

Annual Report 2020



BENEFITS
OF FILM

IATSE 891 | ACTIVE HEALTH PLAN

BENEFITS
OF FILM+

IATSE 891 | 60+ HEALTH PLAN

Making the most of your Plan

Your *Benefits of Film/Benefits of Film+* Plan is provided through a Health Benefits Trust. This report summarizes how the Health Benefits Trust is financed, the cost of the services provided, and the governance principles followed by the Trustees. It also summarizes changes made throughout the year and provides tips and information on making the most of your benefits.



The health of the Plan has a significant effect on the benefits you receive. Understanding what drives those benefits not only makes you a smarter benefits consumer, but it also provides valuable background knowledge when there are plan changes or enhancements.

While this report is available to all members of Local 891, most Plan benefits only apply to members who meet the hour bank eligibility requirements. **There are three exceptions:**

1. All non-retired members in good standing of Local 891 have life insurance until their 65th birthday. Your coverage amount varies based on your work history. If you are covered by the hour bank, life insurance coverage will reduce or terminate at the earlier of your 65th birthday or the effective date of your retired union status.
2. All members of Local 891 have support for residential/non-residential rehabilitation for drug and alcohol abuse.
3. All members of Local 891 have Employee and Family Assistance Program (EFAP) coverage.

If you have any questions, please do not hesitate to contact the *Benefits of Film* team at J&D Benefits Inc. or at the IATSE Local 891 Union office. They are standing by to help you understand the Plan and communicate with Plan administrators and providers.

You can find all contact details at the back of this report.

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A message from the Trustees

Welcome to the 2020 *Benefits of Film/Benefits of Film+* Report for Plan members looking back on 2019.

Your health benefits plan was established by IATSE 891 in 1992 to support members and your families by providing benefits meeting your unique needs on a financially sustainable, not-for-profit basis. As with much of 2020, the provision of this report was subject to delays due to the pandemic. Your benefits are safe. We do not envision any reductions in these challenging times as we have drawn upon our reserves in protecting your health. Assisting you in maintaining good health for you and your families is what we do.

As we begin 2021, we continue to manage a plan with growing assets meant to provide for current and future benefits. At the end of 2019 – which is reflected in the accompanying financial statements – our assets stood at over \$182 million. But, 2019 was pre-COVID-19 and our strong balance sheet allowed Trustees to maintain all active hour banks at pre-COVID-19 levels through to October 2020 so members remained fully covered as the industry slowly recovered and got back to work. While the pandemic is a continuing threat, now with a vaccine rollout expected in 2021 we continue to monitor and safeguard your benefits.

The Trust remains in a stable financial position to keep providing the benefit coverage our membership values so much.

Benefit coverage is made possible by funding through Local 891 contracts, with employers remitting to the Plan for hours worked by the membership. Members who work enough to qualify for the hour bank, are provided full benefit coverage, but Union members of all status have coverage for the Employee and Family Assistance Program (EFAP) and residential/non-residential rehabilitation for drug and alcohol abuse. Also, all Union members in good standing are covered for life insurance to at least age 65.

As Trustees, our objective is to maximize the value of benefits based on the funding received from employers, to provide benefits impartially within the financial resources of the Trust and to remain accountable to the membership.

Included in your Plan are frequently claimed benefits such as prescription drugs (part of extended health) and dental coverage; as well as less frequently claimed benefits such as Short-term disability (STD) and rarely claimed benefits such as critical illness or life insurance.

Benefits are there to support you and other Plan members for both daily health-related expenses and should the unexpected occur.

We, the elected Trustees, volunteer our time to set general administrative policies implemented in conjunction with the IATSE 891 Union office and third-party administrators such as J&D Benefits and Canada Life. All information about the benefits and rules are outlined in the Plan booklets and online at the IATSE 891 website. Plan benefits are provided through Canada Life (formerly Great West Life), Homewood Health, AIG, Chubb, and FSEAP.

As elected Trustees, we serve a six-year term of office. We meet between five and seven times per year. In 2019-20 we engaged in a strategic planning process with a combination of Zoom and in-person, socially distanced meetings. We operate autonomously from, but work closely with the Union. Our roles and responsibilities are outlined and established in a trust agreement with the Union. To advise us with plan design, financial planning tasks and governance, we use consultants and investment managers to manage the funds entrusted to us and legal counsel as required. The Plan's financial records are audited annually.

