

PlanTalk

VOLUME 2

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Improving Your Pension Plan

What would you say to some extra cash in the pocket? That's what improvements to the Healthcare Employees Pension Plan (HEPP), effective Oct. 1, 1999, will mean for the majority of healthcare employees in Manitoba.

HEPP members retiring before age 65 who qualify for immediate pension upon termination or retirement will receive a supplementary benefit between their retirement date and age 65. Up to age 60, members will receive a full supplementary benefit. Between age 60 and 65, one half of the supplementary benefit is payable. The supplementary benefit ceases the month after the member reaches age 65. To qualify for immediate pension, you need to be age 55 with two years of service or have reached Magic 80 (the date on which age and service equals 80).

"The supplementary benefit will give retirees extra income until age 65..."

How much the supplementary benefit will be depends on what your average salary is (average based on best five years of the past 11 years) and how much credited service you have attained.

For example, retirees with an average salary of \$30,000 and 20 years of credited service will now receive, in addition to their regular pension, a supplementary benefit of about \$250 per month between the date of retirement and age 60. Between the age of 60 and 65, the supplementary benefit will be about \$125 per month. Most members who are already retired and are currently under age 65 are also eligible for the supplementary benefit. They will begin receiving their supplementary benefit with their Oct. 1, 1999 pension payment.

"The supplementary benefit will give retirees extra income until age 65, which is when Old Age Security begins to be paid, ensuring fairly level income throughout their retirement years," says Gary McIntosh, 1999/2000 Chair of the HEPP Board of Trustees. "The supplementary benefit is payable only to the member and if he or she dies before reaching age 65, the supplementary benefit is discontinued." However, McIntosh points out that the member's regular pension will continue to be paid to the beneficiary based on the option the member chose at time of retirement.

Some restrictions apply to the supplementary benefit, particularly for members retiring early (before age 60 or their Magic 80 date). For those members, a 1/8 of one per cent reduction on both the regular pension and the supplementary benefit will be applied for each month prior to their reaching age 60 or Magic 80.

Improvements have also been made for plan members who terminate their employment after Oct. 1, 1999 and who are not entitled to an immediate pension. Generally, the improvements decrease the amount of early retirement reductions applied to deferred pensions and transfers by about half.

Making it happen

There were a lot of smiling faces when improvements to the Healthcare Employees Pension Plan were announced at the 1999 Annual Information Meeting held in Winnipeg this past June. Employer and union representatives attended the session to hear how the plan has been doing since it was formed in 1997 — and they got more than they expected.

"We're very pleased that, even with these plan improvements, the plan continues to be in a solid financial position," says McIntosh. "The challenge

now is for HEPP staff to do the necessary paperwork and calculations to make the improvements a reality."

HEPP staff is busy doing just that. The first priority was to identify all HEPP retirees who qualify for the supplementary benefit. Benefits Manager Kay Dunthorne is leading a work team responsible for calculating and implementing the improvements, which are effective Oct. 1, 1999.

"Out of about 6,500 retired members, about 2,000 are under the age of 65 and require a manual calculation to determine their supplementary benefit," says Dunthorne.

Once the work team has completed calculations for the retired members, the next challenge is to begin running estimates for active members planning to retire.

"We've had hundreds of requests for estimates since the improvements were announced and, while everybody's request is important, we're prioritizing the requests according to when the member is planning to retire," says Dunthorne.

Note: As a result of the pension improvements, pensions will no longer be integrated with the Canada Pension Plan, an option previously offered to retiring members. However, integration with Old Age Security (OAS) payment will continue to be offered. Integration is an amount, or advance, from HEPP which is added to your monthly pension benefit. At age 65, when OAS is payable from the federal government, your monthly pension benefit from HEPP is reduced to recover the advance. This reduction continues for your lifetime.

Merger finalized

The long-anticipated merger between the St. Boniface General Hospital/Unions Jointly Trusteed Pension Plan and HEPP is now finalized. The merger raises HEPP's membership to over 35,000 and increases total assets to approximately \$1.6 billion.

"We're very pleased to welcome the members of the SBGH/Unions Plan to HEPP," says Gary McIntosh, chair, HEPP Board of Trustees. "Merging the plans not only allows healthcare employees greater portability of benefits during their career, it also means more of our members' retirement dollars are going directly into investments and improving the plan."

Plan improvements announced in June include a supplementary benefit for members who qualify for immediate pension upon termination or retirement prior to age 65. New HEPP members from the former SBGH/Unions Jointly Trusteed Pension Plan who qualify will also receive the supplementary benefit.

McIntosh adds the merger should also enable HEPP to reduce administrative costs in the future.

"With one administration handling all the plan members rather than two separate administrators, we anticipate the cost per member will lower as we realize savings through non-duplication of services and economies of scale."

