



# The Benefits Budgeter™

## Information You Need to Forecast Your 2012 Compensation Costs

Many of you are now budgeting for your group benefit costs for 2012. We hope the information provided here will help you.

### Don't Underestimate...

Don't get caught in a tough situation by only budgeting for a benefit increase equal to the CPI inflation rate. As you know, benefit costs are continuing to rise at an alarming rate. Unfortunately, the inflation/trend factors for Health and Dental benefits are significantly higher than the CPI rate of inflation.

### What You Can Expect Your Benefit Costs to Increase By Over the Next 12 Months\*

POOLED BENEFITS		
BENEFIT	TREND FACTOR	CONTRIBUTING FACTORS
Life Insurance	+5%	<ul style="list-style-type: none"> <li>• Aging population</li> </ul>
Long-Term Disability (LTD)	+5%	
Extended Health Care (EHC)	+14.9%	<ul style="list-style-type: none"> <li>• Cost-shifting</li> <li>• Availability of new and more expensive drugs</li> <li>• Drug therapy as a substitute for behavioural or lifestyle change</li> <li>• Aging population</li> <li>• Utilization</li> </ul>
Dental	+7.8%	<ul style="list-style-type: none"> <li>• Fee guide increase</li> <li>• Utilization</li> </ul>
<p><b>The overall impact on a benefit plan that combines all of the above benefits is a 9.8% increase over the next 12 months.</b>  <i>(For a review of the impact to your benefits program specifically, please contact us directly)</i></p>		

\* Average of the top 3 group benefit providers

\* This illustration demonstrates the impact of trend only and does not account for employee demographics or claims experience.

### Consumer Price Index (CPI): June 2010 to June 2011

3.1% Canada 3.6% Ontario Source: Statistics Canada

### How Do Your Retirement Funds Compare?

TYPE OF FUND	TOP 5%	MEDIAN RETURN	INDEX RETURN	INDEX NAME
Bond	9.6%	5.3%	4.7%	DEX Universe
Canadian Equity	28.0%	20.6%	20.9%	S&P TSX Composite
US Equity	28.6%	18.5%	18.4%	S&P 500 Total Return (CAD)
International Equity	26.5%	19.1%	19.1%	S&P EPAC LargeMidCap (CAD)
Global Equity	26.4%	18.6%	19.0%	S&P Developed LargeMidCap (CAD)
Balanced	19.7%	14.1%	No index available due to the different mandates of balanced funds	

Source: API Asset Performance Inc., 1 year annualized returns as of June 30, 2011

## See What Recent Compensation Changes Have Been Made In Your Industry

Details on major negotiations that have recently occurred and the average wage settlements by industry:

### Major Labour Negotiations by Industry

January 1, 2011 – June 30, 2011

Industry	Parties Involved	Employees Covered	Length	Wages (Average Annual Increase)	Changes To Benefits
<a href="#">EDUCATION &amp; RELATED SERVICES</a> 2.0% average wage settlement	Ryerson University and Ontario Public Service Employees	900	4 years	2.1% (1.5% in first year)	Increased meal allowance and Professional Development Fund.
<a href="#">TRADE &amp; FINANCE</a> 1.3% average wage settlement	PharmaPlus Drugmarts and Food and Commercial Workers	2,540	3 years	1.2% average (\$0 in Year 1, \$0.25 per hour in Years 2 and 3)	Modification to hours of work, health and welfare provisions; employer contribution to pension plan increased by \$0.40 per hour; introduction of LawNet program.
<a href="#">PUBLIC ADMINISTRATION</a> 2.3% average wage settlement	Waterloo Regional Municipality and Canadian Union of Public Employees	840	3 years	2.0% annually	Increases in standby pay and shift premiums; improvements to vision care and vacation leave for eligible employees; addition of Family Day to list of Specified Holidays
	Peel Regional Municipality Police Services Board (civilian) and Police Association	770	4 years	2.8% annual (3.0% in first year)	Improvements to health care benefits; increases in clothing, dry-cleaning and training allowances for eligible employees); increases in service pay for civilian employees.
	Peel Regional Municipality Police Services Board (uniform) and Police Association	1,930	4 years	2.8% annual (3.0% in first year)	Improvements to health care benefits; increases in clothing, dry-cleaning and training allowances for eligible employees).
	City of Kingston and Canadian Union of Public Employees	931	3 years	2.3% average (2.5% in first year)	Improvements to shift premiums, standby pay and vision care; increases in clothing, boots, tool and meal allowance; probation period increased to 6 months.

## Major Labour Negotiations by Industry

January 1, 2011 – June 30, 2011

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	Toronto Police Services Board and Toronto Police Association	8,019	4 years	2.8% average (3.2% in first year)	Improvements to vision care, massage therapy and psychological/family counselling coverage; amendments to vacation leave, sick pay provisions.
<a href="#">TRANSPORT, COMM., &amp; UTILITIES</a> 2.7% average wage settlement	Ontario Power Generation Inc. (nuclear and non-nuclear) and the Society of Energy Professionals	3,942	2 years	3.0% (including estimated COLA)	Improvements to dental coverage; amendments to vacation carry-over and shift workers language; leave with pay for Remembrance Day observation.
	Bruce Power LP/Bruce Power Inc. and Canadian Union of Public Employees	2,453	3 years	3.0%, including estimated COLA (2.8% in first and second years, 3.5% in third year).	Improvements to health care benefits, bereavement and sick leave, and shift work provisions; introduction of new wellness program (company provides union with \$45,000 in second and third years).
	Bruce Power LP/Bruce Power Inc. and the Society of Energy Professionals	1,157	4 years	2.9% (including estimated COLA)	Improvements to parental leave and health care benefits
	Hydro One Inc. and Canadian Union of Public Employees	3,847	2 years	3.0%	Improvements to health care benefits; increased training allowance and pension contribution; new self-funded sabbatical provision.
<a href="#">HEALTH &amp; SOCIAL SERVICES</a> 1.0% average wage settlement	Participating hospitals and Ontario Nurses Association (various locals)	52,636	3 years	2.75% (plus lump sums in Years 1 and 2)	Improvements to health care benefits, bereavement and vacation leaves; amendments to early retirement payments.
	Participating hospitals and Service Employees Union	6,840	3 years	2.75% (plus lump sums in Years 1 and 2)	Modifications to early retiree benefits, sick leave and responsibility pay.

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	Fairmont Royal York Hotel and UNITE HERE	908	3 years	2.0% annually	Improvements to health and welfare benefits; increases to tool and shoe allowances; modification to retirement allowance provision; new letter of understanding regarding kitchen subcontracting.
<u>CONSTRUCTION</u> 2.2% average wage settlement	No major negotiations in these industry groups for this time period. <i>(YTD June 30, 2011)</i>				
<u>PRIMARY</u> 2.9% average wage settlement					
<u>MANUFACTURING</u> 1.5% average wage settlement					

*Source: Ontario Ministry of Labour (Office of Collective Bargaining Information)*



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