



## SHEET METAL WORKERS LOCAL UNION 30 WELFARE AND PENSION TRUST FUNDS

### PLAN ADMINISTRATION: EMPLOYEE BENEFIT PLAN SERVICES

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July 2014

### IMPORTANT NOTICE TO MEMBERS ABOUT WELFARE PLAN BENEFIT IMPROVEMENTS UPDATE ON PENSION PLAN

Dear Plan Members,

The Trustees of your Welfare Plan are very pleased to announce the following significant improvements to the Welfare Plan. These improvements are being made after the Trustees conducted a review of the Plan's financial status and received feedback from Plan Members. These improvements were originally announced at the Plan's Annual Meeting held May 4, 2014.



#### **ALL-IN-ONE BENEFIT CARD**

Effective September 1, 2014 all Plan Members will be provided with an all-in-one Benefit Card. This Card will provide enough detail for most medical and dental services providers to submit claims on your behalf electronically. This means that you won't have to submit paper claims for most services incurred on/after September 1, 2014. Members will also be given internet access to allow them to submit claims over the internet (using a laptop, mobile phone, ipad etc). The Plan's website [www.lu30plan.com](http://www.lu30plan.com) will include a link for electronic claims submission. Using this link will also give you access to your claims history and will let you determine how much of your maximum benefit you have left to make a purchase. Watch for this link to be "live" September 1<sup>st</sup>.

This significant improvement will ensure that Members receive claims payments faster and in many cases allow the service provider (pharmacist, dentist, optical service, massage therapist, chiropractor etc.) to receive payment directly from the Plan. An audit process will be in place to review claims and therefore Members and providers will be required to retain all receipts for 13 months following the date the claim was submitted.

Members can still submit paper claims via the mail, email or fax or drop them off at the Benefit Office.

Members and dependants over the age of 65, who are required to be enrolled in the Ontario Drug Benefit (ODB) program, will have their drug claims adjudicated automatically at the pharmacy. Enrollment in the ODB is required by the Plan.

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All claims for prescription drugs will be paid on the basis of the lower of the brand name or generic drug ingredient cost. You do not have to change the drugs you are taking but the Plan's reimbursement practice will take advantage of the best pricing opportunities. You should discuss the merits of brand name and generic drugs with your pharmacist if you have questions.

Members will receive a detailed Welcome Package providing more information about the all-in-one Benefit Card later in the summer. See below under "what do I need to do?" to help get the most out of this benefit improvement and for information about what actions you must take by July 31st.

### **ACTIVE MEMBER LIFE INSURANCE**

Effective with claims incurred on/after September 1, 2014, the Active Member Life Insurance Benefit is improved from \$50,000 to \$100,000. Members who are disabled as at September 1, 2014 will not be eligible for this benefit improvement until they have recovered. Information from the Plan's insurer confirms the amount of Life Insurance available to disabled Members.

The Plan's Survivor Income Benefit (SIB) is being terminated August 31, 2014. The Trustees felt that improving the Life Insurance and AD&D benefits (see below) provided much better value for Plan Members and their beneficiaries. Anyone currently in receipt of the SIB benefit will continue to receive the benefit.

### **ACTIVE MEMBER ACCIDENTAL DEATH AND DISMEMBERMENT BENEFIT (AD&D)**

Effective with claims incurred on/after September 1, 2014, the Active Member AD&D Benefit is improved from \$25,000 to \$100,000. Members who are disabled as at September 1, 2014 will not be eligible for this benefit improvement until they have recovered.

### **ACTIVE MEMBER WEEKLY INCOME (SHORT TERM DISABILITY) BENEFIT**

Effective with claims incurred on/after September 1, 2014, the Active Member short term disability benefit is improved from \$468 per week to \$514 per week.

Effective January 1, 2015 the short term disability benefit will be the same as the Employment Insurance (EI) maximum accident and sickness benefit.

Members still file claims with EI to receive the maximum accident and sickness benefit; if you are still disabled after EI accident and sickness benefits have run out, the Plan will continue your short term disability claim.

Always inform the Plan if you are disabled, including receiving benefits from EI or WSIB, so that the Plan administrator can ensure that you maximize the benefits available to you from the Plan.

