

# LTD BENEFITS

## AT-A-GLANCE

MARCH 2020

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For the past 4 years, the plan has experienced an increase in the number of approved claims and the benefits being paid. The plan's actuary has identified that the plan requires a rate increase for the second year in a row. More information relating to this increase is included below and on the following page.

### RATE INCREASE

Effective April 1, 2020, a rate increase will be applied, affecting your payroll deductions. The rate increase is as follows:

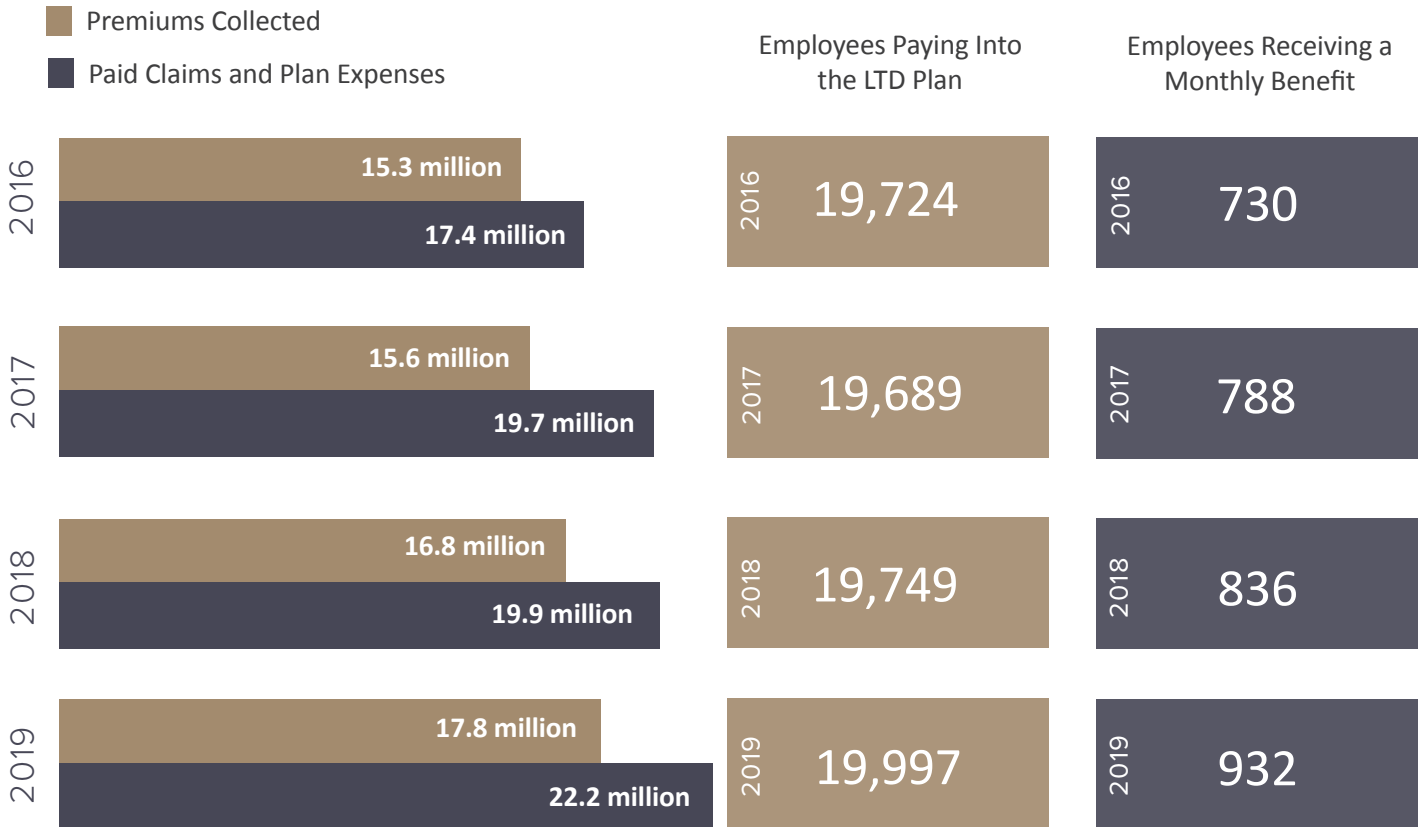
Group	Current rate per \$100 benefit	New rate per \$100 benefit as of April 1, 2020
General	\$2.19	\$2.38
Nurses	\$4.63	\$5.07
CUPE 1251	\$3.81	\$4.37

An example of how these rates apply is included below. **This example is based on an annual salary of \$54,000 and a net monthly LTD benefit of \$2,500.**

	Net Monthly Benefit	Current rate per \$100 benefit	Monthly Payroll Deduction	New rate per \$100 benefit	Monthly Payroll Deduction	Monthly Increase
General	\$2,500.00	\$2.19	\$54.75	\$2.38	\$59.50	\$4.75
Nurses	\$2,500.00	\$4.63	\$115.75	\$5.07	\$126.75	\$11.00
CUPE 1251	\$2,500.00	\$3.81	\$95.25	\$4.37	\$109.25	\$14.00

# PLAN REVIEW

JULY 1, 2016 TO JUNE 30, 2019



Plan expenses include claim related charges, administration, investment fees and other services.

