

STELCO



RETIREE BENEFITS TRUST

A background image showing a group of people, including an elderly man and a young girl, in what appears to be a community or care facility. The image is overlaid with a blue-to-red gradient.

BUILDING YOUR TRUST

Presentation to the Annual
General Meeting, June, 2020

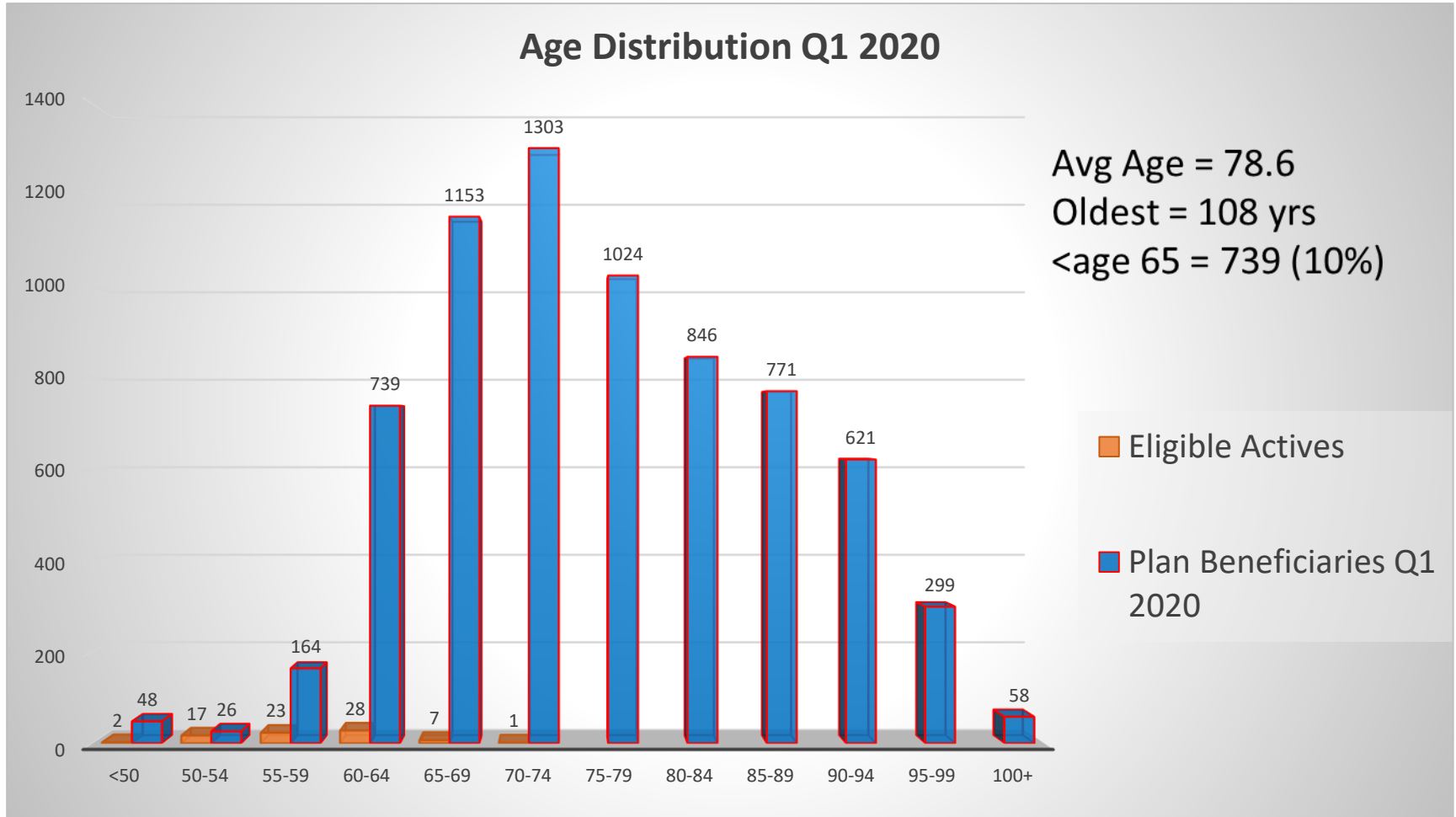


Plan Enrollment – evolution to Dec 2019

	Plan Members	Spouses and dependents	Total
Mercer Valuation January 2017	4547	2715	7262
2018 Q1 GSC Enrollment Report	4238	2530	6768
December 2018 GSC Enrollment (including Legacy retirees)	4599	2590	7189
December 2019 GSC Enrollment	4547	2510	7057 (-132)



Beneficiary Age Distribution Q1 2020



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2019 Claims Review



2019 Claims Summary

- The Total Plan claims costs in 2019 ended the year at **\$6.3 million**, \$893,500 or **~17% above** 2018 claims costs.
 - **Drug plan** costs for 2019 were **1.5% below** 2018 costs (-\$32k).
 - **Dental** costs were **up \$644k (+ 40%)** over 2018. **Dental was the top spending category in 2019.**
 - **Vision claims costs significantly lower in 2019 (- \$80k, or 18%).**
 - **Extended Health** claims finished the year **well above 2018 costs (up \$226k or 63%).**
 - **7,057 total Plan participants** at year end 2019, **down 132** from December 2018.



