



IBEW LOCAL 353

Pension & Benefit Plans



protecting
your FUTURE

MARCH 2014

Meeting called for April 13, 2014

Good news all round!

We're pleased to report that, for the second year in a row, both the pension and benefit plans had a good year. The pension plan is bouncing back from the economic downturn of 2008. Work levels have been improving, bringing more contributions into the plan. Investment returns have also improved and even interest rates are up slightly.

On the benefit plan side, higher contributions and strong investment returns, combined with lower drug and dental costs, mean we can reduce contribution rates and make some benefit improvements for the upcoming plan year. We've also decided to end the healthcare spending account (HSA), because of low use by members. This means we'll no longer deposit \$100 each year into your HSA. Instead, our new hourly contribution rate will be reduced by the \$0.05 previously used to fund the HSA. Any unclaimed HSA money will be used to provide benefit improvements that are of value to you and your family.

This bulletin includes important information on our plan improvements and items up for vote at our special called meeting on Sunday, April 13, 2014 at 9:00 a.m. Please come to the meeting and make your voice heard!

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SPECIAL CALLED MEETING **SUNDAY, APRIL 13, 2014**

Where: Hilton Toronto/Markham Suites Conference Centre & Spa, 8500 Warden Ave. Markham, Ont. L6G 1A5

When: 9:00 a.m.



Meet our new EA!

We're happy to announce that **Marnie Niemi Hood** has joined TEIBAS as Executive Administrator. Marnie has 20 years of union experience and a strong background in pensions and benefits. Her expertise and enthusiasm will help us make sure that TEIBAS continues to provide members of our pension, benefit and supplemental unemployment benefit plans with the high level of service you've come to expect.

IT'S YOUR VOTE

What you need to know to make your mark at our special called meeting

We understand how important your pension and benefit plans are to you and your family, and we want to make sure that the plans are run in a way that respects our members' wishes. That's why we ask you to attend a special called meeting each spring, so you can cast your vote on any proposed plan changes.

This year's votes are outlined below.

Vote #1: Benefit plan coverage	
Recommended by the Trustees and Executive Board	Lower the contribution rate to \$3.66 per hour and add several benefit improvements requested by plan members, as outlined in <i>Better benefits</i> , page 4.
Why	The strong financial position of our benefit plan has given us the flexibility to make benefit improvements while also reducing the contribution rate.

Vote #2: Out-of-work member coverage	
Recommended by the Trustees and Executive Board	Continue to cover out-of-work members at a cost of \$0.19 per hour (down from \$0.21 per hour last year), for a total contribution rate of \$3.85 per hour.
Why	Every year, we vote on whether to continue to carry out-of-work members who are actively looking for work. By setting contributions at \$3.85 per hour, out-of-work members will remain covered to May 1, 2015.

Vote #3: Pension plan contribution increase	
Recommended by the Trustees and Executive Board	Increase the hourly contribution rate by \$0.25, from \$7.17 per hour to \$7.42 per hour, which is the plan's maximum allowed contribution rate. This includes \$0.86 per hour to help pay down the shortfall.
Why	The amount of your pension is directly related to how much you contribute to the plan. Contribution increases are necessary to help your pension keep pace with wage increases and inflation. Last year, the membership supported an increase to the maximum allowed under tax law.

Vote #4: Small pension limit increase (pension plan housekeeping change)	
Recommended by the Trustees and Executive Board	Update the plan text to increase the small pension limit from 2% of the Year's Maximum Pensionable Earnings (YMPE) to 4% of the YMPE, as permitted under Ontario pension law.
Why	Ontario pension law allows the plan to pay a small pension as a lump sum instead of a monthly pension. This helps to reduce administrative costs. The law was recently changed to increase the small pension limit from 2% of the YMPE to 4% of the YMPE (about \$175 per month). The law also allows a lump-sum payment if the cash value of the pension is less than 20% of the YMPE (about \$10,500).

Vote #5: Parental/family leave (pension plan housekeeping change)	
Recommended by the Trustees and Executive Board	Update the plan text to reflect that pension plan members continue to earn pension credits at the rate of 150 hours while on parental or family leave, as is our current practice.
Why	Ontario's employment law requires that you continue to earn a pension while you are on a parental or family leave. While the plan currently follows this law, the practice is not documented in our plan text.

GOOD TIMES FOR OUR BENEFIT PLAN

The year in review

2013 was a very good year for the plan, as a result of increased contributions and strong investment returns. We are happy to report that we're able to make some improvements to current coverage levels and also lower our hourly contribution rate. In addition to contributions and investment returns, four other key factors contributed to this rate decrease:

- The elimination of our healthcare spending account translates into a savings of \$0.05 on the hourly contribution rate.
- We reached our target financial cushion for the first time, at one year of plan costs. This means we don't need to ask you to help fund this cushion in the upcoming plan year.
- The growth of our membership – up almost 12% in 2013 has helped to lower the average cost per member of health and dental benefits.
- Strong work levels, which helped increase our plan contributions, also mean fewer out-of-work members. As a result, the cost of covering out-of-work members is \$0.19 per hour, down from \$0.21 per hour in 2013.

