



# Important Notice

## Long-term disability (LTD) benefits update

Effective July 1, 2023

### Stabilizing LTD costs

The Quebec Provincial Association of Teachers (QPAT) offers a group insurance program that provides members with health, disability and optional life insurance as core benefits. These benefits support the physical, psychological, and financial wellbeing of our members and their families, and are an important part of being a member of the association.

While the program provides members with essential health and income protection, QPAT long-term disability premiums have risen substantially over the past six years compared to market. The stresses of COVID and challenging working conditions continue to contribute to this increase.

### Finding the right balance between coverage and costs

As members pay the full cost of LTD coverage, managing the plan so it provides sufficient protection while remaining affordable for everyone is key. QPAT recently conducted a review of the LTD provisions of our group plan to ensure that it aligns to plan usage and to best market practices. As a result, we will be implementing some cost containment measures to ensure we can continue to offer income protection, while ensuring the plan is sustainable over the long term.

These changes are designed to **minimize impact on members** and do **not** impact members currently on disability.

#### In brief

- LTD costs have been rising steadily over the past six years.
- COVID has exacerbated the problems experienced by our group insurance plan.
- As all claims are paid through the premiums collected from members, changes are needed to maintain plan sustainability and affordability.
- LTD coverage is mandatory for full-time teachers and optional for part-time teachers.

## Actions we're taking

To better manage future cost increases, while limiting impact on members, the following changes (indicated in **bold**) will be made to the plan:

	Current coverage	New coverage (starting July 1)
<b>Definition of disability</b>	The individual is unable to perform any occupation after 24 months of receiving LTD benefits (48 months after the start of the disability)	The individual is unable to perform any occupation after <b>12 months</b> of receiving LTD benefits (36 months after the start of the disability)
<b>Cost-of-living adjustment</b>	Consumer Price Index (CPI) up to a maximum of 3%	Consumer Price Index (CPI), up to a maximum of <b>2%</b>
<b>All-source maximum and CPP/QPP offsets</b> (more details below)	90% of the pre-disability net monthly salary  Indirect offset	<b>85%</b> of the pre-disability net monthly salary  <b>Direct offset</b>

*Note: These changes will not impact any member with a disability date on or before June 30, 2023.*

## What is an “all-source maximum” and “CPP/QPP” offset?

Many LTD plans contain an **all-source maximum** to prevent situations in which someone’s total income (from all sources) is close to or exceeds their pre-disability earnings, which could eliminate financial incentive to return to work.

LTD coverage provides you a monthly income of 50% of your basic salary, if you were to become disabled, as a non-taxable benefit. However, if you are receiving income from other sources, your combined net income can’t exceed **85%** of your pre-disability net earnings while you’re receiving LTD benefits. (Currently, the maximum is 90%). If you are disabled and are receiving other income, your benefit will be reduced if it exceeds the all-source maximum.

### In brief

Any LTD benefits you receive from one plan can offset (balance) income you get from another plan. Your LTD benefits from QPAT can’t be higher than 85% of your net monthly pay.

Similarly, you could be eligible to receive disability benefits through the **Canada Pension Plan or Quebec Pension Plan (CPP/QPP)**. If you do, the LTD benefit you receive will now be reduced by these benefits. Currently, CPP/QPP benefits received are not deducted from your LTD benefit and are only considered as other income for the purpose of the all-source maximum.



## Impact on premiums

Your premiums will **not** change when these plan updates are implemented July 1, 2023. However, these changes are an important step in managing LTD costs. They will have an important impact on minimizing future premium increases.

## What’s staying the same

Please also rest assured that your core coverage amount and other LTD provisions will remain the same.

Coverage	50% of your basic monthly salary
Waiting period	2 years (LTD starts after the end of short-term disability benefits/ salary insurance from the employer)
Taxation	Benefit is not taxable
End of coverage	Recovery, age 65 or retirement, whichever is first
Provider	iA Financial Group

*Note: Part-time teachers without LTD coverage who are interested in this income replacement protection are invited to reach out to QPAT or their local union for more information.*



## Additional supports:

### *New critical illness coverage coming soon!*

As part of the benefits review, we will be introducing new critical illness coverage this Fall. Like LTD, having a critical illness can cause significant financial hardship. This optional coverage provides **an immediate lump sum payment** to you and your family if you are diagnosed with a serious life-threatening condition.

In other words, critical illness insurance helps reduce financial stress so you can focus fully on your health. It includes coverage for a wide variety of conditions such as cancer, heart attack, kidney failure – to name a few. Details and an opportunity to enroll will be provided in the Fall.

At the same time, members will be invited to review their life insurance needs, and they may be able add basic life coverage without providing proof of insurability.

## Questions?

If you have any questions about the group insurance plan or these changes, please contact QPAT or your local union.