



e2r Alert!

EI PILOT PROJECT

In response to the economic uncertainty expected from the threat and/or introduction of tariffs by trading partners, the federal government introduced amendments to the employment insurance ("EI") regulations, Pilot Project No. 24 (the "Project").

Here's what employers need to know:

- **When?** Beginning on March 30, 2025, and ending on October 11, 2025
- **Who?** The Project is intended to relieve the economic pressures experienced by EI-eligible employees whose employment is terminated during this six-month period.
- **Why?** EI claimants will likely have faster access to financial support through EI benefits and could receive larger benefits payments than they would without these temporary measures.
- **What?** Three key temporary measures for EI benefits:
 1. *Waiving One-Week Waiting Period* – claimants can now receive benefits for the first week of unemployment.
 2. *Adjusting Regional Unemployment Rates* - for claims starting between April 6, 2025 to July 12, 2025, the government will artificially inflate certain regional unemployment rates. This may result in a decrease to the number of hours of work required to qualify for EI benefits, an increase to the number of weeks of benefit entitlement, and an increase in the weekly benefit rate.
 3. *Suspending Treatment of Separation Payments* – typically termination pay (pay in lieu of notice) and severance pay are considered

“employment income” for EI purposes, such that employees are not eligible for benefits during the period when they are “earning” this income. And, where a former employee receives EI benefits before receiving those payments (for example, in the event of negotiations) they would be subject to a repayment obligation, as they cannot be in receipt of income and EI benefits during the same period.

For the duration of the Project, employees will not be required to repay EI benefits as described above, nor if they receive a payment from their employer that is allocated to a period of weeks which starts in this timeframe.

NOTE - If the employment relationship was terminated before March 30, 2025, or there are salary continuance payments (instead of lump sum payments), the obligation to repay EI benefits remains a consideration.

- **So what?** In addition to the Project relieving some of the financial strain employees experience when their employment is terminated, it could also impact employer-employee negotiations regarding separation packages. With employees entitled to retain both their full EI benefits and separation payments, employees may come to the negotiation table with new and varied priorities.

If you would like to discuss the impact of these recent changes – as well as other workforce planning programs available in these challenging times, such as the [EI Work-Sharing Program](#) and the [Supplemental Unemployment Benefits Program](#) – please don’t hesitate to reach out to speak to an e2r® Advisor.