

Disability Insurance

*A handful
of tips
for Alliance members*



2003 Revision

Disability Insurance



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for
Alliance members*



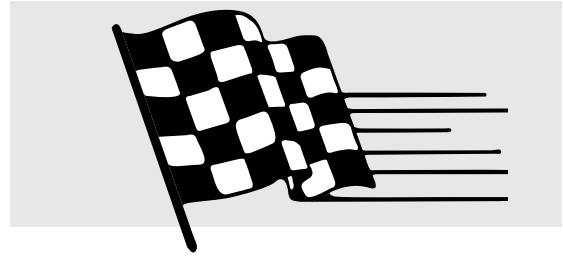


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Before you start ...



If you are reading this guide, you either have a medical problem, or are trying to help someone with a medical problem. What follows are practical tips based on frequently asked questions, and on the key areas where members have difficulties getting benefits.

Often problems related to DI claims can be prevented through competent and timely counselling provided by departmental or agency human resources office. You should get most of your information from them. The PSAC as your union tries to help our members understand the complexities of the Disability Insurance Plan. We also explain who does what in the union, and how to contact them.

It is the policy of the Public Service Alliance of Canada to represent members with DI claims. You do not have to pay union dues while off work on DI.

We hope this guide will answer your questions, and put your mind at ease about how the disability insurance plan works. Union representatives at the local, component, regional and national levels will have access to an addi-

Before you start...



tional publication which includes more detailed information that can help you in the preparation of your case.

Near the end of this guide, we discuss appeal procedures. If your claim is rejected, work with your union representative. It will greatly increase your odds of an allowed claim!

The Disability Insurance (DI) Group Policy No. 12500-G between Treasury Board as policy holder and Sun Life explains what is covered. Information is available on the PSAC web site at www.psac.com or the Treasury Board web site www.tbs-sct.gc.ca or from your union representative.

This booklet includes information on other benefits plans, such as health and dental insurance, life insurance and pension. We give examples of the impact of different choices. Should you return to your old job.....or another? Should you take medical retirement? Each case is different, but you need to understand the impact on your income, your medical and dental benefits, and your prospect of returning to work before you sign anything.



Tip Number One

Make sure you are covered by the Disability Insurance Plan



What is the Disability Insurance Plan?

It is a long-term disability insurance plan negotiated between the Employer, Treasury Board and the insurance company, Sun Life Assurance.

Who is covered by the DI plan?

Membership in the DI plan is generally compulsory, and is open to you if you are a full-time or part-time employee, (including seasonal employees) subject to certain conditions. It covers employees of the federal government departments and most agencies (including the Canada Customs and Revenue Agency, Parks Canada and the Canadian Food Inspection Agency).

You are automatically covered if you were hired after:

- ◆ November 1970, for full time employees;
- ◆ January 1, 1973, for seasonal employees; and
- ◆ September 1, 1982, for part time employees.

Most people hired before these dates signed up when the insurance was made available.

Can you join now if you are not already covered?

Take the time to join even if you don't have a disabling condition to avoid the shock of finding out you are not covered when you need it most. If you could have joined back then, you can still get coverage. Send a completed *Declaration of Personal Insurability* to Sun Life. You can get this form from Human Resources.

For detailed information, get the Disability Insurance Chapter of the Insurance Administration Manual (produced by Public Works and

Tip Number One



Government Services Canada) from your employer. For policy related information, visit the Treasury Board Web site at www.tbs-sct.gc.ca. You can also ask Human Resources, (from here on your departmental or agency human resources office will be called just HR) for general information about the DI plan.

Public Service Management Insurance Plan

Some union members are covered by National Life, as they were previously in management. If that is your insurer, get information from HR on the policy. The benefit and pension details in Tip # 9 and Tip # 10 apply. There is additional information on the Treasury Board website under "National Life".

Are there disabilities that the DI plan does not pay for?

You will not be paid **disability benefits** if the total disability resulted from self-inflicted injuries, attempted suicide, commission of a criminal offence, war (unless exposed to it by the performance of your duties as directed by your employer), active duty with any armed forces (including civilian non-combatant units serving in such forces), or participation in a riot, civil commotion or insurrection.

Do you have a pre-existing condition?

During the first year of your coverage under the DI plan, you may experience a worsening of a condition that you had when hired. If this pre-existing condition results in total disability, you will only get DI benefits if:

- ◆ You had a consecutive 13 week period when you did not need medical attention for that condition.

AND

- ◆ You were not absent from work for more than two full days.

Unless you meet both conditions, your claim will not be paid. This restriction no longer applies after your first year. It does not apply to any other disabling condition that is unrelated to your pre-existing condition.



Tip Number Two

*Understand what is covered,
and for how long.*



The following paragraphs are drawn directly from the insurance policy. As it is a legal document, we wanted you to see the key areas. It is written in "legalese", so we have covered the material in plain language afterwards, in this and other tips.

What is a "total disability" under the DI Plan?

A Total disability means that you are totally disabled.

General Meaning

1. You cant do your job

You must be in a continuous state of incapacity due to illness which continues during the Elimination Period (13 weeks or the expiry of your accumulated sick leave credits, whichever is later) and the following 24 months, and prevents you from performing all duties of your regular occupation or employment.

Note:

If you are required to use your driver's license in your job duties, and you lose your license, or it is suspended, because of illness (unrelated to alcoholism or drug addiction) you are considered to be totally disabled during the elimination period and the following 24 months, but only while such license continues to be withheld for the same reason.

2. You can't do an alternative job

While it (a state of incapacity) continues thereafter, prevents the employee from engaging in any **commensurate occupation** for which he/she is or becomes reasonably qualified by education, training or experience.



3. You must be under active care of a medical doctor

In no event, however, will an employee be considered Totally Disabled if during any period he/she does not take part or cooperate in a reasonable and customary treatment program.