Jan to Dec. 2019 StelTrust Claims Summary

	# of claims	Claims \$'s Paid		% of Claims cost	
		2019	2018	2019	2018
Prescription Drug	189,780	\$2,141,891	\$2,174,423	40%	47%
Dental	33,365	\$2,258,437	\$1,614,204	42%	35%
Extended Health	2,813	\$587,138	\$360,692	11%	8%
Vision	<u>1,447</u>	<u>\$358,707</u>	<u>\$439,333</u>	7%	10%
Total claims	191,319	\$5,346,173	\$4,588,653		
Claims Admin + taxes		<u>\$958,154</u>	<u>\$832,121</u>		
Total claims expenditures		\$6,304,327	\$5,410,784		



Extended Health / Medical equipment Categories (Top 6 categories) 2019

	claims	Paid Amount	Avg. cost/claim
Hearing Aids and repairs	379	\$322,145 (2018 \$123,493)	\$850
Respiratory/Cardiology eqpt. and supplies (CPAP)	427	\$64,435 (2018 \$54,564)	\$151
Incontinence/Ostomy	318	\$33,075 (2018 \$16,684)	\$104
Orthotics and custom footwear	104	\$26,902 (2018 \$31,571)	\$259
Knee braces	73	\$21,267 (2018 \$17,223)	\$291
Visco supplementation	72	\$24,254 (2018 \$19,994)	\$337

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2019 Financials



Statement of Financial Position, December 31 2019*

	Assets	\$million	
Current		<u>2019</u>	<u>2018</u>
Cash		0.755	1.23
Investments (GICs and Fiera)		10.47	6.26
Accounts receivable		0.00	0.00
Prepaid expenses		0.02	0.02
Subtotal		11.254	7.51
Investment in Legacy Land LP		19.773	20.20
Total Assets		31.028	27.71
	Liabilities		
Current			
Accounts payable, accrued liabilities		0.064	0.06
Deferred funding		30.963	27.65
Total Liabilities		31.028	27.71



Statement of Operations and cash flows, December 31, 2019

	\$million	
Contributions	<u>2019</u>	<u>2018</u>
Stelco 'cash' contributions	6.554	5.044
Mortgage Payments	3.282	1.640
Interest received	0.068	0.069
	9.904	6.754
Expenses		
Benefits claims payments (GSC)	5.353	4.557
Claims admin fees and taxes (GSC)	0.949	0.822
Legal, Professional, Consulting, insurance	0.173	0.097
LLP carrying costs	0.176	0.072
Trust Administration fees	0.135	0.156
	6.787	5.704



Asset Investment Policy

Asset Class	Target	Investment Policy Asset Allocation Range	Actual Dec. 2019
cash and cash Equivalents (Short term GIC's)	10%	0% - 50%	14%
Fixed Income (bonds, Debentures, GICs)	55%	50% - 90%	67%
Canadian Equities (Preferred and Common Shares)	12.5%	0% - 20%	14%
International Equities (Preferred and Common Shares)	12.5%	0% - 20%	11%
Other Investments (ie. Real Estate, Infrastructure)	10%	0% - 10%	0%



Asset Evolution (Dec.31/19)

	\$'s (000's)		2019 % of assets
	<u>Dec 31/19</u>	<u>Dec 31/18</u>	
cash	\$754.7	\$1,232.5	14%
ST Meridian GICs	\$758.0	\$2,250.0	
med-term Meridian GICs	\$0.0	\$0.0	67%
Fiera bond	\$7,041.9	\$3,215.7	
Fiera Cdn Equity	\$995.0	\$390.0	14%
Fiera Cdn Preferred Shares	\$488.6	\$0.0	
Fiera Global Equity	\$1,184.7	\$398.9	11%
Other Investments (Real Estate, Infrastructure)	\$0.0	\$0.0	0%
Total assets (excluding LLP)	\$11,222.9	\$7,487.1	
less: Operating cash allocation	-\$754.7	-\$1,000.0	
* Investable Assets	\$10,468.2	\$6,487.1	



Assets at April 2020

- Trust fund was well insulated from the worst of the COVID-induced market
 - Jan 1/20 to Mar/31 2020 -3.6%
 - Jan 1/20 to April 30/20 -0.18%
 - Inception to April 30/20 4.98%
- Diversified, conservatively invested portfolio

