,166	208,074,570
2026	77.69%	22.31%	0.16%	77.53%	22.47%	972,486,150	753,968,512	218,517,638
2027	77.87%	22.13%	0.16%	77.71%	22.29%	1,006,561,794	782,199,170	224,362,624
2028	78.00%	22.00%	0.16%	77.84%	22.16%	1,051,460,630	818,456,955	233,003,676
2029	78.07%	21.93%	0.16%	77.91%	22.09%	1,093,918,424	852,271,844	241,646,580
2030	78.15%	21.85%	0.16%	77.99%	22.01%	1,136,847,117	886,627,067	250,220,050
2031	78.22%	21.78%	0.16%	78.06%	21.94%	1,178,013,192	919,557,098	258,456,094
2032	78.29%	21.71%	0.16%	78.13%	21.87%	1,220,550,841	953,616,372	266,934,469
2033	78.37%	21.63%	0.16%	78.21%	21.79%	1,265,634,160	989,852,476	275,781,683

D.2.5 Employee premium refunds

In general, salaried employees contribute EI premiums on their total insurable earnings in a given tax year up to the annual MIE limit. However, when filing their tax returns, employees will receive a refund if they have exceeded the maximum contribution due to multiple employments in the same year or if their insurable earnings were below $2,000. The insurable earnings that are subject to any subsequent premium refund must be excluded from the earnings base. The data from T4 slips that are used for projection purposes include insurable earnings for which premiums may later be refunded. Therefore, an adjustment must be made to reduce the earnings base. In addition, since the employer does not receive a refund, only the employee's portion of the total earnings base is adjusted.

The annual employee refunds provided by CRA reflect the net impact of total EI premiums paid and the employee adjustment payments between the Government of Canada and the Government of Québec to account for employees who reside in Québec and work outside of Québec and vice-versa.

For example, the information provided for a resident outside of Québec who is working in Québec for the same employer throughout the year will include a refund equal to the difference between the premium paid to the QPIP and the premium owed for EI MP coverage. However, the total insurable earnings should not be adjusted to reflect this refund.

Another example is the case of a Québec resident who is working outside of Québec and who has exceeded the maximum EI contribution due to multiple employments in the year. In this case, the refund provided by CRA is net of the QPIP premium payable. The insurable earnings base should be adjusted for the refund related to the EI premium overpayment rather than the EI premium overpayment minus the QPIP premium payable.

The refunds provided by CRA must therefore be adjusted to reflect only refunds that relate to multiple employment and insurable earnings below $2,000. They should be decreased by any refund that relates to QPIP premiums paid by out-of-Québec residents who worked in Québec and increased by any QPIP premiums payable by Québec residents who had multiple employments and worked outside of Québec. Given that the latter is not as common, the adjusted premium refunds will be lower than the refunds provided by CRA.

The adjusted premium refunds are estimated such that the net assessed premiums shown in Table 33 remain unchanged after taking into account the split of insurable earnings based on province of residence. In the reconciliation of the net assessed premiums using the province of residence (Table 39), the net adjustment payments (QPIP) shown in Table 33 are re-allocated between two items: the gross premium revenues and the premium refunds. Consequently, Table 39 shows net adjustment payments (QPIP) of $0.

The portion of net adjustment payments that is re-allocated to gross premium revenues is calculated by taking the difference between gross premiums calculated using the weighted-average premium rate on a province of residence basis and gross premiums calculated using the weighted-average premium rate on a province of employment basis. Given that the proportion of Québec insurable earnings is higher under the province of residence basis and that Québec residents have a lower premium rate, the gross premium revenues on a province of residence basis are lower than those on a province of employment basis.

The portion of net adjustment payments that has not been allocated to the change in gross premium revenues to reflect the province of residence is allocated to premium refunds. The resulting adjusted premium refunds relate only to multiple employment and insurable earnings below $2,000 and do not reflect any other adjustments due to the province of employment being different than the province of residence.

Table 39 shows the reconciliation of net premiums and the inherent calculation of adjusted premium refunds for years 2019 to 2024. By comparing this table to Table 33 for year 2024, it can be seen that adjustment payments of $(2.7) million are reflected in Table 39 through gross premiums that are $10.0 million lower ($33,238.9 – $33,228.9) and in Table 40 through premium refunds that are $12.7 million lower ($365.9 – $353.2), with no resulting effect on the total net premium.

Table 39 Calculation of the adjusted premium refunds
($ million)

	2019	2020	2021	2022	2023	2024
Total insurable earnings	659,464	645,880	705,026	787,921	834,113	874,522
Split of insurable earnings (province of residence):						
Outside Québec	77.5%	77.2%	77.1%	77.2%	77.4%	77.4%
Québec	22.5%	22.8%	22.9%	22.8%	22.6%	22.6%
EI premium rate:						
Outside Québec	1.62%	1.58%	1.58%	1.58%	1.63%	1.66%
Québec	1.25%	1.20%	1.18%	1.20%	1.27%	1.32%
Weighted average premium rate	1.54%	1.49%	1.49%	1.49%	1.55%	1.58%
Gross premium revenues	24,324.7	23,149.9	25,183.3	28,236.7	31,004.7	33,228.9
Adjusted premium refunds	258.2	212.4	301.0	364.5	349.2	353.2
Overage	2.7	2.5	2.7	2.6	2.9	2.8
Wage-loss premium reduction	992.3	1,023.0	1,086.4	1,171.9	1,333.3	1,329.0
Net adjustment payments (QPIP)	-	-	-	-	-	-
Other accounting adjustments	2.5	1.4	2.6	3.9	5.1	8.3
Net premium assessed	23,069.0	21,910.7	23,790.6	26,693.7	29,314.2	31,535.7

The adjusted premium refunds divided by the average premium rate are used to estimate the total insurable earnings subject to a subsequent employee refund. The calculations are based on historical data provided by CRA. Table 40 shows that the total insurable earnings subject to a subsequent employee refund as a percentage of total insurable earnings averages 2.68% from 2020 to 2024. It is assumed to remain constant at 2.68% until 2033.

Table 40 Total insurable earnings subject to a subsequent premium refund
($ million)

	2020	2021	2022	2023	2024
Total insurable earnings (TIE)	645,880	705,026	787,921	834,113	874,522
Adjusted premium refunds	212.4	301.0	364.5	349.2	353.2
Average premium rate	1.49%	1.49%	1.49%	1.55%	1.58%
TIE subject to refund	14,220	20,224	24,412	22,547	22,308
TIE subject to refund (% of TIE)	2.20%	2.87%	3.10%	2.70%	2.55%

D.2.6 Self-employed earnings

Pursuant to the *Fairness for the Self-Employed Act*, starting 31 January 2010, self-employed persons can enter into a voluntary agreement with the Commission through Service Canada to participate in the EI program, contribute EI premiums at the employee rate and have access to special benefits. Self-employed residents of Québec will continue to receive maternity and parental benefits through the QPIP, however they are able to access sickness, compassionate care, and Family Caregiver Benefits through the EI program. As such, the earnings base used in calculating the 7-year forecast break-even rate must take into account the covered earnings of self-employed individuals who opt into the EI program.

Participants in the self-employed EI program contribute premiums on their covered earnings, (i.e., their self-employed earnings up to the annual MIE), at the employee rate corresponding to their province of residence, and there are no employer premium contributions. Therefore, as with salaried employees' insurable earnings, self-employed covered earnings must be split between residents of Québec's covered earnings and residents out-of-Québec's covered earnings.

