



**LCC Worker
Benefit Services Inc.**
Caring for those who serve

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To: Congregational Treasurers and Institutional Business Managers

From: Nancy Swerhun, Pension and Benefits Manager
LCC Worker Benefit Services

Date: October 15, 2024

Re: **2025 Employer Rates for Pension and Benefits**

We have concluded the Annual Renewal with Manulife of the Group Benefit Plans along with our annual review of the Pension, Employee and Family Assistance Plan and Administration costs for the coming year. The overall increase in the Group Benefit Plans was 9 %. The increase in costs is a reflection of an aging membership with increased claims along with fairly significant increase in pooling charges for those areas that are fully insured based on the Manulife's entire book of business. Increases applied across all group plans with the exception of Emergency Travel Assistance. While we were successful in getting Manulife to drop their increases from the initially requested overall increase of 16.4 %, we feel it is time again to check the insurance market to see what rates other insurers may provide. To that end, we will be reviewing the insurance market next year to see if we can generate any savings with our current program design.

In terms of the 2025 increases, Extended Health Care and Emergency Out-of-Country health coverage will both increase by 13.1%. Dental will increase by 4 %. The employee paid Long-Term Disability plan premiums increase by 11% and the employer paid Basic Life and Dependent Life increase by 7%.

The employer pension plan rate remains at 6% of payroll and the employer 2025 contribution for post-retirement benefits remains at 1.25% of payroll. The rate for EAP remains at \$7.00 per month and the monthly administration expense per active member in 2025 remains at \$75.00, a rate that has been in place for many years. Administration services include such things as administrative costs for providing enrollment and the benefit enrollment system, billing, communication and customer services; data maintenance and record keeping; tax reporting; consulting services for group benefits, regulatory filing requirements and legal, accounting and auditing services.

Communication to Members and Summary

Please share the information provided in this memo with your employees so they are aware of the changes to the premium rates.

Our continuing goal is to ensure that our member's pensions are secure, members receive the benefits they require; and costs to congregations, schools, and institutions and their employees are affordable. Meeting all those goals simultaneously can be challenging. Before making any decisions about changes to benefit plans or rate increases, all alternatives are very carefully reviewed and we ensure we have the best rates possible from the insurer.

As we have done in the past, we have also included in your material two appendices, which illustrate the net dollar impact the new rates will have on a typical employer and employee that participate in our plans.

If you have any further questions regarding the new rates, please do not hesitate to contact Ellement at 1-844-440-1045.

CAAT Pension Contributions

The employer pension contributions rate was 16% until May 31, 2024, with 6% allocated to earning benefits under the CAAT DBplus pension and the remaining 10% being used towards financing the CAAT shortfall. Effective June 1, 2024, the employer contribution rate was reduced to 6% as the shortfall was fully paid off. This rate will apply going forward. Member contributions continue to be 4% of earnings.

Increases to the Benefit Members Earn Under the CAAT Pension Plan

We have had some great news from CAAT. As a result of CAAT's strongly funded position and growth in membership, members will see more value in their CAAT pension. CAAT has announced that the pension factor used to determine the annual pension that members earn each year will increase from 8.5% to 9.5% effective January 1, 2025. That means members earn a larger pension even if they were to make the same contributions in 2025 as they did in 2024.

The pension factor is the number that employer and member contributions are multiplied by to determine the amount of pension a member earns each year. This change means a member's DBplus pensions will grow almost 12% faster starting in 2025.

Example of Pension Factor Increase

Assume member and employers contributions are \$8000 in total for each of the following years. (No salary increase is assumed for 2025)

Members Annual Pension earned in 2024 is: \$ 680* (\$ 8000 x 8.5%)

Members Annual Pension earned in 2025 is: \$ 760* (\$ 8000 x 9.5%)

**This amount will increase in subsequent years by conditional increases to the Average Industrial Wage (AIW).

CAAT Introduces GROWTHplus

CAAT has also recently introduced GROWTHplus, an optional savings account for CAAT Pension Plan members to grow their tax-sheltered savings and benefit from CAAT's investment returns. With GROWTHplus, members can build savings alongside the pension they are already building with CAAT. This new offering does not replace or change the pension members earn under the CAAT Plan and does not involve any action by employers. Members deal directly with CAAT in terms of transferring tax shelter saving into GROWTHplus. The return members receive is based on CAAT's investment returns on their pension funds. CAAT is running online webinars for members to explain how GROWTHplus works and a handbook explaining GROWTHplus is available on the CAAT website.

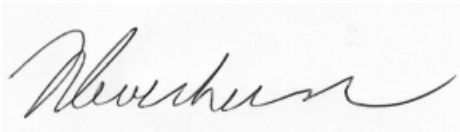
Employee Deductions

It is important that the premium for the following benefits be entirely paid for by the employee and not be paid by the congregation. This is a legal requirement to comply with both our plan regulations and Canada Revenue Agency taxation rules. Furthermore, any LTD premium paid by the employer will taint the whole plan, making the benefit when paid to any claimants, taxable rather than non-taxable.

1. Employee required pension contributions (4%).
2. Long Term Disability premiums

Should you have any questions or require further clarification, please do not hesitate to contact Ellement at 1-844-440-1045 or email lccbenefts@ellement.ca

In His Service,

A handwritten signature in black ink, appearing to read "Nancy Swerhun", is centered on a light gray rectangular background.

Nancy Swerhun, Pension and Benefits Manager
LCC Worker Benefit Services

Note: Employer premium costs are calculated as a percentage of an employee's Total Annual Compensation which includes basic salary plus utility allowance plus housing allowance. When the employer provides a residence (parsonage), the housing allowance is considered to be 30% of the basic salary.