



3250 Bloor St. West, Suite 200
Toronto, Ontario
M8X 2Y4 Canada

416-231-5931 1-800-268-3781
F: 416-231-3103
www.united-church.ca

February 5, 2021

The Reverend Rick McCorrister
Via email: rlmccorrister@sasktel.net

Re: Pensioner Benefit Plan Premiums

Dear Rick and signatories to your letter of January 8, 2021,

Thank you for your letter and the concerns that you raise in it. The Executive of the General Council has received your correspondence. At its meeting on January 23, 2021, it also considered a proposal from Regional Council 15 primarily about concerns with Green Shield's performance as plan administrator.

I attach a copy of the proposal that the Executive adopted in response to Regional Council 15's proposal. It addresses specific service concerns associated with the plan. While I understand that staff addressed some of these concerns with you when they met with you in December, I hope it offers additional information that will be helpful to your understanding of the benefits and the service provision.

As part of the regular due diligence in managing and overseeing the plan, a review of its provisions and prospective service providers is scheduled to be undertaken in 2022. The Executive decided not to initiate an earlier review in 2021 as proposed by Regional Council 15.

Your particular concern is with the premium increases to the retiree group health plan that the Executive authorized for 2021 through 2025. The Executive did not make that decision lightly or without awareness of the financial impact that it might have on some of the plan's members. The church facilitates access to a group health and dental plan at retirement. Approximately 53% of retirees elect it. The Executive of the General Council, with the support of staff and external benefits consultants, seeks to include relevant benefits to supplement provincial plans while keeping the plan affordable to the members. Balancing these competing considerations is a considerable challenge. However, plan members did receive reimbursement for nearly \$5 million in benefits in 2020 so, at least in part, the plan is meeting the needs of the retirees who chose to subscribe to it.

Affordability is the key challenge. For a number of years, the cost to retirees of their group benefits was subsidized by reserves and active member contributions. As has been previously noted, however, the group benefits reserves will soon be depleted and the base of active members is declining such that neither is a sustainable source of continued subsidization. Other sources of substantial funds (\$1 million+ annually) are not available. Surveys will not change this. Nor would joining with other denominations whose demographic and financial profiles are similar to, or less attractive than, our profiles. Thus, the Executive's decision was that if it was to continue to facilitate access to a post-retirement group benefits plan that retirees may opt to purchase, the plan has to be self-sustaining.

You note that it is an accepted standard within other major organizations to provide group health coverage for their retirees. I am not aware of this as a standard offering and have confirmed this with the benefits consultants at Hub International. Only 15% of respondents to a Conference Board of Canada 2019 survey reported offering retiree benefits to employees and most all of these were public sector, municipalities, and universities.

You have appealed to how important it is for us to be our best selves as we seek to live into our commitment to seek justice and care for the financially vulnerable. At the same time, our work of justice requires us to be good and responsible stewards. The decision that the retiree plan must be self-sustainable was not a callous act of unjust governors, but a carefully thought through decision aimed at securing the benefit plan's long-term sustainability having regard to the complex realities of a supplemental health care plan and the limited resources of the church.

Although the plan does not meet every need of every participant, we believe it provides better value for money than might otherwise be available to participants through an individual plan. Nevertheless, when the regular review of the plan is undertaken in 2022, the church will, as always, seek to identify modifications to the plan's design and service offerings with a view to enhancing member experience while preserving the plan's long-term sustainability.

The Executive is committed to a defined benefit pension plan as a secure source of retirement income to supplement government retirement programs, such as the CPP, and personal savings. But the Pension Plan of The United Church of Canada is not, and is not designed to be, a retiree's sole source of income. Under Canadian income tax rules, pension benefits must generally accrue based on service contribution, such that additional provision cannot be made through The Church's pension plan for shorter service retirees.

Attached to your letter are a number of additional questions. I have asked Alan Hall, the Executive Officer for Ministry and Employment, to elaborate on the responses that he and Kira Tarasevici have already provided and to research answers to your 8) Other questions. He will copy me on his responses.

Sincerely,

A handwritten signature in black ink that reads "Michael Blair". The signature is written in a cursive, slightly slanted style.

The Reverend Michael Blair
General Secretary General Council