The expected increase in self-employed covered earnings reflects the expected increase in the number of participants, and the expected increase in average earnings of self-employed individuals.

D.2.6.1 Projected number of participants

ESDC tracks the number of weekly self-employed enrolments by province for the EI program and was able to provide enrolment data for each week up to May 2026. The enrolment data also includes adjustments for individuals who have opted out of the program in each week. Table 41 shows the evolution of the number of participants starting with the cumulative number as at 31 December 2010, with a split between Québec and out-of-Québec residents.

Following a surge in enrolment in 2020, likely due to the COVID-19 pandemic, the annual increase in the number of participants continued to outpace the historical annual enrolment observed between 2010 and 2019. Nonetheless, the growth in the number of participants has been slightly slowing down. Hence, between 2027 and 2033, the assumption for the increase in the number of participants is based on the average weekly enrolments between 2023 and 2025.

The assumption to complete year 2026 is based on the last 2-year average (2024-2025) of weekly enrolments for the last seven months of each year. The number of enrolments is projected independently for Québec and out-of-Québec residents and reflects the slower pace of enrolment of Québec residents.

Using cumulative enrolments up to May 2026 and projected enrolments, Table 41 shows the historical and projected number of self-employed participants from 2010 to 2033.

Table 41 Projected self-employed EI participants

Cumulative participants as of the last week of:	Out-of-Québec residents	Québec residents	Total
2010	4,443	1,367	5,810
2011	7,114	2,482	9,596
2012	9,059	3,092	12,151
2013	10,574	3,358	13,932
2014	11,893	3,482	15,375
2015	13,422	3,656	17,078
2016	14,997	3,824	18,821
2017	16,708	3,978	20,686
2018	18,483	4,198	22,681
2019	20,322	4,429	24,751
2020	33,059	7,892	40,951
2021	37,734	8,701	46,435
2022	41,766	9,448	51,214
2023	45,749	10,223	55,972
2024	49,400	10,879	60,279
2025	52,456	11,405	63,861
2026	55,084	11,856	66,940
2027	58,648	12,508	71,156
2028	62,280	13,173	75,453
2029	65,843	13,825	79,668
2030	69,406	14,478	83,884
2031	72,970	15,130	88,100
2032	76,533	15,782	92,315
2033	80,165	16,447	96,612

D.2.6.2 Increase in average earnings

Historical data on the evolution of average earnings of self-employed individuals who opted into the EI program compared to average earnings of all self-employed individuals or of salaried employees are either not available or incomplete. As such, it is assumed that the average earnings of self-employed individuals who have opted into the EI program will increase at the same pace as the average earnings of salaried employees from 2026 to 2033.

The most recent year for which complete data is available with regards to self-employed EI premiums and inherent covered earnings is tax year 2024. The projected increase in average employment earnings, combined with the increase in the number of self-employed participants are used to determine the self-employed covered earnings for years 2026 to 2033. It is important to note that regardless of the timing of enrolment during the year, premiums are paid on total covered earnings in that year. Table 42 shows the projected self-employed covered earnings for Québec residents and out-of-Québec residents for years 2025 to 2033.

Table 42 Projected covered earnings for self-employed EI participants
($ thousand)

	Out-of-Québec residents				Québec residents				Canada
Year	Increase in average earnings	Increase in number of participants	Increase in covered earnings	Total covered earnings	Increase in average earnings	Increase in number of participants	Increase in covered earnings	Total covered earnings	Total covered earnings
2025				566,092				93,768	659,859
2026	4.01%	5.0%	9.2%	618,290	4.01%	4.0%	8.1%	101,383	719,673
2027	3.37%	6.5%	10.1%	680,493	3.37%	5.5%	9.1%	110,569	791,062
2028	3.29%	6.2%	9.7%	746,414	3.29%	5.3%	8.8%	120,278	866,692
2029	3.03%	5.7%	8.9%	812,997	3.03%	5.0%	8.1%	130,054	943,051
2030	3.01%	5.4%	8.6%	882,809	3.01%	4.7%	7.9%	140,293	1,023,102
2031	2.97%	5.1%	8.3%	955,717	2.97%	4.5%	7.6%	150,972	1,106,688
2032	2.95%	4.9%	8.0%	1,031,993	2.95%	4.3%	7.4%	162,132	1,194,125
2033	2.97%	4.7%	7.9%	1,113,078	2.97%	4.2%	7.3%	173,981	1,287,060

D.3 Expenditures

EI expenditures include Part I and Part II (Employment Support Measures) benefit payments, administration costs and doubtful debts. EI benefits also include temporary spending initiatives, such as pilot projects or special measures announced by the Government of Canada.

EI benefits paid under Part I of the EI Act include:

- Regular benefits, which provide temporary income support for unemployed persons;
- Fishing benefits, for self-employed fishers;
- Work-Sharing benefits, for workers willing to work a temporarily reduced work week to avoid lay-offs; and
- Special benefits, for those who are sick (sickness benefits), pregnant or have recently given birth, or are caring for their newborn or newly adopted child(ren) (maternity and parental benefits), for those caring for a seriously ill family member at end-of-life (compassionate care benefits), or for those providing care or support to a critically ill or injured family member (Family Caregiver benefits).

To project EI expenditures, in addition to demographic and economic forecasts, a number of assumptions are required, namely average weekly benefits, number of potential claimants and recipiency rate. Those three assumptions are discussed below, and formulas for the projection of regular, fishing, Work-Sharing and special benefits are explained. Details on benefit repayments, Part II benefits, administration costs, bad debt expenses, penalties and interest on overdue accounts receivable are also included in this section.

D.3.1 Average weekly benefits

The average weekly benefits (AWB) are equal to benefit payments divided by the number of benefit weeks paid for Part I benefits.

Weekly benefits are generally equal to 55% of the claimant's variable best weeks over the qualifying period (generally 52 weeks). The number of best weeks taken into account is determined by the regional unemployment rate and varies between 14 and 22 insurable earnings weeks.

The maximum amount payable is determined by the MIE. For 2027, the maximum weekly benefit is 55% of the $70,800 annual MIE divided by 52, or $749.

The AWB are determined by the sum of the change in the MIE and in the average weekly earnings, weighted by the proportion of benefit weeks for claimants with insurable earnings above and below the annual MIE and by the prior year AWB for claimants with insurable earnings above and below the annual MIE.

$$AWB_T = AWB_{above(T-1)} \times (\%_{above(T)}) \times \frac{MIE_T}{MIE_{T-1}} + AWB_{below(T-1)} \times (\%_{below(T)}) \times \frac{AWE_T}{AWE_{T-1}}$$

$$AWB_{growth} = AWB_T / AWB_{T-1} - 1$$

Where: AWB = average weekly benefits;
AWB_{above} = AWB for claimants with insurable earnings above the MIE;
AWB_{below} = AWB for claimants with insurable earnings below the MIE;
MIE = maximum insurable earnings;
AWE = average weekly earnings;
$\%_{above}$ = percentage of benefit weeks for claimants with earnings above the MIE; and
$\%_{below}$ = percentage of benefit weeks for claimants with earnings below the MIE.

The percentage of benefit weeks for claimants with insurable earnings above the annual MIE is based on an analysis of administrative data provided by ESDC.

The proportion increased from 37.9% in 2021 (lower value mainly due to the COVID-19 pandemic) to 51.0% in 2025. Based on partial data, this proportion is expected to decrease to 50.8% in 2026. It is then assumed to slightly increase in 2027 to its ultimate value of 50.9% (average of 2025 and 2026).

