

# Sector Update

## Group Benefits & Pension Plan

December 20, 2023



# Today's Presenters

## Pamela AuCoin

Executive Director of Early Learning and Child Care  
Education and Early Childhood Development

## Alexandra Russell

Associate Vice President  
HUB International

## Tina Snair

Benefits & Quality Assurance  
Health Association of Nova Scotia

## Paul Lai Fatt

Director, Pension Solutions  
CAAT Pension Plan

# Before we begin



You do not have to take notes.



Tomorrow, we'll follow up with Operators/Agencies with a copy of this presentation, FAQs and information packages.



All information will be posted online at [www.childcarenovascotia.ca](http://www.childcarenovascotia.ca); if you are concerned you may be missing information, visit this website on a regular basis.

# Purpose of today's call

- ① Introduce you to your plan providers.
- ② Walk through the basics of your new pension and group benefits plans, EFAP, payroll services and the new ECE wage scale.
- ③ Talk about what information you'll receive next, when and how.

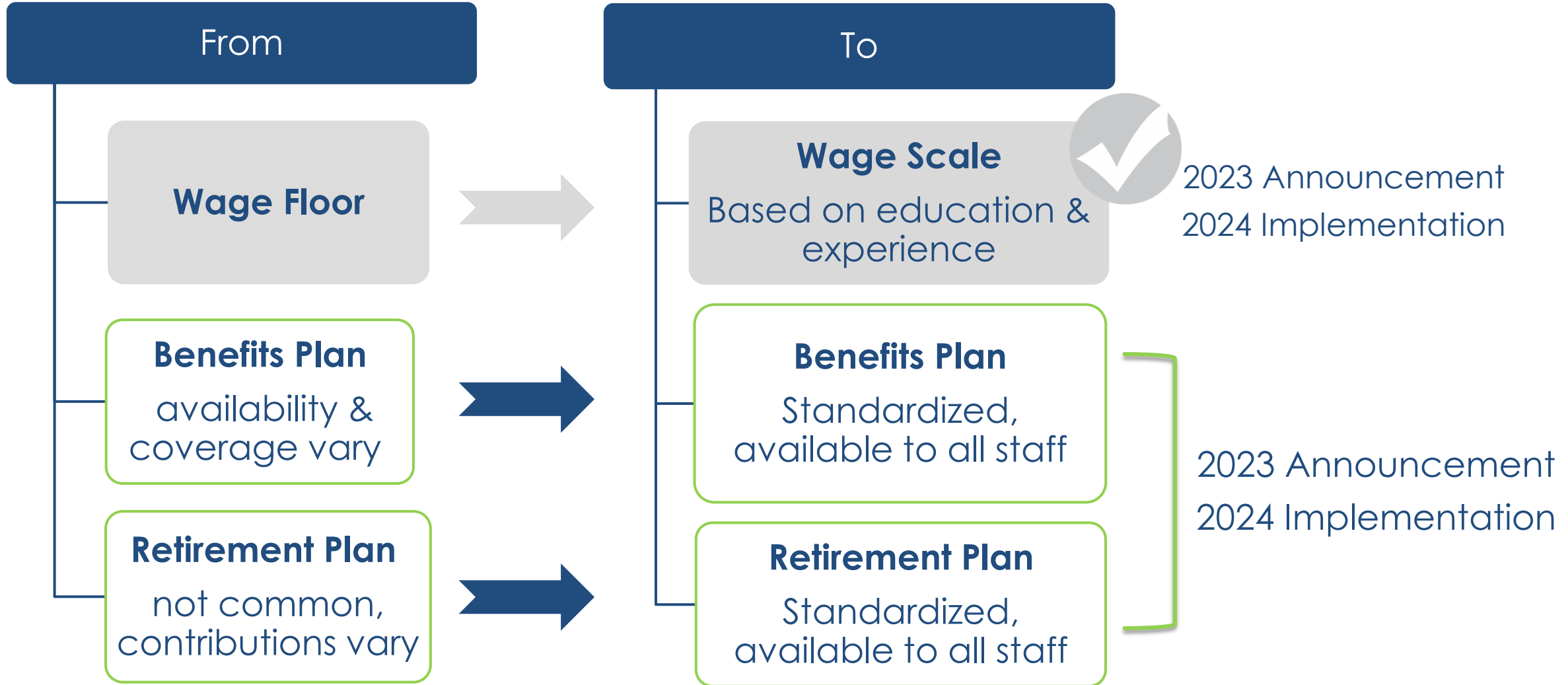
Background

# Today is an exciting milestone in our journey to build a system of Early Learning & Child Care in Nova Scotia.

*Quality early learning starts with a well-trained and appropriately compensated ECE workforce.*



# Full Compensation Package for ECEs



# Announcement Overview

- A Defined Benefit Pension Plan through CAAT, including:
  - Retroactive employer contributions to January 1, 2024.
- A Comprehensive Group Benefits Plan for employees and their families, including:
  - Health and Dental Coverage
  - Life Insurance
  - Long Term Disability Insurance
  - Employee and Family Assistance Program - EFAP (January 1, 2024)
  - Emergency Travel Coverage
- Integrated Payroll Services through HANS
- Increased Wages for ECEs on April 1, 2024
- Grant for Family Home Child Care Providers



# The Goal

***Consistent and equitable access to quality employee benefits and a retirement savings plan for those working in the Early Learning and Child Care sector.***

Priorities:

- Affordable contributions for employees;
- A retirement savings option that allows employees to save money gradually throughout their careers;
- Cost-shared through contributions from employees and employers (with employers receiving full funding from the Province to cover their cost);
- Holistic support and resources for physical, mental, and financial wellbeing; and
