

Ask an Expert

I have applied for long-term disability through my employer's insurance company. Should I apply for Canada Pension Plan Disability benefits at the same time?"

Highlights of Long-Term Disability:

Many employers, both large and small, offer employee benefits as an incentive to attract and maintain employees. One potential benefit is Long-Term Disability (LTD). This benefit is offered as a wage-loss protection program for employees who require an extended time away from work due to illness or injury. The typical definition of disability to qualify for Long-Term Disability is if in the first two years of disability the person is unable to perform their own occupation, and then any occupation they are reasonably qualified to do (total disability) if they are off work longer than two years.

Highlights of Canada Pension Plan:

Canada Pension Plan – Disability Benefits (CPP-D) is a contribution-tested program, meaning that the program is only available to those who have made contributions to the plan in previous years of employment. In order to be eligible for CPP-D, you must be between the ages of 18 and 65 years, meet the definition of disability according to CPP legislation, and have made enough contributions to the program. The minimum qualifying period is either four full years of contributing prior to your disability if you have only worked four years or at least four of the last six years if you have contributed longer. Partial years will be counted and added together.

The definition of disability for CPP-D requires you to have a mental or physical disability or illness that is both severe and prolonged, which prevents you from pursuing any substantially gainful occupation including your previous occupation. You must meet the criteria for both severe and prolonged. And “any” work means work that is reasonable to your skills, education, training and limitations due to your illness or disability.

If you are in the process of applying for LTD benefits, or have already started to receive your LTD pension, you should consider applying for CPP-D benefits for the following reasons:

- It is likely that your LTD plan will want you to apply. Most LTD plans are created so that applicants must try and access all available sources of income in addition to LTD. Other sources of income, such as CPP-D will likely be deducted dollar-for-dollar from your LTD benefit. Check your benefits booklet or speak to a company representative to determine if this is the case.

- One CPP-D eligibility criteria, in fact the first criteria that you must meet when you apply, is that you have made contributions to the CPP program in four of the last six years. If you delay applying for CPP-D, even though you may be “sick enough” to qualify, you could risk not having made contributions in the last six years. By missing the time line, you might now be ineligible for the benefit.
- The definition of disability for both LTD and CPP-D are very similar – so if you medically qualify for LTD, you may likely medically qualify for CPP-D.
- The Canada Pension Program has other benefits that you might be entitled to if you are receiving CPP-D, such as a child rearing benefit for dependent children. This benefit pays about \$210/month to each depended child under the age of 18, or less than 25 years if attending school full time. As well, the CPP-D program may offer vocational rehabilitation services for people well enough to return to work and an “automatic reinstatement” program for people who wish to return to work with the security of being fast-tracked back onto benefits should the disability re-occur within the first two years from leaving the program.
- People receiving CPP-D benefits can also actively participate in volunteer work and educational upgrading while receiving this pension.

Points to keep in mind:

- Your CPP-D pension is a taxable benefit. You can request that tax be taken off this source of income, especially important if CPP-D is not your only source of income.
- Canada Pension Plan also has Survivor Benefits and a Death Benefit
- If you have high medical costs, you can claim these medical expenses on your income tax. To learn more about the benefit and allowable expenses, contact the Canada Revenue Agency or visit www.cra-arc.gc.ca
- If your disability is quite severe, you might qualify for the Disability Tax Credit. To learn more about the Disability Tax Credit, visit www.cra-arc.gc.ca or speak to an Income Tax Specialist or Accountant.

Pamela Bowes, M.Ed.
 Director of Support
 Lupus Canada

For more information about government benefits, go to the Lupus Canada website link:
www.lupuscanada.org.