

# Your guide to government disability benefits

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Insurance

When a person suffers a disability and is unable to work, disability benefits are available through various government sponsored programs, such as Canada Pension Plan<sup>1</sup>/Quebec Pension Plan<sup>2</sup>, Employment Insurance<sup>3</sup> and Workers' Compensation<sup>4</sup>. The reality is that government benefits aren't enough.

The policy provisions and numerous limitations of these government programs clearly highlight the need for individually owned disability income protection to supplement or replace government-sponsored plans.

## What are the limitations of these plans?

### Canada/Quebec Pension Plans (CPP/QPP)

- The benefit amount is capped and might represent a low percentage of pre-disability income.
- In order to receive a benefit, the disability must be severe and prolonged.

### Employment Insurance (EI)

- The benefit amount is capped and might represent a low percentage of pre-disability income.
- The benefit is received for the short term only.

### Workers' Compensation Board/Commission (WCB/WSIB)

- The benefit amount may be capped and might represent a low percentage of pre-disability income.
- The employee's disability must be a result of an injury or illness on the job.
- The reality is that the majority of injuries or illnesses occur off the job.



With an individual income protection plan offered by RBC Insurance<sup>®</sup>, your client can avoid the limitations of government-sponsored programs and ensure they have the right coverage for their needs.

## Exclusive to RBC Insurance

### The Family Compassionate Care Rider

RBC Insurance introduced the Family Compassionate Care Rider which pays the insured if their spouse or child is diagnosed with a terminal illness or injury (life expectancy under 12 months). The FCCR pays a monthly benefit to the insured, giving them the flexibility to take time off work entirely, work reduced hours or continue to work if they so choose.

<sup>1</sup> Government of Canada (<http://www.esdc.gc.ca/en/pension/cpp/index.page>)

<sup>2</sup> Régie des rentes du Québec ([http://www.rrq.gouv.qc.ca/en/programmes/regime\\_rentes/Pages/regime\\_rentes.aspx](http://www.rrq.gouv.qc.ca/en/programmes/regime_rentes/Pages/regime_rentes.aspx))

<sup>3</sup> Government of Canada ([www.servicecanada.gc.ca/eng/sc/ei/benefits/sickness.shtml](http://www.servicecanada.gc.ca/eng/sc/ei/benefits/sickness.shtml))

<sup>4</sup> Association of Workers' Compensation Boards of Canada (<http://awcbc.org/en/index.asp>)

