Office of the Superintendent of Financial Institutions Canada
Bureau du surintendant des institutions financières Canada
Office of the Chief Actuary
Bureau de l´actuaire en chef

Actuarial Report 2026

Employment Insurance Premium Rate

Canada

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www.osfi-bsif.gc.ca/en/oca
https://www.canada.ca/en/employment-social-development/corporate/portfolio/ei-commission.html

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

22 August 2025

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 2026 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 2025.

Yours sincerely,

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1 Executive summary

1.1 Main findings

2026 Employment Insurance premium rate actuarial report		
	2026	2025
Maximum insurable earnings (MIE)	**$68,900**	$65,700
7-year forecast break-even rate[1]	**1.61%**	1.64%
Québec Parental Insurance Plan (QPIP) reduction	**0.33%**	0.33%
Qualified wage-loss plans: EI savings	**$1,457 million**	$1,383 million[2]
Qualified wage-loss plans: Employer premium reductions	Category 1: **0.21%** Category 2: **0.38%** Category 3: **0.38%** Category 4: **0.42%**	Category 1: 0.21% Category 2: 0.37% Category 3: 0.37% Category 4: 0.41%
Should the Commission set the EI premium rate for 2026 at the 7-year forecast break-even rate, it would be equal to 1.61%. 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 1.61% in 2026 and 1.64% in 2025*	Category 1: **1.272** Category 2: **1.164** Category 3: **1.164** Category 4: **1.140**	Category 1: 1.269 Category 2: 1.172 Category 3: 1.173 Category 4: 1.150
Employer multiplier: Québec *Based on a premium rate of 1.28% in 2026 and 1.31% in 2025*	Category 1: **1.239** Category 2: **1.103** Category 3: **1.103** Category 4: **1.073**	Category 1: 1.236 Category 2: 1.114 Category 3: 1.116 Category 4: 1.087

These estimates are based on the EI provisions as of 22 July 2025, on the information provided on or before 22 July 2025 by the Minister of Employment and Social Development and the Minister of Finance, and on the methodology and assumptions developed by the Actuary.

Accordingly, a premium rate corresponding to the 7-year forecast break-even rate (1.61%) from 2026 to 2032 would balance out the EI Operating Account at the end of 2032[3].

[1] 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 3.

[2] Revised from $1,365 million in the previous report as it is based on updated earnings data.

[3] Shown in Table 9 of the main report for information purposes.

Table 1 below shows the status of the EI Operating Account for 2024, as well as its projected evolution for 2025 and 2026. This is based on the premium rate of 1.64% for 2025 and on a premium rate for 2026 equal to the 7-year forecast break-even rate (1.61%).

Table 1 Summary of the EI operating account
($ million)

Calendar year	Premium rate	Premium revenue	Expenditures	Annual surplus (deficit)	Cumulative surplus (deficit) 31 December
2024	1.66%	31,620	27,642	3,979	(16,921)
2025	1.64%	32,161	31,911	250	(16,670)
2026	1.61%	33,038	33,220	(182)	(16,852)

It is important to note that the figures related to future expenditures and earnings base included in this report are projections, and eventual differences between future experience and these projections will be analyzed and considered in subsequent reports.

1.2 Purpose of the report

This Actuarial Report prepared by the Actuary, Employment Insurance Premium Rate-Setting, is the thirteenth 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 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 document.

1.3 Scope of the report

Recent program changes and announcements are summarized in Section 2.

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 3.

Section 4 provides an overview of the key assumptions used in projecting insurable earnings and EI expenditures, while Section 5 presents the main results, including the calculation of the 2026 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 6.

A reconciliation between the 2025 and 2026 EI 7-year forecast break-even rates is presented in Section 7.

Concluding remarks and the actuarial opinion are presented in Section 8 and Section 9, 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.

1.4 Sensitivity of the 7-year forecast break-even rate

Two of the most relevant assumptions used to determine the 7-year forecast break-even rate are the unemployment rate, which is provided by the Minister of Finance, and the recipiency rate, which is projected by the Actuary.

Section 6 presents the sensitivity tests. They can be summarized as follows:

- a variation in the average unemployment rate of 0.5% over the period 2026-2032 would result in an increase/decrease between 0.05% and 0.06% in the 2026 EI 7-year forecast break-even rate;
- a variation in the average recipiency rate of 5% over the period 2026-2032 would result in an increase/decrease between 0.05% and 0.06% in the 2026 EI 7-year forecast break-even rate; and
- a variation in the premium rate of 0.01% of insurable earnings would result in a $1,762 million increase or decrease in the cumulative balance of the EI Operating Account at the end of the 7-year forecast period.

1.5 Conclusion

This report was prepared by the Actuary in accordance with the relevant legislation.

In accordance with the methodology detailed in the EI Act and the relevant economic data, the 2026 MIE is **$68,900**.

Should the Commission set the 2026 premium rate at the 7-year forecast break-even rate, the 2026 premium rate would be equal to:

- **1.61%** of insurable earnings for residents of all provinces except Québec (2.25% for employers who pay 1.4 times the employee rate), for a maximum employee contribution of $1,109.29; and
- **1.28%** of insurable earnings for residents of Québec, after taking into account the QPIP reduction of **0.33%** (1.79% for employers who pay 1.4 times the employee rate), for a maximum employee contribution of $881.92.

A reconciliation of the 7-year forecast break-even rate, from 1.64% in the 2025 Actuarial Report to 1.61% in the current report, is shown in Section 7. The decrease is mostly due to a lower deficit as of 31 December 2024, a lower expected recipiency rate, the removal of the EI Training Support Benefit and the EI Premium Rebate for Small Businesses, an increase in the projected wage growth, and the change in the 7-year period from 2025-2031 to 2026-2032. It is partially offset by a higher projected average unemployment rate, higher projected administration costs and new temporary measures.

The 2026 premium reduction for employers who sponsor qualified wage-loss plans is estimated at **$1,457 million**.

2 Recent program changes and announcements

2.1 Seasonal claimants

Budget 2024 extended the temporary seasonal worker measure until October 2026. This measure provides up to five additional weeks of EI regular benefits, to a maximum of 45 weeks, to eligible seasonal workers in 13 targeted EI economic regions.

The 2023 Fall Economic Statement announced the introduction of a temporary measure from September 2023 to September 2024. This measure provided 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 the same 13 targeted EI economic regions as the five-week seasonal measure. The maximum of 45 weeks of EI regular benefits remained in place.

2.2 Benefits for parents through adoption or surrogacy

The 2023 Fall Economic Statement announced a 15-week shareable EI benefit for parents through adoption or surrogacy, which is currently being implemented.

2.3 Sickness benefits

Starting on 18 December 2022, the length of sickness benefits was enhanced from 15 to 26 weeks.

2.4 Training benefit

A Record of Decision was made by the Government in the 2024 Fall Economic Statement to direct the former Minister of Employment, Workforce Development and Official Languages to end the work related to the EI Training Support Benefit and the EI Premium Rebate for Small Businesses.

2.5 Temporary measures to 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%;
- waiving the one-week waiting period; and
- suspending the treatment of monies paid on separation.

These measures are in place until 11 October 2025.

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).

2.6 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 6 March 2026. The new measures expand eligibility and increase the duration of the agreements to help more workers and employers access the program.

Additionally, temporary Work-Sharing Special Measures were introduced to support businesses affected by the 2024 Jasper and Bunibonibee Cree Nation wildfires for 8 months (until 3 August 2025).

2.7 Other

Budget 2024 announced the migration over five years of Old Age Security and EI benefits to a secure, user-friendly platform, starting in fiscal year 2024-2025.

Additionally, supplementary EI Part II funding provided through the bilateral Labour Market Development Agreements (LMDA) was announced on 16 July 2025; to provide increased training and employment supports for affected steel workers.

3 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 2026 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 2032, the EI Operating Account balance is $0. It is therefore based on:

- the projected balance of the EI Operating Account as of 31 December 2025; 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 2023, which is the most recent year for which fully assessed T4 slips (Statement of Remuneration Paid) data are available. However, for certain assumptions, the 2024 partially assessed information is used. Complete data for 2024 will not become available until January 2026.

EI benefits are projected from actual 2024 benefits paid (base year) and adjusted, if necessary, based on the first six months of known data for 2025.

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.

A Record of Decision was made by the Government in the 2024 Fall Economic Statement (FES) to direct the former Minister of Employment, Workforce Development and Official Languages to end the work related to the Employment Insurance Training Support Benefit, and the Employment Insurance Premium Rebate for Small Businesses.

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 2026 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 2026 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 2026, this reduction is referred to as the 2026 QPIP reduction.

More information on the methodology used for calculating the 7-year forecast break-even rate and the premium reductions for 2026 is provided in Appendix B.

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

4 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.

4.1 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 2 below.

Table 2 Assumptions for earnings base

Assumptions	2024	2025	2026	2027	2028	2029	2030	2031	2032
Increase in maximum insurable earnings	2.76%	3.96%	4.87%	3.05%	3.24%	3.27%	2.77%	2.96%	2.87%
Increase in number of earners	1.96%	0.89%	-0.19%	0.44%	0.98%	0.77%	0.87%	0.94%	0.88%
Increase in average employment income[a]	3.74%	2.54%	3.41%	3.26%	2.93%	2.64%	2.88%	2.82%	2.82%
Increase in total employment income	5.77%	3.46%	3.21%	3.71%	3.94%	3.43%	3.77%	3.79%	3.73%
Increase in total insurable earnings	4.56%	4.16%	4.03%	3.60%	4.11%	3.78%	3.72%	3.86%	3.75%
Net transfer of insurable earnings to Québec reflecting the province of residence	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%
Adjustment due to employee premium refunds (% of total insurable earnings)	2.71%	2.71%	2.71%	2.71%	2.71%	2.71%	2.71%	2.71%	2.71%
Increase in covered self-employed earnings:									
Total	12%	8%	11%	10%	10%	9%	9%	8%	8%
Out-of-Québec residents	12%	8%	11%	10%	10%	9%	9%	8%	8%
Québec residents	10%	7%	10%	9%	9%	8%	8%	8%	8%

a. Provided by the Minister of Finance.

4.1.1 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 2026 MIE is equal to $68,900, which represents a 4.9% increase from the 2025 MIE of $65,700. The projected MIE for years 2027 to 2032 are calculated based on estimates of the average weekly earnings provided by the Minister of Finance. Detailed explanations and calculations of the 2026 MIE are provided in Appendix C.

