



**IRON WORKERS LOCAL 764 BENEFIT
AND PENSION TRUST FUNDS**

NEWSLETTER

December 2012

TO: ALL PLAN MEMBERS

**RE: IMPORTANT CHANGES TO THE BENEFIT AND PENSION PLANS
EFFECTIVE JANUARY 1, 2013**

This Newsletter is being sent to all Plan Members to inform them of the current financial position of the Pension and Benefit Trust Funds and decisions regarding changes to the plans that were made by the Board of Trustees effective January 1, 2013.

The Trustees are implementing changes to the Pension Plan to improve the financial stability of the Fund. These sound decisions, while difficult to make, are necessary in order to help the funding status of the plan.

The Financial status for the Benefit Trust Fund has improved significantly over the last two years. As a result the Trustees are able to implement benefit improvements to the Welfare plan including a New Pay-Direct-Drug Plan.

Included with this Newsletter you will find:

- ✓ Summary of Welfare and Pension Benefits (White)
- ✓ Summary of Prescription Drug Plan - January 1, 2013 (Blue)
- ✓ Summary of Welfare Benefit Improvements - January 1, 2013 (Yellow)
- ✓ Summary of Pension Benefit Changes - January 1, 2013 (Green)

NEW BENEFIT BOOKLET

Plans are underway to have a new member benefit booklet printed, incorporating all of the changes since the last booklet. In the meantime, please refer to the attached **SUMMARY OF WELFARE AND PENSION BENEFITS** which provides a brief summary of the Benefit and Pension Plans.

ANY QUESTIONS?

Please read the enclosed information carefully and keep it in a safe place. If you should have any questions regarding your eligibility or the benefits please contact the Plan Administrator's Office. Their experienced Contact Centre staff is available to respond to your inquiries concerning all aspects of your claims as well as your eligibility for coverage under the Plans.

By Phone - Manion Wilkins & Associates Ltd.
Contact Centre
Toll Free ☎ 1 866 532-8999

By Mail - Manion Wilkins & Associates Ltd.
21 Four Seasons Place, Suite 500
Etobicoke, ON M9B 0A5

PENSION DEPARTMENT

By Phone - Manion Wilkins & Associates Ltd.
Helen Duniec 416-234-3555 or
Toll Free ☎ 1 866 263-5621 EXT. 3555

By Mail - Manion Wilkins & Associates Ltd.
222 Rowntree Dairy Road, 3rd Floor
Woodbridge, ON L4L 9T2

By email - info@manionwilkins.com

THE BOARD OF TRUSTEES IRON WORKERS LOCAL 764 BENEFIT AND PENSION PLANS

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IRON WORKERS LOCAL 764 PENSION PLAN

Pension

December 2012

SUMMARY OF PENSION BENEFIT CHANGES -JANUARY 1, 2013

Supervision and regulation of pension plans in Newfoundland and Labrador falls to the Financial Services Regulation Division of Service NL, through the Superintendent of Pensions. The Superintendent monitors pension plans registered in the province to ensure they are adequately funded as required under the Newfoundland Pension Benefits Act (the "Act"). When there is a funding shortfall, the Act requires that changes be made to the plan to meet the funding requirements.

An assessment of the Pension Plan's financial position as at December 31, 2010 indicated that the Plan had deficiencies both on a going concern basis and on a solvency basis. On a solvency basis, the ratio of assets to liabilities fell from 75% to 58.9%; ideally this ratio should be 100% or higher. In addition, the expected contributions were not sufficient to provide the annual cost of future benefits.

These deficiencies are the result of declining interest rates and ongoing volatility in the investment marketplace.

As the current contributions are not adequate to cover the cost of the future benefits at the current benefit accrual rate and to provide for the funding of the current solvency deficiency over a five year period, the Newfoundland Pension Benefits Act requires that changes be made to the plan to meet the funding requirements.

PLAN CHANGES

Having reviewed the financial and regulatory compliance obligations of the Pension Plan with the Trust Fund's Actuary and Administrator, and in order to address the funding requirements of the Act, the Board of Trustees has reluctantly approved the following changes to the Plan:

Revised Benefit Formula

The benefit rate for service on or after January 1, 2013 is reduced from 2% of contributions to 1.5% of contributions. This only applies to benefits earned by members for hours reported to the Plan on or after January 1, 2013.

Lump Sum Commuted Value Transfers

Any commuted (lump sum) value transfer payments out of the Plan on termination or death will be restricted to 58.9% of the commuted value. The remaining 41.1% of the commuted value will remain in the

Plan for five years. At the end of the five year period, the amount held back will be credited with interest and the remaining transfer payment will be made.

The Trustees recognize that these measures may appear drastic. They are, however, necessary to improve the long term financial stability of the Plan and also to satisfy the requirements of the Newfoundland Superintendent.

