

*Committed to improving
employment for people with
disabilities in Canada*



Deep Dive:

Short Term Disability Insurance



Short-Term Disability (STD) Insurance provides replacement income for an employee when they are unable to work for a set number of weeks due to hospitalization, an accident, or becoming ill. Providing this support for can make an enormous difference in their well-being and capacity to return to work.

Why is it Important?

In today's talent market, Short-Term Disability Insurance can be a key aspect of your talent attraction strategy.

Given the gaps between sick day policies and the waiting period for Employment Insurance (EI), implementing measures that help cover your teams' expenses will reduce the stress and tension of financial burdens. As Benefits by Design explains in their [blog post on the subject](#), it's a financial supplement that helps employees focus on recovery instead of their finances.

While provincial worker's compensation programs will cover injuries on the job; unforeseen illness, injury, or accidents that happen outside work aren't included. It's also important to note that [depression and anxiety can be approved for short-term disability](#), and with the rise of mental health challenges during the pandemic, providing this kind of coverage can help reduce the risk of employee burnout and turnover.

As you assess whether providing short term disability is right for your organization, consider the long-term positive impacts of providing fulsome support for your staff: better retention, increased loyalty, and the positive ripple effects of investing in your team.



Questions to Ask Yourself

For growing organizations, or those with limited budgets, asking some clarifying questions can set you on the right track to providing support for your employees with disabilities.

Some examples:

- ▶ Is our benefits plan set up to demonstrate care and respect for our employees?
- ▶ Can we afford to add short-term disability to our benefits plan? Is short-term disability insurance important enough to our employees that they would be willing to cost share on the premiums?
- ▶ If we can't offer short-term disability coverage, do we know how to support employees who acquire a disability or fall ill?

What to Change

If you can, add Short Term Disability Insurance. If it's out of reach, there are other ways you can still signal support to your employees:

- ▶ Cover the cost of medical notes from physicians. Medical assessment fees aren't covered by provincial health plans and can be an additional financial burden
- ▶ Offer flexibility in paid time off days. Make it simple for your people to use a sick day for medical tests or counselling, without requiring a doctor's note. Clarify if partial days can be claimed and to what extent.

- ▶ Proactively prepare a record of employment when an employee notifies you they will be absent for an extended period due to illness
- ▶ Get familiar with Employment Insurance sickness benefits. Medical documentation is required for standard sickness benefits, while the Canada Sickness Recovery Benefit (CSRB) covers those off work for Covid related illness
- ▶ Consider offering partial coverage and sharing the premiums with employees. For example, splitting the premiums 50/50 can reduce your costs

What to Say

As you prepare to make your case for adding Short Term Disability to your benefits package, you should be ready to explain why an organization would offer STD when Canadians can apply for Employment Insurance sickness benefits through the federal program.

While it's true that Employment Insurance is available to most Canadians and the coverage is similar, there are several ways an STD plan is better for employees.

Employment Insurance has longer wait periods and offers a lower weekly payout, and therefore is less effective at replacing income for an employee. From a tax perspective, EI benefits are taxable to the employee; with STD, the employer can design the program so that STD benefits are not. This maximizes the replacement income an employee has available when they need it most.



Further Reading

Government of Canada [Employment Insurance Sickness Benefits webpage](#)

More details about [aligning STD and EI Sickness benefits](#)

Article from The Balance Careers on [Short Term Disability benefits](#)

