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Disability Insurance Plan

Canada

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WHAT IS THE DISABILITY INSURANCE (DI) PLAN?

The Disability Insurance (DI) Plan was designed in 1970 by Public Service management and bargaining agent representatives, in consultation with the National Joint Council (NJC) of the Public Service of Canada, to provide income protection arrangements for Public Service employees.

The Plan provides for a monthly income benefit for employees who are unable to work for a lengthy period of time because of a totally disabling illness or injury.

The Plan is underwritten and administered by Sun Life Assurance Company of Canada, hereafter referred to as the Insurer.

A Board of Management for the DI Plan has been established under the auspices of the NJC. The Board is composed of a chairperson appointed by the NJC, four employer side members, and four bargaining agent side members.

The Board is responsible for considering and making recommendations to the NJC on matters such as the financial integrity of the Plan, eligibility rules, Plan design and premium rates.

The Board has also assumed the responsibility for making recommendations to the Insurer on disputed claims and membership situations under the Plan.

The complete terms and conditions of the Plan are set out in a contract of insurance between the Treasury Board, represented by the President of the Treasury Board, and the Insurer. IN ANY CASE OF CONFLICT BETWEEN THIS BOOKLET AND THE INSURANCE CONTRACT, THE TERMS OF THE CONTRACT SHALL PREVAIL.

Membership and Coverage

Who is covered by the Plan?

The Plan covers persons for whom Treasury Board is the employer, and who are represented in the collective bargaining process. Represented employees of a number of designated agencies and corporations also participate in the Plan.

Generally speaking, new employees hired on a full-time or part-time basis are covered automatically under this Plan. A *full-time employee* means a person whose assigned hours of work equal the normally scheduled hours of work for a full-time employee employed in the same occupational group. A *part-time employee* means a person who is assigned to work more than one third of the normally scheduled full-time hours for his or her occupational group.

Membership is compulsory if you are employed as described below:

- for an indeterminate period, membership is compulsory from the date of appointment;
- for a term of more than six months, membership is compulsory from the date of appointment;

- for a term of six months or less, membership is compulsory from the date you have been continuously employed in the Public Service for a period of at least six months;

- as a seasonal employee, membership is compulsory once you have completed six months of continuous active service in any one season. If you continue to be employed on a seasonal basis, coverage continues during subsequent seasons, but is not in force during off-seasons unless you are engaged in some other eligible employment in the Public Service.

Note:

If you are absent due to illness on the day your insurance would otherwise become effective, your insurance coverage will be postponed until you return to regular active duty.

Who is not covered by the Plan?

You are not eligible to participate in the Plan if you are:

- an employee locally-engaged outside Canada;

- employed in a managerial or confidential position excluded from collective bargaining;

- a part-time employee whose assigned hours are one third or less of the normally scheduled full-time hours of work for your occupational group;

- an employee who has attained 64 years, 9 months of age (such an employee cannot qualify for benefits in the event of a disability).

How much will I pay for coverage?

Each month, you will contribute a specified amount for each $250 of your annual salary (adjusted to the next highest multiple of $250 if it is not already a multiple). This adjusted amount represents your 'insured salary'.

Does my employer contribute to the Plan?

Currently, your employer contributes 85 per cent of the total premium whereas you are required to contribute 15 per cent.

How do I make my contributions?

Your premium contribution is normally made by payroll deduction but is waived while you are receiving disability benefits or while you are not receiving pay from which to deduct a premium such as during any part of an 'elimination period'.

Premiums must be maintained at a level sufficient to support the benefits paid out under the Plan. The NJC and the Treasury Board review financial experience under the Plan regularly to ensure that this is the case. When there is a need to increase premiums, or an opportunity to reduce them, employees are advised accordingly. In such reviews, every effort is made to strike a fair balance between the needs of disabled employees for

reasonable income protection, and the need to maintain reasonable costs for active employees and the employer.

Am I covered during a leave of absence?

Your coverage will continue without interruption during any period in which you are on an authorized leave of absence.

If you are on paid leave, the required premiums will be deducted from your salary in the usual way.

If you are on a leave of absence without pay, the required contributions are payable by deduction from your salary when you return to active duty following cessation of the leave. If your employment terminates following the leave, you will be required to pay the outstanding contributions in a lump sum.

