



# IATSE Local 873 Health & Welfare Trust 2016 Annual Report

## 5 years and still growing strong

Welcome to your 2016 annual report. This report provides the facts and figures you need to understand your benefits and the Trust's overall financial health – as well as the value you're getting as a benefits plan member.

It's been five years since the Trust was established to run the IATSE Local 873 benefits plan. Not only has our plan been highly successful during that time, but we've also enjoyed five years of continuous benefits improvements (see the timeline on page 3 of this report).

2016 was a great year for the Trust, with strong investment returns and membership growth. Our funds earned a solid 5.67% investment return. We also benefited from extra employer contributions during a record-breaking production year, leading to a significant increase in overall assets.

Our plan membership has grown significantly over time. From 2012 to 2016, the number of members and their families participating in the health and dental plan rose from 1,096 to 1,821 – a 66% increase!

All these factors helped our plan increase its financial cushion in 2016 – to \$7.8 million, up from \$5.5 million in 2015. That cushion is there to support us when investment returns drop, the cost of benefits rises and/or work levels decline (resulting in lower employer contributions).

We paid out \$8.2 million in health and benefits claims and premiums last year – up from \$7.4 million in 2015. In fact, spending on benefits for members and their families has more than doubled since the Trust was first established.

As you'll see from this report, our plan is in great shape! We'll continue to work closely with our advisors to build your plan and ensure it remains sustainable – for the benefit of all our members.

Sincerely,  
**Your Board of Trustees**

### Why you should read this report

We're committed to being fully transparent about the Trust's operations and ensuring you have a clear picture of its financial health. This report provides an update on the plan's financial status as of December 31, 2016 – including key information on contributions and investment earnings, which are used to pay insurance premiums, reimburse claims and fund future improvements.

It's our priority to ensure you have the information you need to know how the plan works, the plan's advantages and your role as a plan member. It's also important that you understand the true cost of benefits and how the decisions you make could affect our plan in the future. You play a critical role in ensuring the Trust stays strong for years to come, so your benefits will continue to be there when you need them.

We encourage you to read this report carefully and get in touch if you have any questions. After all, it's your benefits plan...so why not make the most of it?

