COUGHLIN
employee benefits specialists

COURIER

DECEMBER 2012

AT A GLANCE ...

COUGHLIN
employee benefits specialists

Benefits cost pressures take a break

Canadian employers and plan sponsors may get a temporary break in employee benefits cost increases in 2013, the Conference Board of Canada says.

According to the Board, changes in prescription drug pricing, such as the introduction of limits on generic drug costs, as well as active cost containment measures by plan sponsors, could temper benefits cost growth for many organizations. As well, some high profile and expensive medications have now exceeded their patent protection period, allowing low cost generic equivalents to be introduced to the marketplace.

"Benefits represent a significant and growing cost for employers," says the Conference Board's Director of Leadership and Human Resources Karla Thorpe. *"Since growth in benefit costs has dipped in recent years, companies are more optimistic that they have learned to contain costs effectively."*

While cost containment has gained a higher profile among plan sponsors and generated positive results, there is still cause for concern, the policy advisory group says. While benefit cost increases have slipped from an average of 10 per cent per year to 6.2 per cent, that rate is still almost triple the rate of inflation, it warns.

The growing use of expensive biologic drugs is likely to result in new cost pressures in the future, the Conference Board says. As well, as the average age of the working population increases, plan sponsors should plan for additional age-related illnesses and claims activity.

To address these trends, plan sponsors should focus on reducing both the number and cost of claims through employee wellness and other alternative strategies, Ms. Thorpe says.

"Traditionally, employers have focused on achieving cost savings in the benefit premiums rather than on focusing on the number and cost of claims, which are driven primarily by the health of the employee population. Employee wellness programs and the impact of wellness programs on engagement will be a focus for many employers," she predicts.

The Conference Board's predictions were confirmed by the Canadian Institute for Health Information (CIHI) *National Health Expenditure Trends Report 1975-2012.* According to that report, the proportion of Canada's gross domestic product spent on health care fell to 11.6 per cent in 2012, down from 11.9 per cent in 2010.

The CIHI report indicates that spending on hospital services will increase by 3.1 per cent in 2012 while physicians' services costs will rise by 3.6 per cent – the lowest rate increase since the early 1990s.

"Provincial and territorial governments are focused on controlling health care costs," says CIHI President John Wright. *"Unlike in the past, they're not cutting programs as much as looking at improving productivity, reducing overhead, controlling compensation and seeking value-for-money initiatives."*

On average, Canada spends $5,948 per person on health care, the CIHI says.

While trend factors do indicate a cooling of cost pressures, it should be noted that poor claims experience or less efficient benefit plan design can generate increased costs for individual plan sponsors.

Contact to your Coughlin & Associates Ltd. consultant for more information on how your organization can reduce its benefits costs. ❧

Sobeys pharmacies join Coughlin PPN

Membership in Coughlin & Associates Ltd.'s Preferred Provider Network (PPN) of pharmacies has grown by more than 10 per cent with the addition of almost 50 Sobeys, FreshCo and Foodland pharmacies to the network.

The new pharmacies, which are operated by the Sobeys grocery chain, are located throughout southern Ontario, from Windsor through to the Ottawa area.

With the addition of the Sobeys-operated pharmacies, PPN membership totals almost **570** pharmacies, making Coughlin's PPN one of the largest preferred provider pharmacy networks in Ontario.

PPN member pharmacies agree to limit dispensing fees to the Ontario Drug Benefit plan maximum (currently $8.40 per prescription in most areas) and cap the mark-up on the ingredient costs of dispensed drugs. To enjoy the savings available through the Coughlin PPN, employees just have to present their PPN or pay direct drug cards at the participating pharmacy when filling their prescriptions.

Now in its 17th year of operation, Coughlin's PPN has grown from fewer than 30 pharmacies located almost exclusively in the Ottawa-Carleton region. It includes both independent family-owned pharmacies as well as medium and large pharmacy chains located in popular grocery outlets.

