

# SECTION CONTENTS

## 6 SHORT-TERM DISABILITY AND LONG-TERM DISABILITY

<b>6.1</b>	<b>Group disability plans</b>	<b>2</b>
6.1.1	Long-term disability (LTD)	2
6.1.2	Annual LTD policy validation process	3
6.1.3	Long-term disability (LTD) benefits end	4
<b>6.2</b>	<b>Long-term disability (LTD)</b>	<b>4</b>
6.2.1	Reporting long-term disability (LTD) information	5
6.2.2	LTD reporting options	5
6.2.3	Position Owned (%)	8
6.2.4	WorkSafeBC compensation	8
6.2.5	Retroactive WorkSafeBC compensation	9
6.2.6	Rehabilitation (RH) salary	9
6.2.7	Long-term disability termination date	10
6.2.8	Change of long-term disability (LTD) carrier/plan	11
6.2.9	Payroll reporting and long-term disability members	11
6.2.10	Pensionable service overlap	11
6.2.11	Ineligible service, salary and contributions	12
6.2.12	Pension adjustment (PA)	12
<b>6.3</b>	<b>LTD Confirmation Report</b>	<b>12</b>

# 6 SHORT-TERM DISABILITY AND LONG-TERM DISABILITY

## 6.1 Group disability plans

Long-term disability (LTD) policies provide benefits to employees who become disabled. Your LTD policy is approved for pension purposes by the WorkSafeBC Pension Plan.

### 6.1.1 Long-term disability (LTD)

Do not submit Employee Information at Termination/Retirement online while a member is receiving LTD benefits under your approved group disability plan.

If a member is receiving LTD benefits from your **approved** group disability plan, neither you nor the member contributes to the plan, but the member still accrues pensionable and contributory service. You cannot terminate a member for pension purposes until the carrier terminates the LTD claim. Although you may consider the member to have terminated employment for other reasons, the member has not terminated employment for 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 plan purposes. See section 7.3.3.2 for instructions on reporting LTD breaks.

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

When the member stops receiving LTD benefits you should submit Employee Information at Termination/Retirement online if the member is not returning to work. Submit the Employee Information at Termination/Retirement the day after the LTD stop information. See section 3 for more information on terminating employment and section 7.3.3.1 for information on employer reporting for members receiving benefits under an LTD plan.

Please contact us for a *Long-term Disability Plan Application for Approval* form if you have another LTD policy that you would like to have approved as a group disability plan.

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

### 6.1.2 Annual LTD policy validation process

You are required to validate their group disability policy information annually. If you have an approved group disability policy, you will sign in to the secure employer website to access the online LTD Policy Validation tool to confirm your LTD information. Although the WorkSafeBC Board approves the group disability plan for WorkSafeBC, the pension corporation still requires confirmation that the information in our records is accurate.

If you do not have an approved group disability plan, you will still need to sign in to 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 need to contact the Policy Branch of the Pension Corporation.

### 6.1.3 Long-term disability (LTD) benefits end

If a member's LTD benefits 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, but under age 60, the member may apply for a retirement benefit or a disability benefit.
- 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.

## 6.2 Long-term disability (LTD)

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

For pension purposes, the LTD start date is the date the LTD carrier/administrator has accepted the member to be on a LTD claim.

Once the member has been accepted on LTD, they:

- continue to accumulate pensionable and contributory service in the 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.

### 6.2.1 Reporting long-term disability (LTD) information

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 in each segment.

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.

When entering an LTD start or stop date within the last 60 months (including amending a previously reported start or stop date), our system will now immediately add LTD service to the employee's account. This is based on the start or stop date and the percentage of the position owned.

**Note:** The entered LTD start or stop dates cannot overlap with an existing service event, such as a Regular (RG) service event that spans the entire segment or calendar year.

If the dates you are trying to enter overlap with service already in the member's account, you will need to reach out to Employer Operations to have the account adjusted.

Once you receive confirmation from us that the information has been corrected, you will be able to move forward using the LTD Start/Stop tool online.

For more information on Employer webinars, please visit:  
[employer.pensionsbc.ca/group/worksafebc-employer/employer-webinars](https://employer.pensionsbc.ca/group/worksafebc-employer/employer-webinars)

### 6.2.2 LTD reporting options

There are three ways to report employee LTD information, but WorkSafeBC has chosen to report this information using standard format files and individual records. The report must include all members who have started or stopped LTD.

### 6.2.2.1 Standard format file

You can report LTD information for multiple members at the same time by using a standard format file. 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 Employer Portal. Click *Employer Reporting > Reporting Instructions*. 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% 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%, report the salary at 100% equal to the frequency you pay the member.

---

#### ***EXAMPLE***

A member owns an 80% position and is paid \$60 000 annually (which is 80% of a full-time annual salary of \$75 000).

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

Using this information, our system will convert the \$75 000 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).