### WHAT'S INSIDE

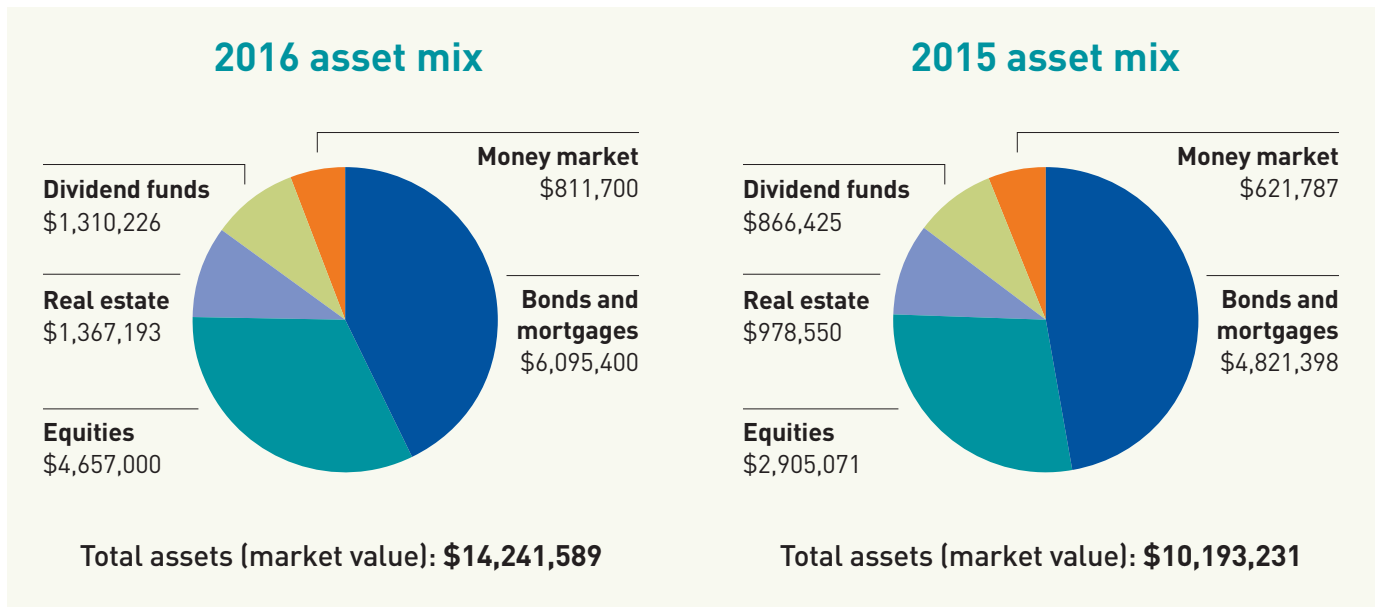
# Year in review

Our Trust is in good financial shape. Investments held by the Trust earned a solid 5.67% return in 2016 – up from 4.99% the year before. That’s more than enough to keep our plan healthy in the near term.

This ongoing success has allowed us to build on previous improvements over the past few years. In 2016, we introduced the following benefits enhancements:

- Reduced the short-term disability waiting period to 1 day in case of accidents and 8 days for other claims,
- Extended our critical illness policy termination age from 70 to 75,
- Added a \$200/week maternity/parental top-up, and
- Added an introductory \$200 health spending account for new members to allow them to “test drive” our plan.

Strong investment returns helped make these enhancements possible. Here’s how the Trust’s funds are invested:



Of course, our ability to offer comprehensive benefits to our members depends on the Trust’s continued success. That’s why the Trustees continue to make governance a top priority.

The Trustees are responsible for overseeing the Trust’s operations – and they don’t take that role lightly. Their responsibilities include monitoring the plan’s investment managers to ensure they’re fulfilling their mandates, meeting performance expectations and following the guidelines set out in the Trust’s *Statement of Investment Policies and Procedures* (SIPP). The Trustees are also tasked with keeping current on industry standards and trends, and taking advantage of educational opportunities to improve our governance practices.



## 5 years of benefits improvements

*We've come a long way since we first started! Here are some of the highlights of our progress:*

2011

Our Health & Welfare Trust is established to provide benefits to eligible members. Health spending account is added (including a VISA card system for claiming benefits), and a new \$10,000 critical illness insurance policy is put in place.

2012

One-year contribution rollover is set so members aren't forced to leave the health and dental plan due to a decline in work volume. Open enrollment process gains the Trust more than 200 new members. A catastrophic drug plan is introduced, major restorative dental coverage is added, and coverage for generic drugs is increased to 90%.

2013

Short-term disability is extended from 15 to 30 weeks, coverage for generic drugs is increased to 100%, and contact lenses and laser eye surgery are added to the vision benefit. Orthodontics and specialty dentistry are added to dental. The plan maximum for certain paramedical services is increased to \$1,000, and coverage is added for preventative vaccines and smoking cessation drugs.

2014

The basic life benefit is raised from \$50,000 to \$75,000, and critical illness insurance is increased from \$10,000 to \$20,000. A knee and hip replacement benefit is added. Additionally, the age limit for the active member's health and dental plan is raised from age 70 to 75.

2015

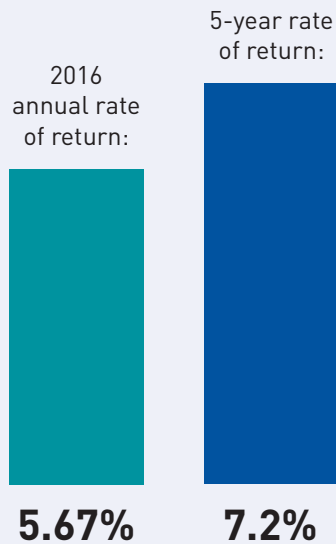
First retired members join the new retiree health plan. A new maternity/parental leave top-up is added to complement EI maternity/parental benefits.

2016

The critical illness termination age is extended from age 70 to age 75 with a \$10,000 policy. Additionally, a new \$200/week maternity/parental top-up is added to complement such EI claims. Finally, new members now get an introductory \$200 health spending account in their first year.