We attend educational sessions regularly to upgrade our knowledge. We seek to anticipate changes so we can handle issues that arise in a measured way, and ensure your access to health benefits – today and in the future.

In Solidarity, your Board of Trustees

- Tom Adair (Chair)
- Paul Klassen (alternate Chair)
- Phil Klapwyk (Business Representative, Local 891)
- Mark Aviss
- Tom Kaczmarek
- Dusty Kelly
- Jeffery Seeger

What's new

Trustees manage your Plan with the goal of maximizing the benefits provided to eligible members within the financial resources available to us. This entails careful consideration of the benefits being provided taking into consideration past decisions, impact and costs. Changes in coverage are evolutionary not revolutionary. Our planning horizon is measured in decades while we deliver services daily.

The Plan must ensure we have adequate funds on hand for your current benefits and additional reserve funds combined with funding expectations for the longer term. Benefits are funded by the Trust's assets and ongoing remittances from producer's levies negotiated by the Union. If the funds on hand and expected funding is not sufficient to support the projected benefit costs into the future, the Trustees would need to amend the Plan to bring it in line with funding or obtain additional funding.

To ensure benefits are sustainable and that the Plan has enough resources to cover any potential liabilities, the Trustees continually monitor the Plan's funding and benefit usage. Liabilities of the Trust will fluctuate from due to changes in member demographics and the Trustees need to make sure the plan responds to your changing health care needs. Some of these changes recently include the impacts of COVID-19, but the average age of membership, inflation, death rates, new medications and rates of benefit use are all factors actively monitored by the Trustees.

The Trustees, with guidance from experts, have maintained the intensive and ongoing process of reviewing plan design, governance, and suppliers over the years. As a result, a number of improvements came into effect in 2019. You may have seen them in the Summer 2019 edition of Kinetoscope. Below are some of the most significant changes. The repurposing of MSP premiums the Plan had paid for many years has allowed for these to occur. The introduction of Long-term disability (LTD), in particular has been a long desired improvement for many years.

January 1, 2019

- STD benefit was increased from \$547 per week to \$725 per week for up to 40 weeks, to help ensure you and your family are protected if you can't work due to injury or illness.

July 1, 2019

- A new LTD benefit was introduced to assist those members who need further assistance after the 40-week STD benefit. The LTD benefit is \$725 per week for up to 104 weeks. To be eligible, you must be covered under the *Benefits of Film* IATSE 891 Active Health Plan (excluding full self pays) and become disabled on or after July 1, 2019.
- Coverage for medical cannabis began. Subject to a calendar year maximum of \$2,500, the drug is eligible to be claimed if it has been prescribed by a licensed physician for the treatment of:
 - Spasticity or neuropathic pain associated with multiple sclerosis;
 - Chemotherapy-induced nausea and vomiting or neuropathic pain associated with cancer;
 - Anorexia or neuropathic pain associated with HIV/AIDS; or
 - Symptoms associated with palliative care.
- Occupational Therapy was added to the list of paramedical services. It's paired with Physiotherapy for a combined calendar year limit of \$700.
- The maximum reimbursement for rehabilitation for drug and/or alcohol misuse changed from 70% of the cost up to \$5,000, two times per lifetime, to a total of \$10,000 per lifetime at the same 70% of cost. The goal of the change is to facilitate multiple, smaller uses of the benefit. Detox has also been added to the list of eligible expenses.

July 1st 2019 and July 1st 2020

- Your Healthcare Spending Account (HCSA) amount deposits were the same in 2019 and in 2020, as eligible members have seen \$500 deposited into their HCSA on July 1 of each year. The Plan automatically rolled over unused 2019 funds on July 1, 2020.

COVID-19 Pandemic response

In March of 2020 the Trustees decided to maintain active hour banked hours to preserve all members' coverage and hours for future usage without the standard deduction of 140 hours per month which lasted until the end of October 2020.