ADDITIONAL CONTRIBUTIONS OF THE PENSION PLAN

In order to improve the financial stability of the pension plan, the Union has arranged for an additional \$1.00 per hour, effective May 1, 2013 to be directed to the Pension Plan and earmarked as "Non-Pensionable" contributions. This additional \$1.00 per hour in contributions will be allocated directly to the assets of the Pension Fund and will not be used in the calculation of your pension benefits.

The Trustees want to assure the membership that they, in conjunction with the Newfoundland Superintendent, are doing their utmost in protecting your pension benefits and interest.

Any Questions?

If you have any questions regarding the items addressed in this newsletter or your Plan, please call your Local Union Representative or the Pension Department of the Office of the Plan Administrator.

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Important Note:

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**The Board of Trustees of the
Iron Workers Local 764 Pension Plan**

IRON WORKERS LOCAL 764 BENEFIT PLAN

Welfare

December 2012

SUMMARY OF WELFARE BENEFIT IMPROVEMENTS - JANUARY 1, 2013

The Board of Trustees held a meeting recently to review the financial status of the plan and the cost of the current benefits being provided to its members. As a result of their review, the Trustees are pleased to announce the following:

Insured Benefits *:

- **Member Life** will be increasing from \$50,000 to \$80,000
- **Accidental Death & Dismemberment** will be increasing from \$50,000 to \$80,000
- **Dependent Life** is added to the plan. The coverage for Spouse is \$10,000 and Child \$5,000

*Note: To be eligible for these increases a member must be actively at work or available for work on January 1, 2013. If you are disabled, you will not be eligible for these increases until you return to active work.

Health Benefits

- **Visioncare: Lenses and Frames or Contact Lenses (includes eye exams)** will be increasing from \$250 to 300 every 24 months
- **Drugs** overall maximum will be increasing from \$5,000 to \$10,000
- **A New Pay-Direct Drug Plan** added to the plan (see attached Summary of Prescription Drug Plan)

Dental Benefit

- **Denture** replacements will be covered every three years

No Change to the Current Monthly Deduction Rates and Monthly Self-Pay Rates

The Trustees are pleased to announce that there will be **No Change** to your Monthly Deduction rates and Self Pay rates effective January 1, 2013. The current rates, which have been in effect since June 1, 2009, will remain in force for 2013.

Deduction Rates:

| | Current Hourbank Deduction | |
|-------------------|----------------------------|------------------------|
| | Hours | Dollars |
| Monthly Deduction | 150 hours | \$225.00 |
| Reinstatement | 150 hours | \$225.00 |
| New Member | 450 hours | \$675.00 (3 months) |
| Maximum Hour Bank | 1,800 hours | \$2,700.00 (12 months) |

Self-Pay Rates:

| Current |
|---------------------------------------|
| \$130.00 per month, maximum 12 months |

Coordination of Benefits

As a Reminder:

If you have coverage under your Spouse's Plan, benefits may be coordinated with your Spouse's plan for amounts not covered under this plan. After receiving payment under this plan, simply submit your Explanation of Benefits (cheque stub) to your Spouse's plan for reimbursement of the unpaid balance.

Any Questions?

Please contact Manion Wilkins & Associates Ltd. through one of the following options if you have any questions regarding this newsletter, benefit coverage or submission of claims:

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21 Four Seasons Place, Suite 500
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**The Board of Trustees of the
Iron Workers Local 764 Benefit Plan**

IRON WORKERS LOCAL 764

SUMMARY OF WELFARE AND PENSION BENEFITS

Welfare Benefits of January 1, 2013

| | Benefit Coverage (per covered person) |
|--|---|
| Member Life Insurance Benefit | Eligible active ("in-benefit") Members: \$80,000 |
| Dependent Life | <p>Eligible active ("in-benefit") Members:</p> <p>Spouse - \$10,000 Each child - \$5000</p> |
| Member Basic Accidental Death & Dismemberment Benefit | Eligible active ("in-benefit") Members: \$80,000 |
| Health Care Benefits | <p>Eligible active ("in-benefit") Members and their Dependents</p> <p>Deductible: Nil</p> <p>Percentage Payable: 80%</p> <p>Prescription Drugs:</p> <p>Overall Maximum: \$10,000 per calendar year</p> <p>Maximum Drug Benefit for ED drugs (Viagra etc): \$500 per calendar year included in overall drug maximum</p> <p>Dispensing Fee: The plan pays a dispensing fee maximum of \$6.50 per prescription</p> <p>Ingredient Cost: The plan pays the lowest cost drug wholesale price plus a 10% mark-up.</p> <p>Health Practitioners' Benefit Maximum:</p> <p>Chiropractor, Osteopath, Naturopath, Podiatrist, Chiropodist, Physiotherapist, Registered Psychologist, Speech Therapist or Registered Massage Therapist: An overall maximum of \$500 per calendar year for all practitioners combined; and overall X-ray allowance of \$25 per calendar year</p> |