# Financial highlights

## Investment returns

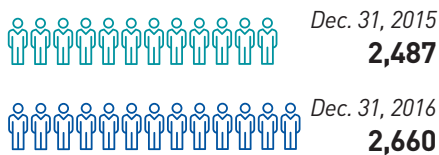


## Health and benefits paid

	2016	2015
Prescription drugs	\$2,211,335	\$1,742,368
Dental	\$1,925,025	\$1,814,699
Other health	\$854,900	\$832,493
Health spending account	\$867,911	\$930,465
Short-term disability	\$612,162	\$553,627
Vision care	\$95,588	\$104,178
Member assistance program	\$69,309	\$68,204
Death benefits	\$42,000	\$35,000
Maternity/parental benefits	\$39,472	-
<b>TOTAL</b>	<b>\$6,717,702</b>	<b>\$6,081,034</b>

## Membership changes

### Union



### Health & Dental Plan



## Statement of changes in net assets

(for the year ending December 31)

	2016	2015
<b>Balance at beginning of year</b>	\$1,031,655	\$2,493,171
<b>Income &amp; contributions</b>		
Contributions from employers	\$10,819,187	\$9,201,601
Contributions from members	\$251,246	\$494,389
Investment income	\$609,836	\$467,093
<b>Total income &amp; contributions</b>	<b>\$11,680,269</b>	<b>\$10,163,083</b>
<b>Disbursements &amp; expenses</b>		
Increase in claim reserves	\$2,358,247	\$2,039,056
Increase in dollar bank reserves	\$902,223	\$1,619,725
Benefit premiums and payments	\$8,217,741	\$7,461,125
Administration fees	\$478,466	\$446,712
Investment management fees	\$61,478	\$57,982
<b>Unrestricted net assets at December 31</b>	<b>\$693,769</b>	<b>\$1,031,655</b>

# Our Trust, your role

Getting benefits through a Trust is a little different. Our Trust is funded by contributions from the employers that participate in the plan. A Trust offers some key advantages – including continued access to stable, sustainable benefits for our members. Collectively, we benefit from greater buying power and related financial advantages that just aren't available to other smaller plans.

But those benefits also come with certain responsibilities. In addition to being a member who receives benefits, you're an owner of your benefits plan. That means you – and all plan members – have an important role to play in ensuring the Trust's ongoing sustainability.

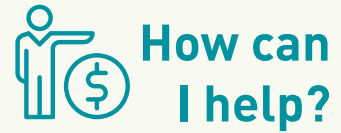
Health insurance works just like any other insurance you might have, such as home or auto insurance. It's important to use your plan for the benefits you need: that's what the plan is there for. But it's also important to use it responsibly. That's being a smart benefits consumer.

Ultimately, it's about understanding your plan, making smart choices and protecting your benefits – today and in the future.

## About the Trust

Similar to other large multi-employer plans, Local 873 set up a Trust to run its benefit plan. Because the Trust is a separate legal entity, it operates 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 plan operations, including investment of plan assets. The Trustees have a legal duty to act in the best interests of all plan members. The Trustees engage various experts to ensure the plan is properly managed, including an auditor, lawyer, benefits consultant, investment manager, actuary and plan administrator.



Here are three ways you can help keep our benefits plan healthy.

- #1:** Check your bills from your health and dental providers to make sure they reflect the services you received.
- #2:** Did you know professional dispensing fees can range from \$5 to \$15 or more? Try shopping around or negotiating a lower fee with your current pharmacy.
- #3:** Ask your doctor/ pharmacist for a 90-day supply of any maintenance (long-term) medications you or your family are prescribed. That means fewer dispensing fees for the plan – and fewer trips to the pharmacy for you!





### Trustees

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



### Board advisors

**Auditor** – MNP LLP  
**Legal** – Koskie Minsky LLP  
**Benefits Consultant** – Human Capital Benefits  
**Actuary** – Eckler Ltd.  
**Investment manager** – GLC Asset Management



### Plan administrator

J&D Benefits Inc.



### Looking for more information?

Want more details on your benefits or 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 and CHUBB, which is available on the Trust website: [www.873healthplan.com](http://www.873healthplan.com).

### About this bulletin

This annual report is intended to inform the 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 and the financial status of the Trust. If there are any discrepancies between the information contained in this report and legal documents, the legal documents take precedent. While it is our intention to continue the plan indefinitely, the Board of Trustees, in their fiduciary capacity as “overseers”, reserves the right to change, amend or terminate the plan at any time, should unforeseen work stoppages, financial, legislative or other such changes necessitate this action.