

January 3, 2013

To: Benefit Administrators / Human Resource Personnel
From: Joe Jaworski, Manager, Disability Income, Employee Benefits
Re: Employee Option to Opt-Out of 3sHealth Disability Income Plan Following Retirement and Rehire

Since December 15, 2005 the SUN Disability Income Plan has allowed SUN employees who are rehired following having retired and accessed a pension provided by their employer, the option to not join the 3sHealth (previously SAHO) SUN Disability Income Plan. Prior to January 1, 2013 this opt-out provision was not available to members of the 3sHealth CUPE, SEIU, or General Disability Income Plans.

I am pleased to advise that effective January 1, 2013 changes have been approved to all four of 3sHealth's Disability Income Plans to allow employees to elect to opt-out of the Plan in the scenario where they have been rehired following having retired and accessed a pension provided by their employer.

The new opt-out provision

Effective January 1, 2013 all employees of 3sHealth Participating Employers who retire and access a pension provided by their employer (SHEPP, PEPP, Regina Civic) and who are subsequently rehired by a 3sHealth Participating Employer and are eligible for or become eligible for membership in a 3sHealth Disability Income Plan, may choose to opt-out of the Disability Income Plan. In order to opt-out, the employee and employer must fully complete the *Opting Out of 3sHealth Disability Income Plan Benefits Form* and provide it to the 3sHealth Employee Benefits Department. This form is included with this directive and can be found on the 3sHealth website (www.3sHealth.ca). Note that unlike the previous SUN opt-out form the new opt-out form is not being produced in triplicate; so please remember to make a copy for your records before forwarding to 3sHealth Employee Benefits.

The new opt-out provision for all of the Plans, including SUN, has some differences from the previous SUN opt-out provision. The previous SUN opt-out provision stated that *"The decision to choose not to enroll must be documented prior to the date of rehire ..."* This is no longer a requirement. The decision to opt-out can now be made at any time fitting the situation of "retire, accessing a pension, and rehire". This means that any employee who previously retired and accessed a pension provided by their employer and who was subsequently rehired and was required to join a Disability Income Plan, or in the case of a SUN employee who in the same scenario chose not to opt-out, may now choose to opt-out of the Disability Income Plan. Note that the choice to opt-out cannot be applied retroactively and Disability Income Plan premiums that have been paid by the employee and/or employer up to the date of the employee's decision to opt-out are not refundable.

An employee's decision to opt-out means that they have opted-out of the Disability Income Plan in relation to all current and all future employment scenarios. As an example, an employee who retires, is rehired to a casual position, becomes eligible for DIP membership, chooses to opt-out and subsequently moves to a permanent part-time or full-time position will not be eligible to be enrolled in the Disability Income Plan based on their new permanent status.

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However, another difference with the new opt-out provision is, effective January 1, 2013, an employee who previously opted-out will be able to apply to opt-in to the Plan. In order to opt-in after previously opting-out, an employee will need to meet all eligibility requirements per the terms of the applicable Disability Income Plan and will need to be approved for coverage through the submission of required medical evidence of insurability. At this time we are not anticipating that there will be a significant number of employees who will opt-out and subsequently wish to opt-in. If an employee inquires with you regarding opting-in, please contact 3sHealth Disability and you will be provided with instructions on how to proceed.

Although an employee may have opted-out of the Disability Income Plan they may still be eligible for other 3sHealth benefits. As a result, should such an employee become disabled they should still apply to 3sHealth Disability for applicable waiver of premium benefits.

Note that the primary reason why an employee would choose to opt-out of the Disability Income Plan following retirement and being rehired is that the terms of the 3sHealth Disability Income Plans require that disability benefit payments be reduced by income a claimant receives from retirement benefits provided by a 3sHealth Participating Employer. This means that any disability benefit that an employee is eligible to receive after retire and rehire is reduced by the amount of the retirement benefit that the employee receives; in some cases the reduction can reduce the disability benefit to \$0.00. The result is that the employee and/or employer have paid full disability premiums while the employee is only eligible to receive a substantially reduced benefit. To assist in explaining this to employees who are eligible to opt-out of the Disability Income Plan after retire and rehire, we have created an information sheet titled *Opting Out of the 3sHealth Disability Income Plan – For Employees Who Retire and are Rehired by a 3sHealth Participating Employer*. The information sheet is included with this directive and can be found on the 3sHealth website (www.3sHealth.ca).

If you have questions specific to the opt-out provision, please contact the 3sHealth Employee Benefits Disability Income Plan area at 1-866-278-2301 (press 1 for disability).

