

Written Report

- Due April 3, 11:59 pm EDT – submit using Turnitin only
- Two-page (single-spaced) report on one of the following topics and related programs:
 - **Education costs** - Registered Education Savings Plans (RESP's) and Canada Education Savings Grant (CESG) programs
 - **Education costs** - Student loans programs (federal and provincial – pick one province)
 - **Unemployment** – Employment Insurance program
 - **Substandard wage** – Living wage (the previous Liberal government of Ontario was running trials of this program in some cities)
- Include references including any works cited

Today's Objectives

- To discuss government plans for disability

Module 4 – Poor Health – Disability

→ Government Plans (Ch 18 of *Social Ins. & Economic Security*)

Recall that:

- **Worker's Compensation Program(s)**
 1. Background/Overview
 2. Eligibility
 3. How WC programs are funded
 4. Employer Accountability (Refunds)
 5. Benefits

Module 4 – Poor Health – Disability

→ Government Plans (Ch 18 of *Social Ins. & Economic Security*)

Also recall:

- **Worker's Compensation Program(s)**

- 3. How WC programs are funded

- a) Individual Liability

- b) Collective Liability

- **Assessment rate expressed as \$\$ amount/per \$100 payroll**

- » Rate is applied to annual payroll of covered e'ees, up to a maximum called the 'assessable earnings maximum' which is linked to AIW

- » 2020 WSIB max is \$95,400, 2019 max was \$92,600

- » 2017 to 2019 rates for some Ontario classes can be accessed here <https://www.wsib.ca/en/2018-premium-rates> and <https://www.wsib.ca/sites/default/files/2019-03/part12019premiumratesmanual.pdf>

- » In 2019 most rates reduced (with elimination of Unfunded Liability) and in 2020 rating and classification system changed

Module 4 – Poor Health – Disability

→ Government Plans (Ch 18 of *Social Ins. & Economic Security*)

Government Disability Benefit Programs

- Worker's Compensation Program(s)**

Class	Rate Group	Description	2019 Premium Rate (\$)	2018 Premium Rate (\$)	2017 Premium Rate (\$)
	30	Logging	10.40	13.35	13.04
	33	Mill Products And Forestry Services	6.15	7.95	8.60
	36	Veneers, Plywood And Wood Preservation	3.99	4.58	4.95
	39	Pulp, Newsprint And Specialty Papers	2.85	3.02	2.93
	41	Corrugated Boxes	2.28	3.00	3.24
A		Forest Products	4.33		
	110	Gold Mines	3.57	6.48	7.01
	113	Nickel Mines	4.59	5.31	5.20
	119	Other Mines	3.32	6.10	6.16
	134	Mining And Related Industries	3.94	5.65	6.00
B		Mining And Related Industries	3.82		
	159	Livestock Farms	4.98	6.89	7.09
	167	Field Crop, Fruit And Vegetable Farms	2.06	2.87	2.84
	174	Tobacco And Mushroom Farms	2.95	4.38	4.74
	181	Fishing And Miscellaneous Farming	2.75	3.72	3.67
	184	Poultry Farms And Agricultural Services	3.24	3.33	3.27
	190	Landscaping And Related Services	3.82	5.00	4.93
C		Other Primary Industries	3.14		
	207	Meat And Fish Products	2.96	4.49	4.45
	210	Poultry Products	2.52	3.38	3.36
	214	Fruit And Vegetable Products	1.37	2.26	2.44
	216	Dairy Products	1.51	2.14	2.13
	220	Other Bakery Products	1.92	3.28	3.54
	222	Confectionery	1.83	1.88	1.80
	223	Biscuits, Snack Foods And Other Food Products	1.74	2.66	2.58
	226	Crushed And Ground Foods	1.73	1.77	1.69
	230	Alcoholic Beverages	1.15	1.62	1.55
	231	Soft Drinks	1.52	2.85	3.08
	238	Other Rubber Products	3.08	4.17	4.13
	258	Foamed And Expanded Plastic Products	2.43	2.94	2.92
	261	Plastic Film And Sheetting	1.82	2.46	2.46
	263	Other Plastic Products	2.26	3.25	3.23
	289	Cloth, Carpets And Textile Products	2.39	3.43	3.50
	...				
	542	Other Manufactured Products	1.57	2.18	2.08
D		Manufacturing	1.79		
	...				

