LCC Worker Benefit Services Inc.
Caring for those who serve

3074 Portage Avenue, Winnipeg Manitoba, R3k 0Y2
P: 1-800-588-4226 (Toll Free)
E: info@Lutheranchurch.ca

To: Congregational Treasurers and Institutional Business Managers

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

Date: October 10, 2025

Re: **2026 Employer Rates for Pension and Benefits**

Marketing of Group Benefit Plans

As part of Worker Benefit Plan governance, a full marketing of the group benefit plans is conducted at least every five years. These benefits include health, dental, life, disability, and accident coverage. The intent of a marketing is to determine which insurer can offer the best value and service for our plans.

This summer, our consultants, Ellement Consultants coordinated the marketing process and assisted the Worker Benefit Plans Board in reviewing insurer proposals. Of the five insurers invited, three submitted bids. Manulife and one other carrier provided the most competitive options, with Manulife being the selected insurer because they offered the best overall value.

Why Manulife was chosen:

- Competitive premium rates
- Strong service levels
- Continuity of service (minimizing member disruption)
- Avoidance of transition and administration costs
- Premium guarantees:
  - Basic Life, Dependent Life, and Long-Term Disability guaranteed for 3 years
  - Health and Dental guaranteed for 2 years

New Rates – A Great Savings! (Effective January 1, 2026)

- **Basic Life, Dependent Life, Long-Term Disability:** ~20% premium reduction
- **Extended Health & Emergency Out-of-Country Health:** No change in premium
- **Dental:** 5% increase

Other employer costs:

- EAP remains at **$7.00 per month**
- Administration expense remains at **$75.00 per active member per month, a rate that has been in place for many years**

- Covers enrollment systems, billing, communication, customer service, data maintenance, tax reporting, consulting, legal, accounting, and auditing services

Post-Retirement Benefits and CAAT Pension Contributions

Post-retirement benefit contributions will be reduced by .25% to **1.00% of payroll** (currently 1.25%) as a result of a decline in number of retirees with benefits and lower benefit claims than expected.

Employer Pension Contributions to CAAT will increase by .25% to cover pension contributions for members on Long-Term Disability.

When a member goes on Long-Term Disability (LTD), the individual employer is no longer responsible for that member's benefits. Some benefit premiums such as - Basic, Optional and Dependent Life - are waived by the insurance carrier. Other benefits – such as pension, health, and dental are funded through an employer pooling approach in which all participating employers share the cost of benefits for disabled members.

This pooled funding model has been in place for over 20 years and is designed to distribute the financial responsibility of paying for benefits for what could be a number of years for a disabled employee, across all employers. This eases the burden for the employer of the disabled member, allowing them to hire a replacement without the cost of covering benefits for both the disabled and new employee.

When the change to the CAAT pension plan was implemented, the contribution rates set at that time, did not take into account the need to fund pension contributions for members on LTD. Under the former Defined Benefit (DB) plan, these costs had been included in in the 16% employer pension contribution rate.

This adjustment corrects that oversight, ensuring that contributions for LTD members are properly funded in the CAAT Pension Plan Contributions.

The increase in pension contributions combined with the reduction to Post-Retirement Benefits costs, means the **total amount** charged to employers will not change for these plans.

Benefit	Old Rate	New Rate
Post-Retirement Benefits	1.25% of payroll	1% of payroll
Employer CAAT Contributions	6% of payroll	6.25% of payroll
Employee CAAT Contributions	4% of payroll	4% of payroll (no change)

Communication to Members

Please share this memo with your employees so they are aware of the new premium rates.

Our ongoing goal is to:

- Keep pensions secure
- Provide necessary benefits
- Maintain affordability for congregations, schools, institutions, and employees

Attached are **two appendices** that show the net dollar impact of the new rates on a typical employer and employee.

Employee Deductions (Legal and Canada Revenue Taxation Requirement)

The following premiums **must be paid entirely by the employee**:

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

Important: If the employer pays any portion of LTD premiums, it affects the whole plan, the benefit becomes **taxable rather than non-taxable** when paid to any claimants.

For questions or clarification contact Ellement at 1-844-440-1045 or by e-mail at lccbenefits@ellement.ca

In His Service,
Nancy Swerhun
Pension and Benefits Manager
LCC Worker Benefit Services

Note: Employer premium costs are calculated as a percentage of Total Annual Compensation (salary + utility allowance + housing allowance). When a residence (parsonage) is provided, housing allowance is deemed 30% of basic salary.