- Support for staff working in the sector, and their families.

# The Process

1. Technical Expertise – Hub International
2. Current State Review
3. Working group formation
4. Options analysis and recommendations

# Current State and Assessing Options

## GROUP BENEFITS: Current Participation & Priorities

- 34% of the sector does not currently participate in any type of group benefits plan.
- Of the 66% that participate, many plans include ECEs, support staff and part-time employees.
- Plan coverage varies.
  - Approx 50% include LTD insurance
  - 100% have health, dental, and life insurance
  - Most plans are cost-shared 50/50 between the employer and the employee
- You told us that your benefits priorities are:
  - Prescription medications
  - Basic dental
  - Vision care

# What you told us – 2022/23 Sector Surveys

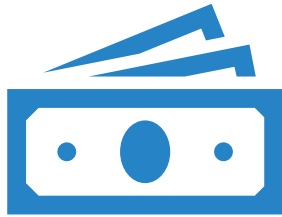
## RETIREMENT BENEFITS: Current Participation and Priorities

- You want to contribute to your retirement but are concerned about how much it costs to do so.
- Only 22% of the sector participates in a retirement arrangement, yet 85% are willing to participate in one
  - at an employee contribution of 3% - 6% of earnings
- Retirement plans are almost all target benefit or RRSPs.
- You told us that your priority is having a defined benefit pension plan that gives security and certainty in retirement.

# HUB International Looked at 3 Options



## Option 1



Operators / Agencies receive government funding to provide their own benefits

## Option 2



Operators / Agencies join an existing, established plan

## Option 3



The Province establishes a new plan, specific to the NS ELCC Sector

# After assessing each option, one stood out.



## Joining an established plan

- + Best value for money
- + Easiest ongoing delivery – easy for Operators, access to shared resources and shared operations
- + If ECEs change provincially funded Centres they can keep their benefits



## Transferring contributions

- Least value for money
- Most work for Operators ongoing
- Inconsistent experience across the sector
- If ECEs change Centres they cannot keep their benefits



## Setting up an ELCC plan

- Longest implementation horizon; highly complex
- + Good value for money
- + If ECEs change provincially funded Centres they can keep their benefits

# The Solution



# Two well-established plans for the sector

1

A **Defined Benefit Pension Plan** through CAAT that contains:

- ✓ Predictable and secure retirement payment, for life
- ✓ Inflation protection
- ✓ Survivor benefits
- ✓ Early retirement features
- ✓ A fully funded and sustainable pension that is not reliant on the financial health of any one employer

2

A **comprehensive Group Benefits Plan** through HANS that contains:

- ✓ Health, Dental, Life and Long-Term Disability Insurance for eligible employees and their families
- ✓ An Employee and Family Assistance Program (EFAP) through TELUS Health
- ✓ Emergency Travel Coverage

# Why these plans?

- **A Defined Benefit Pension Plan** provides a predictable amount of monthly retirement income, which is one of your key concerns
- **A Standardized Group Benefits Plan** offers coverage for expenses that are important to you, and that make sense for the sector based on the data
  - Means all staff will have equitable access, no matter where they work, which is a tenet of a publicly funded system
  - Means your benefits 'follow you' if you choose to work for another provincially funded centre or agency in the province, giving you more flexibility
- **Established Plan Providers** are important.
  - Choosing HANS and CAAT means your plans are funded by large and stable entities with transparent governance, giving you security.

# Who is eligible for the pension and group benefits plans?

- ECEs and support staff employed by a licensed and provincially-funded child care centre or family home child care agency.
- Employees must be hired on either a permanent basis or a temporary basis for 12 months or more.
- Employees must work at least 14 hours per week per their employment contract (40% of a regular work week).
- The entirety of the individual's employment (all hours as part of the employment contract) must be dedicated to the delivery of child care at that organization (in or out of ratio). This includes Directors/Assistant directors, ECEs, untrained staff, cooks, inclusion supports, and administrators.

# Details about your Group Benefits Plan

# Benefits Provider



- Not-for-profit, non-government organization with over 60 years of shared service experience.
- Serving over 30,000 active employees and 10,000 retirees.
- Largest, longest-standing provider of group benefits administration services in Nova Scotia's health system.
- Strong benefit plan governance models are in place providing oversight and consultation which includes equal representation by employers and unions.



# Details about your benefits coverage

## Health Coverage

- 100% of prescription drugs, less dispensing fee – no annual maximum – includes high-cost and specialty medications approved through a prior authorization process
- The maximum amount you must pay for dispensing fees in any one year is \$492
- \$1,500 for practitioners including physiotherapy, massage, acupuncture, dietician (combined per calendar year)
- \$1,800 for therapists, psychologists, and social workers (combined per calendar year)
- Eye exams plus \$345 for frames and lenses every 2 years (1 year for children)
- Comprehensive medical services and supplies
- Travel insurance for medical emergencies
- Semi-private and private hospital rooms



# Details about your benefits coverage

## Dental Coverage

- 100% coverage for Basic services, up to \$1,500 per year (combined with Major services): Including cleanings, check-ups, x-rays, and surgeries
- 80% coverage for Major services, up to \$1,500 per year (combined with Basic services): Including crowns, veneers, inlays, and onlays
- Basic and Major Services: Total combined maximum of \$1,500 per year per person
- 50% coverage for Orthodontics up to \$2,000 per person per lifetime



# Details about your benefits coverage

<b>Life insurance</b>	<ul style="list-style-type: none"><li>• Coverage for you of 2 times your annual earnings</li><li>• Coverage for your spouse of \$5,000 and your dependent children of \$2,500 each</li></ul>
<b>Long term disability insurance*</b>	<ul style="list-style-type: none"><li>• Pays if you cannot work due to illness or injury for more than 150 days*</li><li>• Pays 70% of your gross monthly salary</li><li>• Temporary or term employees are not eligible for long term disability</li></ul>

\*Only 36% of employees in the sector were reported to have LTD insurance currently. This protection is important if you have a serious illness, accident, or injury.





# What will these benefits cost employees?

- Your employer will pay **65%** of the cost of the health, dental, and life insurance benefits and **50%** of the cost of the long-term disability benefits (known as the ‘employer contribution’).
- Employees will pay the other **35%** of the cost of the health, dental, and life insurance benefits and **50%** of the cost of the long-term disability benefits (known as the ‘employee contribution’).

