



# Canada Revenue Agency Changes to Taxable Disability Plans

Effective January 1, 2015

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## ADVISOR COMMUNICATION

November 2014

Effective January 1, 2015, Canada Revenue Agency (CRA) will require that all benefits paid from taxable Short Term Disability or Long Term Disability plans have appropriate tax deducted at source. As such, RWAM will align its practices to comply with this change. All deductions will be remitted to the Canada Revenue Agency by RWAM on behalf of employees receiving benefits and will be reported annually on the tax slips (T4A) in February each year.

### Short Term Disability (STD)

Existing STD claimants receiving benefits, on or after, January 1, 2015, could see lower net benefit payments depending on their prior choice for tax remittance. RWAM will be communicating directly with each claimant to advise of the new tax implications.

A communication will also be sent to employers who sponsor taxable STD plans, making them aware of the upcoming CRA changes.

### Long Term Disability (LTD)

For LTD claimants insured with La Capitale, the appropriate tax deduction has been taken at source prior to CRA's change and therefore no action is required for these groups.

For LTD claimants insured with Equitable Life or RBC Insurance, communication regarding their process will be sent directly from the insurer.

For more information contact your Group Marketing Representative at RWAM Insurance Administrators Inc.