Table 43 Percentage of benefit weeks for claimants with IE above the MIE

Year	% above MIE
2018	47.0%
2019	48.0%
2020	41.8%
2021	37.9%
2022	45.1%
2023	47.9%
2024	50.1%
2025	51.0%
2026	50.8%
2027-2033	50.9%

The 2025 AWB for claimants with insurable earnings above and below the MIE was $695 and $461 respectively.

Based on the growth in average weekly earnings and the MIE and on the proportion of benefit weeks for claimants with earnings above the MIE, the annual average weekly benefits growth

rates are forecasted at 4.5% and 3.2% for 2026 and 2027 respectively. The average annual increase for years 2028 to 2033 is 3.4%. These AWB growth rates apply to all benefit types, other than maternity and parental (MP) benefits, for 2027 onwards.

Table 44 Average weekly benefits growth factors

	Actual	Forecast							
	2025	2026	2027	2028	2029	2030	2031	2032	2033
Average weekly earnings ($)	1,303	1,357	1,408	1,458	1,505	1,552	1,599	1,647	1,696
% change	3.4%	4.1%	3.8%	3.6%	3.2%	3.1%	3.0%	3.0%	3.0%
MIE ($)	65,700	68,900	70,800	74,000	76,700	79,400	81,900	84,400	87,000
% change	4.0%	4.9%	2.8%	4.5%	3.6%	3.5%	3.1%	3.1%	3.1%
Proportion above MIE	51.0 %	50.8 %	50.9 %	50.9 %	50.9 %	50.9 %	50.9 %	50.9 %	50.9 %
Proportion below MIE	49.0%	49.2%	49.1%	49.1%	49.1%	49.1%	49.1%	49.1%	49.1%
AWB growth	4.0%	4.5%	3.2%	4.1%	3.5%	3.4%	3.1%	3.0%	3.0%

The average weekly benefits for the MP benefits are projected using the historical ratio of actual average weekly MP benefits to average weekly earnings, as reported by Statistics Canada. This ratio is applied to projected average weekly earnings provided by the Minister of Finance to estimate future average weekly MP benefits.

D.3.2 Potential claimants

The EI Program is designed to provide temporary income support to eligible insured persons who have lost their jobs through no fault of their own, such as due to a shortage of work, or as a result of seasonal or mass lay-offs and are available for work.

Hence, to receive EI regular benefits, an individual needs to:

- be insured, that is, have paid EI premiums in the qualifying period, usually the 52 weeks preceding the claim for benefits;
- have lost their employment;
- have had a valid job separation; and
- be available for work.

The number of potential claimants is therefore estimated as the sum of:

- The number of unemployed individuals provided by the Minister of Finance from which is subtracted:
  - The number of unemployed individuals without insurable earnings (IE) in the last 52 weeks, that is, self-employed, unpaid family workers and individuals who have not worked in the last 52 weeks;

- The number of unemployed individuals with an invalid job separation[15];

- The average number of EI regular beneficiaries currently employed, that is, individuals receiving regular benefits, but excluded from the unemployed statistics (beneficiaries working while on claim). These individuals need to be added since they are not accounted for in the definition of the unemployed.

The following table shows the development of the historical number of potential claimants.

Table 45 Historical number of potential claimants
(thousands)

Calendar year	Number of unemployed (U)	No insurable earnings in last 52 weeks		Invalid job separation		Working beneficiaries		Potential claimants	
		Number	As a % of U	Number	As a % of U	Number	As a % of U	Number	As a % of U
2015	1,341	465	34.7%	166	12.4%	89	6.6%	800	59.6%
2016	1,366	475	34.7%	163	11.9%	87	6.4%	816	59.7%
2017	1,266	475	37.6%	152	12.0%	88	6.9%	726	57.4%
2018	1,161	427	36.8%	183	15.8%	77	6.6%	628	54.1%
2019	1,150	412	35.8%	163	14.2%	74	6.5%	650	56.5%
2020	1,931	468	24.2%	154	8.0%	86	4.4%	1,395	72.2%
2021	1,541	678	44.0%	107	7.0%	253	16.4%	1,009	65.5%
2022	1,099	461	41.9%	131	12.0%	81	7.4%	588	53.5%
2023	1,158	446	38.5%	143	12.3%	59	5.1%	629	54.3%
2024	1,404	578	41.2%	161	11.5%	64	4.6%	730	52.0%
2025	1,539	707	46.0%	147	9.5%	78	5.1%	763	49.6%

The number of unemployed individuals is provided by the Minister of Finance. Assumptions for the evolution of the number of unemployed individuals without insurable earnings in the last 52 weeks, the number of unemployed individuals with an invalid job separation and the number of working beneficiaries as a percentage of the number of unemployed are made as follows:

- The percentage of unemployed without insurable earnings in the last 52 weeks averaged 35.9% for the 10-year period ending in 2019. This percentage decreased significantly in 2020 due to the forced shutdown of the economy caused by the COVID-19 pandemic. Compared to other years, more employees with insurable earnings in the last 52 weeks lost their job, putting downward pressure on the percentage of unemployed without insurable earnings in the last 52 weeks. From 2021 to 2025, the percentage of unemployed without insurable earnings in the last 52 weeks averaged 42.3%. Based on the experience observed for the first six months of 2026, the proportion of individuals with no insurable earnings in the last 52 weeks is expected to equal 46.0% in 2026. It is then assumed to gradually decrease to 38.0% by 2029 as the expected unemployment rate decreases.

- The percentage of unemployed individuals with an invalid job separation is highly behaviour driven and fluctuates with the economic situation. A proportion of 11.5% was observed in

[15] The number of unemployed individuals with an invalid job separation is obtained by multiplying the number of unemployed individuals by the percentage of unemployed with an invalid job separation. For years 2019 and before, this percentage is determined using the EI Monitoring and Assessment report, which is based on Statistics Canada's EI Coverage Survey. Starting from year 2020, this percentage is determined using Statistics Canada Table 14-10-0125-01 (Reason for leaving job during previous year, monthly, unadjusted for seasonality). Invalid job separations include: voluntarily leaving employment without just cause or to go to school; being dismissed for misconduct; or being unemployed because of a direct participation in a labour dispute.

2024 and 9.5% in 2025; it is expected to gradually increase to an ultimate value of 13.0% in 2029. The large decrease observed in 2020 and 2021 is attributable to the forced shutdown of the economy caused by the COVID-19 pandemic.

- The ratio of working beneficiaries to unemployed is normally relatively stable and can be projected using an average of the last few years. Based on the first few months of available information for 2026, it is estimated that the ratio of working beneficiaries to unemployed will be 5.5% and then gradually increase up to a proportion of 6.5% in 2029 and remain constant thereafter. The large increase observed in 2021 is attributable to the forced shutdown of the economy caused by the COVID 19 pandemic.

The resulting projected proportion and number of potential claimants are presented in Table 46. The number of potential claimants as a percentage of unemployed is expected to increase gradually to 55.5% until 2029, and then remain constant thereafter.