Finally, we understand that the new opt-out provision may create some administrative challenges for employers. To this end we have developed iHRIS workflows that will hopefully assist with these challenges. These workflows will not be available until iHRIS version 1.5 is released in the spring of 2013. Information regarding these workflows will be provided as part of the iHRIS version 1.5 release notes. In the interim, if you have questions regarding the administration of the opt-out provisions please contact the 3sHealth Employee Benefits Administration area at 1-866-278-2301 (press 3 for administration).

Opting Out of the 3sHealth Disability Income Plan For Employees Who Retire and are Rehired by a 3sHealth Participating Employer.

Under the terms of 3sHealth's four Disability Income Plans (SUN, CUPE, SEIU and General), approved disability benefit payments are reduced by income that an employee receives from certain alternate sources. Such reductions include retirement benefits provided by an employer (examples include SHEPP and PEPP retirement benefits). This means that employees who retire and who are subsequently rehired and then become disabled receive a disability benefit that is substantially reduced by the amount of their retirement benefit. In some cases the reduction can result in the disability benefit being reduced to \$0.00.

Effective January 1, 2013, all employees (SUN*, CUPE, SEIU and HSAS, out of scope or other employees who would belong to the General Disability Income Plan) who retire and access a pension provided by a 3sHealth Participating Employer and who are subsequently rehired by a 3sHealth Participating Employer, will have the choice to opt-out of the 3sHealth Disability Income Plan. The availability of this option gives employees who have retired and been rehired the choice to not join the Disability Income Plan and therefore to not pay Disability Income Plan premiums for a disability benefit that may be substantially reduced by the amount of their retirement benefits.

Effective January 1, 2013, this option will also be available to any employee who previously retired and accessed a pension from their employer and who was subsequently rehired and joined a 3sHealth Disability Income Plan. Effective January 1, 2013, such an employee will be able to opt-out of the Disability Income Plan at any time. Note that there is no option to retroactively opt-out and any disability premiums that have been paid are not refundable.

In order to opt-out, the employee and their employer must fully complete the *Opting Out of 3sHealth Disability Income Plan Benefits Form* and provide it to the 3sHealth Employee Benefits Department. This form can be found on the 3sHealth website (www.3sHealth.ca).

Once an employee has opted-out of the 3sHealth Disability Income Plan any subsequent changes in employment status such as a change in status from casual to permanent or a move to a different 3sHealth Participating Employer, will not result in automatic eligibility for Disability Income Plan membership. Choosing to opt-out of the 3sHealth Disability Income Plan means opting-out of the Plan in relation to all employment scenarios. However, also effective January 1, 2013 an employee who opted-out of a 3sHealth Disability Income Plan on retirement and rehire will be able to apply to opt-in to the Plan. In order to opt-in after previously opting-out, an employee will need to meet all eligibility requirements per the terms of the applicable Disability Income Plan and will need to be approved for coverage through the submission of required medical evidence of insurability.

Please contact the 3sHealth Disability Income Plan area at 1-866-278-2301 (press 1 for disability) if you have any questions.

*SUN employees, through the collective bargaining process, have had the choice to opt-out on rehire following retirement since December 2005.



Opting Out Of 3sHealth Disability Income Plan Benefits Form

Employee's Name (please print):
Employee's 3sHealth Benefit Identification Number:
Employee's Address:
Employee's Retirement Effective Date (mm/dd/yyyy):
Name of Pension Plan that Employee has Accessed (SHEPP, PEBA, etc.):
Employee's Rehire Effective Date (mm/dd/yyyy):
Name of 3sHealth Disability Plan(s) Employee is Eligible to Join or is Currently a Member of (CUPE, SEIU, SUN, General):
Effective Date of Employee's Opt Out (note that this date cannot be retroactive) (mm/dd/yyyy):

I have been advised that because I have retired and accessed a pension provided by a 3sHealth Participating Employer, I am eligible to opt-out of the 3sHealth Disability Income Plan(s) that I am currently a member of or which I am eligible to join. By my signature below, I confirm that I choose to opt-out of the 3sHealth Disability Income Plan(s) and I understand I am relinquishing any and all claims to coverage and benefits under the 3sHealth Disability Income Plan(s).

Signature of Employee

Date

Name and Org # of Employer

Name and Title of Authorized Employer Representative

Signature of Authorized Employer Representative

Date

3sHealth Employee Benefits is committed to protecting the privacy of your personal information. We collect and use your personal information to determine your eligibility for coverage and to administer the benefit plans. We limit access to your personal information to 3sHealth Employee Benefits staff, to any third party authorized by 3sHealth who requires it to administer your benefits, to persons to whom you have granted access, and to persons authorized by law.