

# IATSE Local 873 Health & Welfare Trust

## 2013 Annual Report



### BUILDING ON OUR SUCCESS

Welcome to your 2013 annual report. We are pleased to tell you that 2013 – our second full year of operations – was a very successful year for the Trust.

During 2013, we built on the successes of 2012. Specifically we:

- earned a healthy 11.69% investment return, strengthening the plan's financial position;
- introduced a number of plan improvements (see *Year in review* on page 2); and
- paid more than \$5 million in claims and premiums – providing members with popular benefits coverage.

Although work levels declined a little in 2013, they still remained high. The result was a steady inflow of producer contributions. Incoming producer contributions, combined with strong investment returns, added to the plan's bottom line. As a result, the plan finished 2013 with a financial cushion of \$1.73 million (compared to \$387,848 at year-end 2012). This money can be used to help pay plan costs in the future when benefit costs go up, investment returns go down, and/or work levels decline (resulting in fewer producer contributions).

#### Moving forward

The plan's strong financial position at the end of 2013 allowed us to move forward with a number of improvements in early 2014. This latest round of improvements builds on the enhancements introduced in 2013. Since the start of 2014, we have:

- Increased basic life coverage to \$75,000 from \$50,000.
- Increased the base coverage for accident insurance to \$75,000 from \$50,000.
- Added *Everest Funeral Planning and Concierge Services* to our benefits offering.
- Added *Best Doctors* – a service that allows you and your eligible family members to obtain medical advice and second opinions from top-rated physicians.

These improvements are designed to ensure the plan continues to meet your needs.

To sum up, the plan is in a strong financial position. By managing the plan and its investments wisely, we hope to keep it that way.

Sincerely,

**Your Board of Trustees**

#### WHAT'S INSIDE

- Message from the Trustees
- Year in review
- Highlights
- Statement of changes in net assets
- About the Trust
- Who runs the Trust
- More information



*"The plan is in a strong financial position. By managing the plan and its investments wisely, we hope to keep it that way."*

### Why you should read this report

Your IATSE Local 873 Health & Welfare Plan is a valuable benefit – one that provides you with important financial protection. That said, our ability to offer that protection going forward will depend on the continued financial health of the plan – so it's important that you keep track of how the plan is doing. That's where this report comes in. It provides an update on the financial status of the plan as of December 31, 2013.

---

---

## Year in review

- ▶ A sound strategy, backed by prudent management, led to strong investment results. Assets held by the Health & Welfare Trust generated a return of 11.69% in 2013, compared to 5.74% in 2012.
- ▶ Continued financial strength allowed us to approve a number of plan improvements. In February 2013, we:
  - Enhanced our vision care coverage. The plan covers up to \$400 in eligible vision care expenses every two years, and you can now claim expenses for prescription contacts and laser eye surgery.
  - Bumped up the weekly rate for short term disability (STD) coverage to \$501, from \$485, and extended the maximum benefit period to 30 weeks, from 15 weeks.
  - Increased the annual maximum for several paramedical services. Chiropractic, physiotherapy, speech therapy and psychology services are now each covered up to \$1,000 per person per year. That's up from \$500 per person per year.
  - Expanded our dental coverage. The plan now reimburses 60% of orthodontic work, up to a lifetime maximum of \$2,000 per person. It also reimburses 60% of periodontic and endodontic services, up to a combined maximum of \$2,000 per person per year.
  - Increased the reimbursement rate for generic prescription drugs. Generic drugs are now reimbursed at 100%, up from 90%. This latest increase follows a hike last June when the reimbursement rate was raised to 90% from 80%. Members have responded to these increases by choosing generic drugs more often – saving the plan money that has, in turn, been reinvested to pay for plan improvements.
  - Added coverage for preventive vaccines. This means the plan now covers childhood vaccines (such as diphtheria, tetanus, pertussis, measles, mumps, rubella), as well as vaccines for other diseases (such as Hepatitis A & B and meningitis).
  - Added coverage of smoking cessation drugs, up to lifetime maximum of \$500 per person.
- ▶ We hosted our first on-line re-enrolment. Of the 1,285 members who took the opportunity to re-enrol in 2013, 96% re-enrolled online using our convenient, easy-to-use online re-enrolment tool.
- ▶ The Health & Welfare Trust held its first election of Trustees in December 2013. All three of the Trustees initially appointed by the union when the Trust was established in November 2011 were acclaimed to a six-year term and the Local 873 President and Treasurer were both returned for another three-year term.
- ▶ The Trustees continued to make governance a top priority. To that end, they:
  - met on a regular basis to oversee the operations of the plan;
  - continued to monitor the plan's investment managers to ensure they fulfill their mandate, meet performance expectations, and adhere to our *Statement of Investment Policies and Procedures* (SIP&P);
  - formed a sub-committee to develop a comprehensive governance policy aimed at ensuring we continue to reflect best practices;
  - instituted an education policy to ensure Trustees stay up-to-date with industry standards; and
  - took advantage of educational opportunities – taking courses and attending conferences (one Trustee earned a Foundations of Trust Management Standards certificate, two earned Advanced Trust Management Standards certificates, and three attended a benefits conference held in Toronto).