How long will benefit payments last?

DI plan members will continue being paid benefits beyond a 24 month period, when they can provide medical proof that their disabling condition prevents them from doing a **commensurate occupation** for which they are reasonably qualified by education, training or experience.

According to the DI policy, commensurate occupation means a job for which the rate of pay is not less than 66 2/3% of the current salary for your regular job.

What about rehabilitation programs?

Sometimes your health situation may enable you to participate in a **rehabilitation program**, which means re-training or new work. Normally you must request approval in writing from Sun Life during the first 24 months that you receive benefits. If you have received DI benefits for more than 24 months, ask Sun Life's Rehabilitation Unit for counselling and help. Always be clear that you are ready to participate in any program that respects your medical limitations. You have options like gradual return to work (for example - half days for the first month), or doing some but not all tasks. No one wants to make you sick again. On the other hand, you may be cut off benefits if you do not cooperate.



Tip Number Two

What about rehabilitative employment?

The DI plan provides an opportunity for you to participate in **rehabilitative employment**. Every case is different, but the odds of going back to your old job drop after two years. Wages from any job you get through rehab are not cut from your DI payment. You can keep the extra money—unless your DI plus wages add up to more than your old job.

To get you back to a suitable job, a special payment of up to three times your net monthly DI benefit may be made for training programs, visual aids, special equipment or whatever meets your medical needs. They can even go higher, but then it needs Treasury Board approval.

The plan also allows Sun Life to motivate and encourage workers with disabilities to continue working after their rehabilitation benefits would normally run out. Rehab will help you get back to work. You should cooperate with their plans, as long as they respect your medical limitations. See Tip #9 for more information on accommodation if you plan to go back to work.

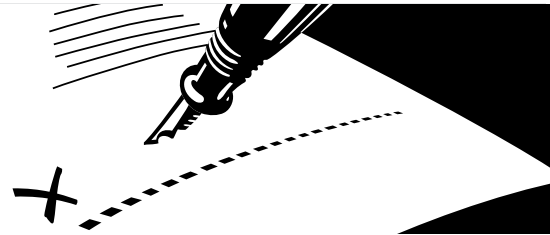
If you satisfy Sun Life's medical consultants that you meet the definition of total disability in the DI policy, you are eligible for DI benefits up to age 65. Again you will need concrete and convincing medical evidence.

Sun Life will stop paying benefits if and when your medical situation improves and you no longer fit the DI plan's definition of "total disability".



Tip Number Three

If your disability is work related, apply for workers compensation and DI benefits.



Why should you apply for Workers' Compensation?

If you have an illness or accident causing disability which is work-related, you may be entitled to Workers' Compensation benefits. These benefits are usually greater than any DI benefit you might receive.

Your HR section will handle your Workers' Compensation application. While most Workers' Compensation claims are processed quickly, it can take a while if you have to appeal. See Tip # 4.

If you need advice or representation for your Workers' Compensation case, contact your local president, your component or your PSAC Regional Representative. To find your Regional Office, see the PSAC Web site at www.PSAC.com and click on the "Regional Offices" link under the heading "Regional Websites".

Why should you apply for DI benefits?

If you have an illness or accident causing disability which is work-related, you may be entitled to DI benefits. Although these benefits will be reduced by any Workers' Compensation benefit you receive, you should still apply for DI benefits in case your Workers' Compensation claim is not approved. This way, the Sun Life paperwork will already be done, which reduces delays.

Depending on the situation, Disability Insurance representation is done either by Component Service Officers, or PSAC Regional Representatives. If you need representation you should check with your component immediately and they will direct you to a union officer who will represent you.



Tip Number Four

Report disability to your HR office without delay and follow up frequently



You, your doctor and medical specialists know best whether your health problem will result in a condition that prevents you from performing the regular duties of your own occupation. **You should inform your HR Office immediately and start proceedings regarding your DI application in order to avoid frustrating delays.** If necessary, you can download the application from the Treasury Board Web site at www.tbs-sct.gc.ca

An application for Canada/Quebec Pension Plan disability benefits and Workers' Compensation benefits may also be made at the same time, since the DI plan policy gives the insurer (Sun Life) the right to reduce the amount of the employee's monthly DI indemnity benefit according to their estimate of other disability income under these programs and others.

When you apply for CPP or QPP, you may be asked to sign an "offset agreement". This was mentioned before in Tip # 4, for Workers' Compensation. It is all right to sign these. You are applying for a number of income support schemes. It is not intended that you apply for several and that they add up to more than your original salary. It is intended that you start getting at least partial income as soon as possible. This even applies where there is a lawsuit. If you successfully sue somebody for causing a disability that Sun Life was paying you for, then a portion of your award would be turned over to Sun Life.

Departmental HR personnel are trained and experienced both in processing DI claims and providing counseling and advice to employees on all aspects of the Disability Insurance Plan, Workers' Compensation, CPP/QPP, the Public Service Pension plan and related matters. They can explain how much you will get from each of these sources. Tip #9 and #10 contain a general outline of what you should get. Discuss any problems with your union representative.

Members are urged to ask their HR for immediate assistance as necessary. When needing more specific information on DI, please also read the "Disability Insurance" chapter of the Insurance Administration Manual.

Tip Number Four



Produced by Public Works and Government Services Canada, the Treasury Board Manual and Directives on the Disability Insurance plan, and other related information are available in your HR. It is important to follow up with HR when a DI claim is filed and you are uncertain about the status of your case.

Remember that while the provisions of the DI plan were developed in consultation with the unions concerned, under the National Joint Council, the Disability Insurance Plan Policy (No.12500-G) was issued, agreed upon and signed by Sun Life of Canada as insurer, and by the Treasury Board of Canada as employer and policy holder. Your direct link to Sun Life is the HR office in your employing department or agency.