Table 46 Projected number of potential claimants

Calendar year	Number of unemployed (U) (thousands)	No insurable earnings in last 52 weeks	Invalid job separation	Working beneficiaries	Potential claimants	
		As a % of U	As a % of U	As a % of U	As a % of U	Number (thousands)
2026	1,495	46.0%	10.0%	5.5%	49.5%	740
2027	1,414	42.0%	11.0%	5.5%	52.5%	742
2028	1,374	40.0%	12.0%	6.0%	54.0%	742
2029	1,360	38.0%	13.0%	6.5%	55.5%	755
2030	1,364	38.0%	13.0%	6.5%	55.5%	757
2031	1,381	38.0%	13.0%	6.5%	55.5%	766
2032	1,386	38.0%	13.0%	6.5%	55.5%	769
2033	1,397	38.0%	13.0%	6.5%	55.5%	775

D.3.3 Recipiency rate (share of potential claimants receiving benefits)

Beneficiaries, as reported by Statistics Canada, refers to the number of active regular claimants in a given month who received EI regular benefits during the reference week of the labour force survey, usually the week containing the 15th day of the month. The recipiency rate represents the proportion of potential claimants in a given period who are receiving EI regular benefits and ignores individuals outside the target population of the EI program, such as the long-term unemployed and those who did not contribute to the program in the previous year. The recipiency rate is thus directly linked to the target population of the EI program (i.e., potential claimants).

The recipiency rate is normally lower than 100% for multiple reasons including:

- Some potential claimants have not accumulated the required number of insurable hours, which varies between 420 and 700 hours (without temporary measures) depending on the economic region in which they reside;
- Some potential claimants do not apply for benefits; and

- Some potential claimants are waiting to receive their benefits or have received benefits in the past but have exhausted the number of weeks they were entitled to receive regular benefits and remain unemployed.

For the purposes of forecasting regular benefit payments, historical recipiency rates shown in the following table are calculated based on the number of beneficiaries as reported by Statistics Canada and the number of potential claimants as discussed in the previous section.

Table 47 Historical recipiency rate

Calendar year	Number of potential claimants (thousands)	Regular beneficiaries (thousands)	Recipiency rate[a]
2015	800	535	66.9%
2016	816	564	69.1%
2017	726	533	73.4%
2018	628	464	73.8%
2019	650	452	69.5%
2020	1,395	649	46.6%
2021	1,009	1,328	131.6%
2022	588	501	85.3%
2023	629	429	68.3%
2024	730	483	66.2%
2025	763	540	70.8%

a. Actual recipiency rate including extra beneficiaries due to temporary measures.

Between 2015 and 2019, the recipiency rate varied between 67% and 74% depending on temporary measures put in place. Between 2020 and 2022, the recipiency rate was impacted by the EI ERB/CERB and temporary special measures in response to the COVID pandemic. Starting in 2023, the recipiency rate reverted to pre-pandemic levels. The preliminary projected recipiency rate estimate[16] for 2026 is 69.5% and it is assumed to gradually increase to an ultimate value of 71.5% in 2028.

D.3.4 Number of weeks

EI expenditures are reported in the EI Operating Account on an accrual basis, that is, they are recorded in the period for which they should have been paid, without regards to the delay in processing the payment. For example, if a claimant is eligible to receive benefits starting the first week of December 2025, but receives his first benefit payment only in February 2026, the portion of the benefits that relates to December will be recorded in the EI Operating Account for the year 2025.

Furthermore, EI benefits are paid on a weekly basis, but only weekdays that belong to a particular period are reported in that period. For example, if December 31st is a Thursday, then for every benefit week that should have been paid for the week of December 31st, four days will be reported in the current calendar year, and one will be reported in the following calendar year.

16 The projected recipiency rates, for 2026 and after, excludes extra beneficiaries due to the temporary measures. People having benefited from these measures are not considered in the projected recipiency rate since they were accounted for separately as recipients of these measures (provided by ESDC).

The number of weeks affects Part I expenditures as benefits are payable for every weekday of the year, regardless of holidays. The number of workdays in a year ranges from 260 days to 262 days, resulting in a number of weeks ranging from 52.0 to 52.4 as shown in the following table.

Table 48 Number of weeks

Calendar year	2025	2026	2027	2028	2029	2030	2031	2032	2033
Number of weeks	52.2	52.2	52.2	52.0	52.2	52.2	52.2	52.4	52.0

D.3.5 Regular benefits

EI regular benefits provide temporary income support to eligible insured persons who have lost their jobs through no fault of their own, such as due to shortage of work, or seasonal or mass lay-offs, and are available to work.

Regular benefit payments are equal to the average weekly benefits multiplied by the number of weeks paid, as determined by the number of potential claimants multiplied by the recipiency rate and by the number of weeks in the year.

$$\text{Regular benefits} = \underbrace{PC \times RR \times W}_{\text{Number of weeks paid}} \times \underbrace{AWB}_{\text{Average weekly benefits}}$$

Where: PC = number of potential claimants;
RR = recipiency rate;
W = number of weeks in the year; and
AWB = average weekly benefits.

For projection purposes, the above formula is modified such that the increase in each variable is applied to the previous year's EI regular benefits paid. As the actual regular benefit expenditures in the base year include expenditures attributed to a pilot project and special measures, it is first subtracted before the growth factors are applied.

The base year on which the projected growth factors are applied is 2025. Regular benefits are therefore projected as follows, starting from the base year.

$$\text{Regular benefits}_T = \underbrace{\frac{PC_T}{PC_{T-1}}}_{\text{Yearly growth in potential claimants}} \times \underbrace{\frac{W_T}{W_{T-1}} \times \frac{AWB_T}{AWB_{T-1}}}_{\text{Yearly growth in annual average benefits}} \times \underbrace{\frac{RR_T}{RR_{T-1}}}_{\text{Yearly growth in the ratio of potential claimants receiving benefits}} \times \text{Regular benefits}_{T-1}$$

Where: PC = number of potential claimants;
W = number of weeks in a year;
AWB = average weekly benefits; and
RR = recipiency rate.

The 2026 experience is adjusted based on known data up to June 2026.

The pilot project and special measures are then added to the base regular benefits projection as shown in Table 49.

Table 49 Regular benefits
($ million)

Benefits	Actual 2025	Forecast 2026	2027	2028	2029	2030	2031	2032	2033
Regular benefits (base)	15,190	16,208	17,020	17,896	18,906	19,599	20,466	21,241	21,900
Pilot projects/special temporary measures									
Seasonal claimants									
Support for eligible seasonal claimants in targeted regions	160	165	173	175	77	-	-	-	-
One-year extra four weeks seasonal measure	19	-	-	-	-	-	-	-	-
Tariff special measures									
Suspending the allocation of separation earnings	191	515	118	-	-	-	-	-	-
Extra weeks for long-tenured workers	46	851	289	72	-	-	-	-	-
Adjusting the unemployment rate in certain regions	229	160	-	-	-	-	-	-	-
Waiving the waiting period	441	357	-	-	-	-	-	-	-
Hours credit for 2024 wildfires	1	0	-	-	-	-	-	-	-
Total regular benefits	16,277	18,256	17,600	18,143	18,983	19,599	20,466	21,241	21,900

D.3.6 Fishing benefits

As with regular benefits, fishing benefits are equal to the number of benefit weeks multiplied by the average weekly benefits. Fishing benefits can be projected from the base year (2025) using the expected change in the number of benefit weeks and average weekly benefits.

$$FB_T = (W_T/W_{T-1}) \times (AWB_T/AWB_{T-1}) \times FB_{T-1}$$

Yearly increase in average benefits

Prior year's benefits

Where: FB = fishing benefits;
W = number of weeks in the year; and
AWB = average weekly benefits.

The base fishing benefits projection is shown in the following table. The projected benefits for the temporary measures are provided by the Minister of ESD.

