

# SECTION CONTENTS

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# 6 SHORT-TERM DISABILITY AND LONG-TERM DISABILITY

## 6.1 Group disability plan application

Many employers have short-term disability (STD) and long-term disability (LTD) policies that provide benefits to employees who become disabled. You may wish to have your STD and/or LTD policy approved for pension purposes by the College Pension Plan.

Do not submit Employee Information at Termination/Retirement online while a member is receiving benefits under an LTD plan.

If a member is receiving benefits under an LTD plan, neither the employer nor the member contributes to the College Pension Plan on the benefits paid by the disability plan, but the member still accrues pensionable and contributory service. During this period, the member is still considered to be an employee for pension purposes, even if you terminate their employment for other reasons. For example, if you are no longer required to maintain a position for the member because the “two-year-own occupation” time frame has passed, the member is still considered to be an employee for pension plan purposes.

See sections 6.2 and 6.3 for instructions on reporting STD and LTD online for members benefits under an LTD plan.

If a member is receiving benefits from an STD or LTD policy that is not approved for pension purposes by the College Pension Plan, the member will be either on a leave of absence or their employment will be terminated, depending on your employment practices.

### 6.1.1 Group disability plan approval criteria

The College Pension Board of Trustees has set out the following criteria for the approval of a group disability plan. All three criteria must be met before a group disability plan can be approved:

1. The group disability plan policy must provide for continuous coverage during the period the plan member is disabled until the plan member:
  - attains age 65,
  - accrues 35 years of service, or
  - returns to active employment.
2. The group disability plan policy must provide that the benefits paid during the period of disability will replace at least 50 per cent of the salary the plan member earned during employment immediately prior to the disability period.
3. The group disability plan policy must include a definition of disability which takes into consideration the plan member's vocation, training, education and experience.

### 6.1.2 Applying for LTD policy approval

Please complete a *Group Disability Plan Application* form if you have an LTD policy that you would like to have approved as a group disability plan.

If you have more than one LTD policy to cover different groups of employees, each policy needs to be approved individually.

If you also have an STD plan that you would like to be approved as a group disability plan, please complete a *Linkage of Short-Term and Long-Term Disability Plans Application* form.

If you have more than one STD or LTD policy to cover different groups of employees, each policy needs to be approved individually.

To apply to have your LTD policy approved, submit the Group Disability Plan Application form and required attachments to the Policy Branch of the Pension Corporation. If your LTD policy meets the criteria and is approved by the Pension Corporation as an approved group disability plan, we will notify you and update our records.

If the policy does not meet the criteria, we will notify you, and you will have the option of amending your policy and re-applying.

If you change LTD carriers or any terms of the LTD policy, you need to contact the Policy Branch of the Pension Corporation to ensure that the policy still meets the criteria. If the new terms do not meet the approval criteria, we will notify you so you can change the policy to meet the criteria.

If your LTD policy changes or is amended, you will be required to submit a *Group Disability Plan Application* form and supporting documentation to the Policy Branch of the Pension Corporation to confirm the policy still meets the criteria. The form is available on the secure employer website under *Forms*.

### **6.1.3 Annual LTD policy validation process**

All organizations are required to validate their group disability policy information annually. If you have an approved group disability policy, you will sign into the secure employer website to access the online LTD Policy Validation tool to confirm your LTD information.

If you do not have an approved group disability plan, you will still need to sign into the secure employer website to access the online LTD Policy Validation tool to confirm that you do not have an approved LTD policy (policies).

Prior to completing the annual validation process for the first time, you will need to identify the person(s) in your organization who should have access to validate the details of your LTD Policies. Your primary or secondary user will have to assign the role of LTD Policy Validator to these individuals. Only staff with the LTD Policy Validator role can access the online LTD Policy Validation tool.

Access to the tool is through a link on the secured employer section of the pension corporation website, and is available for a limited time. On selecting the link during the LTD Policy Validation window, your LTD Policy Validator will see a list of all of your open approved LTD policies. We require the LTD Policy Validator to review the details of each policy, and

validate that the policy is CORRECT, REQUIRES UPDATE, or has been TERMINATED. If a policy has been terminated, the termination date is required.

If a message is displayed showing that we have no open approved LTD policies on record for your organization, you are required to validate that this statement is CORRECT. If the statement is incorrect, select REQUIRES UPDATE.