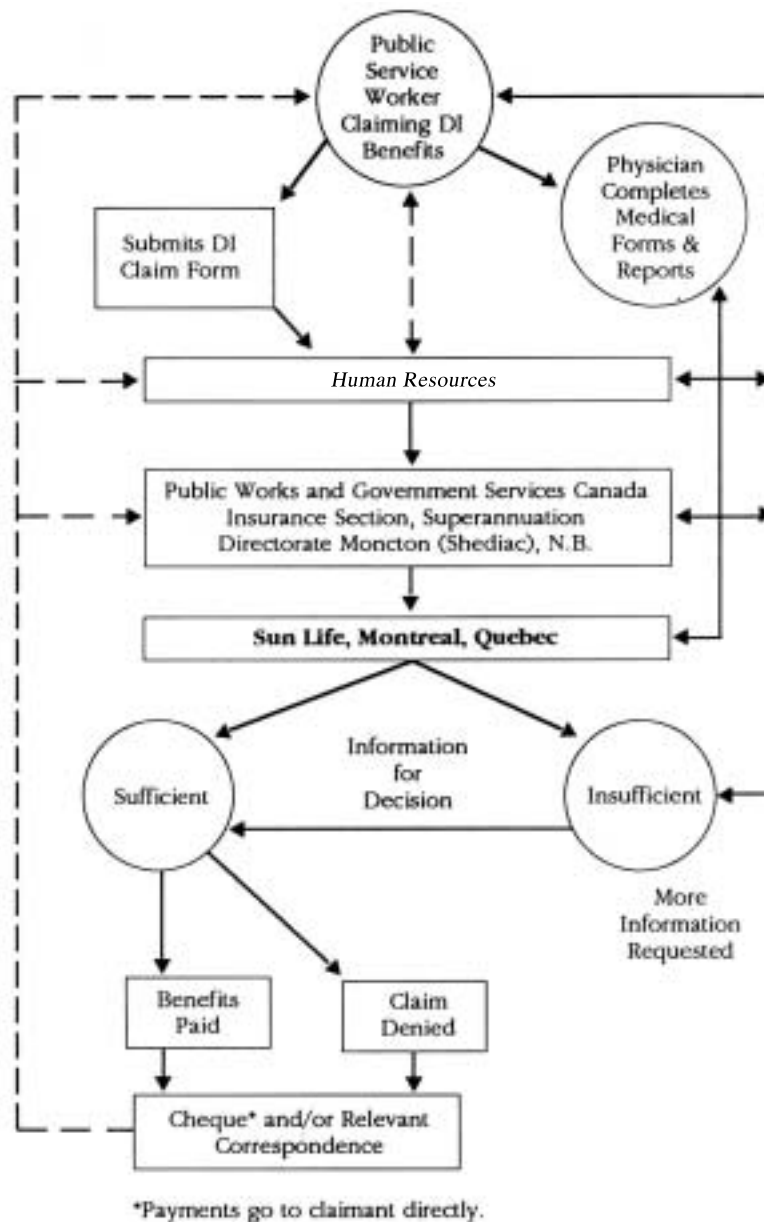
The DI plan requires that **contributions** be made by both employee and employer. They are usually made by payroll deductions. Employees on authorized leave without pay (LWOP) have to pay their share of the DI premium (for example, spousal relocation) upon return to duty. In certain circumstances, an employee on LWOP is required to pay both the employee's and the employer's share. When employees become entitled to DI benefits while absent on LWOP, their premiums are waived for both the duration of the LWOP period for which they are in receipt of DI benefits, as well as the relevant part of the elimination period.

Please remember that if you resign or otherwise terminate your employment during leave without pay, you will still be responsible for paying the outstanding contributions. This is because you were covered during the entire period of LWOP.



Tip Number Four

Initial DI Claim Processing



Appeal Procedure to Advisory Committee on Disability Insurance (ACDI)



Tip Number Five

Be prepared for delays



Processing and approval of your DI claim takes time. When your DI benefits have been approved, payments start either:

- ◆ After your paid sick leave or injury-on-duty leave expires; or if these payments last less than 13 weeks; or
- ◆ After 13 weeks of disability.

The 13 weeks does not need to be continuous. It may, under certain circumstances, be accumulated for the same disability over a period of one year.

An elimination period (sometimes called a waiting period) is normal in long term disability plans. Commensurate occupation is defined on the next page. Do not wait until the "elimination period" is over. Apply for DI benefits as soon as you have reason to believe your time off work will be longer than the elimination period. You may qualify for employment insurance benefits during the elimination period.

For information about eligibility, contact your Human Resources Development Canada office, or visit www.hrdc.gc.ca, or contact your local president, component or regional office who can provide information about eligibility requirements.

You may have enough sick leave to cover the elimination period. You may also be covered by a combination of sick leave and EI benefits. On the other hand, even after the 13 weeks, you may still be caught up in establishing your right to either DI or workers' compensation. If you are still waiting and have no income, approach Social Services (normally administered by your municipality) to tide you over.

If the disability is work-related and you find yourself in a situation of financial hardship, you can approach your HR, who will bring the matter to Sun Life's attention.

When Sun Life is approached by an HR office concerned about an employee's situation of financial hardship, they can arrange benefits. You may have to apply for these emergency benefits because appealing a Workers' Compensation decision is often a slow process. Don't wait. Call your union representative if you need help.

Tip Number Five



You will be required to sign a statement agreeing that you will continue to pursue your Workers' Compensation claim up to and including the final level of appeal. Following any payment the Workers' Compensation Board will first reimburse Sun Life for the benefits paid to you. Similar "offsets" are discussed below and in Tip # 4 and Tip # 9.

It is always prudent to save for rainy days when all is going well, and thereby reduce the shock of potential financial hardship when things are not going well. Easy to say, not easy to do. But when you get a contract settlement, an overtime cheque, etc. stash some away. You may also look into the possibility of deferring loan or mortgage payments if you are still without income. You are safer to discuss it first than just miss a payment.