IRON WORKERS LOCAL 764

SUMMARY OF WELFARE AND PENSION BENEFITS (continued)

Welfare Benefits of January 1, 2013

| | |
|---|---|
| Health Care Benefits (continued) | <p>Vision Care Benefit Maximum:</p> <p>Lenses and Frames or Contact Lenses: \$300 in any 24-month period (includes eye examinations)</p> <p>Laser Eye Surgery - \$3,000 per lifetime</p> <p>Hearing Care Benefit Maximum (in any 24-month period): \$250</p> <p>Foot Care Benefit Maximum:</p> <p>Orthopedic Shoes (per calendar year): \$300</p> <p>Arch Supports, Molds, or other Orthotic Devices (every 2 calendar years, or per calendar year if under age 18): \$200</p> |
| Dental Care Benefits | <p>Eligible active ("in-benefit") Members and their Dependents</p> <p>Deductible: Nil</p> <p>Fee Guide: 2010 Dental Association Fee Guide for General Practitioners of the Province of Newfoundland</p> <p>Percentage Payable:</p> <p>Routine Care: 80% Major Dental Services: 50%</p> <p>Combined Routine Care and Major Services Maximum: \$2,000 per calendar year</p> <p>Note: Denture replacements are covered every 3 years</p> |

IRON WORKERS LOCAL 764

SUMMARY OF WELFARE AND PENSION BENEFITS (continued)

Pension Benefits of January 1, 2013

| | |
|--|--|
| Pension Benefits | 3% of contributions (including voluntary contributions) received on your behalf from February 1, 1981 to December 31, 2007 |
| | PLUS |
| | \$3.00 for each year of continuous Union membership from your initiation date or last re-initiation date before February 1, 1981 |
| | PLUS |
| | 2% of contributions (including voluntary contributions) received on your behalf from January 1, 2008 to December 31, 2012 |
| PLUS | |
| 1.5% of contributions (including voluntary contributions) received on or your behalf on or after January 1, 2013 | |

IRON WORKERS LOCAL 764 BENEFIT PLAN

Welfare

December 2012

SUMMARY OF PRESCRIPTION DRUG PLAN – JANUARY 1, 2013

The Trustees are pleased to provide members with a New Pay-Direct-Drug Plan.

HOW IT WORKS

Members will be provided with a new Benefit card. This benefit will work for both your drug plan and dental plan. Simply show the card to your Pharmacist or Dentist and your claims will be electronically processed. Your Pharmacist or Dentist will advise you of the amount the plan will reimburse and the remaining amount that you will have to pay. No more claims forms to complete.

The new benefit cards will be mailed to you in mid-January. The Pay-Direct feature will be activated as soon as you receive your card.

MANAGED HEALTH CARE

The Board of Trustees, in association with Manion, is introducing a Managed Health Care Plan for Prescription Drugs purchased on or after January 1, 2013.

WHAT IS MANAGED HEALTH CARE?

A Managed Health Care Plan is designed to control costs to the Plan while maintaining quality health care coverage. Health Care costs have been rising rapidly in the past few years at a rate much higher than inflation. In particular prescription drug costs have increased significantly each year over the past 10 years.

A Managed Health Care Plan for prescription drugs works to reduce costs by limiting the amount reimbursed for the Pharmacists' dispensing fees and mark-ups. Not all pharmacists charge the same price for the same drug as they include their own mark-ups. Once you become aware of these costs, you can shop around for the best available price.

The Trustees also want the members to be aware of lower-priced medications such as generic equivalent drugs. Many brand name drugs have a recognized generic equivalent. Generic drugs contain the same medicinal ingredients as brand name drugs, but are up to two to three times less expensive.

Pharmacists' Dispensing Fees

The costs are controlled by limiting the amount the plan will pay for the pharmacist's dispensing fee. The pharmacist's dispensing fee is part of the overall cost of the drug you purchase. Dispensing fees can range from \$2.00 to as high as \$11.00. For example, if the average cost of a prescription drug is \$40.00, approximately \$30.00 is the actual ingredient cost and the remaining \$10.00 is the dispensing fee. The dispensing fee portion of the drug is posted at the pharmacy. In addition, members can access a list of pharmacies in their area and their dispensing fees.

Pharmacists' Mark-Up on Ingredient Cost

Included in the ingredient cost portion of the drug is the pharmacist's mark-up. These can range from 5% to 20% depending on the particular drug and the pharmacy who dispenses it. It is important for members to understand these hidden costs and to shop around for the best available price.

