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## Understanding CERB vs CEWS Pandemic Programs and Details on Making Plan Contributions during Approved Leave

During the COVID-19 crisis, there have been many questions regarding the differences between **CERB** (Canada Emergency Response Benefit) and the **CEWS** (Canadian Emergency Wage Subsidy), as well as questions regarding contributing while laid off or on maternity/paternity leave.

### HOW DOES CERB (Canada Emergency Response Benefit) WORK?

The CERB program is very similar to Employment Insurance, in that *the person who is laid off applies directly to CRA* (Canada Revenue Agency). The employee will need to *reapply every four weeks*. The employer is not involved in this process.

The maximum payment is \$500 per week for a maximum of 16 weeks.

You can apply no later than December 2, 2020 for retroactive payments within the eligible period.

#### Eligibility:

- Residing in Canada, who are at least 15 years old;
- Who have stopped working because of reasons related to COVID-19 **or** are eligible for regular Employment Insurance or sickness benefits **or** have exhausted their Employment Insurance regular benefits or Employment Insurance benefits between December 29, 2019 and October 3, 2020;
- Who had employment and/or self-employment income of at least \$5,000 in 2019 or in the 12 months prior to the date of their application; **and**
  - When submitting your first claim, you cannot have earned more than \$1,000 in employment and/or self-employment income for 14 or more consecutive days within the four-week benefit period of your claim.
  - When submitting subsequent claims, you cannot have earned more than \$1,000 in employment and/or self-employment income for the entire four-week benefit period of your new claim.
- Have not quit their job voluntarily

### **Can you continue to contribute if you are temporarily laid off?**

A temporary layoff is not considered an approved leave per the plan text and therefore, no member or employer contributions will be made to the pension plan while on temporary layoff (5% of zero earnings = zero contributions).

### **Can you continue to contribute if you are on Maternity / Paternity Leave?**

ARF is registered under Alberta legislation and is subject to the Income Tax Act of Canada. Maternity Leaves hold special status under those legislations and are treated differently than other leaves such as temporary layoffs. (*Registered in AB contains the most membership*)

If the employee wants to continue to contribute during maternity leave, their contributions will be based on the salary they received before maternity leave. The employee also has the option to stop at any point.

The onus is on the employee to provide post-dated cheques payable to their Employer (Church). Those cheques will be for their Employee contributions and the Employer (Church) is required to match. Since ARF still goes through the Employer (Church) and its payroll system, the contributions are included in their T4.

## **HOW DOES CEWS (Canada Emergency Wage Subsidy) WORK?**

Under CEWS, the company applies directly to CRA.

If approved, CRA will pay up to 75% of the workers' pay, up to a maximum of \$847.00 per week. The company is encouraged to pay up to the remaining 25% of their normal wages, if they can. The employee salary is based on the CRA payment of 75% and on the percentage the employer can pay.

The workers must be actively employed and therefore, if the employee is laid off, they must be rehired. See below for eligibility.

### **Eligibility**

- Includes persons employed in Canada and that have not been without remuneration for 14 or more consecutive days in the eligible period.

**\*\* Note:** The CERB (Canada Emergency Response Benefit) and CEWS (Canada Emergency Wage Subsidy) rules stated above are subject to change.

If you have questions regarding how the contributions will affect your personal limits and/or taxes, please contact our advisors, Reuter Benefits at 800-666-0142 or by email at [retire@reuterbenefits.com](mailto:retire@reuterbenefits.com).