Deductions will be made over a period equal to the period during which you were on leave. The amount payable on return to active duty may include both employer and employee contributions for the period of absence. You will *not* be required to pay the employer's share of the premium for the first three months of any period of leave without pay or if your department or agency certifies that the reason for your leave was one of the following:

- illness;
- related to the birth or adoption of a child and the leave occurs within 52 weeks of the birth or adoption;
- to undergo training or instruction that would be to the advantage of your employer;
- to serve with an organization where the service is recognized as being to the advantage of the department or to the government;
- to serve with certain types of commissions or federal agencies;
- to serve with the Canadian Forces; or
- to participate under a leave with income averaging or a pre-retirement leave arrangement.

When does my coverage terminate?

Your insurance coverage will cease on the date on which your employment terminates or on the date that the group policy terminates. If, however, you become totally disabled prior to these dates, you would be eligible for disability benefits. If the group policy were to terminate for any reason after your disability commenced, any benefits for which you may be eligible will be paid and will continue to be paid as long as you remain totally disabled.

Disability Insurance (DI) Benefits

If you become totally disabled, benefits will be payable once you have expended all your sick leave, provided that a minimum waiting period has been met. These benefits are designed to supplement disability income and other types of income received from sources such as the *Public Service Superannuation Act* and disability income under the Canada Pension Plan (CPP) or the Quebec Pension Plan (QPP). You will receive 70 per cent

of salary in total from all sources for as long you remain eligible for disability benefits. In the event of total and permanent disability, benefits may be payable until the age of 65.

Who is eligible to receive DI benefits?

You are eligible to receive benefits for up to 24 months if you become totally disabled (i.e. you are in a continuous state of incapacity due to illness or injury and are prevented from performing the duties of your regular occupation). If, at the end of this 24-month period, you are unable to perform any commensurate occupation for which you are reasonably qualified by training or experience, your benefits would be continued. For the purposes of the Plan, 'commensurate occupation' means one for which the rate of pay is at least 66 $^{2}/_{3}$ per cent of the current rate for your regular position. Thus, if your disability prevents you from doing your job, and later a commensurate one, the benefits continue for as long as you remain disabled, but not beyond your 65th birthday.

You are not eligible for benefits if your disability:

- is related to a condition that existed when you became insured (this restriction may be waived, provided certain conditions are met — you may contact your compensation specialist for information concerning the waiving of this restriction);
- arises from commission of a felony, self-inflicted injury or attempted suicide;
- is the result of injury or disease sustained on active duty with any armed force, or from active participation in a riot, rebellion or insurrection;
- results from an act of declared or undeclared war (this restriction, however, does not apply to persons who become disabled as a result of such an act to which they have been exposed by the performance of duties outside Canada at the direction of the employer).

Note:

If you become disabled, you should consult your compensation specialist even if you suspect that you may not qualify for disability benefits.

What are my obligations with respect to my claim?

While you are receiving benefits, you must be under the regular care of a licensed physician and following a course of treatment, which, in the opinion of the Insurer, is appropriate. In general, you need not be confined to a hospital.

You must also make every reasonable effort to return to your employment during the first 24 months of disability or to obtain employment in a commensurate occupation at the end of the 24 months of disability.

If you do not comply with these conditions, the Insurer may withhold or discontinue benefits.

When do my benefits commence?

Your benefits begin after an 'elimination period' of 13 continuous weeks of disability, or upon the expiration of your paid sick leave, whichever is later.

In most cases, the elimination period consists of a complete absence from work for a minimum period of 13 weeks. In certain circumstances, however, periods of absence due to the same condition for which you are claiming benefits, which occurred within the year immediately prior to the initial date of total disability, can be used in calculating the elimination period. These are special circumstances which must be referred to the Insurer for a decision on an individual basis.

If you are a seasonal employee, the elimination period is applied in a slightly different way because of your special terms and conditions of employment. You should, therefore, consult your compensation specialist for details.

What amount of disability benefit will I receive if I become disabled?

If you become disabled, your gross annual benefit will be 70 per cent of your insured annual salary on the date of completion of your elimination period. The disability benefit will be 'offset' by other income that you receive for the same disability or a subsequent one.

Offsets: what types of income will be deducted from my DI benefits?

