



# IATSE Local 873 Health & Welfare Trust 2020 Annual Report

## A year of teachable moments

2020 has taught Canadians many things. Some might have discovered how to use a dozen different video-conferencing platforms, found out what an epidemiologist does, or what six feet apart actually looks like. But the most valuable thing we learned is that, despite many challenge-filled months, our commitment to the health and sustainability of your benefits plan is stronger than ever.

It's unsurprising to hear that financial markets across the globe continue to experience volatility as a result of the COVID-19 pandemic. However, our plan's diverse investment strategy and focus on risk aversion means we're able to withstand instability now, just like we have over the last few years. And the plan's positive position at the end of 2019 put us in an advantageous spot as we moved through the tough months that followed.

We paid out \$10.2 million in health and benefits claims last year, which is very close to the amount paid out in 2019 (\$10.3 million). And by the end of 2020, we had 6,619 members and dependants in our plan, up from 4,026 in 2019. This is a significant increase in participation, largely due to the hour bank transition. More members mean more contributions – which equals greater benefits security for *all* members.

Your health and dental coverage moved to an hour bank system as of September 1, 2020. Members who work on a regular basis – averaging 140 hours per month – are now covered for the health and dental plan (their spouse and dependants included!). Members can also use surplus hours to bank up to a year's worth of coverage, which helps during work slowdowns – as seen during the pandemic. (Full details on this can be found on page five.)

While we've had to face countless challenges over the last year, one important thing it's shown us is that our governance model and prudent management prove we're more than capable of handling tough times – and that we're prepared to face any future volatility. Even throughout the craziness of 2020, our plan maintained its strength and sustainability; and its capacity to remain in this state looks very promising, too.

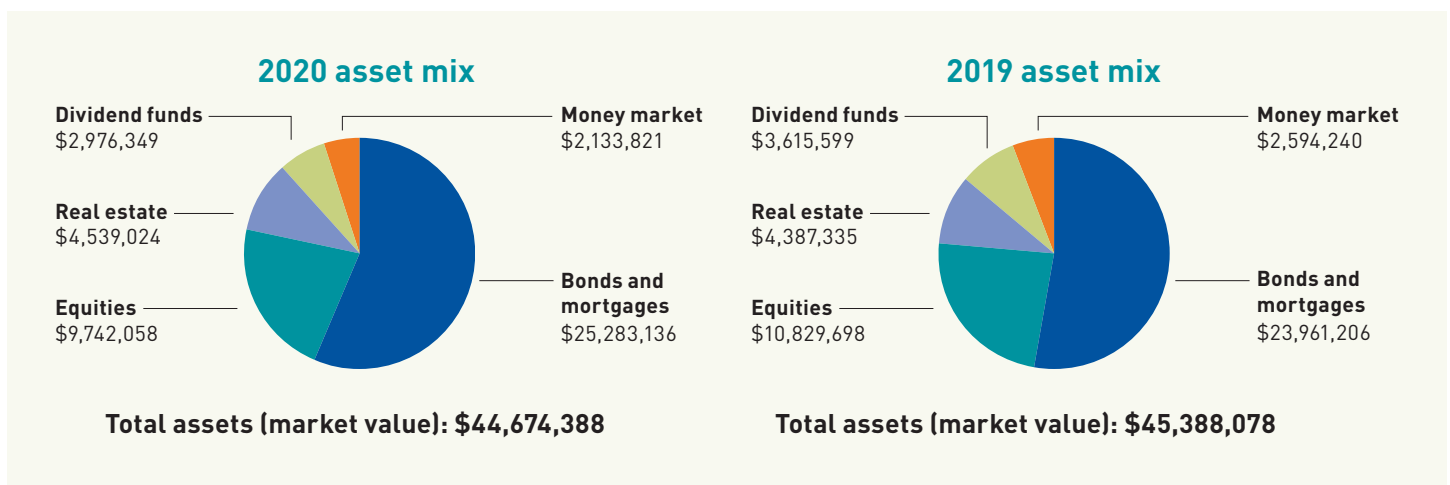
### WHAT'S INSIDE



## 2020 in review

Looking back at 2020, our benefits plan ended the year in good health, earning a return of 6.92%. It also held approximately \$44.6 million in assets, which is just shy of 2019's total. Our three- and five-year average returns remained healthy in 2020 as well – both sitting at 5.67%. In fact, these numbers are higher than the three- and five-year average returns reported at the end of 2019.