4.1.2 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 2024 is set such that the resulting insurable earnings are in line with the expected assessed premiums for 2024, which are derived from the 2024 year-to-date assessed premiums and the 2024 increase in average employment income provided by the Minister of Finance. The projected number of earners from 2025 to 2032 is derived from a regression analysis based on the historical number of earners[4] and number of employees[5].

The number of earners is expected to increase by 1.96% in 2024 and by 0.89% in 2025. The average annual increase for the following seven years is 0.67%. The projected distribution of earners as a percentage of average employment income is based on the 2023 distribution.

4.1.3 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 2023 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 3.74% and 2.54% in 2024 and 2025 respectively. The average annual increase for the following seven years is 2.96%.

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 5.77% in 2024 and by 3.46% in 2025. The average annual increase for the following seven years is 3.65%.

4.1.4 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[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

4 The number of earners is derived from the T4 data provided by CRA.
5 The number of employees is based on the latest Statistics Canada Labour Force Survey.
6 Prior to any adjustments for employee premium refunds, see subsection 4.1.6.

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 2024 to 2032 is derived from:

- the 2023 distribution of the total employment income;
- the 2023 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 4.56% in 2024 and by 4.16% in 2025. The average annual increase for the following seven years is 3.84%. For 2024, the resulting insurable earnings reflect the year-to-date assessed premiums and related total expected assessed premiums for 2024.

4.1.5 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 generally decreased until 2015, increased between 2015 and 2021, and decreased thereafter. Based on the historical pattern, it is expected that the proportion of insurable earnings that relates to employment in Québec will reach 22.3% in 2024, and will slightly decrease over the 7-year projection period, but will remain close to 21.5%.

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 0.18% of total insurable earnings for the last three years of available data (2021 to 2023) with the transfer of insurable earnings on a T4 basis going to Québec from the rest of Canada. It is assumed to remain at 0.18% of total insurable earnings until 2032.

4.1.6 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 (2019 to 2023) this percentage is assumed to be 2.71% from 2024 to 2032.

4.1.7 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 2026 to 2032.

4.2 Expenditures

EI Part I benefits are projected from actual 2024 benefits paid (base year) and adjusted, if necessary, based on the first six months of known data for 2025.

Table 3 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 3 Assumptions for expenditures

Assumptions	2024	2025	2026	2027	2028	2029	2030	2031	2032
Increase in labour force[a]	3.0%	1.8%	0.1%	0.0%	0.5%	0.8%	0.9%	0.9%	1.0%
Unemployment rate[a]	6.4%	6.9%	7.0%	6.6%	6.0%	5.9%	5.9%	5.9%	5.9%
Increase in average weekly earnings[a]	4.6%	3.5%	3.2%	3.4%	2.9%	2.8%	3.0%	2.9%	2.9%
Increase in average weekly benefits	4.5%	3.9%	3.8%	3.2%	3.1%	3.1%	2.8%	2.9%	2.9%
Potential claimants (as a % of unemployed)	52.0%	53.0%	53.5%	54.0%	55.5%	57.0%	57.0%	57.0%	57.0%
Recipiency rate (as a % of potential claimants)	65.0%	66.0%	68.0%	70.0%	71.5%	71.5%	71.5%	71.5%	71.5%
Number of weeks	52.4	52.2	52.2	52.2	52.0	52.2	52.2	52.2	52.4
Percentage of benefit weeks for claimants with insurable earnings above the MIE	50.2%	50.6%	49.5%	49.5%	49.5%	49.5%	49.5%	49.5%	49.5%

a. Provided by the Minister of Finance.

4.2.1 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 increase from 22.1 million in 2024 to 22.5 million in 2025. The average labour force population between 2026 and 2032 is 22.9 million. This assumption is provided by the Minister of Finance.

4.2.2 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 6.4% in 2024 and is expected to increase to 6.9% for 2025 and to 7.0% for 2026. The unemployment rate is then 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.

4.2.3 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 3.5% in 2025 and 3.2% in 2026. The average annual growth for years 2027 to 2032 is 3.0%. This assumption is provided by the Minister of Finance.

4.2.4 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 are forecasted at 3.9% for 2025 and 3.8% for 2026. The average annual increase for years 2027 to 2032 is 3.0%. The growth rates are generally the same for all benefit types.

4.2.5 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 54.3% in 2023 to 52.0% in 2024. 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 2025, it is expected to increase to 53.0% in 2025. Afterwards, it is expected to gradually increase before reaching its ultimate value of 57.0% in 2029. Appendix D presents additional information on the potential claimants’ calculation.

4.2.6 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 65.9% in 2023 and 65.0% in 2024. 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 2025, the recipiency rate is assumed to increase to 66.0% for the whole year 2025. It then gradually increases until it reaches 71.5% in 2028.

4.2.7 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 2024 to 2032 ranges between 52.0 and 52.4.

4.2.8 Percentage of benefit weeks for claimants with earnings above MIE

From analyses of administrative data provided by ESDC, 50.2% of benefit weeks for claims that accrued in 2024 were based on insurable earnings above the MIE compared to 47.9% in 2023. Based on partial data for 2025, the proportion of benefit weeks for claimants with insurable earnings above the MIE is assumed to increase to 50.6% in 2025. It is expected to decrease to 49.5% in 2026 (observed average between 2023 and 2025) and to remain constant thereafter.

4.2.9 Other expenditures

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

5 Results

5.1 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 2025, 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 2026 MIE is equal to $68,900, an increase of 4.9% from the 2025 MIE of $65,700.
- The 2026 EI 7-year forecast break-even rate is 1.61% of insurable earnings for residents of all provinces except Québec.
- The 2026 premium reduction for residents of Québec due to its provincial plan is 0.33%.
- The 2026 premium reduction for employers who sponsor qualified wage-loss plans is estimated at $1,457 million. This translates in premium reductions for employers who sponsor a qualified wage-loss plan corresponding to about 0.21%, 0.38%, 0.38% and 0.42% of insurable earnings for categories 1 through 4 respectively[7].
- The total earnings base is expected to grow each year from $2,070 billion in 2024 to $2,807 billion in 2032.
- Total expenditures are expected to increase from $28 billion in 2024 to $32 billion in 2025 before reaching $37 billion in 2032.
- The EI Operating Account shows a cumulative deficit of $16.9 billion as of 31 December 2024. The projected cumulative deficit as of 31 December 2025 is $16.7 billion.

5.2 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 4, Table 4 shows the earnings base for Québec and out-of-Québec residents as well as the total number of earners.

[7] The corresponding unrounded premium reductions are presented in Table 12.

Table 4 Earnings base and number of earners

	Earnings base ($ million)			Number of earners (thousands)
Calendar year	Out-of-Québec	Québec	Total	
2023	1,532,514	446,499	1,979,014	21,351
2024	1,604,724	465,559	2,070,283	21,770
2025	1,680,501	475,859	2,156,360	21,964
2026	1,751,647	491,683	2,243,331	21,923
2027	1,817,925	506,116	2,324,041	22,020
2028	1,894,902	524,758	2,419,660	22,236
2029	1,968,864	542,351	2,511,215	22,408
2030	2,043,958	560,707	2,604,665	22,604
2031	2,124,863	580,483	2,705,347	22,817
2032	2,206,655	600,321	2,806,976	23,018

These results are used in the calculation of the 2026 EI 7-year forecast break-even rate and the 2026 QPIP reduction. A detailed explanation of the methodology and assumptions used to derive the results is available in Appendix D.

5.3 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 5 shows the breakdown of the 2024 EI expenditures, as well as a projection up to 2032.

Table 5 Expenditures
($ million)

Calendar year	Part I[a]	Part II	Admin costs	Benefit repayments	Bad debt	Penalties	Interest	Total
2024	22,919	2,199	2,857	(328)	129	(81)	(54)	27,642
2025	26,838	2,123	3,313	(365)	132	(81)	(49)	31,911
2026	28,119	2,132	3,370	(408)	136	(85)	(45)	33,220
2027	28,271	2,123	3,332	(405)	138	(86)	(48)	33,325
2028	28,380	2,106	2,906	(398)	140	(86)	(51)	32,996
2029	29,782	2,101	2,305	(420)	145	(90)	(54)	33,769
2030	30,888	2,101	2,152	(436)	151	(94)	(56)	34,706
2031	32,003	2,101	2,152	(452)	156	(97)	(58)	35,805
2032	33,336	2,101	2,152	(471)	162	(101)	(60)	37,119

a. Includes temporary measures between 2024 and 2026 aimed at reducing the impact of the 2024 wildfires and to support workers affected by tariffs.

Table 6 shows the breakdown of Part I EI expenditures.

Table 6 Part I expenditures
($ million)

				Special benefits					
Calendar year	Regular	Fishing	Work-Sharing	MP	Sickness	Compas-sionate	Family caregiver benefit	Sub-total	Total
2024	13,946	380	52	5,340	3,003	57	142	8,541	22,919
2025	17,272	399	160	5,580	3,219	59	148	9,007	26,838
2026	18,256	408	233	5,774	3,233	61	154	9,222	28,119
2027	18,125	421	109	6,052	3,341	63	159	9,615	28,271
2028	17,817	432	102	6,340	3,457	66	165	10,028	28,380
2029	18,783	448	107	6,612	3,592	69	172	10,445	29,782
2030	19,490	460	111	6,860	3,717	71	178	10,827	30,888
2031	20,173	474	115	7,129	3,852	74	185	11,241	32,003
2032	21,020	489	120	7,434	4,002	77	193	11,707	33,336

5.4 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 7 shows the projection of the expected premium reductions up to 2032 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 7 Premium reductions
($ million)

Calendar year	Qualified wage-loss plans	Provincial plans
2026	1,457	1,623
2027	1,711	1,670
2028	1,960	1,784
2029	2,067	1,844
2030	2,138	1,906
2031	2,222	1,974
2032	2,299	2,041

5.5 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 2026-2032 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 2025.

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 8 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 2025 is considered.

