



# IATSE Local 873 Health & Welfare Trust 2019 Annual Report

## Plan steady and stable in uncertain times

Welcome to your 2019 annual report. This report provides an update on the plan over the past year, developments to expect in 2020 and key facts and figures on the Trust's overall financial health.

The plan remains in good financial shape despite an unprecedented start to the year due to the Novel Coronavirus (COVID-19) pandemic. While 2019 ended with very strong returns for our plan, the first quarter of 2020 saw stock markets and economies all over the world experience major fluctuations due to the COVID-19 pandemic.

- Our plan finished the month ending April 30, 2020 with a **-1.23%** annualized rate of return year to date.
- Looking at our annual rate of return year over year for 2019, the plan's annual rate of return to December 31, 2019 was a strong **9.81%**.
- Our 5-year average return stayed healthy in 2019 at **5.29%**, but given 2020's downturn, the 5-year average now sits at **4.37%** as of April 30, 2020.
- We paid out \$10.3 million in health and benefits claims and premiums last year – compared to \$8.0 million in 2018.
- By the end of 2019, we had 4,026 members and dependants in our plan – up from 3,549 in 2018. More members means more contributions which, in turn, means greater benefits security for all members.

On May 1, 2019, the plan saw some important improvements. These included coverage for glucose monitors and medical cannabis coverage for specific conditions. Also added to the health plan was a new substance abuse treatment program, which provides up to a \$20,000 lifetime maximum for in-patient or out-patient treatment for a member or dependant.

*continued on page 2*

### 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;
- 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 30, 2019, 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 the website, [www.873healthplan.com](http://www.873healthplan.com) or contact Canada Life toll-free at 1-855-729-1839.

## WHAT'S INSIDE

...continued from cover

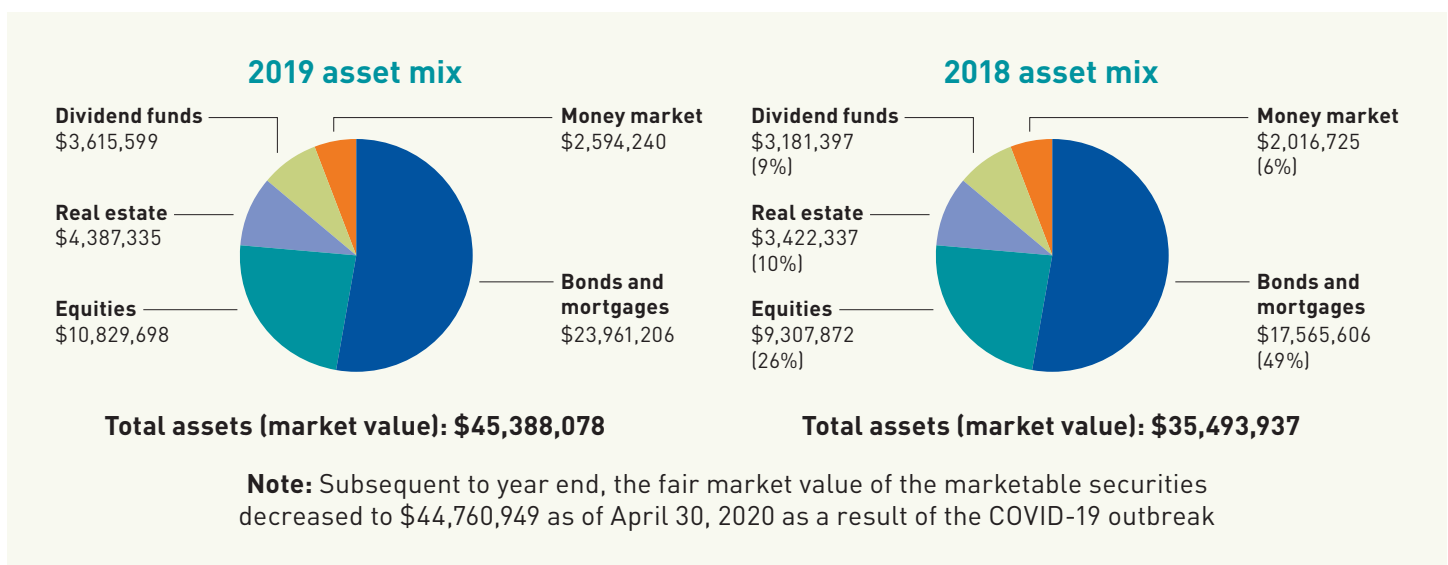
There have been a number of changes to the plan, to help members in the wake of the COVID-19 pandemic:

