



# LABORERS' NEWS

August 2019

## IN THIS ISSUE:

Pension Fund Chairman's Report	1
Pension Fund Financial Statements	2
Health Fund Report to Members	3
Annual Benefit Payments: 2008-2018	4
Benefit Payments in 2018	4
MEBCO	4
Health – Benefit Changes	5
Registering with the Fund Office	6



## Pension Fund Update:

Pensioners on Direct Deposit	3,968
Pensioners via Cheques	106
Total Pensioners	<b>4,074</b>

## Total Monthly Amount Paid:

**\$3,008,742.00**

## LABORERS' PENSION FUND OF WESTERN CANADA

### CHAIRMAN'S ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

The volatility in the equity markets in 2018 pointed to the importance of asset diversification. While the equities were certainly disappointing other assets supported our investment goals. The market value of assets at the beginning of 2018 was \$1,021,886,000 but ended at December 31, 2018 at \$974,716,000 – a return of negative 1.46% for the year. Comparative returns in the previous year were 11.6%. (As a footnote the market value of assets as of Q1 (March 31, 2019) was \$1,023,620,000 – a full recovery from the 2018 results). The Board of Trustees continues to value diversification by adding Real Estate as a separate asset class. The Fund now has 8 asset classes managed by 11 investment managers.

The Segal Actuarial Valuation Report shows the funded status of the Fund as at December 31, 2018 of 101% as compared to 111% (2017) and the PfAD (Provision for Actuarial Deviation, a calculation required by the regulators) has seen a reduction to 20.75% (2018) from 22.85% (2017). A lower asset allocation to equities will result in a lower PfAD which sets the benchmark before any increase in benefits will be permitted by the regulators. We will continue to seek changes to the definitions of various assets classes which might be considered non-equities resulting in a further reduction of the PfAD calculation.

With the merger of Local 1111 into Local 92 Trustee Laura Radcliffe-Grant left the Board and John Desrosiers became the appointee from the merged local. We welcomed Trevor Drost, Saskatoon, who was appointed by CLR – Saskatchewan to fill the void when Dale Milne left the industry. On the Service Provider side there were several personnel changes at the Segal Co. Phil Rivard, Actuary/Benefit Consultant, left and was replaced by Kevin Rozek and Ron Olsen and Ruo Tan took over responsibilities of Investment Consultant with the departure of Glenn Ezard.

Respectfully submitted,

S.D. (Sid) Matthews, Chairman

# Laborers' Pension Fund of Western Canada

## STATEMENT OF FINANCIAL POSITION as at December 31, 2018

### ASSETS

Cash and Cash Equivalents	4,666,543
Investments	974,450,647
Accrued Investment Income	1,181,385
Contributions Receivable	2,244,013
Other Receivables	104,807
Prepaid Expenses	16,919
	<b><u>\$982,664,314</u></b>

### LIABILITIES

Accounts Payable and Accrued Liabilities	18,339,502
Due to Funds Administrative Service Inc.	54,544
	\$18,394,046
<b>NET ASSETS AVAILABLE FOR PLAN BENEFITS</b>	<b><u>\$964,270,268</u></b>

**Note:**

*The statement of financial position and changes in net assets available for plan benefits are a condensed version of the Fund's audited Financial Statements prepared by KPMG LLP, Chartered Accountants. The complete Financial Statements, including the Auditor's Report, are available for examination at the Fund Office during business hours.*

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS For the Year Ended December 31, 2018

### ADDITIONS

Investment Income	43,342,428
Net Realized Gains	31,635,154
Contributions	30,758,933
Less Outgoing Reciprocals	(165,133)
	<b><u>\$105,571,382</u></b>

### DEDUCTIONS

Change in net unrealized losses	106,392,876
Investment expenses	5,573,419
Administrative services	1,092,970
Audit & Accounting	52,197
Conference fees and expenses	24,508
Consultants' fees	327,998
Insurance	19,288
Legal	49,979
Printing and communication	73,773
Registration fees and taxes	162,829
Trustees' travel and expenses	73,786
	<b><u>\$113,843,623</u></b>

### BENEFIT PAYMENTS

Pension	35,110,603
Commuted Values	9,994,539
	\$45,105,142
Increase (decrease) in Net Assets	(53,377,383)
Net Assets Available for Plan Benefits, Beginning of Year	1,017,647,651
<b>Net Assets Available for Plan Benefits, End of Year</b>	<b><u>\$964,270,268</u></b>



**ANNUAL REPORT TO MEMBERS**

Year Ended December 31, 2018

Included is the Annual Report outlining the activities of the Fund during the year ended December 31, 2018.

