

TEAM Pay and Benefits Committee Report

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Health and Insurance Plans

- **JBC Meetings:** Committee meetings were held January 6 and January 30, 2012 - see below plan summaries. Darlene Buan and Bob Linsdell attended for TEAM. The JBC will meet again, primarily to discuss the Dental Plan's \$1 million+ surplus, February 9, 2012.

- **Blue Cross Health Plan**

Missing \$400K Surplus

See [June thru December](#) Pay and Benefits reports or the [TEAM Times](#) for the background story.

Despite compelling evidence, provided to Manitoba Blue Cross in September, supporting our position that the surplus belongs to plan members, Blue Cross CEO and President, Andrew Yorke, does not accept that the plan is, or has operated as, a refund account. Again, Blue Cross didn't provide documentation to support their claim to the surplus i.e. a non-refund account. Blue Cross did propose a minor, and unacceptable, premium adjustment to settle our claim.

Options currently under consideration include voluntary mediation/arbitration and litigation.

Plan Type Changes

While negotiating the return of our \$400K, the surplus continues to build, and with Blue Cross' position that it is a non-refund account, its imperative that the JBC consider changes to the plan. Subject to no impact to our claim on the missing \$400K, moving to a Budgeted, Administrative, Services Only plan (BASO) i.e. a self-insured plan, looks like a prudent move. The January 30th JBC meeting was to review the BASO option. Such a conversion could occur as early as March 1st, however, all parties of the JBC have to be in agreement and contracts have to be drafted and approved, so it could take some time to effect a transition. MTS is reviewing the process with the benefits consultant and will report back to the unions.

- **Employee and Dependent Life Insurance**

In 2011, plan premiums increased by 20%, the first since 2005 for the Employee Life Plan and year 2000 for the Dependent Life Plan. In January 2012 we learned that Great-West Life proposed an additional 21% rate increase to cover plan experience, demographic change, and to top-up the reserve fund.

As this plan had \$1.2 million in the refund deposit account (which belongs jointly to the employees and MTS), the unions agreed that the required funds should be taken from this account and there be no increase this year to plan premiums, the company concurred.

- **Dental Plan**

The plan is currently in surplus by over \$1 million. TEAM has requested account details, showing contributions, claims, and balances. The Dental Association suggests that costs will rise by 3.3% in 2012; however, because of the surplus there will be no need to increase premiums this year.

Regarding utilization of the surplus, MTS had wanted to take a contribution holiday, whereas the unions wanted the annual cap increased from \$1,250 to \$1,500 as per most other plans, including the Allstream plan. MTS representatives said that right now nothing was going change as the finance group is reviewing the overall benefits package. IBEW commented that the matter of the Dental surplus was taken off the bargaining table in good faith that MTS would do something in regard to the cap at the JBC.

As a consequence of no movement on the surplus, a meeting will take place with MTS on February 9th.

MTS DB Pension Plan

- **Pension Committee Meeting**

- The committee met November 18th, 2011. Bob Linsdell, TEAM Pension Representative attended.
- Commuted value (taking your money out of the plan) statistics were discussed, some key points:
 - Low interest rates make commuted values more attractive.
 - The trend over 2000 – 2010 is fairly level.
 - MTS lets employees know about the commuted value option, but does not provide investment advice; recommends they talk to a financial advisor.
 - If the commuted value is more than the money in the plan for the individual, a solvency deficiency calculation is done, and the calculated shortfall is put into the plan at that time, (done on a monthly basis), ensuring no impact on the other plan members.
- Other topics discussed include investment returns, employee and employer contributions, asset and investment manager performance, and the plan's market value; over \$1.3 billion as of June 30th, 2011.
- The [pension plan website](#) has undergone some updates.
- The next Committee meeting will be around May/June 2012.

- **Pension Surplus Lawsuit (1998)**

- Appeal Status: No decision rendered at this time. We do know that the decision will be available to the lawyers on a Friday so that preparations can be made for when it becomes public knowledge on the following Monday.

- **Pension Formula Lawsuit (2011)**

- The issue is whether the formula used in calculating pension payments is in

compliance with the plan text and pension law principles in general. Legal counsel for the plaintiff (a retired TEAM member) has prepared an amended Statement of Claim, and is awaiting a decision from MTS' lawyers as to whether they agree to the amendment.

MTS DC Pension Plan

- **Pension Committee Meeting**

- The committee met November 18th, 2011. Bob Linsdell, TEAM Pension Representative attended.
- Topics for the meeting included a review of the plan and investments, administrative services and member education. As of September 30th the plan had almost 400 members.
- Great-West Life provided the committee with a presentation showing asset allocation for different age groups, and investment returns vs. benchmarks.
- The Company will contact plan members when they become eligible to increase their contribution and thereby increase the Company's matching contribution.
- Some plan members are not contributing up to the match value – they are effectively losing out on 'free money'. MTS will let the TEAM Pension Representative know how many TEAM members are missing out.
- The Great-West Life pension calculator is being revamped in 2012, but will not be modified to reflect the increasing Company match.
- The next Committee meeting will be around May/June 2012.