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Plan Summary and Claims Review

First Quarter 2020

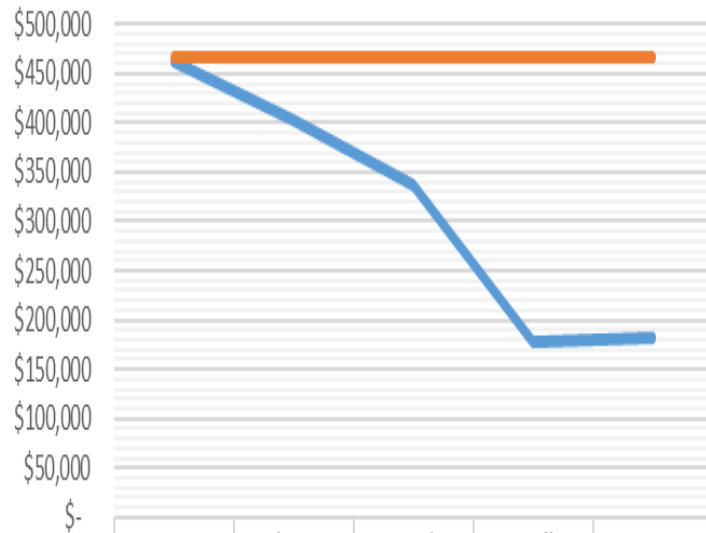


Jan- May 2020 Plan Summary

- May 2020 Trust enrollment = 7,040 participants
 - 4,554 plan members
 - 2,486 spouses and dependents
 - Decline of 17 members from year end 2019 even after ER program
 - Reduction of 78 participants from Q1 2019
 - Launched inactive member study
- Total Plan January through May 2020 impacted greatly by COVID-19
 - **67% of Eckler's projected costs**
 - **YTD cumulative claims costs are below valuation projections in all benefit categories**

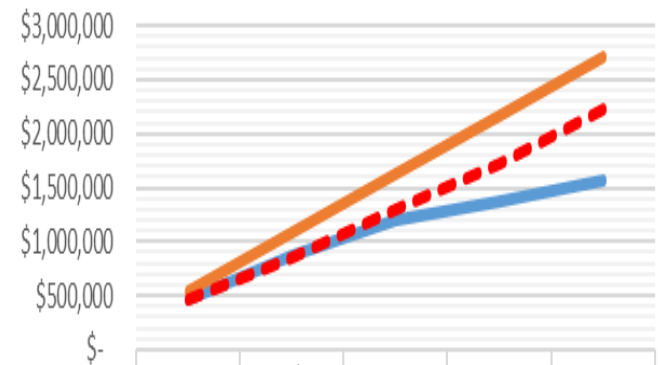
Total Plan Claims \$'s Jan–May 2020

Jan - May 2020 Total claims \$'s



	January	February	March	April	May
StelTrust monthly processed claims	\$461,931	\$403,205	\$337,109	\$177,554	\$181,834
Eckler projection	\$465,959	\$465,959	\$465,959	\$465,959	\$465,959