In 1998 HEPP's annual administrative costs were \$94.44 per member, down \$7.72 from 1997.

HEPP took over administering the SBGH/Unions Plan from Turnbull and Turnbull Jan. 4, 1999.

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HEPP-HEBP Manitoba
900-200 Graham Avenue,
Winnipeg, MB R3C 4L5
Tel: (204) 942-6591
Toll-free: 1-888-842-4233

The Inside Story ...

On Benefits

Benefit information provided in PlanTalk is based on an overview of group benefits plans. Not all employers participate in all five plans, therefore, you should check with your employer to find out what coverage is available to you.

The benefits of LTD

The Long Term Disability program is a financial 'safety net' for our members in case of injury or illness.

Currently, more than 700 people are collecting LTD benefits because they are unable to work due to a disability and have met all of the requirements for the plan. The monthly income equals 66 2/3 of a claimant's gross basic monthly earnings. Gross basic monthly earnings are calculated based on the member's basic hourly rate of pay multiplied by the monthly average number of hours worked over the 12 month period immediately prior to the disability.

Members must complete a waiting period of 119 days from the established date of injury or illness. HEBP advises and encourages every member applying for LTD to take their paid sick leave and apply for employment insurance sick benefits and other types of assistance to ensure members don't experience financial hardship during the waiting period.

Recipients must also apply for disability income from other sources like Canada Pension Plan and Workers Compensation Benefits. Keep in mind, if you receive other disability income, your LTD benefits will be reduced in whole or in part by these and other disability benefit payments. Even if LTD benefits are reduced by the other benefits, it's still important to apply and be approved for LTD benefits to establish eligibility for pension accruals as well as waiver of premiums in other benefits plans (Group Life Insurance, Group Health and Group Dental).

Two year claim limit

If you've been waiting for a rainy day to organize and submit your Group Health or Dental receipts, don't wait too long.

To be eligible for payment, claims for all Group Health and Group Dental benefits must be submitted within two years of the date(s) services were provided. Claims submitted more than two years after services were provided will not be accepted.

Group life — who's your beneficiary?

If you die while an insured member of the HEPP group life insurance plan, the last person you named as your beneficiary under that plan will receive all related benefits regardless of what your will says.

Most people are comforted knowing that, even after their death, they've provided for loved ones. When the named beneficiary is who you intended it to be at the time of your death, then all is well. But what if you have a named beneficiary from years ago, before your marital status changed?

Changing a named beneficiary or designating a beneficiary takes just a few minutes and could mean preventing a lot of future grief. It's especially important to ensure your beneficiary designation is updated when your marital status changes. Also, if you're naming minor children under age 18 as your beneficiary, you need to designate a trustee.

To change your designated beneficiary, simply write your changes on the reverse side of the Group Life Insurance Plan Enrolment & Change Form (available at your human resources office) and submit the original to your human resources office, or directly to HEBP at 900-200 Graham Avenue, Winnipeg, MB R3C 4L5.

LTD Process

Long Term Disability is a very individualized plan. Every claim made is evaluated on whether the claimant's disability hinders his or her ability to perform a substantial or essential part of his or her job.

Applications for LTD should be made within 30–60 days of the start of the disability. HEBP recommends filing claims for benefits within 30 days because of the late claim policy which denies any claims filed seven months after the disability occurred.

There are three forms that must be completed when first applying for LTD:

- One form is sent directly to and is filled out by the employer.
- The claimant fills out another, and
- The third is to be completed by the attending physician.

Forms are available by contacting HEBP at 942-6591 or toll free at 1-888-842-4233.

When the forms are completed and returned to HEBP, they are assessed by a professional adjudicator and reviewed by a medical advisor. The process takes roughly two to three weeks and there are three possible outcomes. The claim can be approved, denied, or held over pending further medical information. Some common reasons claims are denied are because of late or incomplete forms, insufficient medical proof to support the claim, or the applicant doesn't satisfy the definition of disabled.

Denied claimants may appeal the insurer's decision within 90 days of the date the claim was denied. In order to appeal and for an adjudicator to reassess a claim, additional medical evidence must be submitted. If the appeal is successful, payments will be made from the established date of disability.

A Canadian Facts study discovered 44 per cent of parents have not appointed a guardian in their wills to care for their children.

In the event of your death, not only do you want to ensure you have a reliable, trustworthy guardian for your children, you also want to provide for them as well as you can financially.

LTD's goal is rehabilitation

The Long Term Disability Program provides members with income while disabled so they can focus their energies on getting better and returning to work.

Every LTD case is reviewed to determine who is eligible for rehabilitation. Rehabilitation is designed to meet individual needs based on the nature of the disability. Rehabilitation programs help members on LTD return to work on a full-time or part-time schedule. The programs also provide people on LTD the opportunity to explore new fields where their disability will not block their success and they are able to continue enjoying job satisfaction.