The Sobeys pharmacy outlets can be found in the following locations:

NAME	ADDRESS	CITY	PHONE
Sobeys Pharmacy	372 Queen Street East	Acton	519-853-5112
Sobeys Pharmacy	260 Kingston Road W	Ajax	905-426-7288
Sobeys Pharmacy	977 Golf Links Road	Ancaster	905-648-0283
Sobeys Pharmacy	15500 Bayview Avenue	Aurora	905-726-3397
Sobeys Pharmacy	37 Mapleview Drive West	Barrie	705-728-7392
Sobeys Pharmacy	40 Melbourne Drive	Bradford	905-775-0608
Sobeys Pharmacy	8975 Chinguacousy Road	Brampton	905-796-5587
Sobeys Pharmacy	10970 Airport Road	Brampton	905-793-4146
Sobeys Pharmacy	3998 Cottrelle Boulevard	Brampton	905-794-5756
Sobeys Pharmacy	310 Colborne Street, West	Brantford	519-758-8126
FreshCo Pharmacy	50 Market Street South	Brantford	519-759-6997
FreshCo Pharmacy	1 Hespeler Road	Cambridge	519-620-0736
Sobeys Pharmacy	215 Park Ave	Chatham	519-380-0988
Sobeys Pharmacy	125 The Queensway	Etobicoke	416-259-5114
FreshCo Pharmacy	325 Guelph Street	Georgetown	905-873-1195
Sobeys Pharmacy	225 Edward Street	Gravenhurst	705-684 9405
Sobeys Pharmacy	2080 Jans Boulevard	Innisfil	705-431-1093
Sobeys Pharmacy	700 Terry Fox Drive	Kanata	613-831-4311
Sobeys Pharmacy	840 March Rd	Kanata	613-599-3060
FreshCo Pharmacy	2327 Princess Street	Kingston	613-542-7473
Sobeys Pharmacy	274 Highland Road West	Kitchener	519-744-0839
Sobeys Pharmacy	1187 Fischer Hallman Road	Kitchener	519-576-7516
Sobeys Pharmacy	235 Ira Needles Blvd	Kitchener	519-743-8211
Sobeys Pharmacy	19 Amy Croft Drive	Lakeshore	519-735-1373
Sobeys Pharmacy	9580 McCowan Road	Markham	905-887-2446
Sobeys Pharmacy	5602 Tenth Line West	Mississauga	905-858-8212
Sobeys Pharmacy	40 Mapleton Road	Moncton	866-657-6337
FreshCo Pharmacy	18075 Yonge Street	Newmarket	905-953-0166
Sobeys Pharmacy	511 Maple Grove Drive	Oakville	905-849-0446
Sobeys Pharmacy	1500 Upper Middle Road West	Oakville	905-847-3460
Sobeys Pharmacy	500 Riddell Road	Orangeville	519-941-0998
Sobeys Pharmacy	5150 Innes Road	Orleans	613-590-7144
Sobeys Pharmacy	1377 Wilson Road, North	Oshawa	905-440-4690
Sobeys Pharmacy	307 Grand River Street N	Paris	519-442-1044
Sobeys Pharmacy	1200 Lansdowne Street W	Peterborough	705-748-5309
Sobeys Pharmacy	1899 Brock Road	Pickering	905-619-0291
FreshCo Pharmacy	1430 Major MacKenzie Dr East, Unit A	Richmond Hill	905-770-9228
Sobeys Pharmacy	11700 Yonge Street	Richmond Hill	905-508-4847
FreshCo Pharmacy	2650 Lawrence Avenue E	Scarborough	416-755-4184
FreshCo Pharmacy	2490 Gerrard St. East	Scarborough	416-698-2060
Sobeys Pharmacy	438 Norfolk St	Simcoe	519-426-6773
Sobeys Pharmacy	343 Glendale Ave	St. Catharines	905-680-5136
Sobeys Pharmacy	6315 Hazeldean Road	Stittsville	613-836-0312
Sobeys Pharmacy	9200 Bathurst Street	Thornhill	905-731-6568
FreshCo Pharmacy	800 Steeles Ave West	Thornhill	905-669-2614
Sobeys Pharmacy	145 Marlee Avenue	Toronto	416-781-0606
Sobeys Pharmacy	197 Front Street	Toronto	416-364-7223
Foodland Pharmacy	260 Queen Street North	Tottenham	905-936-1189
FreshCo Pharmacy	3737 Major MacKenzie Dr	Vaughan	905-303-4741
Sobeys Pharmacy	450 Columbia Street W	Waterloo	519-880-9145
Sobeys Pharmacy	94 Bridgeport Road E	Waterloo	519-885-5874
Sobeys Pharmacy	1615 Dundas Street E	Whitby	905-435-0804
Sobeys Pharmacy	7654 Tecumseh Road E	Windsor	519-974-4307