---

### **6.2.2.2 Individual record**

Sign in to the secure employer website and access the Employer Portal; select Employer Reporting and then select LTD Start/Stop, and then select Employee Lookup.

When you enter the member's information you will be able to:

- 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.
- view member's LTD history.
- amend the LTD start/stop date.

The LTD service will be added to the employee's account in real-time based on the information provided.

#### ***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 annual 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 your annual report or create a secondary report to supplement your payroll report.

If your organization currently reports your members' RG/RH information on your annual 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 Employer Portal. Click *Employer Reporting > LTD Start/Stop*. 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.

### 6.2.3 Position Owned (%)

Enter 100 in this field if the member owns a 100% 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% position, but usually works 89%, enter 63.

---

### 6.2.4 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).

### **6.2.5 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 a member is receiving benefits 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).
- If a member received a benefit benefits under an LTD plan and the carrier no longer recognizes the period as an LTD benefit, then retroactive WorkSafeBC replacement salary is pensionable. The period must be purchased as arrears (see section 2). Any previous LTD service from that period reported to the Plan must be reversed.
- If a member is receiving a benefit benefits under an LTD plan, retroactive WorkSafeBC replacement salary is not pensionable.

### **6.2.6 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.

### 6.2.7 Long-term disability termination date

For pension purposes, a member receiving benefits under an LTD 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 one the earlier of:

- the date the claim ends per the terms of the LTD plan, or
- the member's date of death.

If the member is age 55 or older, but under age 60, and their LTD stops, the member may apply for either a regular pension 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, you must:

- submit LTD stop information online
- if the member is proceeding directly to pension, have the member complete the pension application for you to submit
- submit Employee Information at Termination/Retirement online if the member is not returning to work

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, 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*.

### 6.2.8 Change of long-term disability (LTD) carrier/plan

If you change your carrier or any terms of your existing approved group disability plan, contact our policy department.

### 6.2.9 Payroll reporting and long-term disability 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.

After a member has been accepted on LTD and their LTD information has been entered online, 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).

### 6.2.10 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 segment reported service goes over the maximum allowable. If this occurs, we will reduce the LTD pensionable service and/or make any adjustments you have identified.

### **6.2.11 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).

### **6.2.12 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.

## **6.3 LTD Confirmation Report**

Once per segment, an LTD Confirmation Report is posted in the File Pick-up tool in the Employer Portal. Click *Employer Reporting > File Pick-up*.

This report summarizes the information for all your members who are or have been on LTD during the segment for which the report is created. The report only contains posted LTD information that has been successfully entered on your members' accounts prior to the Create Date identified in File Pick-up.

The LTD Confirmation Report contains the following information:

COLUMN TITLE	DESCRIPTION
Plan	WorkSafeBC
Org	Your employer number
PLAN_ABBREV_NM	WorkSafeBC
Last Name	Member's last name
First Name	Member's first name
SIN	Member's SIN
EEgrp	Member's employee group (e.g. 01GENRL)
% FT	Percentage the member is entitled to as identified at the LTD start date.
Emply Break Start	Member's LTD start date as entered online
Emply Break End	Member's LTD stop date as entered online
SE Start Date	Member's LTD start date if the LTD started in the current segment. If the LTD start date is not in the current reporting segment, it will be the first day of the calendar month in the current segment.
SE End Date	Member's LTD stop date if the LTD stopped in the current segment. If the LTD stop date is not in the current reporting segment, it will be the last day of the calendar month in the current segment.
Pensionable Srvc	The full amount of service for the segment or prorated service if the start date is in the current segment (see example below).
Contrib Srvc	Contributory service displayed in full months for each month or partial month the member was on LTD for the segment.
Barg. Unit	Member's union affiliation and/or bargaining association (note: currently not a mandatory reporting requirement upon member's enrollment).

**EXAMPLE**

A member is accepted on LTD with a start date of July 10. The member owns a full time position at 100%.

The LTD pensionable service for the first segment totals 5.7097 months.

To calculate this:

- Prorate service for July (on LTD for 22 calendar days in July) divided by the total calendar days in July:  $(22/31 = 0.7097)$ .
- Add five full months of pensionable and contributory service (one full month each for the months August through December).

When the April and December LTD Confirmation Reports are posted to File Pick-Up, you must review the report and create a message board topic confirming your review.

If any information on the report is inaccurate, you will need to provide the correct information:

- If an LTD member is not on the report and should be, submit their LTD start information online.
- If a member is on the report and they have stopped LTD, notify us through a Message Board topic.
- If the % is incorrect, notify us through a Message Board topic.

LTD pensionable and contributory service is posted to members' accounts in April and December. This posted service forms part of the member's benefit entitlement and is included in their *Member's Benefit Statement*. **This is why reviewing and confirming the LTD Confirmation Reports is a critical step.**

