



# Accessing LAPP Disability

(not including WCB)

## Definitions of disability:

Canada Life (AHS) and Sunlife (Covenant Health) Long Term Disability (LTD) continues after 30 months of disability, if the Employee is unable to engage in any gainful employment for which the Employee has the minimum qualifications.

## Canada Pension Disability:

To qualify for a disability benefit under the Canada Pension Plan (CPP), a disability must be both “severe” and “prolonged”, and it must prevent you from being able to work at any job on a regular basis. The amount of the CPP-D benefits monthly is \$1413.66.

Severe means that you have a mental or physical disability that regularly stops you from doing any type of substantially gainful work.

Prolonged means that your disability is long-term and of indefinite duration or is likely to result in death.

## Consideration

The member must resign to access LAPP disability. The consequence of resigning prior to 30 months of disability is the loss of the no cost employer supplied Supplemental Health and Dental Benefits. For many nurses, their benefit plan is not easily replaceable in the marketplace. Some employees can tolerate reduced coverage and calculate the utility of losing benefits and finding their own benefit plan in exchange for the higher monthly income.

The LAPP Disability application is only processed if the member resigns their employment. There is small risk that the member does not qualify for LAPP Disability. The normal analysis is that a person in receipt of CPP Disability will qualify for LAPP Disability. Employees accessing LAPP Disability can access the application form from AHS. Forms submitted by the Employer are processed somewhat quicker than submitting a request directly to LAPP.

Calculations will vary according to actual earnings and entitlements.

## Local Authorities Pension Plan Disability:

LAPP members can access LAPP disability if they are permanently and totally disabled (incapable of any work). Accepted claims will receive an unreduced pension at any age based on the member’s years of pensionable service. LAPP disability pension will be paid as if you are age 65.

The insurance provider normally requests employees that are on LTD to apply for CPP Disability. Income from CPP Disability directly offsets income from the insurance provider so employees receive a maximum payment from the insurance provider and CPP Disability of

66 2/3% of their former regular earnings.

LAPP has a disability component which is considered to be “indirect income” by the insurance providers. The insurance provider rules allow Employees to retain up to 85% of their pre-disability regular earnings when combining the insurance provider and LAPP Disability (or regular LAPP pension).

## Example:

55 years full time nurse at top increment, including LSPA = \$94,500/year

The LTD benefits from the insurance provider 66.7% \$63,365 = \$5,280 /month

CPP Disability (2021) (direct offset) = 1,413.66/month

Total from income insurance provider \$3,866 + CPP Disability \$1,413.66 = \$5280/month

LTD Benefits + LAPP Disability (indirect offset) allows the member to retain a maximum of 85% of former earnings = \$6,693.75/month

This pay is contingent on the amount of LAPP earned. The LAPP Disability pays the earned pension to a member at any age as if the member is age 65. In the example used a member at the top rate would need at least 11 years of pensionable service to access approximately an additional \$1400/month.

A nurse at the top rate with 20 years of pensionable service would currently receive about \$2700/month from LAPP upon attaining age 65.

If a full time person qualified for LTD benefits, LAPP Disability and CPP Disability, the person would receive three incomes:

CPP Disability \$1413.66/month

LAPP Disability \$2700.00/month

LTD benefits \$2580/month

Total = \$6,693.75/month

In this example the insurance provider saved \$1286.00/month when the member accesses LAPP disability, but the member gains \$1413.00/month income.