

Annual Welfare & SUB Report

A Message from the Board of Trustees

Dear Members,

The responsibility of the Board of Trustees is to manage the Trust Funds not just for today but for our future members and their eligible dependents.

The Trustees must be knowledgeable in Welfare and SUB matters as they apply to the Plans. This includes details of the Welfare and SUB Agreements, general knowledge and understanding as it pertains to plan funding matters, organizational structure, and governance. As part of their fiduciary responsibility, the Trustees must attend special training and pass a final exam.

Experts and Advisors provide data analysis for the Board to make decisions on cost, value, and the needs of our members. The Welfare Plan provides our members with multiple lines of benefits; Life Insurance, Disability, Medical, Dental and Emergency Travel to more than 3,000 of our members and their dependents. The Welfare Trust Fund received contributions of approximately \$5M in 2023 (an average over the last 5 years) that has not kept up with the cost of insurance and benefit claims of approximately \$7.2M+ due to rising costs.

Benefit costs are much higher than the Welfare contributions coming into the plan. For a group plan such as ours, given the number of members, Welfare contributions must exceed benefit costs.

- Life insurance claims have risen over 14%. With the changing demographics, the Welfare Trust Fund will be impacted by the increasing number of claims and the costs associated to administer them.
- The Takeout Rate was increased in 2023 (was not increased for over 10 years), but not enough to assist with the rising cost of benefits. The Welfare Trust Fund has subsidized our membership to offset any rate increases required by the insurance carriers every year; approximately \$1.193 million.
- The Dollar Bank liability has grown to an astounding \$9M. This puts a financial strain on the Welfare Trust Fund when there is not enough Welfare contributions coming into the Plan to pay for benefits.

In the next few pages, we will present the 2023 results and the changes that will be made in 2024 to keep the Welfare Trust Fund financially healthy and to ensure its longevity.

Board of Trustees

Steve Foffano, Chairman
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Frank Benincasa
Nathan Bergstrand

Les Ellerker
Ken Luxon
Dave Marcus
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Candidate Trustees

Braedan McIntyre, CT
Barrington Price, CT



Benefit Costs are exceeding overall Revenue made up of Contributions and Investment Income.

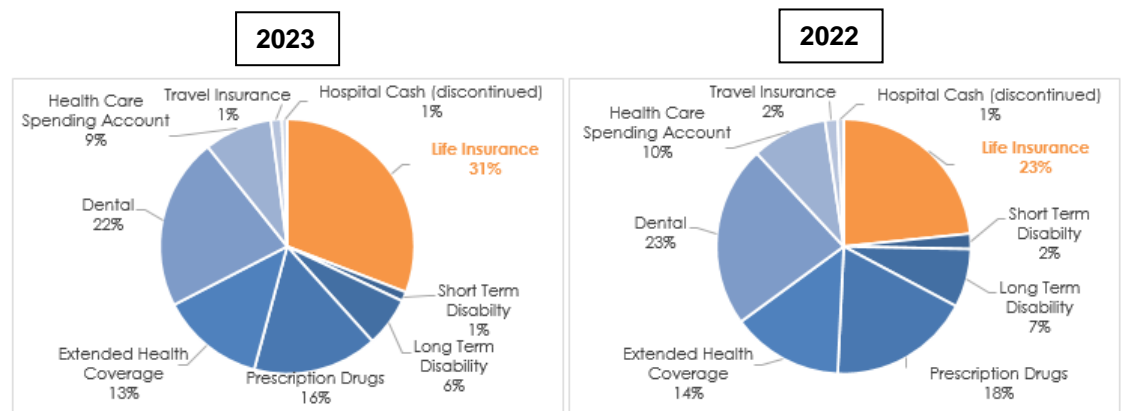


Welfare 2023- What is driving costs?

