

## **Pension and Benefits Q & A with Margaret McCloud**

**Margaret McCloud** works in Human Resources as the manager of Pensions and Benefits. She has been with the university, all in human resources, since 2006. She had 15 years with Sun Life prior to that, focused on actuarial work and pensions and group benefits.

Before asking the audience to ask questions, Margaret answered a few questions she commonly receives.

### **PENSIONS**

The first 3 years of UPP the university still worked as an agent of the UPP, so administration was still done in-house, things were still done very much the same as they always had been, but now UPP is the full administrator. So, there are a lot of things that we don't even look at anymore, that are not part of our realm of responsibilities. For example, requests such as changing your banking information, updating your taxes for your pension deposit, requesting a duplicate T4A for your pension are all handled directly by UPP. HR cannot do anything in that regard anymore to help you out. However, we would ask that you still contact both HR and UPP if you need to change your address as HR must let Sun Life know your new address if you move. Another example is if there is a power of attorney in place for any of our retirees, we and UPP will both need to have that information as well as notification of the death of any pensioner.

And another question we get a lot on the pensions is the indexation, and we've had a lot of people asking, why do the new retirees get two increases a year, and we only get one increase a year? Pensions are prorated. So, if you retired before mid-2021, and all your pension is pre-UPP, your entire pension is indexed in September. For those individuals who have retired more recently and have a piece of pre-UPP and a piece of UPP pension, only the part they accrued before UPP is indexed in September. The whole pension is not increased in September. The UPP part of the pension is increased in January. So, newer retirees do get two increases, but it's not applied to their whole pension; it is applied to the pre-UPP and UPP portions separately.

There has also been, fairly recently, a little uptick in people wanting to change the type of pension they have. For example, if they retired and they had a spouse, and they had a joint and survivor pension, and then their spouse passed away, they would prefer to change that to a guaranteed 15 years, because they don't have a spouse anymore. However, that is not possible. The reverse is also true. If you didn't have a spouse when you retired, and you had the type of pension that was a guaranteed 5, 10, or 15-year type pension, it can't be switched to a joint survivor just because you have a spouse now. The type of pension you have is locked in on your retirement date.

### **BENEFITS**

#### **Dental.**

There's a new box about dental reporting on your T4A. The university has a requirement now to tell the government whether or not you have dental coverage as a retiree of the University

of Guelph. There is now a different code for no coverage, single coverage, family coverage, and whatever that code is, it goes on your T4A for your pension, and the government uses that to determine if you're eligible for the Canadian Dental Care Plan for Seniors. Thus, if you have the coverage through us, you won't be eligible for coverage via the CDCP.

Some retirees also have an issue with multi-visit claims for more complex procedures where you may have to go to the dentist for 2 or 3 visits to get something done. These claims are not going to be paid or considered for reimbursement by Sun Life until the entire procedure is done. That has always been the case, but more and more people are getting crowns and bridges and that type of work. Thus, you may be out of pocket for that first and second visit. Sun Life isn't going to consider the claim until they can see it in its entirety. Another issue can be about procedures that may be covered in isolation, but that are now the first step of a more complex procedure. For example, pulling a tooth would be covered on its own, but if it's part of a big procedure it must be included with that big procedure so Sun Life can look at everything in its entirety.

### **Changes in benefits.**

Another question HR is often asked is if they are going to take away my benefits. However, it is very difficult for an employer to change any benefits for existing retirees. Thus, if there are any changes, they are almost always on a go-forward basis for new retirees. On the other hand, if that does happen, it's almost always if somebody is almost going under, for example, Nortel. There must be a hardship going on. Overall, it is very challenging to change existing retiree benefits. So, what you have now, the packages you have now for health and dental, are quite secure in what is covered. Even so, some people come in and say, they've always covered this before but now they're not covering it, so there must be a change in the plan.