Smart Tips

- You can **view your current hour bank status, hour bank history, and other important eligibility information online** at any time through J&D Benefits website at www.jdbenefits.com. You can also make current hour bank shortage payments by credit card through your online account there.
- Remember to **check your email regularly**, and to update J&D Benefits if your email address changes. J&D Benefits does not send email communications unless they are relevant to the membership or to you specifically. All correspondence from J&D Benefits will come from benefitsoffilm@jdbenefits.com, so make sure that your email controls will not send those messages into your junk mail.
- As with any other area of our lives, it makes sense to **shop wisely when using health care services**. For instance, pharmacies may charge quite different dispensing fees. The fee is shown on the prescription receipt. The difference may not be huge, but it can add up over a large membership and over an extended period.
- Differences in price can be quite large with vision care. Be sure to **get a paper copy of your prescription after your eye exam in order to check the price** of your glasses or contacts at other locations.
- If you foresee a major medical or dental expense coming up, you are encouraged to **get an initial estimate** (generally called a “predetermination”) of how much would be covered by Canada Life. This will help you plan treatment accordingly and avoid unexpected out-of-pocket expenses.
- For faster and easier reimbursement of extended health claims, **sign up for GroupNet through Canada Life** (visit <https://my.canadalife.com/sign-in> and Sign In) to submit your claims online. Also, remember to **keep your receipts for expenses submitted online for at least six months**, in case you are selected for an audit of your online claims. You can see your claims history, check remaining benefit levels, and do much more through GroupNet as well.

Plan costs for 2019

This chart presents the various major Plan costs by type for 2019. Costs are averaged over the entire year; actual costs vary from month to month.

Life and Pooled Insurance Premiums:

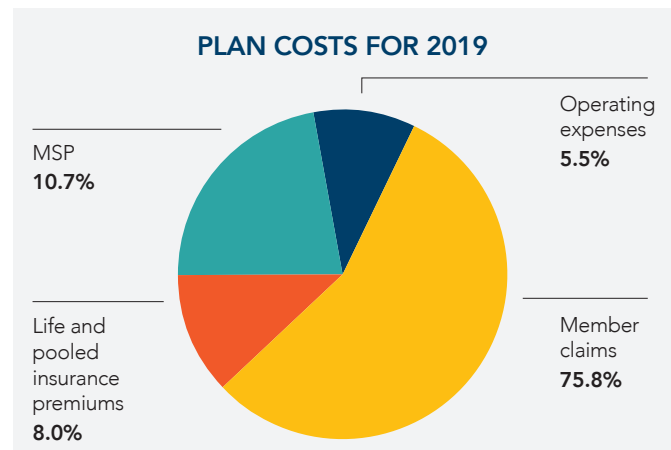
This includes Accidental Death & Dismemberment premiums, Critical illness premiums, the Employee and Family Assistance Program (EFAP), Best Doctors, Travel Assistance, and Basic Life Insurance premiums. These premiums are paid on a per-eligible-member basis.

Operating Expenses: Operating costs are for administration expenses the Union Office incurs to run the Plan, professional services, clerical expenses, consultants and Trustee education.

Member Claims: The Plan is ultimately responsible for all liabilities resulting from Dental care, Extended healthcare, Short-term disability, Long-term disability, Healthcare Spending Account, Critical illness and Rehabilitation benefits. These costs have generally increased over time for a number of reasons, such as the increasing cost of Health and Dental care, increased utilization of benefits and the increasing average age

of members. The average age of this Plan’s covered members went from 39.4 years in 1999, to 41.8 years in 2004, to 45.2 years in 2019.

MSP: MSP premiums were cut by 50% for 2018, these costs disappeared entirely in 2020 allowing for reallocation of those funds.



Sources of funding

The Plan's funding comes from three important sources, described in more detail below.

Employer Contributions: Employer payments, in accordance with the collective agreement, make up most of the funding. The average value of contributions per hour, including the "daily flat rate," has been enough to pay for benefits and operating costs in recent years.

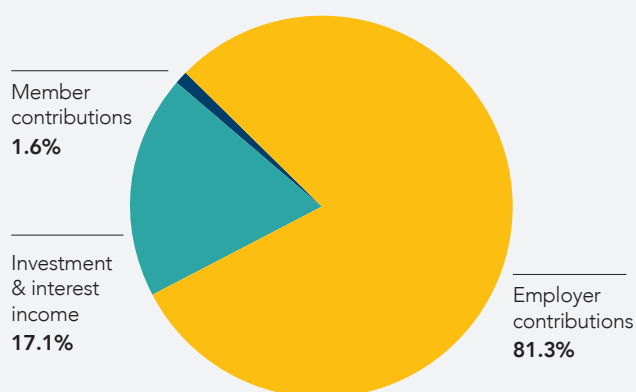
Investment Income: In most years, earnings on invested reserves are a very important part of the Plan's funding, especially for the retiree Plan. The Trust's investments are governed by an investment policy approved by the Trustees. Investment income is important to the Plan because some of the Plan's benefits are subsidized, particularly retiree benefits. Investment income helps to support such subsidies. Without investment income, earned under a conservative investment mandate, active members' hour bank draw-down would be higher. The Trust's investment policy ensures that there are sufficient liquid assets on hand to pay benefits and premiums. The investment policy also allows some assets to be invested in longer-term securities.