The Inside Story ...

On Pension



The time is now...

20 or more years away from retirement: *time to dream*

With Canadians living longer than ever before, planning for retirement is essential. Having answers to questions about where you want to live and what you'll be doing will allow you to be confident about your future and look forward to retiring.

If you have 20 or more years of employment before retirement, the time to start planning is now. Sit down and do some serious thinking about your retirement. Figure out when you want to retire and what you hope to be doing with your free time. Are you going to wait until age 65 or do you want to retire early? With Magic 80 you're eligible to retire without your pension being reduced when your age combined with years of service equals 80.

Recent trends show that HEPP members are retiring earlier. HEPP members are retiring at an average age of 58.

With the right information, you can achieve all of your retirement dreams and it doesn't have to cost you a lot either. Visit the social sciences section of your local library for books on retirement planning or the Age and Opportunity Centre, which provides a variety of retirement planning brochures at no cost. For more information on the services Age and Opportunity provides and to find the centre nearest you visit their website at www.netreader.com/ageopp.

15 years to go: *the wheels in motion*

By now, you should know what your retirement lifestyle would consist of. The next step in preparing for your future is to figure out what it will take to finance your dreams.

One way to determine how much you'll need is to record what you spend now and what you expect to pay out in the future. Keep in mind you have expenses now that you may not have during retirement, like a mortgage. It's vital to be honest during this exercise and avoid making unrealistic assumptions. This will give you a rough estimate of how much money will be needed so you can get started on a variety of options, such as Registered Retirement Savings Plans (RRSPs).

10 years away: *getting realistic*

Ok, so you've figured out you won't be able to buy that quaint little sun drenched island in the tropics. Luckily, you have time to scale back your retirement dreams and still plan for a comfortable lifestyle. Ask yourself these three crucial questions. "What do I need, what do I want, and what can I afford?" Remember, the more realistic your dreams the more likely you are to attain them.

After answering these weighty questions you may want to consult a financial adviser to help you create a new retirement savings strategy. Saving for retirement can be an overwhelming task, especially for the 34 per cent of the labor force not enrolled in an employer sponsored registered pension plan. Unlike you, they will have nothing besides Canada Pension Plan to live on unless they put away money for the future.

As a HEPP member you won't be required to completely fund your retirement with RRSP's because of the financial stability of your pension plan.

Five years: *the countdown begins*

In order for you to know if you'll be able to survive financially during retirement you'll need to know the size of your pension. Getting an estimate is easy. Simply call the Healthcare Employees Pension Plan at 942-6591 and request one.

The staff at HEPP can produce a pension estimate in roughly two weeks.

When you receive your pension estimate, review your retirement plan. Will you be able to afford all of your needs and wants? You are really the only one who knows how much money you'll need to live comfortably. If you have any questions regarding your estimate or the pension plan, the knowledgeable staff at HEPP can help.

As you approach retirement keep in mind that planning for retirement doesn't stop when you leave work. You should continue reviewing and adjusting your plan to ensure you'll be able maintain your new lifestyle.



Member Feedback

Meeting members' needs

Vision Care Plan Improvements

Changes to the enhanced group health plan vision care were on the HEPP Board of Trustees' agenda this past Spring. At the same time, HEPP/HEBP began a large scale membership needs analysis. To support its decision to add the cost of eye examinations and increase maximum vision care coverage to \$150, the Board decided to include the question in the phone survey part of the needs analysis.

The response was very favourable, with 86 per cent saying they were likely to opt for the improved coverage when asked:

"How likely would you be to choose an option which would increase your vision care coverage from the current \$100 maximum to \$150 maximum, and would include in your coverage the cost of an eye exam? The cost for this option would be an extra 70 cents per month for a single plan member and \$2.10 for a family plan member."

Members with enhanced coverage will see the small premium increase in their August payroll deduction and the benefit is effective September 1, 1999. The new claim eligibility period remains the same, every consecutive 24 months for adults and every consecutive 12 months for dependent children.

If you have a comment or suggestion for Plan Talk, please write us at:

PlanTalk
HEPP/HEBP Manitoba
900-200 Graham Avenue
Winnipeg, MB R3C 4L5
or
Email carter@hepp.mb.ca

Marriage Break up

In many legal separations it's common for possessions acquired during the marriage to be divided equally between the couple, including their pensions.

The Manitoba Pension Benefits Act states that all pension benefits earned during the period of marriage, whether licensed or declared common-law, are to be divided between the member and the member's ex spouse. The only way to stop the pension from being split is for both parties to sign a waiver (Pension Benefit Spousal Agreement).

If a member and his or her spouse agree to sign a waiver, both parties must obtain independent legal advice, receive specific financial information about the pension benefit (i.e. its value) and lastly — they must sign the waiver. If any of these conditions are not met, HEPP is required by law to divide the benefits between the member and his or her ex-spouse.