Canada-EU trade deal near. Increased drug costs may follow

Reports published in *The Globe and Mail* suggest that Canada is on the edge of signing a free trade agreement with the European Union.

According to that newspaper, to secure the agreement, Canada is prepared to harmonize its drug patent protection laws with those in Europe, leaving Canadians with higher drug costs.

Reports suggest that International Trade Minister Ed Fast and Agriculture Minister Gerry Ritz are in the last stages of negotiations with their European counterparts and that the federal government has agreed to extend the patent protection period on brand name prescription drugs.

An agreement extending patent protection will be a hard blow for the Canadian pharmaceutical industry, which includes many generic drug manufacturers, and for the provincial governments that have spent much of the past two years enacting reforms to reduce generic drug costs and resulting health care expenses.

According to the Canadian Generic Pharmaceutical Association (CGPA), changing Canada's drug patent protection laws to the system proposed by the European Union would add as much as $3 billion annually to Canadian prescription drug costs. Internal government calculations estimate the extra costs will range from $367 million to $903 million per year, *The Globe and Mail* reports.

The European model would provide *"the most extensive structural protection for innovative drugs of any country in the world,"* the CGPA says. It would also delay the entry of lower-cost generic medications into the Canadian market by 3.5 years per medication, it notes.

Brand name pharmaceuticals are one of Europe's major exports, accounting for 15.6 per cent of all European trade with Canada. Many of the world's largest pharmaceutical companies have head offices in western Europe, providing the EU with over 640,000 direct jobs. According to the CGPA, Canada is home to many generic drug manufacturers that employ approximately 11,000 people, mostly in Montreal and Toronto.

"The pharmaceutical intellectual property proposals tabled by the EU will not eliminate trade barriers, as pharmaceutical products from the EU already have unfettered access to the Canadian market," CGPA Jim Keon says. *"These proposals will simply increase profits for brand name drug companies at the expense of Canada's health care system."*

The Europeans argued that Canadian patent protection rules lag behind international standards. The United States and Japan have made similar assertions in the past. The EU wants to extend the protection period to 10 years from the current eight years. The CGPA argues that 57 per cent of all prescriptions in Canada involve generic drugs yet, those drugs make up only 25 per cent of annual prescription medication costs.

The federal government counters that a trade deal with the EU would add $12 billion to the Canadian economy, or $1,000 per family.

If a free trade deal based on European demands is passed, plan sponsors should expect to see increased drug plan costs and more claims involving brand name pharmaceuticals. ❧

TSFA limit increased to $5,500 per year

Effective January 1, 2013, the annual contribution limit on tax-free savings accounts (TFSAs) will increase by $500 to $5,500 per year.

Designed as a supplementary savings vehicle similar to registered retirement savings plans (RRSPs), tax-free savings accounts allow individuals to accrue savings without taxation. However, unlike RRSPs, contributions are not tax deductible while withdrawals from the plans are not subject to taxation.

TSFAs were introduced in 2008. Based on four years of contributions, an individual could have deposited as much as $20,000 into a TSFA.

According to the Department of National Revenue, more than 8.2 million people have contributed to TSFAs since their introduction. ❧

Insured drug plan pooling starts in 2013

Plan sponsors with insured drug plans should note that the insurance industry's new national pooling arrangement will go into effect on January 1, 2013.