If the validation process reveals that the information on file about your LTD policy is out of date, you will be required to submit a Group Disability Plan Approval form and supporting documentation to the Policy Branch of the Pension Corporation. The form is available on the secure employer website under *Forms*.

#### **6.1.4 Group disability plan benefits end**

If a member returns to work after their benefits under an LTD plan end, the member will recommence contributions, and remain an active plan member.

Submit Employee Information at Termination/Retirement online if the member stops receiving benefits under an LTD plan but does not return to work.

If a member does not return to work after their benefits under an LTD plan end, the member will either be on an approved leave of absence, or their employment will be terminated, depending on your employment practices.

If the member's employment is terminated you should submit Employee Information at Termination/Retirement online.

If the member is under age 65, the member may be eligible to apply for a disability benefit. If the member does not wish to apply for, or is not eligible for a disability benefit, the member may apply for their retirement benefit or termination benefit under the usual rules.

## 6.2 Short-term disability (STD)

STD benefits are full or partial replacement earnings that a member receives from you, an insurance company, or a trust company. STD benefits are usually received when an illness or injury is not work related (which would be covered by WorkSafeBC) and the member does not yet qualify for long-term disability (LTD). STD may also be called “paid sick leave” or “weekly indemnity benefits”.

If you are paying STD to a member through your payroll system, you must report service and salary and remit contributions based on the member’s work schedule and salary before the disability. On your annual report this service, salary and contributions is reported as service event type Regular (RG). See section 7.

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### **EXAMPLE**

If the member worked 100% before STD, report 100% service, salary and contributions.

If the member worked 53% before STD, report 53% service, salary and contributions.

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If a third party (e.g. an insurance company or trust company) is paying the STD directly to the member, then the member is considered to be on LTD for pension purposes. Submit the member’s LTD start date online using the STD start date.

## 6.3 Long-term disability (LTD)

LTD is an approved group insurance plan that pays replacement earnings to qualified members.

For pension purposes, the LTD start date is the date the approved group disability plan approved the members' LTD claim.

Once the member has been accepted on LTD, they:

- continue to accumulate pensionable and contributory service in the pension plan as if they were still working, and
- their highest average salary, which is used to calculate their retirement benefit, will be indexed to keep pace with the cost of living.

Members on LTD can view their pension information, and access online tools like the personalized pension estimator, through My Account.

### 6.3.1 Reporting long-term disability (LTD) information

You must notify us as soon as you are aware that a member has started or stopped LTD.

Based on the LTD start information, the member receives LTD pensionable and contributory service credited automatically to their account in each segment.

It is important to enter the member's LTD stop date as soon as the period of disability coverage ends so that excess LTD service is not automatically credited to the member's account.

If any errors occur while you are submitting LTD information, you may receive a message requesting that you correct and resubmit the information.

Once the data has been submitted, the data goes through a verification process, if no errors are found it will be credited immediately to the member's account.

If errors are identified during the verification process, we will follow up with the person submitting the data.



### 6.3.2 Long-term disability (LTD) reporting options

There are **three ways** for you to report your members' LTD information: individual record, standard format file or Excel file.

#### 6.3.2.1 *Individual record*

Sign in to the secure employer website and access the Employer Portal; select Employer Reporting and then select LTD Start/Stop. Select Employee Lookup. Follow the prompts to enter the mandatory data.

When you have entered the members information you will be able to:

- view the member's LTD history.
- enter the LTD start date if there is **not** an existing open LTD break for the member.
- enter the LTD stop date if there **is** an existing open LTD break.

#### ***Optional Service Event:***

If you are entering a LTD start, you can record regular (RG) service, salary, and contribution information that you paid to the member in the current segment prior to their LTD start date.

If you are entering LTD stop, you can record rehabilitation (RH) service, salary, and contribution information that was paid during the current segment while the member was on LTD.

Note that the data entered here **does not** transfer to your member's account. The applicable RG and RH service event types (see section 7) **must** be included on your payroll report as separate lines of data.

If you enter information here, you can access it at any time on the website by selecting the RG/RH Reconciliation Report. This report can help you create your payroll report or create a secondary report to supplement it.

If your organization currently reports your members' RG/RH information on your payroll report, you may not need to complete this section.

The start date must be on or after July 28, 2014 (online LTD tool implementation date).