Member Contributions: Self-payments by members don't fully cover the costs of benefits, and are

subsidized by the Plan, however, they're still a useful funding source which allows members the option for continuous coverage in times of limited employment.

The Plan derives absolutely no funding from Union dues, and operates completely independently of the Local's finances.

SOURCES OF FUNDING FOR 2019



Financial summary

	2018	2019
ASSETS	\$146,677,000	\$182,443,000
LIABILITIES	\$90,896,000	\$105,540,000
TRUST EQUITY	\$55,781,000	\$76,903,000
INCOME		
Contributions	\$41,644,000	\$47,841,000
Investment Income	\$7,418,000	\$9,896,000
TOTAL INCOME	\$49,062,000	\$57,737,000
EXPENSES		
TOTAL EXPENSE	\$26,631,000	\$30,777,000
GAIN (LOSS)	\$22,431,000	\$26,960,000

What does it mean?

- The Trustees have provided this financial summary from the annual audited financial statements for a year-over-year comparison from 2018-2019.
- Please find attached a report of the independent auditor on the summary combined financial statements for further review.

Key definitions:

Assets: Everything the Trust owns. Most assets are held as investments in term deposits, stocks, and bonds. Other assets are cash for monthly expenses and payments receivable from employers for hours recently worked by members.

Liabilities: Everything the Trust owes. Most liabilities are the estimated future cost of benefits, represented by the membership's hour banks and the coverage we expect to provide to members already retired and who will retire in the future.

Trust Equity: A reserve maintained against unexpected adverse events. It is the calculated difference between Assets and Liabilities.

Contributions: Employer payments required by the collective agreement and self-payments by active and retired members.

Investment Income: Earnings on the Trust's investments, bank accounts and change in market value of investments.

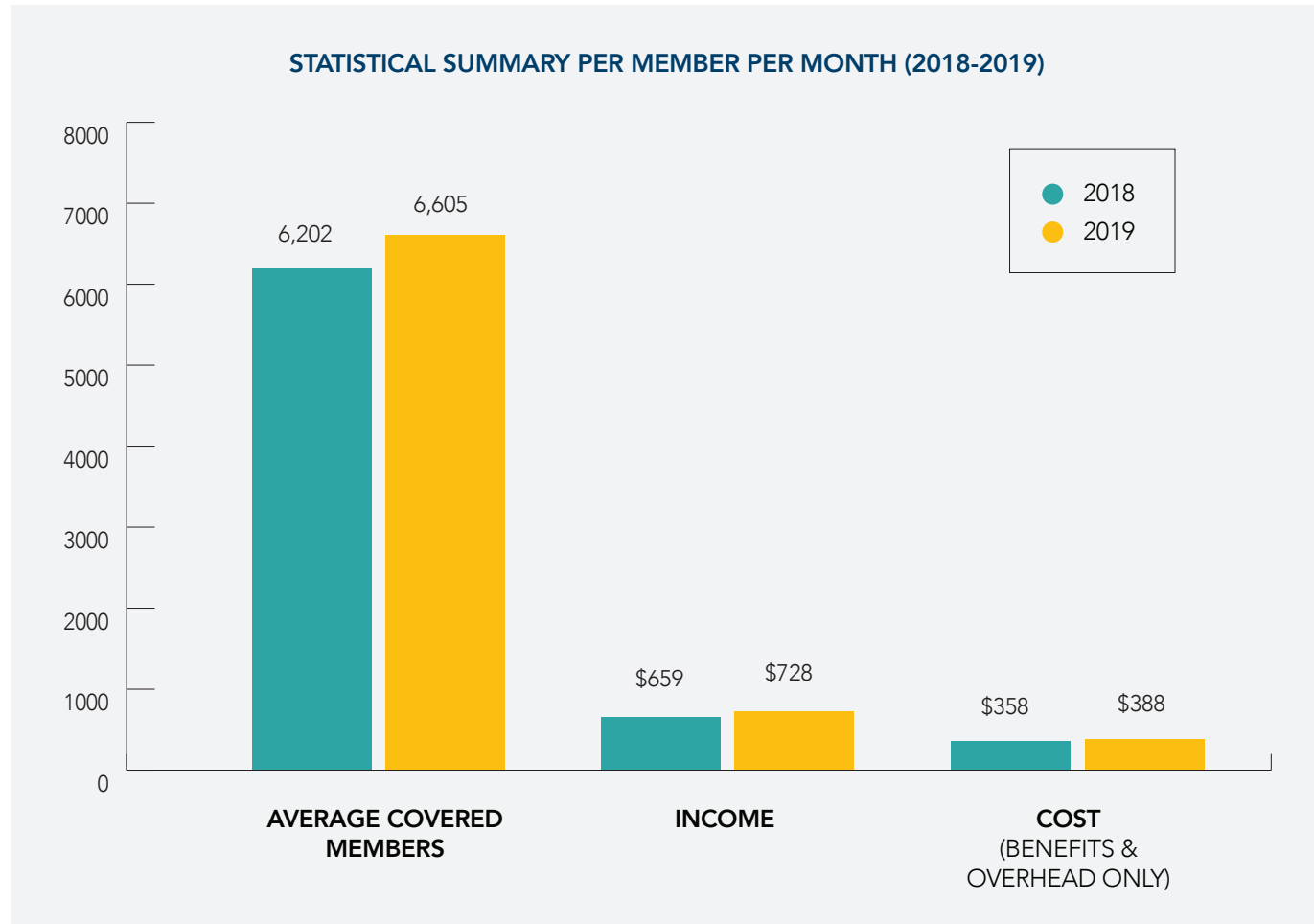
Benefit Expenses: Payments to the Medical Services Plan, Canada Life, Homewood Health, AIG, Chubb, and FSEAP for member coverage.

