

The Pipewrench: Special Announcement

INSIDE THIS ISSUE:

Summary of the Financial Status of the Welfare Trust Fund.....1-2

Total Health & Dental Claims Paid.....2

Summary of Revised Member Costs.....3

New Monthly Dollar Bank Deduction Rates.....3

New Self-Pay Rates.....4

A Message from the Board of Trustees

Dear Brothers, Sisters, and Kin,

In this special issue of the Pipewrench we are informing you of the current financial position of the Welfare Trust Fund and the decisions that have been made regarding changes to the Take Out Rates, effective May 1, 2023. This decision has been made based on the analysis that has been done over the last few years regarding the cost of insurance and the current Take Out Rates.

Over the last few years, the Trustees have implemented multiple enhancements to the Benefit Plan while keeping insurance rates down and without making any increase to the Take Out Rates.

After careful analysis, the Trustees agree that an increase to the Take Out Rates is warranted to align the costs with the recent contribution rate increase. The enclosed information provides you with a detailed explanation as to why this is a good time to make these changes especially since the last change made was 10 years ago.

This change will not only provide a sense of financial stability to the fund but will provide members with a sense of security in tough economic times like these.



Canadian Piping Trades
LOCAL 67

- Steve Foffano, Chairman
- Ross French, Secretary
- Frank Benincasa
- Nathan Bergstrand
- Les Ellerker
- Ken Luxon
- Dave Marcus
- Bill Stanger

Candidate Trustees:

- Braedan McIntyre
- Barrington Price

Summary of Financial Status

The Trust Fund depends on contributions as revenue, both from Employers and Self-Paying members to pay for Benefits and Expenses.

Trust Fund expenses consist of premiums paid to insurance companies; the claims paid for the self-funded benefits plus operating expenses.

In 2011-12 Trust Fund Expenses had exceeded Revenue. After making some difficult decisions, Revenue increased over time and the Trust Fund was once again in a positive financial position.

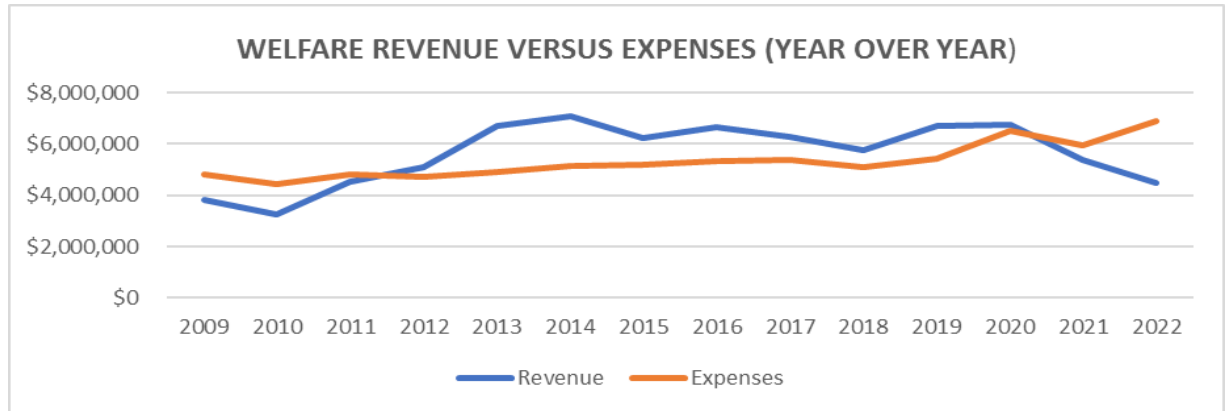
However, because of the Pandemic and a very unstable work environment during that time, expenses are increasing and have once again peaked over revenue.