During the year under review, benefits of approximately \$15.2 million were paid on behalf of the eligible Laborers and their dependents. This includes insurance benefit payments and payments from members' Health Care Expense Option accounts.

As illustrated in this report, the Fund ran a \$1,353,097 deficit for the year as the Board determined the Fund could reasonably spend more on benefits than it took in through contributions. The operating Fund Balance at December 31, 2018 decreased to \$6,862,249.

We are pleased that the Fund was able to provide over \$15 million in benefits to the members and their families, but are concerned with the ongoing deficit year to year. We acknowledge the deficit, and are working towards a solution.

With your continued support, we are looking forward to many more years of successful operation.

Sincerely,

Board of Trustees

**STATEMENT OF FINANCIAL  
POSITION  
as at December 31, 2018**

**ASSETS**

Investments	10,083,663
Cash	2,919,408
Restricted Cash*	1,360,279
Contributions Receivable	1,227,396
Premium Rebate Receivable**	456,908
Investment Income Receivable	0
Prepaid Premiums and Expenses	8,276
Investment in Funds Administrative Service Inc.	<u>656,429</u>
<b>Total Assets</b>	<b>\$16,712,359</b>

\*Premium Stabilization Fund or Claims Fluctuation Reserve (CFR) held by Insurance Company

\*\*A refund payable in the amount of \$1,641,712 was available at the end of 2018. \$1,184,804 was transferred to the CFR, with the remaining \$456,908 to be paid as a refund as displayed above.

**LIABILITIES & FUND BALANCE**

Accounts Payable and Accrued Liability	120,469
Hour Bank Liability	8,458,457
Reserve for Health Care Expense Option	1,271,183
Due Insurance Carrier	0
<b>Total Liabilities</b>	<b>9,850,109</b>
Operating Fund Balance	<u>6,862,250</u>
<b>Total Assets</b>	<b>\$16,712,359</b>

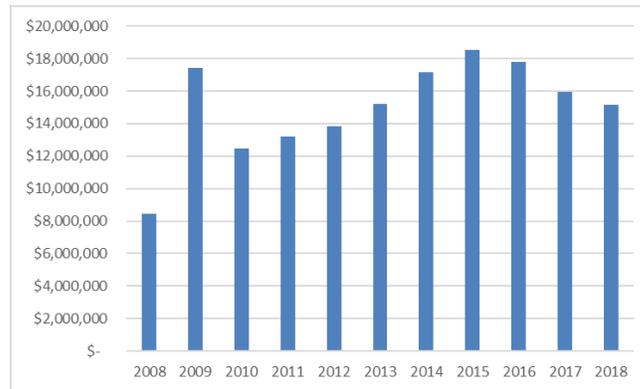
**STATEMENT OF OPERATIONS & FUND  
BALANCE  
as at December 31, 2018**

**REVENUE**

Contributions	15,275,247
Investment Income	<u>(119,090)</u>
<b>Total Income</b>	<b>15,156,157</b>
Net Insurance Premiums	15,312,492
Health Care Expense Option Claims	100,421
Reciprocal Payments	46,687
Member Assistance Program	31,301
Administration	1,641,270
All Other Expenses	<u>236,560</u>
<b>Total Expenses</b>	<b>17,368,731</b>
Income (Loss) From Operations	(2,212,574)
Decrease/(Increase) in Hour Bank Liability	991,041
Share of Income of FAS	(370,346)
Remicade - Claimsecure RxAdvantage	76,597
Decrease/(Increase) in Health Care Expense Option Reserve	<u>162,185</u>
<b>Net Income (Loss) for the Year</b>	<b>\$(1,353,097)</b>

**Note: This report provides a summary of the Fund's Statement of Financial Position and Statement of Financial Fund Balance. In addition, an audit of the Financial Statements of the Fund is obtained each year from the Fund's auditors. A copy of the audited Financial Statements can be made available for examination at the Fund Office during business hours.**

## ANNUAL BENEFIT PAYMENTS: 2008-2018

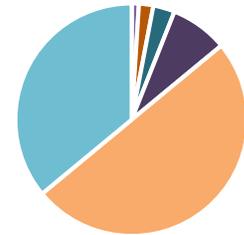


## BENEFIT PAYMENTS IN 2018

### BENEFITS

Life Insurance	1,185,000
Dependent Life	220,000
Accidental Death & Dismemberment (AD&D)	50,000
Weekly Disability	504,807
Supplemental Health	7,602,246
Dental Care	5,466,554
Member Assistance Program (MAP)	31,301
Health Care Expense Option Payments (HCEO)	100,421
<b>Total Benefits Paid*</b>	<b>\$15,160,329</b>

\*\*Not including claims in the course of payment, unreported claims and pending claims as at December 31, 2018.