ECE Classification	Range of Contributions Single – Family Coverage (Bi-weekly)
Level 1	\$66 - \$119
Level 2	\$69 - \$122
Level 3	\$70 - \$124

\*Amounts above are approximate, based on a 35-hour work week, and shown for illustrative purposes only. Your costs will vary based on your total pay and desired coverage.



# Important information

- **Mandatory enrolment:** The benefits plan will be mandatory for all childcare employees who meet the eligibility criteria.
- **Opting out:** You may only opt out of health and dental benefits if you have other group coverage outside of your work – such as a spouse’s plan through their employer
- **Age limits and exclusions:**
  - Employees aged 65 and over will not be eligible for long term disability coverage
  - Employees aged 70 and over will not be eligible for dependent life insurance or prescriptions drugs under the health plan
  - Temporary employees are not eligible for long-term disability coverage, regardless of age
- **Transitioning:** If you are currently covered under a group benefit plan with your employer, there will be no gap in coverage during the transition. You will be given at least 2-3 months of notice before transitioning.



# Employee and Family Assistance Program (EFAP)

Available Starting January 1

## How TELUS Health can help

We offer confidential, professional assistance and support to help you manage all of life's complexities—be it issues with your Work, Health or Life.

### Clinical Counselling

- Personal/emotional issues
- Family
- Couples/ relationships
- Work related
- Addiction related



### Work-Life Services

- Legal Consultations
- Financial Consultations
  - Career Services
- Nutrition Consultations
- Family Support Services  
(Child and Elder care)



# **Details about your Defined Benefit Pension Plan**

# About Your Pension Provider

- CAAT is a not-for-profit organization governed by a joint employee and employer board and sponsors' committee.
- Offering pensions to over 91,000 members across Canada.
- 124 per cent funded as of January 1, 2023, for great benefit security.

# Defined Benefit Pension Plan

DBplus is a **Defined Benefit** Pension Plan through CAAT that contains:

- ✓ Predictable and secure retirement payment, for life;
- ✓ Inflation protection;
- ✓ Survivor benefits;
- ✓ Early retirement features; and
- ✓ A fully funded and sustainable pension that is not reliant on the financial health of any one employer.

# Pension Amount Example

The following illustrates the estimated annual retirement income including the DBplus pension, Canada Pension Plan (CPP) and Old Age Security (OAS)

Sample member	Age	Earnings (annual)	DBplus pension at age 65 (annual)	CPP payment at age 65 (annual)	OAS payment at age 65 (annual)	Total payment at age 65 (annual)	Total payment at age 65 (bi-weekly) <sup>1</sup>	Total lifetime payouts
Member A	35	\$52,379	<b>\$37,000</b>	\$39,000	\$21,000	<b>\$97,000</b>	\$3,730	\$3,203,000
Member B	35	\$50,560	<b>\$35,000</b>	\$37,000	\$21,000	<b>\$93,000</b>	\$3,580	\$3,094,000
Member C	35	\$46,920	<b>\$33,000</b>	\$35,000	\$21,000	<b>\$89,000</b>	\$3,420	\$2,944,000

<sup>1</sup> Pensions paid monthly, but bi-weekly amounts shown for illustrative purposes

# How you will contribute to your pension?

- This defined benefit pension plan was designed to consider the sector's significant concerns about their employee contribution rates
- Both the eligible employee and the employer will make regular contributions to your pension – you will contribute during each pay
  - You will pay your employee contribution – this will be 5% of your eligible earnings before taxes to the pension plan, and it will be deducted from your pay
  - Your employer will pay their contribution – this will be 5% of your eligible earnings before taxes

ECE Classification	Range of Contributions (Bi-Weekly)
Level 1	\$80 - \$90
Level 2	\$86 - \$97
Level 3	\$89 - \$101

\*Amounts above are approximate, based on a 35-hour work week, and shown for illustrative purposes only. Your costs will vary based on your total pay and desired coverage.



