



IATSE Local 873 Health & Welfare Trust 2018 Annual Report

A strong and stable plan for our members

Welcome to your 2018 annual report. This report provides an update on plan developments over the course of the year, along with key facts and figures on the Trust's overall health.

The plan remains in good financial shape despite a challenging end to last year. While past years have brought strong returns for our plan, 2018 ended on a tough note for plans everywhere as December drew to a close. The S&P/TSX Composite Index finished the year down 11.64%, while in December alone, the S&P 500 was down 9% and the Dow fell 8.7% – making it the worst December since 1931.

While our plan finished the year with a 0.50% rate of return, it's important to put that into context. Markets rebounded in early 2019, and our year-to-date return as of June 30, 2019 was a solid 6.71%. More important, our 5-year average return remains strong, at 4.92%.

We paid out \$9.6 million in health and benefits claims and premiums last year – up from \$8.8 million in 2017.

By the end of 2018, we had 2,349 members in our plan – up from 2,024 in 2017. More members means more contributions, which, in turn, means greater benefits security for all members.

There are also some important plan improvements you need to know about as of May 2019, including additional counselling services and coverage; addition of continuous and flash glucose monitors to the plan; coverage for medical cannabis; and a new substance abuse treatment program to support our members.

As we've explained in past reports, maintaining a financial cushion is an essential part of good plan governance – and the end of 2018 shows just how important it is to have that cushion in place.

However, remember that blips like these will happen from time to time. Maintaining that cushion protects the plan so it can stay strong for the long term, continuing to offer the benefits our members need.

Why you should read this report



Understanding your plan and your role as a plan member helps you get the most from your benefits!

Your annual report is a great resource to help you:

- Stay informed on how your plan is doing;
- Learn more about your benefits; and
- Find out about important plan developments and what the Trustees are doing to improve the member experience.

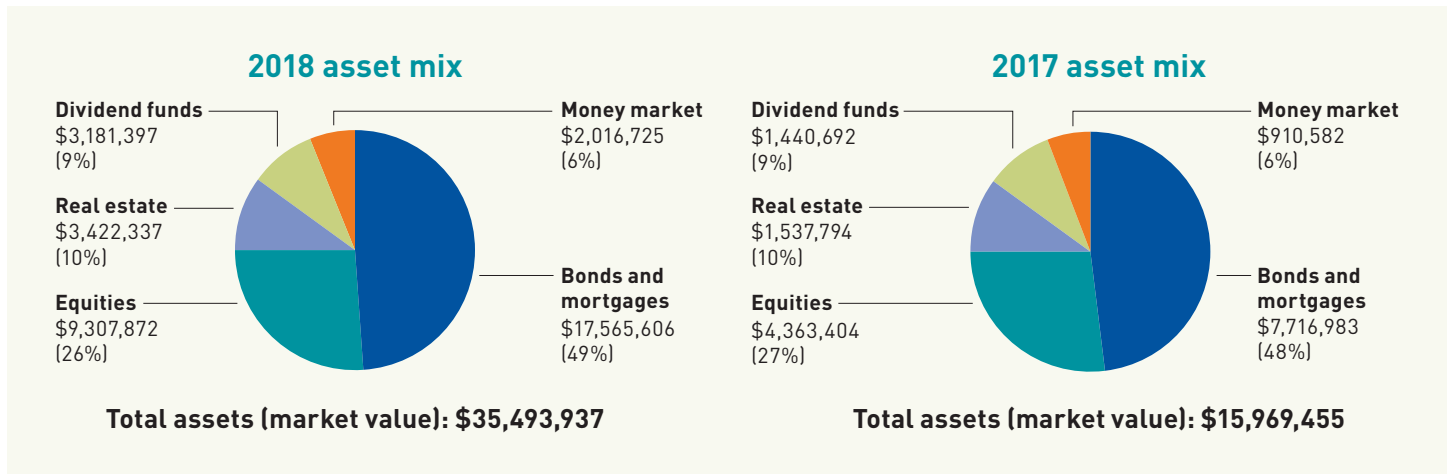
This report provides an update on the plan's financial status as of December 31, 2018, including important information on contributions and investment earnings, which are used to pay insurance premiums, reimburse claims and fund future plan improvements.

For more information or to get your benefits questions answered, visit www.873healthplan.com, or contact Great-West Life toll-free at 1-855-729-1839.

WHAT'S INSIDE

Year in review

With a difficult end to the year, investments held by the Trust earned a 0.50% return in 2018. However, our 5-year rate of return was 4.92%. The funds are invested in a mix of assets to ensure we're maintaining a well-diversified portfolio – both to meet our existing benefits obligations and to maintain reserves in case of more difficult times.



As you can see from the financials, the Trustees were able to transfer approximately \$14.6 million into the Trust in 2018, which accounts for the significant increase in total assets from 2017 to 2018. It's important to understand that this isn't "new" money – these funds always belonged to the Trust and its members.

The reserve fund amounts were identified by two separate actuarial studies. Reserves are required to fund future benefit obligations for the active and retired members' health plans.

The Local 873 Executive Board approved this transfer from the Local's Good and Welfare Fund. Subsequently, the Trust was able to declare a favourable tax status change that will reduce provincial RST and premium taxes going forward.