### ***LTD Start and Stop Submitted Report:***

This report allows you to view all submitted LTD start and stop information, track employees on LTD, and reconcile service event starts and/or stops.

Access the report from the Employer Portal. Click *Employer Reporting > LTD Start/Stop*. To generate a report, select *LTD Start/Stop Submitted Report*, enter the applicable start and stop dates then click *Generate Report*. If any information has been submitted by the Pension Corporation on your behalf, it will appear on your next report.

### **6.3.2.2 Standard format file**

You can report LTD information for multiple members at the same time by using a standard format file, which is the preferred method of providing data. A Standard format file is a fixed width file requiring a Header record that identifies the contents of the report, and a Trailer record that provides totals of the records within the file.

The requirements for the LTD Standard format file report are located in the Employer Portal. Click *Employer Reporting > Reporting Instructions*. The *Header and Trailer Record Layout* instructions are in the same location.

The applicable RG and RH service event types (see section 7) **must** be included on your payroll report as separate lines of data.

#### ***Reporting salaries on Standard format files and Excel files:***

It is **imperative** that the base salary you report reflects the salary at 100% full-time work.

In the “Base Salary Frequency” field, enter the frequency that you pay the member their base salary:

- bi-weekly (BW),
- monthly (MN), or
- annually (AN).

If a member works at less than 100%, report the salary at 100% equal to the frequency you pay the member.

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**EXAMPLE**

A member owns an 80% position and is paid \$60 000 annually (which is 80% of a full-time annual salary of \$75 000).

When reporting this member's information, you must provide us with the member's percentage (in this case, 80%) as well as the salary the member would be making if they were working in a 100% position (in this case, \$75,000).

Using this information, our system will convert the \$75 000 salary that you report to \$60 000. This converted salary will be used to create the member's Pension Adjustment (PA) and *Member's Benefit Statement* (MBS).

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### 6.3.2.3 Excel file

If you are not able to submit in Standard format, you can create an Excel file to report multiple members' LTD information at the same time.

In the Excel file, you must provide the data in the correct column order with no header row. You can find instructions in the *LTD Service Break Report Layout* document in the Employer Portal. Click *Employer Reporting > Reporting Instructions*.

The applicable RG and RH service event types (see section 7) **must** be included on your payroll report as separate lines of data.

### 6.3.3 Position owned (%)

Enter 100 in this field if the member owns a 100% full-time position. If the member owns a part-time position, enter the corresponding percentage. This number is based on the member's owned position, not the hours worked.

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**EXAMPLE**

If the member owns a 63% position, but usually works 89%, enter 63.

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### 6.3.4 WorkSafeBC compensation

There are two options for members receiving WorkSafeBC compensation:

***Option 1: Replacement salary is paid directly to the member by WorkSafeBC***

Replacement salary paid directly to the member by WorkSafeBC is **not** pensionable. Service, salary and contributions are not reported. For pension purposes the member is deemed to be on an unpaid leave of absence and they may be able to purchase this period of time under the plan's leave of absence purchase provisions (see section 2).

***Option 2: Replacement salary is paid to the member through your payroll process***

If you receive a member's WorkSafeBC replacement salary and pay the member through your payroll system, the earnings **are** pensionable. You and the member must make contributions on these earnings.

The member cannot be on approved LTD during this payment period. If WorkSafeBC replacement salary is less than their normal percentage of full-time salary and service, they may be able to purchase the difference (see section 2).

### 6.3.5 Retroactive WorkSafeBC compensation

It is common for a LTD claim or a WorkSafeBC claim to be approved retroactively. For pension purposes, a retroactive claim is one with dates for prior year(s).

Possible scenarios:

- If the member receiving a benefit under an LTD plan, retroactive WorkSafeBC replacement salary is **not** pensionable.
- If the member is not on LTD and the WorkSafeBC claim is retroactively paid, the period **must** be purchased as arrears (see section 2).
- If WorkSafeBC has been sending you the member's replacement salary to be paid through your payroll, and then the LTD carrier backdates the member's LTD start date, request a refund of overlapping ineligible contributions (see sections 7 and 8).

### 6.3.6 Rehabilitation (RH) salary

If a member returns to work on a rehabilitative trial, the service, salary and contributions paid to them are reported as service event type RH on your segment report (see section 7).

