



VOLUME 18 • SPRING 2009

# PlanTalk

## Pension Plan Update

The extraordinary financial crisis of the past few months has profoundly impacted the U.S., Canadian, and international capital markets. It is clear that a crisis of such a large magnitude has significant consequences within Canada and for Canadian pension funds.

Members should be assured that the Healthcare Employees' Pension Plan (HEPP) offers a defined benefit (DB) pension plan model, which was developed in order to address the very type of market risk and volatility that exist today. As such, pension payments are not currently at risk, and will continue based on eligible years of service and earnings, as promised.

DB pension plans have the advantage of being able to provide stable and secure pension income to retired members, even in uncertain times such as these. The DB model uses a formula based on years of service and earnings to determine a member's pension at retirement. The amount of pension a member is entitled to is not dependent upon short-term investment returns or subject to

market fluctuations, as is the case with RRSPs and defined contribution pension plans.

While the current volatility within the financial market is unsettling, HEPP's investment portfolio has withstood difficult times in the past. Since HEPP's inception in 1997, we have reported only one year of negative investment returns prior to 2008. The Plan's assets are invested with external professional investment managers, and the Board assures sound governance and continued adherence to the Plan's Statement of Investment Policies and Procedures, which contains long-term objectives that are diversified and stable.

Although HEPP's investments are well-diversified and managed, the Plan is not immune to the current instability within the financial markets and posted a negative return of approximately -15.9% for 2008. This return is in excess of the average balanced fund return for 2008 according to BNY Mellon Asset Servicing, an independent provider of performance measurement. Although the Plan

has experienced a negative return in 2008, in the 5 years prior to 2008, HEPP's investment returns were among the top 25% in Canada, thereby providing some offset against the current negative market fluctuations.

It is important to note that the Fund has sufficient liquidity for 2009 so that investments need not be sold to pay benefits. That is, the Fund generates sufficient cash flow through active member contributions to cover the cash outflow for retirement

*continued*

## in this Issue

- p1 Pension Plan Update
- p2 HEBP Healthcare Plan: Healthcare Plan Changes - Updates and Information
- p3 HEBP Dental Plan: Premium Increases Effective May 1, 2009
- p3 HEBP D&R Plan: Brochure Updated to Reflect Plan Text Changes
- p3 HEBP D&R and Life Insurance Plans: Three-Month Waiting Period Required for Coverage
- p4 Retiree Associations



and termination benefits plus administration costs.

As part of its ongoing governance, the Board requires that an annual actuarial valuation be conducted. The results of such a valuation are used by the Board to determine if the Plan has sufficient assets to meet its obligations and if contribution rates are sufficient. In addition, given the extent of the market fluctuation in 2008 and the volatility that continues to exist in 2009, the Board will continue to

closely monitor the financial market and its impact to the Plan's financial position in the months to come.

Based on the results of both the 2008 valuation, which will be complete in June of 2009, and an analysis of various capital market outcomes for 2009 and 2010, the Board will look to develop various options and strategies to ensure the continued long-term sustainability of the Pension Plan, which may include contribution rate increases and/or benefit reductions.

However, such actions will not be undertaken without significant review and communication with membership and Settlers of the Plan, and would only be enacted if required for the Plan's long-term sustainability.

## HEBP Healthcare Plan | Healthcare Plan Changes - Updates and Information

As announced in January 2009, the Healthcare Employees' Benefits Plan (HEBP) is implementing changes to the Healthcare Plan.

In February and March, HEBP representatives travelled throughout the province to present information on the Healthcare Plan changes. Thank you to everyone for the warm welcome.

The following are updates and important information for members:

- Over the past month, packages have been mailed to the majority of membership who had Basic or Enhanced coverage under the former HEBP Healthcare Plan.
- In April, 2009, enrollment packages will be sent to employees not participating in either the new or former HEBP Healthcare Plans. These employees may, however, join the new Enhanced Group Healthcare Plan before receiving their packages by contacting their payroll or human resources department to obtain an enrollment form.
- During the implementation period, HEBP will provide employees who are participating or will be participating in the new Enhanced Group Healthcare Plan with a one-time opportunity to enroll in the

Dental Plan in order to provide these employees with access to the Healthcare Spending Account (HSA). Beginning April 1, 2010, the HSA will provide a lump-sum benefit amount that can be used to pay for eligible health and dental expenses in excess of existing HEBP benefit maximums. In order to be eligible for the HSA, employees must have coverage under the new Enhanced Group Healthcare Plan and be actively at work.

Please note that, once enrolled in the new HEBP Enhanced Group Healthcare and/or HEBP Dental Plan, members can only opt out of the Plan(s) if coverage under another group plan is obtained and the member cancels his or her coverage within 60 days of acquiring the alternate coverage. Otherwise, coordination of benefits rules apply.

- Members who had the Basic level of Healthcare Plan coverage or eligible employees not previously covered under the HEBP Healthcare Plan may choose to permanently opt out of the new Enhanced Group Healthcare Plan. These employees will not be allowed to join the Plan at a later date unless they terminate their current employment position and are hired at an employer that participates in the Healthcare Plan

after a 31-day period.