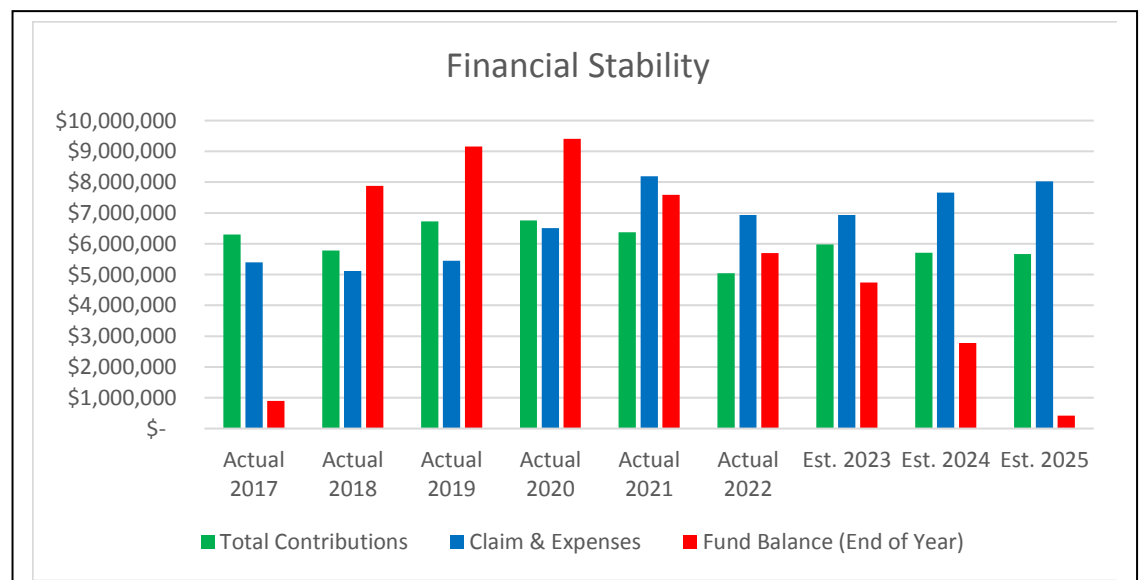
In 2023, the total cost associated with the insurance and the administration of our plan increased by 14% compared to the year before. In dollars, this represents an increase of over \$880,000 to the cost of the total plan. Eighty-four percent (84%) of the actual increase was due to the cost of claims and administration for Life Claims. Our current Life benefit insures our Plan members until death. With an ageing population, we can expect Life claims to increase at a rapid rate. This causes a very high loss ratio (premium versus claims) and creates a loss in the Welfare Trust Fund and puts the plan in a deficit position.

The total cost of Prescription Drugs remains stable. A large portion of our drug claim spend is due to non-specialty drugs; where the cost of the drug is less but is used more often. The cost of Dental claims rose 8% in 2023. We expect dental claim costs to rise closer to 12% this year as the Ontario Dental Association fee guide increased their dental fees by 8.5%.

The Short-Term disability benefit begins after EI Sickness ends; currently 26 weeks. EI changed from 15 weeks to 26 weeks, which reduced our Disability claim costs overall. However, because the STD benefit is equal to the EI maximum, we expect claim costs to increase. The EI maximum benefit increased from \$650 to \$668 in 2024.