Table 8 Calculation of the 7-year forecast break-even rate
($ million)

Calendar year	Expenditures covered by the 7-year forecast break-even rate: EI expenditures	Reduction for WLP	Reduction for PP	Total expenditures before reductions	Surplus (deficit) in the EIOA as at 31 December 2025	Earnings base	Annual PayGo rate / 7-year forecast break-even rate
2026	33,220	1,457	1,623	36,299		2,243,331	1.62%
2027	33,325	1,711	1,670	36,707		2,324,041	1.58%
2028	32,996	1,960	1,784	36,740		2,419,660	1.52%
2029	33,769	2,067	1,844	37,680		2,511,215	1.50%
2030	34,706	2,138	1,906	38,750		2,604,665	1.49%
2031	35,805	2,222	1,974	40,001		2,705,347	1.48%
2032	37,119	2,299	2,041	41,459		2,806,976	1.48%
2026-32	240,941	13,854	12,842	267,636	(16,670)	17,615,235	1.61%[a]

a. The deficit in the EIOA as at 31 December 2025 is used in the calculation of the 7-year forecast break-even rate: (267,636 + 16,670) / 17,615,235 = 1.61%.

Table 9 shows the projection of revenues, EI expenditures, and the account balance using the 7-year forecast break-even rate and the premium reductions.

Table 9 Projection of the EI operating account using the 7-year forecast break-even rate
($ million)

Calendar year	Premium rate	Revenues: Gross premiums after refunds	Reduction for WLP	Reduction for provincial plans	Other adj.[a]	Net premiums	Expenditures	Annual surplus (deficit)	Cumulative surplus (deficit) 31 December
2024	1.66%	34,367	(1,330)	(1,583)	167	31,620	27,642	3,979	(16,921)
2025	1.64%	35,364	(1,383)	(1,570)	(250)	32,161	31,911	250	(16,670)
2026	1.61%	36,118	(1,457)	(1,623)	-	33,038	33,220	(182)	(16,852)
2027	1.61%	37,417	(1,711)	(1,670)	-	34,036	33,325	710	(16,142)
2028	1.61%	38,957	(1,960)	(1,784)	-	35,212	32,996	2,216	(13,926)
2029	1.61%	40,431	(2,067)	(1,844)	-	36,520	33,769	2,750	(11,175)
2030	1.61%	41,935	(2,138)	(1,906)	-	37,891	34,706	3,185	(7,990)
2031	1.61%	43,556	(2,222)	(1,974)	-	39,361	35,805	3,555	(4,435)
2032	1.61%	45,192	(2,299)	(2,041)	-	40,852	37,119	3,734	(701)

a. Adjustments for the timing of premium assessment.

The 2026 EI 7-year forecast break-even rate is 1.61%. This rate would balance out the EI Operating Account at the end of 2032. The cumulative balance in the EI Operating Account at the end of 2032 is not exactly $0 since the 7-year forecast break-even rate is rounded to the nearest cent.

5.6 Québec Parental Insurance Plan (QPIP) reduction for 2026

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 are projected from the base year 2024 and reflect the impacts of program changes and special measures. The projected EI MP expenditures used to determine the 2026 QPIP reduction are shown in Table 10.

Table 10 MP expenditures
($ million)

	Actual	Forecast	
	2024	2025	2026
EI MP benefits	5,340	5,580	5,774
Variable administration costs	32	33	35
MP expenditures	5,372	5,613	5,809

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 11 shows the estimates of the variables that are required in the calculation of the 2026 QPIP reduction, as well as the resulting 2026 QPIP reduction.

Table 11 Calculation of the QPIP reduction
($ million)

	2026 Forecast
MP expenditures	5,809
MP earnings base (out-of-Québec residents)	1,751,647
Unrounded QPIP reduction	0.3316%
QPIP reduction	0.33%

Consequently, the premium rate applicable to residents of all provinces except Québec for 2026 would be 1.61%[8]. The premium rate applicable to residents of Québec would be 1.28% (1.61% minus 0.33%).

5.7 Qualified wage-loss plan reductions for 2026

Based on the methodology developed in Appendix B and on the 2026 projected insurable earnings of employees covered by a qualified wage-loss plan, the 2026 estimated reduction in employer premiums due to qualified wage-loss plans is $1,457 million, compared to

8 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.

$1,383 million for 2025.

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

Table 12 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]	2026 estimated insurable earnings ($ million)	2026 estimated premium reduction ($ million)
Category 1	0.2056%	0.21%	1.272	1.239	73,594	151
Category 2	0.3804%	0.38%	1.164	1.103	31,890	121
Category 3	0.3798%	0.38%	1.164	1.103	273,800	1,040
Category 4	0.4182%	0.42%	1.140	1.073	34,548	144
Total	N/A	N/A	N/A	N/A	413,831	1,457

a. The employer multipliers shown are based on a 2026 premium rate of 1.61% (1.28% for Québec residents).

6 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.

6.1 Individual tests

The individual tests illustrate the sensitivity of the 2026 EI 7-year forecast break-even rate to changes in the unemployment rate and the recipiency rate assumptions. Afterwards, the effect of a variation in the premium rate on the EIOA is examined.

6.1.1 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 2026-2032 would result in an increase or decrease of about 0.05% to 0.06% 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 unemployment rate (UR)

Variation in average UR (2026-2032)	Average UR (2026-2032)	Resulting 7-year forecast break-even rate
(1.0%)	5.2%	1.50%
(0.5%)	5.7%	1.56%
Base	6.2%	1.61%
0.5%	6.7%	1.67%
1.0%	7.2%	1.73%

6.1.2 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 2026-2032 would result in an increase or decrease of about 0.05% to 0.06% 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 (2026-2032)	Average RR (2026-2032)	Resulting 7-year forecast break-even rate
(10.0%)	60.8%	1.51%
(5.0%)	65.8%	1.56%
Base	70.8%	1.61%
5.0%	75.8%	1.67%
10.0%	80.8%	1.72%

6.1.3 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 $1,762 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. 2032 ($ million)	Variation in EIOA cumulative balance as at 31 Dec. 2032 ($ million)
(0.05%)	1.56%	(9,509)	(8,808)
(0.01%)	1.60%	(2,463)	(1,762)
Base	1.61%	(701)	-
0.01%	1.62%	1,060	1,762
0.05%	1.66%	8,106	8,808

6.2 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 2026-2032, would result in an increase or decrease of 0.11% to 0.13% 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% 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 (2026-2032)	Average UR (2026-2032)	Variation in average RR (2026-2032)	Average RR (2026-2032)	Resulting 7-year forecast break-even rate
(0.5%)	5.7%	(5.0%)	65.8%	1.50%
(0.5%)	5.7%	5.0%	75.8%	1.60%
Base	6.2%	Base	70.8%	1.61%
0.5%	6.7%	(5.0%)	65.8%	1.62%
0.5%	6.7%	5.0%	75.8%	1.74%

6.3 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 2026 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
2026	0.1%	7.0%	3.4%	68.0%
2027	0.0%	6.6%	3.3%	70.0%
2028	0.5%	6.0%	2.9%	71.5%
2029	0.8%	5.9%	2.6%	71.5%
2030	0.9%	5.9%	2.9%	71.5%
2031	0.9%	5.9%	2.8%	71.5%
2032	1.0%	5.9%	2.8%	71.5%

6.3.1 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 2026 7-year forecast break-even rate. This would represent a hypothetical scenario where there is a moderate economic shock starting in the year 2026 (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
2026	(3.0%)	8.0%	2.7%	75.0%
2027	0.0%	7.5%	2.8%	75.0%
2028	0.5%	7.0%	2.7%	74.0%
2029	0.8%	6.5%	2.4%	73.0%
2030	0.9%	5.9%	2.9%	72.0%
2031	0.9%	5.9%	2.8%	71.5%
2032	1.0%	5.9%	2.8%	71.5%

The results of this scenario on the 2026 7-year forecast break-even rate are illustrated in Table 19. The 7-year forecast break-even rate calculated for 2026 would increase from 1.61% 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.)
2025					(16.7)
2026	1.72%	33.9	36.7	(2.8)	(19.5)
2027	1.72%	34.8	35.9	(1.1)	(20.5)
2028	1.72%	36.0	35.2	0.8	(19.8)
2029	1.72%	37.3	34.5	2.8	(17.0)
2030	1.72%	39.0	33.6	5.4	(11.6)
2031	1.72%	40.5	34.5	6.0	(5.6)
2032	1.72%	42.0	35.7	6.3	0.7

6.3.2 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 2026 7-year forecast break-even rate. This would represent a hypothetical scenario where there is a severe economic downturn starting in the year 2026 (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
2026	(7.6%)	10.0%	1.9%	77.5%
2027	0.0%	9.0%	2.3%	77.5%
2028	0.4%	8.0%	2.4%	76.5%
2029	0.8%	7.5%	2.1%	75.5%
2030	0.9%	7.0%	2.9%	74.5%
2031	0.9%	6.5%	2.8%	73.5%
2032	1.0%	5.9%	2.8%	72.5%

The results of this scenario on the 2026 7-year forecast break-even rate are illustrated in Table 21. The 7-year forecast break-even rate calculated for 2026 would increase from 1.61% in the base scenario to 1.90% 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.)
2025					(16.7)
2026	1.90%	35.1	41.1	(5.9)	(22.6)
2027	1.90%	36.0	38.9	(2.9)	(25.5)
2028	1.90%	37.4	36.9	0.4	(25.0)
2029	1.90%	38.7	36.3	2.4	(22.7)
2030	1.90%	40.4	35.6	4.8	(17.9)
2031	1.90%	42.1	35.0	7.2	(10.7)
2032	1.90%	44.0	34.2	9.9	(0.8)

7 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 2025 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 (%)
2025 Actuarial Report - after rounding	1.64
2025 Actuarial Report - before rounding	1.6406
Higher than projected EI operating account as at 31 December 2024	(0.0079)
Change in unemployment rate assumption	0.0607
Changes in economic assumptions:	(0.0499)
Rebasing earnings to 2024 experience	0.0085
Rebasing benefits to 2024 experience	(0.0308)
Wage increase	(0.0102)
Number of earners and beneficiaries	(0.0325)
Administration costs	0.0127
Other economic assumptions	0.0025
Removal of proposed EI Training Support Benefits	(0.0131)
Updated cost for program changes	0.0080
Change in 7-year period (2025-2031 to 2026-2032)	(0.0246)
2026 Actuarial Report - before rounding	1.6138
2026 Actuarial Report - after rounding	1.61

The actual 2024 expenditures were lower than projected in the 2025 Actuarial Report. This resulted in a decrease in the cumulative deficit of the EI Operating Account, i.e., $16,921 million compared to the projected deficit of $18,229 million. This decreased the 7-year forecast break-even rate by almost 1 cent.

