

FactSheet

FactSheets provide in-depth information on select topics for members of the OPSEU Pension Trust.



Applying for an OPTrust Disability Benefit

If you can no longer work due to a medical or physical condition, you may be eligible to receive a disability benefit provided by the OPSEU Pension Trust (OPTrust). OPTrust offers disability benefits for qualifying members who are totally and permanently disabled.

This *Fact Sheet* contains valuable information about OPTrust's disability benefits and the application process for OPSEU Pension Plan members, and answers some important questions.

Will I qualify for a disability benefit?

To qualify for a disability benefit under the OPSEU Pension Plan, you must be totally and permanently physically or mentally disabled as certified by a medical doctor licensed to practice under the laws of Ontario. To receive a disability benefit, you must apply to OPTrust and satisfy the above criteria. You must also resign from your current employment.

Depending on your total credit or membership in the Plan, you may be eligible for either a **disability pension** or a **special disability refund**.

- **If you have less than 10 years of pension credit and membership**, you do not qualify for a disability pension. You may receive a *special disability refund* under the Plan, plus interest.
- **If you have more than 10 years of pension credit or continuous membership**, you may be eligible for a *disability pension* calculated using the Plan's basic pension formula.

What constitutes being totally and permanently disabled?

The OPSEU Pension Plan defines "a total and permanent disability" as a physical or mental impairment that prevents a member from engaging in any employment for which the member is reasonably suited by virtue of his or her education, training or experience. To meet the definition, the disability must be reasonably expected to last for the remainder of the individual's lifetime.

How do I apply for a disability benefit?

If you can no longer work due to a physical or mental disability, you can apply to receive an OPTrust disability benefit. As part of the application process you must complete the following forms:

- *Member's Statement on Disability* form (OPTrust 3001) – to be completed by you.
- *Employer's Statement on Disability* form (OPTrust 3002) – to be completed by your human resources representative
- *Medical Examination Report* form (OPTrust 3003) – to be completed by your attending physician or specialist.

Termination of plan membership is not required before a disability application is made.



All forms are available on the OPTrust Web site at www.optrust.com. You can also obtain these forms through your human resources representative or by contacting OPTrust.

What happens once my forms have been submitted?

Once your termination documentation and disability forms are received, your application will follow a three-step process.

STEP 1:

Your disability forms are provided to OPTrust’s medical consultant for an assessment. At this time OPTrust will provide you with a consent form, which you must complete and return to our office. This form allows OPTrust’s medical consultant to request information from your attending physician or specialists in order to complete the assessment.

If you are applying for a disability pension and you are age 55 or older, you may elect to receive an immediate reduced pension while the disability benefit application is processed. The advantage to this is you will receive some pension income during the application period. If the disability pension is later approved, OPTrust will pay you a retroactive benefit for the difference between the disability pension awarded and the immediate (unreduced) pension you have already received.

*Note: This option is **not** available if you are applying for a disability refund.*

STEP 2:

A medical assessment is made and provided to OPTrust. OPTrust uses the medical assessment to make a decision.

STEP 3:

If OPTrust finds that you are totally and permanently disabled, your application proceeds and the appropriate disability benefit (i.e. a pension or a refund) is paid. If OPTrust finds you do not meet the criteria, you will be informed in writing.

How much will I receive?

If you are approved to receive a disability pension, the amount payable to you is calculated using OPTrust’s early retirement pension formula; that is, the formula applicable before age 65. Your pension benefit is based on your credit in the Plan up to the date of your termination.

Like all other OPTrust pensions, it will be reduced for CPP integration at age 65. See example below.

DISABILITY PENSION

If approved, your disability pension benefit would be calculated as follows:

2%

times your best five-year average annual salary

times your years of credit in the plan

EXAMPLE

Grant is 55 years old and has been a member of the Plan for 20 years with a best average annual salary of \$43,000. Grant’s disability pension is calculated as follows:

$$2\% \times \$43,000 \times 20 \text{ years} = \$17,200$$

Grant’s annual disability pension is **\$17,200**. His pension will be integrated with CPP at age 65. Even if Grant applies for and receives a disability benefit from the Canada Pension Plan, payable before age 65, his disability pension paid by OPTrust is not reduced until age 65.

Grant’s disability pension is payable for his lifetime. Should his medical condition improve and he is able to return to work, Grant’s pension would immediately cease. In such a case, Grant’s regular pension would commence when he’s eligible to retire.

Special disability refund

A “special disability refund” is a lump-sum payment based on your contributions, plus interest.

As mentioned earlier, if you have less than 10 years of credit, and less than 10 years of continuous membership in the Plan, and you are considered *totally and permanently disabled*, you may be entitled – upon application and termination of plan membership – to a special disability refund.

In addition to your disability benefit refund, you also receive the Plan’s normal termination benefits once you terminate your membership, which includes the commuted value of your total credit earned in the Plan up to your termination date.



