

# Pension Bulletin

from the College Pension Board of Trustees

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**To:** Retired Members of the College Pension Plan

**Date:** November 2003

**Topic:** A Reminder of Changes Coming to Health Care Benefits for Retired Members



Contact phone number for this bulletin: 1 800 893-7009

In January 2003 the College Pension Board of Trustees explained how several factors were driving up the cost of providing health care benefits to retired College Pension Plan members, including:

- government changes to health care
- the rising cost of prescription drugs
- the increased demand for prescription drugs

At that time the trustees outlined changes that were required to control these costs.

## **What changes have already been made to my health care coverage?**

In March of 2003 the maximum MSP subsidy covered by the plan was reduced from 100% to 50%, which meant that starting with their February 2003 pension payment, retired members had to pay a larger portion of their MSP premiums. From a number of possible changes, your board of trustees chose to change MSP subsidies because this would mean less of a reduction in your retirement income than the alternatives.

## **What further changes are coming?**

The trustees would like to remind you that the following additional changes come into effect January 1, 2004:

- The EHB deductible will increase to \$100 per person per year.
- There will be no out-of-country coverage. Those who travel will have to purchase their own out-of-country travel health insurance to have coverage.
- A dental plan deductible of \$100 per person per year will be introduced.

*Over...*

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Because of these changes Pacific Blue Cross will be issuing new identification cards to retired members in December. Once you receive your new card(s), please discard your old card(s) and report any errors in your personal information to Pension Services.

### **Why must health care cost increases be passed on to retired members?**

As mentioned in the January 2003 bulletin, the *Income Tax Act* does not permit the plan to use money from the basic account or the Inflation Adjustment Account (IAA) of the pension fund to pay for health benefits for retired members. This includes any actuarial surplus.

### **What's planned for the future?**

Your board of trustees will continue to monitor health care costs and will take action to ensure members receive the maximum benefits within the funds available. While no specific changes are scheduled, if adjustments are required, they will likely involve further decreases to MSP premium subsidies as this would reduce your retirement income less than the alternatives.

Please remember, your health care coverage is not ending: however, subsidies may need to change to address rising costs. The trustees will continue to keep you up to date.

### **Comments?**

There is a toll-free line for you to call if you have comments about the information in this bulletin. The number is 1 800 893-7009, and is available 8 a.m. to 6 p.m., Monday through Friday.

You can also write to the trustees:

Address:

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This publication provides general information about the pension plan and is based on the relevant plan documents (statutes, regulations and rules). If there is a discrepancy between this publication and the plan documents, the plan documents will apply.