As shown Section 6, the unemployment rate assumption has a significant impact on the 7-year forecast break-even rate. In comparison with the 2025 Actuarial Report, the unemployment rate assumption was revised upward, from 5.9% to 6.4% on average for the 2025-2031 period. This increased the 7-year forecast break-even rate by about 6 cents.

The changes in economic assumptions result in a decrease of approximately 5 cents. This decrease is mainly attributable to the following key factors:

- Rebasing earnings to 2024 experience: The projection of earnings from 2025 to 2032 has been updated based on revised 2024 earnings. It results in a decrease in the number of earners, but it is more than offset by an increase in average insurable earnings in 2024.
- Rebasing benefits to 2024 experience: The projection of benefits from 2025 to 2032 has been updated based on actual 2024 data. The decrease is primarily driven by lower-than-expected average weekly benefits for EI regular benefits in 2024 compared to prior projections.

- Wage increase: The projected earnings and expenditures incorporate updated growth rates for average weekly earnings and average employment income. Although this economic assumption increases both earnings and benefits, the net effect is a reduction in the 7-year forecast break-even rate.
- Number of earners and beneficiaries (excluding the impact of the revised unemployment rate): The projected number of earners has increased (following the decrease due to the rebasing of earnings to 2024 experience), mainly due to an increase in the labour force. The expected number of regular beneficiaries decreased due to the increase in labour force being more than offset by a downward adjustment in the number of potential claimants and the recipiency rate. This dual effect contributes to a lower 7-year forecast break-even rate.
- Administration costs: The projected expenditures reflect higher administration costs, which contribute to the overall change.

The removal of the EI Training Support Benefit and the EI Premium Rebate for Small Businesses decreased the 7-year forecast break-even rate by about 1 cent.

Finally, updated cost for other program changes, such as the new temporary measures to reduce the impact of the 2024 wildfires and to support workers affected by tariffs, increased the 7-year forecast break-even rate by almost 1 cent.

Overall, the 7-year forecast break-even rate decreased from 1.64% in 2025 to 1.61% in 2026.

8 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 2026 MIE is **$68,900**. In addition, the 2026 estimated employer premium reduction due to qualified wage-loss plans is **$1,457 million**, and the 2026 QPIP reduction is **0.33%**.

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 2026-2032 and eliminate the projected $16.7 billion cumulative deficit in the EI Operating Account as of 31 December 2025, is **1.61%** of insurable earnings.

Should the Commission set the 2026 premium rate at the 7-year forecast break-even rate, the 2026 premium rate would be equal to:

- **1.61%** of insurable earnings for residents of all provinces except Québec (2.25% for employers who pay 1.4 times the employee rate), for a maximum employee contribution of $1,109.29; and
- **1.28%** of insurable earnings for residents of Québec, after taking into account the QPIP reduction of **0.33%** (1.79% for employers who pay 1.4 times the employee rate), for a maximum employee contribution of $881.92.

9 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 2026-2032 and eliminate the projected cumulative deficit in the EI Operating Account as of 31 December 2025, is 1.61% 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 2026 7-year forecast break-even rate presented in this report.

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Senior Actuary, Employment Insurance Premium Rate-Setting

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Thierry Truong, FCIA, FSA

Ottawa, Canada
22 August 2025

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 2 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 cannot access EI maternity and parental benefits, as maternity and parental (including adoption) benefits are already payable 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.

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 2026 is the premium rate that is expected to generate sufficient premium revenue to ensure that at the end of 2032 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 2025 and the projection over a period of seven years (2026-2032) 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 2026 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 2023, which is the most recent year for which fully assessed T4 data are available. However, for certain assumptions, the 2024 partially assessed information is used. Complete data for 2024 will not become available until January 2026. EI benefits are projected from actual 2024 benefits paid (base year) and adjusted, if necessary, based on the first six months of known data for 2025.

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 2025 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 2025, the 7-year forecast break-even rate could either increase or decrease. For 2026, given that the projected EI Operating Account as of 31 December 2025 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 2025

$$\text{Direct program expenditures} + R_{WLP} + R_{PP} = \underbrace{1.4 \times \text{Rate} \times \text{TIE}}_{\substack{\text{Employer premiums paid on behalf of} \\ \text{salaried employees, prior to reductions} \\ \text{for wage-loss plans and provincial plans}}} + \underbrace{\text{Rate} \times \text{TIE} \times (1 - \text{PR\%})}_{\substack{\text{Salaried employee premiums} \\ \text{net of employee refunds} \\ \text{prior to reductions for} \\ \text{provincial plans}}} + \underbrace{\text{Rate} \times \text{TSEE}}_{\substack{\text{Employee premiums} \\ \text{for self-employed} \\ \text{prior to reductions for} \\ \text{provincial plans}}} + \text{EIOA}$$

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

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 2025 (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 4 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 2026. The remainder of this subsection provides summarized information on this.

The methodology to calculate the rates of reduction applicable for 2026 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[9] 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.

For the purposes of calculating the 2026 rates of reduction, the FPC ratio is equal to the average of the FPC for the years 2022 to 2024, divided by the average insurable earnings of all insured persons for the years 2022 to 2024. The formula used in determining the FPC ratio is provided

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

below:

$$\text{FPC ratio} = \frac{\text{FPC (2024)} + \text{FPC (2023)} + \text{FPC (2022)}}{\text{TIE (2024)} + \text{TIE (2023)} + \text{TIE (2022)}}$$

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 2026 rates of reduction, the EC ratio of each category is based on the years 2022 to 2024. The formula used in determining the EC ratio of each category is provided below:

$$\text{EC ratio (x)} = \frac{\text{EC(x) (2024)} + \text{EC(x) (2023)} + \text{EC(x) (2022)}}{\text{TIE(x) (2024)} + \text{TIE(x) (2023)} + \text{TIE(x) (2022)}}$$

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 2026 rates of reduction per category. The 2026 estimated insurable earnings per category are then used to estimate the 2026 employer premium reduction due to qualified wage-loss plans. The estimated employer premium reductions due to qualified wage-loss plans for years 2026 to 2032 reflect an increase due to the enhancement of sickness benefits from 15 to 26 weeks that started on 18 December 2022.

Additional supporting information on the calculation of the 2026 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 2026. 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 2026 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 2026 EI MP expenditures, including EI MP benefits and the variable administrative costs related to administering EI MP benefits, to the 2026 earnings base of residents outside the province of Québec. Accordingly, the formula for the QPIP reduction is as follows:

$$\text{2026 QPIP reduction} = \frac{\text{2026 EI MP expenditures}}{\underbrace{1.4 \times TIE_{(2026\ OQ)} + TIE_{(2026\ OQ)} \times (1 - PR\%) + TSEE_{(2026\ OQ)}}_{\text{2026 earnings base for out-of-Québec residents}}}$$

Where:

$TIE_{(2026\ OQ)}$ = 2026 total insurable earnings for out-of-Québec resident salaried employees, prior to adjustments for employee premium refunds;

PR% = adjustment to reflect 2026 employee premium refunds (as a percentage of TIE);

$TSEE_{(2026\ OQ)}$ = 2026 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[10], 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 $40,060.56[11].

The unrounded MIE for 2026 is equal to the unrounded MIE from 2007 ($40,060.56) multiplied by the average of the AWE for each month for the twelve-month period ending 30 April 2025 ($1,279.7783) divided by the average of the AWE for each month for the twelve-month period ending 30 April 2006 ($743.3842).

$$\begin{aligned} MIE_{2026} &= MIE_{2007} \times \frac{AWE_{2025}}{AWE_{2006}} \\ &= \$40{,}060.56 \times \frac{\$1{,}279.7783}{\$743.3842} = \$68{,}966.54 \end{aligned}$$

Rounded down to the nearest multiple of $100, the MIE is **$68,900** for 2026. This is an increase of $3,200 or 4.9% from the 2025 MIE of $65,700.

10 The AWE series has been revised by Statistics Canada since the 2025 Actuarial Report.

11 $52 \times \mathrm{AWE}_{2006} \times \frac{\mathrm{AWE}_{2006}}{\mathrm{AWE}_{2005}} = 52 \times \$743.3842 \times \frac{\$743.3842}{\$717.3200}$

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	764.6867	40,060.56	40,000	2.6%
2008	796.3442	41,208.54	41,100	2.8%
2009	814.6158	42,914.55	42,300	2.9%
2010	829.9317	43,899.20	43,200	2.1%
2011	862.2108	44,724.56	44,200	2.3%
2012	878.3525	46,464.06	45,900	3.8%
2013	901.1442	47,333.93	47,400	3.3%
2014	919.1008	48,562.16	48,600	2.5%
2015	943.3808	49,529.83	49,500	1.9%
2016	952.7125	50,838.27	50,800	2.6%
2017	961.3967	51,341.15	51,300	1.0%
2018	985.3917	51,809.13	51,700	0.8%
2019	1,007.1117	53,102.21	53,100	2.7%
2020	1,045.1475	54,272.69	54,200	2.1%
2021	1,119.0842	56,322.42	56,300	3.9%
2022	1,141.2958	60,306.82	60,300	7.1%
2023	1,174.4733	61,503.80	61,500	2.0%
2024	1,220.6508	63,291.72	63,200	2.8%
2025	1,279.7783	65,780.20	65,700	4.0%
2026	N/A	68,966.54	68,900	4.9%

MIE for years prior to 2026 are not revised and are based on the legislation that applied at the time they were determined. However, the 2026 MIE reflects retroactive adjustments to the calculation in accordance with current legislation.

C.1 2026 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 2025, in accordance with subsection 11.1 of the EI Regulations, the unrounded MSEE of 2025 was $8,826.77 of self-employed earnings in 2024. 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.

$$MSEE_{2026} = MSEE_{2025} \times \frac{AWE_{2025}}{AWE_{2024}} = \$8{,}826.77 \times \frac{\$1{,}279.7783}{\$1{,}220.6508} = \$9{,}254.33$$

The MSEE for claims filed in 2026 is therefore set at $9,254 of self-employed earnings in 2025.

