



REPORT TO

SPECIAL BOARD

## ANNUAL RENEWAL OF LONG TERM DISABILITY PLAN – FINAL RECOMMENDATION

*“Listen to advice and accept discipline, and at the end you will be counted among the wise. Many are the plans in a person’s heart, but it is the LORD’s purpose that prevails.”*

Proverbs 19:20-21

Created, Draft	First Tabling	Review
November 26, 2019	November 28, 2019	<a href="#">Click here to enter a date</a>
A. Della Mora, Executive Superintendent of Human Resources P. De Cock, Comptroller of Business Services & Finance B. Stavropoulos, Senior Coordinator of Benefits & Compensation		
<b>RECOMMENDATION REPORT</b>		

### Vision:

*At Toronto Catholic we transform the world through witness, faith, innovation and action.*

### Mission:

*The Toronto Catholic District School Board is an inclusive learning community uniting home, parish and school and rooted in the love of Christ.*

*We educate students to grow in grace and knowledge to lead lives of faith, hope and charity.*



Rory McGuckin  
Director of Education

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Associate Director  
of Academic Affairs

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Associate Director of Facilities,  
Business and Community  
Development, and  
Chief Financial Officer

## **A. EXECUTIVE SUMMARY**

The TCDSB and employee groups (CUPE and ETFO) co-share the costs associated with the Long Term Disability (LTD) Benefit Plan. The current LTD benefit plan expired on August 31, 2019, and was extended for three months until November 30, 2019. The extension provided additional time for the due consideration of any required changes to the plan and rates and allowed the board time to conduct a fulsome consultation with union partners while addressing labour disruption activities.

This report provides additional information that responds to Trustee inquiries relating to the original report tabled at the November 21, 2019, Regular Board meeting. Trustees will consider the options contained in the report and either support the recommendation to approve the renewal of the current LTD benefit coverage for the 2019-20 fiscal year or support an alternative option.

*The cumulative staff time required to prepare this report was 10 hours.*

## **B. PURPOSE**

1. This Recommendation Report responds to the following Trustee motion arising out of the November 21, 2019, Regular Board meeting:

*“That staff request an extension, without penalty, to meet the deadline; otherwise that a special Board meeting be called.”*

2. In order to secure the Education Workers of Ontario (EWO) discounted rate (2018 rate less 5%), termination of the existing LTD plan and movement into the EWO program is required by November 30, 2019, which coincides with the expiration of the three-month extension. A delayed decision regarding the EWO plan to January 1, 2020, will result in an unfavourable change in EWO starting premium levels (+19.6% to 2018 rates, less 5%)

The renewal of the existing GWL plan at the referenced rate (retroactive increase of 19.6% effective September 1, 2019) remains an option until December 31, 2019.

## **C. BACKGROUND**

1. The current LTD benefit plan is renewed on an annual basis and operates on a stand-alone refund basis for the Toronto Catholic District School Board (TCDSB).
2. A report entitled Annual Renewal of Long Term Disability Plan was tabled at the November 21, 2019, Regular Board Meeting. The report outlined HR staff's consultation with CUPE union executives and provided recommendations based on our consultant's (Mercer) expert opinion.
3. Trustee inquiries about the plan were the impetus for this report. The report endeavors to provide answers to Trustee questions that must inform a timely final recommendation.

## **D. EVIDENCE/RESEARCH/ANALYSIS**

1. Extensive research by Human Resources and Business Services staff, in consultation with actuarial experts at Mercer, facilitated the required pro/con analysis of all plan options. This analysis was presented to Trustees in the previous report, and Appendix A provides a summary of staff responses to Trustee questions that emerged from that meeting.
2. The risks associated with the EWO LTD Benefit plan include the following:

The EWO LTD Benefit plan premiums are only guaranteed until September 1, 2021. Given the infancy of the EWO plan, little is known about the method for rating beyond the rate guarantee period. It is prudent for both the Board and the union to acknowledge the related risk exposure noted by Mercer as the attractive initial EWO rate will likely be subject to significant increases at the EWO plan first renewal (September 1, 2021). This is required to bring it more in line with the Great West Life manual rate for the TCDSB group in an effort to share the risk amongst the participating Boards in a fair and consistent manner;

- The current TCDSB LTD Benefit plan operates on a refund basis and maintains the LTD Benefit plan in compliance with existing collective agreements;

- It is unclear what control the TCDSB will be surrendering under the EWO plan. Respectful of the Board's 75% co-pay, it is advisable to seek additional detail in this regard if the plan is implemented.
3. The benefits associated with renewing the existing Long Term Disability Benefit Plan include the following:
- Maintenance of goodwill with the LTD provider while reviewing LTD case management;
  - Support a long-term premium increase aversion strategy, which is mutually beneficial to the TCDSB and CUPE.
  - Refund format linked to usage.
  - TCDSB maintains control over plan maintenance;
  - TCDSB can observe EWO plan implementation and continue to actively pursue other market options respectful of the limited size of the Canadian Insurance marketplace.
4. Notwithstanding staff's recommendation, should the Board wish to move to the EWO plan then the following motion could be moved by a Trustee in place of the staff recommendation:
- That the existing Long Term Disability Benefit Plan be terminated and the TCDSB enter into the EWO pooled risk plan with Great-West Life prior to December 1, 2019.*
5. It should be noted that if no alternative is chosen by the Board then staff will interpret this action as delegated authority being provided to the Director given that a Long Term Disability Plan must be in place from an operational and legal perspective.

## **E. METRICS AND ACCOUNTABILITY**

1. The LTD Benefit Plan's actual usage experience and premiums are reviewed on an annual basis as part of the contract renewal process.
2. As per the regulations appearing in the TCDSB Purchasing Policy FP.01, an annual procurement award report to the Board of Trustees is required.

## **F. STAFF RECOMMENDATION**

That the Board of Trustees approves the annual renewal of the existing Long Term Disability Benefit Plan on a stand-alone refund basis at the projected cost of \$5,062,700 (75% TCDSB/25% Union co-pay format) for the 2019-20 fiscal year.