# Income Protection Plan Available

This document highlights and compares benefits currently available to an employer to help supplement an individual employee’s income during a time of leave. There are four different forms of income protection available.

### Sickness/Personal Days

Some businesses offer a sick/family day program where employees are allotted a pre-defined number of sick/personal days per year, which can be accumulated to offset an employee’s income during any time of leave.

### Employment Insurance

In the absence of a sick/personal day program employees are eligible to apply for Employment Insurance (EI) benefits which provide a maximum of 15 weeks of paid leave. The benefits received by the employee are considered taxable income, and the benefit they receive is equal to 55% of their average weekly earnings up to a maximum benefit of $543 per week (based on 2018 results). If there is a short term disability policy in place, then E.I. will consider a private plan as 1st payer; and will only pay in the absence of a short term disability payment.

### Short Term Disability Insurance

In the absence of a sick/family day program employers can purchase additional group insurance which can provide up to a maximum of 75% of an employee’s gross weekly income. With a short term disability plan it only provides coverage for leaves of absence related to illness or injury. Also, if a short term disability policy is in effect, the private insurance becomes 1st payor and it cannot be used to top up EI.

If there is short term disability insurance in place, which covers at least the same level of protection that E.I. covers, an employer can apply for a reduction in their E.I. premiums. Instead of employer contributions being 1.4 times that of their employee’s contributions, they could qualify to have that multiple lowered to 1.163. (Note: The government expects employers to use those savings for employees, and is not intended to just offset operating costs.)

### Supplementary Unemployment Benefit Plans (SUB Plan)

Employers can use a Supplemental Unemployment Benefit (SUB) plan to increase their employees’ weekly earnings when they are unemployed due to a temporary stoppage of work, training, illness, injury or quarantine, and can be implemented to top up Sick Days, Employment Insurance and/or Short Term Disability plans.

Payments from SUB plans **that are registered with Service Canada** are not considered as earnings and are not deducted from EI benefits (pursuant to [subsection 37(1)](http://laws-lois.justice.gc.ca/eng/regulations/SOR-96-332/page-10.html#docCont) of the EI Regulations).

SUB plans are registered by Service Canada through the SUB program in Bathurst, N.B. Plans must be registered before their effective date. Officers from the SUB program assess employers' SUB plans against the requirements set out in [subsection 37(2)](http://laws-lois.justice.gc.ca/eng/regulations/SOR-96-332/page-10.html#docCont) of the EI Regulations. SUB program Officers also help employers develop SUB plans that meet the requirements of the EI Regulations.

#### An acceptable plan is one that:

* identifies the group of employees covered and the duration of the plan
* covers a period of unemployment caused by one or a combination of the following: temporary stoppage of work, training, illness, injury or quarantine
* requires employees to apply for and be in receipt of EI benefits in order to receive payments under the plan
* requires that the combined weekly payments from the plan and the portion of the weekly benefit rate does not exceed 95% of the employee’s normal weekly earnings
* requires it be entirely financed by the employer
* requires that on termination, all remaining assets of the plan will be reverted to the employer or be used for payments under the plan or for its administrative costs
* requires that written notice of any change to the plan be given to Service Canada within 30 days after the effective date of the change
* provides that the employees have no vested right to payments under the plan except during a period of unemployment specified in the plan
* provides that payments in respect of guaranteed annual remuneration, deferred remuneration or severance pay will not be reduced or increased by payments received under the plan

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| --- | --- | --- | --- | --- |
|  | Sick/Personal Days | Employment Insurance | Short Term Disability Insurance | SUB Plans |
| Benefit Percent | 100% of employees weekly earnings | 55% of employees weekly earnings | 75% of employees weekly earnings | Up to a maximum of 95% of employees weekly earnings, less the amount paid by other plans |
| Maximum Days of Protection | Defined by Employment Agreement | 105 days | Options of 90 days, 105 days up to 182 days | Defined by SUB agreement and approved by government |
| Maximum Weekly Payout | 100% of employees weekly earnings | $543 per week | 75% of employees weekly earnings | Up to a maximum of 95% of employees weekly earnings |
| Are Medical Leaves of Absence Covered | Yes | Yes | Yes | Yes |
| Are non-Medical Leaves of Absence Covered | Yes | Yes | No | Yes |

In order to implement an approved SUB plan you need to apply to the government pursuant to subsection 37(2). In the absence of an approved SUB plan, any monies paid by the company is considered income and is subject to CPP and EI contribution premiums.

Payments originating from an approved SUB plans will not be deducted from EI benefits when the plans are registered with Service Canada

Employers who provide top-ups to maternity, parental (including adoption) compassionate care or parents of critically ill children benefits should refer to the [Employers supplementing maternity, parental, compassionate care or parents of critically ill children benefits](https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/ei-employers-maternity-parental-benefits.html) web page. These plans do not have to be registered with Service Canada.

## Attached is a sample of an eligible SUB Plan

The following sample contains all the information required in a SUB plan. The information in bold should be included in your plan description. Any information following the asterisk (\*) is an example and should be replaced with information reflecting your own situation.

#### Details on each of the following items are found in [Part I – Plan Requirements](https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/reports/supplemental-unemployment-benefit/requirements.html)

1. The following group(s) of employees is/are covered by the plan:\* All full time employees with one year of service.
2. The plan will supplement EI benefits for periods of unemployment caused by\* illness.
3. Verification that the employees have applied for and are in receipt of EI benefits will be made before SUB payments are paid.
4. The SUB is payable at\* 95% of the employee's normal weekly earnings while\* the employee is serving the one-week EI waiting period.
5. Please choose one of the following options:
* [**Option A**](https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/reports/supplemental-unemployment-benefit/requirements.html#ex2a) (percentage or fixed amount): The benefit paid under this plan is set at\* 40% of the employees' normal weekly earnings or $300 (fixed amount). The weekly SUB payment, plus the gross amount of EI benefit from this employment will not exceed 95% of the employee's normal weekly earnings.
* [**Option B**](https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/reports/supplemental-unemployment-benefit/requirements.html#ex2a) (automatic adjustment): The plan provides that the gross amount of EI benefit from this employment plus the SUB payment will equal\* 95% of the employee's normal weekly earnings.
* [**Option C**](https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/reports/supplemental-unemployment-benefit/requirements.html#ex2b) (other earnings considered): The plan provides that the SUB payment, any other earnings, plus the EI benefit from this employment will equal\* 95% of the employee's normal weekly earnings.
1. The SUB benefit will be paid for\* 10 weeks.
2. a) The duration of the plan is from \*January 9, 2017 to\* December 31, 2021.

b) Service Canada - SUB Program will be informed in writing of any change to the plan within thirty (30) days of the effective date of the change.

1. a) The plan is financed\* by the employer's general revenues.

b) A separate record of all the SUB payments will be kept.

1. Payments of guaranteed annual remuneration, deferred remuneration, or severance pay will not be reduced or increased by payments received under the SUB plan.
2. This plan provides for an offset of EI benefits that may have to be repaid as part of the employee's income tax return. The weekly gross EI benefit from this employment, the SUB payments previously paid plus this offset amount will not exceed 95% of the employee's normal weekly earnings.
3. On termination of the plan, all remaining assets will revert to the employer, be used for SUB payments and/or be used for the administrative costs of the plan.
4. Employees do not have a right to SUB payments except during the period of unemployment specified in the plan.

Signature(s) of authorized officer(s):

Date\* date of signing.