GESTION DE PATRIMOINE
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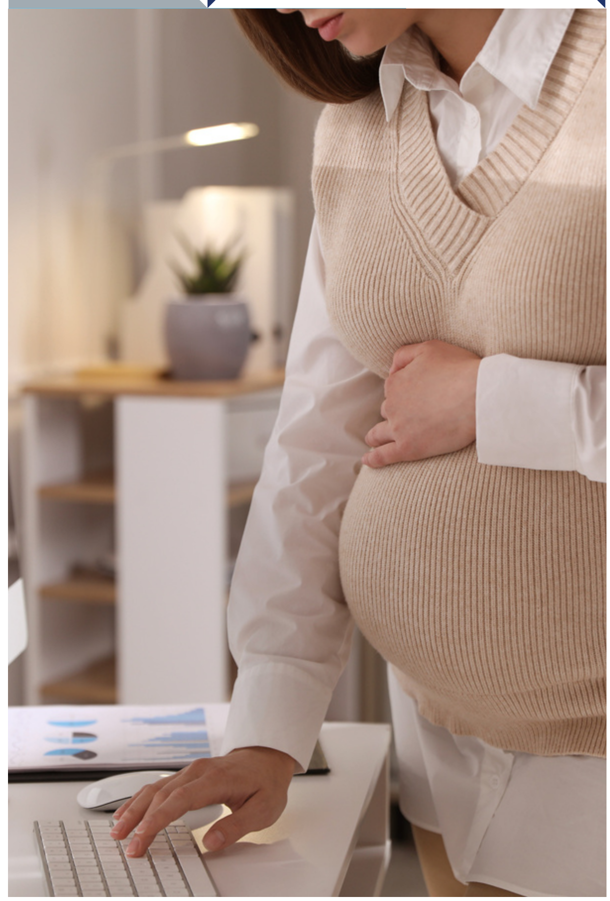
Kelsey's Story - a major life event case study



Kelsey is 29 years old, single, and runs her own business, with an annual income of $63,000. She has recently decided that she wants to start planning for children in the next two to three years.

WHAT WE FOUND

In Canada (except Quebec), maternity and parental benefits are paid through Employment Insurance (EI). As a business owner, Kelsey does not automatically pay into EI benefits – this is something she would have to opt into.

She needs to pay into EI for 12 months before she intends to start drawing it, and once she opts in to paying into EI, she must continue paying as long as she is working. This is a big decision, but for Kelsey it may make the most sense, especially if she is planning to have more than one child.

AT A GLANCE

Starting January 1, 2023, the EI premium is based on 55% of average weekly insurable income, up to a maximum of $61,500 in yearly insurable earnings. Kelsey makes more than this, so let's use all the maximum numbers for 2023 for our calculations to see whether paying into EI is a good strategy for Kelsey. The 2023 EI premium is $1,002.45/year (or $83.54/month).

THE MATH

- The benefit is split into Maternity leave, which is 15 weeks, and Parental leave, which is 35 weeks. Both pay a max of $650/week for a total of $32,500 over the 50 weeks.

- Once Kelsey starts paying into EI, she needs to keep paying as long as she is working. This means, if she works until 65, she will pay $36,088.20 into EI over her career (based on paying the $1,002.45 premium for 36 years).

RESULTS

- As you can see, if Kelsey were to have more than one child, especially on a single income, it makes sense to go the EI route. Even with one child it gives her access to funds she may not have the time to save for in the next couple of years.

- If she doesn't want to go the EI route, another option would be to self-fund her maternity leave by saving in a TFSA which, when the time comes, she can draw on as income. The TFSA route would require more diligent saving in the next couple of years.