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 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 2026 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:

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

	Actual	Forecast							
Part I	2024	2025	2026	2027	2028	2029	2030	2031	2032
Pilot projects/special temporary measures									
Seasonal claimants									
Support for eligible seasonal claimants in targeted regions	167.0	171.4	175.7	77.7	-	-	-	-	-
One-year extra four weeks seasonal measure	74.2	22.6	-	-	-	-	-	-	-
Facilitate access to EI									
Support workers affected by tariffs									
Adjusting the unemployment rate in certain regions	-	146.3	83.5	-	-	-	-	-	-
Adjusting the unemployment rate in certain regions - extension	-	119.8	110.0	-	-	-	-	-	-
Waiving the waiting period									
Regular	-	277.8	-	-	-	-	-	-	-
Special	-	88.0	-	-	-	-	-	-	-
Fishing	-	5.6	-	-	-	-	-	-	-
Suspending the allocation of separation earnings	-	222.8	131.0	-	-	-	-	-	-
Hours credit for 2024 wildfires	-	1.0	0.5	-	-	-	-	-	-
Work-Sharing program									
Support workers and employers affected by tariffs	-	67.8	137.7	10.1	-	-	-	-	-
Support businesses affected by the 2024 wildfires	-	-	-	-	-	-	-	-	-
EI simplification									
Regular benefits - flat 420-hour entrance requirement & minimum 14 weeks benefits	0.2	-	-	-	-	-	-	-	-
Regular benefits - simplified rules on separation	0.4	-	-	-	-	-	-	-	-
Special benefits - flat 420-hour entrance requirement[a]	0.1	-	-	-	-	-	-	-	-
Sub-total	241.8	1,123.1	638.4	87.8	-	-	-	-	-
Recent proposed and permanent changes									
New 15-week shareable EI benefit for parents through adoption or surrogacy	-	-	2.1	12.2	13.2	13.4	13.6	13.9	14.1
Extending maximum EI sickness weeks from 15 to 26	686.5	711.4	729.9	748.8	768.3	788.3	808.8	829.8	851.4
Sub-total	686.5	711.4	732.0	761.0	781.5	801.7	822.4	843.7	865.5
Total	928.3	1,834.5	1,370.4	848.8	781.5	801.7	822.4	843.7	865.5

	Actual	Forecast							
Part II	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Employment Support Measures[b]	2,101.4	2,118.9	2,136.4	2,118.9	2,101.4	2,101.4	2,101.4	2,101.4	2,101.4
Administration costs	2,846.1	3,469.2	3,336.7	3,329.9	2,764.8	2,151.7	2,151.7	2,151.7	2,151.7

a. Rather than receiving a credit of hours, self-employed individuals can qualify with a lower earnings threshold of $5,289.
b. Includes additional LMDA investment announced in Budget 2023 and in response to tariffs.

In addition, the Minister of ESD provided an EI Operating Account summary that shows a preliminary cumulative deficit of $14.8 billion as of 31 March 2025, 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 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 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 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%;
- waiving the one-week waiting period; and
- suspending the treatment of monies paid on separation.

These measures are in place until 11 October 2025.

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 6 March 2026. The new measures expand eligibility and increase the duration of the agreements to help more workers and employers access the program.

Additionally, temporary Work-Sharing Special Measures were introduced to support businesses affected by the 2024 Jasper and Bunibonibee Cree Nation wildfires for 8 months (until 3 August 2025).

D.1.1.1.4 In response to the COVID-19 pandemic

Due to the COVID-19 pandemic, several interim orders were enacted over a short period of time with the aim of facilitating access to EI (transition measures to facilitate access to EI). Below is a summary of the provisions impacting eligible EI claims established between 27 September 2020 and 25 September 2021:

- A minimum unemployment rate of 13.1% used for all EI regions, which resulted in a uniform entrance requirement of 420 hours for eligibility to EI regular benefits (before application of hours credits).
- A one-time credit of 300 insurable hours, which combined with the minimum unemployment rate of 13.1%, resulted in benefit eligibility with 120 hours of work for EI regular benefits.

- A one-time credit of 480 insurable hours resulted in benefit eligibility with 120 hours of work for EI special benefits.
- A minimum weekly benefit rate of $500 for EI regular benefits, fishing benefits and special benefits ($300 for extended parental benefits).
- A maximum of 50 weeks of EI regular benefits.
- The allowance for fishers to have had their fishing benefits calculated using their actual fishing earnings for their current claim, or their fishing earnings from their claim for the same season from one of the two previous years, whichever was higher. This measure was extended to 18 December 2021.

Also, temporary measures were announced in Budget 2021 to facilitate access to EI in response to the COVID-19 pandemic and are summarized below. These measures were in effect from 26 September 2021 until 24 September 2022.

- A uniform entrance requirement of 420 insurable hours for eligibility to EI regular and special benefits.
- A common entrance requirement of $2,500 in earnings for fishers to qualify for fishing benefits.
- A reduced entrance requirement of $5,289 in earnings to access special benefits for self-employed workers who have opted in to the EI program.
- Ensuring that all insurable hours and employment counted towards a claimant's eligibility, as long as the last job separation was found to be valid.
- Allowance for claimants to start receiving EI benefits sooner by simplifying rules around the treatment of severance, vacation pay, and other monies paid on separation.

Self-employed workers who have opted in to the EI program to access special benefits also benefited from a transition measure. For claims established between 3 January 2021 and 25 September 2021, they were able to use a 2020 earnings threshold of $5,000 compared to the previous threshold of $7,555.

On 30 July 2021, the Government announced a minimum benefit rate of $300 per week for EI claims established between 26 September 2021 and 20 November 2021 in order to ensure that EI claimants received a treatment similar to Canada Recovery Benefit claimants.

D.1.1.2 Recent proposed and permanent changes

A Record of Decision was made by the Government in the 2024 Fall Economic Statement to direct the former Minister of Employment, Workforce Development and Official Languages to end the work related to the EI Training Support Benefit and the EI Premium Rebate for Small Businesses.

The 2023 Fall Economic Statement announced a 15-week shareable EI benefit for parents through adoption or surrogacy, which is currently being implemented.

Budget 2023 confirmed the commitment made by the Government to establish the EI Board of Appeal, originally announced in 2019, to replace the current EI appeals process under the Social Security Tribunal General Division.

Budget 2022 announced amendments to Part II of the EI Act to broaden client and program eligibility and the types of interventions funded under Labour Market Development Agreements with provinces and territories.

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

D.1.1.3 Part II

Budget 2017 announced additional funding under the Labour Market Development Agreements (LMDAs) over six years starting in 2017-2018 to provide more opportunities to Canadians to upgrade their skills, gain experience or get help to start their own business. Budget 2023 announced additional funding under the LDMAs for 2023-2024.

Supplementary EI Part II funding provided through the LMDAs was announced on 16 July 2025; to provide increased training and employment supports for affected steel workers.

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 2026 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	2024	2025	2026	2027	2028	2029	2030	2031	2032
Population (15+)	33,819	34,543	34,623	34,757	35,100	35,472	35,835	36,198	36,555
Labour force	22,133	22,537	22,561	22,572	22,682	22,859	23,063	23,281	23,504
Employment	20,722	20,971	20,982	21,075	21,311	21,499	21,691	21,902	22,112
Employees	18,048	18,212	18,149	18,216	18,397	18,537	18,697	18,876	19,055
Self-employed	2,675	2,759	2,832	2,858	2,914	2,961	2,994	3,025	3,057
Unemployed	1,412	1,566	1,579	1,497	1,371	1,360	1,372	1,380	1,392
Unemployment rate	6.4%	6.9%	7.0%	6.6%	6.0%	5.9%	5.9%	5.9%	5.9%
Average weekly earnings ($)	1,260	1,304	1,346	1,392	1,432	1,472	1,515	1,559	1,604
Average employment income growth	3.7%	2.5%	3.4%	3.3%	2.9%	2.6%	2.9%	2.8%	2.8%

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;
- 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 4 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 2024 is set such that the resulting insurable earnings are in line with the expected assessed premiums for 2024, which are derived from the 2024 year-to-date assessed premiums and the 2024 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
2018	15,908		19,620		
2019	16,286	2.37%	19,944	1.65%	(0.72%)
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	18,048	2.01%	21,770	1.96%	(0.05%)

The projected number of earners is obtained by a regression based on a correlated historical relationship from 1995 to 2024 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 2025 to 2032.

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
2025	18,212		21,964	
2026	18,149	(0.35%)	21,923	(0.19%)
2027	18,216	0.37%	22,020	0.44%
2028	18,397	0.99%	22,236	0.98%
2029	18,537	0.76%	22,408	0.77%
2030	18,697	0.86%	22,604	0.87%
2031	18,876	0.96%	22,817	0.94%
2032	19,055	0.95%	23,018	0.88%

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

		Range as a % of average employment income					
Year	Average employment income ($)	0 - 25%	25 - 50%	50 - 75%	75 - 100%	100 - 125%	> 125%
2018	49,709	20.9%	14.4%	13.8%	12.7%	10.2%	28.0%
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%

The 2023 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 2024 to 2032.

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 2018 to 2023.

Table 29 Number of earners below and above the MIE

				Thousands		
Year	MIE ($)	MIE as a proportion of average employment income	Proportion of earners below MIE	Total number of earners	Number of earners below MIE	Number of earners above MIE
2018	51,700	1.0400	63.8%	19,620	12,513	7,107
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	1.0094	62.1%	21,770	13,516	8,253
2025	65,700	1.0234	62.8%	21,964	13,786	8,179
2026	68,900	1.0379	63.5%	21,923	13,914	8,009
2027	71,000	1.0357	63.4%	22,020	13,952	8,067
2028	73,300	1.0389	63.5%	22,236	14,123	8,113
2029	75,700	1.0453	63.8%	22,408	14,302	8,106
2030	77,800	1.0443	63.8%	22,604	14,416	8,188
2031	80,100	1.0457	63.8%	22,817	14,568	8,249
2032	82,400	1.0462	63.9%	23,018	14,702	8,316

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 2024 to 2032, as well as actual data provided by CRA for years 2018 to 2023.

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)
2018	19,620		49,709			975,279,385
2019	19,944	1.65%	51,082	2.76%	4.46%	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	N/A	1.96%	N/A	3.74%	5.77%	1,362,986,215
2025	N/A	0.89%	N/A	2.54%	3.46%	1,410,089,494
2026	N/A	(0.19%)	N/A	3.41%	3.21%	1,455,382,731
2027	N/A	0.44%	N/A	3.26%	3.71%	1,509,440,095
2028	N/A	0.98%	N/A	2.93%	3.94%	1,568,882,340
2029	N/A	0.77%	N/A	2.64%	3.43%	1,622,720,487
2030	N/A	0.87%	N/A	2.88%	3.77%	1,683,975,370
2031	N/A	0.94%	N/A	2.82%	3.79%	1,747,743,315
2032	N/A	0.88%	N/A	2.82%	3.73%	1,812,886,789

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%
2018	49,709	2.3%	5.4%	8.6%	11.0%	11.4%	61.3%
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%

The 2023 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 2024 to 2032. 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 2024 to 2032. Actual data is also shown for years 2018 to 2023.