What's new with our plan (recent plan enhancements)

To ensure our benefits remain competitive and are keeping up with the times, the Trustees made some important enhancements to the health and dental plan in 2018 and 2019:

- **Depression care program** – In 2018, we added Morneau Shepell's Depression Care to our plan – a specialized treatment program that strives to help individuals with moderate to severe symptoms of depression. In conjunction with the individual's own treating physician or general practitioner, the program uses the latest technology and clinical best practices to improve employees' lives.
- **Additional counselling services** – The annual maximum for Clinical Psychologist services has been increased from \$1,000 to \$3,000, and Psychotherapy is now a covered service. There is no change to the 80% reimbursement level.
- **Glucose monitors** – For plan members who use insulin to manage their diabetes, we have added coverage for continuous glucose monitors and FreeStyle Libre flash glucose monitors (prior authorization is required).
- **Medical cannabis** – Coverage for medical cannabis has been added for treatment of spasticity or neuropathic pain associated with multiple sclerosis, chemotherapy-induced nausea and vomiting or neuropathic pain associated with HIV/Aids and the symptoms associated with palliative care, up to a maximum of \$2,500 per year (prior authorization is required). Great-West Life will assess your eligibility, and you'll need to access the medication through the Great-West Life Preferred Provider network.
- **New substance abuse treatment program** – We have partnered with our member assistance plan provider (Morneau Shepell) to introduce a new Addiction and Recovery Helpline providing 24/7 support and access to various treatment programs for members or their dependents. The program also provides up to \$20,000 lifetime coverage for in-patient and/or out-patient treatment.

Financial highlights

Investment returns

Annual rate of return for 2018:

0.50%

3-year return:

3.92%

5-year return:

4.92%

Change in membership

Union



Dec. 31, 2017
2,857



Dec. 31, 2018
3,211

Health & Dental Plan



Dec. 31, 2017
2,024



Dec. 31, 2018
2,349

Benefits paid on behalf of members

	2018	2017
Prescription drug claims	\$2,173,562	\$2,109,142
Dental health claims	\$2,195,098	\$1,863,479
Other health claims	\$1,055,745	\$887,427
Health spending account	\$811,953	\$831,853
Short term disability	\$822,037	\$720,990
Vision care benefits	\$111,018	\$102,503
Member assistance program	\$82,470	\$81,638
Death benefits (now paid from the Good and Welfare Fund)	\$874	\$14,000
Maternity benefits	\$76,429	\$67,543
Total	\$7,329,186	\$6,678,575

Group insurance premiums

	2018	2017
Life insurance	\$955,791	\$982,240
Critical illness	\$551,358	\$490,393
Accidental death and dismemberment	\$60,745	\$50,476
Health pooling insurance	\$702,797	\$567,876
Total	\$2,270,691	\$2,090,985

Statement of changes in net assets

(For the year ending December 31)

	2018	2017
Balance at beginning of year	(\$950,392)	\$693,769
Income & contributions		
Contributions from employers	\$15,506,536	\$11,207,793
Contributions from members	\$957,838	\$655,842
Investment income	\$26,012	\$804,346
Total income & contributions	\$16,490,386	\$12,667,981
Disbursements & expenses		
Increase in claim reserves	\$768,890	\$3,123,370
Increase (decrease) in dollar bank reserves	(\$247,404)	\$1,280,133
Benefit premiums and payments	\$9,599,877	\$8,769,560
Administration fees	\$1,084,528	\$1,062,560
Investment management fees	\$132,289	\$76,519
Expense subtotal	\$11,338,180	\$14,312,142
Transfer from Good and Welfare Fund	\$14,631,864	
Surplus at December 31	\$18,833,678	(\$950,392)



Want to know more about our plan?

Q: How do I change my address on file?

A: Members can update their address information on the union website. The union office provides address changes to J&D Benefits (our plan administrator) on a monthly basis, and J&D Benefits sends weekly updates on any address changes to Great-West Life.

About the Trust

Similar to other large multi-employer plans, Local 873 set up a Trust to run its benefits 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 - including the President, Treasurer and three Trustees elected at large - 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 third-party administrator.

As always, the Trustees continued to make plan governance a top priority by:

- Meeting on a regular basis to oversee plan operations;
- Ensuring the plan's investment managers are fulfilling their mandates, meeting performance expectations and following the guidelines set out in the Trust's *Statement of Investment Policies and Procedures* (SIPP); and
- Keeping current with industry standards and taking advantage of educational opportunities that can improve our governance, as outlined in our education policy.

Trustees	Board advisors	Third-party administrator
Joe Fraser, <i>Chair</i>	Auditor – MNP LLP	J&D Benefits Inc.
David Charles, <i>Vice-Chair</i>	Legal – Koskie Minsky LLP	
Pauline Chung	Benefits Consultant – Human Capital Benefits	
Wayne Goodchild	Actuary – Eckler Ltd.	
Lisa Russo (Pacitto)	Investment Manager – GLC Asset Management	



Looking for more information?

Want more details on your benefits or how the 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 and Chubb, which is available on the Trust website.

About this bulletin

This annual report is intended to inform the 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 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 precedence. 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.