



IBEW LOCAL 353

Pension & Benefit Plans

protecting
your **FUTURE**

MARCH 2021

ANNUAL SPECIAL CALLED MEETING

At this year's Special Called Meeting the recommended benefit and pension plan changes (outlined inside this newsletter) are, for the most part, items that members were unable to vote on in 2020. Have your say on them by participating in this year's virtual Special Called meeting. This will be the first time in the IBEW Local 353's history that benefit plan recommendations will be voted on electronically!

The Special Called Meeting will take place by **Zoom on Sunday April 18, 2021 starting at 8:00 a.m.** Eligible members can participate by registering with the union no later than **Friday, April 16th at 4:30 p.m.**

There are two steps in the registration process:

1. Visit the IBEW Local 353 website at ibew353.org and click on the MEMBER LOGIN on the top righthand corner of the page.
2. Complete the electronic form and input your credentials to verify your eligibility.

Members are being asked to submit their questions ahead of time so that they can be answered at the meeting. There is a place right on the registration form to do this. After registering, all eligible voters will receive an email containing a secure code and password to vote on the recommendations through Simply Voting. Spread the word!

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MYTEIBAS.COM WINNERS

Congratulations to the four members who won a \$50 Mastercard gift card by logging into myteibas.com and participating in the LifeSpeak Watch & Win Contest.



REGISTRATION IS OPEN. REGISTER NOW!

Visit the IBEW Local 353 Member Login portal at www.ibew353.org and register to participate in the Special Called Meeting on **April 18, 2021**. Deadline to register is **4:30 p.m. on Friday, April 16th**.

IT'S YOUR VOTE

This year's Special Called Meeting is going to be a virtual affair and we hope that you can join in! Have your say on the benefit proposals listed below, as they not only impact your benefit coverage, but your hourly contribution rate as well. These proposed changes have been reviewed by the Board of Trustees and the IBEW Local 353 Executive Board and are being recommended. If approved, the health and welfare plan improvements will take effect May 1, 2021 unless otherwise noted.

› **Vote #1:**

Continue coverage for out-of-work members at a cost of 18 cents per hour. Voted on every year. No increase required.

› **Vote #2:**

Continue coverage for retiree travel insurance to a maximum trip duration of 30 days at a cost of 2 cents per hour. Voted on every year. No increase required.

› **Vote #3:**

Introduce coverage for adult orthodontics for active members with a lifetime maximum of \$3,000 at a cost of 1 cent per hour.

› **Vote #4:**

Introduce coverage for dental implants at 50%, to a lifetime maximum of \$3,000 at a cost of 2 cents per hour.

› **Vote #5:**

Introduce a separate psychological services benefit of \$2,000 at a cost of 4 cents per hour.

› **Vote #6:**

Introduce coverage for erectile dysfunction drugs to a maximum of \$500 per member per year, and fertility drugs to a lifetime maximum of \$5,000 per member at a cost of 1 cent per hour.

› **Vote #7:**

Introduce the Enhanced Generic Drug program effective January 1, 2022 at a savings of 7 cents per hour. Rate to be lowered 2 cents May 1, 2021 and 5 cents May 1, 2022.

› **Vote #8:**

Amend the pension plan to allow members in receipt of a pension to voluntarily take a lump sum "small pension" payment instead of continuing to receive their "small pension". No additional cost to members. Please see page 6 for an explanation.

› **Vote #9:**

Amend the pension plan to allow for Special Bankruptcy Credits to be applied at retirement (to a maximum of 450 hours) to eligible members whose employer has not paid pension remittances, and such remittances are deemed uncollectible. Please see page 6 for an explanation.

› **Vote #10:**

Pension Plan housekeeping amendment to correct a formatting error.

› **Vote #11:**

The Trustees recommend increasing the hourly pension contribution rate to the maximum allowable by law. Members to vote for one of the following:

- a. Increase the hourly pension contribution rate to the maximum allowable by law at a cost of 39 cents per hour.
- b. Increase the hourly pension contribution rate to 50% of the maximum allowable increase at a cost of 20 cents per hour.
- c. No increase in the pension contribution rate.

