



To: Toronto Public Library Board – May 13, 2002

From: City Librarian

Subject: **Harmonization of Non-Union Benefits Plan**

Purpose:

To obtain Toronto Public Library Board approval of the benefits plan for non-union employees of the Toronto Public Library based on the approved harmonized benefits plan for non-union employees of the City of Toronto.

Funding Implications and Impact Statement:

Harmonization of the benefits plans for non-union staff will not impact the 2002 operating budget.

With implementation of the harmonized health and dental plan for non-union staff in June 2003, the partial year impact in 2003 is expected to be \$38,000 and the full year impact in 2004 will be \$66,000.

With implementation of the harmonized long-term disability plan for non-union staff in June 2003 also, the maximum monthly benefit will be increased from \$5,700 to \$7,500, which will impact only a small number of staff making over \$91,000. Presently, TPL has two non-union employees on long-term disability, but there is no cost impact resulting from the new plan. The future financial impact will depend on the number of non-union staff going on long-term disability and their salary levels.

No rate changes are proposed by the carrier for life insurance or accidental death and dismemberment.

Harmonization of the non-union benefits plans will create cost pressures in 2003 and 2004 as described above. These pressures will be identified as part of the 2003 budget process.

Recommendation:

It is recommended that:

- 1) The Toronto Public Library Board adopt the Benefits Plan for Non-Union Employees Policy effective June 1, 2003.

- 2) Grandparenting provisions for retiree benefits be implemented for non-union employees who are within five years of being eligible to retire or have 10 years of credited service (as defined under OMERS) with the Toronto Public Library at the time of implementation, to the employees' former retiree benefits, if more generous; and
- 3) This policy supercede, replace and repeal any authorities, by-laws, policies and procedures of the seven former library boards pertaining to current management and non-union employees and retiree benefit plans, and this does not affect existing retirees or union members.

Background:

On June 1, 2000, the Toronto Public Library began the implementation of Manulife Financial as the new administrator for the Toronto Public Library's benefits plans. The existing benefits plans for non-union staff were transferred to the new administrator at that time. Prior to the switch to Manulife, the Toronto Public Library had been dealing with several different insurance companies to administer benefits.

On February 13, 2002, the Council of the City of Toronto approved the recommendations presented by the Administration Committee regarding the harmonization of non-union benefits plans for non-union employees of the City of Toronto.

As part of the ongoing project to harmonize human resources policies for non-union staff in accordance with City of Toronto policies, a new benefits plan is proposed for non-union staff of the Toronto Public Library.

Comments:

Active Employee Benefits

The proposed benefits plan has been designed to meet the following objectives:

- Ensure equity and efficiency;
- Allow a consistent framework for all non-union Library employees;
- Minimize impact to non-union Library employees;
- To be consistent with the benefits provided to non-union staff of the City of Toronto.

It is acknowledged that changes to employee benefits plans are fundamental changes to employees' terms and conditions of employment. Although the use of benefits plans is subjective and what is fundamental to one employee may not be to another, it has been determined that a twelve (12) month period of notice be recommended in order to implement the new plan. The period of notice will begin following Board approval. During this time, detailed communications will be sent out to all non-union employees.

The proposed benefits plan (Attachment 1) for active employees provides a harmonized level of benefit for Life Insurance, Accidental Death and Dismemberment, Long Term Disability, Health Insurance and Dental Insurance. The benefits are applicable to all non-union employees of the Toronto Public Library.

Retiree Benefits – To Age 65 and Post Age 65

In addition to being eligible for benefits as active employees, full-time employees are also eligible to receive benefits when they retire (Attachment 1). Employees are eligible to receive retiree benefits if they meet the requirements to retire and do so on an immediate pension. Currently, employees can retire as early as age 50 due to the OMERS early retirement provisions. These provisions are temporary and are currently in place only to the end of December 2003. Therefore, the criteria for an employee to be eligible to receive retiree benefits would be to retire on an immediate pension. The age at which an employee can do so may change based on external factors, i.e., pension plan surplus.

The proposed benefits plan for retirees to age 65 provides a harmonized level of benefits for Life Insurance, Health Insurance and Dental Insurance. The proposed plan provides benefits to retired full-time non-union employees up to age 65. Part-time and temporary employees who do not meet the grandparenting provisions outlined below are not eligible to receive retiree benefits.

When a retired employee reaches age 65, all benefit coverage will cease, with the exception of life insurance coverage as outlined in Attachment 1. A \$5,000 policy will be maintained for life. This will also apply to employees who retire at age 65.

In order to minimize the impact to employees in the area of retiree benefits, it is further recommended that grandparenting provisions be applied. The grandparenting provisions are as follows:

Grandparenting provisions for retiree benefits be implemented for employees who are within five years of being eligible to retire or have 10 years of credited service (as defined under OMERS) with the Toronto Public Library, at the time of implementation, to the employees' former retiree benefits if more generous. The retiree benefits are applicable from the first date of retirement.

The current OMERS regulation provides the following criteria for all employees:

- age 50; or
- age 50 and 82 points (age plus credited service plus eligible service); or
- age 50 and 30 years of credited service and eligible service.

Employees who meet the grandparenting provisions will be provided with a one-time option to maintain the current benefit coverage available to retired employees of their former library system. Following Board approval, all employees will receive a detailed communication outlining the current benefit coverage available to retired employees of their former library system as well as the new retirement benefit coverage. They will be provided with a one-time

only option of maintaining their old retiree plan. This election must be made within a defined period of time during the twelve (12) month period of notice.

Conclusion:

The harmonization of benefits plans for Library employees has been ongoing since 2000. Current benefits plans for non-union employees continue to be based on former library system. At this time, all unions, associations and non-union staff at the City of Toronto have consolidated benefits plans. Benefits plans make up a large part of an employee's total compensation package, and are used to both attract and retain qualified staff. The proposed benefits plan has been designed to ensure fairness and equity among non-union staff, while providing comprehensive benefits that are fiscally responsible. The proposed plan is a traditional benefits plan that provides the same level of benefit to all non-union employees, and is based on the plan at the City of Toronto.

Contact:

Anne Bailey, Acting Director, Human Resources; Tel: 416-397-5944; Fax: 416-393-7083;
E-mail: abailey@tpl.toronto.on.ca

City Librarian

List of Attachments:

Attachment 1: Toronto Public Library Benefits Plan for Non-Union Employees Policy