

IATSE Local 873 Health & Welfare Trust

2014 Annual Report



A PLAN FOR EVERY STAGE OF LIFE

It's been just over three years since the Trust was established to run the IATSE Local 873 benefits plan. In that time, we've worked hard to build a plan that meets the needs of our active and retired members in the Local 873 community.

2014 was another successful year for the Trust. Here are some highlights:

- Our funds earned a 7.9% investment return on the year.
- With work levels up slightly in 2014, we also collected nearly \$7.5 million in producer contributions – a higher total than in 2013.
- Contributions and investment income helped the plan increase its financial cushion to \$2.6 million, up from \$1.73 million at year-end 2013. This safety net is there to help all of us when investment returns drop, the cost of benefits rises and/or work levels decline (resulting in lower producer contributions).
- We paid out \$7.6 million to reimburse claims, pay insurance premiums and operate the Trust.

Recently, we introduced some important plan changes focused on our older members and retirees. Specifically, we extended active coverage to age 75, in recognition of the fact more of our members are choosing to work longer. And, we introduced the IATSE Local 873 Retiree Health Plan, so we can continue to help our members and their spouses meet their healthcare needs even after they stop working.

You'll find more information on these changes and the Trust's current financial position in this report. We'll continue to work hard with our advisors to build your plan, and to make sure all our members – from our newest to those who've retired – can be proud to be part of our local community.

Sincerely,

Your Board of Trustees

WHAT'S INSIDE

- Year in review
- Did you know?
- Highlights
- About the Trust
- Who runs the Trust

Why you should read this report

This is your benefits plan. To get the most out of it, you need to understand how it works and get a clear picture of its financial health.

This report provides an update on the plan's financial status as of December 31, 2014. It also includes important information on contributions and investment earnings, which are used to pay insurance premiums, reimburse claims and fund future plan improvements.

Year in review

- ▶ Investments held by the Trust earned 7.9%. While this is down from 11.7% in 2013, it was more than enough to keep our plan in good financial health.
- ▶ In 2014, we moved to a new provider – ACE INA – for critical illness and accident insurance, and increased critical illness coverage from \$10,000 to \$20,000. ACE INA's critical illness policy also offers our members an additional \$2,000 benefit for hip or knee replacement surgery.
- ▶ During the August re-enrolment period, members had the opportunity to buy up to \$500,000 in optional life insurance from Great-West Life and up to \$100,000 in optional critical illness insurance from ACE INA, for themselves, their spouse or children.
- ▶ Also in 2014, we established the AED (automated external defibrillator) Studio Placement Program. This initiative is helping to ensure permanent Toronto studios have support in place for our members and others in the event of a cardiac arrest. So far, we've reached agreements with three studio owners to place 16 AEDs in their facilities. Also, more than 350 members have taken AED training over the past four years. Our free standard first aid course includes hands-on AED and CPR training. Members can also learn how to use the equipment by watching our video or reading the HeartSine AED user guide posted on our website.
- ▶ Members continued to discover the ease and convenience of our online re-enrolment tool with J&D Benefits, with 1,284 choosing to take advantage of the technology in 2014.
- ▶ We launched the new Local 873 Health Plan website in 2014. The site's modern, user-friendly layout has been optimized for all devices and different internet speeds. So, you'll be able to connect and get the most up-to-date information on your plan, whether at home on a laptop, on set on your smartphone, or in rural Ontario on a tablet. Be sure to visit www.873healthplan.com.
- ▶ Since the start of 2015, we've taken action to help our active members who, by choice or necessity, continue to work past age 70. We've also turned our attention to making sure our retired members maintain their connection to the local, and continue to feel their rights and best interests are protected.
- ▶ Specifically, we extended our active Health & Welfare Plan coverage to age 75. This reflects the fact that life expectancy is increasing, and many Canadians are choosing to work longer as a result.
- ▶ We also introduced the IATSE Local 873 Retiree Health Plan. Members who are ready to retire will have the option to join this plan and enjoy a level

of coverage that would be virtually impossible to buy on their own. Here are the key plan details:

- Coverage continues for member and spouse until member's death, with spousal coverage extending for two years following member's death.
 - Members qualify if they are at least age 65 with 10 or more years of eligible service, and are approved for retired status from the union.
 - Coverage levels are similar to those enjoyed by active members, with a few exceptions. These exceptions are outlined in a brochure we sent out in July to announce the Retiree Health Plan. You'll also find plan information online at www.873healthplan.com.
 - Depending on a member's years of eligible service, the Trust will pay some or all of his or her annual plan cost, which is currently \$1,900.
- ▶ The Trustees agreed to an 8% increase to the active health and dental plan top-up rate, for the benefit plan year starting September 1, 2014. Health Spending Account/HSP VISA amounts for 2014/15 were reduced slightly. These moves will lessen cost pressures on the plan from increasing claims and healthcare inflation. However, the current rate structure still provides a significant subsidy over the true cost of your plan coverage.
 - ▶ The Trustees continued to focus on governance by:
 - meeting regularly to oversee plan operations;
 - monitoring the plan's investment managers to make sure they fulfil their mandates, meet performance expectations and follow the guidelines set out in the Trust's Statement of Investment Policies and Procedures; and
 - keeping current with industry standards, and taking advantage of educational opportunities that can improve our governance, as outlined in our education policy.

DID YOU KNOW?

You can claim up to 100% of your covered healthcare expenses. Here are some tips:

- Ask your doctor or pharmacist about generic equivalents for drugs you're prescribed. Our plan covers 100% of generic drug costs, but only 80% of brand name.
- Shop around for dispensing fees, which are charged by pharmacies. The plan covers up to \$9.50 per prescription.
- If you're also part of a spouse's plan, you can coordinate benefits to maximize your coverage. Check your member booklet or the plan website for details.

Highlights

INVESTMENTS

Annual rate of return for 2014

7.9%

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)

	2014	2013
Dental	\$1,788,641	\$1,436,601
Prescription drugs	1,370,234	1,245,757
Life insurance	853,953	592,494
Health spending account	812,009	578,213
Other health	773,957	586,178
Short-term disability	565,297	467,326
Critical illness insurance	296,895	196,279
Vision care	95,608	96,183
Member assistance plan	71,769	65,444
Accidental death & dismemberment	40,493	39,946
Death benefit	38,500	45,500
Total	\$6,707,356	\$5,349,921

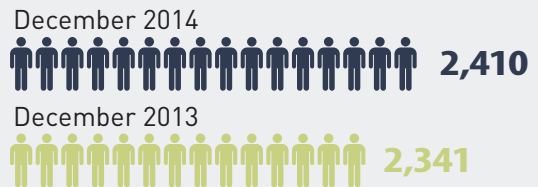
ASSET MIX

%	December 31, 2014	\$
47.3%	Bonds	\$4.34M
26.4%	Equities	\$2.42M
9.6%	Real estate funds	\$0.88M
8.3%	Dividend funds	\$0.76M
7.5%	Money market	\$0.69M
0.9%	Resource funds	\$0.09M

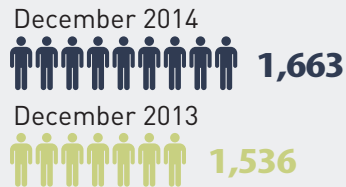
Based on total assets of **\$9.18 Million**

CHANGE IN MEMBERSHIP

Union



Extended Health & Dental Plan



STATEMENT OF CHANGES IN NET ASSETS

(for the year ending December 31)

	2014	2013
Balance at beginning of year	\$ 1,732,268	\$ 387,848
Income & contributions		
Contributions from employers	7,490,880	6,467,932
Contributions from members	361,500	403,905
Investment income	622,288	717,366
Total income & contributions	8,474,668	7,589,203
Disbursements & expenses		
Increase in claim reserves	128,192	428,033
Increase in dollar bank reserves	230,846	44,380
Benefit premiums and payments	6,707,356	5,310,526
Administration fees	371,172	341,383
Investment management fees	49,895	40,718
Other expenses	121,533	79,743
Total disbursements & expenses	7,613,369	6,244,783
Balance at December 31	\$ 2,593,567	\$ 1,732,268

About the Trust

Like most large IATSE locals, Local 873 set up a trust to run its benefits plan. Because the Trust is a separate legal entity, it must operate at arm's length from the union.

The Trust is governed by an elected, five-member Board of Trustees, which is responsible for overseeing all operations of the plan, including the investment of plan assets. Trustees have a legal duty to act in the best interest of all plan members. To help ensure the plan is properly managed, the Board of Trustees hires various experts, including an auditor, lawyer, benefits consultant, investment consultants and our plan administrator, 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



Want more information?

Looking for more information on how your plan works? Check out the Health & Welfare Trust website at 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 intended to inform members of the IATSE 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 reserves the right to change, amend or terminate the plan at any time, and may be required to do so if there are changes in legislation.