### **EMERGENCY TRAVEL ASSISTANCE BENEFITS**

Active and Retired Members have coverage under the Plan for out of country emergencies. Effective September 1, 2014, the Plan will provide an emergency travel assistance (ETA) benefit which will help Members who run into an emergency medical situation outside of their province of residence.

This will reduce the chance Members have to pay out of province hospitals and other providers for emergency services. The ETA benefit information will be shown on your all-in-one Benefit Card.

### **HEALTH CARE SPENDING ACCOUNT**

A Health Care Spending Account (HSA) gives Active and Retired Members flexibility in managing any medical or dental expenses the Plan does not cover. On January 1, 2015 Active and Retired Members will be given a HSA of \$500 which is available to the Member and his/her family members.

Claims can be submitted to the HSA if they were incurred on/after January 1, 2015 and up to December 31, 2016. The HSA amount given in January 2015 will be \$500 per family. Any HSA amount allocated in January 2015 not used by December 31, 2016 will be returned to the Welfare Plan.

Members will be able to use the HSA to pay for excess vision care expenses, pay deductibles, excess dispensing fees etc. Claims will be submitted either on paper or electronically using the all-in-one Benefit Card.

The Trustees will decide later about any future allocations to the HSA. Allocations to the HSA will be determined by how financially sound the Welfare Plan is; this includes how Members are using the Plan, investment income available to the Plan and the cost of Plan operations. The Trustees will announce the 2016 HSA allocation once the 2014 audit is complete (approximately June 2015).

### **Other items**

Effective September 1, 2014 the Plan's health coverage will no longer include items such as laboratory tests, costs of blood and plasma etc. The Trustees believe that this coverage no longer provides any value as these expenses are covered under provincial medicare programs. One Prostate-Specific Antigen (PSA) test per year will continue to be covered. Costs for laboratory services related to dental procedures will continue to be covered.

### **What do I need to do?**

#### **Information about your family's benefit plan coverage:**

Enclosed are documents which will help the electronic submission and payment of your claims. Please complete the

Coordination of Benefits Application  
Direct Deposit and E-Notification Request

and return them in the postage paid envelope **by July 31<sup>st</sup>**.

#### **Filing of claims incurred prior to September 1, 2014**

The Trustees are changing some of the insurance arrangements for Plan benefits, including terminating insurance coverage with Manulife Financial for health and dental benefits. Please ensure

that **all** claims you incur prior to September 1, 2014 are submitted to the Plan Administration Office as follows:

<b>Benefit</b>	<b>Claim Filing Requirement</b>
Life Insurance	Within 15 months of the date of death
Accidental Death and Dismemberment	Within 15 months of the date of death or disability
Survivor Income Benefit	<b><u>No later than November 29, 2014</u></b>
Weekly Income (short term disability)	Within 90 days of the date of disability
Long Term Disability	Within 6 months of the date of disability
Medical including prescription drugs and vision care etc.	<b><u>No later than November 29, 2014</u></b>
Dental	<b><u>No later than November 29, 2014</u></b>

*Late filed claims will not be paid under any circumstances.*

**FAMILY SERVICES EMPLOYEE ASSISTANCE PLAN (FSEAP)**



The Trustees have received good feedback from Members who wanted to share their experience with the free private counselling services provided by FSEAP. FSEAP is available to Active and Retired Members and their dependants. FSEAP provides services which can help with family problems, addictions, financial issues, legal problems, preparing for retirement, disability concerns and other important life changes. You can contact FSEAP at 1-800-668-9920 or on the internet at [www.myfseap.com](http://www.myfseap.com). Group name is tosmwiamap. Password is MAP. Confidential counselling services are available on-line, in person or by telephone.



**C&C OPTICAL**

LABORATORIES INC Tel: (905) 475-2221 • 1-(866) 832-3303

The Trustees interviewed the owners of C&C Optical in order to give Members access to quality vision care services at lower prices. This helps stretch your vision care dollar. Information about C&C Optical was provided in the Plan's last benefit announcement. You may contact C&C at (905) 475-2221.

To receive the applicable discounts, please mention you were referred by the Sheet Metal Workers Local Union 30 Welfare Plan.



