



UNITED ASSOCIATION

of Journeymen and Apprentices of the
Plumbing and Pipe Fitting Industry of the
United States and Canada

LOCAL UNION 488 - Edmonton

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Hello Sisters and Brothers,

February 24, 2022

I hope this letter finds you well and are staying healthy and safe. I write this letter, in collaboration with the Health and Welfare administrator, in hopes of clarifying the recent rumors of the financial status of our Health and Wellness plan. I will speak about the facts, so there is no confusion or misinterpretation of the data and information that has been provided to us all.

First off, per the Edmonton Pipe Industry's 2020 Annual Report:

"The Health and Welfare Fund is in a strong financial position. As of December 31, 2020, net assets available for benefits were \$111.9 million. The Trustees continue to focus on the long-term sustainability of the Health & Welfare Fund and strive to ensure that benefits can be financially supported through investment income, active member contributions and premiums paid by retirees, widows and disabled and pay direct members."

As per the Edmonton Pipe Industry Unaudited Interim Financial Statements as of November 30, 2021, net assets available for benefits were \$115.3 million. This is an increase of over \$3.4M, or 3% from December 31, 2020.

In regard to the most recent Cost of Benefits Report, for the period of January 1, 2021, to September 30, 2021, which analyzed the usage of the plan, benefit costs per active member was \$312.07 per month, as compared to premiums brought in of \$265.20 per month (130 hours x \$2.04 per hour). At first glance, this shortfall of \$46.87 per month (\$312.07 - \$265.20) is underfunded, however, the Plan had supplemented this shortfall through the generation of investment income. For example, for the eleven months ending November 2021, investment, and other income amount to \$8.9M, as compared to \$15.5M of employer contributions brought in during the same time frame. The point here is that although the investment income had significantly subsidized the financial health of the fund in the past, future investment income is unknown and as a result cannot be depended on to fund periodic future shortfalls. Therefore, to address a sustainable solution going forward, the Board of Trustee's has asked the Union, to negotiate \$2.40 per hour in the next Agreement, which your Negotiation Committee and I are working on right now.

I hope this clarifies things and tells the story of how healthy our Health and Welfare Fund is. If you have any questions, please contact EPI, or myself.

Fraternally,

Rod McKay