- A special temporary two-week benefit for members who needed to quarantine.
- The 20% co-pay on prescription drugs and paramedical was waived until August 31.
- A final quarterly top-up payment for members who were short of employer contributions or had stopped working was also waived.
- The 2019-20 contribution year has been prorated by 20% to make it easier for members to stay in the plan at the September 1 renewal date. This will account for any missing employer contributions between March 15 and May 31.

Lastly, your health and dental coverage is moving to an hour bank system starting September 1. Members who work regularly, averaging 140 hours per month, will be covered for the health and dental plan, including their spouse and dependants. Members can also build up a surplus of hours to bank up to a year's worth of coverage. This will help when there are work slowdowns like those seen during the pandemic or the period between 2007 and 2009. Full details about this hour bank system can be found on *page 4*.

## 2019 Year in review

2019 was a strong year for the plan. Investments held by the Trust earned a 9.81% annualized rate of return to December 31, 2019. However, our 5-year rate of return was 5.29%. 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 (see Lost Employer Revenue on *page 5* for this exact scenario). Here's how the funds are invested:



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);
- Keeping current with industry standards and taking advantage of educational opportunities that can improve our governance, as outlined in our education policy.

# Financial highlights

## Investment returns

Annualized rate of return as of December 30, 2020

**9.81%**

3-year return

**5.26%**

5-year return

**5.29%**

## Change in membership

### Union Members



2019  
**3,501**



2018  
**3,211**

### Health Plan Members



2019  
**2,699**



2018  
**2,364**

### Dependants



2019  
**1,327**



2018  
**1,185**

## Benefits paid on behalf of members

	2019	2018
Prescription drug claims	\$3,017,586	\$2,173,562
Dental health claims	\$3,011,764	\$2,195,098
Other health claims	\$1,372,180	\$1,055,745
Health spending account	\$975,490	\$811,953
Short term disability	\$787,566	\$822,037
Vision care benefits	\$112,240	\$111,018
Member assistance program	\$102,992	\$82,470
Maternity benefits	\$61,047	\$76,429
Addiction care	\$17,000	–
Death benefits	–	\$874
<b>Total</b>	<b>\$10,310,462</b>	<b>\$8,031,983</b>

## Group insurance premiums

	2019	2018
Life insurance	\$1,083,032	\$955,791
Critical illness	\$467,773	\$551,358
Accidental death and dismemberment	\$68,971	\$60,745
Health pooling insurance	\$852,957	\$702,797
<b>Total</b>	<b>\$2,472,733</b>	<b>\$2,270,691</b>

## Statement of changes in net assets

(For the year ending December 31)

	2019	2018
<b>Balance at beginning of year</b>	\$18,833,678	(\$950,392)
<b>Income &amp; contributions</b>		
Contributions from employers	\$17,644,991	\$15,506,536
Contributions from members	\$1,707,518	\$957,838
Investment income	\$3,576,648	\$26,012
<b>Total income &amp; contributions</b>	<b>\$22,929,157</b>	<b>\$16,490,386</b>
<b>Disbursements &amp; expenses</b>		
Increase in claim reserves	\$2,032,757	\$768,890
Increase in dollar bank reserves	(\$45,363)	(\$247,404)
Benefit premiums and payments	\$11,930,238	\$9,599,877
Administration fees	\$1,123,179	\$1,084,528
Investment management fees	\$182,116	\$132,289
Transfer from Good and Welfare Fund	\$0	\$14,631,864
<b>Surplus at December 31</b>	<b>\$26,539,908</b>	<b>\$18,833,678</b>

# The hour of change

## An hour bank system is coming for your health and dental benefits

Local 873 has had an annual employer contribution eligibility system since 1993 when health and dental coverage was first added to our benefits. While this system worked when the Local was small and our work was mainly seasonal, the annual eligibility system has many downsides. Work slowdowns like the period in 2007-09 and the complete shutdown caused by the present pandemic can potentially force many members out of health plan coverage.