MORE ABOUT THE VOTES

The following recommended plan improvements, if approved, will result in an increase to members' hourly contribution rate as of May 1, 2021:

- One cent per hour introduces adult orthodontic coverage to a lifetime maximum of \$3,000 (active members and their dependents only) – currently only child dependents under the age of 25 are eligible for this benefit.
- Two cents per hour introduces coverage for dental implants payable up to 50%, to a lifetime maximum of \$3,000 – currently implants are not covered, however, the lowest cost alternative dental treatment may be applied towards implants.
- Four cents per hour provides a separate psychological benefit to an annual maximum of \$2,000 for all eligible members and their dependents for services rendered by registered psychologists, social workers, and psychotherapists. Currently mental health treatment is limited by a single \$2,000 for all paramedical practitioners. If approved, seeking psychological treatment will not impact access to other paramedical practitioners.
- One cent per hour provides erectile dysfunction drug coverage to a maximum of \$500 per member per year, and fertility drugs to a lifetime maximum of \$5,000 per covered individual – there is currently no coverage for these drugs.
- Dental fees and services will be reimbursed based on 2022 rates as published by the Ontario Dental Association Suggested Fee Guide for General Practitioners, beginning January 1, 2022 (no vote required).

ENHANCED GENERIC DRUG PROGRAM

The introduction of new and innovative drugs that are not only life altering, but life saving, are being introduced at a greater rate than ever before. Many of these drugs are not covered by a government program and plans like ours pick up the ever-increasing costs. Our benefit plan is a self-insured plan which means the members of the plan pay for the costs of drug claims, not the insurance company.

The current coverage of brand name drugs, where there is a generic equivalent available, is an inefficient use of plan member money. To help ensure the benefit plan can continue to provide comprehensive coverage to all active and retired members, the Trustees are strongly recommending that the members vote to adopt the "Enhanced Generic Drug Program". According to Canada Life, almost all other benefit plans already participate in a generic benefit program. This results in large savings and helps to protect these plans long term. Even the Ontario Drug Benefit is a generic drug program. Switching to the Enhanced Generic Drug Program will have no negative impact on members, but will result in the plan and members saving money long term as opposed to overpaying for drugs and allowing pharmaceutical companies to grow their profits.

Here's how it works. In the Enhanced Generic Drug Program members continue to take drugs as prescribed by their treating physician, and the pharmacist will dispense the generic drug, if one exists. Most drugs prescribed generally have a generic equivalent. If for medical reasons you are unable to take a generic drug, your doctor will need to complete a Request for Brand-Name Drug Coverage Form for you to submit to Canada Life. Once approved, the plan will pay the full cost of the brand name drug. If a member chooses to continue to take a brand name drug with no medical reason, the plan will only cover the cost of the generic drug and the member will be required to pay the difference. For those members, there are organizations that can assist with getting brand name drugs for generic prices, like www.innovicares.ca and www.rxhelp.ca.

It's important to note that both generic and brand name drugs contain the same medical ingredients. The most common reason a person may not be able to take a particular drug is they may have an allergy to a non-medicinal ingredient found in the drug. The non-medicinal ingredients in drugs are common ingredients that are also found in many products like foods or cosmetics. For example, someone might be sensitive to red dye in a drug. These ingredients can be found in both brand name drugs and generic drugs. In some cases, an individual may be allergic to a brand name drug, but not a generic drug. Generic drugs are safe and just as effective as brand name drugs but cost ten times less by law.

If this change is approved the switch to generics won't happen until January 1, 2022 to give members time to talk to their pharmacist or doctor about any potential changes to their prescription. The health and welfare rate will be adjusted 2 cents May 1, 2021 and another 5 cents May 1, 2022 to reflect the cost savings to be achieved through the introduction of the new program.