The calculation for a “special disability refund” is quite complex. To calculate a disability benefit refund, OPTrust applies the following formula:

2 x (contributions for service after December 31, 1986, plus interest)

minus any commuted value* and excess contributions payment

equals **Special disability refund**

EXAMPLE Farah, who works in the Ontario Public Service, qualifies for a special disability benefit refund since she has 8 years of service in the Plan. When Farah resigns, her special disability refund would be calculated as follows:

2 x \$26,400 (contributions plus interest, for Farah’s 8 years of service) = **\$52,800**

minus **\$30,000** (commuted value + excess contributions)

equals a disability refund of **\$22,800**

Once Farah resigns and terminates membership in the Plan, she will receive a disability refund of **\$22,800**. Farah will also receive \$30,000 for the commuted value of her accrued pension. Farah has the option to transfer this amount to a retirement savings arrangement such as a locked-in retirement account.

How long is a disability benefit payable?

If you are qualified to receive a disability pension, it is payable for your lifetime, provided that you remain totally and permanently disabled. Should your medical condition improve and you are able to return to work, your disability pension payments would immediately cease. A special disability refund is a one-time lump-sum payment.

Should I apply for Long Term Income Protection benefits instead of a disability pension?

Depending on your personal circumstances, you may consider Long Term Income Protection Plan (LTIP). You have the option to apply for LTIP benefits before you apply for a disability pension. If you are approved to receive LTIP benefits, you will receive 66 2/3% of your monthly earnings. This may provide you with a higher income than you would receive from a disability pension.

Also, when you receive LTIP benefits, your employer continues to make pension contributions on your behalf and you continue to accrue more credit in the OPSEU Pension Plan. However, LTIP benefits are reduced for any other benefits you may be receiving, such as a CPP disability pension or benefits from the Workplace Safety and Insurance Board. An OPTrust disability pension is not reduced for any other benefits you may receive. You should consider all these factors when deciding whether to apply a disability pension or LTIP. You may wish to consider getting independent advice.

Will I receive insured benefits?

The Government of Ontario provides post-retirement health and dental benefits to eligible OPTrust pensioners. You, your spouse and your eligible dependent children may be entitled to insured benefits, if you meet one of the following criteria:

- i) you are receiving a pension based on at least 10 years of credit in the OPSEU Pension Plan or its predecessor, the Public Service Pension Plan (PSPP),

* Commuted value refers to the amount of an immediate lump-sum payment in today’s dollars estimated to be equal in value to a future series of pension payments.



OR

- ii) you are receiving a pension based on at least 10 years of continuous employment and have some credit in the OPSEU Pension Plan for at least some part of each of those 10 years.

Insured benefits for eligible pensioners include dental, supplementary health and hospital and basic life insurance coverage. The Government of Ontario pays the premiums for these benefits. For pensioners who require vision care and hearing aid plan coverage, there is a small premium, which is deducted from the monthly pension payment.

The premiums for basic life insurance are paid by your former employer and are a taxable benefit. For details on insured benefits, please refer to the Management Board Secretariat publication: *A Guide to Your Benefits – After Retirement*. This booklet is available from OPTrust.

If you qualify for post-retirement benefits, you will be eligible for coverage when you start to collect your disability pension from OPTrust. If you do not qualify for a disability pension, but receive a disability refund, you won't receive insured benefits.

Will my disability pension be protected against inflation?

Every January your disability pension is adjusted for the increase in the cost of living. The adjustment is applied the year after you start to receive your disability pension. The first adjustment is pro-rated for the length of time you received a disability pension in the previous year. The inflation adjustment reflects the increase in the cost of living in Canada (as measured by the Consumer Price Index). It is calculated by dividing the Consumer Price Index average for the two 12-month periods ending the preceding September.

Any pension paid to an eligible survivor will also be increased annually for inflation.

What happens to my disability pension when I die?

If you die while you have an eligible spouse, your spouse receives a survivor benefit. If you do not have any eligible survivors – that is, there is no eligible spouse, child, or payment recipient – any funds that may be payable from the OPSEU Pension Plan will be paid to your estate. For pensioners who have been on pension for some years and have no survivor, there is usually no monies owed to the estate or to payment recipients.

For more information please contact the OPSEU Pension Trust

- Member & Pensioner Services:**(416) 681-6100 in Toronto
1-800-637-0024 toll-free in Canada
- General Information:**(416) 681-6161 in Toronto
1-800-906-7738 toll-free in Canada
- Fax:**(416) 681-6175
- E-mail:**email@optrust.com
- Web Site:**www.optrust.com
- Mail:**OPSEU Pension Trust
1 Adelaide Street East, Suite 1200
Toronto, Ontario M5C 3A7



OPSEU Pension Trust

Fiducie du régime de retraite du SEFPO

This **FactSheet** summarizes certain provisions of the OPSEU Pension Plan. It does not create any rights to benefits not provided for in the actual terms of the Plan. In the event of any conflict or omission, the legal documents of the OPSEU Pension Plan will govern in all cases.

Members who have questions about their pension entitlements or are considering a pension-related decision should contact OPTrust directly.