## Comparison of coverage

Common questions	Canada Pension Plan/Quebec Pension Plan (CPP/QPP)	Employment Insurance (EI)	Workers' Compensation Board/Commission (WCB/WSIB)	Compassionate Care Benefits
How much would the benefit be? (varies annually)	Maximum of \$1,387.66/month	The basic rate used to calculate Employment Insurance (EI) benefits is 55% of average insurable weekly earnings, up to a maximum amount. The maximum amount is \$573 a week.	75% to 90% of net income up to a maximum dollar amount (varies by province, see chart on page 3).	The basic rate used to calculate Employment Insurance (EI) benefits is 55% of average insurable weekly earnings, up to a maximum amount. The maximum amount is \$573 a week.
How long must my client be disabled before benefits begin to accrue?	4 months	7 days	0 days for most provinces (PEI, NS, NB have waiting periods)	7 days
How long would the benefit be paid for?	To age 65, followed thereafter by retirement pension.	15 weeks	Until your client is no longer impaired by the work-related injury or illness, or until there is no longer a loss of earnings, or until age 65.	Up to 26 weeks
Is this benefit taxable?	Yes	Yes	No	Yes
What are the provisions and limitations?	<p>In order to be covered by CPP/QPP, your client must have contributed in 4 of the last 6 years, and the disability must be considered both severe and prolonged.</p> <p>A severe disability is a mental or physical impairment that will keep your client from doing any type of work.</p> <p>A prolonged disability is a condition that will either keep your client from returning to work for at least a year or likely result in your client's death.</p> <p>Client must meet to both "severe" and "prolonged" criteria to be eligible.</p>	<p>In order to be covered by EI, your client needs to demonstrate that:</p> <ul style="list-style-type: none"> <li>They are unable to work for medical reasons.</li> <li>Their regular weekly earnings from work have decreased by more than 40% for at least one week.</li> <li>Your client accumulated 600 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.</li> </ul> <p>Business owners and self-employed individuals might not be eligible for this coverage.</p>	<p>Your clients are covered by WCB only if they are injured on the job.</p> <p>Some sicknesses may also be covered but only if they are directly related to the workplace.</p> <p>It is also possible that your client's workplace might not have WCB coverage as many business owners, self-employed individuals and executive officers of a corporation are not required to have WCB coverage.</p>	<p>End-of-life care is defined as providing care or support to a person who has a serious medical condition with a significant risk of death within 26 weeks (6 months).</p> <p>The person also requires the care or support of at least one caregiver. Their condition must be certified by a medical doctor or nurse practitioner.</p> <p>You will need to demonstrate that:</p> <ul style="list-style-type: none"> <li>You are a family member of the person who is critically ill or injured or needing end-of-life care, or you are considered to be like a family member.</li> <li>Your regular weekly earnings from work have decreased by more than 40% for at least one week because you need to take time away from work to provide care or support to the person.</li> <li>You accumulated 600 insured hours of work in the 52 weeks before the start of your claim, or since the start of your last claim, whichever is shorter. For example, 600 hours is equivalent to 15 weeks of work at 40 hours per week.</li> <li>A medical doctor or nurse practitioner has certified that the person you are providing care or support to is critically ill or injured or needing end-of-life care</li> </ul>
Does collecting a disability insurance benefit from RBC Insurance affect eligibility to receive any of the government benefits?	<p>If your client is eligible for CPP/QPP, they will collect it regardless of other insurance coverage owned.</p> <p>Your client must, however, have a severe and prolonged disability as described above.</p> <p>Some individual disability policies have offsets for CPP/QPP.</p>	<p><b>Scenario 1:</b> If the individual disability benefits are part of an employer-sponsored taxable plan, EI is the second payor. This means that if your client qualifies for EI, any individual disability coverage with less than a 90-day elimination period would cause EI to reduce its overlapping benefit.</p> <p><b>Scenario 2:</b> If the disability benefits are non-taxable, EI is the first payor. They are considered non-taxable if your client has purchased the insurance with their own funds. Individual disability requires an elimination period of at least 90 days, for an income amount equivalent to the EI benefit, to program around EI.</p>	<p>If your client is eligible for WCB, they will collect WCB benefits regardless of other insurance coverage owned. Some individual disability policies have offsets for WCB, or they program around it.</p>	No

## Workers' Compensation

The chart below indicates the percentage and maximum earnings covered by province for the Workers' Compensation Board in 2017.\*

Province	Percentage of earnings covered	Maximum insurable earnings covered
BRITISH COLUMBIA	90% of net	\$78,600
ALBERTA	90% of net	\$95,300
SASKATCHEWAN	90% of net	For injuries occurring prior to 2014: \$58,941 For injuries occurring in 2014 or later: \$65,130
MANITOBA	90% of net (100% if earnings are less than or equal to \$22,880)	\$121,000
ONTARIO	85% of net	\$85,200
QUEBEC	90% of net	\$70,000
NEWFOUNDLAND AND LABRADOR	80% of net	\$61,615
NEW BRUNSWICK	85% of net	\$60,900
NOVA SCOTIA	75% of net (26 weeks) 85% of net (thereafter)	\$56,800
PRINCE EDWARD ISLAND	80% of net (38 weeks) 85% of net (thereafter)	\$52,100
NORTHWEST TERRITORIES	90% of net	\$86,000
NUNAVUT	90% of net	\$86,000
YUKON	75% of gross (Unless the worker earns equal to or less than the minimum compensation amount (25% of the maximum wage rate), then the worker receives 100% of gross)	\$85,601

RBC Insurance offers comprehensive individual disability income protection with a wide selection of benefits to suit your clients' needs.

For more information about putting the right income protection plan in place for your clients, call your RBC Insurance Sales Consultant at 1-866-235-4332 or visit [www.rbcinsurance.com/salesresourcecentre](http://www.rbcinsurance.com/salesresourcecentre).



Insurance

\* [https://awcbc.org/wp-content/uploads/2017/08/Key\\_Benefits\\_Information.pdf](https://awcbc.org/wp-content/uploads/2017/08/Key_Benefits_Information.pdf)  
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