

Employment Insurance (EI)

Employment Insurance provides financial assistance to people who have lost their jobs. When people work, the federal government automatically deducts a percentage of their income, and places it in an EI fund (account). Employees can receive money from this fund if they are laid off from their job. The money pays for living costs while they are looking for work, sick or pregnant. If a person is on EI and needs retraining to get another job, they may be able to take a training program.

All employees are required to pay employment insurance premiums based on earnings to a maximum insurable earnings level, provided they meet minimum earnings levels. Employers are required to make contributions based on the employees' premiums.

EI premium rates for 2007:

- Premium rate: **1.80%**
- Maximum annual insurable earnings: **\$40,000**
- Maximum annual employee premium: **\$720.00**
- Maximum annual employer premium: **\$1,008.00**

Employer premium rate: **1.4 times** employee premium

Employment Insurance premiums are collected on a first dollar basis until the annual Maximum Insurable Earnings of \$40,000 is reached. This could affect high income earners and part time employees who may experience higher premiums during the first part of the year.

Sample Calculation

Assume earnings of \$500.00 per week

Employee contribution	- \$500.00 x 1.80% = \$9.00 per week
	- \$9.00 x 52 = \$468.00 per annum
Employer contribution	- \$9.00 x 1.4 = \$12.60 per week
	- \$12.60 x 52 = \$655.20 per annum

Deductions and employer contributions are remitted to the government monthly.

Source: Canada Revenue Agency E057