Saint Mary's University Faculty Union
Employed Health and Life Trust

To: Dr. Cathy Conrad, SMUFU President
From: Dr. Robert Konopasky, Chair, Saint Mary's University Faculty Union Employee Health and Life Trust
Date: October 21, 2024
Subject: Saint Mary's University Faculty Union Employee Health and Life Trust (Trust) **Report**

Trustees:
Chair: Dr. Robert Konopasky
Trustees: Dr. Nicole Conrad and Dr. Francis Boabang
Alternate Trustees: Ms. Cindy Harrigan and Dr. James O'Brien

History and goals of the TRUST:

One's total compensation at Saint Mary's University (Employer) is the sum of salary, plus Benefits Plan contributions by the Employer, plus pension plan contributions by the Employer.

<u>Control</u>: Before June 1, 2008, the Employer controlled our benefits. There was a Saint Mary's University Benefits Committee, but its mandate and role were no more than advising the President of Saint Mary's University regarding benefits and costs. As the Employer and the employees shared costs, the Committee's advice was usually to keep the costs low as the Employer.

Given that the highest priority was to keep costs low, the Employer's Benefits Plan was inadequate, e.g., there were no orthodontic benefits, or counseling benefits, and some benefits had caps that were so low, e.g., chiropractic visits were capped at $7.00, it was if we did not have benefits.

The Saint Mary's University Faculty Union (Union) negotiated the withdrawal of the faculty and librarians form the Employer's Plan, and negotiated the Employer's contribution to the Trust that would administer the Saint Mary's University Faculty Union Employee Health and Life Benefits Plan (Plan).

Controlling our benefits is an important advantage over the Employer controlling our benefits, e.g., we can improve benefits if we choose. More important, the Trustees have only one client, that is the members of the Plan. Unlike those, who administer the Employer's Plan, and who must consider the bottom line of the Employer's costs, as well as costs for members of the Plan, our only allegiance is to you, your benefits, and your costs.

On June 2, 2008, the Trust assumed responsibility for creating the Plan and contracted with Great-West Life to provide benefits for the 300+/- members of the Plan.

Great-West Life changed its name to Canada Life and is our current provider.

<u>*Improvements in your benefits*</u>: Over 16 years, we have changed and improved <u>*every part of the Plan*</u>, and <u>*every benefit offered by it*</u>. Believing that benefits are an important part of one's standard of living, we continue to look for ways to improve benefits in the most cost-efficient way.

We are currently negotiating a new contract with Canada Life. We will inform you of changes in benefits – <u>*we only negotiate improvements*</u> – as soon as we have concluded negotiations.

<u>Service</u>: We have thrice tendered our contract to other providers. As Great-West Life, then Canada Life, offered us the most services for the least cost, we have remained with them.

<u>*The market*</u>: We have not tested the market for a different provider for about 5 years. The Trustees are willing to tender the contract again, but the cost for doing so is between $20,000 and $30,000. As such, while we want to ensure that our rates and costs are as low as possible, given the cost of testing the market, tendering the contract every 5-7 years is prudent. Of course, on a less formal and less costly basis, we check on rates offered by other companies.

We, all of us, wish for faster more competent services from our provider. Knowing that service should be improved, we will make concern for front-end services known to Canada Life during our current negotiations with them.

<u>*Third-party Administrator*</u>: We have changed our third-party administrator from the Canadian Benefits Consulting Group (CBCG) to the McAteer Group. Over time, in our opinion, the services provided by CBCG were too slow, too costly, and mistakes were made. We were

careful in considering other third-party administrators and chose Ms. S. Bird, the McAteer Group. We are confident that services will improve, we will have a stronger advocate in negotiating our renewal with Canada Life, and that administrative costs will be lower.

Recently, I sent a letter with contact information for two agents at the McAteer Group to help you if you run into a benefit or claims issue. I am providing that information again:
Ms. Jaclyn Lyons, jlyons@mcateer.ca, 1-800-263-3564 or Ms. Enas Razack, erazack@mcateer.ca, 1-800-263-3564

Plan solvency: Control of our benefits is important, but we can't have control if the Plan/Trust are insolvent. We are solvent. Please note that in part, our having enough in assets to cover our premiums for more than 6 months – we won't declare bankruptcy and leave the provider with unpaid services – makes us a valued customer for Canada Life, and an attractive client for other providers. In short, having assets allows us to negotiate for low rates and costs from a provider.

It's also important for you to know that in the event of a lockout or strike, it's likely that we would have to pay all the premiums until the end of the lockout or strike, *the cost of which is just short of $200,000 a month*. We change our investments as we come close to the end of a Collective Agreement between the Employer and the Union to ensure that we will have access to enough cash to pay those premiums if need be. In short, our careful management of our assets gives the Union the comfort to negotiate from a point of view of strength because it knows, and you should know, that your benefits, including health and dental insurance, life insurance, and travel insurance, etc., will be fully available during the entire span of a lockout or strike.

Negotiations: I have written many times about the wisdom of negotiating an increase in Employer contributions to the Benefits Plan, which, of course, would be offset of a decrease in salary increases. This strategy is cost efficient because Employer contributions for health and dental benefits are not taxable benefits. Paying for health and dental costs not covered by a benefits plan means, generally, paying for them with income that is taxed. Simply put, it's better to pay for health costs with pre-tax dollars than post-tax dollars. (I know that one can claim health and dental costs against income, but such claims are not competitive with the savings in income tax if part of one's income constitutes direct payment from the Employer to health and dental benefits.)

Advice to the Union's negotiating team: We appreciate that not everyone uses the benefits to their caps at any one time, I encourage you to think that over time all of you will make full use of your benefits, and that using some part of an increase in income, say, 1% over three years, is a cost-efficient way to have a high standard of living in this part of your life.

Work of the Trustees: Part of one's duties at the University is service. The Trustees are committed to the work of the Trust, and the protection of your benefits, as service. I want to impress on you that working as a Trustee means a high level of commitment in terms of hours of services, and responsibility to keep you safe. I am grateful to the Trustees and the Alternate Trustees for their time, their dedication, and their brilliance in working through the 10,000 details of administering our Plan.

R. Konopasky, Chair, Saint Mary's University Faculty Union Employee Health and Life Trust