

Feb. 26

Unit 2- Net Earnings

Lesson 2.3 Employment Insurance

EI stands for employment insurance. Basically, if you work a given number of hours and you lose your job, you can draw some funding from EI until you find a new job. This insurance plan is operated by Canada's federal government. The number of hours you must work- usually between 500 and 700 before you qualify for EI support-varies with each region of Canada.

Some areas have plenty of employment opportunities, so the standard is set higher. Other isolated areas without many job opportunities, have a lower minimum standard.

The history of the "Unemployment Insurance" plan dates back to the 1930s when jobs were scarce as a result of the Great Depression. In 1971, the government amended the act to allow benefits for people unable to work because of illness or maternity leave. In 1996, the government changed the name of the plan to "Employment Insurance."

All workers across Canada are required to contribute to this fund.

Using EI Tables

Every year the federal government issues a set of tables you can use to determine the exact EI contributions you have to make based on your income.

To use the tables, you find the income level in the table and match it to the required EI contribution beside it. All of your calculations will be on weekly earnings. This is the same process you used to find CPP contributions using the tables.

Example 1

In 2009, you made a gross income of \$591.52 in one week. Find your EI deduction using the 2009 EI table shown below.

$$EI = \$10.23$$

Employment Insurance Premiums

From	To	EI	From	To	EI	From	To	EI
546.54	- 547.10	9.46	588.16	- 588.72	10.18	629.77	- 630.34	10.90
547.11	- 547.68	9.47	588.73	- 589.30	10.19	630.35	- 630.92	10.91
547.69	- 548.26	9.48	589.31	- 589.88	10.20	630.93	- 631.50	10.92
548.27	- 548.84	9.49	589.89	- 590.46	10.21	631.51	- 632.08	10.93
548.84	- 549.42	9.50	590.47	- 591.04	10.22	632.09	- 632.65	10.94
549.43	- 549.99	9.51	591.05	- 591.61	10.23	632.66	- 633.23	10.95

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Unit 2.3 – Employment Insurance Practice (Part 1)

1. Use the 2009 E1 table to find the contributions for the following weekly incomes.

Employment Insurance Premiums

Insurable Earnings Rémunération assurable		EI premium Cotisation d'AE	Insurable Earnings Rémunération assurable		EI premium Cotisation d'AE
From - De	To - À		From - De	To - À	
499.72	- 500.28	8.65	541.33	- 541.90	9.37
500.29	- 500.86	8.66	541.91	- 542.48	9.38
500.87	- 501.44	8.67	542.49	- 543.06	9.39
501.45	- 502.02	8.68	543.07	- 543.64	9.40
502.03	- 502.60	8.69	543.65	- 544.21	9.41
502.61	- 503.17	8.70	544.22	- 544.79	9.42
503.18	- 503.75	8.71	544.80	- 545.37	9.43
503.76	- 504.33	8.72	545.38	- 545.95	9.44
504.34	- 504.91	8.73	545.96	- 546.53	9.45

- a) \$544.25
b) \$542.85
c) \$500.00
d) \$503.49

Using a Formula

You can also use a formula to calculate the EI contributions. In 2009, the federal government set the EI contribution at 1.73% of your gross weekly income to a maximum contribution of \$731.79 per year. Calculated values are exactly the same as those shown on the tables. Using the formula method can be quicker than looking through the tables. The formula is:

$$\text{EI} = \text{Gross Income} \times 1.73\%$$

Remember that to change 1.73% to a decimal, write 0.0173.

$$\text{EI} = \text{Gross Income} \times 0.0173$$

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Example 1

If your gross income is \$562.48, find your EI deduction using the formula.

$$\begin{aligned} EI &= \$562.48 \times 0.0173 \\ &= \boxed{\$9.73} \end{aligned}$$

Example 2

Natalie worked 43.75 hours at \$10.35 per hour. She received overtime at time and one-half on any hours over 40. Find her gross pay and her EI deduction, using the formula.

$$\text{Reg} \rightarrow 40 \text{ h} \times \$10.35 = \underline{\$414}$$

$$\text{Gross} = 414.00 + 58.24$$

$$\text{OT} \rightarrow \text{wage} = \$10.35 \times 1.5 = \$15.53$$

$$= \boxed{\$472.24}$$

$$3.75 \times \$15.53 = \underline{\$58.24}$$

$$EI = 472.24 \times 0.0173$$

Unit 2.3 – Employment Insurance Practice (Part 2)

$$= \boxed{\$8.17}$$

1. Use the formula method to find the EI deductions for the following gross incomes.

a) \$680 \rightarrow \$11.76

b) \$285.26 \rightarrow \$4.93

c) \$1285.62 \rightarrow \$22.24

d) \$87.60 \rightarrow \$1.52

e) \$56,480 \rightarrow \$973.79

Unit 2- Net Earnings

2. Use the EI table to find the EI deductions for these weekly gross incomes.

Employment Insurance Premiums

Insurable Earnings Rémunération assurable		EI premium Cotisation d'AE	Insurable Earnings Rémunération assurable		EI premium Cotisation d'AE
From - De	To - À		From - De	To - À	
666.19	- 666.76	11.53	707.81	- 708.38	12.25
666.77	- 667.34	11.54	708.39	- 708.95	12.26
667.35	- 667.91	11.55	708.96	- 709.53	12.77
667.92	- 668.49	11.56	709.54	- 710.11	12.28
668.50	- 669.07	11.57	710.12	- 710.69	12.29
669.08	- 669.65	11.58	710.70	- 711.27	12.30
669.66	- 670.23	11.59	711.28	- 711.84	12.31
670.24	- 670.80	11.60	711.85	- 712.42	12.32
670.81	- 671.38	11.61	712.43	- 713.00	12.33

a) \$712.85 $\#$ 12.33

b) \$669.25 $\#$ 11.58

c) \$708.40 $\#$ 12.26

d) \$667.04 $\#$ 11.54

3. Use the formula method (1.73%) to find the EI deductions on these gross earnings.

a) \$258.24 $\#$ 4.47

b) \$1020.86 $\#$ 17.66

c) \$96.50 $\#$ 1.67

d) \$56,000 $\#$ 731.79

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4. Lynne has a job where she earns 38% on all cosmetic sales. Last week, she sold \$1800 in cosmetics. Find her gross earnings and the EI deduction using the formula.

$$\text{Gross Earnings} = \$684.00$$

$$\text{EI} = \$11.83$$

5. Bill earns \$17.58 per hour as a mechanic. He is paid overtime at time and one-half on any hours over 8 hours per day during weekdays. On Saturdays and Sundays, he is paid double time. He is not deducted pay for being late. Use the following time card to calculate his gross earnings, and then find the EI deduction using the formula (1.73%).

Employee: Bill						Hourly Rate: \$17.58	
Day	Morning In	Out	Afternoon In	Out	Evening In	Out	Total
Mon.	07:30	12:00	1:00	5:00	7:30	9:15	10.25
Tues.	07:29	11:59	12:58	4:30			8
Wed.			1:00	5:30	7:00	10:45	8.25
Thurs.	07:30	12:02	1:01	5:32	7:00	9:30	11.25
Fri.	08:00	12:00	1:02	5:00			8
Sat.			1:00	5:45			4.75
Sun.							
	Hours		Rate		Amount		
Regular	40h		\$17.58/h		\$703.20		
Overtime (Mon.-Fri.)	5.75h		\$26.37/h		\$151.63		
Overtime (Sat.-Sun.)	4.75h		\$35.16/h		\$167.01		
Total Hours	50.5h		Gross Wages		\$1021.84		

$$\text{EI} = \$17.68$$