Self-Pay rates for actives, retirees and surviving spouses will be increased to the rates approved in 2020. Notices will be mailed to impacted members. Increases range from \$10 to \$50 per month, depending on the self-pay program involved.

HEALTH & WELFARE PLAN FINANCIALS

Over the one-year period ending December 31, 2020, the IBEW Local 353 Health and Welfare Fund gross rate of return was 8.6%, compared to the benchmark return of 8.7%. Although the fund performed well last year, we maintain a cautious approach to plan management to ensure the continued stability of the plan, as plan costs continue to rise. The plan has been fortunate to be able to use good investment returns and the resulting unallocated surplus to help subsidize the rates.

The benefit costs that make up the hourly benefit contribution rate:

Benefit	Total cost per hour in 2021
Health (drugs, paramedical and vision care)	\$2.22
Dental	\$1.06
Disability (short term and long term)	\$0.83
Life and accident insurance, critical illness, retiree death benefit, emergency travel insurance, member assistance program, Best Doctors, maternity/parental leave	\$0.39
Net Investment income/trust fund expenses	(\$0.10)
Out-of-work subsidies	\$0.18
Retiree Travel Insurance	\$0.02
SUBTOTAL	\$4.60
Trust subsidy	(\$0.29)*
Hourly cost increase if votes #3,4,5,6 and 7 are approved	\$0.06
TOTAL	\$4.37

*The true cost of the hourly rate is \$4.60, but the trust fund is able to subsidize the rate to reduce the hourly costs to members due to healthy investment returns.

IBEW LOCAL 353 Health & Welfare Fund Financial Position as of December 2020	
	(in \$ millions)
Market value of plan assets on January 1, 2020	\$149.4
Contributions	+59.5
Investment income	+11.1
Benefit payments	-58.2
Expenses	-5.7
Total	+6.7
Market value of Health & Welfare plan assets on Dec. 31, 2020	\$156.1

Based on unaudited Statement of Financial Position as of December 31, 2020.

SUPPLEMENTAL UNEMPLOYMENT BENEFIT PLAN FINANCIALS

The SUB Plan provides eligible members who are either out-of-work or on maternity/parental leave and in receipt of Employment Insurance, with a weekly top-up to a maximum of \$150 for up to 35 weeks. Members out-of-work or on an eligible leave should contact the IBEW Local 353 Union Hall to verify SUB eligibility. Over the one-year period ending December 31, 2020, the IBEW Local 353 SUB Plan gross rate of return was 8.7%, which matched the benchmark return.

IBEW Local 353 Supplementary Unemployment Benefits Plan (SUB) Financial Position as of December 31, 2020	
	(in \$ millions)
Market value of plan assets on January 1, 2020	\$10.6
Contributions	+3.6
Investment income	+0.8
Benefit payments	-2.3
Expenses	-0.9
Total	+1.2
Market value of SUB plan assets on Dec. 31, 2020	\$11.8

Based on unaudited Statement of Financial Position as of December 31, 2020.

PENSION PLAN FINANCIALS

In 2020 the IBEW Local 353 Pension Trust Fund investment portfolio saw a total fund return of 11.9% versus the benchmark of 10.1%. As of December 31, 2020, the plan's estimated going concern ratio is 100.4%. This is the plan's current financial status assuming it will continue to operate into the future.

The plan's estimated solvency position (transfer ratio) is 56.9%. This is the level of benefits that could be paid if the plan had ended on December 31, 2020. But the plan is not at risk of ending. As the plan is a Specified Ontario Multi-Employer Pension Plan - we are not required to fund the plan on a solvency basis. The plan's contributions continued to be strong in 2020, which helps provide a stable financial future for our members.

