Saint Mary's University Faculty Union
Employee Life and Health Trust Report

To: Dr. Watson, Interim President, Saint Mary's University Faculty Union
From: Dr. R. J. Konopasky, Chair, Saint Mary's University Faculty Union, Employee Life and Health Trust
Date: October 26, 2023
Subject: Saint Mary's University Faculty Union Employee Life and Health Trust: Report

Trustees of the Saint Mary's University Faculty Union Employee Life and Health Trust:

- Chair: Dr. R. Konopasky
- Trustees: Dr. Nicole Conrad, and Dr. Francis Boabang
- Alternate Trustees: Dr. J. O'Brien, and Ms. C. Harrigan

History and Goals of the TRUST:

History: Before June 1, 2008, neither the faculty, nor the librarians had control of the kind and quality of their benefits. There was an Employer's benefits plan, and a Saint Mary's University Benefits Committee, but the mandate and role of the Committee were no more than advising the President of Saint Mary's University regarding benefits and costs. The administration of the Employer's Benefits Plan, e.g., setting the Employer's contributions to the costs of the Employer's Plan, setting the employees' contributions toward the costs of the Plan, and deciding on kind and quality of benefits, was under the control of the Employer.

The benefits under the Employer's benefits plan were inadequate, e.g., there were no orthodontic benefits or counselling benefits; some benefits had caps that were so low, e.g., hearing aids, orthotics, orthopedic shoes, etc., that the benefits were of no practical consequence.

The Saint Mary's Faculty Union (UNION) negotiated the withdrawal of the faculty and librarians from the Employer's benefits plan, and the Employer's contribution to the TRUST that would administer an independent Saint Mary's University Faculty Union Benefits Plan (Plan).

In the last negotiation, the Employer argued that it would not increase its contribution to the Plan even though it had not increased its contribution in the last three Collective Agreements. Under the strong leadership of Dr. Rob Thacker, our negotiating team prevailed: The Employer's contribution was increased from:

2.7% to 2.8% of salary mass on September 1, 2022, and will increase from: 2.8% to 3.0% of salary mass on September 1, 2023, and will increase from: 3.0% to 3.2% of salary mass on September 1, 2024

We are grateful to the negotiation team for negotiating this increase, one which begins to offset inflation of benefits' costs.

Future: The Union and the members of the Plan are reminded that the Employer splits its costs evenly with the members of the Employer's Plan. In contrast, the Employer contributes a negotiated percentage of the salary mass of faculty and librarians to our PLAN. As such, the Employer pays automatically half of the inflation of benefit costs but does not automatically pay half of the inflation of benefits costs of our PLAN. Rather, for our PLAN, the Union must negotiate an increase in Employer contributions to offset the cost of inflation of benefits in our PLAN. The Trustees strongly recommends that the Union negotiate an annual increase in Employer contributions that matches half the costs of inflation of our benefits.

Goals:

Control of the Plan: On June 1, 2008, the TRUST assumed responsibility for creating the Plan and contracting with Great-West Life to provide benefits for about 270 – the number fluctuates when members retire, and when new faculty/librarians are hired – members of the Plan. Our current provider is Canada Life, formerly Great-West Life.

Improving Benefits: The purpose of having control of the Plan is to enhance the lives of our members by way of improving benefits. The first Plan in 2008 was similar to the Employer's Benefits Plan. Then, steadily, albeit conservatively, we added benefits and improved benefits, e.g., our Life Insurance is 3 times salary, SMU's Plan, 2 times; our LTD is for own occupation, not a comparable occupation and continues to age 71, SMU's Plan is for comparable occupation and stops at age 65; our fertility drug maximum is $5000, SMU's, Plan $2000; our vision care is $450/2 years, SMU's Plan $200/2 years; our cataract surgery is $2000/eye, SMU's, Plan $0.00; our basic dental is not capped, SMU's plan is capped at $2500, which includes major dental restoration; our Orthodontic benefit is 75% of cost up to $6000/life time, SMU's Plan, 50% of cost to $2000/life time,

What follows is not a list of all the improvements since June 1, 2008; rather, it is a list of *recent* improvements.

On October 1, 2021, we:

- Raised the cap for major dental restoration from $1000 to $2000.
- Raised the cap for vision care from $300/2 years to $450/2 years.
- Increased Life Insurance volume for retirees from $50,000 to $60,000.

