



Discussion and Analysis

2008 HIGHLIGHTS

Plan Design Review

Throughout 2008, substantial time and effort was invested in a comprehensive Plan review, which started in 2007. The primary objective of this review was to ensure the long term sustainability of the LTD Plan at a fair price. Within the limitations imposed by this overriding factor, opportunities to improve both the value of benefits for claimants and the effectiveness of the LTD Plan's operations were reviewed in detail. Initial development work on this project was conducted by management in cooperation with the Plan's actuary. Ideas and directions were then presented to the Board for review and feedback. After lengthy discussion by the Board of Trustees on the possible direction of the changes under consideration, a series of recommendations were formulated and referred to the Sponsors for consideration. It is the Board's view that these changes will: a) significantly enhance the value of the income protection provided by the LTD Plan, b) improve the balance between premiums paid by Plan members and employers and benefits received by disability claimants and, most importantly, c) continue to protect the long term financial future of the LTD Plan.

As of the writing of this report, final approval of these recommendations has not been received from the Sponsors. Relevant details of any Plan changes will be communicated to members as soon as possible.

Casual Employees in Civil Service Bargaining Unit Positions

Effective April 13, 2008, Long Term Disability coverage was extended to all casual employees appointed to the Civil Service to do bargaining unit work as Term or Seasonal employees, as defined in an amendment to the Civil Service Master Agreement effective February 1, 2008.

Claims Administration

Total active claims continued to decrease to 601 in the 1st quarter of 2008 and 578 in the 4th quarter of 2008. Claims numbers below 600 have not been shown since the late 1980s.

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Plan Design Survey Results

Introduction: In 2008, we conducted an online survey among Plan Sponsors in provincial and municipal government, Workers' Compensation Boards, health care, and education sectors across Canada. In total, forty-four organizations took part in the survey. We have gathered ideas from some of the most respected Plans – and some of the most perceptive people throughout the country – on the topic of LTD Plan design.

Profile of Respondents: The large majority (59%) of participating Plan Sponsors includes multi-employers; the remaining participants (41%) represent single employer organizations. While significant differences were noted in Plan design, the large majority of decision makers are still concentrated among Employers (41%), followed by Trustees (23%), and Benefits Committees (13%).

Industry Trends: The most common changes made to LTD Plans were noted to include the following:

- Increased LTD maximums
- Introduced early-intervention programs
- Cost of Living Adjustment
- Reduced elimination period
- More proactive rehabilitation programs

Conclusion: As one participant commented, “We need to learn more from one another,” and this was specifically one of our objectives for this survey. Many participants also commented that the survey was comprehensive and informative, which was in-line with our intended approach to obtain a broad perspective of LTD Plans in Canada.

In addition, we will be exploring other opportunities for Plan Sponsors to exchange ideas and experiences on Long Term Disability Programs. Our Plans define the quality of life for our membership, and we all try to do our part in keeping our Plans relevant to the needs of our members.