



# Disability Benefits



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This booklet on Canada Pension Plan disability benefits contains general information only. When questions arise, the wording and provisions of the Canada Pension Plan legislation prevail.

Online: [www.sdc.gc.ca](http://www.sdc.gc.ca)

Also available in alternative formats on request.

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## Introduction

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The Canada Pension Plan (CPP) has been in effect since 1966. It is a national plan based on contributions from workers and employers in Canada. It is best known for its retirement pension, but also provides survivor, death and disability benefits to CPP contributors and their families.

The CPP Disability program is the largest long-term disability insurance program in Canada. Its primary role is to replace a portion of income for CPP contributors who cannot work because of a disability that is both severe and prolonged (as defined by the CPP legislation).

This booklet provides the answers to some of the more frequently asked questions about CPP disability benefits. For more information about this or about other aspects of the Canada Pension Plan, please see “Contact us” on page 39.



## CPP Disability

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### > What is CPP Disability?

CPP Disability is part of the Canada Pension Plan (CPP). It is designed to provide financial assistance to CPP contributors who are unable to work because of a severe and prolonged disability.

Benefits are paid monthly to eligible applicants and their dependent children. The monthly disability benefit payment includes a fixed amount (\$388.67 per month in 2005), plus an amount based on how much and for how long the contributor paid into the Plan. Payments are adjusted once a year in January if necessary, to reflect changes in the cost-of-living index. The maximum benefit payable in 2005 is \$1,010.23 (the average monthly payment in 2004 was \$734.45). The monthly children's benefit is a flat rate that is adjusted annually. In 2005, the children's benefit is \$195.96.

## > How do I qualify for CPP disability benefits?

To qualify you must:

- be under 65,
- have earned a specified minimum amount and contributed to the CPP while working for a minimum number of years (see next page), and
- have a severe and prolonged disability as defined by the CPP legislation.

To remain eligible, you must continue to have a disability according to the CPP legislation.

## > How does the CPP legislation define “disability”?

The CPP defines “disability” as a condition, physical and/or mental, that is “severe and prolonged”.

“Severe” means that you have a mental or physical disability that regularly stops you from doing **any** type of work (full-time, part-time or seasonal). “Prolonged” means your disability is likely to be long term, or is likely to result in your death.

## > Do I need a minimum level of earnings to qualify for CPP disability benefits, and how long do I have to contribute?

You must have a minimum level of earnings to make contributions to the CPP. In 2005, the minimum level of earnings to qualify for disability benefits is \$4,100. If your disability (as defined in CPP legislation) began after December 31, 1997, you must have contributed to the CPP in four of the last six years at or above the minimum level of earnings.

## > What if I have not contributed for enough years?

Normally, this would mean that you would not qualify for CPP disability benefits.

However, you **may** still qualify if:

- you delayed applying (that is, you had enough years of contributions when you first became disabled and you have been continuously disabled since then, but you don't have enough now);

- your CPP contributions stopped or were reduced because you were raising your children under seven years of age;
- you have obtained enough CPP credits from a former spouse or common-law partner through credit splitting (see page 27) to make you eligible;
- you worked in another country with which Canada has a social security agreement. Your contributions to that country's pension plan, when added to your CPP contributions, may be enough for you to meet the minimum requirement;
- you were medically incapable of applying.

If you need more information, please contact us (see page 39).

**YOU MUST APPLY FOR  
ALL CPP BENEFITS.**





## Applying for CPP disability benefits

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### > When should I apply?

You should apply when you develop a serious long-term or terminal medical condition that prevents you from working regularly at your own or any other job.

### > How do I apply?

You must complete a written application. Contact us (see page 39) for an application kit or visit [www.sdc.gc.ca](http://www.sdc.gc.ca) and print a copy. It will tell you what you need to provide so CPP can determine whether you meet the eligibility requirements. It includes:

- **application forms** for you and your dependent children (see page 12 for more information on children's benefits);
- a **questionnaire** about your work history and medical condition;

- a **medical report** to be completed by your doctor. If you have more than one doctor, choose the one who knows the most about your main medical problem;
- a **consent form** to give the CPP permission to get additional information to process your application; and
- a **form** to complete if you reduced your working hours or stopped working to care for your children under the age of seven.