Under the pooling arrangement, insurers will pool the costs of large drug claims and ignore the impact of those claims when setting premiums for plan sponsors. The initiative will reduce cost pressures for insurers and plan sponsors while increasing the potential for members' drug plans to withstand large claims.

The pooling arrangement is designed to spread the cost of drug claims that exceed $50,000 per claimant per year among two dozen participating insurers while still providing drug coverage to plan members.

The pooling arrangement applies only to fully insured drug plans.

According to the Canadian Life and Health Insurance Association (CLHIA), drug claims with amounts exceeding the $25,000 level have been increasing at an annualized rate of 20 per cent. In 2010, approximately 1,900 drug claims from fully insured plans involved amounts of more than $25,000 each.

Participating insurers include the following:

Alberta Blue Cross;

Assumption Life;

The Co-operators;

Desjardins Financial Security;

Empire Life;

Equitable Life;

GMS Group Medical Services;

Great-West Life;

Green Shield Canada;

Industrial Alliance;

La Capitale;

La Survivance;

Manitoba Blue Cross;

Manulife Financial;

Medavie Blue Cross;

Pacific Blue Cross;

RBC Insurance;

Saskatchewan Blue Cross;

SSQ Financial;

Standard Life;

Sun Life Financial;

Union Vie; and

Wawanesa Life. ❧

Changes to government benefits

Effective January 1, 2013, a number of changes will be made to government benefit plan maximums. The changes include the following:

- The Yearly Maximum Pensionable Earnings (YMPE) for Canada Pension Plan (CPP) contributions will increase to $51,100, from $50,100. The maximum joint employee-employer contributions maximum remains 9.9 per cent of eligible earnings. The maximum employer and employee contribution will be $2,356.20 each. The maximum self-employed contribution will be $4,712.40.
- The maximum CPP benefit will increase to $987.67 per month from $960 per month.
- The insurable earnings maximum for the Employment Insurance (EI) program will increase to $47,400. Meanwhile, premium rates for individuals will increase to 1.88 per cent of insurable earnings, or $891.12, for residents of all provinces, except Quebec. In Quebec, the rate will increase to 1.52 per cent to $720.48. Employer contributions have been set at $1,247.57 and $1,008.67 respectively.
- The maximum RRSP contribution will increase to 18 per cent of employee earnings to a maximum of $23,820.
- The maximum contribution for tax-free savings accounts will increase to $5,500 per year from $5,000.
- The maximum contribution limit for defined contribution pension plans will increase to 18 per cent of employee earnings to a maximum of $24,270.
- The maximum pension adjustment limit for members of defined benefit pension plans will increase to $2,696.67.
- The basic exemption amount for the CPP remains unchanged at $3,500. ❧

Supreme Court says Viagra patent invalid. Generics get OK

Pfizer Canada Inc.'s patent on the top-selling erectile dysfunction drug Viagra is invalid, the Supreme Court of Canada has ruled.

In a 7-0 decision, the Court said that Pfizer did not disclose sufficient information about the medication when it applied for its Canadian patent. Specifically, the company did not disclose the exact compound that is effective in treating the dysfunction.

"Pfizer had the information needed to disclose the useful compound and chose not to release it, even though they knew the effective compound was silenafil at the time it filed the application," wrote Justice Louis LeBel. *"If there is no quid – proper disclosure – then there can be no quo – exclusive property rights."*

According to media reports, the company listed billions of chemical compounds in its original application without specifying which compound treated the condition. Based on the ruling, a simple listing of ingredients is no longer sufficient to provide drug patent protection. As a result, Canada's drug patent protection laws will likely be subject to review or revision in the near future.

More importantly, the ruling by Canada's highest court opens the door for generic drug manufacturers to produce and sell their own version of the popular medication. As a result, plan sponsors with drug plans may see an increase in the number of claims involving generic equivalents to Viagra. ❧

MPs to pay more for pensions

Canada's members of parliament will be required to contribute more to their pension plan and won't be able to retire on full pension until age 65, according to legislation tabled in the House of Commons on October 18, 2012.

