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6 SHORT-TERM DISABILITY AND LONG-TERM DISABILITY

6.1 Group disability plans

Many employers have salary indemnity plans (SIP) and long-term disability (LTD) policies that provide benefits to employees who become disabled. You may wish to have your LTD policy approved for pension purposes by the Teachers' Pension Plan.

6.1.1 Long-term Disability (LTD)

If a member is receiving LTD benefits under an LTD plan, neither the employer nor the member contributes to the plan, but the member still accrues pensionable and contributory service. You cannot terminate an employee for pension purposes until the carrier terminates the LTD claim. Although you consider the member to have terminated employment for other reasons, the member has not terminated employment for pension plan purposes. For example, even if you are no longer required to offer them a position if the period of disability ends because a "two year-own occupation" time frame has passed, the member has still not terminated for pension plan purposes.

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

When the member stops receiving LTD benefits and has chosen to terminate their employment, only then submit Employee Information at Termination/Retirement online. See section 3 for more information on terminating employment and section 6.3 for information on employer reporting for members receiving benefits under an LTD plan.

If you have an LTD policy that is **not approved** as a group disability policy under the plan rules, plan members receiving LTD benefits will not be credited with service for the LTD period. The member will be either terminated from the pension plan, or on an approved leave of absence, depending on your employment practices for employees on LTD.

6.1.2 LTD Policy approval criteria

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

The Teachers' Pension Board of Trustees has set out the following criteria for the approval of an LTD policy as a group disability plan. All four criteria must be met before a group disability plan can be approved for pension purposes. Article 1, items (i), (ii) and (iii) are minimum criteria. A group disability plan can continue to provide benefit payments after one of the events described in these items occurs. However, benefit payments cannot be continued after either of the events described in Article 1, item (iv) occurs.

1. The group disability plan must provide for continuous coverage during the period the plan member is disabled until one of the following events occurs:
 - (i) the member reaches earliest retirement age and has accrued 35 years of contributory service,
 - (ii) member reaches age 61 and has accrued two years of contributory service,
 - (iii) member reaches age 65, or
 - (iv) the member returns to active employment or dies.
2. The group disability plan must provide that the benefits paid during the period of disability will replace at least 50 per cent of the salary the member earned during employment immediately prior to the disability period.
3. The group disability plan must include a definition of disability which takes into consideration the member's vocation, training, education and experience.
4. The group disability plan must be sponsored by a plan employer or the bargaining agent or employee association representing a group of employees who are members.

6.1.3 Applying for LTD policy approval

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

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

If your LTD policy meets the criteria and is approved by the Pension Corporation as an approved group disability policy, 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*.

6.1.4 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 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 Application* form and supporting documentation to the Policy Branch of the Pension Corporation. The form is available on the secure employer website under *Forms*.

6.1.5 Salary Indemnity Plan (SIP)

The BC Teachers' Federation Salary Indemnity Plan (SIP) short term illness plan is an approved group disability salary continuance plan (LTD Policy). This means that the short term plan and the long term plan are "linked" and are both considered an approved LTD policy and that all short term events should be reported as SIP (not LTD). Contributions will be "deemed", so no remittances will be made or receipts issued.

Please note that SIP is paid to the member from BCTF on a 10-month basis.

6.2 BC Teachers' Federation Salary Indemnity Plan (SIP)

The Salary Indemnity Plan (SIP) is an approved group disability salary continuance plan administered by the BC Teachers' Federation (BCTF). Most TPP members who become ill or injured are covered under the SIP plan.

Members who are accepted on SIP often continue to long-term disability (LTD). The short-term portion (SIP) is linked to the LTD portion. Therefore, the LTD start date will be the approved SIP start date.

6.3 Long-term disability (LTD)

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

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.

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 each year.

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.

6.3.1 Reporting long-term disability (LTD) information

LTD information for TPP members is reported to the Pension Corporation by an administrator:

- **10 month employees (teachers):** LTD start and stop information is reported monthly by Canada Life. We post this information to the member's account.
- **12 month employees:** it is the school district's responsibility to report LTD data using the LTD start/stop tool in the employer portal.

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.

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.

6.3.2.1 *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 year prior to their LTD start date.