WHAT THE PLAN COVERS:

- Eligible prescription drugs will continue to be payable at 80% reimbursement.
- The Plan will reimburse you up to \$6.50 per prescription for the dispensing fee portion of the cost.
- Drug compounds, solutions, creams and mixtures will be reimbursed up to \$30.00 for the professional fee, inclusive of the regular dispensing fee of \$6.50 per prescription. A drug compound is special medication made up of a combination of drugs. A compound is considered one prescription.
- All maintenance medications are limited to one dispensing fee of \$6.50 in a 90-day supply. You can help reduce costs by asking your doctor to prescribe, and your pharmacist to dispense, a 90-day supply of your regular (maintenance) medication. More information on maintenance medications is included later on.
- The ingredient cost will be limited to the lowest cost for which a drug can be purchased from a drug wholesaler plus a 10% allowance for mark-up.

THE PLAN DOES NOT COVER

- Over the counter medications or drugs for which a prescription is not required by law (federal or provincial)
- Anti-obesity drugs (unless medically necessary)
- Medication which is provided and administered by a health care practitioner (unless they legally require a prescription)
- Homeopathic medicines
- Drugs which are not considered medically necessary, e.g. cosmetic or weight loss/lifestyle.
- Drugs, biologicals and related preparations which are intended to be administered in Hospital on an in-patient or out-patient basis and are not intended for a covered person's use at home
- Charges for drugs, sera, injectable drugs or supplies which are not approved by Health and Welfare – Canada or are experimental or limited in use whether or not so approved
- Vaccinations and immunizations

MAINTENANCE MEDICATIONS

Many medications prescribed by doctors are maintenance medications. These are drugs which you have been taking for at least six months and you will be required to take for a long period of time for your particular condition, some examples of maintenance medications include blood pressure medication, birth control pills, heart medication, and thyroid pills, etc.

Each time you fill your prescription, a dispensing fee is paid. If you purchase your drugs every month, you are paying 12 dispensing fees in a year. If you are on a maintenance drug, you should ask your doctor to prescribe, and your pharmacist to dispense, a 90-day supply of the drug. By purchasing maintenance medication every 90 days, you are reducing the number of dispensing fees to 4 per year. This procedure is suggested for maintenance medications only, i.e. drugs that you take on a regular basis. Maintenance drugs can be identified by the drug card program at the time your claim is processed.

When a claim for maintenance medication is covered for which you did not get a 90-day supply, you will be advised to ask for a 90-day supply on your next prescription.

GENERIC DRUGS

Many brand name drugs on the market have a generic equivalent. In Canada, a generic drug has the same active ingredients as the brand name version.

It is recommended that you ask your health care practitioner to prescribe a less expensive generic equivalent drug if there is one. It does not mean your health care will be negatively impacted because in Canada the generic drug has the same active chemical ingredients as a brand name drug. Generic substitution is the substitution of a less expensive drug for the originally prescribed brand name drug. This can be done by the pharmacist without the consent of your health care practitioner and is the normal practice of many pharmacists for a number of drugs.

The following illustration shows the cost of a well known brand name drug versus the cost of the generic equivalent drug. The generic drug will work the same way as the brand name drug, but by purchasing the generic equivalent, you will save money:

| Name of Drug | Cost |
|---|---------------|
| Brand name Zantac 150 mg, twice daily, 90 days supply | \$455.40 |
| Generic name Ranitidine, 150 mg, twice daily, 90 days' supply | \$ 79.20 |
| | (83% savings) |

You can help by asking your pharmacist to provide a generic substitute.

PHARMACY LISTING

You have the choice of purchasing your drugs anywhere you like. However, in order to assist you in choosing a lower cost pharmacy a list of pharmacies and their current dispensing fees is available. Simply click on www.manionwilkins.com, then click on Claims, then click on Managed Health Care, choose your province, then your city and you will find the names and addresses of the pharmacies in your city indicating the maximum, minimum and average level of their dispensing fees charged. This list is updated on a quarterly basis. This information is also available by contacting the Plan Administrator's Contact Centre at 1-866-532-8999.

IMPORTANT NOTE RE: SPOUSAL & DEPENDENT COVERAGE

If your Spouse has coverage under another plan, your spouse's claims must be submitted to the other plan first. In other words, your spouse's plan is the "first-payor" of your spouse's claims. This plan is the "first-payor" of your claims.

The "first-payor" for your dependent children depends on the calendar month in which you and your spouse were born. The benefit plan for the spouse whose birth month occurs first in the year is to pay the claims on behalf of your dependent children first. The unpaid balance is then submitted to the benefit plan of the spouse whose birth month occurs second in the year. For example, if you were born in January and your spouse was born in October, your plan would be "first-payor" of claims on behalf of your dependent children.

Benefits may be coordinated with your spouse's plan for amounts not covered by the "first-payor" in accordance with the Coordination of Benefits Provision of the policy. Refer to your benefit booklet under the Coordination of Benefits section for further details.

ANY QUESTIONS?

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