

EMPLOYEES ON DISABILITY LEAVE

A Case Study

Dealing with a disability leave of absence can be difficult even at the best of times. In order to help you better understand the process, this case study is intended to clarify some of the details surrounding what happens when an employee goes on disability.

Stewart, a 45 year old employee, has been having trouble with stress. Stewart goes to see his doctor, and is advised that his stress has caused him to have extremely high blood pressure. Because of this, Stewart's physician recommends that he go on disability leave from work until the health issue can be managed.

Stewart has been made aware that the onus is on him to continue to provide proof of disability throughout his leave. If he does not provide proof as requested, he may no longer be considered disabled, his benefits would stop and he would be required to return to work.

Group Disability Policy?

Stewart's employer does not offer a short term disability (STD) benefit – sometimes known as a weekly indemnity (WI) benefit plan; however, they do have a Long Term Disability (LTD) plan in place for all employees. The LTD policy is very detailed and Stewart is provided a detailed benefits booklet for the group plan as well. It is easy for Stewart to know what his plan covers and does not cover, as well as how long he may be eligible for LTD coverage.

Because there is no STD plan, Stewart needs to apply for wage replacement through Employment Insurance (EI) Sickness Benefit. This is a simple process that he can follow by going to the Service Canada website (www.canada.ca/en/services/benefits/ei.html). This plan has a 1 week waiting period at the start and will cover him for up to 15 weeks. In this case there will also be a 1 week waiting period at the end of the 15 week benefit period before he's eligible for long term disability.

Once he has been disabled for 17 weeks, his LTD plan commences, if he is approved. He needs to be sure that he submits his claim for LTD within 90 days of the date of disability, otherwise there would be a delay and the insurer may possibly decline the LTD benefit based on the initial information provided.

Since the group LTD benefit plan is 100% employee paid, the benefit Stewart receives will not be subject to income tax (tax free).

THE JOHNSTONE'S ADVANTAGE

Our mission is simple:
Treat each client as if they were our only client.

Our value is clear:
We are completely independent. We work for you and offer total flexibility on insurers and plans.

We offer all your group insurance services including administration, brokerage, consulting, and communications.

We provide dedicated client support, customization and flexibility to meet all of your company's benefits needs.

And we make **solid group plans simple.**



Paying for Benefits While on Leave

While Stewart is on the EI Sickness Benefit, he has chosen to continue paying for his group benefits. He will still be able to claim health and dental claims the same as he would if he was at work. His life and disability coverage will also continue.

If his disability leave continues past 17 weeks, and his LTD claim is accepted, then the premium costs for life insurance, AD&D and disability benefits will be waived. This means that the benefits continue but there would not be any premium to pay. Depending on the cost sharing arrangement, Stewart would still need to pay health and dental premiums.

What if I Don't Pay for Benefits

If Stewart chose not to pay health or dental premiums, they would terminate effective the date he stopped paying. He would not be able to claim any health or dental expenses that are dated after the termination of the benefits.

Stewart would also be at risk of not being able to receive LTD benefits if he decided not to pay for his LTD coverage (if his disability reaches the 17 week period).

Each situation is unique, please contact Johnstone's Benefits if you have any specific questions

Employer Policy for Benefits Continuation

Stewart has been off work and on LTD disability claim for 2 years now. His employer doesn't expect Stewart will be returning anytime soon if ever. As a smart employer, there is a company policy regarding continuation of employment, typically based on the LTD definition of disability (i.e., "two years own occupation") in place.

Once an employee is deemed unable to work in "any occupation", this is a common end point for employment. Stewart's employer can now reasonably decide to move to the next step and terminate

Stewart from the company because the employment contract has been "frustrated". We highly recommend that you consult with an employment lawyer to ensure you have "checked all the boxes" required. Once Stewart is terminated, any coverage where the premium is not waived will terminate (i.e. Health and Dental). For further information, see the [November 2017 Journal](#).

EI Increase Effective January 2018

As of January 1, 2018, the maximum insurable earnings (MIE) will increase to \$51,700 from the current \$51,300. As a result, the maximum weekly EI benefit will increase to \$547 from the current \$543.

2018 MSP Premium Reduction (for residents of BC)

Effective Jan. 1, 2018, current rates for MSP Premiums will be reduced by 50 percent for all British Columbians. There is no need to apply for this reduction - premium amounts will be automatically adjusted.

CONTACT US

Johnstone's Benefits

3095 Woodbine Drive
North Vancouver, BC
V7R 2S3

Phone: 604 980 6227
Toll Free: 1 800 432 9707
Fax: 604 983 2935
Website: www.jbenefits.com

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