We will vote on the out-of-work coverage on April 13th, as we do each year. (See vote #2, page 2.) If this vote is rejected, the hourly contribution rate will drop to \$3.66 (\$3.85 minus \$0.19). Out-of-work members who do not have enough hours to pay for their coverage will be notified and given the opportunity to buy benefit coverage through a self-pay package – currently set at \$280 per month for Standard or \$435 per month for Deluxe. For more information about the benefits covered under the self-pay options, please visit www.teibas.com.



Is your spouse covered?

Under the benefit plan, your spouse is:

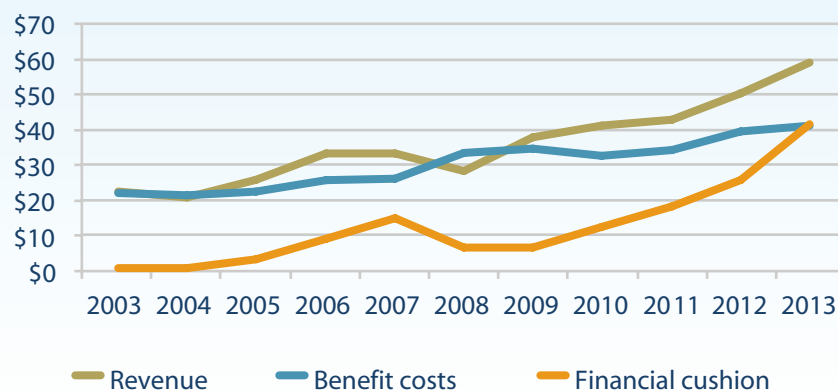
- the person you are legally married to and are currently living with in a conjugal relationship; or
- the person who is publicly presented as your spouse, who you are currently living with in a conjugal relationship and have been for at least the past 12 months.

If you get separated or divorced, that spouse is no longer eligible for plan coverage – even if he or she continues to live with you.

To apply for coverage, you'll need to provide proof of your relationship, such as a copy of your marriage license, official lease or mortgage, or utility bills. Different spousal rules apply under the pension plan. Please see your pension booklet for details.

BENEFIT PLAN PERFORMANCE

(\$ millions)



Use it or lose it

Under Canadian tax rules, you need to use the money in your healthcare spending account by the end of the year following the year in which it's deposited. You have until July 29, 2014 to submit expenses dated May 1, 2012 to April 30, 2013, and until July 29, 2015 to submit expenses dated May 1, 2013 to April 30, 2014. You'll find a list of eligible expenses in the Group Benefits section at www.teibas.com.

BETTER BENEFITS

A healthy plan means more coverage

The following improvements have been requested by members and approved by the Trustees and the Executive Board. They can be made with no increase in contributions.

- **Paramedical services**

For the upcoming plan year, starting May 1, 2014, social workers and dietitians will be added to the list of eligible professionals for paramedical services coverage. The maximum for paramedical services remains at \$2,000 per calendar year per person for all paramedical services combined.

Paramedical services already covered include: acupuncturist, chiropodist, chiropractor, Christian Science practitioner, homeopath, naturopath, osteopath, physiotherapist, podiatrist, clinical psychologist, speech therapist, and registered massage therapist. All providers must be registered with their profession's regulatory or governing body and have specific designations. Contact TEIBAS for details before seeking treatment.

- **Podiatry benefits**

In Ontario, OHIP pays for a portion of the cost of services offered by a podiatrist (a foot and ankle care specialist). In the past, our plan didn't cover eligible podiatry expenses that were partially covered by OHIP. Starting May 1, 2014, the plan will cover these costs. Podiatry is included in the \$2,000 annual maximum coverage for paramedical services.

- **Life and accident (AD&D) insurance**

Currently, active members have \$50,000 in life insurance coverage and \$50,000 in accident (AD&D) insurance coverage. Starting May 1, 2014, these amounts will be doubled, to \$100,000 for each type of coverage.

- **Dental services (annual update)**

Starting January 1, 2015, we will reimburse dental services based on the 2015 dental fee guide (the Ontario Dental Association publishes a Suggested Fee Guide for General Practitioners each year). Currently, we use the 2014 fee guide.

ADDING IT UP

The benefit costs that make up our hourly contribution rate

Benefit	Total cost per hour in 2014	Increase / decrease from 2013
Health (drugs, paramedical and vision care)	\$1.58	+\$0.03
Dental (includes update to 2014 Dental Fee Guide)	\$1.00	-\$0.04
Disability (short term and long term)	\$0.76	-\$0.02
Life and accident insurance, retiree death benefit, travel, member assistance, Best Doctors, maternity/parental leave	\$0.23	-\$0.02
\$100 Healthcare Spending Account	\$0.00	-\$0.05
Investment income / trust fund expenses	\$0.01	-\$0.05
SUBTOTAL	\$3.58	-\$0.15
Out-of-work subsidies	\$0.19	-\$0.02
Financial cushion	\$0.00	-\$0.01
New benefits	\$0.08	\$0.08
TOTAL	\$3.85	-\$0.10

Does your IBI qualify?