- AD&D 0%
- MAP 0%
- HCEO Payments 1%
- Dependent Life 2%
- Weekly Disability 3%
- Life 8%
- Supplemental Health 50%
- Dental 36%



## The Multi-Employer Benefit Council of Canada



The Multi-Employer Benefit Council of Canada (MEBCO) represents the interests of Canadian multi-employer pension and benefits plans with provincial and federal governments regarding proposed or existing legislation and policies.

Both the Laborers' Pension Fund of Western Canada and the Laborers' Health & Welfare Trust Fund of Western Canada are members of MEBCO and two of the three Employer Trustee Directors positions are served by trustees of the Laborers' Pension Fund of Western Canada – Lyall Nash and Chairman Sid Matthews. Bob Blakely, COO of the Canadian Building Trades is the current MEBCO President.

The Board of Directors serve on a volunteer basis, and are responsible for identifying issues that impact multi-employer plans, developing a strategy to address those issues, and then carrying out this strategy. They are elected representatives from all persons and disciplines involved in multi-employer plans, including union and employer trustees, professional third party administrators, non-profit or "in-house" plan administrators, actuaries, benefit consultants, lawyers, and chartered accountants.

MEBCO is considered the industry subject matter expert for multi-employer benefit plans in many jurisdictions including by the Canada Revenue Agency. MEBCO is able to bring excellent insight and influence on legislation, regulations and policies.

As an example, in 2017, MEBCO made a submission and various Directors made representations to the Alberta Government which, along with representations from other Alberta funds, resulted in an Order in Council amendment to the regulations allowing for Commuted Value Transfers to be calculated on the Going Concern basis, eliminating solvency in the calculations – a critical need for the pension funds. Additionally MEBCO's submission was fully endorsed by the World Pension Alliance in Brussels (of which MEBCO is a member) by letter from their chairman - Bruno Gabellieri to Minister Joe Cici, the Alberta Minister of Finance. Issues facing multi-employer pension plans are not just here in Alberta and Canada but similar throughout the world.

In 2010 the Federal government introduced Employee Life and Health Trusts (ELHTs) expecting existing Health and Welfare Trusts (HWT's) to convert to a new regime. In the absence of rules and regulations none did. The 2018 Federal Budget provides for the elimination of HWT's by 2021. MEBCO will keep active on this file as the Department of Finance develops draft Rules and Regulations for ELHT's. A primary concern is any intent the Government may have to tax surpluses held by our HWT's through the conversion to ELHT's.

You can read more regarding MEBCO's activities and view their many submissions at [www.mebco.org](http://www.mebco.org).



## Laborers' Health & Welfare Trust Fund of Western Canada – Benefit Changes



You may be aware that recently the Laborers' Health and Welfare Trust Fund of Western Canada (the "Fund") has been experiencing an extended period when expenses exceed income. Should this continue, the Fund would eventually not have enough assets to continue to provide benefits to Members. In order to ensure the Fund is sustainable, and to continue to provide the quality of benefits that you and your dependents have enjoyed, the Board of Trustees of the Fund have had to make some difficult decisions to reduce some of the benefits provided by the Fund. We assure you that these decisions have been made in the best interests of Members and the Board of Trustees are confident that the Plan will continue to provide quality benefits for Members in the future.

The following summarizes the changes which are applicable to all eligible Members and their dependents. **These changes are effective for all claims incurred on and after August 1, 2019.**

### Life Insurance

- The life insurance benefit will be reduced from:
  - \$100,000 to \$75,000 for Plans 2, 3, and 4.
- The dependent life insurance benefit is reduced from:
  - \$30,000 to \$20,000 for eligible spouses for Plans 3, and 4;
  - \$20,000 to \$16,000 for eligible dependent children for Plans 3, and 4.