Welfare Trust Fund – Through the Years





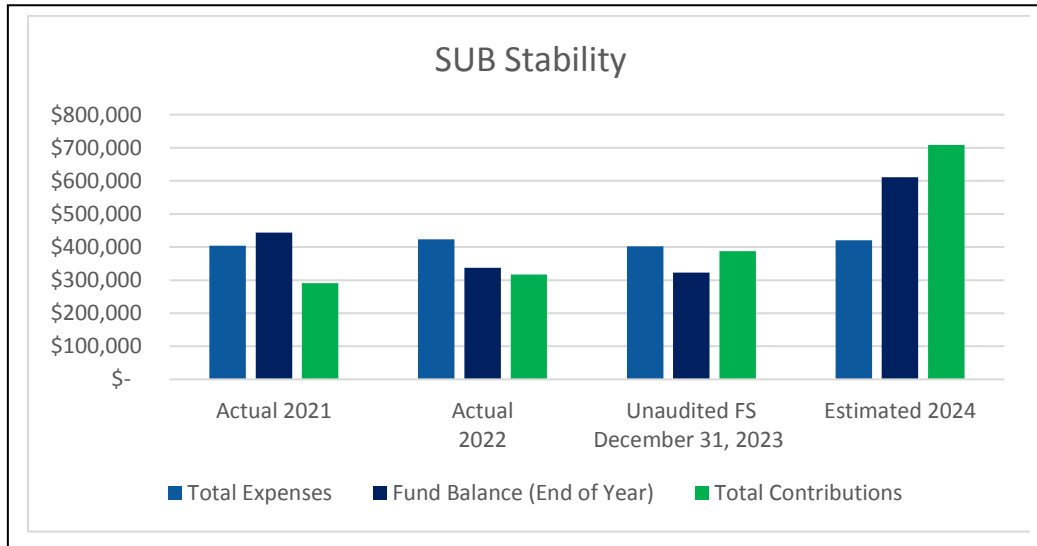
2024 Member Costs & Subsidization

CATEGORY	SELF PAY RATE	ANNUAL SUBSIDY 2024
	(EXCLUDING RST)	
ACTIVE	\$353.00	(\$658,012)
EXTENDED	\$413.00	\$400
SURVIVOR	\$168.00	(\$73,236)
MODIFIED - LIFE & DISABILITY	\$69.00	(\$11,720)
RETIRED - FULL COVERAGE	\$353.00	(\$13,446)
RETIRED - LIFE, HEALTH & TRAVEL ONLY	\$174.00	(\$340,899)
RETIRED - LIFE ONLY	\$45.00	(\$87,912)
RETIRED - LOCAL 666	\$159.00	(\$514)
RETIRED - LOCAL 666, LIFE ONLY	\$22.00	(\$4,666)
TOTAL AMOUNT OF ESTIMATED ANNUAL SUBSIDY		(\$1,193,312)

Plans and Rates



SUB Fund – Financial History



"Next to doing the right thing, the most important thing is to let people know you are doing the right thing."
 — John D. Rockefeller

During the Pandemic, high utilization of claims depleted much of the Trust Fund assets. As an increase to the contribution rate had not occurred for 20 years, it was important that the rate increased especially through periods of high utilization.

Effective May 1st, 2023, and May 1st, 2024, the SUB rate per hour was increased by 15 cents each year. These rate increases have made it possible to continue paying SUB for eligible unemployment claims or when they are attending Trade school.



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Plan & Benefit Changes – Group Life

As explained, we have had no choice but to change our Life Insurance Benefit due to high claim volumes and demographics. Effective June 1, 2024, we have modified the Group Life Insurance Benefit as follows: Active Members: \$50,000 Retired Members under Age 71: \$25,000 Members Age 71+: \$10,000

Plan & Benefit Changes – Take Out Rates

Table with 2 columns: CATEGORY and SELF PAY RATE EFFECTIVE JUNE 1, 2024 (EXCLUDING RST). Rows include ACTIVE, APPRENTICES LEVEL 1, 2, 3, 4, 5, EXTENDED, SURVIVOR, MODIFIED - LIFE & DISABILITY, RETIRED - FULL COVERAGE, RETIRED - LIFE, HEALTH & TRAVEL ONLY, RETIRED - LIFE ONLY, RETIRED - LOCAL 666, RETIRED - LOCAL 666, LIFE ONLY. Includes a note: AN ACTIVE MEMBER MUST WORK 138 HRS/MONTH TO REMAIN IN BENEFIT, AN APPRENTICE LEVEL 1-5 MUST WORK 129 HOURS TO REMAIN IN BENEFIT.

Plan & Benefit Changes – Dollar Bank

As of June 1, 2024, the Dollar Bank will move to a historic 2024 \$17,000 maximum amount. Our members will have the ability to continue to grow their Banks while they are working and depend on the Dollar Banks when they are not working to stay in benefit. The difference is that the Dollar Bank will hold a \$17,000 maximum amount. Nothing changes in how your monthly take out rate is deducted or how contributions are added, however, it will be maximized at \$17,000 on December 31st of each year.