

LTD Premium Renewal All Use Message

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McMaster University's Long Term Disability (LTD) plan is an income protection benefit plan for employees who become totally disabled as a result of non-work related illnesses or injuries. The LTD plan is premium based. Premium rates are impacted by the volume and nature of claims, and are reviewed annually in light of the claims experience of the LTD plan.

Employees are responsible for 100% of the premiums for this plan which is provided through Sun Life Financial. Participation in the LTD plan is mandatory for eligible faculty (excluding clinical faculty members) and staff members with more than 12 months continuous service.

The insurance carrier, Sun Life Financial, has reviewed the LTD rate and the renewal information was shared with the participating employee groups. After consultations with CAW, MUFA and TMG's Total Rewards Advisory Committee, we are pleased to announce that there will be no LTD premium change for July 1, 2010 to June 30, 2011. ***The LTD premium rate will continue at .01236 (plus 8% tax).***

Although the premiums will not be increasing for the period July 1, 2010 to June 30, 2011, utilization of the LTD plan continues to increase. The University continues to address the increase by implementing appropriate programs and strategies to reduce disability while creating a more productive and healthy workplace. Examples include the development of a formal Return to Work Program, jointly created by employees and management; a dedicated Return to Work team to actively manage claims with workplace parties in a collaborative framework; available on-site medical expertise includes Occupational Physician and Occupational Health Nurse to assist in return to work initiatives; and a comprehensive workplace health promotion program.

Additional information regarding the LTD plan, including additional sample premium calculations, can be found at www.workingatmcmaster.ca/benefits

If you have any questions about the LTD plan, please do not hesitate to contact your Human Resources representative as follows:

Faculty of Health Sciences Human Resources:

Telephone: 22207
Fax: (905) 526-6623
Email: hrlink@mcmaster.ca

HR Services for All Other Faculties/Departments (Excluding FHS):

Telephone: 222-HR (22247)
Fax: (905) 525-8410
Email: working@mcmaster.ca

Date: June 2010

Long Term Disability 2010 Renewal Information

Premium Renewal for July 1, 2010

- Sun Life has advised that McMaster LTD premiums will not increase and will remain at 0.01236 (plus 8% tax) effective July 1, 2010.
 - Premiums are 100% employee paid
 - Premiums are reviewed annually with rates impacted by claims experience and volume.

LTD Premium Renewal History

LTD Renewals – Premium change for each July 1st									
01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11
49%	2.57%	-3%	-10%	0%	0%	0%	26.5%	0%	0%

- In July 2006, a two year-rate guarantee was negotiated with Sun Life, resulting in no change to rates for 2006/07 or 2007/08.
- Claims actually increased 2006/07 and 2007/08, resulting in 26.5% increase to the premium rate for 2008/09.
- Renewal for 2009/10 resulted in no increase in the premium rate.
- Renewal for 2010/11 will also result in no increase in the premium rate.
- Utilization of the LTD plan continues to increase.
- Premium rates are renegotiated on an annual basis with Sun Life.

Sample calculations:

1. Sample calculations for Hourly paid (CAW) employees

Premium Formula = (Hourly rate x Annual Hours) x (Premium X Tax)

Note: Premiums will be deducted bi-weekly to a maximum of 24 pays per year.

Salary:	Current Rates Effective July 1, 2010 to June 30, 2011 (Note there is no increase from the July 1, 2009 premium rate)		
	July 1, 2010 Annual Premium	July 1, 2010 Monthly Premium:	July 1, 2010 Biweekly Premium:
\$22.83	\$556.56	\$46.38	\$23.19
\$30.25	\$737.44	\$61.45	\$30.73
\$45.71	\$1,114.33	\$92.86	\$46.43

Note: Examples are based on 70 work hours bi-weekly (1826.25 work hours annually)

2. Sample calculation for Salaried (MUFA and TMG) employees

Premium Formula = (Annual Salary x Premium x Tax)/12 months

Note: Premiums will be deducted bi-weekly to a maximum of 24 pays per year.

Salary:	Current Rates Effective July 1, 2010 to June 30, 2011 (Note there is no increase from the July 1, 2009 premium rate)		
	July 1, 2010 Annual Premium:	July 1, 2010 Monthly Premium:	July 1, 2010 Biweekly Premium:
\$75,000	\$1,001.16	\$83.43	\$41.72
\$100,000	\$1,334.88	\$111.24	\$55.62
\$125,000	\$1,668.60	\$139.05	\$69.53

Understanding the Long Term Disability Plan Design

- Insured by Sun Life Financial. 100% employee paid: Current rate is at 0.01236 (plus 8% tax) of salary. This is a premium based plan, impacted by experience
- MUFA, CAW and TMG employees participate in this plan design. (Clinical faculty are insured through a separate plan with RBC.)
- Benefit is 75% of monthly Net Income to a maximum of \$7,000 (after CPP, EI and income tax) and is non-taxable.
- Employees receive salary continuance (short term disability) benefits from McMaster during the elimination (or qualifying) period.
 - MUFA elimination period = 26 weeks
 - CAW & TMG determined by length of service
 - minimum elimination period of 15 weeks up to a maximum elimination period of 26 weeks
- During first 2 years of LTD claim, an employee must qualify as totally disabled from their own occupation. After 2 years, an employee must qualify as totally disabled from any occupation. This determination is made by the insurance company based on medical documentation.
- **Please refer to your employee benefit booklet for further information by visiting www.workingatmcmaster.ca/benefits/**

Strategies to Manage Disability Costs

- Dedicated Return to Work team actively manages claims in a collaborative framework with relevant parties.
 - Includes salary continuance, LTD and WSIB claims

- Available on-site medical expertise
 - Occupational Physician (1/2 day per week) and Occupational Health Nurse (3 days per week) available to assist in return to work and workplace accommodation issues.
- A new formal Return to Work Program was jointly created by employees and management.
 - Outlines roles and procedures to minimize the negative human and financial impact of absence due to illness, injury by successfully returning the employee back to safe and productive work as soon as the employee is functionally fit.
- Employee and Family Assistance Program with Human Solutions
 - Includes a much stronger focus on wellness, prevention and early intervention.
- Comprehensive workplace health promotion program
 - Including up to 100 workplace events offered to employees annually.
 - Helping employees lead healthier lives through awareness, prevention and action
- Focus on mental health issues in the workplace
 - Tools and resources to increase awareness of mental health issues, for employees and supervisors, including focused sessions on mental fitness, pamphlets and information folders for supervisors.
- McMaster's established ergonomic program assesses employees' physical work environment to prevent musculoskeletal disorders.
 - More than 100 ergonomic assessments are completed annually