



CSI Canada Insurance Plan and Trust Fund

Date: March 9, 2009

To: Participating Boards and Administrators

From: Howard Van Mersbergen, Executive Secretary Treasurer

IN BRIEF

Short Term Disability – Savings gained by having the CSI Short Term Disability Benefit

Employment Insurance Premium Reduction – How you can save.

Who To Contact – Contact CSI if you have questions or need assistance

Cost Savings Gained by having the CSI Short Term Disability Benefit

The short term disability benefit provided by the CSI Insurance Plan combined with the Employment Insurance Premium Reduction creates a very cost effective benefit. For example, the EI premium savings for an employee with the EI maximum annual salary of \$42,276 (\$813 x 52 weeks) is \$165.36. The cost of STD through the CSI Insurance Plan is:

Disability Benefit	Province	Annual Rate	Annual Cost at \$42,276
Non-taxable Benefit	Ontario	.378%	\$159.80
	All Other	.350%	\$147.97
Taxable Benefit	Ontario	.424%	\$179.25
	All Other	.392%	\$165.72

At the non-taxable benefit level, the cost of CSI's short term disability coverage is less than the EI premium reduction. Your school saves money AND you receive a higher benefit level than you would if covered by EI alone. At the taxable benefit level, there is a small annual net cost to your school but you receive a higher level of benefits.

A key part of these savings is receiving the Employment Insurance Premium Reduction. Information on obtaining this reduction follows.

Employment Insurance Premium Reductions

Because the CSI Insurance Plan has a short term disability benefit, all employers participating in the CSI Insurance Plan will be eligible for an Employment Insurance premium reduction.

- To qualify for an Employment Insurance premium reduction, federal legislation requires that employers participate in a written wage loss replacement plan that has benefits greater than or equal to those provided by Employment Insurance. A comparative analysis shows how the benefits of the CSI Short Term Disability Plan exceed those of the government plan.

	Employment Insurance <u>2008</u>	Employment Insurance <u>2009</u>	CSI Short Term <u>Disability Plan Benefit</u>
Maximum Insurable Earnings	\$790/wk.	\$813/wk.	No maximum
Benefit Formula (% of Insurable Earnings)	55%	55%	66.7% or 75%
Maximum Benefit	\$435/wk.	\$447/wk.	No maximum
Duration	varies	varies	150 days

- Employers must return at least 5/12 of the EI premium savings to all employees when the reduced rate applies. This can be in the form of increased employee benefits, cash rebates or written mutual agreements between the employer and employee on the method of distribution.
- A review of the attached contribution schedule for 2008 and 2009 illustrates the potential savings of the premium reduction.
- If your school has never applied for the Employment Insurance Premium Reduction Program, it should do so by completing an Application for EI Premium Reduction provided by Human Resources Development Canada (HRDC). To identify your school as part of the CSI Insurance Plan, reference RC# M067 on the application. This application, together with a copy of the attached extract regarding the Short Term Disability Benefits of the Plan should then be filed.
- If your school has already filed an application and has received EI's conditional rate notice for 2009, be sure to complete the Renewal Application for Premium Reduction (form EMP-2672) within 30 days from the date of issue by HRDC.
- If your school makes a change to your Short Term Disability Plan after it has been approved, for instance, if you purchase the non-tax disability upgrade to change the benefit from 66.7% to 75%, you must notify the Premium Reduction Program within 30 days of the date of change by mailing a notification of the change and supporting documents to the address below.
- Initial applications (form EMP-2642) for your Employment Insurance premium reduction must be received by HRDC no later than December 15, 2009, to receive full monthly reduction for 2010. However, schools can still apply for a 2009 premium reduction. The amount of the reduction, within a plan year, is based on the date HRDC

receives your application. Therefore, the later the receipt of initial application, the later your reduction will begin and the amount of savings will be diminished. Additional rules apply and may be obtained by calling the toll free number listed below and requesting an Employer Guide. All applications should be sent to:

Human Resources and Skills Development Canada
 Premium Reduction Program – **Multiple Employer Plan M067**
 120 Harbourview Boulevard
 P.O. Box 11000
 Bathurst, NB E2A 4T5
 1-800-561-7923

- Applications and renewal forms can be found and downloaded at <http://www.hrsdc.gc.ca/en/cs/prp/070.shtml>

Employment Insurance Contribution Schedule For the Years 2008 and 2009

	<u>2008</u>	<u>2009</u>
Maximum Insurable Earnings	\$790/week	\$813/week
Maximum Benefit	\$435/week	\$447/week
Required Employee Contribution	\$1.73/wk. per \$100 of insurable earnings, maximum \$13.67/wk.	\$1.73/wk. per \$100 of insurable earnings, maximum \$14.08/wk.
Employer Contribution: w/o Premium Reduction	\$2.42/wk. per \$100 of insurable earnings, maximum \$19.13/wk.	\$2.42/wk. per \$100 of insurable earnings, maximum \$19.69/wk.
Employer Contribution Category 3 Plan ⁽¹⁾	\$2.04/wk. per \$100 of insurable earnings, maximum \$16.12/wk.	\$2.03/wk. per \$100 of insurable earnings, maximum \$16.51/wk.
Savings on Employee w/Maximum Insurable Earnings ⁽²⁾	\$3.01/week \$156.52/year	\$3.18/week \$165.36/year

⁽¹⁾ Defined EI Premium Reduction category based on CSI's Short Term Disability Plan provisions.

