
backgrounder

Fairness for the Self-Employed Act

Income protection for life-transition events, such as the birth of a child, adoption, illness, and the care of a gravely ill family member, is a key contributor to the financial security of all Canadian workers. The 2008 Speech from the Throne recognized the challenges facing self-employed Canadians as they deal with the dual pressure of being entrepreneurs and caring for their families. In Budget 2009, the Government proposed to examine ways to best provide self-employed Canadians with access to Employment Insurance (EI) maternity and parental benefits. The Government has now introduced the *Fairness for the Self-Employed Act*, legislation that would fulfill and exceed this commitment.

Through the new legislation, self-employed Canadians who opt into the EI program would be eligible to receive the same special benefits currently available to salaried employees, specifically:

- maternity benefits (15 weeks maximum) are available to birth mothers and cover the period surrounding birth (a claim can start up to 8 weeks before the expected birth date);
- parental/adoptive benefits (35 weeks maximum) are available to biological or adoptive parents while they are caring for a newborn or newly adopted child, and may be taken by either parent or shared between them (if parents opt to share these benefits, only one waiting period must be served);
- sickness benefits (15 weeks maximum), which may be paid to a person who is unable to work because of sickness, injury or quarantine; and
- compassionate care benefits (6 weeks maximum), which may be paid to persons who have to be away from work temporarily to provide care or support to a family member who is gravely ill with a significant risk of death.

Under the proposed legislation, self-employed Canadians would be required to opt into the program at least one year prior to claiming benefits. They would also be responsible for making premium payments starting with the tax year in which they apply to the program. With a program start date of January 2010, claims could be made as early as January 1, 2011.

To access EI special benefits, self-employed individuals would need to have earned a minimum of \$6,000 in self-employed earnings over the preceding calendar year.

The self-employed could opt out of the EI program at the end of any tax year, as long as they have never claimed benefits. If they have claimed benefits, they would have to contribute on self-employed earnings for as long as they are self-employed.

Self-employed Canadians who opt into the program would pay the same EI premium rate as salaried employees. They would not be required to pay the employer portion of premiums, in recognition of the fact that they would not have access to EI regular benefits.

Self-employed residents of Quebec would continue to receive maternity and parental benefits through the Quebec Parental Insurance Program provided by the Government of Quebec. In addition, they would now be eligible to take advantage of the sickness and compassionate care benefits being offered by the Government of Canada through EI. Should they choose to take advantage of the program, they would pay EI premiums at the same rates as employees in Quebec, where rates have already been adjusted downward to take into account the existence of a provincial maternity and parental benefit plan.

Through the Economic Action Plan, the Government of Canada has also implemented measures to support all unemployed Canadians. These measures include providing 5 extra weeks of EI regular benefits, increasing the maximum duration of benefits from 45 to 50 weeks in regions of high unemployment, protecting jobs through the Work-Sharing program, and freezing EI premiums for 2010 at the same rate as 2009 to provide economic stimulus. For more information on these measures, please visit www.actionplan.gc.ca.

Most recently, the Government introduced legislation to extend EI regular benefits for unemployed long-tenured workers, who are individuals that have paid EI premiums for years and made limited use of the program, and who now need additional support while they look for jobs in a recovering economy. Further information on this proposed measure is available at www.hrsdc.gc.ca.