The plan's funds are invested in a mix of assets to ensure we're maintaining a properly diversified portfolio. This helps us meet both our existing benefits obligations and maintain reserves in the event of difficult times. Here's how the funds are (and were!) invested:



As always, the Trustees continue 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, matching performance expectations and following the guidelines set out in the Trust's *Statement of Investment Policies and Procedures* (SIPP); and
- Staying in the know about current 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

**6.92%**

3-year return

**5.67%**

5-year return

**5.67%**

## Change in membership

### Union members



2020  
**4,060**



2019  
**3,501**

### Health plan members



2020  
**3,786**



2019  
**2,699**

### Dependants



2020  
**2,833**



2019  
**1,327**



## Benefits paid on members' behalves

	2020	2019
Prescription drug claims	\$3,668,411	\$3,017,586
Dental health claims	\$2,912,302	\$3,011,764
Other health claims	\$1,600,069	\$1,372,180
Health spending account	\$783,846	\$975,490
Short term disability	\$707,037	\$787,566
Vision care benefits	\$118,356	\$112,240
Member assistance program	\$133,049	\$102,992
Maternity benefits	\$114,475	\$61,047
Addiction care	\$102,958	\$17,000
<b>Total</b>	<b>\$10,151,556</b>	<b>\$10,310,462</b>

## Group insurance premiums

	2020	2019
Life insurance	\$1,212,121	\$1,083,032
Critical illness	\$564,370	\$467,773
Accidental death and dismemberment	\$76,000	\$68,971
Health pooling insurance	\$11,053	\$852,597
<b>Total</b>	<b>\$1,863,544</b>	<b>\$2,472,373</b>

## Statement of changes in net assets

(For the year ending December 31)

	2020	2019
<b>Balance at beginning of year</b>	\$26,539,908	\$18,833,678
<b>Income &amp; contributions</b>		
Contributions from employers	\$12,254,342	\$17,644,991
Contributions from members	\$1,989,545	\$1,707,518
Investment income	\$2,993,730	\$3,576,648
<b>Total income &amp; contributions</b>	<b>\$17,237,617</b>	<b>\$22,929,157</b>
<b>Disbursements &amp; expenses</b>		
Increase in claim reserves	\$17,141,656*	\$2,032,757
Increase in hour bank reserves	\$3,611,152	(\$45,363)
Benefit premiums and payments	\$12,004,047	\$11,930,238
Administration fees	\$1,228,790	\$1,123,179
Investment management fees	\$207,421	\$182,116
<b>Total Disbursements &amp; expenses</b>	<b>\$34,193,066</b>	<b>\$13,192,202</b>
<b>Surplus at December 31</b>	<b>\$9,584,459</b>	<b>\$26,539,908</b>

\*This increase was due to the Trustees moving to an accrual method of calculating the retiree reserve requirements, instead of the previous five to 10 years expected expense method.

# What's new with our plan

To ensure our benefits remain competitive and stable, the Trustees made a few important enhancements to your health and dental plan as of September 1, 2021:

## For all members in good standing...

- Life insurance increased from \$75,000 to \$100,000 for active members under age 70; and for retired members, or those between the ages of 70 and 75, the benefit increased to \$50,000
- Accidental Death and Dismemberment insurance increased from \$75,000 to \$100,000 for active members under age 70; and for those between the ages of 70 and 75, the benefit increased to \$50,000
- Critical Illness insurance increased from \$20,000 to \$30,000 and from \$4,000 to \$6,000 for a full hip or knee replacement; and for retired members, or those between the ages of 70 and 75, the CI increased up to \$15,000 and \$3,000 for a full hip or knee replacement

## For all working members in the hour bank...

- The Health Spending Account increased from \$500 to \$750 for members with 1,680 paid hours between July 2020 and June 2021 – and total hours were grossed up 25% to cover months without work
- The basic dental co-pay was reduced from 20% to 10%, meaning coverage increased from 80% to 90%
- The major medical (paramedical) co-pay was reduced from 20% to 10%, meaning coverage increased from 80% to 90%
- The vision benefit now includes dependants and was increased from \$400 to \$650 per member and/or dependant every 24 months\*

*\*This benefit was moved to Canada Life as of September 1, 2021. Claims receipts dated on or after September 1, 2021 should be submitted online through your Canada Life account via GroupNet. If you're not set up to submit online, you can download a claim form from our website at [www.873healthplan.com](http://www.873healthplan.com).*

