

Report HRR-CS-09-15

To: Chair Pringle and Members of Corporate Services Committee
From: Sandra Shipley, Human Resources Manager
Meeting Date: Tuesday, June 23, 2015
Subject: **One Third Taxable Allowance and Benefit Information**
Status: Recommendation adopted by Committee as presented per Resolution CS69-15; Endorsed by County Council July 7, 2015 per Resolution CC98-15;

Recommendation(s)

THAT Report HRR-CS-09-15 regarding councillor taxable allowances and benefits be received for information.

Background

At its May 26, 2015 meeting, the Corporate Services Committee requested additional information regarding how the 1/3 non-taxable by-law impacts Canada Pension, OMERS and other payroll taxes. Committee also requested information regarding a group benefit plan for Council members.

Removing 1/3 Non-Taxable Exemption

The one-third nontaxable exemption was put in place for municipal Councillors to allow for expenses incurred while holding office. By removing this exemption, Councillors would be taxed on 100% of remuneration thereby increasing the amount of deductions for income tax, Canada Pension Plan and OMERS premiums. Increased taxable income also increases the associated payroll taxes (Canada Pension, OMERS, Employer Health Tax) that the County is required to pay.

For a Councillor who only receives the annual salary, still contributes to the Canada Pension Plan and is a member of OMERS, the annual additional costs to the County is \$879. This does not take into consideration the additional costs of per diems, taxable mileage, etc. The annual increased costs for the Warden, based on salary only is \$3,205.

Group Benefits for Councillors

Corporate Services Committee has requested information on adding a group benefit plan for members of Council. Staff contacted Mosey and Mosey and asked them to provide premium cost estimates.

Mosey & Mosey have indicated that where benefits are provided to Council, typical coverage includes a flat amount for life insurance and some offer Accidental Death & Dismemberment insurance. Health and Dental coverage sometimes matches the current coverage for one of the active employee classes and sometimes has a more restrictive plan design.

The quotation provided by Mosey and Mosey shows two plan designs. The first plan offers \$25,000 life insurance and the same Health and Dental plan as the Non Union employee group. The annual cost for this plan is \$84,289 and assumes that all 18 members of Council are in the plan and have family coverage. The second plan offers \$25,000 life insurance and a restricted Health and Dental plan with an estimated annual cost of \$72,482. The quotation is attached.

It should be noted that in 2008, at the request of Council, the Council Remuneration Advisory Committee reviewed group benefits as part of its review of Council compensation. At that time only 3 of the 13 comparators surveyed provided both a pension plan and group benefits. The Council Remuneration Advisory Committee recommended that a group benefit plan not be provided to Council.

Financial / Staffing / Legal / Information Technology Considerations

Without analyzing each individual Councillor situation it is difficult to provide an accurate estimate of the additional annual costs associated with removing the 1/3 tax exemption as there are too many variables. This also holds true for an accurate estimate of group benefits.

Link to Strategic Goals / Priorities

None

Attachments

Councillor Proposed Benefit Plan

Respectfully submitted by,

Sandra Shipley
Human Resources Manager

Director Sign Off: *Grant McLevy*

County of Grey		
Benefit	Proposed Benefit Plan 1 for Councillors	Proposed Benefit Plan 2 for Councillors
LIFE INSURANCE	Sun Life Policy 005900	Sun Life Policy 005900
Benefit amount	Flat \$25,000 for as long as you hold your seat	Flat \$10,000 for as long as you hold your seat
Maximum	\$25,000	\$10,000
Non Evidence Maximum	\$25,000	\$10,000
Reduction	N/A	N/A
Benefit Termination	date you are no longer an active council member	date you are no longer an active council member
AD&D (AIG)	No coverage	No coverage
SHORT TERM DISABILITY	No coverage	No coverage
LONG TERM DISABILITY	No coverage	No coverage
EXTENDED HEALTH CARE	Same Plan Design As Non-Union Employees Sun Life Billing Group 100 Class 1	Alternate Plan Design
Deductible	\$25 Single; \$25 family	\$25 Single; \$25 family
Reimbursement	100%	80%
Overall Maximum	Unlimited	Unlimited
Coverage Dependent	21/25	21/25
Benefit Termination	date you are no longer an active council member	date you are no longer an active council member
Vision Care (Includes contacts & laser surgery)	\$250/ 24 months (No deductible)	\$250/ 24 months (No deductible)
Eye Examinations	1 exam / 12 months per child 17 & Under 1 exam / 24 months per adult 18 & older	1 exam / 24 months
Hospital	No Coverage	No Coverage
Rehabilitation / Convalescent Home/ Chronic Care	N/A	N/A
Drugs		Prescription, diabetic needles and syringes, limited access, some OTCs; Sun Life's mandatory generic drug plan with exception only upon proof of adverse reaction
- Type	Prescription, diabetic needles and syringes, limited access, some OTCs	
- Drug Card	Yes	Yes
- Capped Dispensing Fee	N/A	N/A
- Deductible	N/A	N/A
- Co-payment	N/A	80%
- Fertility Drugs	Yes	No coverage
- Smoking Cessation	Yes	No coverage
- Anti-obesity	Yes	No coverage
- Erectile Dysfunction	No coverage	No coverage
Private Duty Nursing	\$25,000 / calendar year	\$10,000 / calendar year
Chiropractor	\$250 / calendar year	\$250 / calendar year
- Deductible	\$375 / calendar year	\$375 / calendar year
Osteopath, Podiatrist*/Chiroprapist, Naturopath, Speech Therapy, Psychologist	\$250 per paramedical / calendar year (*after OHIP max exhausted)	\$250 per paramedical / calendar year (*after OHIP max exhausted)
Physiotherapist	Reasonable and customary	\$500 maximum per calendar year
Registered Massage Therapist	20 visits per Calendar Year	\$500 maximum per calendar year
Nutritional Counseling	N/A	N/A
Orthopedic Shoes or Boots	\$150 / calendar year	\$150 / calendar year
Custom-Molded Orthotics	\$150 / calendar year	\$150 / calendar year
Hearing Aids	\$500 / every 5 years (No Deductible)	\$500 / every 5 years (No Deductible)
Medical Equip. & Supplies	Covered	Covered
OUT OF COUNTRY TRAVEL		
Benefit Maximum	\$50,000 lifetime	\$50,000 lifetime
Trip Duration	60 days	60 days
Referral Services	80% unlimited	80% unlimited
Sunlife Provider	Europ Assistance	Europ Assistance
Benefit Termination	date you are no longer an active council member	date you are no longer an active council member
DENTAL		
Benefit	80% Basic Dental, 50% Major Restorative	80% Basic Dental, 50% Major Restorative
Deductible	N/A	N/A
Maximums	Basic Unlimited; Major \$1,500 per Calendar Year	Combined maximum of \$1,500 per person per calendar year for all dental services combined
ODA Fee Schedule	Current	Current
Recall Frequency	Twice every 12 months	Twice every 12 months
Benefit Termination	date you are no longer an active council member	date you are no longer an active council member
	Current Rates to match 100 / Class 1 Non-Union	Revised Rates for Alternate Plan Design
Basic Life rate:	\$0.237 per \$1,000 of benefit	\$0.237 per \$1,000 of benefit
AD&D rate:	\$0.029 per \$1,000 of benefit	\$0.029 per \$1,000 of benefit
Extended Health Care Rates:	\$97.22 single / \$276.75 family	\$81.66 single / \$232.47
Dental Rates:	\$30.90 single / \$77.92	29.97 single / \$75.58 family
Total Estimated Annual Cost based on 18 Council Members with family coverage for EHC and Dental	\$84,289	\$72,482