

# Important news about your PSGIP benefits program



November 2021

## Change to the Long-Term Disability Plan

Effective December 25, 2021

Your benefits coverage through CUPE Locals 1145, 1770, 1775 and 3260 is an important part of your total compensation package, providing health and dental coverage and financial protection for you and your family throughout your career. In addition to health and dental benefits, the program also includes important financial protection through life and accident insurance, as well as disability plans. **We are pleased to announce an improvement to your long-term disability coverage.**

### Background

The CUPE Benefit Plan provides long-term disability (“LTD”) coverage to approximately 960 members under CUPE 1145, 1770, 1775 and 3260 in Prince Edward Island. The provisions of the LTD plan are **aligned** with your pension plan – Prince Edward Island Education Pension Plan (“ESPP”) - in regards to termination age and pension contribution level. If you become disabled and in receipt of long-term disability benefits, an additional percentage of your earnings is paid on your behalf to cover your contributions to the pension plan.

As you are aware, effective December 25, 2021, the members of CUPE Locals 1145, 1770, 1775 and 3260 will be transitioning from the Education Sector Pension Plan (ESPP) to the Prince Edward Island Public Sector Pension Plan (“PSPP”). Under the “PSPP”, the eligible age for an unreduced pension is 62 and the pension contribution rate is slightly higher than under the “ESPP”. To ensure the LTD coverage remains **aligned** with the pension plan, the termination age under the LTD plan will change to age 62 and the pension contribution while disabled will increase. This change will prevent any disabled employee on LTD from having to take a reduced pension, which would negatively affect their future retirement. See below for more information.

### What’s Changing

#### Extended termination age for your long-term disability plan

Effective December 25, 2021, the termination age for the LTD Plan will be extended from age 60 to age 62 for disabilities commencing on or after that date, plus, the pension contribution rate will be increased to the level under the “PSPP”.

These LTD Plan improvements require an increase to the LTD rate, which will be cost-shared equally between employees and employers. Typically, the premium rate is adjusted April 1 of each year; however, with the pension plan change becoming effective December 25, the premium rate will be adjusted January 1, 2022.

To account for both the plan enhancement and the current renewal experience, the premium rate will increase 17.7% effective on the first pay of January 2022 and will remain unchanged until April 1, 2023.

The following table provides an overview of the per pay impact using a sample of salary ranges:

	12-month employees			10-month employees		
	Your cost per pay			Your cost per pay		
	Current	New	Difference	Current	New	Difference
<b>Long-term disability</b>						
<b>\$30,000</b>	\$22.94	<b>\$27.00</b>	\$4.06	\$25.02	<b>\$29.45</b>	\$4.43
<b>\$40,000</b>	\$30.58	<b>\$36.00</b>	\$5.42	\$33.36	<b>\$39.27</b>	\$5.91
<b>\$50,000</b>	\$38.23	<b>\$45.00</b>	\$6.77	\$41.70	<b>\$49.09</b>	\$7.39

## Active Members over age 60

Currently, LTD coverage stops at age 60 and LTD premium payments end at age 60, less the qualifying period (which is the later of sick bank and 4 months). With the LTD Plan extension to age 62, active employees age 60 and over will now be covered for LTD.

Members under age 62 will begin premium payments effective December 25, 2021, with coverage ending at age 62 and premium payments stopping at age 62 less the qualifying period. Retroactive premiums are not required and the pre-existing condition exclusion is waived for any employees who are reinstated for LTD coverage due to this change in the termination age.

For the active employees who are required to rejoin the LTD program, the following table provides an overview of the per pay impact using a sample of salary ranges:

	12-month employees			10-month employees		
	Your cost per pay			Your cost per pay		
	Current	New	Difference	Current	New	Difference
<b>Long-term disability</b>						
<b>\$30,000</b>	\$0	<b>\$27.00</b>	\$27.00	\$0	<b>\$29.45</b>	\$29.45
<b>\$40,000</b>	\$0	<b>\$36.00</b>	\$36.00	\$0	<b>\$39.27</b>	\$39.27
<b>\$50,000</b>	\$0	<b>\$45.00</b>	\$45.00	\$0	<b>\$49.09</b>	\$49.09

## Have Questions?

For more information about the LTD plan, visit the CUPE benefits website at [mybenefitplan.ca/groupCUPE/home.aspx](http://mybenefitplan.ca/groupCUPE/home.aspx) or consult the CUPE Benefits Booklet. If you have any questions about this change, please contact Johnson Inc:

902-628-3537 – Charlottetown area  
 1-800-371-9516 – Toll free  
 8:30 a.m. – 4:30 p.m., Monday to Friday  
**PEI@johnson.ca**

*This bulletin provides a summary of some of the provisions of the Long-Term Disability Plan (LTD). The LTD plan is governed by the official insurance contracts. In the event of any inconsistency between this summary and the official documents, the latter will supersede*