Table 50 Fishing benefits
($ million)

Benefits	Actual 2025	Forecast 2026	2027	2028	2029	2030	2031	2032	2033
Fishing benefits (base)	408	427	440	457	475	491	506	523	535
Special temporary measures									
Tariff special measures									
Waiving the waiting period	10	8	-	-	-	-	-	-	-
Total fishing benefits	419	435	440	457	475	491	506	523	535

D.3.7 Work-Sharing benefits

Work-Sharing benefits are projected based on the 2025 Work-Sharing expenditures, multiplied by the expected change in the number of employees and the average weekly benefits rate.

$$WSB_T = (EE_T/EE_{T-1}) \times (W_T/W_{T-1}) \times (AWB_T/AWB_{T-1}) \times WSB_{T-1}$$

- (EE_T/EE_{T-1}): Change in the number of employees
- $(W_T/W_{T-1}) \times (AWB_T/AWB_{T-1})$: Yearly increase in average benefits
- WSB_{T-1}: Prior year's benefits

Where: WSB = Work-Sharing benefits;
EE = employees;
W = number of weeks in a year; and
AWB = average weekly benefits.

Table 51 shows the actual 2025 Work-Sharing benefits as well as the projection until 2033. The forecast for 2026 includes an upward adjustment of 60% to reflect known data up to June 2026. The projected cost estimates for the temporary measure shown in Table 51 is provided by the Minister of ESD.

Table 51 Work-Sharing benefits
($ million)

Benefits	Actual 2025	Forecast 2026	2027	2028	2029	2030	2031	2032	2033
Work-Sharing benefits (base)	47	79	82	86	90	93	97	101	104
Special temporary measures									
Tariff special measures									
Work-Sharing enhanced access	40	144	135	9	-	-	-	-	-
Total Work-Sharing benefits	87	224	217	95	90	93	97	101	104

D.3.8 Special benefits

Special benefits include maternity and parental (MP) benefits, for those who are pregnant or have recently given birth, or are caring for their newborn or newly adopted child(ren), sickness benefits for those who are unable to work due to sickness, injury or quarantine, compassionate care benefits for those who take a temporary leave from work to provide care or support to a family member who is gravely ill and at risk of dying within 26 weeks, and benefits for those who take leave from work to provide care or support to a critically ill or injured family member (family

caregiver benefits for children or adults).

D.3.8.1 Salaried

Each special benefit for salaried employees is projected individually. The methodology varies between MP benefits and other special benefits.

For projection purposes, expenditures attributed to recent measures and changes to the program are excluded from the base projection. Expenditures attributed to recent program changes are subsequently added separately to the projected base benefits to obtain the total special benefits.

The forecast for 2026 includes adjustments to reflect known data up to June 2026, which resulted in an upward adjustment of 5% to the sickness benefits and 2.5% to the MP benefits.

D.3.8.1.1 Special benefits other than maternity and parental

Special benefits other than maternity and parental for salaried employees are forecasted from the base year 2025 using the expected change in the number of employees and in the average weekly benefits.

$$SB_T = (EE_T/EE_{T-1}) \times (W_T/W_{T-1}) \times (AWB_T/AWB_{T-1}) \times SB_{T-1}$$

- (EE_T/EE_{T-1}): Change in the number of employees
- $(W_T/W_{T-1}) \times (AWB_T/AWB_{T-1})$: Yearly increase in average benefits
- SB_{T-1}: Prior year's benefits

Where: SB = special benefits;
EE = employees;
W = number of weeks in a year; and
AWB = average weekly benefits.

D.3.8.1.2 Maternity and parental benefits

MP benefits are projected based on the expected number of births, claim rates, duration in weeks and average weekly benefits. The formula is applied separately to each MP claim types: maternity, standard parental (mother), extended parental (mother), standard parental (father) and extended parental (father). The resulting expenditures are summed up to obtain total MP benefits.

$$MP_T = B_T \times CR_T \times D_T \times AWB_T$$

- $B_T \times CR_T$: Number of claims

Where: MP = Type of maternity and parental benefit;
B = births in Canada excluding Québec;
CR = claim rate;
D = duration (weeks); and
AWB = average weekly benefits.

Claim rates, duration in weeks and average weekly benefits are developed based on recent historical experience and adjusted where appropriate to reflect expected future trends.

D.3.8.2 Self-employed

Self-employed benefits, including MP, are forecasted to increase in line with covered earnings, that is, in line with the self-employed covered population and related insured earnings growth. Projections consider that self-employed persons must wait 12 months after registration to claim EI special benefits.

Table 52 Special benefits

	Actual	Forecast							
Benefits	2025	2026	2027	2028	2029	2030	2031	2032	2033
Salaried employees ($ million)									
MP benefits	5,721	6,208	6,484	6,810	7,093	7,360	7,619	7,886	8,161
Sickness benefits	2,454	2,708	2,809	2,929	3,065	3,191	3,315	3,455	3,561
Compassionate care benefits	62	65	67	70	73	76	79	83	85
Family caregiver benefit	174	182	189	197	206	215	223	233	240
Sub-total	8,410	9,163	9,550	10,006	10,437	10,842	11,236	11,655	12,047
Self-employed ($ thousand)									
MP benefits	22,495	24,787	26,859	29,377	32,217	35,042	37,993	41,238	44,155
Sickness benefits	2,590	2,854	3,093	3,383	3,710	4,035	4,375	4,749	5,085
Compassionate care benefits	54	60	65	71	78	85	92	99	107
Family caregiver benefit	170	187	203	222	244	265	287	312	334
Sub-total	25,310	27,889	30,220	33,053	36,248	39,426	42,746	46,398	49,680
Recent permanent changes ($ million)									
Extending the maximum EI sickness weeks from 15 to 26	719	739	759	780	801	823	845	868	892
New 15-week shareable EI benefit for parents through adoption or surrogacy	-	-	10	13	13	14	14	14	14
Bereavement	-	-	2	4	5	5	5	6	6
Special temporary measures ($ million)									
Tariff special measures									
Waiving the waiting period[a]	175	174	-	-	-	-	-	-	-
Total ($ million)									
MP benefits	5,743	6,233	6,523	6,857	7,143	7,414	7,676	7,946	8,225
Sickness benefits	3,351	3,624	3,571	3,712	3,870	4,018	4,164	4,328	4,458
Compassionate care benefits	62	65	67	70	73	76	79	83	85
Family caregiver benefit	174	183	189	198	207	215	224	233	240
Total special benefits	**9,330**	**10,104**	**10,351**	**10,836**	**11,293**	**11,724**	**12,143**	**12,590**	**13,008**

a. ESDC provided total estimates for all special benefits. The measure "Waiving the waiting period" was attributed to the sickness benefit.

D.3.9 Benefit repayments

If a claimant's income for a tax year exceeds 1.25 times the annual MIE, the claimant may be required to repay a portion of EI regular or fishing benefits received. Benefit repayments, as reported in the EI Operating Account, include an estimate for the current tax year, based on regular and fishing benefit payments, and a reconciliation between actual and estimated benefit repayments for the previous tax year.

The current year forecast for 2026 is based on data provided by ESDC and is projected for 2027 and after based on the expected increase or decrease in regular and fishing benefits. The estimate for the forecast 2026 prior year actual is based on the first 6 months of benefit repayments provided by ESDC and the historical average completion ratio after 6 months.

Table 53 EI benefit repayments
($ million)

	Actual	Forecast							
	2025	2026	2027	2028	2029	2030	2031	2032	2033
Current year forecast	403	429	414	427	447	461	482	500	515
Prior year									
Actual	345	377	429	414	427	447	461	482	500
Forecast	(378)	(403)	(429)	(414)	(427)	(447)	(461)	(482)	(500)
Sub-total (adjustment for prior year)	(33)	(26)	-	-	-	-	-	-	-
Refunds	(21)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)
Total	**349**	**388**	**399**	**412**	**431**	**446**	**466**	**484**	**500**

D.3.10 EI Part II benefits

The programs delivered under Part II of the EI Act are called Employment Support Measures (ESM). The expected annual estimates for ESM are provided by ESDC.