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
2018	51,700	1.0400	29.2%	975,279,385	285,255,566	690,023,819
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	1.0094	28.1%	1,362,986,215	382,871,382	980,114,833
2025	65,700	1.0234	28.8%	1,410,089,494	405,860,039	1,004,229,455
2026	68,900	1.0379	29.5%	1,455,382,731	429,370,335	1,026,012,396
2027	71,000	1.0357	29.4%	1,509,440,095	443,714,375	1,065,725,720
2028	73,300	1.0389	29.6%	1,568,882,340	463,635,260	1,105,247,080
2029	75,700	1.0453	29.9%	1,622,720,487	484,730,073	1,137,990,414
2030	77,800	1.0443	29.8%	1,683,975,370	502,171,268	1,181,804,102
2031	80,100	1.0457	29.9%	1,747,743,315	522,422,908	1,225,320,407
2032	82,400	1.0462	29.9%	1,812,886,789	542,356,272	1,270,530,517

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 2018 to 2023 from the CRA statement of premium revenue is shown in Table 33.

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

	2018	2019	2020	2021	2022	2023
Net premiums assessed	22,645.6	23,069.0	21,910.7	23,790.6	26,693.7	29,301.1
Unadjusted employee premium refunds	266.5	266.1	219.8	309.1	373.9	376.4
Overage	2.9	2.7	2.5	2.7	2.6	2.9
Wage-loss premium reduction	953.1	992.3	1,023.0	1,086.4	1,171.9	1,333.3
Net adjustment payments (QPIP)	5.6	6.1	7.3	6.1	3.6	0.4
Other accounting adjustments	6.3	2.5	1.4	2.6	3.9	5.1
Gross EI premium revenues	23,880.0	24,338.7	23,164.6	25,197.5	28,249.7	31,019.2
Distribution of insurable earnings (province of employment):						
Out-of-Québec	78.0%	77.8%	77.5%	77.3%	77.3%	77.6%
Québec	22.0%	22.2%	22.5%	22.7%	22.7%	22.4%
EI premium rate:						
Out-of-Québec	1.66%	1.62%	1.58%	1.58%	1.58%	1.63%
Québec	1.30%	1.25%	1.20%	1.18%	1.20%	1.27%
Weighted average premium rate	1.58%	1.54%	1.49%	1.49%	1.49%	1.55%
Total insurable earnings	629,386	659,464	645,880	705,026	787,921	834,194

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 2023 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 2024 to 2032. 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 2024, the adjustment is expected to be 96.4% and then decreases to its ultimate value of 96.3% in year 2025.

Table 34 shows details of the projected total insurable earnings calculations for years 2024 to 2032, as well as actual data for years 2018 to 2023. The resulting insurable earnings for 2024 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
2018	51,700	285,255,566	7,107	367,436,863	652,692,429	629,385,708	
2019	53,100	298,240,070	7,247	384,804,549	683,044,619	659,463,657	4.78%
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	834,194,330	5.87%
2024	63,200	382,871,382	8,253	521,602,897	904,474,279	872,213,355	4.56%
2025	65,700	405,860,039	8,179	537,339,854	943,199,892	908,467,451	4.16%
2026	68,900	429,370,335	8,009	551,851,643	981,221,977	945,089,409	4.03%
2027	71,000	443,714,375	8,067	572,789,320	1,016,503,695	979,071,911	3.60%
2028	73,300	463,635,260	8,113	594,671,938	1,058,307,198	1,019,336,039	4.11%
2029	75,700	484,730,073	8,106	613,602,440	1,098,332,513	1,057,887,460	3.78%
2030	77,800	502,171,268	8,188	637,013,304	1,139,184,572	1,097,235,181	3.72%
2031	80,100	522,422,908	8,249	660,776,519	1,183,199,426	1,139,629,230	3.86%
2032	82,400	542,356,272	8,316	685,270,773	1,227,627,045	1,182,420,843	3.75%

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 generally increased between 2018 and 2021, followed by slight decreases between 2022 and 2024. 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
2018	21.97%	78.03%
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	22.31%	77.69%
2025	21.89%	78.11%
2026	21.74%	78.26%
2027	21.60%	78.40%
2028	21.51%	78.49%
2029	21.42%	78.58%
2030	21.35%	78.65%
2031	21.28%	78.72%
2032	21.21%	78.79%

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 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 2018 to 2023. The adjustment payments for calendar year 2023 are preliminary.

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

	2018	2019	2020	2021	2022	2023
Adjustment payments from Government of Canada to Government of Québec (i.e. for Québec residents working outside of Québec):						
Employee portion	14,238	15,164	15,511	18,537	20,255	19,934
Employer portion	18,620	19,949	20,445	24,644	26,723	26,108
Total	32,858	35,112	35,956	43,181	46,978	46,042
Adjustment payments from Government of Québec to Government of Canada (for non-Québec residents working in Québec):						
Employee portion	16,078	16,681	16,011	19,931	23,640	25,643
Employer portion	11,179	12,292	12,639	17,117	19,743	19,959
Total	27,257	28,972	28,650	37,047	43,384	45,602
Net adjustment payment from Government of Canada to Government of Québec:						
Employee portion	(1,840)	(1,517)	(500)	(1,394)	(3,385)	(5,709)
Employer portion	7,441	7,657	7,806	7,528	6,980	6,149
Total	5,601	6,140	7,306	6,134	3,594	441

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 (2021 to 2023). Insurable earnings for employees who reside outside of Québec and work in Québec correspond to 0.49% 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 0.18% 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)

	2020	2021	2022	2023
Total insurable earnings ($)	645,879,678	705,026,063	787,921,272	834,194,330
QPIP reduction	0.38%	0.40%	0.38%	0.36%
Average employer multiplier:				
Out-of-Québec employers	1.29	1.29	1.30	1.29
Québec employers	1.29	1.30	1.30	1.30
Employer adjustment payments:				
From Government of Canada to Government of Québec	20,445	24,644	26,723	26,108
From Government of Québec to Government of Canada	12,639	17,117	19,743	19,959
Estimated transfer of insurable earnings to reflect province of residence (employer adjustment payments / (QPIP reduction x average employer multiplier))				
From Government of Canada to Government of Québec ($)	4,166,407	4,758,375	5,427,378	5,619,380
From Government of Québec to Government of Canada ($)	2,569,908	3,291,616	3,986,494	4,252,799
Net transfer (from Canada to Québec) ($)	1,596,499	1,466,759	1,440,884	1,366,581
Estimated transfer of insurable earnings to reflect province of residence as a % of total insurable earnings				
From Government of Canada to Government of Québec	0.65%	0.67%	0.69%	0.67%
From Government of Québec to Government of Canada	0.40%	0.47%	0.51%	0.51%
Net from Government of Canada to Government of Québec	0.25%	0.21%	0.18%	0.16%

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 143,000 people in 2023) and of non-Québec residents working in Québec (roughly 135,000 people in 2023) 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 2024 to 2032 will be equal to the average transfer for years 2021 to 2023, that is 0.18%. 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
2023	77.60%	22.40%	0.16%	77.44%	22.56%	834,194,330	645,968,218	188,226,111
2024	77.69%	22.31%	0.18%	77.51%	22.49%	872,213,355	676,052,572	196,160,784
2025	78.11%	21.89%	0.18%	77.93%	22.07%	908,467,451	707,968,685	200,498,766
2026	78.26%	21.74%	0.18%	78.08%	21.92%	945,089,409	737,925,810	207,163,598
2027	78.40%	21.60%	0.18%	78.22%	21.78%	979,071,911	765,830,048	213,241,862
2028	78.49%	21.51%	0.18%	78.31%	21.69%	1,019,336,039	798,242,052	221,093,987
2029	78.58%	21.42%	0.18%	78.40%	21.60%	1,057,887,460	829,383,769	228,503,691
2030	78.65%	21.35%	0.18%	78.47%	21.53%	1,097,235,181	861,000,446	236,234,734
2031	78.72%	21.28%	0.18%	78.54%	21.46%	1,139,629,230	895,064,797	244,564,433
2032	78.79%	21.21%	0.18%	78.61%	21.39%	1,182,420,843	929,501,025	252,919,818

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 2018 to 2023. By comparing this table to Table 33 for year 2023, it can be seen that adjustment payments of $0.4 million are reflected in Table 39 through gross premiums that are $11.5 million lower ($31,019.2 – $31,007.7) and in Table 40 through premium refunds that are $11.1 million lower ($376.4 – $365.3), with no resulting effect on the total net premium.

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

	2018	2019	2020	2021	2022	2023
Total insurable earnings	629,386	659,464	645,880	705,026	787,921	834,194
Split of insurable earnings (province of residence):						
Outside Québec	77.8%	77.5%	77.2%	77.1%	77.2%	77.4%
Québec	22.2%	22.5%	22.8%	22.9%	22.8%	22.6%
EI premium rate:						
Outside Québec	1.66%	1.62%	1.58%	1.58%	1.58%	1.63%
Québec	1.30%	1.25%	1.20%	1.18%	1.20%	1.27%
Weighted average premium rate	1.58%	1.54%	1.49%	1.49%	1.49%	1.55%
Gross premium revenues	23,866.4	24,324.7	23,149.9	25,183.3	28,236.7	31,007.7
Adjusted premium refunds	258.5	258.2	212.4	301.0	364.5	365.3
Overage	2.9	2.7	2.5	2.7	2.6	2.9
Wage-loss premium reduction	953.1	992.3	1,023.0	1,086.4	1,171.9	1,333.3
Net adjustment payments (QPIP)	-	-	-	-	-	-
Other accounting adjustments	6.3	2.5	1.4	2.6	3.9	5.1
Net premium assessed	22,645.6	23,069.0	21,910.7	23,790.6	26,693.7	29,301.1

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 2.71% from 2019 to 2023. It is assumed to remain constant at 2.71% until 2032.

