

UNB HR responses (red font) to questions/comments received by AUNBT via email

Life insurance questions for UNB HR

- Having read over the materials and recalling my retirement consultation with Kevin Ring, I am wondering if this will affect the package offered to retired faculty and the costs associated with that?
 - The new Life insurance plan offered, will transition to retirement in the same manner as the current plan:
 - Factor 85 Retirees will continue to have life benefits cost-shared at 50/50 until they reach their Normal Retirement Date. They can then convert to a private insurance policy, if desired, within 31 days after reaching their Normal Retirement Date.
 - Non-Factor 85 Retirees will continue to have the option to convert to a private insurance policy, if desired, within 31 days of retirement.
 - Current 85 Factor Retirees who have benefits cost-shared 50/50 until Normal Retirement Date will be transitioned to the new Life plan, in the same manner as active employees, and will continue to maintain the new life insurance benefit until June 30th following their 65th birthday. At which time they can convert to a private insurance policy, if desired, within 31 days after reaching their Normal Retirement Date.
 - Conversion of Policy: You will be entitled to convert your Compulsory Group Life Insurance coverage to a private insurance policy with Manulife Financial. If you wish to exercise this option, you will be required to make application directly to Manulife within 31 days after your retirement. Generally speaking, there would be no cost saving involved in such a conversion; that is, an Insurance policy with Manulife would cost about the same amount of money as would a similar policy with another insurance company. However, the advantage is that you would not be required to submit medical evidence of insurability when exercising this conversion privilege.
- [comment, not question] I have no questions except to say that I am in agreement with the change. I would rather have a reduction of premiums in exchange for a “known” benefit rather than higher premiums with an ongoing benefit.
- [comment, not question] I object to paying life insurance through this scheme. It is too expensive and inflexible. I think it should be scrapped and there be no further deductions. Give the money back to the employees and that way everyone can take out their own life insurance for their own needs and shop around for the best deal that suits them.
- Would the proposed change mean that the new insurance plans would be completely funded by salary deduction?

- The new insurance plan would be funded the same way as the current life insurance plan. Total premiums for Life, LTD, Health and Dental would be 50/50 cost shared between the employee and UNB (through payroll deduction).
- Would the costs of overall benefits still be shared 50-50 between UNB and the employee?
 - Yes, the new insurance plan would be funded the same way as the current life insurance plan. Total premiums for Life, LTD, Health and Dental would be 50/50 cost shared between the employee and UNB (through payroll deduction).
- It would be useful to have a careful explanation of the differences in the previous and proposed packages. It's clear from the cover letter that this is meant to be a reduction of benefits, but it is not so clear how exactly the reduction works.
 - The change in the benefit plan would be the elimination of the Family Protection Benefit which is 1x salary, plus 25% of monthly salary to spouse for his/her lifetime, plus 5% of monthly salary per dependent child to a maximum of 15%, in exchange for:
 - Existing Enrolled Members: 1 or 2 x salary, with an additional option for Supplemental Life Insurance up to an additional 3 x salary or their eligible FPB commuted value, whichever is less (the maximum combined Basic Life and Supplemental Life is 5 x salary);
 - New Employees: 1x or 2x salary
 - Maximums would apply as follows:
 - 1 x salary, up to maximum of \$400,000
 - 2 x salary, up to maximum of \$1,000,000
 - Supplemental: up to 3 x salary, up to maximum of \$1,000,000
 - This change is more equitable and provides less volatility in payouts.
- I hear that a questionnaire was discussed at some point that involved health-related questions. Would the transition to the new plan for existing members involve providing information to the insurance company, or would the transition be automatic with no additional questions?
 - If an employee is enrolled in the current Life Insurance plan, no health-related questionnaire would be required. The transition only would require employees to communicate the option they wish to choose for the new Life Insurance plan. This will be done through a communication that will be sent to each individual currently enrolled in the Life Insurance plan.
 - Medical questionnaires have been, and continue to be, required for "Voluntary Optional Life Insurance".

- How is the “converted value” calculated? For example, if I am a female non-smoker aged 40-45 and my husband and beneficiary is a male smoker aged 40-45, how does the “converted value” of my plan take into account his life expectancy?
 - The “commuted value” is a translation of the value of the FPB into an equivalent life insurance amount. “Commuted value” amounts vary for each employee and are based on factors including employee age, family demographics such as age of spouse (if applicable), number and ages of children, etc.
 - An employee with FPB currently, may choose 1 or 2 times salary for Basic Life and, if his/her commuted value is high enough, up to 3 times of Supplemental Life, for a total of up to 5 times salary of Life insurance to replace the current Basic Life and FPB
 - The health status (ie smoker, non-smoker) of current employees (or spouses) enrolled in Basic Life and FPB would not impact the “commuted value” calculation. However, age and life expectancy based on mortality tables would be taken into consideration.
 - Health status of members and spouses, if applicable, would continue to be taken into consideration for the “Voluntary Optional Life Insurance” plan. This is unchanged from what is currently offered for Optional Life.

- What percentage of AUNBT plan members are in each of the life insurance plan categories? That is, what is the percentage of Single plan members, percentage of Single Parent members, and percentage of family plan members (with children, without children)?
 - The approximate percentages for AUNBT plan members, based on data as of December 3, 2018, present as follows:
 - Life Family – with or without children (81%)
 - Life Dependent –single parent (3%)
 - Single – (16%)