Table 54 Employment Support Measures
($ million)

	Actual	Forecast							
	2025	2026	2027	2028	2029	2030	2031	2032	2033
ESM (base)	2,092	2,101	2,137	2,149	2,149	2,149	2,149	2,149	2,149
Measures									
Work-Sharing	-	81	22	-	-	-	-	-	-
Employer Retention Grant									
Apprentice Training Grant	-	-	307	392	409	409	409	409	409
Tariff measures 2025	44	196	288	41	-	-	-	-	-
Bilateral agreements	-	80	440	440	440	440	110	-	-
Workforce Alliances	-	3	13	16	16	16	4	-	-
Total	**2,137**	**2,460**	**3,207**	**3,038**	**3,015**	**3,015**	**2,673**	**2,559**	**2,559**

D.3.11 Administration costs

ESDC provides the baseline administration costs projection as shown in Table 24. It is subsequently adjusted by the Actuary to account for future indexation and the expected continuation of certain temporary administration costs. This change in methodology is new to this report.

Table 55 Administration costs
($ million)

	Actual	Forecast							
	2025	2026	2027	2028	2029	2030	2031	2032	2033
Adjusted administration costs	2,989	3,342	3,504	3,381	2,913	2,815	2,860	2,920	2,986

As mentioned previously, the calculation of the reduction related to the EI program's savings due to the Québec Parental Insurance Plan includes variable administrative costs (VAC). The VAC represents direct operating costs incurred by the EI program associated with the administration of MP benefits outside Québec.

These costs represent the savings to the EI program if it ceased to provide EI MP benefits. The responsibility of determining the VAC each year lies with ESDC. It should be noted that under the Canada-Québec Final Agreement, the Government of Canada provided assurance that the VAC multiplied by the ratio of the insurable earnings in Québec to the insurable earnings outside Québec would not be less than $5 million. The 2026 to 2033 VAC are projected from actual costs incurred in 2025 as a constant percentage of MP benefits. When applicable, VAC are increased to reflect the minimum under the Canada-Québec Final Agreement.

Table 56 Variable administrative costs
($ million)

	Actual	Forecast							
	2025	2026	2027	2028	2029	2030	2031	2032	2033
Variable administration costs	28.2	30.6	32.0	33.7	35.1	36.4	37.7	39.0	40.4

D.3.12 Bad debt

Bad debt expenses relate to overpayments and penalties owed and are equal to the amount written off during the year and the change in the annual allowance for doubtful debts. The allowance is calculated on the outstanding balance in the accounts at the end of the fiscal year and is based on the collection policy, the age of the accounts and the amounts written off.

The calendar year bad debt expense included in the closing balance of the EI Operating Account as of 31 December 2025 was equal to 25% of the 2024-2025 expense and 75% of the 2025-2026 expense.

The allowance for doubtful accounts is projected based on historical experience as well as projected Part I benefits. The write-offs projection starting in 2026-2027 is based on the average experience for the fiscal years 2023-2024, 2024-2025 and 2025-2026.

The bad debt expense for a given year corresponds to the difference between the allowance calculated for the year and the net allowance of the previous year (i.e., allowance at the end of the previous year reduced by the write-offs that occurred during the year).

Table 57 Bad debt expense
($ million)

	Actual	Forecast						
	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
Allowance for doubtful accounts (current year)	652	723	782	838	893	946	998	1,049	1,099
Net allowance (prior year)									
Allowance for doubtful accounts (prior year)	568	652	723	782	838	893	946	998	1,049
Write-offs	(90)	(103)	(114)	(124)	(133)	(141)	(150)	(158)	(166)
Total	478	549	608	658	705	752	796	840	883
Bad debt expense (fiscal year)	174	174	174	180	187	194	202	209	216

	Actual	Forecast						
	2025	2026	2027	2028	2029	2030	2031	2032	2033
Bad debt expense (calendar year)	**163**	**174**	**174**	**178**	**185**	**192**	**200**	**207**	**214**

D.3.13 Penalties

The Commission may impose a penalty on a claimant, any person acting on behalf of a claimant or an employer under sections 38 and 39 of the EI Act should it become aware that they knowingly provided false or misleading information.

Penalties are correlated with benefit overpayments and are forecasted from the average experience of year 2024 and year 2025, using the expected annual change in Part I benefits.

Table 58 Penalties
($ million)

	Actual	Forecast							
	2025	2026	2027	2028	2029	2030	2031	2032	2033
Penalties	113	114	112	116	121	125	130	135	140

D.3.14 Interest

Interest is charged on outstanding EI debts caused through misrepresentation. This includes overpayments and penalties. As per the *Interest and Administrative Charges Regulations*, the rate of interest charged to EI claimants, employers or third parties on outstanding debts is equal to 3% above the average Bank of Canada discount rate (overnight rate plus 0.25%) from the previous month[17].

The overnight rate decreased from 2.75% in July 2025 to 2.25% in October 2025, where it remained until July 2026. The corresponding discount rate (Bank rate) starting in July 2026 is 2.50% (2.25% + 0.25%). The forecasts from the Bank of Canada's Market Participants Survey[18] were considered in determining the projection of the overnight rate to the end of calendar year 2028. Thereafter, it is expected to reach the ultimate level of 2.60% in calendar year 2029. The corresponding discount rate is then equal to 2.85% starting in calendar year 2029. Finally, the projected rate of interest charged on overdue accounts is equal to 5.85% (2.85% + 3.00%) starting in 2029.

[17] https://www.canada.ca/en/public-services-procurement/services/payments-to-from-government/interest-rates.html
[18] https://www.bankofcanada.ca/2026/05/market-participants-survey-first-quarter-of-2026/

As the interest earned is correlated with the amount of outstanding benefit overpayments, it is forecasted using the expected annual change in Part I benefits and the 12-month average of the interest rate. Expected interest for 2026 is based on interest in 2025, increased for changes in Part I benefits and average interest rate from 2025 to 2026.

Table 59 Interest on overdue accounts receivable
($ million)

	Actual	Forecast							
	2025	2026	2027	2028	2029	2030	2031	2032	2033
Average interest rate	6.05%	5.50%	5.77%	6.00%	5.85%	5.85%	5.85%	5.85%	5.85%
Interest	52	52	54	58	59	61	63	66	68

Appendix - E Reduction in employer premiums due to qualified wage-loss plans

This appendix describes the data, methodology and assumptions that underlie the calculation of the 2027 reduction in employer premiums due to qualified wage-loss plans included in this report. Data and assumptions were updated to reflect the most recent experience, but the methodology used is the same as in the previous actuarial report.

E.1 Background and legislation on the premium reduction program

Under subsection 69(1) of the EI Act, the Commission shall, with the approval of the Governor in Council, make regulations to provide a system for reducing employer premiums when employees are covered by a qualified wage-loss plan which reduces EI special benefits otherwise payable, provided that at least 5/12 of the reduction is passed on to employees.

Under subsection 69(3) of the EI Act, the Commission makes regulations for the operation of a premium reduction system, including the method for determining the amount of reduction, the use of actuarial calculations and estimates, and the specific details related to the administration of the program such as minimum qualification criteria and other registration conditions.