Getting into coverage can be expensive and difficult due to the yearly structure. Many members with families were working full-time on TV shows and being forced to pay additional amounts to stay in coverage. Most union health plans in multi-employer industries use hour banks for their health plan eligibility because of the strong advantages of an hour bank system. It is time for us to change.

### The hours you work that gets you the full dependant coverage you need.

Starting September 1, members who work regularly will be covered by an hour bank system. If you work at least 140 paid hours a month you will be in the health and dental plan. Your health plan coverage will include your spouse and dependants. You will be able to get health plan coverage faster and build a surplus in your hour bank for up to a year's coverage.

We will still maintain a retiree health plan for eligible members over 65, and we will still offer a basic health plan for members who don't work or work minimal hours in our industry. The basic plan will have single, couple and family coverage and will be priced competitively.

### How an hour bank works

Your paid work hours will be logged in your personal hour bank account at J&D Benefits that you can check online 24/7. Hours reported by employers will be deposited monthly in your hour bank and a monthly withdrawal of 140 hours will keep you in health plan coverage. You can accumulate up to a year's full coverage in your hour bank.

Starting September 1, employer contributions will be converted to hours to be banked. The Trustees have prorated the employer contributions for the 2019-20 contribution year to equal a full 12 months of work. Over 2,500 members will start the September 2020 plan year with a full hour bank balance of 1,680 hours – which means they are covered at least until August 2021. Members going back to work will start adding hours to their bank. Those with partial coverage in their hour

bank will be in benefits September 1 until their hour bank balance runs out or they get back to work and start adding hours to their bank. They will also have the option to buy hours to maintain coverage.

### Hour bank features

For members on short term disability claims or taking maternity and paternity leave periods, the member's hour bank will be frozen for the duration of the claim (no monthly withdrawal for plan coverage). For members with WSIB claims, their hour bank will be frozen for the first three months of the claim. After three months, they may apply for distressed status and receive a subsidized rate.

Members on distressed dues status will receive a 50% subsidized rate on hour bank coverage – only 70 hours will be withdrawn each month.

The age limit of 75 will be removed for members who are in the active hour bank – if you can work the hours, you get the coverage.

The 2020-21 health spending account will be \$400 for those members with a full hour bank balance of 1,680 hours during the previous contribution period – June 2019 to August 2020.

Going forward, eligibility for the retiree health plan starting September 2021 will be based on working at least 1,680 hours during the previous plan year September 2020 to August 2021.

Short term disability and vision care benefits will require the member to be in the hour bank based on working hours.

Members with hour bank coverage, who are short the monthly minimum withdrawal, can buy-up hours to stay in coverage. Buying up short hours is limited to 12 months if the member has stopped working.

### August online enrollment

In August of this year we will have an online enrollment period through J&D Benefits. Members can review their benefits and hour bank coverage and purchase optional coverage for life and critical illness insurance. Members who don't qualify for the hour bank will be able to purchase the basic plan with single, couple and family coverage.