- In order to be equitable to all members entering the new Enhanced Group Healthcare Plan, each member's 2009 utilization history under either the Basic or Enhanced levels of the former Healthcare Plan will be transferred to the new Plan when the member's coverage commences.
- The employer's portion of Healthcare Plan premiums is not considered a taxable benefit for the employee.
- The three-month waiting period for coverage under the Healthcare Plan and/or Dental Plan has been removed. Coverage begins the first day of the month following the date of hire, or the date you become eligible to participate in the Healthcare and/or Dental Plan.
- More information on the HSA will be available in Fall 2009.
- HEBP will contact employees currently on leaves of absence who have prepaid for their Healthcare coverage to provide information about their options for coverage under the new Enhanced Group Healthcare Plan.
- HEBP will contact employees who are receiving premium-free HEBP

*continued*

Healthcare coverage to provide information about their options for coverage under the new Enhanced Group Healthcare Plan.

- Further information on the Healthcare Plan changes, including questions and answers, the Healthcare & Dental Plans booklet,

and a video presentation, is available on the HEPP/HEBP website at [www.hepp.mb.ca](http://www.hepp.mb.ca).

## HEBP Dental Plan | Premium Increases Effective May 1, 2009

The HEBP Board of Trustees has approved premium increases for the Dental Plan, effective May 1, 2009, due mainly to increased utilization.

The premium increases are a result of increased utilization and higher benefit maximums, as well as Manitoba Dental Association fee

Coverage	Before Increase	Effective May 1, 2009	Total Increase
Single	\$26.30	\$27.10	\$0.80
Family	\$76.86	\$79.16	\$2.30

guide increases and inflationary increases over the last four years. The

last Dental Plan premium increase was in 2005.

## HEBP Disability & Rehabilitation Plan Brochure Updated to Reflect *Plan Text* Changes

The *Disability & Rehabilitation Benefits* brochure has been updated to reflect changes to the *Disability and Rehabilitation Plan Text* effective January 1, 2009. The brochure is available in the Disability & Rehabilitation section of the HEPP/HEBP website at [www.hepp.mb.ca](http://www.hepp.mb.ca).

If you do not have access to the website, please contact your employer to obtain a *Disability & Rehabilitation Benefits* brochure.

## HEBP Disability & Rehabilitation and Life Insurance Plans Three-Month Waiting Period Required for Coverage

There are no changes to the three-month waiting period for coverage under the Healthcare Employees' Benefits Plan (HEBP) Disability & Rehabilitation (D&R) and Life Insurance Plans. A new employee must still complete three months of continuous Active Service to be eligible for coverage under these Plans.

Active Service means the employee must be performing the regular duties and working the regular hours for the employment position for which they were hired.

To be eligible for D&R coverage, the employee must be a permanent or temporary, full-time or part-time employee working an average of at least 15 hours per week.

An employee is eligible for D&R coverage on the day following the three-month waiting period, also referred to as the effective date of insurance.

Permanent or temporary, full-time or part-time employees are also eligible to participate in the Life Insurance Plan. Life Insurance coverage commences on the first day of the bi-weekly pay period following the three-month waiting period.

Casual employees are not eligible to participate in the HEBP benefits plans.

## Retiree Associations

The following retiree associations provide informational luncheon meetings, featuring speakers and discussion of benefits, resources for retirees, and other topics of interest. Social events and activities are also held.

### HSC Retiree Association

Meetings: Four times per year  
Location: Community Services Building  
685 William Avenue  
Contact: Esther McKenty, President  
(204) 661-1800

### St. Boniface General Hospital Retiree Association

Meetings: Three times per year  
Location: Norwood Hotel  
112 Marion Street  
Contact: Grace Lawrence, President  
(204) 255-3600

## Contact Information Changes

Has your contact information changed? If information such as your name, address, or telephone number has changed, please be sure to notify your Benefits Representative at your facility/RHA as well as HEPP/HEBP.

As HEPP/HEBP cannot accept contact information changes by e-mail, please send your request in writing to:

Healthcare Employees' Pension and Benefits Plans  
Attention: Member Records  
900-200 Graham Avenue  
Winnipeg, MB R3C 4L5

Please ensure your request:

- Is dated and signed,
- Includes your first name, last name and HEPP/HEBP ID number, and
- States your previous and new contact information.

Please contact us if you do not have a record of your HEPP/HEBP ID number.

PM# 40064761

RETURN UNDELIVERABLE CANADIAN ADDRESSES TO:

HEPP/HEBP MANITOBA  
900-200 GRAHAM AVE  
WINNIPEG MB R3C 4L5

## We Appreciate Your Questions and Feedback

PlanTalk is based on an overview of HEPP/HEBP plans. Not all employers participate in all of the plans offered. If you have questions or comments about the information provided in *PlanTalk*, please contact us at:

**Mail:** PlanTalk  
HEPP/HEBP Manitoba  
900-200 Graham Avenue  
Winnipeg MB R3C 4L5

**Phone:** (204) 942-6591 or toll-free (outside Winnipeg) 1-888-842-4233  
**Fax:** (204) 943-3862  
**E-mail:** info@hepp.mb.ca  
**Website:** www.hepp.mb.ca