Although the RH data you report **is not** used in the calculation of the retirement benefit, the LTD service and salary credited during this period **is** used.

### 6.3.7 Long-term disability (LTD) termination date

For pension purposes, a member on LTD is **not** considered terminated even if you have removed them from your payroll system for any reason. You will still be required to confirm the member's information on the segment LTD Confirmation Report.

For pension purposes, the member's LTD stop date is the earlier of:

- the date the claim ends per the terms of the approved group disability plan, or
- the member's date of death

If the member is age 55 or older, but under age 65 and their LTD stops, the member may apply for either a retirement benefit or a disability benefit.

If the member is under age 55 and their LTD stops, the member may apply for a disability benefit. If the member does not wish to apply for or is not eligible for a disability benefit, the member is eligible for the regular termination of employment options (see section 3).

If a member terminates employment at the end of their LTD, you must:

- submit LTD stop information online.
- submit Employee Information at Termination/Retirement online if the member is not returning to work.
- have the member complete the pension forms, including the pension application, if they are proceeding directly to pension.

Please note: the LTD stop information must be submitted before the Employee Information at Termination/Retirement; both dates can be entered on the same day.

Members who recommence contributions to the plan are still active plan members and are not entitled to any retirement or termination benefits until they have terminated employment.

In the case of the member's death, submit the LTD stop information online. You must also complete and submit a *Certification of Death* form.

These forms are located on the secure employer website under *Forms*.

### **6.3.8 Change of long-term disability (LTD) carrier/plan**

If you change carriers or any terms of your existing approved group disability plan(s), you must follow the approval process outlined earlier in this section.

### **6.3.9 Payroll reporting and long-term disability (LTD) members**

To avoid overlapping service events, the effective start date and effective end date for each member on your payroll report must reflect the actual period of time worked.

If a member is accepted on LTD, their LTD start date will only be accepted if the end date for their regular (RG) service event prior to the LTD was submitted correctly. For further payroll reporting information see section 7.

#### **EXAMPLE**

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If a member's last day at work is May 10, May 10 should be the end date for the RG service event on your payroll report.

If the member is accepted on LTD on May 11, and you enter this date as the LTD start date online, it will be accepted.

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After a member has been accepted on LTD and their LTD information has been entered online, the only service, salary and contributions that can be reported on your payroll report is service event type rehabilitation (RH). RH earnings may include salary top up, period(s) the member has returned to work on a trial basis, and any pensionable salary that the collective agreement stipulates must be paid to the member (e.g. sick leave).

### **6.3.10 Pensionable service overlap**

A member on LTD receives pensionable and contributory service posted to their account as service event type LT if they were on LTD for any period during the segment.

In the year that the member starts or stops LTD, an overlap of service may occur if the LTD service we post and your payroll reported service goes over the maximum allowable. If this occurs, we will reduce the LTD pensionable and/or contributory service and make any adjustments you have identified.

### **6.3.11 Ineligible service, salary and contributions**

In some cases a member's LTD acceptance from the carrier is backdated. If you have been paying the member through the normal payroll process (e.g. using sick leave, other leave banks or WorkSafeBC replacement salary) and have previously reported this service, salary or contributions, you may need to apply for an ineligible refund (see sections 7 and 8).

If you need assistance determining what service, salary or contributions may be ineligible, send us details through a Message Board topic or contact your plan.

### **6.3.12 Pension adjustment (PA)**

When a member has been approved for LTD, service accumulates in their account and they will receive an annual PA statement to file with their income tax return (see section 9).

The benefit entitlement (BE) for a member receiving LTD is calculated using the salary at the start of the LTD period. Cost of living adjustments are also factored into the calculation.

## 6.4 LTD Confirmation Report

Once per segment, an LTD Confirmation Report is posted in the File Pick-up tool in the Employer Portal. Click *Employer Reporting > File Pick-up*.

This report summarizes the information for all your members who are or have been on LTD during the segment for which the report is created. The report only contains posted LTD information that has been successfully entered on your members' accounts prior to the Create Date identified in File Pick-up.