**Keep an eye out for further communication regarding open enrollment in the coming months.**

# What's new with our plan

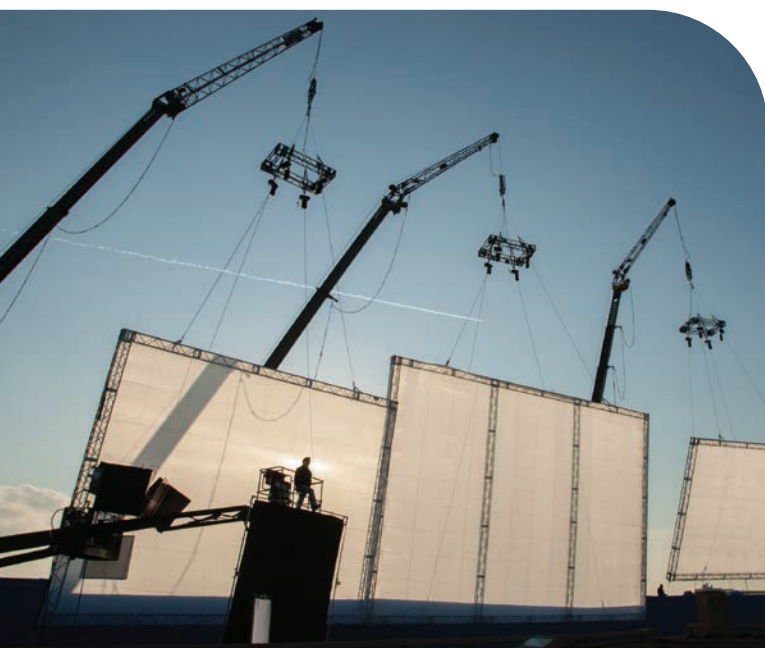
## Plan enhancements since May 1, 2019

To ensure our benefits remained competitive and current, the Trustees made some important enhancements to the health and dental plan on May 1, 2019:

- **Additional counselling services** – The annual maximum for Clinical Psychologist services was increased from \$1,000 to \$3,000, and Psychotherapy is now a covered service.
- **Glucose monitors** – For plan members who use insulin to manage their diabetes, Canada Life added coverage for continuous glucose monitors and FreeStyle Libre flash glucose monitors (please note: prior authorization form is required for these products).
- **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). Canada Life will assess your eligibility for this benefit, and you'll need to access the medication through a 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 dependants. The program also provides up to \$20,000 lifetime coverage for in-patient and/or out-patient treatment.

### 2020 Changes due to the COVID-19 pandemic

- **Quarantine benefit** – Starting March 13, the trustees worked with Canada Life to establish a two-week benefit for members directed by a public health body to quarantine due to the virus. Shortly after this benefit was set up, the federal government responded by including quarantine benefits in employment insurance (EI) and the Canada Emergency Relief Benefit (CERB) making our quarantine benefit redundant. This benefit was closed by Canada Life on April 10.
- **Waiving 20% co-pay and final top-up payment** – To help members with up-front cash costs, the Trustees waived the 20% co-pay on certain health and dental benefits from May 1 until August 31, 2020, including prescription drugs and paramedical. The Trustees also waived the final quarterly top-up payment for members who were short employer contributions or who had stopped working. The potential cost to the Trust of these two actions is estimated to be \$631,000.
- **Prorated 2019-20 contribution year** – To make it easier for members to stay in the plan at the September 1 renewal, the Trustees have prorated the 2019-20 employer contribution year by 20% to account for the missing two-and-a-half months from the contribution year (March 15 to May 31). Effectively, this prorated the employer contributions from nine-and-a-half months to 12 months.
- **Lost employer revenue** – Film work stopped on March 15 and so did the employer contributions to the health plan. Based on the 2019 year, the plan would begin losing \$1.5 million each month in employer contributions until the work comes back. Plan expenses are down somewhat, with dental offices and many therapists closed for extended periods, but health experts expect these expenses to return to previous levels. The health Trustees have, over time, built financial reserves for times like these, but going forward the Trustees will continue to monitor and assess the financial health of the plan and make any changes necessary to keep the health plan affordable and accessible to all members. The goal of the Trustees is to make the plan better for members while keeping the long term health of the trust in mind.





## 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, 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.

The present Board of Trustees were elected in December 2019. Three at large Trustees, David Charles, Sheila Pruden and Joe Fraser were elected to six-year terms. The Local President Angela Mastronardi and Treasurer Alex Kavanagh serve as Trustees by their elected office.

Trustees	Board advisors	Third-party administrator
Angela Mastronardi (President IATSE Local 873)	<b>Auditor</b> – MNP LLP	J&D Benefits Inc.
Alex Kavanagh (Treasurer IATSE Local 873)	<b>Legal</b> – Koskie Minsky LLP	
Joe Fraser (Chair)	<b>Benefits Consultant</b> – Human Capital Benefits	
Sheila Pruden (Vice-Chair)	<b>Actuary</b> – Eckler Ltd.	
David Charles (Trustee at Large)	<b>Investment Manager</b> – GLC Asset Management	



### Looking for more information?

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

### About this report

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.