According to the proposals, MPs will contribute $39,000 annually to their pension plan compared to $11,000 today. Under the new arrangement, MPs' pension contribution levels will rise to the 50 per cent level from the 14 per cent they contribute today. Meanwhile, contributions by the government of Canada will shrink from today's level of $64,000 to $39,000.

The change to the new contribution regime will be phased in over a four to five-year period.

In addition, retired parliamentarians will have to wait until age 65 to receive a full pension, compared to age 55 today.

However, the eligibility rules for MPs' pensions remain unchanged. Members can qualify to receive their pension after six years of service. That compares to 25 to 35 years of service for most defined benefit pension plans.

The reforms have been included in the government's controversial second budget implementation bill, an omnibus bill covering dozens of separate legislative items in one several hundred page document.

Members of Parliament currently earn $157,731 per year. ❧

Stroke victims getting younger, research suggests

Research published by the medical journal *Neurology* suggests that people are suffering from strokes at younger ages than in earlier decades.

In a review of incidents of stroke among 20 to 54-year-olds living in southern Ohio and northern Kentucky in 1993-94, 1999 and 2005, researchers found first-time victims of stroke have been getting younger.

According to their research, the percentage of individuals under age 55 who experienced a stroke for the first time rose from 13 per cent in 1993 to 19 per cent in 2005. In addition, the average age for all first-time stroke victims has declined from age 71 to 69 in that same period.

"The reasons for this trend could be a rise in factors such as diabetes, obesity and high cholesterol," says study author and University of Cincinnati College of Medicine neurologist Dr. Brett Kissela. *"These finds are clearly a cause for concern because strokes in younger people translate to greater lifetime disability."*

While Dr. Kissela's research may not apply directly to Canada, rising rates of diabetes and obesity in this country have sparked warnings from medical professionals about the potential risks for stroke and other illnesses.

If the University of Cincinnati research is confirmed, plan sponsors should expect to see increased numbers of stroke-related claims among middle-aged employees in the coming years. ❧

Who can you call for STD/sick leave adjudication?

For many plan sponsors, Coughlin & Associates Ltd. means expert benefits consulting services, plan administration or health and dental claims adjudication. However, an increasing number of plan sponsors also rely on our expertise in disability case adjudication.

For over 50 years, our bilingual disability claims staff has assessed claims on behalf of insured and self-insured plan sponsors within the private and public sectors. For several clients, we also monitor their long-term disability (LTD) portfolios, alleviating claims administration and management pressures on their human resource teams.

Following are some of the features of Coughlin's disability claims and sick leave adjudication services:

Complete claims administration and management

Our goal is simple: investigate all facts promptly; provide an objective evaluation; then, settle the claim fairly when liability is reasonably clear.

Upon receipt of a claim, we ensure that the submissions from the employee, employer and attending physician are complete. We will contact the relevant party (such as the employee, employer, doctor, workers' compensation office, Employment Insurance; etc.) either by phone or letter for any additional information that may be required. All of these goals will be completed while respecting all relevant privacy legislation.

Payment administration

Coughlin can make claim payments from a sponsor-funded account, or simply advise your organization on the appropriate actions (i.e., pay, decline or investigate further).

Coughlin is a fully independent benefits consultant and third party administrator. We have no association with or dependence on any other insurer, group or third party organization.

As an independent group benefits consultant and administrator, Coughlin & Associates Ltd. has developed working relationships with a number of major insurance carriers across the country. Our solid reputation as a third-party claims administrator (TPA) has led to arrangements where we adjudicate STD claims that are underwritten by an insurance carrier.

We are regularly audited by these carriers and have always received outstanding audit reviews.

Transition from a short-term disability (STD) or sick leave management arrangement to LTD

Many plan sponsors rely on our expertise in disability case management when short-term leaves extend to become LTD claims.

With a claimant's informed and written consent, Coughlin ensures that an expertly documented case history is released to the LTD carrier. We work closely with nationally recognized insurance carriers to ensure a smooth transition from STD or sick leave to LTD.

