

September 4, 2018

To: Members
Finance & Administration Committee

Re: Regina Civic Employees' Long Term Disability Plan 2017 Annual Report

RECOMMENDATION

That this report be forwarded to the September 24, 2018, meeting of City Council for information.

CONCLUSION

Mobius Benefit Administrators Inc. (Mobius) has provided the 2017 annual report for the Regina Civic Employees' Long Term Disability Plan. Net assets are up to \$1.8M and the plan target funding status remains highly robust.

BACKGROUND

The Regina Civic Employees' Long Term Disability Plan is a multi-employer plan with contributing members from City of Regina, Saskatchewan Health Authority, Regina Board of Education (non-teaching staff), Regina Public Library, Buffalo Pound Water Administration Board and Mobius Benefit Administrators Inc. The plan is intended to provide eligible members with protection against loss of income when experiencing illness or injury.

The Regina Civic Employees' Long Term Disability Plan is governed by an Administrative Board that consists of members representative of each employee group in the plan and this governance structure is in accordance with the plan text outlined within *Bylaw No. 9566*. The Administrative Boards responsibilities include: compliance, strategy and stewardship.

Mobius administers this plan in accordance with *Bylaw No. 9566* on behalf of the six participating employers. Manulife provides adjudication and administrative services to support Mobius. This annual report has been prepared based on the requirements defined in Schedule A of the *Bylaw No. 9566* and has been forwarded to City Administration for the purpose of ensuring City Council is informed.

DISCUSSION

As outlined within Schedule A of *Bylaw No. 9566*, Section 9.4(3), the board shall annually report to Council on the operation of the Plan. Appendix A is a copy of the 2017 Annual Report, which includes the following information:

- An overview of the plan status, its governance and claims management
- Actuarial valuation highlighting the Plan is solvent and outlining the Plan changes that took effect on July 1, 2017
- Management of investments including investment results
- Audited financial statements for the period ending December 31, 2017

Plan enhancements to the Regina Civic Employees' Long Term Disability Plan were presented to Council in June 2017 and approved. The 2017 plan amendments include:

1. Limitations and Exclusions - add exclusion for pre-existing condition
2. Employment Insurance (EI) Offset – Remove requirement for benefit to be offset by EI payments
3. Own Occupation Period – Increase to 24 months from 12 months
4. Cost of Living Adjustment – change to mirror the pension plan
5. Benefit amount – Increase to 75 per cent of earnings from 65 per cent of earnings
6. Contribution rate – Reduce contribution rates by 50 per cent for both employers and employees

A report containing the 2016 Annual Report was forwarded to City Council on September 25, 2017. Highlights captured within this 2017 report in comparison to that reported within 2016 annual report are:

- Net assets available for Benefits \$51.8 M in 2017, up from \$50.2 M in 2016
- Disability Obligations \$17.9 M in 2017, up from \$14.4 M in 2016
- Surplus \$33.9 M in 2017 from \$35.8 M in 2016
- Funding Status 290 per cent in 2017, down from 350 per cent in 2016 (target funding status of 136 per cent)
- Investment Returns \$2.8 M in 2017, up from \$2.0 M in 2016
- Administration expenses \$0.8M in 2017, from \$0.9M in 2016
- Disability Benefit Payments \$2.7M in 2017, up from \$1.8M in 2016

RECOMMENDATION IMPLICATIONS

Financial Implications

Based on the information contained within this report, the Plan is considered to be solvent reporting a \$33.9M surplus and a funding status of 290 per cent. The target funding status is 136 per cent. The Plan amendments implemented in 2017, which included a reduction in premium rates, were partially intended to address the overfunding in this Plan. It will take time to realize the impact of these changes.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

None with respect to this report.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

None with respect to this report.

DELEGATED AUTHORITY

The recommendation contained in this report is within the delegated authority of City Council.

Respectfully submitted,

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Steve Eger, Director
Human Resources

Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'Diana Hawryluk', written in a cursive style.

Diana Hawryluk, Executive Director
City Planning and Development

Report prepared by:
Christine Heroux, Manager Payroll, Analytics & Employee Administration