Often there was no change in the plan but there were some changes in how things are reported to give more clarity for the insurer. One example is CPAP machines. It used to be that you received one bill for a CPAP machine and the benefits covered it. Now, there's a requirement that the bill be more itemized. For example, there's the machine, there's a setup fee, there might be a consultation fee. Those other pieces are not covered. In fact, they never were covered, but they just weren't individually identified in the bill. Another common example is semi-private hospital room coverage. Here in Guelph particularly, they used to just bundle in the TV with the semi-private hospital charge, so it was one charge, and they would say, Guelph pays for a TV under semi-private hospital, but Kitchener didn't. It was because the bill was itemized. Sun Life is not supposed to be paying for a TV. So, a lot of things may feel like a change, but it just comes down to the fact that there is more clarity on how things are invoiced, or how things are built. Another thing about the benefits is that the government makes changes and that can impact what we cover. So, the plan is worded to basically say, if the government pays for it, we don't pay for it. For example, a few years ago, the government stopped covering eye exams for seniors. That used to be billed to OHIP. Now our plan picks that up, and the reverse is true. It doesn't seem to be going that direction too often, but if the government was to start picking up some coverages, our plan would probably stop covering that item.

The next item to discuss is what constitutes a reasonable and customary maximum on our plan. Everything under our plans is dictated by a reasonable and customary maximum for that service. The university has no input on what that amount is. That is determined by the insurer.

They look at their entire block of business and they divide it up by region. They might say for this area, the reasonable customary maximum for a certain procedure is X dollars but our plan says it covers 100% of a service like physiotherapy. Right now, the reasonable customary maximum is \$100 per visit, but that can change and they don't necessarily inform us when things change. So, if you go to a specialist for physiotherapy, or somebody who charges well beyond that reasonable and customary amount, our plan might cap the amount that is covered, even though our plan says it's covered at 100%. So be aware that there is wording in our plan that says everything has a reasonable and customary maximum.

Another issue that HR gets a lot of questions about is the purchase of big equipment, like wheelchairs or hospital beds. Whether or not that is rented or purchased outright for you is at the discretion of the insurer. Thus, you are really advised to go in and talk to them and get an estimate first. Sun Life will look at a doctor's referral to determine what is the need of the equipment. If it is something post-surgical, and you may only need the item for 6 to 8 weeks during recuperation, they're probably going to rent it for you. If it's a long-term permanent situation, they may be purchasing an item for you. So again, that is at Sun Life's discretion, but some individuals who didn't realize that went out and bought something and then were turned down, and thus they were out of pocket, which was very disappointing.

## **TRAVEL INSURANCE**

The university has Cadillac out-of-country coverage for our retirees and our employees. A lot of places won't sell travel insurance to anybody over 80. There just isn't that coverage available. However, our plan has no upper age limit and no day limit, so you can travel extensively, and there's also no pre-existing condition clauses, which is almost unheard of out there right now. It's one of the first things that is being clawed back when people are looking at retiree benefits.

Here are the caveats to consider so that you can obtain these benefits. Although there is no pre-existing condition clause, Sun Life really does hang their hat on what is a little bit of gray area wording concerning what is considered to be an unexpected illness or injury. For example, there have been very ill people who are very stable and can travel, and they're covered. In contrast, there have been people with minor situations, but they may have changed their medicine a week ago, and they had one of the most common side effects to that medication while traveling. They ended up being out of pocket because Sun Life deemed that the reaction was not unexpected as you just changed a very serious medication, and one in five people gets that side effect. A good rule of thumb is whether or not your condition is stable and are you in active treatment? You do not have to do this but out of an abundance of caution, if there is something that you are not sure about, visit your doctor beforehand and get information written in your chart that says you have discussed your travel plans with your physician, and they don't foresee any complications. Again, this is not necessary, but it is something that Sun Life will rely on.

As far as having no day limit, keep in mind that our entire health plan, of which the travel insurance is part, relies on you having provincial health care coverage. It doesn't have to be OHIP, you can live anywhere, but you must have Canadian provincial health care coverage. If

you are traveling so extensively that your OHIP is at risk of lapsing, your entire health coverage, including in your own country, will also lapse. However, if the actual emergent incident happens before that occurs, the coverage will carry on during the emergent situation.