---

---

## DID YOU KNOW?

Funding for the plan comes from three key sources – producer contributions, top-up payments from members, and investment earnings. All three are used to pay insurance premiums, reimburse claims, fund future plan improvements, and provide the plan with a financial cushion.

# Highlights

## INVESTMENTS

Annual rate of return for 2013

**11.69%**

Our goal is stable, long-term investment returns. To that end, the Trust takes a fairly conservative approach to investing. While this approach can lead to lower returns during rising markets, it helps to minimize investment losses during periods of market decline.

## COST OF BENEFITS RECEIVED

(claim payments and premiums)

	2013	2012
Prescription Drugs	\$1,133,722	\$850,819
Vision Care	96,183	78,560
Other Health	556,271	660,873
Dental	1,539,148	1,145,277
Health Spending Account	578,213	259,565
Short Term Disability	467,326	169,765
Life Insurance	592,494	455,048
Critical Illness Insurance	196,279	258,405
Accidental Death & Dismemberment	39,946	30,400
Death Benefit	45,500	28,000
Member Assistance Plan	65,444	45,217
<b>Total</b>	<b>\$5,310,526</b>	<b>\$3,981,929</b>

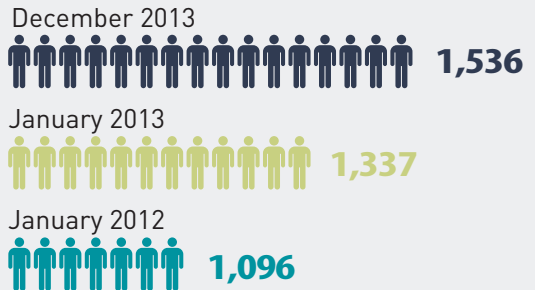
## ASSET MIX

%	December 31, 2013	\$
46.1%	Bonds	\$3.62M
28.9%	Equities	\$2.27M
9.6%	Real estate funds	\$0.75M
9.0%	Dividend funds	\$0.71M
5.4%	Money market	\$0.42M
1.0%	Resource funds	\$0.08M

Based on total assets of **\$7.86 Million**

## CHANGE IN MEMBERSHIP

Extended Health & Dental Plan



## STATEMENT OF CHANGES IN NET ASSETS

(for the year ending December 31)

	2013	2012
<b>Balance at beginning of year</b>	\$ 387,848	\$ 0
<b>Income &amp; contributions</b>		
Contributions from employers	6,467,932	8,722,252
Contributions from members	403,905	506,565
Investment income	717,366	145,085
Total income & contributions	7,589,203	9,373,902
<b>Disbursements &amp; expenses</b>		
Increase in claim reserves	428,033	2,938,985
Increase in dollar bank reserves	44,380	1,725,132
Benefit premiums and payments	5,310,526	3,981,929
Administration fees	341,383	268,757
Investment management fees	40,718	10,004
Other expenses	79,743	61,247
Total disbursements & expenses	6,244,783	8,986,054
<b>Surplus at December 31</b>	\$ 1,732,268	\$ 387,848

## About the Trust

The Health & Welfare Trust was set up in November 2011 to run the IATSE Local 873 benefits plan. The Trust is responsible for overseeing all operations of the benefits plan, including investment of the plan's assets.

Because the Trust is a separate legal entity, it operates at arm's length from the union. The decisions of the Trust are made by an elected Board of Trustees. There are five Trustees on the Board – all of whom have a legal duty to act in the best interest of all plan members (as a group).

To help ensure the plan is properly managed, the Board of Trustees hires the services of several experts, including an auditor, lawyer, actuary, benefits consultant, and investment consultants. It also delegates part of the plan's administration to J&D Benefits.

## Who runs the Trust?



### Board of Trustees

Joe Fraser, *Chair*  
David Charles, *Vice-Chair*  
Pauline Chung  
Wayne Goodchild  
Lisa Russo (Pacitto)



### Plan administrator

J&D Benefits Inc.



### Board advisors

Auditor – Baratz, Judleman,  
Preisz, Pajak  
Legal – Koskie Minsky LLP  
Benefits consultant – Human  
Capital Benefits  
Actuary – Eckler Ltd.  
Investment Management – GLC  
Asset Management Group Ltd.



### Want more information?

Looking for more information on how your plan works? Check out the Health & Welfare Trust website at [www.873healthplan.com](http://www.873healthplan.com) or refer to the detailed benefits booklet prepared by Great-West Life. The booklet is available on GroupNet (the Great-West Life member site) at <https://groupnet.greatwestlife.com>.

## About this bulletin

This annual report is only intended to inform members of the IASTE Local 873 Health & Welfare Trust about certain aspects of their benefits plan. Complete descriptions of the plan can be found in the official plan documents. Care has been taken to provide an accurate summary of plan features, the financial status of the Trust, and the work of the Trust. If there are any differences between the information contained in this report and legal documents, the legal documents will take precedence. While it is our intention to continue the plan indefinitely, the Board of Trustees has the responsibility to change, amend or terminate the plan at any time, and may be required to do so if there are changes in legislation.