9 September 2025

MEMORANDUM

To: **Commissioners of the Canada Employment Insurance Commission**

From: **Laurence Frappier (Office of the Superintendent of Financial Institutions Canada)**

Subject: **Estimated impact of recent announcements on the 2026 7-year forecast break-even rate and on the EI Operating Account**

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In accordance with the *Employment Insurance Act,* the 2026 Actuarial Report on the Employment Insurance Premium Rate was submitted to the Canada Employment Insurance Commission (CEIC) on 22 August 2025. The estimates presented in the report were based on the Employment Insurance provisions as of 22 July 2025. However, the estimates did not incorporate the following announcements:

- Upskilling, reskilling, and income supports for more than 6,000 affected softwood lumber workers through the Labour Market Development Agreements (LMDA) (announced on 5 August 2025; $50 million),
- Retrain and upskill up to 50,000 more workers via the LMDAs (announced on 5 September 2025; $450 million over three years),
- Modernize the Government of Canada's online job tools (announced on 5 September 2025; $50 million over five years, and $8 million ongoing),
- Launch the new "Workforce Alliances" (announced on 5 September 2025; $88 million over five years),
- Temporarily give long-tenured workers 20 extra weeks of income support, up to a maximum of 65 weeks (announced on 5 September 2025; $1.6 billion over five years), and
- Extend two of the temporary EI measures to 11 April 2026 (initially announced on 21 March 2025 and extension announced on 5 September 2025):
    - Extend the suspension of the treatment of monies paid on separation ($424 million over two years); and
    - Extend the waiving of the one-week waiting period ($418 million over two years).

The CEIC asked the Actuary to evaluate the impact of these announcements on the results presented in the EI 2026 Actuarial Report. Tables 1 and 2 below outline the revised results which incorporate the additional measures. All other assumptions, as described throughout the EI 2026 Actuarial Report, remain unchanged.

The table below shows the impact of the announcements on the 2026 7-year forecast break-even rate, namely an increase from 1.61% (unrounded 1.614%) to 1.63% (unrounded 1.632%).

Table 1 - Reconciliation of the EI Operating Account (EIOA) deficit as at 31 December 2025 and the 2026 7-year forecast break-even rate[1]

	Deficit in the EIOA as at 31 Dec. 2025 ($ million)	2026-2032 expenditures ($ million)	2026 7-year forecast break-even rate (%)
2026 Actuarial Report – before announcements	**16,670**	**267,636**	**1.614**
Extra weeks of EI benefits for long-tenured workers	85	1,542	0.009
Extension of certain EI temporary measures	399	442	0.005
Additional Part II measures	4	648	0.004
Other adjustments[2]	0	91	0.001
Revised results – after announcements	**17,159**	**270,360**	**1.632**

[1] Components may not sum up to totals due to rounding.
[2] The additional measures have a slight impact on other calculated components of the 7-year forecast break-even rate.

The table below shows a summary of the projected EIOA balances for 2025 and 2026, considering the above-mentioned changes. This is based on a 2026 premium rate equal to the 7-year forecast break-even rate of 1.63%.

Table 2 - Summary of the EIOA after announcements ($ million)

Calendar year	Premium rate	Premium revenue	Expenditures	Annual surplus (deficit)	Cumulative surplus (deficit) 31 December
2024					(16,921)
2025	1.64%	32,161	32,399	(238)	(17,159)
2026	1.63%	33,487	35,319	(1,832)	(18,991)