

USW LOCAL 1976

Long Term Disability Trust Fund



February 2021

To: Canpar Express Members
USW Local 1976
Long Term Disability Trust Fund

Dear Member:

SPECIAL NOTICE ON IMPORTANCE OF DISABILITY BENEFITS FOR CANPAR MEMBERS

Disability insurance helps protect your most valuable asset ... your ability to earn an income. Disability insurance provides financial protection to you and your family.

Imagine the financial hardship you would face if you were suddenly struck by a disability due to an injury or illness and were unable to work. How could you afford to pay your bills, your rent or mortgage and everything else that keeps you and your family afloat?

Prior to 2013, many members of TC Local 1976 USW at Canpar recognized they were at financial risk because their income was not protected in the event of a long-term disability.

In November 2013, **members voted overwhelmingly in favour** of participating in the USW Long-Term Disability (LTD) Trust Fund to have their incomes protected in the event of injury or serious illness that made them unable to work.

It did not take long for Canpar Members to realize just how important these LTD benefits are -

Since inception there have been 53 Canpar Members who have received a total of \$2,998,841.53 through the USW LTD Trust Fund during their absence from work due to injury or serious illness.

Members recognize the many benefits of having access to LTD coverage:

- Disability insurance helps pay for important day-to-day living expenses. It provides a monthly benefit to help replace your income, and to ensure you and your family's lifestyle are taken care of during your recovery.
- At a **cost of 1.9% of pensionable earnings**, members receive a **tax-free monthly income** in the event of absence from work due to injury or serious illness.
- LTD benefits are **tax free** as the contributions are member-paid, and provide **50% of pre-disability earnings to a monthly maximum of \$3,000**.
- Benefits commence immediately following expiration of Short-Term Disability (STD), with **no gap in income for members**.
- **Pension contributions are continued** by deductions from LTD payments to the member.

Advantages of the Trusteed Plan

- The USW LTD Trust Fund is reputable and **managed by a Board of Trustees** appointed by the Union Executive Board.
- Your Board of **Trustees are not paid** by the trust fund. Rather, they **volunteer to provide their knowledge and experience** in managing the plan on behalf of members.
- The Board of Trustees have a **fiduciary obligation** to fulfill the responsibilities and duties defined in the Trust Agreement. This means that the trustees must act in the best interests of the plan members – you.
- Your Board of **Trustees must adhere to corporate governance**, in compliance with government regulations, retaining professionals to assist in the management of the plan, and to provide oversight and control of the plan and operating costs.

The direct relationship between the USW LTD Trust Fund, the Plan Administrator (Manion Wilkins) and the Insurer (Manulife) ensures **efficient day-to-day administration** of the plan. This allows the Plan Administrator to receive and record all contributions, so they can easily certify eligibility for claims and quickly provide LTD claim application forms to members who are nearing the end of an STD claim, and co-ordinate all claims records on the claimant's behalf.

Equally as important in the administration of the LTD Plan is **ensuring the insurer treats all claims in an even-handed manner**. This means that the policy provisions are followed exactly as specified, so that all claimants who meet the applicable definition of totally disabled are paid; and also, that any member that is attempting to access LTD benefits without satisfying the applicable definition of totally disabled is not paid.

This even-handed approach is necessary to ensure the LTD plan remains available at a fair and sustainable cost.

How we got here – history of the plan

Employees of Canpar were not covered for LTD prior to joining the USW LTD Trust Fund. It did not take long before it was evident that claims incidence would be higher than the existing USW group it had joined.

By the end of 2015, there were 14 active Canpar claims, and that number grew to 22 at the end of 2016, **increasing the cost for TC Local 1976 USW Canpar members to higher-than-anticipated levels**.

In late 2016, the Trustees engaged professionals to assist in finding options for re-designing and sustainably pricing LTD benefits.

The optimal plan redesign involved balancing the best benefits available at a cost acceptable to members. This was achieved by splitting Canpar members' redesigned disability benefit provided under the Trust Fund into two distinct categories: Mid-Term Disability (MTD) and Long-Term Disability (LTD).

In early 2017, in response to feedback from TC Local 1976 USW Canpar members, **the plan was redesigned** so that, following STD benefits with Canpar, it would provide an **initial period of Mid-Term Disability that lasts up to 18 months** if the claimant is unable to perform the essential duties of their own occupation, and afterwards would provide an **additional period of Long-Term Disability that lasts up to five years** if the claimant is unable to perform the essential duties of any occupation for which they are reasonably suited by training, education or experience.

As at December 31, 2020, there are 8 Members receiving MTD benefits and another 21 Members receiving LTD benefits.

Now that the plan has a few years of claims experience under the 2017 redesign, the Trustees are pleased to report that claims levels over the past four years are such that the required 1.9% contribution rate has not changed and there are no plans to increase it in the foreseeable future.

For more information, consult your Member Booklet for all details about the plan.

If you have any questions, please contact:

- Plan Administrator: Manion Wilkins & Associates Ltd., 416-234-5044 or 1-800 263-5621