The LTD Confirmation Report contains the following information:

COLUMN TITLE	DESCRIPTION
Plan	CPP
Org	Your employer number
PLAN_ABBREV_NM	CPP
Last Name	Member's last name
First Name	Member's first name
SIN	Member's SIN
EEgrp	Member's employee group (e.g. 04GENRL)
% FT	Percentage the member is entitled to as identified at the LTD start date.
Empl Break Start	Member's LTD start date as entered online
Empl Break End	Member's LTD stop date as entered online
SE Start Date	Member's LTD start date if the LTD started in the current segment. If the LTD start date is not in the current reporting segment, it will be the first day of the calendar month in the current segment.
SE End Date	Member's LTD stop date if the LTD stopped in the current segment. If the LTD stop date is not in the current reporting segment, it will be the last day of the calendar month in the current segment.
Pensionable Srvc	The full amount of service for the segment or prorated service if the start date is in the current segment (see example below).
Contrib Srvc	Contributory service displayed in full months for each month or partial month the member was on LTD for the segment.
Barg. Unit	Member's union affiliation and/or bargaining association (note: currently not a mandatory reporting requirement upon member's enrollment).



### **EXAMPLE**

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A member is accepted on LTD with a start date of March 10.  
The member owns a full time position at 100%.

The LTD pensionable service for the first segment totals  
5.7097 months.

To calculate this:

- Prorate service for March (on LTD for 22 calendar days in March) divided by the total calendar days in March:  $(22/31 = 0.7097)$ .
  - Add five full months of pensionable and contributory service (one full month each for the months April through August).
- 

The LTD contributory service for the first segment will be  
6 months—one for every month or partial month.

When the August and December LTD Confirmation Reports are posted to File Pick-Up, you **must** review the report and create a Message Board topic confirming your review.

If any information on the report is inaccurate, you will need to provide the correct information:

- If an LTD member is not on the report and should be, submit their LTD start information online.
- If a member is on the report and they have stopped LTD, notify us through a Message Board topic.
- If the % is incorrect, notify us through a Message Board topic.

LTD pensionable and contributory service is posted to members' accounts in September and December. This posted service forms part of the member's benefit entitlement and is included in their *Member's Benefit Statement*. **This is why reviewing and confirming the LTD Confirmation Reports is a critical step.**

## 6.5 Member disability benefit

A disability benefit is a monthly payment paid to eligible members who have terminated employment and who are totally and permanently disabled.

Members should apply directly to the corporation for a disability benefit.

### 6.5.1 Eligibility

To be eligible for the disability benefit, a member must:

- be totally and permanently disabled,
- be under age 65,
- have at least two years of contributory service,
- not be eligible to receive benefits from an approved group disability plan,
- have their doctor and a doctor chosen by the College Pension Plan agree that the member is totally and permanently disabled,
- have terminated employment according to the pension plan rules.

For the College Pension Plan, totally and permanently disabled means to be suffering from a mental or physical condition that:

1. prevents the member from engaging in any employment for which the member is reasonably suited by virtue of the member's education, training or experience; and
2. can reasonably be expected to last for the remainder of the member's lifetime.

The member's doctor and a doctor appointed by the corporation must certify, in writing, that the member is totally and permanently disabled.

Once a member has been granted a disability benefit, we may require that the member submit, not more often than once per year, a medical report confirming that the total and permanent disability still exists.

### **6.5.2 Application deadlines**

The member must apply in writing to the corporation within two years of their last contribution (or deemed contribution) to the College Pension Plan.

### **6.5.3 Pension calculation**

The monthly amount of the disability benefit is calculated using the member's accrued pensionable service. It is then converted to the standard options available to retiring members. Please see section 4.6.2.

The benefit pays during the period of disability and for the member's life, as long as the member remains totally and permanently disabled until at least age 65.

Disability benefits:

- are not reduced for early retirement, but do not include the bridge benefit, and
- may provide the member with medical, extended health and dental benefits.

### **6.5.4 Disability benefit ends**

If, after being granted a disability benefit, a medical examination shows that the member is no longer totally and permanently disabled, and they are under age 65, the disability benefit stops.

If the member returns to work and begins contributing again, then the member's eventual retirement benefit or termination benefit is paid as though the disability benefit had never been paid. The member's retirement benefit is not adjusted in any way because of the disability benefit, although the member will not have any service for the period of disability.

If the member does not return to work and does not contribute to the plan again, then they can apply for their retirement benefit or termination benefit under the usual rules. The retirement benefit or termination benefit is paid based on the member's accrued service and salary, with no adjustments.

