

Income Continuance Plan Benefits and Canada Pension Plan Disability Benefits

Information for Saskatchewan Teachers



*Income
Continuance Plan*

July 2018

The information in this summary is intended to be general.

In the event any discrepancy or misunderstanding should arise, the applicable plan text or legislation is the final authority concerning the administration of the Income Continuance Plan.

Introduction

Income Continuance Plan benefits are coordinated with other sources of replacement income you may be entitled to during your disability. One of those income sources is Canada Pension Plan (CPP) disability benefits. This brochure will answer some of the most frequently asked questions about the disability benefits available through the Canada Pension Plan and the relationship of the CPP benefits to the Income Continuance Plan.

What are Canada Pension Plan disability benefits?

The Canada Pension Plan disability program provides a monthly benefit to you when your employment earnings have stopped because of a severe and prolonged disability. The monthly benefit includes a fixed amount that everyone receives plus an amount based on how much you contributed to the CPP during your entire working career. There is also a monthly CPP benefit for your dependent children.

Who is eligible for Canada Pension Plan disability benefits?

To qualify for Canada Pension Plan disability benefits you must:

- Be under age 65.
- Have earned a specified minimum amount and contributed to the CPP while working for a minimum number of years.
- Be disabled according to the CPP legislation.

What is the definition of disability under the Canada Pension Plan legislation?

To be considered disabled under the Canada Pension Plan legislation, you must be suffering from a physical or mental disability that is “severe and prolonged” and of “indefinite duration.” This means your medical condition is long-term and prevents you from working regularly at any job.

Do I need to apply for Canada Pension Plan disability benefits even though I have disability coverage under the Income Continuation Plan?

Yes. Because the Income Continuation Plan is coordinated with other disability benefits, your ICP benefit is reduced by disability benefits you're eligible to receive from other sources such as the Canada Pension Plan. To receive the full amount to which you're entitled, you must apply for CPP disability benefits.

When should I apply for Canada Pension Plan disability benefits?

To avoid loss of benefits, it is essential that you apply for Canada Pension Plan benefits as soon as you meet Canada Pension Plan's criteria, even if you're receiving sick leave benefits from your employer. If your claim for CPP disability benefits has been denied, you may be asked to appeal or to reapply, especially if there is any deterioration in your medical condition.

How do I apply for Canada Pension Plan disability benefits?

You must apply in writing. If you're unable to apply yourself, another person may apply for you. Application kits are available from Service Canada by calling 1-800-277-9914. This kit contains the forms, information and instructions that you'll need to apply. You can also access and print a Canada Pension Plan disability application kit online.

What is the relationship between the Canada Pension Plan disability benefit and the Income Continuation Plan benefit?

A portion or all of the Canada Pension Plan disability benefit you're eligible to receive reduces your Income Continuation Plan benefit. The deduction is calculated as a percentage of the monthly CPP disability benefit as follows:

- 100% of the first \$600;
- 80% of the next \$400; and
- 70% of any benefits above \$1,000.

Example of an Income Continuance Plan benefit calculation

Amy's gross annual salary on the last day she received pay from her employing school board is **\$86,000**. In addition to the Income Continuance Plan benefit, Amy is receiving a disability allowance from the Canada Pension Plan in the amount of **\$1,200 per month**. Amy's ICP benefit will be reduced as follows:

100% of the first \$600.00	=	\$ 600.00
80% of the next \$400.00	=	320.00
70% of (\$1,200 – \$600 – \$400)	=	140.00
Reduction	=	\$ 1,060.00

Amy's monthly salary, for the purpose of the ICP benefit calculation, is one-twelfth of \$86,000 or \$7,166.67. If the claim commenced on or after July 1, 2018, the net ICP benefit is:

50% x \$4,410.00	=	\$2,205.00
40% x (\$7,166.67 – \$4,410.00)	=	1,102.67
Gross monthly ICP benefit	=	3,307.67
Reduction	=	(1,060.00)
Net monthly ICP benefit	=	\$2,247.67
or \$136.91 per day		
(\$2,247.67 x 12/197 days)		

Amy will receive \$136.91 for each teaching day lost during the approved ICP period during the 2018-19 school year. If Amy is subsequently approved for ICP benefits beyond the 2018-19 school year, she'll receive \$2,247.67 per month beginning September 2019. The ICP benefit is in addition to the \$1,200 monthly CPP disability benefit.

CPP benefit payments for dependent children do not affect your ICP benefit.

CPP retirement benefits will reduce your ICP benefit in the same manner as CPP disability benefits.

When I was approved for Income Continuation Plan benefits, I was given two Service Canada forms to sign. Why should I sign these forms?

Income Continuation Plan entitlement decisions are made more quickly than a decision is made under the Canada Pension Plan. When your CPP disability benefit becomes payable (normally retroactively), your ICP benefit will need to be reduced retroactively, creating an overpayment of your ICP benefit.

Signing the Irrevocable Consent to Deduct and Pay an Insurer and the Consent for Service Canada and Insurer to Communicate Disability Information forms authorizes Service Canada to forward the appropriate portion of any retroactive CPP disability benefit directly to the Income Continuation Plan. This will protect you against any large overpayments and ensures your benefits will continue uninterrupted. You should return the completed forms to the ICP office within two weeks of receiving your ICP letter. You will be asked to complete the Consent for Service Canada and Insurer to Communicate Disability Information Deduction form annually until you are approved for CPP benefits.

If you choose not to sign and return these forms, the Income Continuation Plan will deduct the estimated amount of the CPP benefit from your monthly ICP payment to protect you from an overpayment situation.

If you have already been approved for CPP disability benefits, please send a copy of your *CPP Notice of Entitlement* to the Income Continuation Plan.

If your application for CPP disability benefits has been declined, ICP requires a copy of your *CPP Notice of Denial* in addition to the signed Irrevocable Consent to Deduct and Pay an Insurer and the Consent for Service Canada and Insurer to Communicate Disability Information forms. It is not unusual to be declined for CPP benefits and the decision can be appealed. Your written request for reconsideration must be received by Service Canada within 90 days of the issue date of the denial letter. Any additional information to be sent to CPP for their consideration should be sent with the request or as soon as possible thereafter. You should also send a copy of your appeal request to the ICP office to ensure you continue to receive your full ICP benefit.

I was approved for Canada Pension Plan disability benefits and received a large cheque. What does this mean?

If you did not complete the Irrevocable Consent to Deduct and Pay an Insurer and the Consent for Service Canada and Insurer to Communicate Disability Information forms, retroactive Canada Pension Plan disability benefits would have been paid directly to you. Your Income Continuation Plan benefit will need to be reduced retroactively, creating an ICP benefit overpayment.

It is your responsibility to reimburse ICP directly for any overpayment of your ICP benefit. If you receive a cheque for any retroactive benefits, simply send your *CPP Notice of Entitlement* to the ICP office. Any overpayment will be calculated. You will be notified of the amount to be repaid and the date by which ICP must be reimbursed to avoid interruption of your benefits.

How can I get more information?

Contact the Income Continuation Plan administrator at 1-800-667-7762 or in Saskatoon at 306-373-1660. You may also write to:

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2317 Arlington Avenue
Saskatoon SK S7J 2H8
F: 306-373-5235
icp@stf.sk.ca



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