The following examples illustrate the most common types of income that would be deducted from your DI benefits:

- benefits you receive under the *Public Service Superannuation Act* (PSSA);
- disability benefits you receive, other than benefits payable to or on behalf of your dependants, under the Canada Pension Plan (CPP) or the Quebec Pension Plan (QPP);
- benefits you receive under the *Government Employees Compensation Act*, or similar benefits under a plan of the federal government or any other government;
- disability benefits paid or available under another group insurance plan;
- disability insurance benefits payable under the legislation of any government, such as income replacement benefits under a no-fault automobile insurance plan;
- amounts received under a third-party damage award.

What types of income will not be deducted from my DI benefits?

The following are examples of income that would not be deducted from your DI benefits:

- increases related to the cost of living under the PSSA, CPP or QPP;
- return of superannuation contributions where no other pension option is available;

- benefits received under a purely private and personal insurance policy;
- severance pay;
- special lump sum payments associated with employer-sponsored departure incentive programs.

The treatment of benefits payable under the PSSA as 'offsets' under the DI Plan is illustrated on the chart included as an Appendix to this booklet.

> If you cease to be employed in the Public Service, please consult your compensation specialist prior to opting for a benefit under the PSSA. Your compensation specialist can advise you on how your choice of PSSA benefits will affect your monthly DI benefit.

If you receive 'other income' in the form of a lump sum payment in lieu of monthly instalments, the monthly instalments that you would otherwise have received will be treated as an offset.

Should you consider your medical condition to be 'severe and prolonged', you should apply for CPP or QPP disability benefits and provide Sun Life with documentation concerning your application.

The Plan provides that if the medical evidence indicates that you might be eligible for CPP or QPP disability benefits, Sun Life has the right to reduce your basic monthly DI benefit by the estimated amount of your CPP or QPP entitlement. You may defer this offset by agreeing, in writing, that you will pursue a claim for CPP or QPP benefits and reimburse the DI Plan for any CPP or QPP benefits that are ultimately approved. If you have applied for, and been denied, CPP or QPP benefits but the Insurer thinks you have grounds for a successful appeal, you would be required to continue pursuing your CPP or QPP claim until the conclusion of the appeal process.

If you do not apply for CPP or QPP benefits when requested to do so, your disability insurance benefits can be offset by an estimated amount of your CPP or QPP benefits. This deduction can continue until all avenues of appeal under the CPP or QPP have been exhausted. Ultimately, if you are ineligible for CPP or QPP benefits, the amounts previously withheld would be repaid to you.

Example of a benefit calculation

1. Annual salary at end of elimination period is	$44,825
2. Insured salary (annual salary taken to next highest multiple of $250) would be	$45,000
3. Gross annual DI benefit is 70% of insured salary = (0.70 X $45,000), which is	$31,500
4. Less other income you are receiving during the year ex: PSSA CPP disability benefit Total other income	 $10,000 $ 8,000 $18,000
5. Gross annual DI benefit Less other income Net annual DI benefit	$31,500 $18,000 $13,500
6. Amount of monthly DI payments ($13,500 ÷ 12) would be	$ 1,125

Do retroactive salary increases count?

This provision applies only to claimants whose disability commenced on or after March 1, 1993.

Any retroactive salary increase approved after the commencement date of your DI benefits will affect your insured salary and benefit level only when the effective date of the increase precedes the date your DI benefits began. Therefore, a retroactive salary increase approved in April, to take effect from February 10, would only be used to adjust benefits if your DI benefits commenced February 11 or later.

Are my benefits affected by changes in the cost of living?

Your net benefit (i.e. the amount payable to you after offsets have been applied) will be increased in relation to the cost of living, up to a maximum of 3 per cent.

For example, if the cost of living were to rise by 2 per cent, your net monthly DI benefit of $1,125 would be increased by 2 per cent on the January 1 following the effective commencement date of your benefits to become $1,147.50. If the cost of living were to rise by more than 3 per cent per year, your net monthly DI benefit of $1,125 would be increased by 3 per cent on the January 1 following the effective commencement date of your benefits, to become $1,158.75. See example above.

At the same time, your PSSA and CPP or QPP benefits would also be increased in relation to the rise in the cost of living. No matter what level of increase you receive under those plans, that increase would not be included in the offset against your DI benefits. You would receive the full benefit of escalation under the other plans.

On January 1 of each subsequent year, your DI benefit would be adjusted by further increases in the cost of living to a maximum of 3 per cent. Again, you would receive the full cost of living increase in your PSSA and CPP or QPP benefits without offset.

Are my DI benefits subject to income tax?

