PlanTalk

VOL. 19 • WINTER 2009/2010

Pension Plan | Status Update

As with most Canadian pension plans, the Healthcare Employees' Pension Plan (HEPP) financial position suffered a substantial setback in 2008 as a result of the severe downturn in capital markets. More specifically, the last actuarial valuation as at December 31, 2008, completed in June 2009, showed a deficit of $388 million.

The Board and management of HEPP, in consultation with the Plan's actuary, have had the opportunity to review and analyze the 2008 valuation results, as well as projections of the Plan's financial position based on reasonable future investment returns and other assumptions.

Based on this analysis, it was determined that action is required to ensure the long-term sustainability of the Plan. Available options include increasing contribution rates, reducing benefits, or a combination of the two.

The Board has recently undertaken a process of presenting a detailed analysis and deficit recovery plan to the Settlors of HEPP (Signatory Employers and Unions) and to government stakeholders who indirectly fund provincial healthcare benefits.

It was determined, based on the actuary's review of the Plan's financial position, that the total contribution rate must increase by 3.8% in order to maintain a reasonable probability of meeting the going-concern deficit funding requirements set under *The Pension Benefits Act, Manitoba*. This total increase would result in a 1.9% *employee* contribution rate increase, and a 1.9% *employer* contribution rate increase.

The Plan's current contribution rates are sufficient to cover the cost of accruing existing benefit levels, but are not sufficient to fund the deficit created by the downturn in the capital markets.

Contribution rate increases may only be made if there is unanimous written agreement of the parties to the Trust Agreement (Settlors). If a sufficient contribution rate increase cannot be made, the Board would be required to reduce benefits to ensure that the current contribution rate is sufficient to meet funding requirements. To that effect, the Board will continue to review current benefit costs to determine which benefits, if any, may need to be reduced.

The Board is working in collaboration with Settlors and government stakeholders to have a definitive plan of action in place no later than June 30, 2010, for implementation in 2011. This means that the contribution rate increase (or benefit reductions, if required) would be implemented in 2011.

The Board and management of HEPP will continue to keep members informed as we progress towards implementing required actions to ensure the long-term sustainability of the Plan.

in this Issue

Pension Plan

HEPP Signs Reciprocal Pension Transfer Agreement with TRAF

The Healthcare Employees' Pension Plan (HEPP) is pleased to announce that a reciprocal pension transfer agreement with the Teachers' Retirement Allowances Fund (TRAF) has been signed. The agreement will allow for the transfer of pension funds and related service between the two Plans, effective January 1, 2009.

In general terms, when you apply for a reciprocal pension transfer, both pension plans will calculate the actuarial value of the pension benefits being transferred, based on their respective plan provisions. The exporting plan advises of the amount of money it would transfer to the importing plan; while the importing plan determines the amount of service that can be purchased in its Plan for the specified amount.

Once both plans have performed their calculations, they will provide the information to you, so you can make an informed decision as to whether or not the transfer is in your best interest.

If you are considering transferring your pension between HEPP and another plan for which HEPP has a reciprocal agreement in place, please contact the HEPP/HEBP office for an *Appendix A Form* to start the process. A listing of pension plans HEPP has reciprocal agreements with is available on the HEPP/HEBP website at www.hepp.mb.ca.

HEBP Disability & Rehabilitation Plan

Enrolling for D&R Coverage After the Annual Review of Hours

All part-time employees must work an average of at least 15 hours per week in the previous calendar year to be eligible for Disability & Rehabilitation (D&R) coverage.

Participating employers must review hours of all part-time and full-time employees to confirm whether or not the 15-hour requirement has been met.

After completion of the annual review of hours, employers will notify employees whose D&R coverage has changed:

- Part-time employees who were eligible for D&R coverage in 2009, but who are not eligible for D&R coverage in 2010, will be advised that their coverage ends on December 31, 2009.
- Part-time employees who were not eligible for D&R coverage in 2009, but who have become eligible in 2010, will be advised that their coverage will start on January 1, 2010.

If you were previously not eligible for D&R coverage, but become eligible in 2010, your employer will notify you and provide you with a *Disability & Rehabilitation Benefits* brochure and a *Disability & Rehabilitation Plan Enrolment and Change Information Form*. When you receive this package from your employer, it is important that you:

- Thoroughly read the *Disability & Rehabilitation Benefits* brochure,
- Fully complete, sign, and date the *Disability & Rehabilitation Plan Enrolment and Change Information Form* and return the form to your employer representative at your facility/RHA by the deadline stated in the letter, and
- Ensure that, beginning in January, your employer submits D&R premiums to HEBP.

HEBP Healthcare, Dental, Life Insurance, and Disability & Rehabilitation Plans

Preparing for an Unpaid Leave of Absence

Prior to the start of an unpaid leave of absence (LOA), you must contact your employer representative to:

- Discuss the unpaid LOA,
- Obtain information about maintaining Healthcare Plan, Dental Plan, Life Insurance Plan, and Disability & Rehabilitation (D&R) Plan coverage while on the unpaid LOA,
- Complete the necessary forms, and
- Arrange prepayment of premiums, if applicable.

Note: While on an unpaid sick LOA, D&R coverage must be maintained by prepaying D&R premiums for the entire 119-day Elimination Period. Maintaining your coverage is mandatory. If coverage is not maintained, you will not be entitled to D&R Benefits.

For those Plans that you elect to prepay your premiums, your Plan coverage will continue. Note: You must arrange your payment method and submit your premiums for the entire LOA before you start your LOA.

You are required to complete and sign the *Leave of Absence/ Lay-Off Benefit Coverage* form to indicate that you waive your membership in the HEBP Benefit Plans (elect not to maintain your coverage) during your personal, maternity, parental, or educational LOA or temporary layoff.

If you do not prepay premiums, or do not submit your completed prepayment package and premiums to your employer representative prior to the start of your unpaid LOA, you will be deemed to have waived your plan coverage for your entire unpaid LOA. You will not be eligible for coverage if forms are received after your unpaid LOA has started. Note: For the D&R Plan, if you do not complete the LOA form and premiums are not prepaid, your coverage will cease on your last day worked. Therefore, you will not be entitled to apply for D&R benefits should you become ill or injured.

HEBP recognizes that you may not be able to submit your prepayment package and premiums before the start of an unpaid sick LOA when the leave is unexpected. In these circumstances, you must submit your completed prepayment package and premiums to your employer representative no later than 30 calendar days after your unpaid sick LOA commences, or it will be considered late and you will not be eligible for coverage. An exception will be made if you are incapacitated and unable to make such a decision, and no power of attorney has been appointed for you.

A prepayment package must be completed each time you go on an unpaid LOA, or if you are extending the duration of your original unpaid LOA.

If you decide to prepay your premiums to maintain coverage during an unpaid LOA, you can provide premium payments in one of the following ways:

- One-time payment,
- Monthly post-dated cheques for the full number of months of your unpaid LOA, or
- Payroll deduction(s).

No matter which method you choose to provide premium payments, payment in full must be received by your employer representative prior to your unpaid LOA start date, or you will not be eligible for coverage.

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 employer representative at your facility/RHA, as well as notify 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