
Leslie Dias
President
Présidente
Toronto



Patty Southey
Financial Secretary
secrétaire financière
Toronto

July 2010

Airline Local 2002 / Section locale aérienne 2002
<http://www.caw2002tca.ca>

Dear Member:

**Re: CAW Local 2002 Disability Trust Fund
Group Insurance Disability Income Plan (GIDIP) – Manulife Policy 71405
Policy Renewal – June 1, 2010**

The past 24 months have been exceedingly difficult for your GIDIP Board of Trustees as the GIDIP policy renewal negotiations with Manulife have been intense. As you may recall, effective January 1, 2009 your GIDIP premium contribution rate was increased from 3.30% of salary to 3.542% as a result of the June 1, 2008 policy renewal.

Last year, Manulife's original position included an increase to the Long-Term Disability (LTD) portion of GIDIP in excess of 73%. The Trust Fund was able to absorb the increase by negotiating a lump-sum payment of \$200,000 to Manulife to offset the June 1, 2009 premium rate increase.

Our continued challenge is the skyrocketing costs of the insurance to provide these benefits as the cost of providing the benefit has been substantially more than the premiums paid. While the focus over the last few years has been the financial experience on the LTD Plan, it has now been diverted to the Short-Term Disability (STD) Plan which has experienced very high activity.

As the renewal date approached this year, Manulife advised the GIDIP Board of Trustees that an increase of 18.8% to the STD rate and 34.3% to the LTD rate (this represents an increase to your contribution rate of 3.542% to 4.451%) would be required by them to continue to provide our current disability benefit.

Your Trustees have worked hard with our Consultant, Canadian Benefits Consulting Group and Underwriter, Manulife to keep your contribution level for STD and LTD to a combined level of 3.542% of wages. Your GIDIP Board of Trustees have explored a number of options, including plan design changes that would be sustainable for the long term but keeping in mind the impact to the disabled Members to ensure that the Plan remains viable and competitive. The rationale for making plan changes is to offset this renewal rate increase and to realize immediate savings that would have a positive financial impact to the Plan.

Your GIDIP Board of Trustees believes this represents the best balance of value for money and protection of our Members and appreciates your support in this matter.

Yours in Solidarity,

Your GIDIP Board of Trustees

Sophia Michailidis, Eastern Region, Chairperson; Darryl Draeger, Western Region, Secretary-Treasurer; Andre Daigle, Atlantic Region, Trustee; Juanita Sumner, Central Region, Trustee; Ross McConkey, Pacific Region, Trustee

Head Office: 7015 Tranmere Dr., Unit 5 Mississauga, ON L5S 1M2 Tel: (905) 678-1550 / (888) 226-8885 Fax: (905) 678-0100
Vancouver Office: 326 12th Street New Westminster, BC V3M 4H6 Tel: (604) 519-2388 / (800) 932-4564 Fax: (604) 515-1195

National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW-Canada)
Syndicat national de l'automobile, de l'aérospatiale, du transport et des autres travailleurs et travailleuses du Canada (TCA-Canada)

**CAW Local 2002 Disability Trust Fund
Group Insurance Disability Income Plan (GIDIP) – Manulife Policy 71405**

Effective August 1, 2010, the following plan design changes will be implemented for claims incurred on and after August 1, 2010:

- 1) **Eligibility for Members who Return to Work following a LOA/Lay-off and do not prepay their GIDIP premiums**

TERMINATION OF INSURANCE

Change to:

If you Do Not Prepay Contributions/Premiums when you are away from work because of temporary layoff, leave of absence or suspension, your disability coverage is terminated at the date you stop work and stop payment of contributions. Disability coverage will not be reinstated until you **physically and actively return to work at your regular schedule and your regular duties for a minimum of 14 consecutive days and contributions are again deducted from your wages.**

- 2) **Maximum Benefit Period – Change to:**

Waiting Period - No Change – 2 weeks (must be off work for 14 continuous days)

STDI - 15 weeks (previously 18 weeks)

EI - (No change) Carve-out period – following STDI for 15 weeks

STDII- 20 weeks - eligible after 32 weeks of continuous weeks of Total Disability (previously eligible after 35 weeks and 17 weeks of benefits were paid)

LTD - No Change – Eligible after 52 weeks of continuous Total Disability

- 3) **Benefit Levels – Change to:**

STDI – Maintain the current maximum benefit level to 55% of basic weekly earnings to a **maximum of \$500.00 whichever is less** (previously no overall maximum)

Difference between current weekly benefit level and plan change:

<u>Full-time</u>	<u>Part-time</u>
\$41.00	\$21.00

STDII – Reduce the current maximum benefit level to **50% of basic weekly earnings or the equivalent of the EI maximum benefit level whichever is less** (previously 52% of basic weekly earnings and no overall maximum):

Difference between current weekly benefit level and plan change:

<u>Full-time</u>	<u>Part-time</u>
\$84.00	\$42.50

LTD – No Change (52% of basic monthly earnings with no overall maximum)