The **amount of the Sun Life DI coverage** is 70% of your salary. It is rounded to the next highest multiple of \$250.

For example, if the annual salary is \$26,790, the adjusted salary is \$27,000 and the 70% DI benefit ($0.7 \times \$27,000$) is \$18,900 annually, or \$1,575 monthly.

When you become entitled to DI benefits, retroactive increases in salary authorized after the date on which disability benefits become payable will be included in the "insured salary" for DI benefit purposes, provided that the effective date of the increase was prior to the date of benefit entitlement.

For example, if a person became entitled to disability benefits on September 1, 2003, but on October 1, 2004 received an increase in salary which is retroactive to April 1, 2003, the claimant's benefit would be adjusted to take into account the new higher rate of pay.

Remember that the **DI benefits are offset by 100% of any other benefits** paid for the same disability by:

- ◆ The Public Service pension plan;
- ◆ Canada/Quebec Pension Plan;
- ◆ Workers' Compensation;
- ◆ Any other group insurance plan or policy regulated by the legislation of any government, for example the Quebec Auto Insurance plan (income replacement benefits);
- ◆ Settlements received as result of court action.

You will still get 70% of your pre-disability salary.

The **DI benefit is taxable**. Do not forget to check with your HR office



Tip Number Five

and the nearest Tax Services Office (TSO) of the CCRA about the payment of your income tax and your **entitlement to deduct your DI premiums** paid into the plan since you became a member, from the benefits received.

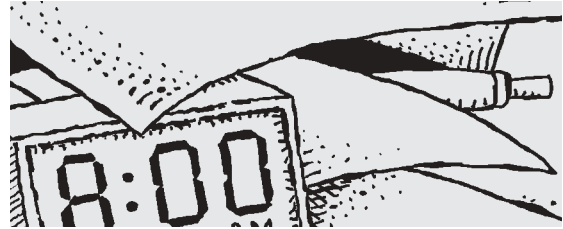
Sources of Income during Disability

| TOTAL DISABILITY | | |
|---|--|-----------------------|
| Term | Not Work Related | Work Related |
| 1) Short Term | Sick leave | Sick leave |
| Injury-on-duty leaves | | |
| Employment Insurance during leave without pay | | |
| 2) Short Term and/or | Sun Life DI benefit | Workers' Compensation |
| Your own savings and other income | | |
| 3) Long Term | Canada/Quebec Pension Plan Disability Benefit Public Service Pension Plan Disability Benefit and other income. | |



Tip Number Six

Get the paperwork right and reduce delays



One of the most frequent reasons for claim rejection is that medical documentation given to Sun Life by claimants and medical professionals is incomplete.

It is important to include, with your DI application, a report that outlines in detail the medical reasons why you cannot perform the regular duties of your occupation. The report should show the type and duration of therapy being given, medication prescribed, frequency of treatment, results of tests, hospital records, consultation notes, etc. Be sure to include documentation from all medical professionals, including specialists, who are treating you. Your union representative will be able to provide you with a model letter to your doctor(s) which will help you get accurate and complete information.

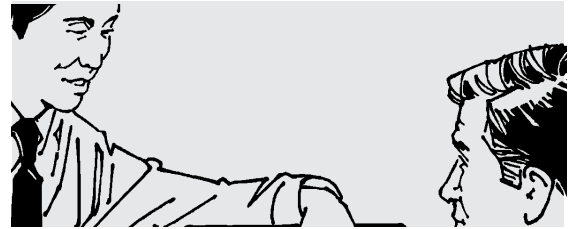
To establish and support your claim, the report should be as complete and convincing as possible. You should ensure that the medical professionals completing the medical reports have outlined your disabling condition within the DI plan's definition of "total disability" (see Tip #2). The same applies when Sun Life requests (towards the end of the first 24 months of disability) medical proof to show that the disabling condition continues. Sun Life will want evidence that you are unable to perform the duties of even a "commensurate occupation". A vague description, for example one which states that the claimant, while disabled, can still perform "light" duties, could mislead the insurer, cause delays and possibly a denial of benefits.

Medical professionals should be particularly cautious in reporting on situations of psychological impairment. Any indication that such impairment might be work-related may lead to a denial of the DI claim by Sun Life, and result in a lengthy and frustrating process of having to apply for Workers' Compensation, again with the possibility of denial and subsequent time consuming appeals.



Tip Number Seven

*If your claim is rejected –
appeal.*



Your claim is first processed by a claims adjuster at Sun Life. If the information you give is not sufficient to enable Sun Life to make a decision on the claim, they will request more specific and detailed information. Keep copies of everything you send them. If you give sufficient evidence, the claim is approved. If not, the claim is denied. If your claim is denied, Sun Life will ask you for more documentation. If, after another review, the claim is still refused and you disagree with that decision, you can ask Sun Life's Disability Management Unit to review your case. This committee, made up of senior claims analysts, may overturn a claims adjuster's earlier decision.

How do you appeal?

To appeal, send a letter to:

Disability Management Unit
Group Claims Control Department
Sun Life Assurance Company of Canada
PO Box 12500, Station CV
Montreal, Quebec H3C 5T6

You can also give your letter to Human Resources, or ask your PSAC Component or Regional Office to handle your appeal. Don't forget to show your social insurance number on your letter and on all documents you submit.

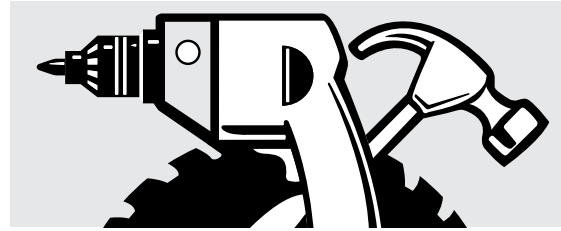
What happens after you appeal?

