

Sources of disability benefits

Many individuals wonder if they really need an individual disability insurance policy, believing there are other sources they can rely on to provide replacement income in the event of a disability. While there are other sources that may provide disability benefits, the reality is those sources may not provide sufficient amounts to maintain pre-disability standard of living. They may also impose limitations on accessing the benefits. Many individuals realize this only when they submit their disability claim, and it's too late. The following information provides some understanding about the features and limitations of various sources of disability benefits.

Coverage and benefits	Waiting period	Integration at time of claim	Other considerations
Canada pension plan (CPP) / Quebec pension plan (QPP)			
<p>Potentially payable to age 65</p> <p>Benefits are taxable.</p> <p>Maximum benefit amount is \$1,457.45 per month (2022).</p> <p>Actual benefit amount dependent on individual's CPP/QPP contributions.</p>	Four-months	<p>First payor</p> <p>Other sources of disability coverage may adjust their benefits for benefits received from CPP/QPP.</p>	<p>Disability must be both severe and prolonged for CPP (severe and permanent for QPP) and must prevent the insured from being able to work at any job on a regular basis.</p> <p>The criteria "severe and prolonged/permanent" can be very difficult to satisfy.</p> <p>Contribution is required for: CPP - four of the last six years, or three of last six years (if contributed for at least 25 years). QPP - 2 of the last 3 years in your contributory period, 5 of the last 10 years in your contributory period, at least half of the years in your contributory period, but not less than 2 years.</p> <p>Premium rates are not guaranteed.</p>

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Coverage and benefits	Waiting period	Integration at time of claim	Other considerations
Employment insurance (EI) sickness benefits			
<p>Maximum coverage period is 15 weeks. Benefits are taxable. Maximum benefit is generally restricted to 55% of average earnings to a yearly maximum (\$60,300 for 2022 - maximum \$638 per week benefit).</p> <p>Self-employed Canadians who enter into an agreement with the Canada Employment Insurance Commission through Service Canada can access employment insurance special benefits (including; maternity, parental, sickness and compassionate care benefits).</p>	7 days	<p>Income such as other employment, group health insurance, group wage loss replacement plan, certain compensation for lost wages under an accident insurance plan, etc. are deducted from the employment insurance sickness benefit.</p> <p>Other income such as disability benefits and workers' compensation benefit do not impact the employment insurance sickness benefit.</p>	<p>Employees must have contributed and worked 600 hours in the qualifying period (generally, the last 52 weeks)¹.</p> <p>For self-employed persons there is a 12-month wait from the date of entering into the agreement with Canada Employment Insurance Commission before being able to make a claim for employment insurance special benefits and the requirement to earn a minimum amount of self-employed earnings during the calendar year before the year of application for benefits. To receive benefits between September 26, 2021 and September 24, 2022, the self-employed person needs to have made at least \$5,289 in net earnings during the calendar year proceeding the year in which their claim for benefits begins².</p> <p>Premium rates are not guaranteed.</p>

¹ As a temporary Covid-19 measure, until September 24, 2022 employees need to have only accumulated 420 insured hours of work in the 52 weeks before the start of their claim or since the start of their last claim, whichever is shorter.

² This is a temporary Covid-19 measure and as such the net earnings requirement to receive benefits will likely increase after September 24, 2022.

Coverage and benefits	Waiting period	Integration at time of claim	Other considerations
Workers' compensation ³			
<p>Potentially payable to age 65 or later</p> <p>Benefits are not taxable.</p> <p>Only provides for on-the-job illness or injury.</p> <p>See table below for protection limits.</p>	<p>See table below</p>	<p>CPP/QPP disability benefits may impact the worker's compensation benefit.</p>	<p>Only covers illnesses/injury as a result of or arising at work.</p> <p>It may be difficult to assess whether sickness claims are a direct cause of work and/or environments.</p> <p>Participation in rehabilitation programs.</p>

³ Not all work places are eligible for WCB and this varies by province. Refer to each provinces' WCB regulations to understand these exclusions.