Module 4 – Poor Health – Disability

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Example – WSIB Premiums

- An Ontario employer with 20 employees that produces Textile Products:
 - 15 of these employees earn \$60,000 a year
 - 5 of these employees earn \$95,000 a year
- What is the employer's 2019 WSIB premium?

Each employer's rate of paid

Solution: *Assessment rate for 100 payrolls.*

- 2019 premium rate for Cloth, Carpets And Textile Products is \$2.39 per \$100 of payroll

$$\frac{15 \times 60,000 + 5 \times 92,600}{100} \times \underset{\substack{\uparrow \\ \text{ON}}}{2.39} = 13,630 \times 2.39 = 32,575.70$$

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→ Government Plans (Ch 18 of *Social Ins. & Economic Security*)

Recall that:

- **Worker's Compensation Program(s)**

- 5. Benefits

- a) Health Care
 - b) Short Term Disability
 - c) Long Term Disability
 - d) Rehabilitation
 - e) Survivor Benefits

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Also recall:

- **Worker's Compensation Program(s)**

- 5. Benefits

- c) Long Term Disability

- Several provinces, including Ontario, now use a dual award system

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- In Ontario (WSIB) the disability benefit includes:

- i. Benefit based on earnings loss system (Economic Loss or LOE)

loss of earnings

- $\text{Benefit} = 85\% \times \min(\text{take home pay}, \text{earnings ceiling cap})$

- if fully disabled* and is paid till earlier of {age 65, recovery, death}

- In 2020 income is capped at \$95,400

- * partial disability benefits also

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Also recall:

- **Worker's Compensation Program(s)**

- 5. Benefits

- c) Long Term Disability

- ii. Lump sum (LS) award for non-economic impact of permanent disability (referred to as “Non-Economic Loss” or NEL)

- LS = % of [Base amount +/- \$X per year e'ee is < 45 / > 45]

- (adjustments capped at +/- 20 × \$X)

- % = impairment rating (more severe → higher % where

- % is determined at maximum medical recovery)

- » 2019 values: Base amount = \$61,361.27 and \$X is \$1,364.09

- » 2020 values: Base amount = \$62,527.13 and \$X is \$1,390.01

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Example – LTD Benefits

- Suppose Jim Davis was earning \$55,000 (take home pay) before becoming fully disabled in due to a job-related accident
 - a) Calculate his bi-weekly Loss of Earning(LOE) benefit
 - b) Jim's health/injury was assessed in order to determine his Non-Economic Loss (NEL) Benefit. His impairment rating was 30%. Determine his NEL assuming
 - i. Jim was age 52 at time of his injury
 - ii. Jim was 40 years old at time of injury

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Example – LTD Benefits

- a) Jim's earnings are below 2020 WSIB maximum of \$95,400

$$\text{LOE Benefit} = \frac{85\% \times \overset{\text{about earnings.}}{55,000}}{\underset{\text{wks}}{26}} = 1,798.08 \quad \text{every two wks.}$$

- b) 2020 values: Base amount = \$62,527.13 and \$X is \$1,390.01

- i. If Jim is age 52 (i.e., 7 years over age 45) at time of his injury

$$\text{LS} = \underset{\text{access rate}}{30\%} \times (\underset{\text{base amount}}{62,527.13} - \underset{\text{yrs} \times \text{per year adjustment}}{7 \times 1,390.01) = 30\% \times 52,797.06 = 15,839.12$$

- ii. If Jim is age 40 (i.e., 5 years under age 45) at time of his injury

$$\text{LS} = 30\% \times (62,527.13 + 5 \times 1,390.01) = 30\% \times 69,477.18 = 20,843.15$$

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Government Disability Benefit Programs

- **Worker's Compensation Program(s)**

- 5. Benefits

- d) Rehabilitation

- An injured e'ee can participate in a medical or vocational rehab program funded by WC board if they are physically able