Waiver forms are available by contacting HEPP at 942-6591 or toll-free at 1-888-842-4233, or by mail at:

HEPP-Manitoba
900-200 Graham Avenue,
Winnipeg, MB R3C 4L5

Employee Profile



As a Member Service Representative Annette Manoosingh's main role is to be an interpreter. It's her responsibility to translate complicated pension and benefit calculations for HEPP and HEBP members.

"It's my job to make sure our members understand all the technical jargon and legislation surrounding benefits and pensions. We mail out information explaining everything but many of our members need clarification and others just want someone to review the material with them," says Manoosingh.

In a normal day she says she'll get about 20 to 30 calls from members inquiring about their pension and group benefits.

Manoosingh says there are several easy to read information brochures that will help answer

most straight-forward questions, however she says members should never hesitate to call with questions.

"When I help someone make an informed decision that will benefit the person now and in the future, I feel satisfied because I know I've done my job," she says.

Manoosingh has been with HEPP since it formed in 1997 and has witnessed the pension membership grow to over 35,000. She says satisfying all the members' needs can be time-consuming but through cross-training and teamwork HEPP staff members continue to elevate the quality of member service.

"It's all about our members—giving them the best possible service. Backing up one another is the only way for us to make that a reality."

Member Profile



LLynda Rae Lyng knows first-hand how reassuring having Long Term Disability can be.

Last June, while horseback riding, Lyng fell causing a spiral break to her right arm. Now pins and a plate hold the bone together.

"My physiotherapist didn't think I'd be able to move my arm again. I couldn't work at all; I was wondering if I would ever be able to," says Lyng.

Without the use of her right arm Lyng couldn't perform her duties as a practical nurse at the Virden Health Clinic where she's been employed for the last 32 years.

"Applying for LTD was easy, all I did was ask for the forms at work," says Lyng. "It was a real relief knowing I had LTD there for me."

Filling out forms and making phone calls when you're ill or injured can be a bit of a hassle. Lyng says the best way to make applying for LTD benefits as painless as possible is to explain your injury fully and make sure you have good communication between all parties, including your doctor.

Lyng was approved for benefits within the 119-day waiting period but only after her doctor clarified with the insurance adjudicator the severity of her injury.

"By the time I used up my sick pay I began receiving LTD payments so I didn't have to

worry about not having an income," she says. As with all LTD claimants, Lyng's file was reviewed to determine if she was eligible for vocational rehabilitation. At first, Lyng says she was apprehensive about being rehabilitated but her feeling quickly changed.

"I thought they were pushing me. I wasn't ready to go back but they said that if I couldn't go back to nursing they'd find me something else that I could do. It felt good knowing they weren't going to throw in the towel on me because I really did want to work," says Lyng.

While Lyng's physical rehabilitation program consisted mostly of straight forward physiotherapy and exercise to strengthen her arm, it was her vocational rehabilitation that required the aid and expertise of her LTD rehabilitation consultant.

For many LTD claimants, returning to their former occupation is no longer an option due to the nature of their injury or illness. Lyng was fortunate. With the help of her rehabilitation consultant, arrangements were made for Lyng to go back to work in February with reduced hours to make sure she wasn't pushing herself. After a few weeks she was able to return to the Virden Health Clinic for her regular eight-hour shift as a practical nurse.

"It (rehabilitation) gave me peace of mind knowing that I could go back to work when I was ready. It's sure a heck of a good program," says Lyng.

Retiree Corner

Retirees say NO to dental plan

During a recent survey of HEPP/HEBP members, a sample group of retirees was asked if they would opt for another level of group health coverage that would provide enhanced health benefits plus a basic dental plan. To include the basic dental plan, coverage would cost \$44.15 per month for a single member and \$80.00 per month for family coverage.

The majority (70.7 per cent) said they were not very likely or not at all likely to opt for this coverage. Less than 10 per cent of those surveyed said they would very likely opt for the coverage. As a result, there are no current plans to introduce a new level of coverage to include a basic dental plan for retired members.

From the Boardroom

The HEPP Board of Trustees has selected Gary McIntosh to sit as the 1999/2000 Chair. McIntosh, from the Brandon Regional Health Authority, is an employer representative trustee. Bob Romphf, a union representative trustee from the Manitoba Nurses Union, is the Vice-Chair. Resigning from the HEPP Board of Trustees are Wayne Byron and John Peterson, two founding trustees of the Plan. Robin Smith of the MAHCP and Ed Bergen, Chair of the Interlake RHA, have joined the HEPP board.

The new Chair of the HEBP Board of Trustees is Bob Romphf. Sitting as Vice-Chair is Penny Sorensen, an employer representative trustee from the South West Regional Health Authority. Darcy Strutinsky of the Health Sciences Centre has resigned from the HEBP Board of Trustees.