If you qualify for benefits under the Plan, the amount you receive will be subject to income tax. At the end of each year, the Insurer will send you a form indicating the total amount of benefits paid to you during that particular year. The Insurer does not automatically deduct taxes at source, except in the case of provincial taxes payable by Quebec residents. If you wish, however, the Insurer will deduct taxes at source based on the information you provide.

The monthly premiums you pay while you are employed are not tax deductible from earnings. If you become eligible for benefits, the total amount of the premiums you have paid from the time you became a member of the Plan may be deducted for tax purposes from the amount of the disability income you received from the Plan. If the total amount of premiums you have paid under the Plan exceeds the benefits you receive during the first taxation year in which your benefits begin, you can carry over the excess amount to the following year.

Your compensation specialist will help you determine the amount of premiums that you have paid.

If you become totally disabled and have questions concerning non-taxable benefits, you should consult your District Taxation Office for details.

How do I submit a claim for DI benefits?

The Insurer is committed to making prompt and accurate payments of benefits to which you may become entitled. If you become disabled, and you think your disability will last long enough to qualify you for benefits, you should notify your compensation specialist immediately. Your compensation specialist will provide you with a set of claim forms that should be completed and received by the Insurer at least two months prior to the end of the elimination period. The onus is on you to provide the Insurer with sufficient objective medical proof of total disability.

You and your doctor must complete these forms as clearly as possible. Sun Life adjudicates benefit claims using the medical evidence provided by you and your doctor. The medical information must be objective and complete, and the findings must be substantiated to the fullest extent possible by test results and clinical findings.

Accordingly, you should ask your doctor to provide a well-documented report that clearly details the medical evidence supporting his or her diagnosis and prognosis. If more than one doctor is involved in the assessment or treatment of your disabling condition, you should ask them all to supply the Insurer with detailed medical reports. Your doctor may wish to supplement the information required on the form with narrative reports.

It is your responsibility to ensure that your doctor completes the medical report. It is also your responsibility to make sure that the completed report reaches Sun Life without delay. The completed forms, with supporting documentation, should be in the hands of the Insurer two months prior to the end of the elimination period. Please note that any omissions or unclear statements could result in a delay in settling your claim.

The Insurer has the right to request additional medical information from your doctor, or to arrange for your examination by independent medical specialists (or other service providers), as often as may be reasonably required. Independent consultations allow the Insurer to assess or monitor the course of a disability to ensure that benefits are not paid to persons who are not eligible or who have recovered to the point where they no longer qualify for benefits.

A pamphlet entitled *A Step-by-Step Guide to the Disability Claim Process*, which clearly illustrates how your disability insurance claim is processed, will be made available to you by the Insurer following the receipt of your claim.

What if I cannot manage my own affairs?

You should be aware that, if you become disabled to the point where you are unable to manage your own affairs, only a limited number of payments can be made without a formal court order authorizing a particular person or agency to act on your behalf. A power of attorney may not suffice for this purpose.

Rehabilitation Program

What is a rehabilitation program?

This is a program designed to assist disabled Plan members in regaining an acceptable level of employment. The Insurer has a Rehabilitation Unit whose staff take an active role in contacting, counselling and assisting Plan members who may be able to re-enter the work force.

A rehabilitation program may be a program of vocational training or a period of work for the purpose of rehabilitation. In either case, it must be approved in writing by the Insurer. Depending on the circumstances, you may be able to engage in such a program for up to 24 months from the end of your elimination period without losing your qualification for benefits.

A number of alternatives can be considered such as modifying the duties of your current position to accommodate your limitations; placing you in a less demanding job suitable to your capabilities; or modifying the conditions of work (e.g. working less than full-time hours for the necessary recovery period). Put into practice, these alternatives may facilitate your return to the workplace. They must, however, be approved in writing by the Insurer as meeting the definition of 'rehabilitative employment'. If, while receiving DI benefits, you feel that you are capable and would like to participate in a rehabilitation program, you should contact the Insurer.

How do earnings from rehabilitative employment or other forms of employment affect my disability benefits?

Normally, your monthly disability benefits will be offset by earnings you receive from other sources only to the point where your total income while working, together with any benefits you are receiving under the DI Plan, exceeds the insured salary on which your benefit was based.

What are my responsibilities in connection with a rehabilitation program?