## For retired members...

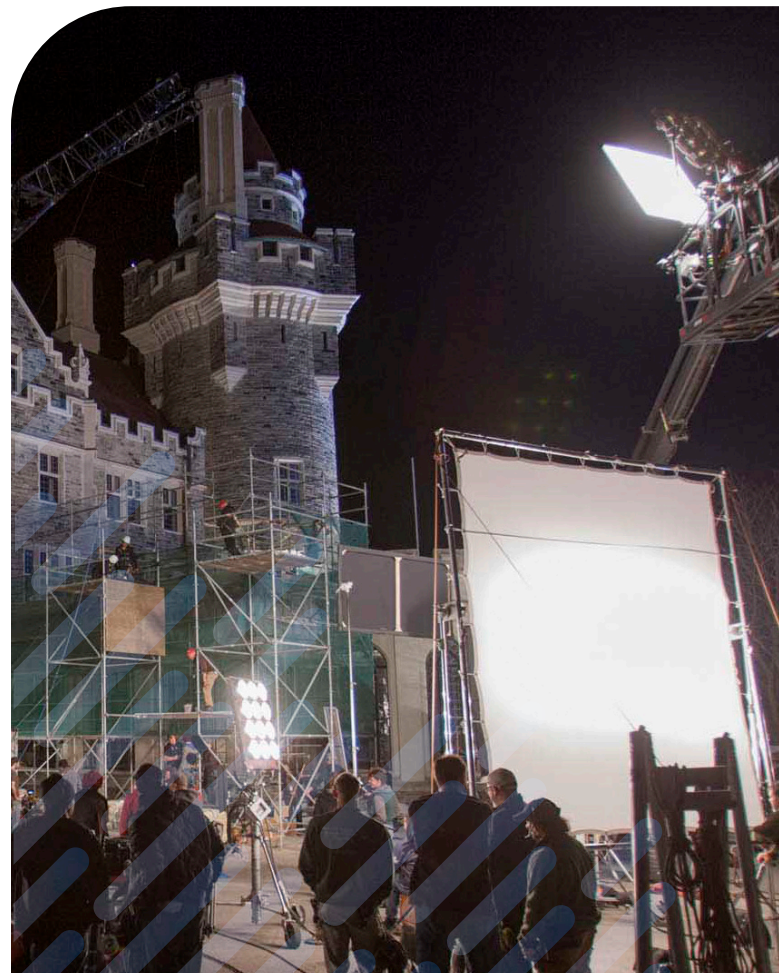
- As of September 1, 2021, the cost of the retired members health plan was reduced by 26%
- Any qualifying retired member who did not join the retired members health plan previously, but wanted to take advantage of the reduced cost, could join the plan for a limited time through an open enrollment, which ended on October 29, 2021

## Short term disability increase

As of January 1<sup>st</sup>, 2022, the weekly rate for short term disability is now the EI weekly rate plus \$200. The 2021 short term disability weekly rate was \$595 and it increased to \$838 on January 1<sup>st</sup>, 2022. In addition, the maximum claim period increased from 30 weeks to 52 weeks.

## Required health plan changes

As of January 1<sup>st</sup>, 2022, members between the ages of 60 and 65 who have stopped working in film and television will now be allowed to join the retired members health plan if they have the required eligibility. In addition, out-of-country coverage for a 60-day period and semi-private hospital coverage will be added to the retired members health plan.



# The hour bank switch

As you know, on September 1, 2020, we changed our health and dental plan eligibility system from an *annual dollar bank* of employer contributions to a *monthly hour bank*.

Our annual dollar bank dates back to the 90s, when film work was highly seasonal. We conservatively collected employer contributions for more than a year in advance – and then bought the health plan we could afford.

Local 873's experience during the 2007 - 2009 downturn was negative, meaning many members were removed from coverage by our annual system. It took until 2012 to get back to the positive levels seen in 2007. The COVID-19 pandemic had – and continues to have – the potential to do great damage to our health plan membership, depending on how fast we can get back to normalcy.

Because of this, we opted to switch to a monthly hour bank system, as they have many advantages in cyclical multi-employer industries over annual dollar banks. Let's talk a bit more about what this means...

## It's about how much you work, not how much you earn

Due to difference in pay rates, we have many members working a full year on lower-rate TV shows and have to pay extra to get the family coverage they need. The Trustees decided that members should have access to a health plan based on how much they work in hours – not how much they earn in dollars.

## One-size-fits-all coverage

We previously had single, couple and family coverages with step-up pricing. But because the Trustees wanted members to get the health and dental coverage needed for their spouses and dependants (based on working hours and not their earnings), the hour bank has one level of eligibility in terms of hours worked. And if the member has a spouse or dependants, they are covered without extra charge.