Sun Life will tell you what documents you need to qualify, and will respond on a priority basis to questions from HR about the status of your appeal. In emergency situations, Sun Life will usually answer direct questions from you or your representative. Their toll-free telephone number: 1-800-361-5875. Have your certificate and control numbers handy.



Tip Number Eight

*If your appeal is rejected,
here's what to do.*



If your case is well-substantiated, the Public Service Alliance of Canada will refer your case to the Disability Insurance Plan Board of Management. You'll need to give your Component or Regional Office complete medical information, a brief chronological description of events, and a signed form called *Authorization for Release of Information*. This form authorizes the insurer to release all necessary confidential information to the Board, including medical reports which Sun Life has at its disposal. The form is available at Human Resources, Public Service Alliance of Canada Components and Regional Offices.

Officers of Public Service Alliance of Canada Components and Regional Representatives will give you advice in developing your submission to the Board and will then submit a request with all relevant documentation to Public Service Alliance of Canada headquarters (Programs Section). The Public Service Alliance of Canada will then refer the case to the Board of Management. This is the best procedure to follow.

Individual cases can also be submitted to the Disability Insurance Plan Board of Management directly by you, by Public Service Alliance of Canada Components and Regional Offices by or through your employing department or agency to:

Committee Advisor
Disability Insurance Plan Board of Management
National Joint Council
P.O. Box 1525, Station "B"
Ottawa, ON K1P 5V2

The Disability Insurance Plan Board of Management reviews cases referred to it on a "blind" basis. This means that your case is not identified by your name, but by a number. This ensures an objective review of all relevant factors which determine your eligibility for benefits. The Board may ask you or Sun Life for additional medical examinations and reports, or for other information which the committee needs for its decision. Because of this, the process may take several months to complete.

Tip Number Eight



You, your department or agency, Sun Life, and the Public Service Alliance of Canada, among others, are informed about the Board's decision as to whether the insurer acted within the intent of the DI policy.

Most of the critical issues about your claim are challenged through the procedure above. There may be some administrative issues that would have to be resolved by a grievance. An example would be if your employer deducted the wrong amount of premiums. Since they made that mistake, not Sun Life, you would have to ask your employer to correct it. If they will not correct it voluntarily, the grievance procedure is the correct legal mechanism. There are time limits to filing grievances, so raise the issue with your union rep when you become aware of it.

This grievance procedure does not apply to decisions made by Sun Life concerning adjudication of DI claims, or the evaluation of declarations of insurability submitted to Sun Life in connection with late applications for membership. These are subject to review by the Disability Insurance Plan Board of Management, as described earlier.

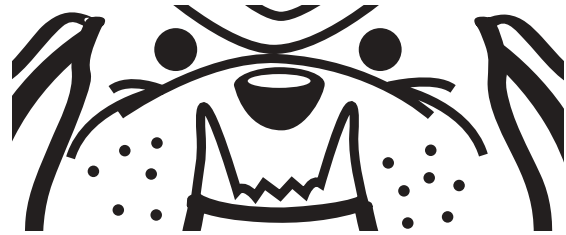
What about legal action?

If all other options fail, you may consider legal action. In view of the complexities and usually large legal costs involved, Public Service Alliance of Canada members are advised to consult with their Components and Regional Offices and through them with the Public Service Alliance of Canada headquarters about the prospects of successful court action. Legal costs are your responsibility, unless prior approval of legal action is requested by Components and approved by the Public Service Alliance of Canada Executive Committee.



Tip Number Nine

***Back to work? Pension?
Neither!?
Protect your rights.***



You continue to accumulate pensionable service while you are on Leave Without Pay (LWOP) FOR DISABILITY. Your coverage is automatic for the first three months. You then have an option to stop paying, and buy back that time later. For most people, it is better to just keep paying your pension contributions (at the single rate) and the employer will pay their share. More years of service means more pension. You then have an option of paying it all at once, or spreading out your payments and having them deducted from your pay. If you are not returning to work, you may find it difficult to pay back the pension contributions right away. Once again go through your HR and request a longer repayment schedule due to financial hardship. Later in this tip we look at return to work, accommodation of your disability, and the impact of choosing retirement.

When a contributor ceases to be employed or dies, any unpaid pension contributions may be paid in a lump sum or recovered from benefits payable to the contributor, dependants, beneficiary or estate.

Sometimes, when you feel sick and frustrated, it is tempting to just retire. Before you take that step, look into your rights. Some key Supreme Court decisions have opened up a lot more opportunities for you. This is covered in another PSAC booklet called *Duty to Accommodate*. Your union representative will likely have a copy. You can also find it at www.psac.com or from:

Public Service Alliance of Canada
Membership Programs Branch
901 - 233 Gilmour Street
Ottawa, ON K2P 0P1

The main point is – do not let anyone rush you into a decision that will affect the rest of your life! Your employer may want to get you off their books, especially if they've hired a replacement. You can file a grievance to challenge any unreasonable attempt to release you, and the union will represent you at the grievance hearings.

Tip Number Nine



On the other hand, your age, medical condition, financial and personal factors could mean retiring is what is best for you. If you qualify for DI, you may also be in a position to retire and draw your pension. The DI plan pays 70% of your current adjusted gross salary after a waiting period of thirteen (13) weeks **or** after the end of your paid sick leave and injury on duty leave (whichever is later). This will continue to age 65.

The amount of the Public Service pension benefit (reduced in part by CPP/QPP disability pension benefits as both plans are integrated) due to you will be deducted from your DI benefits paid by Sun Life, which will make up your income to the said 70% of salary. The good thing is that pension increases due to indexation are not being deducted.

If you retire **on account of disability you can** benefit from a significant feature of the Public Service pension plan. It provides for an **unreduced pension at any age**, after at least five years of pensionable service.

