

LTD Fact Sheet

1. Members are not required to participate in the LTD plan due to termination or if they work less than 16 hours per week - participation in the plan is mandatory for all other employees (including those on LWOP, Maternity Leave, Sick Leave, etc.). In a case where a member will be retiring, they can stop participating 6 months prior to retirement (as this would cover the elimination period prior to the commencement of any benefit entitlement) OR their participation can be stopped sooner if they have a large amount of sick time banked (i.e. if a member has a year of sick time banked prior to retirement, they can stop participation a year before retirement). However, it is important to note that it is the employee's responsibility to notify HR that they will be retiring and wish to stop participating in the LTD Plan.

2. This group is set to renew on April 1, 2014. The insurer is currently working on the renewal rate but has not provided the new rate as of yet. The premium percentage for the last 3 years is as follows:

2013 - 2.33%

2011 - 2.06% (This rate was initially locked in for a longer period as it was with a new insurer who guaranteed the rate for a longer period of time. Future renewals are annually)

2010 - 2.32%

3. There are currently 12 active LTD claims - (2 with Standard Life, 4 with Great-West Life, 5 with SunLife and 1 with Canada Life). Since 2006 there has been an additional 15 members on claim whose files have since closed.

2013 - 1 new claim

2012 - 1 new claim

2011 - 1 new claim

4. It is hard to estimate how much premiums will increase for any new claims as there are several factors which the insurance company will look at. Such as the age of the claimant, expected duration of the claim, the amount of benefit payable, etc. Also, This group has changed insurers 4 times over the years. When a claim is approved and the group moves to another insurer that claim will stay on the books of the original insurer. This means that the new insurer is not liable for that particular claim and it would therefore not affect the rates and only new claims filed under an insurer will affect the rates.

5. A member does NOT have to exhaust all their sick bank or vacation time before receiving LTD. This is a choice that many members have made simply because they would receive more collecting from their sick bank or vacation time then they would receive collecting LTD. With respect to other benefits, such as EI, CPP Disability, etc., there is an "All Source Maximum" which is equal to the LTD benefit amount (66.67% of gross monthly income) and is applied to the members net monthly income determined at the onset of disability which would reduce their LTD benefit entitlement. CPP retirement benefits that the member was receiving prior to the beginning of their disability will not be considered in the benefit amount calculation (this would not affect anyone unless, for example, they started collecting CPP at age 60 and then made a claim for LTD when they were 64).

No credit check on members' available assets outside of work is conducted when determining eligibility for LTD benefits.

6. As previously indicated, a condition of employment is mandatory enrolment in the LTD Plan as long as the member works a minimum of 16 hours/week.

7. Typically, rates are determined for a 1-year period. However, I can always go back to the insurer to request a longer period, but you should be aware that the insurer will more than likely increase the rate in order to mitigate a possible larger number of claims over a longer period of time.

8. The renewal anniversary date is currently April 1st of each policy year.

9. The rate is set by the insurer, in this group's case Standard Life, not WE. We simply administer the Plan. It is hard to compare rates. Typically, pooling a large group together will be a benefit as there will be many members who either won't qualify for LTD based on their own medical history (and pre-existing conditions are taken into account, whereas they are not with a pooled group) or their rates will be so high it would be unaffordable for members to purchase LTD coverage on their own. However, on the flip side,

10. Effective Jan. 1st 2014, employees on LTD in excess of one month, who wish to continue benefit coverage, will be required to pay both the employee and employer share of the benefit premiums.