

# Partial and Residual definitions of disability

Understanding the similarities and differences

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RBC Insurance® Group Long Term Disability Income Protection Insurance plans offer employers a choice of two definitions of disability: Partial or Residual. The fundamental difference between the two definitions is in how the employee is able to satisfy the elimination period.

## Differences during the elimination period

Under the “Partial” definition of disability, the employee has to be totally disabled during the elimination period.

“Disabled” in this case means the employee:

- Is unable to perform any of the material and substantial duties of his or her regular occupation<sup>1</sup>; and
- Has a 20% or more loss in indexed monthly earnings due to the same sickness or injury.

Under the “Residual” definition of disability, the employee does not have to be totally disabled during the elimination period.

“Disabled” in this case means the employee:

- Is limited from performing the material and substantial duties of his or her regular occupation; and
- Has a 20% or more loss in indexed monthly earnings due to the same sickness or injury.

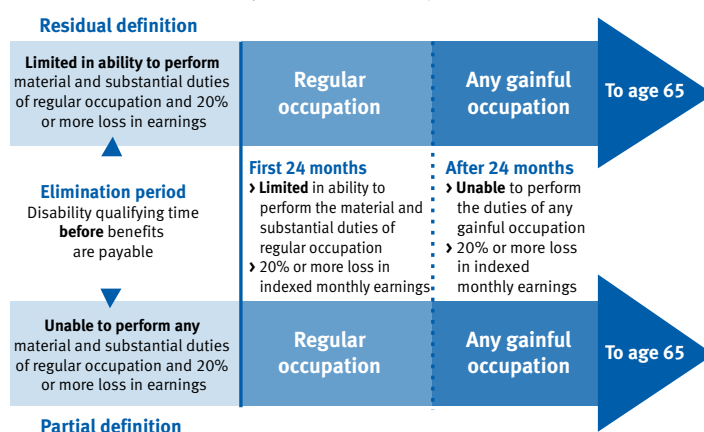
Depending on the insurance contract’s definition of disability, there is also a subtle difference in how RBC Insurance calculates an employee’s elimination period (see reverse for examples).

## Similarities during the elimination period

The RBC Insurance group contract includes a 30-day accumulation of the elimination period feature. If, during the elimination period, the employee’s disability stops for 30 cumulative days or less, RBC Insurance will treat the employee’s disability days as continuous and count them toward satisfying the elimination period.

As long as the employee doesn’t exceed 30 non-disabled days, he or she will not have to begin a new elimination period for the same disability.

## Two-year regular occupation



## Similarities after the elimination period

Once the elimination period is satisfied, the definitions of disability are identical.

Both definitions:

- Apply the same “regular occupation” definition of disability during the first 24 months of disability
- Require a 20% or more loss in indexed monthly earnings due to the same sickness or injury
- Transition to the “any gainful occupation”<sup>2</sup> definition of disability after 24 months of payments
- Provide benefits for partial disability up to age 65 as long as the employee continues to meet the plan’s definition of disability

## Calculating the elimination period

Under the two-year regular occupation definition with Partial:	Under the two-year regular occupation definition with Residual:
The definition of disability is assessed on a daily basis.	The definition of disability is assessed on a monthly basis.
From the date of disability, for each day the employee meets the definition of disability, the day counts toward the elimination period.	From the date of disability, for each 30-day period the employee has a 20% or more loss in indexed monthly earnings, the whole month counts toward the elimination period.
Each non-disabled day (i.e. each day the employee works or is able to work) counts toward the 30-day accumulation period. Working a couple of hours a day counts as a day worked.	For each 30-day period the employee has less than a 20% loss in indexed monthly earnings (i.e. non-disabled days), the whole month counts toward the 30-day accumulation period.
More than 30 non-disabled days require the employee to begin a new elimination period.	More than 30 non-disabled days require the employee to begin a new elimination period.
<p><b>Example:</b> John's disability begins January 6. During the first 30 days of disability, January 6 through February 4, John meets the definition of disability 21 of the 30 days, but also works nine days. In this instance, 21 days count toward satisfying the elimination period and nine days count toward the accumulation period.</p>	<p><b>Example:</b> John's disability begins January 6. During the first 30 days of disability, January 6 through February 4, John returns to work at a reduced capacity with his employer. Even though John works part time during this 30-day period, he still has a 20% or more loss in his indexed monthly earnings. In this instance, all 30 days count toward satisfying the elimination period.</p>

- With the exception of the 30-day accumulation period, the Partial definition of disability requires the employee to be disabled and not working during the elimination period.
- Our Residual definition recognizes that, in many cases, employees recover over time and incrementally from a disability, and it supports this by allowing the employee to satisfy the elimination period while they are working at a reduced capacity and experiencing a 20% or more loss in indexed monthly earnings.

**For more information, please contact your RBC Insurance Sales Consultant or call 1-866-235-4332 or visit us online at [www.rbcinsurance.com/salesresourcecentre](http://www.rbcinsurance.com/salesresourcecentre)**



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<sup>1</sup> "Regular occupation" means the occupation the employee is routinely performing when his or her disability begins.

<sup>2</sup> "Gainful occupation" means an occupation as is normally performed in Canada that is or can be expected to provide the employee with an income within 12 months of his or her return to work that exceeds either 80% of his or her indexed monthly earnings, if he or she is working, or 60% of his or her indexed monthly earnings, if he or she is not working. All plan designs are subject to underwriting approval. Limitations and exclusions apply. Please refer to the policy document for full details. Policy descriptions are for illustrative purposes only.