## RENEWAL RATE REVIEW

The money collected from employees and investment returns is used to pay the benefits and costs of your plan. An increase or decrease in what you pay is calculated by the Actuary. It is the Actuary's responsibility to ensure that there is enough money in the plan to pay benefits.

There are three groups of members: General, Nurses and CUPE 1251. On an annual basis each group is assessed based on their own claims experience. This is why there are different rates for the three different groups.

For over six years, the plan had enough money to pay the benefits and costs without a rate increase. Beginning in 2017, the rates had to be increased due to lower investment returns, an increase in claims, an increase in costs, and the fact that benefits are paid for longer periods of time.

To ensure the plan can continue to pay benefits, the Committee for LTD has agreed with the Actuarial recommendations to gradually increase the rates. The Committee has begun to undertake an extensive plan review to minimize rate adjustments going forward without reducing benefits.

# PLAN FACTS

LTD coverage provides a source of income should you be unable to work for more than 4-months due to illness or injury.

The LTD Plan is funded by employees. Employees pay 100% of the LTD premiums. This ensures that the LTD benefits, when received, are non-taxable.

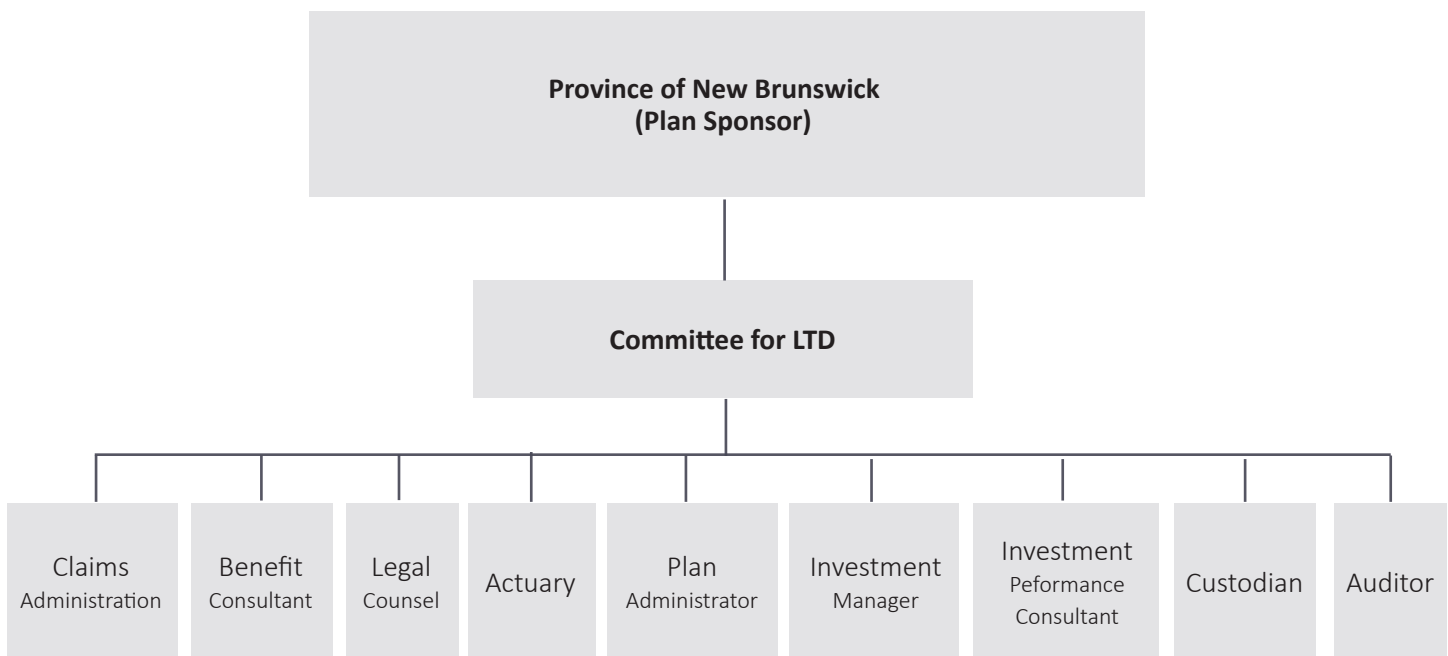
The LTD plan has three groups of participants that are defined by their group characteristics (e.g., occupation, risk profile, etc.):

- GENERAL – Employees in Government Departments, Agencies, School Districts, Hospitals, Crown Corporations and Commissions.
- NURSES – Registered Nurses in Hospitals and Nursing Homes.
- CUPE 1251 – Government Departments (LOCAL 1251), Community Colleges (Locals 5026 & 5017), and others through Transfer Agreements.

The LTD plan is governed by the Committee for LTD. This Committee:

- is a body of employee and employer representatives appointed by their respective unions and participating employer groups;
- approves the Actuary's recommendations, ensures funding is adequate and that the plan is able to pay benefits; and
- oversees the day-to-day operations— see the Plan Governance chart below for more information.

## LTD PLAN GOVERNANCE



For more information on this benefit, contact the Member Services team at 1-800-561-4012 or (506) 453-2296, or visit [www.vestcor.org/employeebenefits](http://www.vestcor.org/employeebenefits).