Last year, we added intensive behavioural intervention (IBI), a treatment for children with autism, to our list of eligible paramedical expenses. In order to qualify, IBI therapy must be led or supervised by a registered psychologist. If the therapy is led by a behavioural therapist, that individual must be certified and supervised by a registered psychologist.

A STRONG YEAR FOR PENSIONS

The year in review

Thanks to improved investment markets in 2013, most pension plans ended the year on a positive note – our plan included. Our investments returned 11.9% in 2013. While this is good news, pensions are invested over a long time horizon. So, it's more important for us to meet our long-term goal of earning an average of 6.5% per year. Our average annual return over the past 10 years now stands at 5.3%, due mainly to a few bad years for investment markets in the last decade.

\$1.13 billion

The pension plan's market value as of December 31, 2013

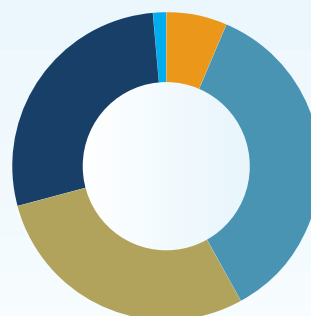
The combination of steady contributions and solid investment performance helped to reduce the plan's going-concern funding shortfall by more than \$44 million this past year. If investments continue to perform well and work levels remain high, the financial position of the plan should continue to improve.

Because the plan is doing well, the Trustees and Executive Board are not recommending any significant changes this year. As usual, they suggest increasing the hourly contribution rate to the maximum allowed (vote #3). This will help to ensure pensions keep pace with wage increases and inflation going forward. It will also allow us to continue allocating \$0.86 per hour worked to help pay down the shortfall. The only other vote on the table involves a couple of housekeeping changes to the pension plan document to keep it up to date. (vote #4 and #5)



PENSION FUND ASSET MIX

as of December 31, 2013



Cash and Short-Term – 6.6%

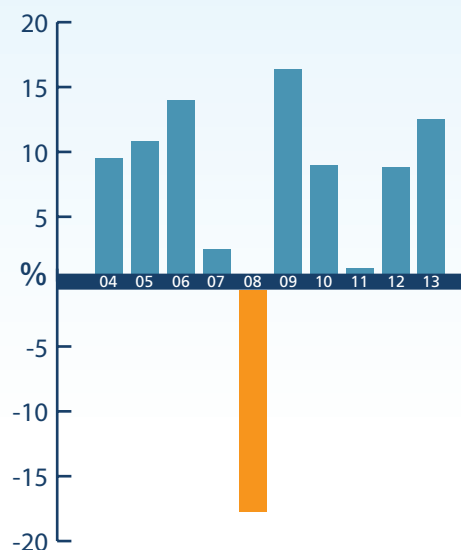
Bonds – 35.6%

Foreign Stocks – 28.9%

Canadian Stocks – 27.6%

Infrastructure – 1.3%

INVESTMENT PERFORMANCE



Up to December 31, 2013, the plan needed to earn 6.5%; Average 10-year return is 5.3% (annualized)

PICTURE OF HEALTH

Pension valuations show how our plan is doing

By law, the plan is required to conduct a test of its health – called a valuation – every three years. Our next official check-up isn't required until December 31, 2014, but an interim review was conducted as of December 31, 2013. The table below shows the results of that review.

Keep in mind that, as a multi-employer plan, we don't have to make costly payments to fund a solvency shortfall. That's because a solvency shortfall would apply only if the plan ended – which is highly unlikely for a plan like ours with over 400 employers. The going-concern shortfall, on the other hand, must be paid down within 12 years.

Type of valuation	What it's for	Results as of December 31, 2013
Going concern	Measures financial health of plan assuming it will continue to operate well into the future. Shortfalls must be paid down over 12 years.	86.7% funded, based on an expected rate of return of 6.5%.
Solvency <i>(For information purposes only)</i>	Tests the health of the plan assuming it suddenly stopped operating on the valuation date – a highly unlikely event. Measures the plan's ability to pay out the total value of all benefits earned by active, inactive and retired members at once.	61% funded (also referred to as 61% transfer ratio).

Pension plan results as of December 31 st (in \$ millions)		
	2013	2012
Market value of assets	\$1,127.9	\$984.2
Smoothing (averaging) adjustment	(\$31.5)	\$3.1
Actuarial value of assets	\$1,096.4	\$987.3
Going-concern liabilities	\$1,264.3	\$1,198.6
Going-concern excess/(shortfall)	(\$167.9)	(\$211.3)

Got a question?

Friendly TEIBAS staff are ready to help!

Phone: 416-637-6789

Toll-free: 1-800-267-0602

Fax: 416-637-6790

Email: questions@teibas.com

www.teibas.com



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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.