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

	2018	2019	2020	2021	2022	2023
Total insurable earnings (TIE)	629,386	659,464	645,880	705,026	787,921	834,194
Adjusted premium refunds	258.5	258.2	212.4	301.0	364.5	365.3
Average premium rate	1.58%	1.54%	1.49%	1.49%	1.49%	1.55%
TIE subject to refund	16,363	16,799	14,220	20,224	24,412	23,586
TIE subject to refund (% of TIE)	2.60%	2.55%	2.20%	2.87%	3.10%	2.83%

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 June 2025. 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 2026 and 2032, the assumption for the increase in the number of participants is based on the average weekly enrolments between 2022 and 2024.

The assumption to complete year 2025 is based on the last 3-year average (2022-2024) of weekly enrolments for the last six 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 June 2025 and projected enrolments, Table 41 shows the historical and projected number of self-employed participants from 2010 to 2032.

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	52,234	11,355	63,589
2026	56,097	12,076	68,173
2027	59,960	12,797	72,758
2028	63,898	13,533	77,431
2029	67,761	14,254	82,015
2030	71,625	14,975	86,600
2031	75,488	15,697	91,184
2032	79,351	16,418	95,769

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 2025 to 2032.

The most recent year for which complete data is available with regards to self-employed EI premiums and inherent covered earnings is tax year 2023. 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 2025 to 2032. 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 2024 to 2032.

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
2024				509,323				86,712	596,034
2025	2.54%	5.7%	8.4%	552,213	2.54%	4.4%	7.0%	92,802	645,015
2026	3.41%	7.4%	11.1%	613,249	3.41%	6.4%	10.0%	102,058	715,307
2027	3.26%	6.9%	10.4%	676,858	3.26%	6.0%	9.4%	111,681	788,538
2028	2.93%	6.6%	9.7%	742,420	2.93%	5.7%	8.8%	121,553	863,973
2029	2.64%	6.0%	8.8%	808,076	2.64%	5.3%	8.1%	131,409	939,485
2030	2.88%	5.7%	8.7%	878,704	2.88%	5.1%	8.1%	142,028	1,020,732
2031	2.82%	5.4%	8.4%	952,179	2.82%	4.8%	7.8%	153,062	1,105,240
2032	2.82%	5.1%	8.1%	1,029,145	2.82%	4.6%	7.5%	164,611	1,193,756

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 2026, the maximum weekly benefit is 55% of the $68,900 annual MIE divided by 52, or $729.

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 to 50.2% in 2024, mainly due to the economic recovery following the COVID-19 pandemic. Based on partial data, this proportion is expected to increase to 50.6% in 2025. It is then assumed to decrease in 2026 to its ultimate value of 49.5% (average of 2023, 2024 and 2025).

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

Year	% above MIE
2017	46.5%
2018	47.0%
2019	48.0%
2020	41.8%
2021	37.9%
2022	45.1%
2023	47.9%
2024	50.2%
2025	50.6%
2026-2032	49.5%

The 2024 AWB for claimants with insurable earnings above and below the MIE was $668 and $452 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 3.9% and 3.8% for 2025 and 2026 respectively. The average annual increase for years 2027 to 2032 is 3.0%. These AWB growth rates apply to all benefit types for 2026 onwards.

Table 44 Average weekly benefits growth factors

	Actual	Forecast							
	2024	2025	2026	2027	2028	2029	2030	2031	2032
Average weekly earnings ($)	1,260	1,304	1,346	1,392	1,432	1,472	1,515	1,559	1,604
% change	4.6%	3.5%	3.2%	3.4%	2.9%	2.8%	3.0%	2.9%	2.9%
MIE ($)	63,200	65,700	68,900	71,000	73,300	75,700	77,800	80,100	82,400
% change	2.8%	4.0%	4.9%	3.0%	3.2%	3.3%	2.8%	3.0%	2.9%
Proportion above MIE	50.2%	50.6%	49.5%	49.5%	49.5%	49.5%	49.5%	49.5%	49.5%
Proportion below MIE	49.8%	49.4%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%
AWB growth	4.5%	3.9%	3.8%	3.2%	3.1%	3.1%	2.8%	2.9%	2.9%

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;

  - o The number of unemployed individuals with an invalid job separation[12];
- 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
2014	1,345	484	35.9%	200	14.9%	83	6.2%	744	55.3%
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%	1,394	72.2%
2021	1,541	678	44.0%	107	7.0%	253	16.4%	1,009	65.4%
2022	1,099	461	41.9%	131	12.0%	81	7.3%	587	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%	65	4.6%	730	52.0%

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 2024, the percentage of unemployed without insurable earnings in the last 52 weeks averaged 41.4%. Based on the experience observed for the first six months of 2025, the proportion of individuals with no insurable earnings in the last 52 weeks is expected to equal 42.0% in 2025. It is then assumed to gradually decrease to 36.0% 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 12.3% was observed in

[12] 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.

2023 and 11.5% in 2024; it is expected to decrease to 10.0% in 2025 then gradually increase to an ultimate value of 13.5% 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 2025, it is estimated that the ratio of working beneficiaries to unemployed will be 5.0% and then gradually increase up to a proportion of 6.5% in 2028 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 57.0% 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)
2025	1,566	42.0%	10.0%	5.0%	53.0%	830
2026	1,579	41.0%	11.0%	5.5%	53.5%	845
2027	1,497	40.0%	12.0%	6.0%	54.0%	808
2028	1,371	38.0%	13.0%	6.5%	55.5%	761
2029	1,360	36.0%	13.5%	6.5%	57.0%	775
2030	1,372	36.0%	13.5%	6.5%	57.0%	782
2031	1,380	36.0%	13.5%	6.5%	57.0%	787
2032	1,392	36.0%	13.5%	6.5%	57.0%	794

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]
2014	744	508	68.3%
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	1,394	649	46.6%
2021	1,009	1,328	131.7%
2022	587	501	85.4%
2023	629	429	68.2%
2024	730	483	66.2%

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

Between 2014 and 2019, the recipiency rate varied between 66% 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[13] for 2025 is 66.0% 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 2024, but receives his first benefit payment only in February 2025, the portion of the benefits that relates to December will be recorded in the EI Operating Account for the year 2024.

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.

The number of weeks affects Part I expenditures as benefits are payable for every weekday of

[13] The projected recipiency rates, for 2025 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 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	2024	2025	2026	2027	2028	2029	2030	2031	2032
Number of weeks	52.4	52.2	52.2	52.2	52.0	52.2	52.2	52.2	52.4

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, it is first subtracted before the growth factors are applied.

The base year on which the projected growth factors are applied is 2024. 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 2025 experience is adjusted based on known data up to June 2025.

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)

	Actual	Forecast							
Benefits	2024	2025	2026	2027	2028	2029	2030	2031	2032
Regular benefits (base)	13,705	16,311	17,756	18,048	17,817	18,783	19,490	20,173	21,020
Pilot projects/special temporary measures									
Seasonal claimants									
Support for eligible seasonal claimants in targeted regions	167	171	176	78	-	-	-	-	-
One-year extra four weeks seasonal measure	74	23	-	-	-	-	-	-	-
Facilitate access to EI									
Support workers affected by tariffs									
Adjusting the unemployment rate in certain regions	-	146	84	-	-	-	-	-	-
Adjusting the unemployment rate in certain regions - extension	-	120	110	-	-	-	-	-	-
Waiving the waiting period	-	278	-	-	-	-	-	-	-
Suspending the allocation of separation earnings	-	223	131	-	-	-	-	-	-
Hours credit for 2024 wildfires	-	1	1	-	-	-	-	-	-
EI simplification									
Flat 420-hour entrance requirement & minimum 14 weeks benefits	0	-	-	-	-	-	-	-	-
Simplified rules on separation	0	-	-	-	-	-	-	-	-
Total regular benefits	13,946	17,272	18,256	18,125	17,817	18,783	19,490	20,173	21,020

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 (2024) using the expected change in the number of benefit weeks and average weekly benefits.

$$FB_T = \underbrace{(W_T/W_{T-1}) \times (AWB_T/AWB_{T-1})}_{\text{Yearly increase in average benefits}} \times \underbrace{FB_{T-1}}_{\text{Prior year's benefits}}$$

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 2024	Forecast 2025	2026	2027	2028	2029	2030	2031	2032
Fishing benefits (base)	380	393	408	421	432	448	460	474	489
Special temporary measures									
Facilitate access to EI									
Support workers affected by tariffs									
Waiving the waiting period	-	6	-	-	-	-	-	-	-
Total fishing benefits	380	399	408	421	432	448	460	474	489

D.3.7 Work-Sharing benefits

Work-Sharing benefits are projected based on the 2024 Work-Sharing expenditures, multiplied by the expected change in the number of employees and the average weekly benefits rate.

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

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

Table 51 shows the actual 2024 Work-Sharing benefits as well as the projection until 2032. The forecast for 2025 includes an upward adjustment of 70% to reflect known data up to June 2025. 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 2024	Forecast 2025	2026	2027	2028	2029	2030	2031	2032
Work-Sharing benefits (base)	52	92	95	99	102	107	111	115	120
Pilot projects/special temporary measures									
Support workers and employers affected by tariffs	-	68	138	10	-	-	-	-	-
Support businesses affected by the 2024 wildfires	-	-	-	-	-	-	-	-	-
Total Work-Sharing benefits	52	160	233	109	102	107	111	115	120

D.3.8 Special benefits

Special benefits include 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 forecasted from the base year 2024 using the expected change in the number of employees and in the average weekly benefits.

$$SB_T = \underbrace{(EE_T/EE_{T-1})}_{\text{Change in the number of employees}} \text{ x } \underbrace{(W_T/W_{T-1}) \text{ x } (AWB_T/AWB_{T-1})}_{\text{Yearly increase in average benefits}} \text{ x } \underbrace{SB_{T-1}}_{\text{Prior year's benefits}}$$

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

Maternity and parental benefits were adjusted upward by 1.0% in 2027 and 1.0% in 2028 to reflect an expected increase in births compared to the recent lower birth rates.

