



SHEET METAL WORKERS LOCAL 30 WELFARE AND PENSION TRUST FUNDS

PLAN ADMINISTRATOR: EMPLOYEE BENEFIT PLAN SERVICES

45 McIntosh Drive, Markham, Ontario L3R 8C7

Telephone: (905) 946-9700 • Toll Free: 1-800-263-3564 • Fax: (905) 946-2535 • Internet: www.lu30plan.com • E-mail: ebps@mcateer.ca

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Important Notice to Retired Members

- **Regarding Changes to the Health and Welfare Plan's Benefits**
- **Canadian Payment Standard Changes**
- **New Benefit Plan Website**

Dear Retired Member,

You recently received a letter from the Board of Trustees which described significant changes to the Benefits of the Health and Welfare Plan. The changes will take effect on January 1, 2007.

The contributions required by Retired Members will also change. The change will be effective **February 1, 2007**. This means that the deduction made from your Pension Benefit Cheque **for the month of February** will reflect the new contribution amount. A comparison of the current and increased contribution amounts is as follows:

Pay Direct Amount including Retail Sales Tax	Plan Option A (Full Retiree Benefit Plan)	Plan Option B (Retiree Benefit Plan excluding Drugs)	Plan Option C (Life Insurance only)
As at December 1, 2006	\$72.66	\$42.75	\$0.95
Effective February 1, 2007	\$98.11	\$60.42	\$2.59
Increase in Pay Direct Amount Effective February 1, 2007	\$25.45	\$17.67	\$1.64

As a Retired Member, you pay 50% of the cost of your selected Plan Option. The cost-sharing amount has not been adjusted for several years. During this time, the increasing cost of the Retiree Plans has been absorbed by the Welfare Fund.

After the adjustments to the Retiree contribution, as shown above, the Welfare Trust Fund will continue to subsidize Retiree Benefits at a cost of approximately \$700,000 per year.

The Trustees value the provision of Retiree Benefits as a significant element of the total Welfare Plan. Keeping these benefits intact is a priority and so the Trustees are committed to keeping the benefits sustainable and affordable. The challenges facing all of us –Trustees, Active and Retired Members --- are:

- a) **changing demographics.** More Members are approaching retirement. They will want to participate in the Retiree Benefits when they retire;
- b) **continuous inflation in the cost of health care.** It is estimated that the cost of health care in Canada will increase by 12% to 15% each year. We have to manage the cost of benefits so that the Plan's costs grow more moderately than the national average;
- c) **downloading of health services traditionally sponsored by provincial governments.** OHIP benefits are under continuous review and there is pressure to download these Medicare benefits to private plans, like the Local 30 Welfare Plan. Two examples of recent downloading are the de-listing of chiropractic treatments and eye examinations. De-listing health services helps the provincial budget but increases the cost of the Local 30 Welfare Plan's Benefits.

There are methods the Trustees can employ to estimate the future cost of Retiree Benefits. In 2006, the Trustees conducted a study to determine the funding required to support the existing Plan of Retiree Benefits for the current group of Retirees. The funding needed is over \$12.6 Million. This is an enormous cost but, considering that the current cost of providing these Benefits is about \$700,000 per year, it means that 20 or more years of funding has to be in place, per Retiree. This is an important target for the Trustees, and the Membership as a whole.

As you read in the December 2006 Newsletter, there are two areas of Benefit changes that affect Retired Members who have included Prescription Drug coverage in their Benefit Option (Plan Option A):

The Ingredient Cost of Generic Drugs will be covered at 100%.
The Ingredient Cost of Brand Name Drugs will be covered at 70%

You will continue to have the choice of purchasing prescription drugs from any pharmacy. You may purchase Brand Name or Generic drugs. However, effective with prescriptions filled on/after January 1, 2007, the Plan will reimburse the Ingredient Cost portion of the prescription at 100% if a Generic drug is purchased or if there is no Generic equivalent to a prescribed Brand Name drug. If you choose a Brand Name drug, and there is a Generic equivalent for that Brand Name drug, the Plan will pay 70% of the Ingredient Cost of the Brand Name drug.

Please note that the Plan will not reimburse any part of the cost of prescription drugs if the cause is related to a motor vehicle accident. These costs should be covered under your motor vehicle insurance policy.

The Professional Dispensing Fee for Prescription Drugs will be paid to a maximum of \$7.00 per script

You have, and will continue to have, the choice of purchasing prescription drugs from any pharmacy. The amount you pay for prescription drugs includes two components – the Ingredient Cost and the Professional Dispensing Fee. The Plan will reimburse up to \$7.00 for the Professional Dispensing Fee component of the charge. If you are purchasing a customized compound, the Plan will pay 100% of the Professional Dispensing Fee. There are many pharmacies in the jurisdiction of the Local that fill prescriptions at, or below, \$7.00. You might also consider purchasing up to 90 days' supply of a prescription drug if you are sure that you will continue to use the drug. This will help to reduce any out of pocket costs you might otherwise incur.

This change will not have a significant impact on you if you are covered by the Ontario Drug Benefit Plan for Seniors.

Conclusion of Discussion about Benefit Changes

Retired Member Benefits are an important part of the entire Benefits provided by the Local 30 Welfare Plan. It is necessary that we continue to manage the Plan so that these Benefits are sustainable into the future. We hope that you will appreciate that the decisions reached by the Trustees came after extended deliberations.

We will continue to monitor the funding of the Plan, the cost of Benefits and the relationship between the number of Retired Members and the number of Active Members. We hope that we will not have to make further reductions to the Plan's Benefits. However, as circumstances dictate, the Trustees will take the necessary steps to prudently maintain the integrity of the Plan.

Canadian Payment Standards Changes

The Canadian Payments Association (CPA) governs the cheque clearing system in Canada CPA will be introducing some changes in June 2007 affecting the form of cheques accepted by financial institutions. For Retired Members making Pay Direct Payments to the Fund, these changes mean that you must have your cheques updated to meet these new Standards. If you have ordered cheques from your financial institution since mid 2005 it is likely that your cheques are already compliant with the new Standards. However, we suggest that, next time you visit your bank, check with bank staff to ensure that your cheques meet the new Standards.

We are confirming that the payments issued by the Pension and Welfare Funds will be compliant with the new Standards.

Best regards

The Board of Trustees

Art White Jr. Chairman
Bob Collie
George May

Mike Bloom Co-Chairman
James Jackson
Art Nowicki

The Benefit Plans have a new updated Web Site.
Please visit www.lu30plan.com for the most current information
and downloads for your Benefit Plans

