

## LONG TERM DISABILITY COVERAGE

The Long Term Disability Plan is **compulsory** for all full-time permanent employees of *participating employee groups*.

This Plan is compulsory for all permanent part-time employees of *participating employee groups*, provided they are required to work a minimum of 40% of full-time employment on a regularly scheduled basis. Should required hours of work be reduced, continuation of coverage will be allowed, provided the minimum does not fall below 33-1/3% of full-time employment.

The Long Term Disability Plan is also compulsory for new employees of *participating employee groups*. If you are unsure that you belong to a *participating employee group*, consult your Human Resource office.

Long Term Disability coverage provides salary replacement, should you become totally disabled, and remain so, over a period of time in excess of 4 months. In order to receive this benefit you must remain under the continuing care of a physician.

If you are not actively at work on the date your coverage would normally become effective, coverage will commence on your return to work on a full-time basis (or regular part-time basis if you are a part-time employee).

### QUALIFICATION

Your illness or injury must prevent you from working for a period of at least 4 months -- the qualifying period. During this time, you may use your accumulated sick leave. If you do not have sufficient sick leave, benefits may be available under the Employment Insurance Program. If you have more than 4 months accumulated sick leave, you may either go on Long Term Disability immediately or exhaust all sick leave.

Proof of disability must be submitted within 6 months of the qualifying period or not later than 10 months from the date of disability.

### DEFINITION OF TOTAL DISABILITY

"Totally disabled" means that you are wholly and continuously disabled due to illness (physical or mental) or injury, and are unable to perform the "regular" duties of your normal occupation, then you will be eligible to receive benefits for 2 years immediately following the 4-month qualifying period.

After 28 months from the onset of disability (4-months qualifying, plus 2 years), you will be eligible for continuation of benefits if you are unable to perform the essential duties of any other occupation for which:

- you are qualified as the result of training, education, experience, and
- the current monthly earnings are at least 75% of earnings for your own occupation.

The availability of such occupations, jobs or work will not be considered while assessing your ability. If you must hold a government permit or license to perform your duties, you will not be considered totally disabled because such permit or license has been withdrawn or not renewed.

### TERMINATION OF COVERAGE

In addition to Termination of Coverage criteria as outlined in the Active Employee Benefit Booklet, coverage under the Long Term Disability program will terminate:

- on termination of coverage for the group, division or class to which you belong; or
- if you enter the Armed Forces of any country on a full-time basis; or
- 4 months prior to the date on which you reach age 65\*; or
- when your accumulated sick leave (up to a maximum of 12 months) will ensure salary continuation until the date on which you reach age 65\*.

**\* If your date of disability occurred prior to 01 April 2014, your date for termination of coverage may differ.**

### PRE-EXISTING CONDITIONS

There is a pre-existing condition limitation. If, within 12 months of being covered, you become disabled due to any condition which existed and was known prior to becoming covered, the benefit will be paid only if you have completed 3 consecutive months of work without absence due to that condition. After one year of being covered, this restriction does not apply, nor does it affect a claim for benefits resulting from disability due to other conditions.

### BENEFIT PAYABLE

Benefits are calculated on the gross monthly salary\* at the date of disability as follows:

60% of the 1st \$2,500 monthly salary, plus  
50% of salary from \$2,501 to \$4,750, plus  
40% of monthly salary in excess of \$4,750  
rounded to the next \$1.00.

(\*Gross monthly salary includes acting pay, education increments, responsibility allowance and penological allowance but excludes overtime, clothing allowance, standby/recall, transportation allowance, shift differential, retroactive salary payments and any other payments or allowances.)

The overall maximum benefit payment is \$12,000/month.

Since employees pay the full cost of the Long Term Disability contributions, **benefits received are exempt from Income Tax.**

## OTHER SOURCES OF INCOME

**LTD benefits are not paid while you are eligible to receive a benefit under the *Workers' Compensation Act*.**

Benefits are not reduced by income received from individual disability insurance plans.