- » Examples: counseling, job search, legal services, tuition

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Government Disability Benefit Programs

- **Worker's Compensation Program(s)**

- 5. Benefits

- e) Survivor Benefits

- Payable when an e'ee dies as a result of an injury or disease incurred in course of employment
 - Surviving spouse and any dependent children receive:
 - » an income replacement benefit
 - » lump sum (some provinces)
 - » funds to cover funeral costs
 - » benefits usually paid for spouse's lifetime or to age 65 (but stop on remarriage)
 - » child benefit stops at age 18 (unless child disabled or full-time student)

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Government Disability Benefit Programs

- **Worker's Compensation Program(s)**

- 5. Benefits

- e) Survivor Benefits

- In Ontario (WSIB) the survivor benefits includes:

- i. Burial Expenses (there is no maximum, but there is a minimum - currently \$3,200.93)

- ii. Counseling/other support

- iii. **Lump Sum Payment** to spouse (or dependent if no spouse)

- iv. **Monthly Survivor Benefits** (spouse and dependents)

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Government Disability Benefit Programs

- **Worker's Compensation Program(s)**

- 5. Benefits

- e) Survivor Benefits

- iii. **Lump Sum Payment** to spouse (or dependent if no spouse)

- LS = flat amount +/- \$X per year < 40 / > 40

- (adjustments capped at +/-20 × \$X)

- » 2020 flat amount = \$85,358.29 at age 40 (\$83,766.72 in 2019)

- » For each year spouse is less than 40, amount is increased by $X = \$2,133.95$ to maximum of \$128,037.29 for age ≤ 20, i.e., $\text{max} = \text{flat amount} + 20 \times \X (2019 amount is \$2,094.16)

- » For each year spouse is greater than 40, amount decreases by \$2,133.95 to minimum of \$42,679.29 for age 60+, i.e., $\text{min} = \text{flat amount} - 20 \times \X (2019 amount is \$2,094.16)

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Government Disability Benefit Programs

- **Worker's Compensation Program(s)**

- 5. Benefits

- e) Survivor Benefits

- iv. **Monthly Survivor Benefits** to spouse^{**}

- Benefit = $40\% \times \min(\text{deceased's net income, earnings cap})$,
adjust 40% by +/- 1% that spouse is < 40 / > 40 (also capped)

- » In 2020 income is capped at \$95,400

- » Note that 40% is the percentage for a spouse aged 40

- » For each year spouse is less than age 40, increase % factor by 1%, to a maximum of 60% (for age ≤ 20)

- » For each year spouse is greater than age 40, decrease % factor by 1% to a minimum of 20% (for age 60+)

- ^{**}Even more details to consider when there are dependents

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Government Disability Benefit Programs

- **Worker's Compensation Program(s)**

5. Benefits

- In order to receive benefits from workers' compensation in Ontario, an injured employee must:
 - i. Cooperate in recovery by following any suggested treatment
 - ii. Have regular health exams as required by WSIB (this is done annually)
 - iii. Cooperate in "Early and Safe Return To Work" programs
 - iv. Report any changes to your medical condition or income to WC board
- If an e'ee does not cooperate, STD/LTD benefits may be reduced or discontinued

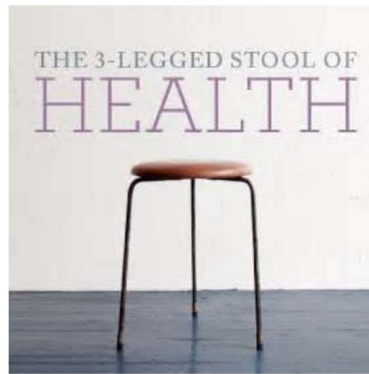
Module 4 – Poor Health – Disability

→ Poor Health Financial Security (Overview)

Recall:

- The **Three**-Legged Stool of Poor Health – Disability

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I – Government – Employment Insurance (STD), CPP (LTD), WC

II – **Employer - Short Term (STD) & Long Term (LTD) Disability**

III – Individual – Individual Disability Insurance