Operating Expenses: The cost of administering the Plan, Trustee education and meetings, and professional fees (auditor, actuary, and lawyer).

Reserves: Each year, we adjust the estimated future cost of benefits. The reserve for member hour banks goes up or down depending on whether more members are working and building their banks, or not working and drawing down their banks for coverage. Reserves for future retiree benefits increase as working members build up service. Periodically, the Trustees have the retiree liability professionally re-valued with current data.

Gain (Loss): Calculated as Total Income minus Total Expenses and Income Taxes.

Your plan at a glance



Statistical Summary Notes:

The number of covered members varies with the amount of work available. Continued membership growth in 2018 fluctuated averaging 6,202 throughout the year. The Plan ended December 2018 strong with a high of 6,420 members. At the end of 2019 our Plan covered approximately 6,605.

Income per covered member varies with industry conditions and investment performance. The number of hours worked and rates of pay have a significant impact, as does the number of permittees, who are not eligible for coverage but whose employers contribute to the Plan.

Cost per covered member tend to increase gradually over time, though annual performance can vary based on a number of factors.



Key Contacts

For information or assistance with your IATSE Local 891 ELHT, please contact:

Plan Administration:

J&D Benefits Inc.

228-8901 Woodbine Avenue, Markham, ON L3R 9Y4

Phone: Toll Free 1.800.218.7018

Fax: 1.905.477.2249

Email: benefitsoffilm@jdbenefits.com

Web: www.jdbenefits.com

Union Office:

Julie Jensen, Health Benefits Representative

1640 Boundary Road, Burnaby, BC V5K 4V4

Phone: 604.664.8914

Fax: 604.298.3456

Email: benefitsoffilm@iatse.com

Web: www.iatse.com

Employee and Family Assistance Program

The Employee and Family Assistance Program (EFAP) is a voluntary, confidential counselling and information service for all members of Local 891 and their families who are experiencing problems or are in need of professional guidance in their personal, family, or work lives. All members are eligible for this service, even if not covered on the hour bank. The service is provided by Family Services Employee Assistance Programs (FSEAP), one of Canada's largest EFAP providers. To book an appointment with FSEAP, please contact them at:

Phone: 1.800.667.0993

Web: www.fseap.bc.ca



REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

TO THE TRUSTEES
IATSE LOCAL 891 EMPLOYEE LIFE AND HEALTH TRUST

Opinion

The summary financial statements, which comprise the summary statement of financial position and changes in Trust equity as at December 31, 2019 and the summary schedules of operations and cash flows for the year then ended and related notes are derived from the audited financial statements of IATSE Local 891 Employee Life and Health Trust for the year ended December 31, 2019

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, in accordance with Canadian Accounting Standards for not-for-profit organizations.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by the Canadian Accounting Standards for not-for-profit organizations. Reading the summary financial statements is not a substitute for reading the audited financial statements and auditor's report thereon.