# Important information

- **Mandatory participation:** The pension plan will be mandatory for all child care employees who meet the eligibility criteria
- **Age limit:** Employees aged 71 and over will not be eligible to contribute to the pension plan
- **Cost to employers:** The Province will be funding the employer's contribution of 5% to the pension plan – this means Operators will not have to pay anything toward their employee's retirement
- **Cost to employees:** Employees will match this with a 5% employee contribution; contributions will be automatically deducted from the employee's pay
- **Enrolling:** CAAT will work directly with employers to enroll their employees in the pension plan.

# Adjusted ECE Wage Scale

# Adjusted ECE Wage Scale

ECE Level	March 31, 2024*	Wage Range April 1, 2024
Level 1	\$19.77-\$22.25	\$22.91 - \$25.78
Level 2 / School Age	\$21.54-\$24.25	\$24.68 - \$27.78
Level 3	\$22.43-\$25.25	\$25.57 - \$28.78
Level 1 Assistant Director, Inclusion Coordinator or Family Home Consultant	\$21.75-\$24.47	\$25.20 - \$28.36
Level 2 Assistant Director, Inclusion Coordinator or Family Home Consultant	\$23.70-\$26.68	\$27.15 - \$30.56
Level 3 Assistant Director, Inclusion Coordinator or Family Home Consultant	\$24.68-\$27.77	\$28.13 - \$31.66
Level 1 Director	\$23.73-\$26.70	\$27.49 - \$30.94
Level 2 Director	\$25.86-\$29.10	\$29.62 - \$33.34
Level 3 Director	\$26.92-\$30.30	\$30.68 - \$34.54

\*Reflects planned 0.5% increase planned for March 31, 2024

# Funding for Operators

# Funding

The Province will **fully fund** operators for the cost of their employer contributions, as well as the full cost of:

- ✓ One-time retroactive contribution to the pension plan to represent employer contributions starting January 1, 2024
- ✓ HANS Membership
- ✓ HANS Benefits Administration Services
- ✓ HANS Integrated Payroll Services (Voluntary), and
- ✓ Employee and Family Assistance Program (EFAP) through TELUS Health.



2024/25 Agreements between EECD and Operators will reflect increased funding for employer costs for pension and benefits contributions and increased wages.

Next Steps

# For Employers and Employees

- Centres' will begin enrolling in benefits and pensions beginning in Spring 2024.
- Enrolment will be in 4 phases – May 1, July 1, October 1, December 1
- **Exactly when benefits and pension coverage begins will be decided by each employer in conjunction with HANS, CAAT, and the Department.**
- **Once employees are enrolled, they will receive a one-time retroactive pension contribution** back to January 1, 2024. The province will fully fund operators for the cost of this employer contribution. More details will be provided on follow-up calls.

# What's Next in 2024

- January**
- ✓ EFAP for all ELCC Employees
  - ✓ Information and Q&A Calls
  - ✓ Information Collection Begins

- April**
- ✓ Increased Wages for ECEs
  - ✓ FHCC Provider Grant to support benefits & RRSP contributions

- December**
- ✓ All operators and employees enrolled in new plans

- February**
- ✓ 24-25 Funding Agreement
  - ✓ Confirmation of Implementation Phase

- May**
- Onboarding Begins
- Phase 1 – May
  - Phase 2 – July
  - Phase 3 – October
  - Phase 4 – December



# What's next?



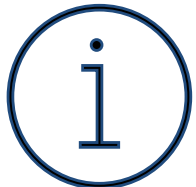
Tomorrow, employers will receive resources and additional details that can be shared. Including a recording of today's slides and call.



Information will be posted on [www.childcarenovascotia.ca](http://www.childcarenovascotia.ca); check this site regularly for updates.



If you have any questions after this call, please submit them via the Q&A form available online at [www.childcarenovascotia.ca](http://www.childcarenovascotia.ca) . Questions will be answered during Q&A calls in January.



Employer and Employee January Information Calls. Schedule available online.

**Please Note:** If you call HANS or CAAT directly, they will not be able to provide you with specific information until you are a plan member.

Questions?