The Premium Reduction Program (PRP) was introduced in 1971 at the same time that sickness benefits were introduced to the Unemployment Insurance Program. At the time, many workers were already covered against loss of wages due to illness through employer sponsored plans. It was recognized that the introduction of EI sickness benefits could cause a duplication of costs to both employers and employees. As stated in the *1970 White Paper on Unemployment Insurance*, cost concerns and a desire to recognize the role of existing wage-loss plans contributed to the decision to supplement rather than pre-empt those plans. With the exception of benefits paid from registered Supplemental Unemployment Benefit (SUB[19]) plans, it was therefore decided that benefits payable from employer sponsored wage-loss plans would be deducted from EI sickness benefits. In other words, the EI program would adopt a second payer position relative to employer sponsored wage-loss plans that are not registered SUB plans. This implies that employees who become ill and who are not covered by a registered SUB plan first make use of their employer's plan and only make use of EI sickness benefits if they have no employer plan, or if they have exhausted the benefits from their employer's plan.

Employers who have a wage-loss plan that meets specific qualification requirements may apply for a reduction of EI premiums under the PRP. In addition to meeting the qualification requirements, participation in the PRP is conditional upon the employer passing on at least 5/12 of the premium reduction to the employees. For administrative simplicity, the full premium reduction is provided to the employer who is then responsible for returning the employees' portion of the reduction to them through cash or fringe benefits.

[19] A SUB is a supplemental payment to an employee who is receiving EI benefits during a period of unemployment due to temporary stoppage of work, training, illness, injury or quarantine. These payments are made according to the terms of a SUB plan financed by the employer. Payments from a registered SUB plan that meets the requirements of section 37 of the EI Regulations are not deducted from the employee's EI benefits.

In accordance with sections 63, 64, 65 and 66 of the EI Regulations, there are four categories of qualified wage-loss plans, which correspond to the main types of wage-loss plans offered to workers. A summary of each category is shown below:

Category 1:	Cumulative paid sick leave plans that allow for a minimum monthly accumulation of at least one day and for a maximum accumulation of at least 75 days.
Category 2:	Enhanced cumulative paid sick leave plans that allow for a minimum monthly accumulation of at least one day and two thirds and for a maximum accumulation of at least 125 days.
Category 3:	Weekly indemnity plans with a maximum benefit period of at least 15 weeks.
Category 4:	Special weekly indemnity plans provided by certain public and parapublic employers of a province with a maximum benefit period of at least 52 weeks.

For each category, a rate of reduction, expressed as a percentage of insurable earnings, is calculated annually. These rates of reduction are then converted into reduced employer multipliers for each category and applicable premium rate.

The principle in determining the rates of reduction is that the EI program is paying lower sickness benefits due to the presence of qualified wage-loss plans, and that these savings to the EI program should be passed on to the employers who sponsor these plans and their employees. As it would not be practical to do this on an individual employer basis nor even possible to make the calculation for new employers or small firms, the rates of reduction compensate employers (and their employees) for the average rate of EI benefit savings that are generated by qualified plans in each category. Given that EI sickness benefits paid to employees who are covered by a qualified wage-loss plan depend on the category, the savings generated, and therefore the rates of reduction, vary by category.

The methodology to calculate the rates of reduction is prescribed in section 62 of the EI Regulations. Pursuant to this section, the employer's premium shall be reduced by the percentage by which the first payer cost ratio in respect of all insured persons exceeds the experience cost ratio in respect of insured persons covered by a qualified wage-loss plan of that employer's category.

Both the first payer cost ratio and the experience cost ratio are based on averages from the three years ending with the second year preceding the year for which the calculation is made. Accordingly, for 2027, the years 2023, 2024 and 2025 are used to calculate the first payer cost ratio and the experience cost ratio. The detailed formula for calculating the rates of reduction is presented in Appendix B of this report.

More information on the first payer cost ratio and the experience cost ratio is presented in the following subsections, as well as the resulting rates of reduction, reduced employer multipliers and estimated amount of premium reduction for 2027.

E.2 First payer cost ratio

The first payer cost ratio represents the average hypothetical job-attached[20] EI sickness benefits that would have been paid if benefits payable under a group sickness or disability wage-loss indemnity plan or paid sick leave plan were disregarded for purposes of determining benefits otherwise payable to persons under the EI Act. It is expressed as a percentage of average insurable earnings for all insured persons. This produces a uniform first payer cost ratio reflecting the national average usage for all EI contributors and is consistent with the fact that EI contributors are charged a uniform premium rate in accordance with the pooling of risk principle.

For the purposes of calculating the 2027 rates of reduction, the first payer cost ratio is equal to the average of the first payer cost for years 2023 to 2025, divided by the average insurable earnings of all insured persons for years 2023 to 2025.

The first payer cost for each year is determined by multiplying the hypothetical number of first payer job-attached EI sickness benefit weeks (namely, those that would have been paid if benefits under a group sickness or disability wage-loss indemnity plan or paid sick leave plan were disregarded for EI benefit purposes) by the average weekly sickness benefits that would apply in such circumstances.

The first payer cost was not revised for previously calculated years (i.e. 2023 and 2024). More information on the 2023 and 2024 first payer cost can be found in previous Actuarial Reports.

E.2.1 First payer job-attached EI sickness benefit weeks

The hypothetical number of first payer job-attached EI sickness benefit weeks is equal to the product of the hypothetical number of first payer job-attached EI sickness claims and the average duration in weeks of these claims. The hypothetical number of first payer job-attached EI sickness claims is based on the number of individuals with insurable earnings and on an assumed job-attached EI sickness usage rate. This assumed job-attached EI sickness usage rate depends on a number of factors such as the probability of being sick for more than one week (EI sickness incidence rate), the probability of being eligible and applying for EI benefits and the probability of being job-attached at the time of illness.

Employer and employee-wide data on sickness incidences and their duration are not readily available. The most exhaustive and complete data that are available is through the combination of the EI administrative data file and the Canada Revenue Agency T4 data file. The EI sickness incidence rate is therefore estimated based on an analysis of administrative EI and T4 data. Given that the EI claims data are incomplete for employees covered by a qualified wage-loss plan (i.e., only residual claims are paid from the EI program), the EI sickness usage rate of individuals that are not covered by a qualified wage-loss plan was used as a basis for developing the overall EI sickness incidence rate of the entire insured population.

This overall EI sickness incidence rate is adjusted to reflect the estimated impact on incidence

[20] A sickness claim is considered job-attached if the interruption of earnings with the employer was by reason of illness, injury or quarantine.

rates of different age, sector of employment and salary profiles between individuals with and without a qualified wage-loss plan. The job-attached EI sickness usage rate differs by sector of employment and depending on whether or not an individual is covered by a qualified wage-loss plan due to different EI eligibility/benefit application rates and varying degrees of job attachment. Individuals who are covered by a qualified wage-loss plan have more stable full-time employment and are more likely to meet the EI eligibility requirements and be job-attached at the time of the illness. Furthermore, they are more likely to apply for EI benefits given that under the hypothetical first payer scenario, employers sponsoring a qualified wage-loss plan are assumed to adopt a second payer position rather than eliminating sickness coverage altogether.

Based on quantitative and qualitative analysis, assumptions were developed to estimate the job-attached EI sickness usage rate of all insured persons under a hypothetical first payer scenario and the resulting hypothetical number of first payer EI sickness claims. The hypothetical number of first payer job-attached EI sickness benefit weeks is calculated by multiplying the hypothetical number of first payer EI sickness claims by the estimated average duration in weeks. To obtain the average duration of claims, the wage-loss status of individuals was taken into account. This is because employees with a wage-loss plan tend to have stronger labour force attachment and that individuals with strong labour force attachment have slightly longer claim durations based on administrative claims data.