Remember, an unreduced pension is not the same as a full pension. If you put in 35 years, you get the maximum (full) pension. An unreduced pension means that you don't get a penalty for early retirement. Your pension will still be based on years of service if you leave due to disability.

Also, continuing to receive DI benefits from the insurer (Sun Life) does not make you automatically eligible for immediate unreduced Public Service pension benefits. The procedure of applying for and receiving Disability Insurance benefits from the insurer is separate from applying for a Public Service pension benefit on account of disability.

An application for an immediate unreduced Public Service pension benefit on medical grounds is made through your HR office. You will be required to submit appropriate medical documentation which will be reviewed privately by a medical officer from Health Canada, who will put in writing whether you meet the definition of disability under the pension plan. If you meet the definition, you get an unreduced pension.



Tip Number Nine

Disabled for the purposes of the Public Service pension plan can have quite a different meaning from **total disability** for the purposes of the DI plan. One does not automatically mean the other. In either case, medical documentation is key.

If you have less than 2 years of pensionable service, you have no pension benefit options other than a return of pension contributions plus interest.

If you are released by the employer

Even after two or more years of absence from the workplace, you may wish to continue to maintain your leave without pay status and retain some sense of attachment with the federal public service. Unfortunately, the experience of the PSAC to date has been that after two years on leave without pay due to disability, federal departments and agencies will resort to forcibly terminating your employment through release for incapacity. Such actions raise issues of human rights and should be discussed with your union.

Tip #10 contains information on the possible consequences to your pension and other benefit entitlements if you are released for incapacity in comparison to the options of retaining leave without pay status or voluntarily retiring on medical grounds.

If you are on leave of absence due to disability and are approached about possible termination options, contact your PSAC representative to ensure the protection of your rights and entitlements. If you are ultimately released for incapacity or accept a medical retirement pension under duress, file a grievance, as well as a complaint against the employer with the Canadian Human Rights Commission, at www.chrc-ccdp.ca

Remember:

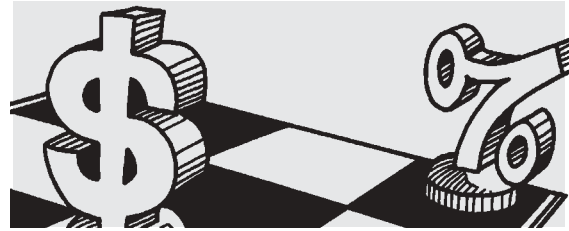
- ◆ If you're too sick to work, you should be getting benefits.
- ◆ If you're well enough to work, you should be supported in returning to a job within your medical limitations.

However complicated the various claims and processes get, work with your union rep and stick to those principles.



Tip Number Ten

Employee benefit entitlements



EMPLOYEE BENEFIT ENTITLEMENTS UNDER RELEASE FOR INCAPACITY/RESIGNATION, MEDICAL RETIREMENT AND MAINTENANCE OF EMPLOYMENT THROUGH THE PROVISION OF LEAVE WITHOUT PAY STATUS

This chart is intended to provide an overview of the benefits and pension available in different scenarios. It does not provide full details and you should check with your pay and benefits office for specific information on your personal situation. See the final page of this chart for some examples of typical cases.

Release for Incapacity / Resignation

Medical Retirement

Maintenance of Employment through the provision of leave without pay status

Public Service Superannuation Act

| | | |
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| <ul style="list-style-type: none"> ◆ Pension is based on years of service X 2% of the salary the employee had for his/her best consecutive five years of earnings. Thus, if s/he had worked for 10 years, s/he would be eligible for a pension that is 20% of his/her salary, subject to a reduction depending on the employees age and/or years of service. ◆ Employee must have at least 2 years service to be eligible for a pension ◆ If employee is over age 50, s/he can immediately retire, either at full pension (age 60 years, 55 with 30 years service) or at age 50 with a reduced pension. ◆ If employee is under age 50, no pension is payable. Must wait until at least age 50 to claim pension at the rates note above. | <ul style="list-style-type: none"> ◆ Pension is based on years of service X 2% of the salary the employee had for his/her best consecutive five years of earnings. Thus, If s/he had worked for 10 years, s/he would be eligible for a pension that is 20% of his/her salary. ◆ Employee must have at least 2 years service to be eligible for a pension. ◆ Employee can be any age to be eligible to receive an immediate unreduced pension. ◆ If the employee is receiving Disability Insurance, it will be reduced by the amount of his/her pension (e.g. Employee receives 70% of salary while on DI. If the pension is 20% employee will receive 50% DI). | <ul style="list-style-type: none"> ◆ Eventual pension is based on years of service X 2% of the salary the employee had for his/her best consecutive five years of earnings. ◆ Employee must have at least 2 years service to be eligible for a pension. ◆ Employee will continue accumulating years of service for the duration of the leave without pay period. ◆ Employee will be allowed to include such leave as pensionable service if s/he buys back the years at 7.5% of the annual salary for each year. |
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| Release for Incapacity / Resignation | Medical Retirement | Maintenance of Employment through the provision of leave without pay status |
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| Supplementary Death Benefits | | |
| <ul style="list-style-type: none"> ◆ <i>Employees can continue to maintain their benefits by paying a premium. The rates for the premium are different for those claiming a pension and those not claiming a pension, with the latter rates being significantly higher (e.g., in the one case identified over \$1,000 more peryear).</i> | <ul style="list-style-type: none"> ◆ Employees, can continue to maintain their benefit by paying a premium at the "normal" or lower rate. | <ul style="list-style-type: none"> ◆ <i>Employee must continue paying the premiums for SDB while on leave without pay.</i> ◆ Employees will pay the premium at the "normal" employee or lower rate. |
| Public Service Dental Care Plan | | |
| <ul style="list-style-type: none"> ◆ Coverage discontinued on termination | <ul style="list-style-type: none"> ◆ Coverage discontinued on retirement. | <ul style="list-style-type: none"> ◆ Coverage is continued while on Leave without Pay. ◆ No employee contributions are required. |
| Pensioners Dental Service Plan | | |
| <ul style="list-style-type: none"> ◆ If the employee is in receipt of a pension benefit, membership in the Pensioners Dental Services Plan permitted at the following premium rates: <ul style="list-style-type: none"> - Pensioner Only - \$16.00 per month. - Pensioner and one eligible family member - \$31.96 per month. - Pensioner and more than one eligible family member - \$47.96 per month. | <ul style="list-style-type: none"> ◆ <i>Employee is eligible for participation in the pensioners Dental Services Plan at the following premium rate:</i> <ul style="list-style-type: none"> - Pensioners Only - \$16.00 per month. - Pensioners and one Eligible family members - \$31.96 per month. - Pensioner and more than one eligible family member \$47.96 per month. | <ul style="list-style-type: none"> ◆ <i>Not necessary.</i> |