On April 1, 2022, we:

- Increased Dental scaling from 8 to 12 units/year.
- Added the benefit of payment for cataract surgery of $2000/eye/lifetime/$4000.

On October 1, 2022, we:

- Revised LTD Pension Contribution from $600 to 6% of earnings with no maximum.

As of January 1, 2023, members had:

- The *choice* of increasing life insurance for their partners from $10,000 to $20,000 and dependent children from $2500 to $5000 with a low rate/$1000.

On June 1, 2023, we:

- Removed the lifetime cap for psychological/counseling/social work services. (There is maximum per visit of reasonable and customary cost. There is yearly cap $3000/person/year.)

On October 1, 2023, we:

- Increased coverage for major dental restorations from 70% to 80%. (There is maximum per visit of reasonable and customary cost. There is yearly cap $2000/person/year.)
- Extended the term of Life Insurance policies for active members and retirees: The termination age has been removed.

The Trustees continue to grapple with the issue of drug benefits for members, who are 65 years of age or older. Currently, members lose their drug benefits in our plan at age 65. To offset this loss of benefits each member, for whom drug benefits were terminated, has an 160598 HCSA of $400, apart from and in addition to the 160597 HCSA of $450, which can be used only for drug related expenses, e.g., Nova Scotia Pharmacare premiums. If the active member has Family coverage and if their spouse/partner has lost this benefit, then there is a separate and additional HCSA of $400 that can be used only for drug related expenses, e.g., Nova Scotia Pharmacare premiums.

Dalhousie's benefits plan covers its members for drug benefits for as long as they are working. The cost for us to match this plan is about $100,000, but it would be the right thing to do.

Delivery of Services: Apart from improving benefits, there are times when members question whether their claims have been decided fairly. We have some control over these issues. Members, who think that there has been a mistake or that a claim has been wrongly decided, can make their concerns known and they will be addressed: The TRUST encourages those who work with our members, e.g., Ms. Cheryl Gill and Ms. Joyce Strasbourg, CBCG, our consulting firm, to treat each member with care and respect.

Tax Efficiency of the Plan: We use the bulk of the Employer's contribution to pay for the costs of Health/Dental benefits because using the Employer's contribution in this way does not create a tax liability for members. Were we to use this money to pay for Life Insurance or LTD premiums, it would do so.

There is one exception: In the case of members, who have opted out of Health/Dental benefits, we pay their LTD premiums. (You might note that in SMU's benefits plan, the Employer shares the cost of Health/Dental, Life Insurance and LTD premiums: In SMU's plan members pay taxes on the Employer's contributions to Life Insurance and LTD premiums, a tax-inefficient plan.)

Over the past year, the TRUST employed an accountant to analyze the gains in members' take-home pay if a small part of the increase in total compensation in the next contract was used to offset the increased the cost of Health/Dental benefits due to inflation, rather than members receiving the total increase in total compensation as salary, paying income taxes on all of that increase, and then paying the higher Health/Dental premiums with post-tax dollars. This report was delivered to the Union and the Negotiating team.

Administrative Costs: The TRUST endeavors to keep administrative costs low: There is no office for the TRUST. There is no secretary, but we do give the Union Office Manager a small honorarium for helping us to keep our physical records in the Union office. There is no budget for coffee, entertaining, etc. The Chair of the TRUST has the use of a cell telephone and the use of a laptop.

Solvency and Capacity to Pay Premiums: Control of the Plan is meaningless if the TRUST is insolvent. Were the TRUST to be insolvent, the exercise of withdrawing from the Employer's benefits plan and creating the Plan would constitute a failure. In 2008, the Union's directives were that the TRUST must not fail, that it must be solvent and that it must be able to pay all Plan premiums from its own assets in the case of a lockout or strike for at least 6 months. We have enough assets to do so: Faculty and librarians – the Union - can make decisions about the next contract without concern for losing any benefits even if we strike or we are locked out.

The TRUST reminds members that they can claim and be reimbursed for their health and dental premium payments against their 160597 HCSAs, which is part of their Plan, up to the amount of their HCSAs. To do this, please obtain a receipt for these payments from Ms. Strasbourg, CBCG (Canadian Benefits Consulting Group), at jstrasbourg@canben.com.

As Chair of the TRUST, I acknowledge the helpful perspective and judgment offered by Dr. Nicole Conrad and Dr. Francis Boabang, (Voting) Trustees, and the helpful commentary and advice of Dr. James O'Brien and Ms. Cindy Harrigan, Alternate Trustees.