Summary of Financial Status – cont’d

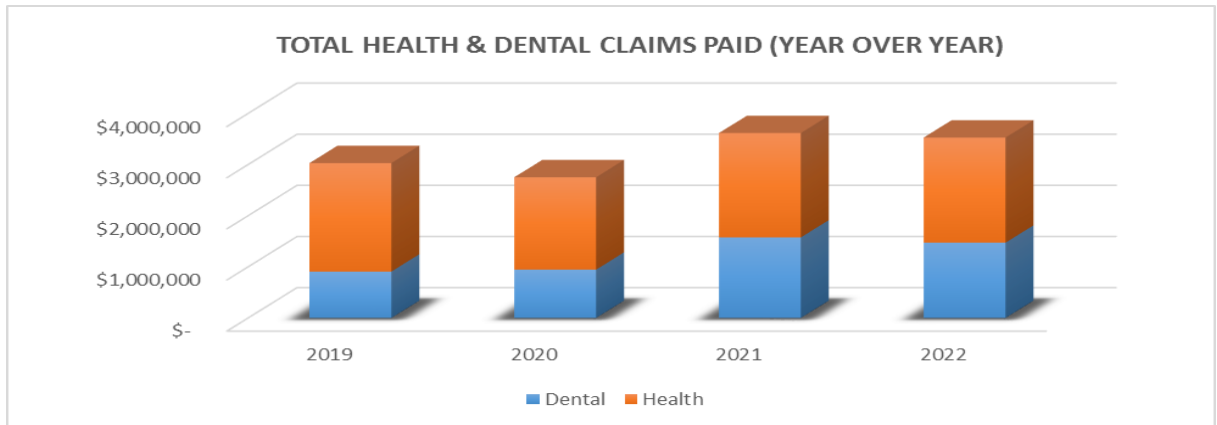
As you can see below, the Welfare Trust Fund Expenses (the orange line) have risen steadily over the last 13 years and are considered predictable on a year-to-year basis. However, Revenue (the blue line) is unpredictable, especially prior to 2012 when there was an unlimited Dollar Bank, and again recently during the pandemic when there was a shortage of work.



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
REVENUE	\$ 3,834,268	\$ 3,270,386	\$ 4,549,337	\$ 5,084,980	\$ 6,719,908	\$ 7,061,258	\$ 6,248,483	\$ 6,649,693	\$ 6,297,551	\$ 5,779,701	\$ 6,727,703	\$ 6,760,943	\$ 5,397,884	\$ 4,482,687
EXPENSES	\$ 4,834,766	\$ 4,445,305	\$ 4,816,735	\$ 4,717,681	\$ 4,925,046	\$ 5,163,930	\$ 5,217,445	\$ 5,334,618	\$ 5,399,242	\$ 5,116,271	\$ 5,451,143	\$ 6,508,524	\$ 5,930,544	\$ 6,874,215

“Health and Dental Claims have increased 27% since 2009.”

Total Health & Dental Claims Paid



The following chart illustrates the total claims paid for both health and dental claims each year from 2019 to 2022.

The Health Care benefit represents the largest expense of the plan, primarily driven by prescription drugs, and the dental plan also represents a significant cost.

As reflected above, the claims have increased year over year,

with a dip in 2020 due to the Pandemic when certain Providers were not open. Overall, from 2009 to 2022, claims for health and dental increased by 27%.

This increase is due to the increased cost of health and dental services and the increased cost of prescription medications. Trustees also made positive changes to the Benefit plan in 2020, 2021, and 2022 by

expanding benefit coverage. Please refer to the Benefits-at-a-Glance on our website www.reliableadmin.com to review these enhancements.

To assist with the rising costs, the Trustees must increase the Deduction and Self Pay rates to avoid any reduction of benefits.

Summary of Revised Member Costs – May 1, 2023

The Board of Trustees met several times in 2021 and 2022 to review and discuss the current benefits and costs of the Welfare Plan. The review included an analysis of the financial stability of the Welfare Plan projected over the next 3 years and a review of the current and future cost of benefits. This review included the current and projected subsidy levels afforded to members.

As a result of this extensive review, it was determined that an increase to member costs will need to be made to maintain the

financial stability of the Fund in 2023 and beyond.

The cost of the Welfare Plan is determined by the insurer's premium rates, which are dependent upon a combination of the demographics of the covered members and their claims levels.