Coverage and benefits	Waiting period	Integration at time of claim	Other considerations
Group long-term disability plan			
<p>Generally payable to age 65; however, coverage may end after a limited period, as the plan may only provide continued coverage if the insured is not able to work in “any occupation,” instead of “own occupation.”</p> <p>May or may not be taxable.</p> <p>Usually covers a percentage of regular earnings and may have an option to include bonuses; however, generally subject to a maximum earned income amount.</p> <p>Does not usually cover company profits.</p> <p>May cover partial disability.</p>	<p>Generally four to six months</p>	<p>Various other sources of income may result in benefits being reduced (e.g., employment or government disability programs).</p>	<p>High-income earners may be underinsured due to the benefit maximum.</p> <p>Coverage is not portable and often not convertible – it may end with termination of employment.</p> <p>Limited or no optional benefits available to the insured.</p> <p>Definition of disability may be more restrictive (e.g., based on the duties of the occupation rather than the person's specific job).</p> <p>Vocational rehabilitation and medical coordination.</p> <p>Premium rates are not guaranteed.</p>

Coverage and benefits	Waiting period	Integration at time of claim	Other considerations
Canada Life individual non-cancellable disability insurance plan			
<p>Choice of benefit period (24, 60, 120 months and to age 65) Generally not taxable. 24-hour injury and sickness coverage Covers a percentage of earned income at time of application, and may include company profits, bonuses, commissions and income splitting⁴. Policy is non-cancellable to age 65, and thereafter available for conditional renewal.</p>	<p>Choice of waiting periods (30 to 730 days). First day accident coverage (occupation classes A and B).</p>	<p>Integration only occurs for occupation classes 2A, A, or B (offset with automobile insurance and workers' compensation benefits at time of claim). If the Group Offset Rider has been added to the policy then individual disability benefits will be second payor to the group long-term disability plan.</p>	<p>Minimum income requirements at the time of application Must work at least 39 weeks per year and 30 hours per week. Financial documentation requirements are based on employment status (e.g. salaried, commissioned, etc.) and monthly benefit amount applied for plus amount in force from all sources. For example, additional financial documents are required for a salaried employee until coverage applied for (plus amounts in force from all sources) is under \$8,000 per month. Premiums, rates and benefits are guaranteed to age 65 (some exceptions apply). Coverage is portable if personally owned and is at the policy owner's discretion if corporately owned. Numerous optional riders available. For example, the return of premium rider provides for the return of up to 50 per cent of the yearly eligible premium paid or waived under the policy on certain dates if the insured is not disabled and claims have been minimal. The return-of-premium benefit is payable to the insured. Optional riders can make the definition of disability more liberal. Vocational rehabilitation is voluntary. Income justification is not required at time of claim to calculate total disability benefits (an example of when it's required at time of claim is for proportionate disability).</p>

⁴ As your income grows over time, your coverage will remain unchanged.

Workers' Compensation table 2022

How much of your client's earning would be covered by the Workers' Compensation plan?

	Percentage of earnings covered	Maximum gross earnings covered	Waiting period
Alberta www.wcb.ab.ca	90% of net	\$98,700	No
British Columbia www.worksafebc.com	90% of net	\$108,400	No
Manitoba www.wcb.mb.ca	90% of net	\$150,000	No
New Brunswick www.worksafenb.ca	85% of net	\$69,200	No
Newfoundland and Labrador https://workplacenl.ca/	85% of net	\$69,005	No
Northwest Territories https://www.wscn.nt.ca/	90% of net	\$102,200	No
Nova Scotia www.wcb.ns.ca	75% of net (26 weeks) 85% of net (thereafter)	\$69,000	2/5 of work week
Nunavut https://www.wscn.nt.ca/	90% of net	\$102,200	No
Ontario www.wsib.on.ca	85% of net	\$100,422	No
Prince Edward Island www.wcb.pe.ca	85% of net	\$58,300	No
Quebec www.cnesst.gouv.qc.ca	90% of net	\$88,000	No
Saskatchewan www.wcbsask.com	90% of net	\$94,440	No
Yukon www.wcb.yk.ca	75% of gross	\$94,320	No

Net income generally refers to income after deduction for income tax, CPP and EI.