You are required to make every reasonable effort to facilitate recovery from your disability. This includes your full participation in an approved Rehabilitation Program and your acceptance of any reasonable offer of modified

duties that your employer can put in place. You must also try to retrain for employment in a commensurate occupation where it is apparent that you will not be able to return to your regular occupation within the first 24 months that you receive disability benefits. The Insurer may withhold or discontinue your benefits if you do not comply with the above conditions.

What if I recover but become totally disabled again?

If you received disability benefits, recovered from your illness, and then became totally disabled again, the elimination period would be waived if you were back at work on a regular basis for less than:

- one month, if the two periods of disability are due to unrelated causes;
- six months, if the two periods of disability are due to related causes;
- twelve months, if the two periods of disability are due to the same cause.

General Information

Can I appeal the decision of the Insurer?

If, at any stage of your claim, benefits are not approved and you do not agree with the decision, you may choose to appeal the decision by providing additional information to the Insurer. Your claim, along with any additional information that you submit, will be reviewed at a more senior level within the Insurer's claim department.

If you disagree with that decision, there are two further levels of appeal available, as outlined below.

Level one

You may request that your claim be reviewed by the Insurer's Group Disability Management Unit comprised of medical doctors and senior claims analysts. This group will review all information available to them and may request, for example, that your condition be evaluated by an independent medical examiner at the Insurer's expense. You will be advised of their decision. At this point, you can decide to accept the decision or proceed to the second level in the appeal process.

Level two

You may, after receiving the decision at the first level of appeal, decide to seek another opinion of the situation. The Plan provides for a second formal level of appeal, in the form of an independent review, conducted by the DI Plan Board. If you or your representative wish to have your claim reviewed by the Board, you should write to:

The Secretary
Disability Insurance Plan Board of Management
National Joint Council
C. D. Howe Building, West Tower
7th Floor, 240 Sparks Street
P.O. Box 1525, Station B
Ottawa, ON
K1P 5V2

You will be asked to complete an Authorization to Release Information form, which will permit your file to be reviewed by the Board.

How can I contact the Insurer?

You can contact Sun Life Assurance Company by calling their toll free number, 1-800-361-5875, or by writing to them at the following address:

Group Life and Disability Claims Department
LTD Government
Sun Life of Canada
1155 Metcalfe Street
P.O. Box 6706, Station A
Montreal (QC)
H3C 4S3

To speed up the handling of your claim you should quote the group policy number (12500), your name, your employing department or agency and your certificate number.

Who can access personal information on my file?

Personal information, used to adjudicate your claim for DI benefits, is held on file at Sun Life Assurance Company. Authorized employees or other persons working for or on behalf of Sun Life are allowed access to the information in the file while performing their duties, as outlined above. You have the right to get access to, and, if necessary, to correct the information on file. You must make any such request to Sun Life in writing.

Who can I call for more information?

Your compensation specialist or the Insurance Section of the Superannuation Directorate in Shediac, New Brunswick (toll-free telephone number 1-800-561-7930), can provide you with further information on conditions of membership, application procedures, commencement, continuation, termination or cancellation of coverage and claim procedures.

APPENDIX

Treatment of Benefits payable under the *Public Service Superannuation Act* (PSSA) as Offsets from Disability Insurance (DI) Benefits

Circumstance	PSSA Option	Offset from DI Plan
I. Termination with less than 2 years service	1. Return of contributions	1. No offset
II. PSSA disability retirement approved	1. Immediate annuity or 2. Lump sum payment	1. Offset immediately in full monthly amount 2. Offset immediately by amount equal to monthly immediate annuity until full amount of lump sum has been offset
III. PSSA disability retirement applied for but not approved	1. Deferred annuity at age 60 2. Annual allowance from age 50 onwards 3. Actuarial transfer value 4. Return of contributions	1. Offset at age 60 2. Offset when payable 3. & 4. Monthly offset at age 60 by amount equal to monthly deferred annuity but capped when total of actuarial transfer value or lump sum has been offset
IV. Application for PSSA disability retirement not made	1. Immediate annuity 2. Deferred annuity at age 60 3. Annual allowance from age 50 onwards 4. Actuarial transfer value 5. Return of contributions	1. Offset immediately by full monthly amount 2., 3., 4., & 5. Offset immediately by monthly amount of equivalent immediate annuity unless claimant proves that an application for a disability retirement had been declined; capped when total of actuarial transfer value or return of contributions has been offset Where such proof is provided, offsets as in III above