If you are unable to apply on your own, another person may apply for you.

### > **What happens if I die before applying for CPP disability benefits?**

CPP disability benefits cannot be paid unless an application is received before the contributor dies. Surviving spouses or common-law partners and dependent children may, however, apply for a CPP death benefit, survivor's pension, and children's benefit.

**> I am between 60 and 65. I have stopped working and think I might qualify for disability benefits. What should I apply for: a retirement pension or a disability benefit?**

If you think you might qualify for a CPP disability benefit, you may want to apply for both a retirement pension and a disability benefit at the same time. You cannot receive both at the same time, but the assessment process for CPPD applications is more complicated and usually takes longer.

If you have already begun receiving a retirement pension when your application for disability benefits is approved, we will switch you to disability benefits if it is clear to us that your disability started before your retirement pension began.

If you are receiving CPP disability benefits when you turn 65, they will automatically be changed to a retirement pension; you will not need to apply again. You should, however, apply for Old Age Security benefits at this time.

## > **Can I receive a CPP survivor's pension and a CPP disability benefit at the same time?**

Yes. If you are eligible for both benefits, they will be combined into a single monthly payment. Please note the following restrictions to benefit amounts:

- The most that can be paid to a person who is eligible for both CPP disability benefits and the CPP survivor's pension is the maximum disability benefit (which is more than the maximum survivor's pension).
- The total amount of the combined CPP benefits paid is adjusted based on the survivor's age and other benefits received.

In other words, you cannot receive a full survivor's pension while also receiving full CPP disability benefits.





## Receiving CPP disability benefits

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### > When will my disability benefits start?

Your benefits start four months after the date you become eligible. You may be entitled to benefits dating back a maximum of one year from the date you apply.

### > Can I volunteer, go to school or work while receiving CPP disability benefits?

Yes. You can:

- volunteer or attend school, participate in training or upgrade your skills without affecting your CPP disability benefits;
- work — you can earn up to \$4,100 (gross income before taxes in 2005) without having to report these earnings to the CPP. Once you have earned \$4,100, you need to contact us.

**Please note:** this amount is **not** a point at which benefits are stopped; it is an opportunity to see

if you would benefit from some additional assistance that may help you return to work on a regular basis.

In consultation with the CPP, you can also:

- plan a return to work, tailored to your needs through CPP's vocational rehabilitation services;
- participate in a paid work trial for up to three months while continuing to receive CPP disability benefits. This gives you an opportunity to test your ability to work on a regular basis.

### **> At what point would my disability benefits stop?**

Your benefits would stop only after you have completed the paid work trial described above, demonstrating that you are able to work on a regular basis.

## > What if my disability recurs?

A new provision in the Canada Pension Plan called **automatic reinstatement** provides a financial safety net for clients whose benefits stopped because they returned to regular employment. If your disability recurs within two years and you can't continue working, your CPP disability benefits will be quickly reinstated upon request; you will not have to re-qualify. [**Note:** automatic reinstatement is available only to clients who inform us when they go back to work and whose benefits were stopped after January 31, 2005.]

There is also a fast-track re-application available for up to five years after your benefits stop if you've been contributing to the CPP.





## Children's benefits

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### > **What benefits are available for my children?**

The CPP provides monthly benefits for dependent children of parents who are receiving CPP disability benefits. If both parents are receiving CPP disability benefits, their dependent children may receive two children's benefits — one for each parent. Children may also be eligible for two benefits if one parent has died (if the deceased was a CPP contributor).

Please note that, like all CPP benefits, children's benefits must be applied for in writing. Don't forget to let us know if your family situation changes while you are receiving benefits. If children are added to the family or are no longer in your custody, we need to know so that we can offer additional benefits or cancel existing ones (to prevent an overpayment that would have to be repaid later).



## > Who is considered to be “my dependent child”?

Your child is your natural or adopted child, or a child in your care and control. To be considered dependent, your child must be either under the age of 18 or between 18 and 25 and attending a recognized school or university full-time.