Up-to-date reference guidelines

While medical and other relevant information about an employee's medical condition, job, educational background, etc., are all vitally important to the adjudication process, we ultimately make decisions based on constituted plan parameters. We can help you review or amend your existing policies or develop new provisions, based on your organization's needs, or industry standards.

Our disability management team has over 75 years of combined claims experience using nationally-accepted guidelines such as the *Presley Reed Medical Disability Advisor* and other industry-recognized reference materials such as the *Merck manual; DSM-IV* and others.

When required, our team is backed by two medical consultants in general practice, two consulting psychiatrists, a pharmacy benefit manager (Express Scripts Canada), a dental consultant and a network of other health care and legal resources. Plus, Coughlin is a member in good standing with the *Canadian Health Care Anti-Fraud Association,* the *International Foundation of Employee Benefit Plans and the Canadian Pension and Benefits Institute.* As a result, we have access to a wealth of information and guidelines from these sources.

Sound advisory services on recommended minimum, optimal and maximum number of days off for particular medical conditions

While we would not be able to disclose the employee's medical condition without his/her informed and written consent, Coughlin can provide information on the recommended date of return, as well as normally expected minimum, optimal and maximum recovery timeframes.

Should the information provided or duration of an absence deviate from medical norms and guidelines, our team would insist on and use customary means to review the substantive evidence to make the appropriate claim determination.

Aid with return to work planning

By sharing all relevant information, such as prognoses, ability assessments and limitations information with your human resources or occupational health personnel, we help your organization and the claimant to develop an appropriate return to work protocol.

This process involves consultation with the plan sponsor's staff, the claimant, members of the medical management team and any other recognized stakeholders such as union representatives, work supervisors etc.

Appeals process

Any appeal is first escalated from our disability claims assessors to our disability team leader, who has more than 20 years of disability claims experience. If necessary, the team leader can access our previously referenced network of medical and other specialists.

Any subsequent appeal is then sent to the claims manager and senior consulting staff for review. All stakeholders are promptly apprised of our determinations. Should an appeal require an independent medical examination or other specialized service such as a functional capacity evaluation, Coughlin will conduct these quickly using resources regularly utilized by other TPAs and the insurance industry.

For more information about Coughlin & Associates Ltd.'s short-term or long-term disability management and claims adjudication services, contact Coughlin Managed Care Consultant **Joe Zadzora** at 613-231-2266, Extension 256, or email jzadzora@coughlin.ca ❧

PRPP looks DOA

The federal government's proposal to create a new universal pension plan appears to be dying.

While legislation introducing the new pooled registered savings plan (PRPP) was passed by the House of Commons in June 2012, to date, no province has passed similar legislation endorsing the new pension scheme. Since the provinces have jurisdiction over their own pension regulations, they too have to pass enabling legislation before the PRPP can become a reality. The result: it looks like the PRPP is DOA (dead on arrival.)

The PRPP is designed to allow workers employed by organizations that do not offer pension plans or group registered retirement savings plans (RRSPs) to save for retirement privately.

Under the PRPP proposal, employers will be required to offer the new retirement savings plans to their employees, however, they would not be required to contribute to the plans or match their employees' contributions, as is done with some group RRSPs.

In addition, the administration of PRPPs will be offered by private financial institutions such as banks, credit unions, fund companies and other financial institutions.

Since the concept was floated at the annual finance ministers' meeting in December 2010, only Quebec has tabled legislation introducing a variation of the plan. However, that legislation died on the order paper when that province went to the polls this past summer.

The PRPP concept met with mixed reactions at best. While endorsed by financial institutions, small businesses and some consumer groups, the alternative national pension plan was soundly condemned by organized labour, senior citizen groups, and advocacy groups including the CD Howe Institute, which called the scheme *"RRSPs with just a new coat of paint."* (See the October 2012 edition of the *Coughlin Courier*.)

Leading the charge against the plan is the province of Ontario, which has consistently favoured expanding the contribution limits and pension pay-out of the Canada Pension Plan (CPP.)