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| Release for Incapacity / Resignation | Medical Retirement | Maintenance of Employment through the provision of leave without pay status |
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| Public Service Health Care Plan (PSHCP) | | |
| <ul style="list-style-type: none"> ◆ Coverage discontinued unless the employee is received a pension, in which case the employee may retain coverage at the pensioner premium rates. | <ul style="list-style-type: none"> ◆ <i>Employee may continue coverage at the pensioner premium rates.</i> | <ul style="list-style-type: none"> ◆ <i>Employees may continue coverage provided they submit employees share of contributions while on leave.</i> ◆ The employees share varies, but does not exceed \$10.34 per month and may require no contribution at all depending on level of coverage chosen. |
| Severance Pay | | |
| <p>Incapacity</p> <ul style="list-style-type: none"> ◆ <i>Employee receives one week's pay for each completed year up to 28 years.</i> ◆ The employee must have completed more than one years service and have been released for incapacity under the Financial Administration Act. <p>Resignation</p> <ul style="list-style-type: none"> ◆ Employee receives one half week's pay for each completed year up to a maximum of 26 years with a benefit of 13 weeks pay. ◆ Employee must have completed 10 or more years of service. ◆ Coverage discontinued on termination | <ul style="list-style-type: none"> ◆ Employee receives one week's pay for each completed year up to 30 years and the portion of a week's pay based on partially completed year. | <ul style="list-style-type: none"> ◆ Employee will continue to accumulate years of service while on leave without pay (for medical reasons) and these years would be included in the determination of the employee's severance package. ◆ The rate of pay of an employee's substantive position on the date of termination or employment would be used for severance calculations. |



Case Studies

MARY

Mary is 30 years old with 6 years of service. She is single with no dependants. She has been on Disability Insurance for two years. At the time of her disability, Mary was earning \$30,000 per year.

| Release for Incapacity / Resignation | Medical Retirement | Maintenance of Employment through the provision of leave without pay status |
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| <ul style="list-style-type: none"> ◆ No pension is payable. Mary will receive 12% of the annual salary for her best consecutive five years, at the earliest at age 50 (it would then be a reduced pension). ◆ To continue her supplementary death benefits, Mary will have to pay an annual premium of \$342.60. ◆ Mary's Dental Care Plan coverage will be discontinued. ◆ Mary's Health Care Plan coverage will be discontinued. ◆ If Mary is released for incapacity, she will be entitled to 6 weeks of severance pay. If Mary resigns, she will receive no severance pay. (see Tip #5 on sources of income during disability). | <ul style="list-style-type: none"> ◆ Mary will receive 12% of the annual salary for her best consecutive five years. ◆ To continue her supplementary death benefits, Mary would have to pay an annual premium of \$108.00. ◆ Mary's Dental Care Plan Coverage will be discontinued. However she can participate in the Pensioners Dental Services Plan at a premium rate of \$16.00 per month. ◆ Mary's Health Care Plan Coverage can be maintained at a monthly rate of \$9.01 for Level I (basic). ◆ Mary will receive severance pay of 6 weeks salary. | <ul style="list-style-type: none"> ◆ Mary will continue accumulating years of service while she remains on leave without pay. If she is able to remain in this status until she is age 65 and she buys back the years of service, she will receive 70% of her salary for her best consecutive five years as a pension ◆ Mary must pay an annual premium of \$108.00 which will continue her supplementary death benefits. ◆ Mary's Dental Care Plan coverage will be continued at no cost. ◆ Mary's Health Care Plan coverage (Level I, basic) will be continued at no cost. ◆ Mary will continue to accumulate years of service while on leave without pay. |



Tip Number Ten

Case Studies

Harminder

Harminder is 53 years of age and has 15 years of service. He is received Disability Insurance and has been on leave without pay for 3 years. He is married and has 3 children who still attend school. At the time of disability, Harminder was earning \$45,000 per year.