## > When do children’s benefits stop?

Children’s benefits stop:

- if the parent stops receiving a disability benefit,
- if the child is no longer dependent,
- if the child is between 18 and 25 and no longer attends school full time,
- when the child turns 25, or
- if the child dies.





## Other disability benefits

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### > Can I also get disability benefits from other programs?

There are a number of disability benefits you may be eligible for.

The federal government offers short-term illness benefits under Employment Insurance (part of Human Resources and Skills Development Canada) and disability benefits (from Veterans Affairs Canada) for those who have served in the armed forces.

All Canadian provinces and territories have Workers' Compensation benefits for work-related illness or injury.

Provinces and territories offer social assistance to persons with a disability who have a low income.

You may also qualify for benefits from private insurance or through your employer, union or professional association.

If you lived or worked in a country with which Canada has an international social security

agreement, you may be eligible for disability benefits from that country as well.

The Government of Canada has also introduced a number of tax measures that recognize the additional costs faced by people with disabilities. You may wish to contact the Canada Revenue Agency at **1 800 959-8281** to see whether any of these might be of help to you.

There are other programs that offer health care assistance and disability supports to specific groups with special needs, such as persons with disabilities. If you have not already done so, you may want to contact your provincial government to determine whether you qualify for benefits.

The following websites provide links to a number of sites of interest:

- Canada Benefits provides information on provincial as well as federal benefits:  
[www.canadabenefits.ca](http://www.canadabenefits.ca).

- Persons with Disabilities Online provides information about programs and benefits for people with disabilities: [www.pwd-online.ca](http://www.pwd-online.ca).

### **> Do my CPP benefits affect the amount I receive from other programs?**

Yes, they may. Family income-based benefits from programs such as War Veterans Allowances, the Guaranteed Income Supplement, the Allowance and the Allowance for the survivor, and provincial/territorial social assistance take your CPP income into account.

Some insurance plans and provincial/territorial programs, including social assistance, will pay you benefits while CPP considers your disability application. These other payments may decrease or stop once your CPP disability benefits begin.

If you receive disability payments covering the same period of time from both the CPP and another program, you may be asked to pay back some or all of your CPP disability benefits to the other program.

If you have questions about how your CPP benefits might affect other benefits you are receiving, you should contact these other programs.

Please note that CPP benefits are taxable. You can ask us to deduct income tax from your monthly payment so you won't have to pay a lump sum at tax time.

### **> Am I eligible for any other kind of benefits?**

You may be.

If you are over 65, you may be eligible for a pension under the *Old Age Security Act*. If you have a low income, you may also qualify for the income-based Guaranteed Income Supplement.

If you are between 60 and 64, are the spouse or common-law partner of an OAS pensioner and have a low income, you may qualify for the Allowance. If your spouse or common-law partner has died, you may be eligible for the Allowance for the survivor.

You may also be eligible for benefits under the *War Veterans Allowances Act*, administered by Veterans Affairs Canada, or for Employment Insurance benefits and other provincial/territorial and municipal income assistance and services.





## General information about the CPP

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### > What benefits does the Canada Pension Plan provide?

There are three kinds of Canada Pension Plan benefits:

- **disability benefits** (for disabled contributors and their dependent children);
- a **retirement pension**;
- **survivor benefits** (the death benefit, the survivor's pension and the children's benefit).

The CPP operates throughout Canada. The province of Quebec administers its own program, the Quebec Pension Plan (QPP), for workers in Quebec. The two plans work together to ensure that all contributors are protected no matter where they live.

### > How is the Canada Pension Plan financed?

The CPP is a “contributory” plan. This means that all its costs are covered by the financial contributions paid by employees,

employers and self-employed workers, and from revenue earned on CPP investments. The CPP is not funded through general tax revenues.

CPP funds are invested by the CPP Investment Board, an autonomous body whose mandate is to achieve a maximum rate of return on investment without undue risk. Operating independently of the federal and provincial governments, the Board's qualified professionals invest CPP funds in financial markets, broadly following the same investment rules as other pension plans. The Board is overseen by a board of directors.