## Buy-up payments

Our plan allows members who do not have enough employer contributions to make buy-up payments to gain full coverage. The hour bank provides the same option, meaning you can buy monthly hours to cover any shortfalls. *Please note that purchasing the full hour bank plan is limited to 12 months without requalifying for the hour bank.*

## What about non-working members?

The old dollar bank plan allowed members who no longer worked under Local 873 contracts to buy full coverage in the plan. We now have 'basic' health and dental available for purchase for those members who do not contribute hours to the plan but still want coverage.

## Age limit

We previously had an age limit of 75 in our old health and dental plan. However, using the hour bank system to establish coverage for health and dental means members who can work the hours required to remain under coverage past age 75. As such, the Trustees decided to remove the age 75 limit from the hour bank health and dental plan.

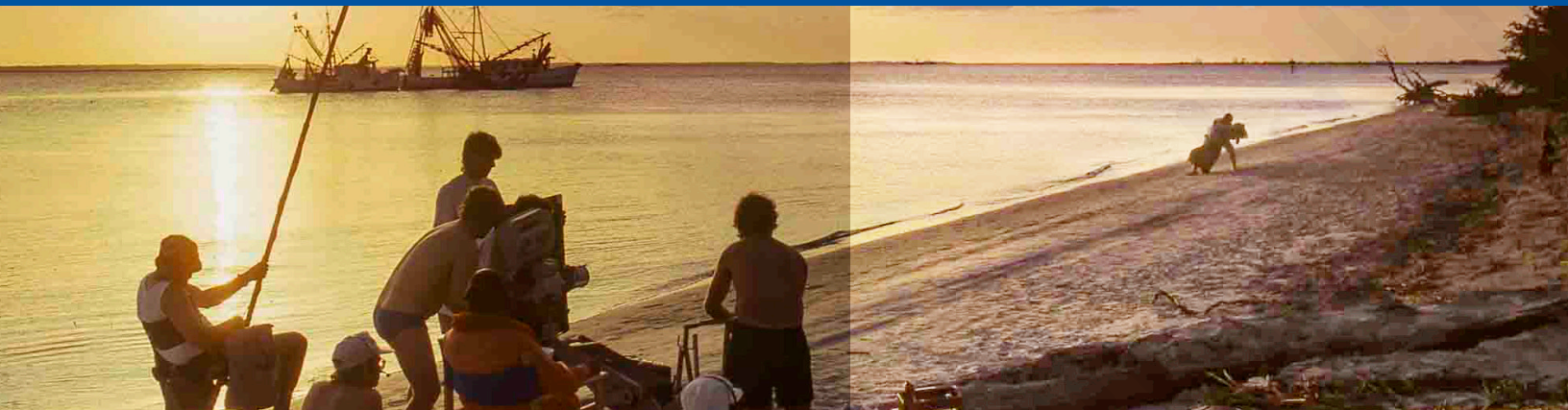
## Retiree health plan

We have a health plan for retired members over age 65 who have earned eligibility by working at least 10 years, with a threshold level of employer contributions. Eligibility for this retiree plan is currently based on hours worked in the previous plan year.

## Hour bank fast facts



- You can maintain health plan coverage easily by working a minimum of 140 hours per month
- Hour bank coverage provides for spouses/dependants without extra charges
- New/returning members gain coverage after just a few months – instead of a year
- You can build your hour bank to a maximum of 12 months coverage, allowing you to take time off without jeopardizing your coverage
- If you're short hours, you can buy up the shortage on the J&D website (limited to 12 months)
- If you're on STD, WSIB, or EI Maternity or Parental leave leave, your hours in the bank are frozen, for the claim's duration



## About the Trust

As with other large multi-employer plans, Local 873 set up a Trust to run its benefits plan – and because this 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 who are responsible for overseeing all plan operations, including the investment of plan assets. The Trustees have a legal obligation to act in the best interest of all plan members; they also 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 was chosen in December 2019. Three at-large Trustees – David Charles, Sheila Pruden and Joe Fraser – were elected to six-year terms. The Local 873 President (Angela Mastronardi) and Treasurer (Alex Kavanagh) serve as Trustees by their elected office.

Trustees	Board advisors	Third-party administrator
Angela Mastronardi (President)	<b>Auditor</b> – MNP LLP	J&D Benefits Inc.
Alex Kavanagh (Treasurer)	<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	



### If you need 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 website, too.

### 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.