



LTD Surplus Proposal

Introduction

YUFA is the custodian of a fund held in trust for YUFA members in the amount of \$3,206,778. This balance resulted from the refund of long-term disability (LTD) premiums paid by YUFA members over the past number of years. YUFA is working with the employer to address the problems of excess premiums as well as improving the plan so that it includes indexing of benefits, increases to the monthly benefits cap and the possible introduction of partial LTD benefits (see article 26.01 of the YUFA collective agreement).

A motion was unanimously passed at the October 20, 2017 YUFA Executive Committee to recommend to members that they approve an allocation of the LTD surplus for two broad purposes: (1) to provide reserves that can be set aside as collateral for LTD improvements funded within the plan and (2) to improve YUFA's finances to avoid significant shortfalls in YUFA's Funds and allow for possible dues reductions in the future.

Context

Both the employer and Sun Life have imposed excess LTD premiums on our members for a number of years resulting in a surplus of funds. YUFA has withdrawn these funds - \$3,206,778 now held in trust - to be used for members' benefit subject to the approval of members. This is important because our LTD has some serious shortcomings which this money can put us in a better position to address, and these funds have become available at a time when YUFA members are paying a higher dues rate in order to address the depletion of YUFA's Operating and Defense Funds.

LTD Plan

Unlike other faculty plans, York's LTD plan lacks any cost-of-living adjustments. The implication of this for some members currently on LTD has been serious as income-replacing benefits have not risen in years. YUFA will propose an amendment to our employer to revise the LTD plan so that it provides indexing going forward. There is also a need to address retroactive indexing. The motion below would allow approximately half of these surplus funds to be placed in a reserve fund that could guarantee the affordability of retroactive indexing for those most seriously affected by the lack of cost-of-living adjustments in our LTD plan.

YUFA's Funds

Following years of declining funds, YUFA's Executive and Stewards' Council have adopted measures to improve YUFA's financial health. In particular, these bodies have passed a new by-

law that establishes fund targets and funds policies to ensure that significant shortfalls can be avoided in future. At the October, 2017 Stewards' Council meeting, an amendment to the YUFA By-Laws was ratified which establishes a new Funds Policy for the Association. The YUFA Treasurer now has a mandate to propose a budget and fee structure at the Annual General Meeting that provides for an amount of at least 10% of the current year's annual operating budget to be transferred into the three funds of the Association (Operating, Arbitration and Defense) for any fiscal year in which such an amount would be required to meet the fund target levels as follows: Operating Fund target (37.5%); Arbitration Fund target (7.5%) and Defense Fund target (155%).

The motion below would apply approximately half of the LTD surplus to the Association's funds. This provides an alternative to higher membership dues to meet the fund targets, and therefore should have the effect of returning some of the excess LTD premiums to current members who were overcharged. The Deposit fund of YUFA's LTD plan still includes a very healthy surplus of approximately \$3.2 million.

Proposal on LTD surplus funds:

In view of the above circumstances the YUFA Executive moves that the following policy be adopted:

That the \$3,206,778 LTD surplus currently held in trust be allocated as follows:

(1) The Executive shall set aside 50% of the LTD surplus funds (\$1,603,389) to support retroactive indexing for those members who have been most seriously affected by the lack of cost-of-living adjustments and to provide other one-time-only LTD and other benefits provisions not currently funded by the employer sponsored plans;

(2) The Executive shall transfer 35% of the LTD surplus funds (\$1,122,372) to the YUFA Defense Fund which stands well below the level of similar funds for other faculty associations and has been reduced over the last 14 years from 97% of the annual YUFA operating budget to only 55.6% of the annual budget..

(3) The Executive shall transfer 15% of the LTD surplus funds (\$486,016) into the YUFA Operating Fund which has been reduced from \$741,390 to \$149,312 over the last two years due to revenue shortfalls.