

**Meeting Date:** July 2, 2019  
**Department:** Human Resources  
**Prepared By:** Doug Payne, Human Resources Manager  
**Reviewed By:** Greg McClinchey, Chief Administrative Officer  
**Subject:** **Disability Administration Change**

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**RECOMMENDATION:** That this report be received and accepted for information purposes.

## **BACKGROUND**

The Municipality of Strathroy-Caradoc currently provides all full-time permanent staff with a Weekly Indemnity (Short Term Disability) Benefit under our group benefits program. As part of this program, eligible employees receive a wage top-up for the period of disability. Additionally, with respect to WSIB injuries, the employer may continue to top-up an employee to their normal weekly wages dependent upon the conditions / approval of the injury claim for lost time.

If an employee is eligible for top up, the Municipality continues to pay the normal weekly pay. New hires on or after January 1, 2016 are not eligible for the Weekly Indemnity or WSIB top-up. Payments to the employee from the Short Term Disability (STD) carrier or the WSIB comes directly to the Municipality via cheque.

In the case of STD benefits, to process the cheque from the carrier, the Municipality must contact the employee and have the employee endorse the cheque, by coming to Town Hall, to allow for Municipal deposit.

In addition to being administratively cumbersome, there are tax implications for the employee given that normal wages and deductions continue while the STD and/or WSIB benefits are taxed at a lower rate.

## **COMMENTS**

After careful review, it has been decided that the Municipality will be changing our current administration practice of receiving disability payments from insurance carriers at the Municipality for employees on STD or WSIB. The new practice will cause employees to receive all benefits (payments) owing to them directly from the insurance carrier. The Municipality will only pay any top up amounts owed. The planned implementation date is January 1, 2020.

## **CONSULTATION**

Director of Financial Services

## **FINANCIAL IMPLICATIONS**

None