LCC Worker Benefit Services Inc.
Caring for those who serve

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To: Congregational Treasurers and Institutional Business Managers

From: Nancy Swerhun, Pension and Benefits Manager
LCC Worker Benefit Services

Date: October 11, 2023

Re: **2024 Employer Rates for Pension and Benefits**

We have concluded the Annual Renewal with Manulife of the Group Benefit Plans along with our annual review of the Pension, Employee and Family Assistance Plan and Administration costs for the coming year. While many of the costs remain the same as last year, we had increases in the Extended Health, Dental and the employee paid Long-Term Disability plan.

Extended Health Care and Emergency Out-of-Country health coverage will both increase by 8.9 %. Dental will increase by 4.9 %. The increases are a result of increased claim amounts. Based on our review of the current claim amounts and the claiming trends, our consultant is satisfied that the increases requested by Manulife are warranted.

The employee paid Long-Term Disability plan premiums increased by 13% reflecting a trend in this area as a result of as a result of increased claims and an aging membership. Our consultants have reviewed this charge and their review agrees with the increase.

The pension plan rate remains at 16% of payroll and the employer 2024 contribution for post-retirement benefits remains at 1.25% of payroll. The rate for EAP remains at $7.00 per month and the monthly administration expense per active member in 2024 remains at $75.00, a rate that has been in place for many years. Administration services include such things as administrative costs for providing enrollment, billing, communication and customer services; data maintenance; pension calculations; government calculations and tax reporting; benefit enrollment system; consulting services for group benefits and Defined Contribution (DC) pension investments; DC pension plan record keeping; regulatory filing requirements and legal, accounting and auditing services.

Communication to Members and Summary

Please share the information provided in this memo with your employees so they are aware of the changes to the premium rates.

Our continuing goal is to ensure that our member's pensions are secure, members receive the benefits they require; and costs to congregations, schools, and institutions and their employees are affordable. Meeting all those goals simultaneously can be challenging. Before making any decisions about changes to benefit plans or rate increases, all alternatives are very carefully reviewed and we ensure we have the best rates possible from the insurer.

As we have done in the past, we have also included in your material two appendices, which illustrate the net dollar impact the new rates will have on a typical employer and employee that participate in our plans.

If you have any further questions regarding the new rates, please do not hesitate to contact Ellement at 1-844-440-1045.

Further information on the Pension Plan
Effective April 1, 2023, both member and employer contributions stopped being sent to Sun Life, instead, instead contributions were directed to the CAAT Pension Plan and active members of the LCC Pension Plan began earning a pension under CAAT's DBplus plan design.

The current employer pension contributions rate will remain at 16% until June 30, 2024, with 6% allocated to earning benefits under the CAAT DBplus pension and the remaining 10% being used towards financing the CAAT shortfall. After June 30, 2024, the employer contributions will be reduced to 6%.

The CAAT shortfall is comprised of two things. The LCC Defined Benefit (DB) liabilities we are transferring to CAAT have to be funded to CAAT's going concern funded ratio of 124% (CAAT requires other plans that join to be cost and risk neutral) AND we also have to fund increases to members LCC DB pension earned to the date of transfer by the annual increase of the AIW to a maximum of 2.3%. This increase replaced the increase in the Final Average Earnings under the LCC DB Plan as a result of annual salary increases. (Final Average Earning were used to calculate a member's pension at retirement.)

Employee Deductions
It is important that the premium for the following benefits be entirely paid for by the employee and not be paid by the congregation. This is a legal requirement to comply with both our plan regulations and Canada Revenue Agency taxation rules. Furthermore, any LTD premium paid by the employer will taint the whole plan, making the benefit when paid to any claimants, taxable rather than non-taxable.

1. Employee required pension contributions (4%).
2. Long Term Disability premiums

Should you have any questions or require further clarification, please do not hesitate to contact Ellement at 1-844-440-1045 or email lccbenefits@ellement.ca

In His Service,

Nancy Swerhun, Pension and Benefits Manager
LCC Worker Benefit Services

Note: Employer premium costs are calculated as a percentage of an employee's Total Annual Compensation which includes basic salary plus utility allowance plus housing allowance. When the employer provides a residence (parsonage), the housing allowance is considered to be 30% of the basic salary.