So, what is an emergency? A lot of people have been 'snowbirds' in the US and would say 'I've had this incident and I want to convalesce in Florida, where I'm staying for 5 months". However, it would be cheaper for our plan to repatriate them and have OHIP kick in. They are upset that the plan is telling them to go home, at the plan's expense, and that is their prerogative. However, you must keep your underlying provincial health coverage, because the plan can just tell you it's time to go home as it will be cheaper for them to get you home. The plan has paid for medical transport, which is expensive, including a doctor and a nurse flying with an individual because in the long run, it's cheaper. So this is something that you must be aware of. The emergency is only the initial care.

You may be familiar with somebody who has had a very bad bone break. They go to the hospital and get it set. A week later, they must see an orthopedic surgeon who decides pins are required and then there's a surgery to go along with that, and then a resetting of the bones two weeks later. You go to the hospital and you get your arm set initially, that's the emergency care. Everything else is follow-up and wouldn't be covered under an emergency out-of-country coverage plan.

### **Rate increases:**

There was a big rate increase last May. For years, the university used internal funds and existing surpluses to try to minimize the impact on rates, but those funds were exhausted. Last year was a right-sizing, so that the premiums that were being paid were not being subsidized anymore from funds that were exhausted. We're hoping not to see that year over year, but our plan does really get dinged by these new, expensive, drugs like Wegovy and Ozempic that may be brand new, but are already making up double-digit percentages of our total drug claims. So, we do our best to keep those rates stable but we ran out of funds to subsidize last May and rates had to go up.

### **QUESTION AND ANSWER SESSION**

#### **Q: Do we have travel cancellation insurance in our benefit?**

A: No, travel insurance is only for the medical portion, so if you've booked a trip and something happens that prevents you from going, there's no reimbursement of those expenses.

#### **Q: Those retirees who have chosen a lump sum are not getting the information that we should have gotten, even though we've completed those forms and so on. It just seems we're being discarded.**

A: This has probably gotten worse since UPP has taken over in the last couple years as we have no way of identifying individuals who have chosen to take a lump sum pension. We can only get addresses for the newsletter delivery and things like that. We used to have our own

in-house ability to identify individuals who are over 55 and may have taken a lump sum pension so that we could identify them and include them on the UGRA newsletter. We don't have that ability anymore, because it's just the pensioners that are listed from UPP.

It is possible to keep up to date with what is occurring with UGRA via the website: <https://ugra.ca>. You can request that your email address be added to the LISTSERV so that you receive all UGRA communications by emailing [ugra@uoguelph.ca](mailto:ugra@uoguelph.ca)

**Q: Who exactly is negotiating on behalf of retirees when the university contract with the unions opens?**

A: What you retire with has been negotiated by your union at that time, and you carry that into retirement. And after that, pension and benefits are frozen with respect to any future changes. I understand there has to be union representation to renegotiate pensions and benefits. Retirees are fully unrepresented in that regard.

**Q: Our pensions are indexed only if there is more than 2% inflation and if that decreases, retirees are concerned about their pensions becoming smaller and smaller over time. So is it possible the pension package could be opened, to take a second look at the indexation? Are there opportunities for union negotiations to move that forward?**

A: Everything has moved to UPP now. The university has no sway in changing what is there. In addition, the contributions that were made into the plan were based on that indexation formula. Those contributions were set with that indexation. Those contributions would have been much higher if the indexation was full.

**Q: Do we have coverage for hearing aids?**

A: We have very poor coverage for hearing aids. When the plans were originally set up the plan was probably covering about 50% of the cost of hearing aids at \$300 every 5 years. Now they're little computers in your ears, and they are probably \$4,000 or \$5,000 for each side of your head. So I would say hearing aid coverage is negligible.

**Q: At what point does the insurance company say it won't cover a risky activity? The plan states that it's war and civil disturbance that are basically the exclusions.**

A: The plan covers risky activities but the downside is that medical services have to be available. So, if you're in a really remote, exotic place you are covered. For example, the plan has paid for a helicopter to medivac people to a medical facility. They are not going to come from a different country in South America to somewhere in Antarctica. They're going to say that's too big of a risk for us, and we're not coming. So, it could happen that there isn't something available, but it's fairly broad as to what is covered as far as risk-taking activities. However, we do have a lifetime limit of \$1 million.