| Release for Incapacity / Resignation | Medical Retirement | Maintenance of Employment through the provision of leave without pay status |
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| <ul style="list-style-type: none"> ◆ Harminder can choose to receive an immediate pension. His pension would be 30% of the annual salary for his five best consecutive years. As he is retiring early, however, this pension will be reduced by 35% (age 60 – 53 = 7 X 5%). If he elects this option, his health care, supplementary death benefits and severance pay will be the same as under the Medical Retirement column. ◆ Harminder can also choose to defer receipt of his pension until age 60 and receive a full pension of 30% of the salary of his five best consecutive years, his benefits will be: ◆ Harminder's Dental Care Plan coverage will be discontinued. ◆ Harminder's Health Care Plan coverage will be discontinued. ◆ Regardless of whether Harminder is released for incapacity or he resigns, he will be entitled to severance pay of 15 weeks salary. | <ul style="list-style-type: none"> ◆ Harminder will receive a pension of 30% of the annual salary for his best consecutive five years. ◆ To continue his supplementary death benefits, Harminder will have to pay an annual premium of \$162.00 ◆ Harminder's Dental Care Plan coverage will be discontinued. However, he can participate in the Pensioners Dental Services Plan at a premium rate of \$47.96 per month. ◆ Harminder may continue coverage under the Health Care Plan. The monthly premium for basic family coverage will be \$17.66. ◆ Harminder will receive severance pay of 15 weeks salary. | <ul style="list-style-type: none"> ◆ Harminder will continue accumulating years of service while he remains on leave without pay. If he is able to remain in this status until he is age 65 and he buys back the years of service, he will receive 54% of his salary for his best consecutive five years as a pension. ◆ Harminder must pay an annual premium of \$162.00, which will continue his supplementary death benefits. ◆ Harminder's Dental Care Plan coverage will be continued at no cost. ◆ Harminder's Health Care Plan coverage, for himself and his family, can be continued at no cost. ◆ Harminder will continue to accumulate years of service while on Leave Without Pay. If he remains in the status until age 65, as above, he will receive 27 weeks of severance pay. |



Tip Number Eleven

*You may get free coverage
of your PSAC group life
insurance plan.*



What is the PSAC group life insurance plan?

This voluntary group life insurance plan, sponsored by the Public Service Alliance of Canada for our members and their immediate families, provides life and accidental death and dismemberment insurance according to their needs.

Are you covered by the PSAC group life insurance plan?

Many members took advantage of the free \$5000.00 coverage, others have bought more. Check with Coughlin and Associates at the address below.

Are you eligible to have your premiums waived?

Coverage for you and your immediate family will be free if all of the following conditions apply:

- ◆ you are currently covered under the PSAC group life insurance plan;
- ◆ you become disabled before you turn 65; and
- ◆ you remain disabled for at least nine consecutive months.

How do you apply to have your premiums waived?

You can't apply until after you have been disabled for at least nine consecutive months. But don't wait too long—you only have 27 months after that to apply.

For information, call **Coughlin & Associates at 1-800-216-1107**, send an email to psacforlife@coughlin.ca, or write to:

Coughlin and Associates
PSAC Insurance Trust
PO Box 3518, Station C,
Ottawa, ON K1Y 4H5



Tip Number Twelve

*Smile, you're covered.
Public Service Dental Care Plan*



You remain covered during periods of disability while you are on authorized leave without pay. The employer pays for your coverage. However, if you retire because of your disability and you are no longer employed in the Public Service, your coverage will end.

Public Service Health Care Plan

Remember to discuss your specific situation regarding PSHCP coverage and contributions in respect of leave without pay on account of disability with your HR Office, as soon as possible.



Share your opinion and experience



Our collective thanks go to all those Public Service Alliance of Canada members, officers and staff, who provided constructive comments and suggestions when this publication was being drafted, and to all those who helped to produce it. This information is accurate at the date of writing (2003). Check the websites in the following section for subsequent changes.

The PSAC plays two roles in the Disability Insurance Plan. Most of this guide has been about how to protect your rights as an individual. We also participate actively in the Disability Insurance Board of Management. By working collectively, we have improved many aspects of claim processing and how members with disabilities are treated. This is an ongoing process, and we welcome your feedback and suggestions. Please send them to the PSAC Programs Section at the address below:

**Public Service Alliance of Canada
Membership Programs Branch
901 - 233 Gilmour Street
Ottawa, ON K2P 0P1**





Websites and contact addresses.



We are including Web sites and addresses already mentioned, as well as sites dealing with the debate on fair treatment for workers with disabilities.

Public Service Alliance of Canada
Membership Programs Branch
901-233 Gilmour Street
Ottawa ON K2P 0P1
www.pfac.com

The PSAC Employment Equity Program

www.pfac.com/h&s&e/employmentequity/eehomepage-e.htm

PSAC Booklet "Duty to Accommodate"

www.pfac.com/h&s&e/humanrights/human_rights_policies/dutytoaccommodate-e.htm

Recommendations by the Public Service Alliance of Canada to the Standing Committee on Human Resources Development and the Status of Persons with Disabilities

www.pfac.com/h&s&e/EmploymentEquity/parl-recom-e.htm

Submission by the Public Service Alliance of Canada to the Standing Committee on Human Resources Development and the Status of Persons with Disabilities

www.pfac.com/H&S&E/EmploymentEquity/parl-sub-e.htm

Coughlin and Associates
PSAC Insurance Trust
PO Box 3518, Station C,
Ottawa ON K1Y 4H5
(Tel.) 1-800-216-1107 (Fax) 613-231-2345
psacforlife@coughlin.ca

Websites and contact addresses.



**Sun Life Assurance Company of Canada
Disability Management Unit
Group Claims Control Department
PO Box 12500, Station CV
Montreal QB H3C 5T6**

(Tel.) 1-800-361-5875 (Fax) 514-954-1219

**Disability Insurance Plan Board of Management
National Joint Council
Committee Advisor
P.O. Box 1525, Station "B"
Ottawa, ON K1P 5V2**

Other Related Links

Treasury Board of Canada Secretariat
www.tbs-sct.gc.ca

Canadian Human Rights Commission
www.chrc-ccdp.ca/menu

Canada Pension Plan Disability
www.hrdc-drhc.gc.ca/isp/

The Canadian Council on Rehabilitation and Work
www.workink.com

Canadian Labour Congress
www.clc-ctc.ca

Office for Disability Issues - Human Resources Development Canada
www.hrdc-drhc.gc.ca/hrib/sdd-dds/odi/

This site contains information on disability issues, the Government of Canada Disability Agenda and related programs, services, and activities of Human Resources Development Canada.

Line 1000 (Placement service for disabled and disadvantaged)
www.line1000.ca

