

Head Office
September 21, 2009

To: Benefit Administrators / Human Resource Personnel
From: Bud Anderson, Director, Employee Benefits
Re: Disability Income Plan Contribution Rate Changes for April 1, 2010

Actuarial valuations are completed annually on the CUPE, SUN, SEIU and General Disability Income Plans. The purposes of the reports are to monitor the financial position of each Plan and to determine the contribution rates that are required to support the Plans. At its September meeting the SAHO Board of Directors reviewed the reports and has approved the following contribution rate changes effective April 1, 2010:

- The CUPE Disability Income Plan will increase to 4.00% of salary
- The SUN Disability Income Plan will increase to 2.80% of salary

The financial position of the SEIU and General Disability Income Plans are such that no change in contribution rates is required. The contribution rate changes are within the ranges allowed by the Boards Funding Policy and were recommended to the Board by the Employee Benefits Committee.

The comments and charts below provide further details on the financial status of each Plan:

CUPE Disability Income Plan

	December 31, 2008	December 31, 2007
Surplus (deficit) from Funding Valuation	(\$4,800,000)	(3,948,000)
Number of active members	11,683	11,478
Number of long-term claims	552	536
Number of short-term claims	99	84
Contribution rates		
Recommended contribution rate effective April 1, 2010	4.00%	
Current premium	3.81%	

The CUPE Disability Income Plan's financial position has deteriorated from December 2007 year end. That deterioration relates to the increase in the number of members who were receiving benefits at the end of 2008.

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SUN Disability Income Plan

	December 31, 2008	December 31, 2007
Surplus (deficit) from the Funding Valuation	(\$10,116,000)	(\$8,190,000)
Number of active members	8,328	8,088
Number of long-term claims	251	251
Contribution rates		
Recommended contribution rate effective April 1, 2010	2.80%	
Current premium	2.65%	

The SUN Disability Income Plan's financial position continues to deteriorate. The financial deterioration in the SUN Plan relates to an increase in the duration of disability. The average duration of disability for disabled members of the SUN Plan at December 31, 2006 was 47 months. At December 31, 2008 that duration had increased to 52.9 months.

SEIU Disability Income Plan

	December 31, 2008	December 31, 2007
Surplus (deficit) from Funding Valuation	\$7,243,000	\$7,874,000
Number of active members	9,453	9,333
Number of long-term claims	445	408
Number of short-term claims	60	61
Contribution rates		
Recommended contribution rate effective April 1, 2010	3.00%	
Current premium	3.00%	

Although there was an increase in the number of members disabled at December 31, 2008 over December 31, 2007, the SEIU Disability Income Plan continues to hold a surplus.

General Disability Income Plan

	December 31, 2008	December 31, 2007
Surplus (deficit) from the Funding Valuation	\$8,417,000	\$7,395,000
Number of active members	6,902	6,842
Number of long-term claims	186	190
Contribution rates		
Recommended contribution rate effective April 1, 2010	1.54%	
Current premium	1.54%	

The General Disability Income Plan's financial position continues to improve and a significant reserve in excess liabilities exists.

A notice to Plan Members advising them of the contribution rate changes is included with this directive. Kindly arrange to post the notice in visible locations in your facility(ies).

If you have any questions about the change to contribution rates please email me at buda@saho.org or call 1-866-278-2301.

A Notice to Members of the SAHO Disability Income Plans

September 21, 2009

New Premium Rates for the CUPE and SUN Disability Income Plans

The SAHO Board of Directors has recently approved contribution rate changes for the CUPE and SUN Disability Income Plans effective April 1, 2010. The changes were recommended by the plan actuary and reviewed by the SAHO Employee Benefits Committee. As a result of the financial position of the SEIU and General Plans no contribution rate adjustments will be required.

The rates for the four Plans effective April 1, 2009 are as follows:

Plan	Current Rate	Rates effective April 1, 2010	Change in Rate
SEIU	3.00%	3.00%	No change
General	1.54%	1.54%	No change
CUPE	3.81%	4.00%	Increase of 0.19%
SUN	2.65%	2.80%	Increase of 0.15%

Cost sharing of the contributions between you and your employer is determined by your collective agreement or your employer's personnel policy. Ask your employer if you are not sure which payment arrangement applies to you.

Questions?

If you have questions about your SAHO Disability Income Plan, please contact your employer or SAHO.

