

Feb 6, 2023

Dear Members,

We would like to inform you about new changes to your Long Term Disability (LTD) Plan and the Union's next steps. If you are not familiar with how your Long Term Disability benefits work, please refer to Article 30.09 of your Collective Agreement.

In late January, the Union received notice from the GVLRA/CUPE LTD Trust that a Special Board Meeting had taken place. After an accounting review, the decision was made by the Trustees to reduce LTD benefit pay from 70% of a disabled employee's regular monthly earnings, to 60% of a disabled employee's regular monthly earnings. **This change will come into effect March 1, 2023, for new claims only.** Members who are currently on LTD or adjudicating their existing claim will not see a change to their benefit.

FAQ's

Can they do this? Yes – with caveats. The required contributions for coverage are a shared cost with the Employer and the Employee. Collective Agreement language states that benefits must be maintained for a total cost of 3% of payroll. If the current benefits cannot be maintained for the 3% maximum with accepted actuarial accounting methods, the Trustees can amend the benefit to stay within the 3% total cost.

Why is this happening? The Board retained an actuary to review the Trust's finances. Due to an increase in LTD claims over the last two years and an impact on the Trust's investment portfolio, the maximum cost of 3% of total payroll costs has been reached. The review found that continuing to pay 70% of wages to Members on LTD with the projected rising number of claims would exceed the 3% total payroll costs.

Who/What is the GVLRA Trust? The Greater Victoria Labour Relations Association (GVLRA)/CUPE LTD Trust is a joint trust that oversees the terms and conditions of your LTD Benefits. The Board is made up of four Trustee seats for the Union, and four Trustee seats for Employer representatives. The Union Trustees are voting members of the Board who are independent and at "arm's length" from the Local. The Union and Employer Trustee's purpose is to ensure the administration and maintenance of the LTD Benefit Plan.

Can I opt out of LTD Benefits? No. Your Collective Agreement states that participation in the LTD plan is a condition of employment.

What is the Union doing about this? Last week, the Presidents of the affected Locals and CUPE National Representatives met to discuss next steps.

The Union has reached out to an independent actuary to cost a second review of the Trust's financials.

When the Board initially notified the affected Locals of the change in benefit, the GVLRA wanted to meet to discuss amending the Collective Agreements to reflect the 60% reduction in monthly pay. There was unanimous agreement that Collective Agreements will not be amended. The expectation is for the benefit to return to 70% of regular monthly earnings when the Trust's investments recover.

In Solidarity,

Ryan Graham

President | CUPE Local 2011