**ORTHOGENIC LABORATORIES**

The Trustees met with the principals of Orthogenic Laboratories and were very impressed with the thoroughness of their process for making custom orthotics. Members can take advantage of the services offered by Orthogenic Laboratories by calling the phone number on the enclosed brochure. Be sure to mention you are a Member of Sheet Metal Local 30's Welfare Plan. As a reminder, the Plan covers one pair of custom made orthotics or orthopaedic shoes per calendar year. For active Members, the Plan will reimburse 100% of eligible expenses up to \$400 per calendar year. For retired Members the Plan pays 50% of eligible expenses, up to \$400 per calendar year. They must be

prescribed by a Physician, Podiatrist or Chiropracist. They must be supported by a statement of diagnosis, related symptoms and physical findings, and a description of the abnormal walking pattern associated with the medical condition, and they must be dispensed by a certified Podiatrist, Chiropracist, Pedorthist, Orthotist or Physician.

### **DOLLAR BANK DRAWDOWN AND PENSIONER CONTRIBUTIONS**

Even though there have been substantial benefit improvements for Active and Retired Members, there are no changes to the dollar bank drawdown or pensioner contributions at this time. However, it would be prudent to plan for reasonable increases in the future since the Plan provides excellent coverage for death, disability, medical and dental claims on the most tax-effective basis possible.

### **PENSION PLAN UPDATE**

As Members heard at the May 4<sup>th</sup> Annual Meeting, the Trustees have spent a great deal of time reviewing the Pension Plan's investment structure to be sure it is appropriate for the future. As a result of the investment work done by the Board, the Plan was able to increase its assumption for future investment returns from 6.5% to 6.8% net of investment expenses. The best estimate future annualized return for the Plan is 7.14% based on the new investment structure. Even with the new investment structure, the Trustees think that a reduction in our benefit formula, for those not yet retired, will be required. This is discussed more under the article below Our Pension Benefit Formula Compared to Other Plans.

The Pension Plan was required to have an actuarial valuation at September 30, 2013 and this was presented to the Trustees in May 2014. A summary of the valuation at September 30, 2013 is:

1. The Plan had assets of \$350.3 Million;
2. The Plan's liabilities were \$374.5 Million;
3. The Plan had an unfunded liability of \$24.2 Million;
4. The Plan was 93.5% funded;
5. If the Plan had terminated there were enough assets to cover 59% of the liabilities;
6. The Plan's transfer ratio is 0.59 – this factor is relevant for benefits to be paid to terminated and deceased Members; 59% of the benefit is paid at the time of the first payment. The remainder is payable at the end of 5 years, or when the Plan is fully funded under applicable legislation, whichever is the earlier. The second payment is paid with interest;
7. Estimated contributions for the year commencing October 1, 2013 are \$19.2 Million;
8. The estimated cost of benefits for the year commencing October 1, 2013 is \$16.5 Million.

Under current legislation the unfunded liability of \$24.2 Million must be eliminated within 12 years. The Plan has sufficient excess contributions to fund a portion of the unfunded liability. The Trustees have deferred making any special payments against the unfunded liability for one year and will perform another valuation no later than as of September 30, 2014.

The Plan's September 1, 2013 valuation will be filed with the Ontario pension regulator no later than June 30, 2014. Please contact the Plan Administration Office if you wish to receive a copy of the valuation.

The Plan continues to be registered as a Specified Multi-Employer Pension Plan (SOMEPP) under the regulations to the Ontario Pension Benefits Act.

### **Our Pension Benefit Formula Compared to Other Plans**

During the valuation process, the Trustees were informed by the Plan's actuary that our benefit formula, at 20% of Contributions annually (1.7% per month), is the highest they've seen. The most common pension formula has an accrual rate of about 1.18% per month (14.16% of Contributions per year). The lower benefit rate emerging in other pension plans reflects the downward pressure on the outlook for investment market returns over the long term along with the actions some pension plans had to take to reduce benefits after the 2008 financial market crisis. Our Plan did not reduce benefits after 2008 however the Trustees want to protect the Plan from deeper unfunded liabilities and move the Plan to a fully funded position. In the coming months, the Trustees will be giving serious consideration to lowering our accrual rate for future pensions so that our Pension Plan remains affordable. The Trustees will notify all Members if any changes are being made.

### **MORE INFORMATION?**

Please contact the Plan Administration Office if you have any questions. The contact information is included in this Notice. Please refer to your Plan documents, including your Plan booklet for details about Plan rules, maximum benefits etc. Plan documents can be accessed using your Member access at [www.lu30plan.com](http://www.lu30plan.com).