The Board is accountable to the public and regularly reports its investment results. Visit [www.cppib.ca](http://www.cppib.ca) for details.

### **> Who pays into the CPP?**

With very few exceptions, every person in Canada over 18 who earns more than the basic exempted amount (\$3,500 per year) must pay into the CPP (or the QPP in Quebec). You and your employer each pay half the



contributions. If you are self-employed, you pay both portions. You should pay into the CPP both to build up your future retirement pension and to provide basic long-term disability insurance coverage.

### > **How much do I pay into the CPP?**

The amount you pay is based on your employment earnings. If you are self-employed, it is based on your net business income (after expenses). You do **not** contribute on any other type of income, such as investment income. If, during a year, you contributed too much or earned less than a set minimum amount, your excess contributions will be calculated when you file your income tax return.

You pay contributions only on your annual earnings between the **minimum** and a **maximum** level (these are called “pensionable” earnings).

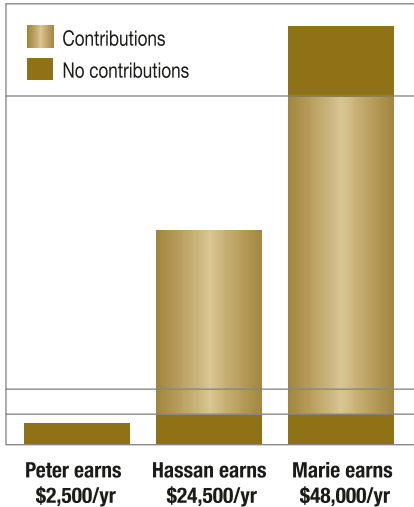
The minimum level is frozen at \$3,500. The maximum level is adjusted each January, based on increases in the average wage. In 2005, the maximum level is \$41,100.

## Contributions on employment income

2005 Maximum  
\$41,100 (average  
wage in Canada)

CPP disability  
basic exemption\*  
\$4,100

CPP minimum  
\$3,500



\* For CPP disability eligibility, contributions must be at least 10% of the maximum.

### > Why are my contributions important?

The CPP uses your contributions to determine whether you or your family are eligible for benefits and, if so, the amount. Both how long and how much you contribute (up to the maximum each year) are factors.

Normally, the more you earn and contribute to the CPP over the years, the higher your benefit will be (when you become entitled).

Your CPP credits can also be affected by “credit splitting” (see page 27).

### > **What is my “contributory period” and how is it used?**

The time when you can contribute to the CPP is called your “contributory period”. It is used in calculating the amount of any CPP benefit to which you are entitled. You do not contribute while you are receiving CPP disability benefits. Removing that time from your contributory period protects the calculation of your future benefits (see next question).

The CPP contributory period starts when you are 18 years of age (or January 1, 1966, whichever is later) and ends when you start getting your CPP retirement pension, die, or turn 70.

### > **If I had some low-earning years, will that reduce my pension?**

CPP calculations include both **how much** and for **how long** you contributed. To keep your

pension as high as possible, the CPP drops out some parts of your contributory period from the calculation:

- periods when you stop working or your earnings are lower while you raise your children under the age of seven;
- months **after** the age of 65 (which can be used to replace any low-earning months before 65);
- any month when you were eligible for CPP disability benefits;
- the 15 percent of your contributory period in which your earnings were lowest.

### > **How does the CPP keep track of my contributions?**

Since its implementation in 1966, the CPP has kept a record for each person who pays into the Plan, and for people who pay into both the CPP and the QPP. The information is supplied through the Canada Revenue Agency and Revenu Québec.

Your CPP record is called a Statement of Contributions. This document shows the total amount of your CPP contributions by year and indicates the “pensionable earnings” (see page 21) on which they are based. It also provides an estimate of what your pension or other benefits would be if you were eligible to receive them now.

It is important that you **check your T4 slip** (the statement of earnings you receive from your employer each year) to make sure your name and social insurance number (SIN) are the same as they are on your SIN card. If they are not, your CPP contributions may not be credited to your CPP record. This could mean not getting benefits to which you are entitled.

If you **change your name or lose your social insurance card**, you should call 1 800 206-7218 as soon as possible to make the change or get a new card.

