



THE UNITED CHURCH OF CANADA
BENEFITS CENTRE
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October 2, 2020

Dear Friend,

Whether you are navigating these pandemic times in your ministry or workplace or enjoying retirement, it is a priority for the United Church to provide benefits that aid in protecting you and your family from extraordinary economic loss because of medical, dental or disability expenses.

From year to year, our benefits plans are carefully evaluated to ensure that they remain both affordable and sustainable—both now and in the future. A number of factors are challenging our ability to provide coverage that is comprehensive and budget-friendly:

- *Rising benefit costs due to increased claims activity:* As our employee population ages, we are requiring more (and often more costly) medical care
- *Drug price inflation:* Costs increase an average of 4.7% every year
- *A shrinking number of participating employers*
- *Negative impacts due to COVID-19*

We have partnered with benefits consultants and actuaries to project future costs and to consider our capacity to continue the current subsidies. Collectively, our plans are estimated to incur a deficit of \$3.2 million in 2020. The current deficit (like those in earlier years) is being covered by draws from the reserves accumulated by the plans. However, based on current projections, these reserve funds will be depleted before 2024. Finding an alternate source of funding in place of the reserves is not realistic or sustainable over the long term. The conclusion that the Executive of the General Council reached is that the plans are not sustainable unless the cost-sharing model is restructured.

After thorough review and careful consideration, a plan to eliminate the current deficit and improve the sustainability of our plans on an ongoing basis was developed. While we are continuing with the same coverage in 2021, premiums will have to increase. Here is what this means for you:

1. For those currently employed:

- **Effective January 1, 2021:** You will notice an increase in your premiums that is greater than in past years. Refer to the table on the next page for 2021 rate information.
- **Effective January 1, 2022:** There are likely to be further changes coming into effect, after a full review of features and costs of our optional (employee-paid) health and dental plan, which is currently underway. Any proposed changes would require approval of the Executive of the General Council before coming into effect in 2022.

2. For pensioners:

- **Over the next five years:** The premiums for pensioner benefits will be increasing by 13.7% per year in order to move the plans to being fully self-funded by 2025. Based on current projections, the

monthly amount for pensioners once the plan is fully funded will be approximately \$114 and \$231, respectively for single and family coverage.

Benefit Category	Paid By	Rate for 2020	New Rate for 2021
Restorative Care Plan: EN22	Employer	1.13%	1.35%
Employer Indemnity: EN23	Employer	0.12%	0.14%
Pension Contributions: EN26	Employer	Unchanged	
BASIC Benefits (health, dental, life-insurance): EN27	Employer	5.45%	6.51%
Pension Contributions: DN02	Employee	Unchanged	
Long-Term Disability: DN19	Employee	3.33%	4.35%
Optional Life: DN22	Employee	Unchanged	
Optional Spousal Life: DN23	Employee	Unchanged	
Optional AD&D: DN24	Employee	Unchanged	
Optional Health and Dental: DN25	Employee	Single/month: \$45.58 Family/month: \$129.81	Single/month: \$68.37 Family/month: \$194.72
Pensioner Health and Dental	Pensioner	Single/month: \$60.40 Family/month: \$121.84	Single/month: \$68.67 Family/month: \$138.53

We remain committed to the well-being of you and your family and appreciate your patience and understanding as we continue evaluating our benefits landscape in the coming years.

If you have questions, please contact The United Church Benefits Centre by calling 855-647-8222 or emailing benefits@united-church.ca.

Kindest regards,



General Secretary, General Council