Benefits are reduced by amounts received from:

- Canada/Quebec Pension Plan. This is a dollar-for-dollar offset based on the original gross amount of monthly benefit.
- Benefits paid directly to the employee for dependents are excluded.

Furthermore, if income from all sources, including Canada/Quebec Pension Plan benefits, plus the initial LTD benefit exceeds 85% of your pre-disability \*net salary, the excess amount will be deducted from the initial LTD benefit. Sources of income include:

- other group, association or franchise disability insurance plans;
- other government disability benefit plans, excluding Employment Insurance;
- earnings or payments from the employer, excluding lump sum payments which may be made by the employer on termination of employment;
- reduced early retirement or pension benefits provided by the Employer;
- income replacement indemnity payable under any automobile insurance plan; and
- earnings recovered through legal action under Third Party Liability.

\*net salary = gross monthly salary minus Income Tax deduction only.

### THIRD PARTY LIABILITY

If you have a cause of (legal) action against a Third Party for income lost as a result of your disability, your LTD benefits will be payable as outlined. However, prior to the commencement of payments, you will be required to complete an Agreement form, agreeing to reimburse the Plan as the result of an award or settlement -- the amount not to exceed the amount of benefit payments received.

### REHABILITATION/RETURN TO WORK

The plan also includes a rehabilitation/return to work program which is tailored to individual needs. There may be a time when, although you are not fully recovered, you could return to work on a gradual basis. You will be encouraged to participate in a rehabilitation/return to work program. Long Term Disability benefits will be reduced by 50% of the amount of the income received. Total income cannot exceed 100% of the employee's pre-disability net income.

## RECURRING DISABILITIES

Employees who return to work and find they are not able to continue, will not be required to satisfy a second 4-month qualifying period for LTD benefits, if the disability is a *recurrence* of the previous condition.

A disability will be considered to be *recurrent* if the period of return to active work is less than 6 months on a full-time basis, and if it results from an injury or illness that is directly related to the causes of the original disability.

## TERMINATION OF BENEFITS

Your monthly payments and Waiver of Premium for LTD benefits will cease on the earliest of:

- 1) Age 65\*
- 2) Recovery
- 3) Death
- 4) Proof of continuing disability is not provided
- 5) Refusal to undergo treatment, evaluation or examination, or participate in a rehabilitation/return to work program
- 6) Incarcerated in prison or mental institution by criminal court
- 7) Refusal to complete and comply with Reimbursement Agreement.

**\* If your date of disability occurred prior to 01 April 2014, your date for termination of benefits may differ.**

Long Term Disability benefits will extend beyond your termination of employment date, provided you became disabled while you were still covered by the Plan -- subject to the maximum benefit period.

Benefits will continue to be paid according to the Plan Text, while the Plan remains in effect. In the event of termination of the LTD Plan, benefit continuation will be determined at that time and may be at the same benefit level, a reduced benefit level, alternate payment arrangement, or not at all, depending on the financial status of the Plan.

The Claims Administrator reserves the right to require that, while in receipt of LTD income, you furnish proof of the continuance of total disability, and submit to an examination by an independent service provider when requested.

## LIMITATIONS

Benefits will **not** be paid if disability results from:

- intentional self-inflicted injuries or illness;
- insurrection, war, service in the armed forces;
- participation in a riot;
- committing or attempting to commit a crime; or
- alcoholism, drug addiction or the use of any hallucinogen, unless the employee is participating in a therapeutic program approved by the Claims Administrator and is under continuous medical supervision by a specialist in the field.

**Additional information about employee benefits is included in the Active Employee Benefit Booklet.**

**The coverage summaries are for illustration purposes only and do not contain all terms, exclusions and conditions. No rights are conferred by this pamphlet. For more or updated information, contact your Human Resources office or the Vestcor's Member Services team at 506 453-2296 or toll free at 1-800-561-4012.**

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