Your Statement of Contributions has been available for some time by mail, but now it is even easier to get a copy. You can still ask us

to send it to you by mail (once in any 12-month period) or, as a contributor to the Canada Pension Plan (CPP), you can now view your Statement online anytime. To use this new secure service, you'll need to get your own Personal Access Code. You can apply for a Personal Access Code online by going to [www.sdc.gc.ca](http://www.sdc.gc.ca) and selecting "E-Services" from the menu bar on the left.

Check your statement carefully — particularly your earnings and contributions. You should compare these amounts to any previous T4 (income tax) slips. If you disagree with any of the figures, contact us immediately. A discrepancy could affect your eligibility or the amount of any future CPP benefits.

### **> What is a "spouse" or "common-law partner"?**

A "spouse" is a person to whom you are legally married. The CPP defines a "common-law partner" as a person who has lived in a conjugal relationship with a partner of either sex for at least one year.

## > What are CPP “pension credits”?

The CPP records your contributions over the years as “pension credits”. Generally, the more credits you have, the higher your CPP benefits will be.

## > What is “credit splitting”?

When a marriage or common-law relationship ends, the CPP credits built up by a couple while they lived together can be divided equally between them. These credits can be split even if one spouse or common-law partner did **not** pay into the CPP.

Credit splitting can affect the CPP entitlements of both former spouses or common-law partners. For more information, contact us and ask for the CPP fact sheet *Credit Splitting Upon Divorce or Separation* or visit the publications section of our website.

## > What is pension sharing?

Spouses or common-law partners who are together (not separated or divorced), who are both at least 60 years of age and who receive

CPP retirement pensions can share the pension benefits earned during their time together. This may result in tax savings. If only one is a CPP contributor, they share that one pension. The overall benefits paid do not increase or decrease with pension sharing. You must apply to share your pension.

For more information on pension sharing, contact us and ask for the fact sheet *Sharing your pension for possible tax savings* or visit the publications section of our website.

### > **What happens if I pay into the Quebec Pension Plan (QPP)?**

Which plan you pay into (CPP or QPP) depends on where you work, not where you live. If you work in Quebec, you pay into the QPP. If you work in any other province or territory, you pay into the CPP. Depending on where you work over the years, you may pay into **both** plans.

The two plans provide similar benefits. If you pay into only one of the plans, you apply to **that** plan for your pension or benefits.



If you have contributed to both the CPP and QPP, you apply to the QPP if you live in Quebec when applying for benefits and to the CPP if you live elsewhere in Canada when you apply.

If you live outside Canada, you apply according to the last province in which you lived before you left the country.

Regardless of which plan pays your benefit, the amount is calculated according to your contributions to both plans and the legislation of the plan responsible for paying you.

### **> What if I lived or worked in another country?**

Canada has international social security agreements with many countries. These agreements can help you get pensions or benefits from either country or from both. If you did not live or work long enough in another country to qualify under its rules, the time you spent there may be added to your time in Canada to help you meet eligibility requirements.

If you have lived or worked in another country, you should contact us for more information.

### > **Can my payments be deposited directly to my bank account?**

Yes. You can obtain direct deposit forms from us (see page 39), as well as from many banks, caisses populaires, credit unions and trust companies. If your payment comes by **cheque**, it usually arrives during the last three banking days of each month. If you have **direct deposit**, the money will be deposited in your account on the third-last banking day of each month.

Visit [www.sdc.gc.ca](http://www.sdc.gc.ca) and select “E-services” to find out how to view your personal information and make changes to it online if you change your name or your banking information.

### > **Can I receive CPP payments outside Canada?**

Yes, provided you meet all CPP eligibility conditions, payments are made anywhere in the world.

## > Do I get cost-of-living increases?

Yes. Your CPP payments are indexed to the cost of living. Payments are adjusted in January, if necessary. Payments will **not** decrease if the cost of living goes down.

## > What if I am incapable of applying?

If you are incapable of applying for a CPP pension or benefit because of an illness or infirmity, a representative can apply on your behalf.