The Audited Financial Statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated June 2, 2020 for the IATSE Local 891 Employee Life and Health Trust.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with Canadian Accounting Standards for not-for-profit organizations.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, Engagements to Report on Summary Financial Statements



Baker & Company, Chartered Professional Accountant
Box 91773
West Vancouver, BC, V7V 4S1
June 2, 2020

Statement of Financial Position (in thousands)

Assets	2019	2018
Cash	13,126	14,374
Receivables / Prepaids	2,722	3,066
Investments	165,950	128,624
Claims Fluctuation Reserve	645	613
Total Assets	182,443	146,677
Liabilities		
Accounts payable	759	770
Income Taxes	-	1,082
Investment Stabilization Fund	4,762	(6,951)
Provision - Member Claims	2,372	2,275
Healthcare Spending Account	2,070	2,463
Provision - Current Benefits	33,308	28,988
Provision - Future Benefits	62,269	62,269
Total Liabilities	105,540	90,896
Trust Equity	76,903	55,781
	182,443	146,677

Summary Changes in Trust Equity

Trust Equity	2019	2018
Beginning of year	55,781	35,237
Revenues over expenses	26,960	22,431
Income Tax	-	(1,083)
Change in Investment Stabilization Fund	(11,713)	13,014
Change in value of investments	9,771	(11,921)
Change in Provision for Benefits	(4,320)	(1,120)
Change in Healthcare Spending Account	393	(847)
Change in Claims Fluctuation Reserve	31	70
End of year Trust Equity	76,903	55,781

Summary Schedule of Operations

Revenue	2019	2018
Production Remittances	46,921	40,628
member cash contributions	920	1,016
Interest and investment income	9,896	7,418
Total Revenue	57,737	49,062
Cost of Benefits		
Group Life	2,474	1,985
Critical Illness	1,100	1,044
AD&D	106	100
EAP	922	656
MSP	3,306	3,173
Dental	7,302	6,711
WI	3,536	2,782
EHB	9,007	7,393
GWL Administration	1,440	1,245
Administration	1,584	1,542
Total Cost of Benefits	30,777	26,631
Revenues over expenses	26,960	22,431

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

Note:

This summary (CAS) 810 is compiled from the audited financial statements we prepared on June 2, 2020.

A global medical event (Covid-19 virus) has resulted in a halt to productions in the Trust's jurisdictions.

These financial statements have been prepared in accordance with accounting standards that apply to a going concern. Management is confident that this assumption applies to the Trust.

Summary Cash Flows (in thousands)

	<u>2019</u>	<u>2018</u>
Cash and investments, beginning of year	142,998	132,914
Revenue over expenses	17,307	15,260
Income taxes	-	(1,083)
Investment Income	9,653	3,791
Change in:		
Amounts receivable	(346)	446
Estimated member claims	96	325
Accounts payable	(11)	914
Income tax	(1,081)	721
Value of investments	6,564	(12,327)
Provision for current benefits	4,320	1,120
Health care spending account	(393)	847
Claims fluctuation Reserve	(31)	70
Cash and investments, end of year	<u>179,076</u>	<u>142,998</u>

Financial Statements

These statements are compiled in accordance with Canadian Accounting Standards for not-for-profit organizations.

This summary (CAS) 810 is compiled from the audited financial statements of the IATSE Local 891 Employee Life and Health Trust.

Purpose of the Trust Fund

The Motion Picture Workers Health Benefits Trust (HBT) was established by Trust indenture dated November 30, 1992 to provide benefits to eligible members of the Moving Picture Technicians, Artists and Allied Crafts IATSE local 891 in accordance with the Benefit Plan adopted by the Trustees. Effective April 1, 2017 IATSE Local 891 Employee Life and Health Trust (ELHT) was created and received all production monies going forward. Retirees were only covered through the ELHT.

The Trustees reorganized the structure of the Motion Picture Workers Health Benefits Trust (HBT) which was merged with the IATSE Local 891 Employee Life and Health Trust (ELHT) effective February 27, 2018 as disclosed in this summary.

Approved by:



TRUSTEE



TRUSTEE