⁽²⁾ Savings assume that application for EI Premium Reduction is made prior to January 1, 2009.



Who to Contact at CSI for Support

More information about CSI's benefit plans is located on our web site at www.CSIonline.org. Select Employee Benefits and the appropriate plan. If you have questions, contact Bonnie Hofmann by phone at 877-274-8796, ext. 230 or by email at bhofmann@CSIonline.org.

CSI-CANADA INSURANCE PLAN AND TRUST FUND
Plan Document extract regarding wage loss replacement provision
Reference #M067

Short Term Disability

This benefit is provided directly by the CSI Canada Insurance Plan and Trust Fund, and the services of Manulife are accessed at the discretion of CSI for claims adjudication and management.

Subject to the requirements, conditions, and restrictions set forth below if you become disabled, as defined herein, while an insured active employee of a participating School you shall be entitled to receive Short Term Disability Benefits from the Trust Fund. Such benefits shall begin after you have been disabled two weeks. No such benefit shall be payable for any period after your recovery from disability.

Definition of Totally Disabled

You shall be considered disabled when, on the basis of medical evidence satisfactory to them, the Trustees shall determine that you are unable, because of physical or mental illness, injury, or other condition, to function as a qualified employee in the capacity for which you were engaged by your School. Such medical evidence shall ordinarily be furnished by the physician in attendance at your place of employment; provided that the Trustees may, at their discretion and at the expense of the Trust Fund, appoint another competent physician to examine you.

Level of Benefit and Duration of Benefit Payments

Short Term Disability Benefits shall be paid monthly, as of the 30th day of the month, at a monthly rate equal to two-thirds or three-fourths of your monthly compensation, as in effect at the date of occurrence of your disability. A pro rata payment shall be made for any month in which the participant is not entitled to benefits for the entire month. The maximum period for which Short Term Disability Benefits shall be payable to any participant with respect to any one period of disability shall be five months.

The Trustees may require anyone who is receiving Short Term Disability Benefits to submit to a medical examination to determine whether such individual remains disabled. If the individual refuses to submit to such examination, the Short Term Disability Benefits shall cease. Individuals who are receiving Short Term Disability Benefits shall be deemed to have recovered from their disability if they are able to or do engage in any employment for which they receive remuneration greater than 50% of their monthly compensation.

Exclusions and Limitations

Payment of Short Term Disability Benefits shall be subject to the following conditions and restrictions:

- No benefits shall be paid until proper application therefore has been made and accepted by the Trustees.
- If your employment contract with a participating School terminates after your date of disablement but before the end of two weeks of continuous disability, and if you have not been engaged by a participating School for services in the following contract year, you shall not be entitled to Short Term Disability Benefits.
- If you become disabled, then recover and return to work, and then become disabled again, before 30 days of active work, from a cause of your original disability, both

(More)

periods of disability combined shall constitute one period of disability. Otherwise, two or more periods of disability, separated by periods of active work, shall each be treated as separate periods of disability. If you become disabled for one cause and then become disabled from another cause before you return to work, your total absence shall constitute one period of disability.

- If any dispute shall arise between you and the Trustees as to the existence of disability or as to the period for which benefits are to be paid, you may appeal your case to the CSI Board of Directors, whose decision in the matter shall be final and binding on you and the Trustees.
- Short Term Disability Benefits otherwise payable for any period hereunder shall be reduced by:
 - Disability benefits payable under any Workers' Compensation, Workplace Safety and Insurance Act or similar legislation.
 - Disability benefits payable to the participant under the Canada/Quebec Pension Plan, but excluding future cost-of-living increases and benefits payable for the participant's dependent children.
 - Income replacement indemnity payable under any automobile insurance plan or policy which has been approved as an acceptable limitation by Employment Insurance legislation.
- Short Term Disability Benefits are not payable for a disability due to:
 - Intentionally self-inflicted injuries.
 - War (declared or not), service in the armed forces of any country, or participation in a riot, insurrection or civil disorder.
 - Committing or attempting to commit criminal offence.
 - Cosmetic surgery or treatment, excluding cosmetic care provided as a result of an accident.
 - Expenses which are payable by Workers' Compensation Act, Workplace Safety and Insurance Act or similar legislation.

Taxability

If your School pays any portion of the Short Term Disability premium the benefit payable to you will be taxable. If you pay 100% of the Short Term Disability premium, the benefit payable to you will be non-taxable.

Co-ordination with Employment Insurance

The CSI-Canada Short Term Disability plan has been designed to co-ordinate with the Employment Insurance (EI) guidelines with the intent to ensure eligibility for premium reduction for participating Schools (e.g. payment is available for occupational injury or illness only as required by EI).

In any circumstance where this program jeopardizes the eligibility for premium reduction for participating Schools, the EI premium reduction eligibility guidelines will take precedent over this plan wording.

<p>CSI-Canada Insurance Plan and Trust Fund 3350 East Paris Avenue SE Grand Rapids MI 49512</p>
