

## **GS 115 GROUP BENEFITS PLANS 2022 - RETIREE HEALTH AND DENTAL**

**Origin: General Secretary**

### **1. What is the issue?**

If a member terminates service with The United Church of Canada at or after age 55, is eligible to receive an immediate or deferred pension from the church, and has had group insurance coverage at termination, they are eligible to participate in the Retiree Health and Dental Plan once their pension payments commence. Participation in the plan is optional and the plan is 100% pensioner-funded. If the benefits coverage is elected, our Pensioner Payroll provider automatically deducts the necessary benefit premiums from the monthly pension amount and remits, as prescribed.

However, in the last few years, we have observed an increased number of individuals retiring following a relatively short service with The United Church of Canada, which results in a monthly pension amount being smaller than the current monthly premiums for the Retiree Health and Dental Plan. As a result, those members who enroll in the benefits plan are required to submit post-dated cheques to cover the difference. The United Church Benefits Centre administration team collects the cheques, deposits them, and allocates them to the correct individual/coverage on a monthly basis.

With premium increases to the Retiree Health and Dental Plan approved by the General Council Executive in 2020, we anticipate the number of individuals whose monthly pension does not cover Health and Dental premiums to increase year over year. Concerned with future sustainability and focusing administrative resources on longer service employees, staff propose an amendment to the eligibility criteria for the Retiree Health and Dental Plan to include a minimum annual pension amount expressed as percentage of Government of Canada's Yearly Maximum Pensionable Earnings (YMPE).

Some plan members who do not have additional retirement income but have elected irrevocably to join the Retiree Health and Dental Plan are experiencing financial distress with the necessary premium increases. Providing an opportunity to opt out of the plan allows them to better manage their retirement resources.

### **2. Why is this issue important?**

The introduction of the minimal annual pension amount from The United Church of Canada as an eligibility criterion will ensure that future pensioners will have sufficient net pension income to cover the Retiree Health and Dental premium. Establishing this threshold for future retirees acknowledges feedback (including that forwarded by Living Skies region) that more vulnerable members of the existing retiree population can no longer afford the increased health and dental premiums. Further, offering those current pensioners whose pension is less than the proposed threshold a one-time option to opt-out of the plan ensures fair treatment between current and future pensioners. Offering the opt-out on a one-time basis should limit the impact

on the future sustainability of the plan, as the members will consider the long-term affordability of the premiums rather than their current use.

In addition, the proposed amendments relieve the administrative burden of managing residual premium payments for those pensioners whose net pension payment is less than the monthly premium. This will free up the administration team to concentrate on other aspects of retiree payroll administration.

### **3. How does this proposal help us to live into our church's commitments on equity?**

Tying eligibility to enroll in the Retiree Health and Dental plan to relative service and contribution to the United Church, expressed as an amount of annual pension accrued over the career as opposed to years of employment or ability to subsidize the Retiree Health and Dental premiums from outside sources, helps to secure the benefit into the future for retirees. To maintain equality, the existing retirees who do not meet the new eligibility requirement will be granted a one-time opportunity to voluntarily opt out of the plan.

### **4. How might the General Council Executive respond to the issue?**

It is proposed that the General Council Executive

- a. revise the eligibility criteria for the Retiree Health and Dental Plan for all future retirees to the following:
  - member terminates service with The United Church of Canada at or after age 55
  - eligible to receive an immediate or deferred pension from the church
  - has had group insurance coverage at termination
  - annual pension amount under The United Church of Canada plan is greater than 5% of the Government of Canada's Yearly Maximum Pensionable Earnings (YMPE).
- b. grant current retirees, with the annual pension amount under The United Church of Canada plan under 5% of YMPE, a one-time option to voluntarily, but irrevocably, opt out of the Retiree Health and Dental plan following a six-month decision period notice.

### **5. For the body transmitting this proposal to the General Council Executive:**

Are there comments, affirmations, suggestions you would like to make with respect to this proposal? Is this proposal in response to a previous proposal, motion or action? If so, please name the previous action(s) and proposal number(s).

If you have questions regarding this proposal, please send them to [gce@united-church.ca](mailto:gce@united-church.ca) or use the GCE Committee site.