The 2025 hypothetical number of first payer job-attached EI sickness claims is 735,899 and the assumed average duration of these claims is 11.2 weeks. The resulting hypothetical number of first payer job-attached EI sickness benefit weeks for 2025 is 8,262,689.

The hypothetical number of first payer job-attached EI sickness benefit weeks for 2023 and 2024 is 6,330,072 and 8,410,204 respectively. More information is provided in previous Actuarial Reports.

E.2.2 Average weekly sickness benefits

The average weekly benefits can be calculated by multiplying the following elements:

- Benefit rate (i.e., 55%);
- Weekly insurable earnings of all EI contributors; and
- Ratio of insurable earnings used to calculate the benefits of claimants to the insurable earnings of all EI contributors (“Ratio”). This Ratio captures the effect of the formula used to determine EI weekly benefits and any structural differences between insurable earnings of contributors and claimants.

The average weekly sickness benefits of individuals that are not covered by a qualified wage-loss plan were analysed and broken down into these separate elements. It was observed that the Ratio for individuals with a strong labour force attachment is significantly lower than the Ratio for all individuals. In addition, the Ratio for individuals with insurable earnings at the maximum insurable earnings is close to 1. Based on this analysis, an assumption was developed for the Ratio that would be applicable under a hypothetical first payer scenario. This Ratio was then applied to the benefit rate and weekly insurable earnings to derive the average weekly sickness benefits under a hypothetical first payer scenario.

The resulting average weekly sickness benefits under a hypothetical first payer scenario is $561.63 for 2025. The average weekly sickness benefits under a hypothetical first payer scenario for 2023 and 2024 are $522.64 and $540.87 respectively, as calculated in previous Actuarial Reports.

E.2.3 Resulting first payer cost and first payer cost ratio

Based on the foregoing, the first payer cost ratio used for the calculation of the 2027 rates of reduction is 0.4756%. Table 60 shows more details on how this first payer cost ratio is determined.

Table 60 First payer cost ratio for calculating 2027 rates of reduction

	2023[a]	2024[a]	2025	Average for 2027 rates of reduction
First payer EI sickness benefit weeks (A)	6,330,072	8,410,204	8,262,689	N/A
First payer average EI sickness benefits (B) ($)	522.64	540.87	561.63	N/A
First payer cost (A x B) ($ million)	3,308	4,549	4,641	4,166
Total insurable earnings (TIE) ($ million)	835,744	872,213	919,867	875,941
First payer cost ratio (% of TIE)	0.3959%	0.5215%	0.5045%	0.4756%

a. More information on the 2023 and 2024 numbers can be found in previous Actuarial Reports.

E.3 Experience cost ratio

Under certain circumstances, EI sickness benefits are paid to individuals covered by a qualified wage-loss plan. The costs to the EI program of these benefits are deducted from the premium reduction granted through the experience cost ratio, which is subtracted from the first payer cost ratio for purposes of calculating the rates of reduction.

The experience cost ratio, which is different for each category, reflects the actual average job-attached EI sickness benefits paid for each category. It is expressed as a percentage of average insurable earnings for the insured persons in that category. In accordance with the EI Regulations, EI sickness benefits paid to individuals who were not job-attached at the time of the claim are not included in the experience cost ratio.

The allocations of annual job-attached EI sickness benefits paid and of insurable earnings among each category are based on an analysis of administrative data and reports provided by Service Canada and ESDC. For 2023, 2024 and 2025, the total cost of job-attached EI sickness benefits for each category is shown in Table 61, and the insurable earnings for each category are shown in Table 62; the amounts shown for 2025 are based on available data.

Table 61 Job-attached EI sickness benefits per category of wage-loss plan
($)

Category	2023	2024	2025	Average for 2027 rates of reduction
1	137,870,859	185,392,704	198,769,083	174,010,882
2	15,640,934	18,710,603	20,252,434	18,201,324
3	127,389,147	159,580,663	170,929,239	152,633,016
4	5,579,719	5,851,327	7,770,961	6,400,669
Total	286,480,658	369,535,297	397,721,717	351,245,891

Table 62 Allocation of insurable earnings for employers with a qualified wage-loss plan
($ million)

Category	2023	2024	2025	Average for 2027 rates of reduction
1	65,439	67,945	73,037	68,807
2	30,505	29,394	31,643	30,514
3	239,106	252,680	261,702	251,163
4	32,260	31,923	35,323	33,169
Total	367,309	381,942	401,706	383,652

The experience cost ratio used in the calculation of the 2027 rates of reduction for each category is shown in Table 63.

Table 63 Experience cost ratio per category

Category	Average EI sickness costs ($) (A)	Average insurable earnings ($ million) (B)	Experience cost ratio (A/B)
1	174,010,882	68,807	0.2529%
2	18,201,324	30,514	0.0596%
3	152,633,016	251,163	0.0608%
4	6,400,669	33,169	0.0193%

E.4 Rates of reduction

Pursuant to section 62 of the EI Regulations and section 68 of the EI Act, the employer's premium shall be reduced by the percentage by which the first payer cost ratio in respect of all insured persons exceeds the experience cost ratio in respect of insured persons covered by a qualified wage-loss plan of that employer's category. The premium reduction is therefore granted by reducing the employer multiple below 1.4 to a value rounded to 3 decimals.

Table 64 shows the 2027 rates of reduction for each category of qualified wage-loss plan, along with the corresponding reduced employer multiplier for out-of-Québec and Québec employers. The employer multipliers presented in the table are calculated with a premium rate of 1.62% for residents of all provinces except Québec. The corresponding premium rate that would apply to residents of Québec is 1.27%. Pursuant to section 62 of the EI Regulations and section 68 of the EI Act, the employer multiplier is calculated from the unrounded rates of reduction and the rounded rates of reduction are shown for illustration purposes only.

Table 64 2027 Rates of reduction

Category	First payer cost ratio	Experience cost ratio	Unrounded rate of reduction	Rounded rate of reduction	Employer multiplier (out-of-Québec)	Employer multiplier (Québec)
1	0.4756%	0.2529%	0.2227%	0.22%	1.263	1.225
2	0.4756%	0.0596%	0.4159%	0.42%	1.143	1.072
3	0.4756%	0.0608%	0.4148%	0.41%	1.144	1.073
4	0.4756%	0.0193%	0.4563%	0.46%	1.118	1.041

The Commission will notify each registered employer of the applicable 2027 rate of reduction and employer multiplier. Pro-rated rates apply for plans that do not qualify for a reduction for the full twelve months in the calendar year. In addition, adjusted rates may apply for employers who deduct QPIP premiums for a portion but not all of their employees.

E.5 Amount of premium reduction

Table 65 shows the estimated amount of premium reduction to be granted in 2027. The estimates are based on the historical distribution of insurable earnings by category, which was derived from Canada Revenue Agency T4 data.

Table 65 2027 Estimated amount of premium reduction

Category	Estimated number of qualified employers	2027 Insurable earnings ($ million)	Rates of reduction	Premium reduction ($ million)
1	2,100	79,957	0.2227%	178
2	500	34,659	0.4159%	144
3	21,000	286,488	0.4148%	1,188
4	200	38,701	0.4563%	177
Total	23,800	439,805	N/A	1,687

The estimated number of qualified employers is 23,800 in 2027 as shown in Table 65. The corresponding estimated number of employees covered by a qualified-wage loss plan is 8,312,000 in 2027.