### Weekly Disability

- The weekly disability benefit maximum is reduced from
  - \$543 to \$475 per week for Plans 1, 2, 3, and 4.

### Supplementary Health Benefits

- The Fund currently reimburses 100% of eligible expenses for Supplementary Health Benefits. As of August 1, 2019, a copay amount of 20% is being implemented. What this means for you is that the Fund will reimburse for 80% of eligible expenses, with the exception of the following which remains as before:
  - Prescription Drugs for Plans 3 and 4;
  - Health Care Expense Option (HCEO) for Plans 1, 2, 3, 4;
  - Prescription Eye Glasses and Contact Lenses for Plans 2, 3, and 4;
  - Laser Eye Surgery for Plans 2, 3, and 4 at 60% reimbursement;
  - Prescription Safety Glasses for Plans 1, 2, 3, and 4; and
  - Eye Exams for Plans 1, 2, 3, 4.
- Currently the Fund allows for prescription safety glasses to be reimbursed up to the maximum amount once every 12 months for Plans 1, 2, 3, and 4. The Fund will now reimburse prescription safety glasses (up to the maximum) once every 24 months for Plans 1, 2, 3, and 4.

### Dental Care Benefits

- Currently the Fund allows for dental recall examinations every 6 months for Plans 1, 2, 3, 4. The Fund will now allow dental recall examinations at a minimum of every 9 months for plans 1, 2, 3, 4.
  - Please ensure that you advise your dentist of this change and that future appointments are scheduled no more frequently than once every 9 months from the date of your last recall exam. If you have a scheduled appointment with your dentist to have your teeth cleaned you may need to reschedule this appointment for a future date.
- Currently the Fund has a combined annual maximum of \$3,500 for routine services and major restorative services per calendar year per insured person for Plans 2, 3, and 4. This combined annual maximum will now be \$2,500 for routine services and major restorative services per calendar year per insured person for Plans 2, 3, and 4.
- The reimbursement for major restorative services is being reduced from:
  - 75% to 50% for Plan 2; and
  - 80% to 50% for Plans 3 and 4.

### Change of Eligibility

- The hour bank maximum for Plan 4 will change from 9 to 6 months.
  - If you have earned between 7 and 9 months of hours in your bank prior to the effective date of August 1, 2019 these hours will be grandfathered. Once those individuals have run out their hour bank, Plan 4 will be eliminated. "Plan 4" in this communication is used for ease of reference.
  - If prior to the change in eligibility you were continuing coverage through self-payments, you may continue to do so by making self-payments to a maximum of 9 consecutive months in total.

Although these changes may require you to incur additional expenses, we trust that you understand that the Fund would not be sustainable in the future without changes being made today to reduce expenses.

If you have coverage through another Plan it is possible that any expenses you may have that are not reimbursed under the Fund may be reimbursed under your other coverage. We encourage you to submit any amounts that are not reimbursed by the Fund to your other coverage. Furthermore, any amounts that are not reimbursed may be eligible for reimbursement from a Member's health care expense option (HCEO). Please contact Funds Administrative Service Inc. for additional details.

Yours truly,

**The Trustees**

# We'd love to hear from you!

**Please** let us know what you think of the newsletter or any related issues by writing us at:

The Editor  
Laborers' Benefit News  
c/o Funds Administrative Service Inc.  
10154 - 108 Street, NW  
Edmonton, AB T5J 1L3

You may also contact us by e-mail at  
[info@fasadmin.com](mailto:info@fasadmin.com)  
or by telephone at  
1.800.661.7369

We appreciate  
suggestions and feedback

## **REGISTERING WITH THE FUND OFFICE**

It is important to ensure that you and your dependents are registered with the Fund Office (FAS Inc.).

When you receive your New Eligible package, you are provided with Registration Forms for Pension and Health. These forms must be completed in full and returned to our office.

Unless up to date information is provided to Funds Administrative Service Inc., you may miss out on important information related to your Pension and/or Health & Welfare benefits.

Check with Funds Administrative Service Inc. to ensure your information is up to date by calling 1-800-661-7369 or via email at [info@fasadmin.com](mailto:info@fasadmin.com).

Return undeliverable Canadian address to:  
**FUNDS ADMINISTRATIVE SERVICE INC.**  
**10154 - 108 STREET NW**  
**EDMONTON, AB T5J 1L3**

Canadian Publication Agreement Number 40051050