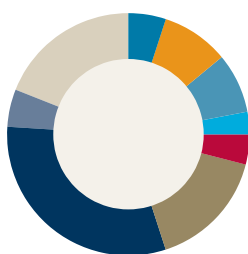
IBEW Local 353 Pension Plan Statement of Financial Position as of December 31, 2020

Market value of plan assets on January 1, 2020	\$1,882
Contributions	+100
Investment income	+230
Benefit payments	-80
Expenses	-12
Total	+238
Market value of pension plan assets on Dec. 31, 2020	\$2,120

Based on unaudited Statement of Financial Position as of December 31, 2020.

Term	Funded status as of December 31, 2020
Going Concern measures the financial health of the plan assuming it will continue to operate well into the future.	100.4% funded
Solvency tests the health of the plan in the unlikely event it suddenly stopped operating. It compares the market value of the fund on the date of the valuation and the total value of all benefits earned by active, inactive and retired members, if they had to be paid in one lump sum amount on that date.	56.9% funded (also referred to as the transfer ratio)

PENSION ASSET MIX *as of December 31, 2020*



■ Cash and Short-Term – 4.7%	■ Bonds – 16.2%
■ Infrastructure – 8.5%	■ Global Equities – 31.1%
■ Real Estate – 8.0%	■ US Small Cap – 5.4%
■ Mortgages – 3.4%	■ Canadian Equities – 18.8%
■ Private Debt – 3.9%	

Preliminary Actuarial Valuation results as of December 31, 2020 (in \$ millions)*

	2020	2019
Market value of assets	\$2,119.5	\$1,881.7
Smoothing (averaging) adjustment	(\$110.3)	(\$34.1)
Actuarial value of assets	\$2,009.2	\$1,847.6
Going-concern liabilities	\$2,001.9	\$1,899.4
Going-concern excess/(shortfall)	\$7.3	(\$51.8)

* Based on preliminary results. | Due to rounding, numbers presented may not add up to the totals provided.

SMALL PENSION AMENDMENT

This amendment would allow retirees to voluntarily take a lump sum payment if their pension qualifies as a "small pension" instead of continuing to receive a monthly pension. This option is financially neutral for both the plan and the member, and would allow the plan to save the cost of administering small monthly pensions. A pension qualifies as a "small pension" if the amount satisfies one of the following criteria as defined by law:

- The annual pension payable at age 65 is not more than 4% of the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan (CPP) in the year of termination (in 2021 this is an annual pension of \$2,464); or
- The lump sum commuted value of the pension is not more than 20% of the YMPE under the CPP in the year of termination (in 2021 this is a lump sum value of \$12,320).

SPECIAL BANKRUPTCY CREDITS AMENDMENT

In rare cases, an employer may go bankrupt, insolvent, or otherwise have unpaid pension remittances which are uncollectible. This amendment would protect members in these situations by granting Special Bankruptcy Credits (SBC) to a maximum of 450 hours of missed contributions. SBC would be applied at retirement, or in the event of preretirement death, but would not be applied if a member is no longer working in the trade and elects to transfer their pension out of the plan. SBC would be granted if all the following criteria are satisfied:

- The Trustees are satisfied there is no reasonable prospect the employer will be able to remit unpaid contributions, and the Union has taken reasonable steps to seek recovery of unpaid contributions.
- The Member has provided acceptable proof of employment and the member and/or immediate family members, are not a controlling shareholder of a participating employer.
- The Actuary has confirmed that granting SBC does not materially impact the funded position of the plan.

MEMBERS OF THE IBEW LOCAL 353 TRUST FUNDS BOARD OF TRUSTEES



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About this bulletin

This bulletin was prepared on behalf of the Trustees of the Local 353 IBEW Trust Funds. It provides summary information about the Local 353 Health and Welfare Plan and the IBEW 353 Pension Plan (registration number 0598235) in plain language. This publication is not intended to provide advice. If there is any discrepancy between this document and the legal documents that govern the plans, the legal documents will apply. The Trustees expect to maintain these benefit plans indefinitely. However, they reserve the right to change or cancel any or all benefits under the Health and Welfare Plan, the Pension Plan, and the SUB Plan for active and retired members, and their survivors and dependants.