Calling the PRPP concept *"flawed,"* Ontario advocates the expansion of CPP's joint employer-employee contributions from the current level of 9.9 per cent of eligible employee earnings to 12 per cent or higher. In return, the CPP pension pay-out would increase from today's level of 25 per cent of the yearly maximum pensionable earnings (YMPE) to approximately 35 per cent of the YMPE. (See the December 2010 issue of the *Coughlin Courier* for background.)

With Ontario's leadership now in transition, a new government in power in Quebec, and British Columbia scheduled to go to the polls in mid-2013, it is unlikely that any serious national pension reform proposal will be forthcoming in the near future.

Meanwhile, according to the Canadian Institute of Actuaries, 11 million Canadians will continue to have no access to a workplace pension. ❧

Fast facts

- Canada's retirement system has been given a "B" rating by the Melbourne Mercer Global Pension Index, an international measure of retirement systems. Canada received strong marks for the stability of its Old Age Security plan. However, it lost marks for the continued reduction in availability of retirement benefits for private sector workers. Denmark received top marks for its well-funded pension systems and availability of adequate government and private sector pensions.
- A group of disabled pensioners formerly employed by Nortel have launched a class action lawsuit against the two trust companies that administer the benefits programs of that former high-tech giant. The pensioners' suit alleges the two companies deliberately allowed the Nortel health and welfare trust to be "significantly underfunded," leaving many with reduced or no medical benefits. The pensioners are seeking $60 million in damages.
- One-third of Canadians admit that winning a lottery or receiving a large inheritance forms at least part of their retirement plans, according to a September 2012 survey conducted by Credit Canada Debt Solutions and Capital One Canada.
- Calgary is becoming known as an incubator of new employee benefits and perks, including such things as free flights on corporate jets for employees, free iPads, in-office meditation centres, in-house daycare, scholarships for employees' children, and even the return to old-style defined benefit pension programs. Hiring pressure accounts for many of the employee benefits innovations. According to the Conference Board of Canada, that city alone generated 16 per cent of Canada's new jobs in 2011.
- A study by Seattle-based Milliman Inc., a global actuarial consulting firm, indicates that the funding deficits of the 100 largest US defined benefit pension plans is $300 billion more than originally reported. Originally, the various pension plans reported a total deficit of $895 billion. However, according to the Milliman study, which used an actuarial approach to plan liabilities, total pension liabilities were actually $1.19 trillion.
- An Aon Hewitt study of Canada's pension liabilities shows that pension solvency ratios improved slightly in the third quarter of 2012, with funding ratios standing at 68 per cent compared to 66 per cent in the second quarter.
- The increase in the qualification age for Old Age Security and Guaranteed Income Supplement benefits is expected to save the federal government $10 billion a year by 2029, Canada's auditor general says. Beginning in 2023, the qualification age for the benefits will increase gradually over a six-year period, from age 65 to age 67.
- We're all stressed-out. The third annual *Sun Life Canadian Health Index* report says that 90 per cent of Canadians between the ages of 18 and 24 are experiencing excessive levels of stress. In addition, 72 per cent of adults say they feel overwhelmed. Financial pressures and work stress are the two largest sources of anxiety, the report says.
- For the second time in a year, the US Postal Service has missed a payment date for its future retirees' health benefit plan. The Service now owes $11.1 billion to its retiree health benefit plan and $1.5 billion in workers' compensation premiums. The agency hopes to reduce its costs by reducing service, cutting staff and closing some mail processing facilities.
- More than 70 per cent of the world's workers have no access to any kind of unemployment insurance or assistance, the International Labour Organization (ILO) says. In developed countries, more than 80 per cent of the unemployed have access to unemployment benefits, the organization says. That compares to 10 per cent in Africa, 20 per cent in the Middle East and Asia and 40 per cent in Latin America.

printed on 100% post-consumer recycled paper

The Coughlin Courier is published by Coughlin & Associates Ltd.
Board of directors: Brian Bockstael, Kirby Watson, Mark Hogan, Brent Moore, Ken Kaitola, Michel Quenneville & Brett Becker
Editor: David Whitbread | **Graphic designer:** Victor Lima