These costs have been steadily increasing year over year due to:

- a) An increase in average age of our members
- b) An increase in claims utilization
- c) Higher cost of medical and dental care

In the last few years, the cost of the plan has far exceeded the amount that has been deducted from an Active member's dollar bank account each month. As a result, there are shortfalls which have been growing from year to year.

In the below illustration, the actual cost of the plan is higher than the current \$315 deducted from each member's dollar bank account to pay for their benefits each month. The difference is now \$45.51 per month, per member that is being subsidized by the Trust Fund. This does not include tax and admin fees.

"The Welfare Trust Fund is currently subsidizing \$45.51 per member every month".

CURRENT MONTHLY DEDUCTION RATE:	\$315	SHORTFALL
2019 - ACTUAL MONTHLY BENEFIT COST	\$275.62	-
2020 - ACTUAL MONTHLY BENEFIT COST	\$327.89	(\$12.89)
2021 - ACTUAL MONTHLY BENEFIT COST	\$348.35	(\$33.35)
2022 - ACTUAL MONTHLY BENEFIT COST	\$360.51	(\$45.51)



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“These new Dollar Bank Deduction Rates will be in effect May 1, 2023.”

New Monthly Dollar Bank Deduction Rates

To keep pace with the cost of benefits and reduce the ongoing subsidies (currently \$878,000+ per year), the Trustees will be adjusting the member costs to better reflect the current cost of the program. The new monthly Deduction rate will not change the number of hours required to work for a member to stay in benefit. This will remain at 125. If your premium is being deducted from your pension, your net pension deposit will automatically be adjusted to reflect the change in premium.

CRITERIA & RULES	CURRENT DEDUCTION RATE	NEW DEDUCTION RATE
MONTHLY DEDUCTION (125 HOURS PER MONTH)	\$315.00	\$353.00

No Change: 3 months of premium is required before a new member is eligible for benefits.

CRITERIA & RULES	CURRENT DEDUCTION RATE	NEW DEDUCTION RATE
TO REINSTATE BENEFITS	\$630 (2 MOS)	\$706 (2 MOS)
TO BECOME ELIGIBLE FOR BENEFITS	\$945 (3 MOS)	\$1,059 (3 MOS)
MAXIMUM ACCUMULATION	\$15,120 (48 MOS)	\$16,944 (48 MOS)



When you have depleted your Dollar Bank to pay for benefits, the Trustees will continue to make available, the pay direct category to its members. Your full benefits will be restored when you have returned to work and accrued the required employer contributions.

New Self-Pay Rates – effective May 1, 2023

Historically, the actual cost of the benefit plan has exceeded the amount that is paid by the member. The difference between the actual cost and the cost the member pays is called the subsidy. As a result of the increased costs year-over-

year, the subsidies have been growing.

Unfortunately, the Trust Fund can no longer maintain the same level of subsidization as they have in the past for members who have insufficient

dollars in their bank. As a result, the following changes are necessary.

Even at the new rate, the cost continues to be subsidized by the Trust Fund.

CATEGORY	LIFE	LTD	STD	HEALTH	TRAVEL	HCSA	DENTAL	CURRENT COST	NEW COST
REGULAR	YES	YES	YES	YES	YES	YES	YES	\$315.00	\$353.00
EXTENDED*	YES	YES	YES	YES	YES	YES	YES	\$368.99	\$413.00
MODIFIED	YES	YES	YES	-	-	-	-	\$61.65	\$69.00
SURVIVOR	-	-	-	YES	YES	YES	YES	\$150.33	\$168.00
RETIREE (under age 65)	YES	YES	YES	YES	YES	YES	YES	\$315.00	\$353.00
RETIREE (age 65 or more)	YES	-	-	YES	YES	YES	-	\$155.00	\$174.00
RETIREE (over age 65)	YES	-	-	-	-	-	-	\$40.00	\$45.00
RETIREE SURVIVOR	-	-	-	YES	YES	YES	-	\$155.00	\$174.00
LOCAL 666 RETIREE	YES	-	-	YES	YES	YES	-	\$141.58	\$159.00
LOCAL 666 RETIREE	YES	-	-	-	-	-	-	\$20.00	\$22.00

*Rate after 12 months of payment at the regular rate