## Appealing a decision

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### > **What if I do not understand or if I disagree with a CPP decision that affects me?**

If you do not understand a decision, you should ask the CPP to explain it.

If you are dissatisfied, you can ask the CPP to reconsider the decision. If you are still dissatisfied after reconsideration, you may appeal.





## Protecting your information

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### > Who can see the information on my CPP file?

Your information is protected by the *Canada Pension Plan*, the *Access to Information Act* and the *Privacy Act*. Information may be made available to a federal or provincial institution or to a non-governmental organization if necessary as part of the administration of the CPP.

Information may also be made available to specified federal departments or provincial institutions to administer a federal or provincial law, or to foreign institutions under a social security agreement.

### > Can I see the information on my file?

Yes. You can see and obtain a copy of any information about you in a federal government file. You can obtain the forms to request this information and the Treasury Board publication *Info Source: Sources of Federal Government*

*Information* in government offices, public libraries and federal constituency offices. If you live outside Canada, these publications may be available at Canadian embassies or consulates. They are also available from the Treasury Board Secretariat online at [www.tbs.gc.ca](http://www.tbs.gc.ca).





## Taxation and your CPP benefits

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### > Are my CPP payments taxable?

Yes. CPP payments are taxable income. If you wish, Social Development Canada can deduct income tax each month. If you do not request monthly tax deductions, you may have to pay income tax in quarterly installments. For more information, contact a tax services office of the Canada Revenue Agency at **1 800 959-8281** or at [www.cra.gc.ca](http://www.cra.gc.ca).

If you live outside Canada and are not considered a Canadian resident for income tax purposes, a non-resident tax is withheld from your monthly CPP payment. The tax rate is 25 percent unless it is reduced or exempted by a tax treaty between Canada and your country of residence. If your income is low, you can apply for a reduction in the withholding rate.

If you have tax-related questions, call the International Tax Services Office of the Canada Revenue

Agency at **1 800 267-3395** (Canada and the U.S.), or **(613) 952-2344** (all other countries), or send a fax to **(613) 941-6905**. You can also get copies of many Canadian tax forms and publications from your Canadian embassy or consulate.

Early each year, you receive a T4A(P) slip showing the amount of CPP payments you received the previous year. You need this slip to complete your income tax form and must include it with your tax return.

### **An alternative way to get your CPP and OAS tax information slips**

If you choose, use the Tax Information Slips online service to:

- view and print your CPP and OAS tax information slips from the Internet for your income tax return.
- notify us online if you wish to stop receiving your CPP and OAS tax information slips by mail.

Visit [www.sdc.gc.ca](http://www.sdc.gc.ca) and look under “E-Services” to use this service and to take advantage of several new online services.





## Other publications

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(available in print  
and/or online)

### Canada Pension Plan

#### Booklets

- *Annual Report*
- *Retirement Pension*
- *Survivor Benefits*

#### Fact sheets

- *The Canada Pension Plan — it's there for workers*
- *Are you a student between 18 and 25? (on CPP children's benefits)*
- *Sharing your pension for possible tax savings*
- *Are you divorced or separated? (on credit splitting)*
- *Automatic reinstatement of CPP disability benefits*
- *During your time of loss — Information for survivors*
- *Do you have children born after December 31, 1958? Call us — we may be able to increase your benefit...*

## Old Age Security

### Booklets

- *Old Age Security Pension*
- *The Allowance and the Allowance for the Survivor*
- *Guaranteed Income Supplement*

### Fact sheets

- *Benefits for Low-income Seniors*

### General

- *Canada's Retirement Income System*
- *Overview (of the Canada Pension Plan and Old Age Security programs)*
- *New Horizons for Seniors Program*

Fact sheets on social security agreements are also available at [www.sdc.gc.ca](http://www.sdc.gc.ca).



## > Contact us



**1 800 277-9914** (toll-free)

 **1 800 255-4786**

(if you use a TTY machine)



On the Internet or by email:

**[www.sdc.gc.ca](http://www.sdc.gc.ca)**

***\* Our phone lines are busiest at the beginning and end of the month. If your inquiry can wait, it's best to call at other times. Please have your social insurance number ready.***



Canada