If you are entering an LTD stop, you can record rehabilitation (RH) service, salary, and contribution information that was paid during the current year 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 either your payroll report or a secondary report to supplement your payroll report.

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

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 website under the LTD Start/Stop section of the Employer Reporting portal. 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 Employment Record Layout instructions located in the Employer reporting section of the website. 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:

It is imperative that the base salary you report reflects the salary at 100 per cent 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 per cent, report the salary at 100 per cent equal to the frequency you pay the member.

EXAMPLE

A member owns an 80 per cent position and is paid \$60,000 annually (80 per cent of the full-time salary of \$75,000).

When reporting this member’s information, you must provide us with the member’s percentage (in this case, 80 per cent) as well as the salary the member would be making if they were working in a 100 per cent position.

In the “Base Salary” field, enter \$75,000. In the “Base Salary Frequency” field, enter AN. Using this information, our system will convert the \$75,000 annual 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).

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 per cent 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.

EXAMPLE

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

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 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 is receiving a benefit from 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 payroll report (see section 7).

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

6.3.7 Long-term disability (LTD) termination date

For pension purposes, a member receiving LTD from an approved group disability plan **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 61, 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 and you administer the LTD (not BCTF or Morneau Shepell), you must:

- submit LTD stop information online.
- submit Employee Information at Termination/Retirement online if the member is not returning to work. You may need to contact the Plan prior to submitting the Employee Information at Termination/Retirement if the LTD is administered by BCTF or Morneau Shepell.
- 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 and you administer the LTD (not BCTF or Morneau Shepell), submit the LTD stop information online. You must also complete and submit a *Certification of Death* form.

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

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.

Once a member has been accepted on LTD, 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 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).

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

Members should apply directly to the Pension Corporation for a disability benefit.

Annually, a LTD confirmation report is posted in the File Pick-up tool in the Employer Portal. Click *Employer Reporting > File Pick-up*.

6.5 Disability benefit

A disability benefit is a monthly payment paid to members while they are totally and permanently disabled.

Disability benefits are only available to members who are not covered by an approved disability plan.

6.5.1 Eligibility

Disability benefits are paid to eligible members who are “totally and permanently disabled.” A member is totally and permanently disabled if the member has a total and permanent incapacity, arising from a mental or physical condition, to fill or occupy any position in the service of the employer which is made available to the member, the duties of which the member might reasonably be expected to fill. The member’s doctor and a doctor appointed by the corporation must certify, in writing, that the member is totally and permanently disabled.

In addition to being totally and permanently disabled, the following criteria must be met for the member to be eligible for a disability benefit. The member must be a:

- teacher on call (TOC), or
- deferred member, or
- principal or superintendent who is not eligible for coverage under an approved disability plan.

If the member meets the above criteria, then they must:

- have at least two years of contributory service, but less than 35 years contributory service,
- apply by age 61, and
- have terminated employment.

Once a member has been granted a disability benefit, we will request that the member submit regular reports confirming that the disability still exists.

6.5.2 Application and deadlines

There is a two year deadline to apply for a disability benefit.

The member must apply in writing to the corporation within two years of their last contribution to the Teachers’ Pension Plan.

6.5.3 Disability benefit calculation

Disability benefits do not include the bridge benefit.

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 61 (see section 6.5.1).

Disability benefits:

- Do not include the bridge benefit.
- May provide the member with medical, extended health and dental benefits.

6.6 Period of disability ends

6.6.1 LTD benefits end

If a member's benefits under an LTD plan end,

- the member does not recommence contributions to the plan, and
- the member's employment is terminated,
- the member's options depend in part on the member's age.

If the member is age 55 or older, the member may apply for a retirement or disability benefit, if under age 61.

If the member is under age 55, 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 3.2.

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.

6.6.2 Disability benefits end

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 61, the disability benefit stops.

Submit a termination notice when a member stops receiving LTD.

If the member returns to work and begins contributing to the plan again, then the member's eventual retirement or termination benefit is paid as though the disability benefit had never been paid. The member's eventual 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 or termination benefit under the usual rules. The retirement or termination benefit is paid based on the member's accrued service and salary, with no adjustments.