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

D.3.8.2 Self-employed

Self-employed benefits 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

Benefits	Actual 2024	Forecast 2025	2026	2027	2028	2029	2030	2031	2032
Salaried employees ($ million)									
MP benefits	5,322	5,560	5,751	6,016	6,301	6,571	6,816	7,082	7,384
Sickness benefits	2,314	2,418	2,501	2,590	2,686	2,801	2,905	3,019	3,148
Compassionate care benefits	57	59	61	63	66	69	71	74	77
Family caregiver benefit	142	148	153	159	165	172	178	185	193
Sub-total	7,835	8,186	8,467	8,829	9,218	9,612	9,971	10,361	10,801
Self-employed ($ thousand)									
MP benefits	17,582	19,342	21,098	23,357	25,559	28,026	30,539	33,154	36,031
Sickness benefits	1,702	1,872	2,042	2,261	2,474	2,713	2,956	3,209	3,487
Compassionate care benefits	30	33	36	40	44	48	52	56	61
Family caregiver benefit	131	145	158	175	191	210	228	248	269
Sub-total	19,445	21,391	23,334	25,832	28,268	30,996	33,775	36,667	39,849
Recent permanent changes ($ million)									
New 15-week shareable EI benefit for parents through adoption or surrogacy	-	-	2	12	13	13	14	14	14
Extending the maximum EI sickness weeks from 15 to 26	687	711	730	749	768	788	809	830	851
Special temporary measures ($ million)[a]									
Facilitate access to EI									
Support workers affected by tariffs									
Waiving the waiting period	-	88	-	-	-	-	-	-	-
EI simplification									
Flat 420-hour entrance requirement	0	-	-	-	-	-	-	-	-
Total ($ million)									
MP benefits	5,340	5,580	5,774	6,052	6,340	6,612	6,860	7,129	7,434
Sickness benefits	3,003	3,219	3,233	3,341	3,457	3,592	3,717	3,852	4,002
Compassionate care benefits	57	59	61	63	66	69	71	74	77
Family caregiver benefit	142	148	154	159	165	172	178	185	193
Total special benefits	8,541	9,007	9,222	9,615	10,028	10,445	10,827	11,241	11,707

a. ESDC provided total estimates for all special benefits. The measure “Waiving the waiting period” was attributed to the sickness benefit while the “EI simplification” was attributed to the parental 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 2025 is based on data provided by ESDC and is projected for 2026 and after based on the expected increase or decrease in regular and fishing benefits. The estimate for the forecast 2025 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							
	2024	2025	2026	2027	2028	2029	2030	2031	2032
Current year forecast	378	397	419	416	410	432	448	463	483
Prior year									
Actual	309	358	397	419	416	410	432	448	463
Forecast	(343)	(378)	(397)	(419)	(416)	(410)	(432)	(448)	(463)
Sub-total (adjustment for prior year)	(34)	(20)	-	-	-	-	-	-	-
Refunds	(15)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
Total	328	365	408	405	398	420	436	452	471

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 on a fiscal year basis.

Amounts presented in Table 54 include an additional LMDA expense of $106 million for 2024 as well as $13 million in 2025, $31 million in 2026, $22 million in 2027 and $4 million in 2028. It reflects the additional LMDA expense announced in Budget 2023 and in response to the tariffs.

Table 54 Employment Support Measures
($ million)

	Actual	Forecast							
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
ESM (fiscal year)	2,101	2,119	2,136	2,119	2,101	2,101	2,101	2,101	2,101
	Actual	Forecast							
	2024	2025	2026	2027	2028	2029	2030	2031	2032
ESM (calendar year)	2,199	2,123	2,132	2,123	2,106	2,101	2,101	2,101	2,101

D.3.11 Administration costs

As with Part II benefits, the expected annual estimates for EI administration costs are provided by ESDC on a fiscal year basis. The calendar year costs shown in Table 55 are based on 25% of the current fiscal year and 75% of the next fiscal year.

Table 55 Administration costs
($ million)

	Actual	Forecast							
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Administration costs (fiscal year)	2,846	3,469	3,337	3,330	2,765	2,152	2,152	2,152	2,152
	Actual	Forecast							
	2024	2025	2026	2027	2028	2029	2030	2031	2032
Administration costs (calendar year)	2,857	3,313	3,370	3,332	2,906	2,305	2,152	2,152	2,152

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 2025 to 2032 VAC are projected from actual costs incurred in 2024 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							
	2024	2025	2026	2027	2028	2029	2030	2031	2032
Variable administration costs	31.9	33.3	34.5	36.2	37.9	39.5	41.0	42.6	44.4

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 2024 was equal to 25% of the 2023-2024 expense and 75% of the 2024-2025 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 2025-2026 is based on the average experience for the fiscal years 2022-2023, 2023-2024 and 2024-2025.

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							
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Allowance for doubtful accounts (current year)	568	605	641	671	699	728	758	788	820
Net allowance (prior year)									
Allowance for doubtful accounts (prior year)	524	568	605	641	671	699	728	758	788
Write-offs	(86)	(95)	(102)	(108)	(113)	(117)	(122)	(127)	(133)
Total	438	472	503	533	558	581	606	630	656
Bad debt expense (fiscal year)	129	133	138	138	140	147	152	158	164
	Actual	Forecast							
	2024	2025	2026	2027	2028	2029	2030	2031	2032
Bad debt expense (calendar year)	129	132	136	138	140	145	151	156	162

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 2023 and year 2024, using the expected annual change in Part I benefits.

Table 58 Penalties
($ million)

	Actual	Forecast							
	2024	2025	2026	2027	2028	2029	2030	2031	2032
Penalties	81	81	85	86	86	90	94	97	101

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[14].

The overnight rate decreased from 4.50% in July 2024 to 2.75% in March 2025, where it remained until July 2025. The corresponding discount rate (Bank rate) starting in July 2025 is 3.00% (2.75% + 0.25%). The forecasts from the Bank of Canada's Market Participants Survey[15] were considered in determining the projection of the overnight rate to the end of calendar year 2027. Thereafter, it is expected to reach the ultimate level of 2.80% in calendar year 2028. The corresponding discount rate is then equal to 3.05% starting in calendar year 2028. Finally, the projected rate of interest charged on overdue accounts is equal to 6.05% (3.05% + 3.00%) starting in 2028.

As the interest earned is correlated with the amount of outstanding benefit overpayments, it is

[14] https://www.canada.ca/en/public-services-procurement/services/payments-to-from-government/interest-rates.html
[15] https://www.bankofcanada.ca/2025/04/market-participants-survey-first-quarter-of-2025/

forecasted using the expected annual change in Part I benefits and the 12-month average of the interest rate. Expected interest for 2025 is based on interest in 2024, increased for changes in Part I benefits and average interest rate from 2024 to 2025.

Table 59 Interest on overdue accounts receivable
($ million)

	Actual	Forecast							
	2024	2025	2026	2027	2028	2029	2030	2031	2032
Average interest rate	7.93%	6.13%	5.35%	5.69%	6.05%	6.05%	6.05%	6.05%	6.05%
Interest	54	49	45	48	51	54	56	58	60

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 2026 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[16]) 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.

[16] 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 2026, the years 2022, 2023 and 2024 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 2026.

E.2 First payer cost ratio

The first payer cost ratio represents the average hypothetical job-attached[17] 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 2026 rates of reduction, the first payer cost ratio is equal to the average of the first payer cost for years 2022 to 2024, divided by the average insurable earnings of all insured persons for years 2022 to 2024.

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. 2022 and 2023). More information on the 2022 and 2023 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

[17] 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 2024 hypothetical number of first payer job-attached EI sickness claims is 765,929 and the assumed average duration of these claims is 11.0 weeks. The resulting hypothetical number of first payer job-attached EI sickness benefit weeks for 2024 is 8,410,204.

The hypothetical number of first payer job-attached EI sickness benefit weeks for 2022 and 2023 is 5,903,742 and 6,330,072 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 $540.87 for 2024. The average weekly sickness benefits under a hypothetical first payer scenario for 2022 and 2023 are $510.55 and $522.64 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 2026 rates of reduction is 0.4353%. Table 60 shows more details on how this first payer cost ratio is determined.

Table 60 First payer cost ratio for calculating 2026 rates of reduction

	2022[a]	2023[a]	2024	Average for 2026 rates of reduction
First payer EI sickness benefit weeks (A)	5,903,742	6,330,072	8,410,204	N/A
First payer average EI sickness benefits (B) ($)	510.55	522.64	540.87	N/A
First payer cost (A x B) ($ million)	3,014	3,308	4,549	3,624
Total insurable earnings (TIE) ($ million)	789,328	835,744	872,213	832,428
First payer cost ratio (% of TIE)	0.3819%	0.3959%	0.5215%	0.4353%

a. More information on the 2022 and 2023 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 2022, 2023 and 2024, 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 2024 are based on available data

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

Category	2022	2023	2024	Average for 2026 rates of reduction
1	125,896,976	137,870,859	185,392,704	149,720,180
2	14,639,944	15,640,934	18,710,603	16,330,494
3	113,152,151	127,389,147	159,580,663	133,373,987
4	4,749,888	5,579,719	5,851,327	5,393,644
Total	258,438,959	286,480,658	369,535,297	304,818,305

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

Category	2022	2023	2024	Average for 2026 rates of reduction
1	62,120	65,439	67,945	65,168
2	29,284	30,505	29,394	29,727
3	228,590	239,106	252,680	240,125
4	30,547	32,260	31,923	31,577
Total	350,541	367,309	381,942	366,597

The experience cost ratio used in the calculation of the 2026 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	149,720,180	65,168	0.2297%
2	16,330,494	29,727	0.0549%
3	133,373,987	240,125	0.0555%
4	5,393,644	31,577	0.0171%

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 2026 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 1.61% for residents of all provinces except Québec. The corresponding premium rate that would apply to residents of Québec is 1.28%. 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 2026 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	0.4353%	0.2297%	0.2056%	0.21%	1.272	1.239
2	0.4353%	0.0549%	0.3804%	0.38%	1.164	1.103
3	0.4353%	0.0555%	0.3798%	0.38%	1.164	1.103
4	0.4353%	0.0171%	0.4182%	0.42%	1.140	1.073

The Commission will notify each registered employer of the applicable 2026 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 2026. The estimates are based on the historical distribution of insurable earnings by category, which was derived from Canada Revenue Agency T4 data.

Table 65 2026 Estimated amount of premium reduction

Category	Estimated number of qualified employers	2026 Insurable earnings ($ million)	Rates of reduction	Premium reduction ($ million)
1	2,200	73,594	0.2056%	151
2	500	31,890	0.3804%	121
3	21,700	273,800	0.3798%	1,040
4	200	34,548	0.4182%	144
Total	24,600	413,831	N/A	1,457

The estimated number of qualified number of employers is 24,600 in 2026 as shown in Table 65. The corresponding estimated number of employees covered by a qualified-wage loss plan is 8,133,000 in 2026.