Jan - May 2020 Total cumulative claims \$'s

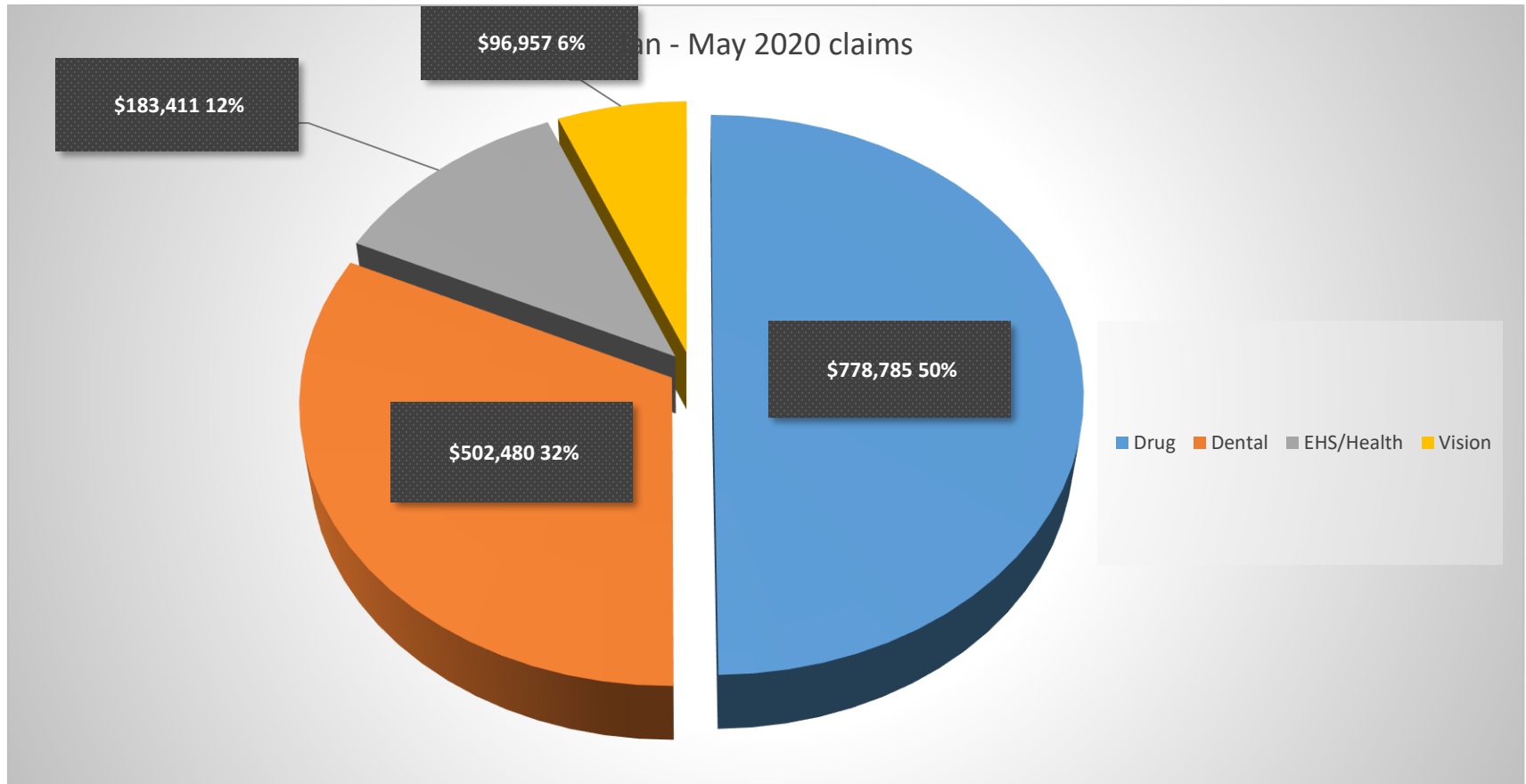


	Jan	Feb	Mar	Apr	May
StelTrust cumulative total claims	\$461,931	\$865,136	\$1,202,244	\$1,379,799	\$1,561,632
Eckler projection	\$542,143	\$1,084,286	\$1,626,429	\$2,168,572	\$2,710,716
2019 claims	\$470,638	\$856,480	\$1,291,656	\$1,732,104	\$2,218,275



Jan – May 2020 Claims \$'s by benefit area

Drug spending holding up most consistently – over 50% of claims \$'s

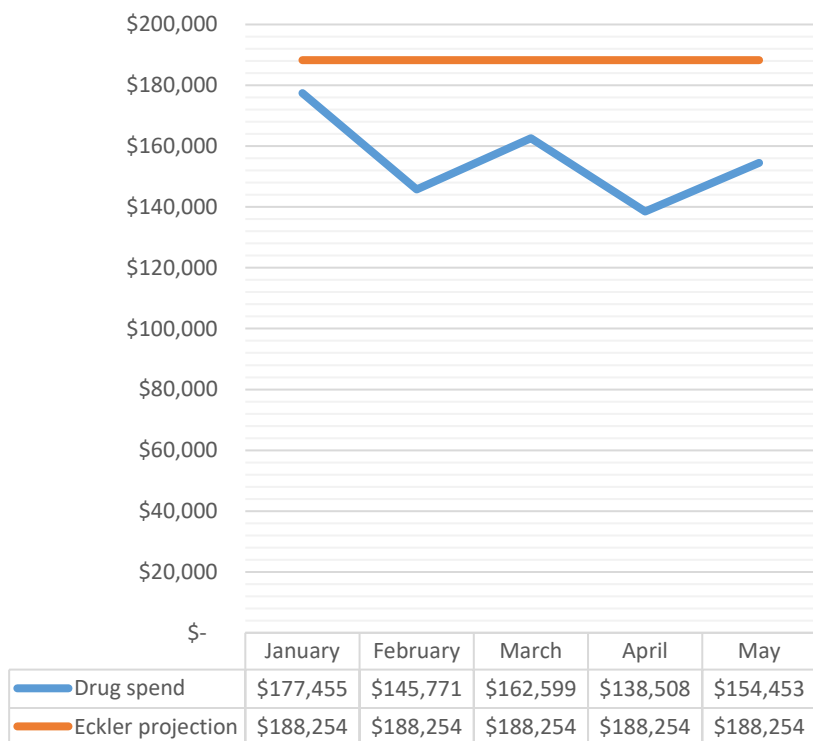


Prescription Drug claims

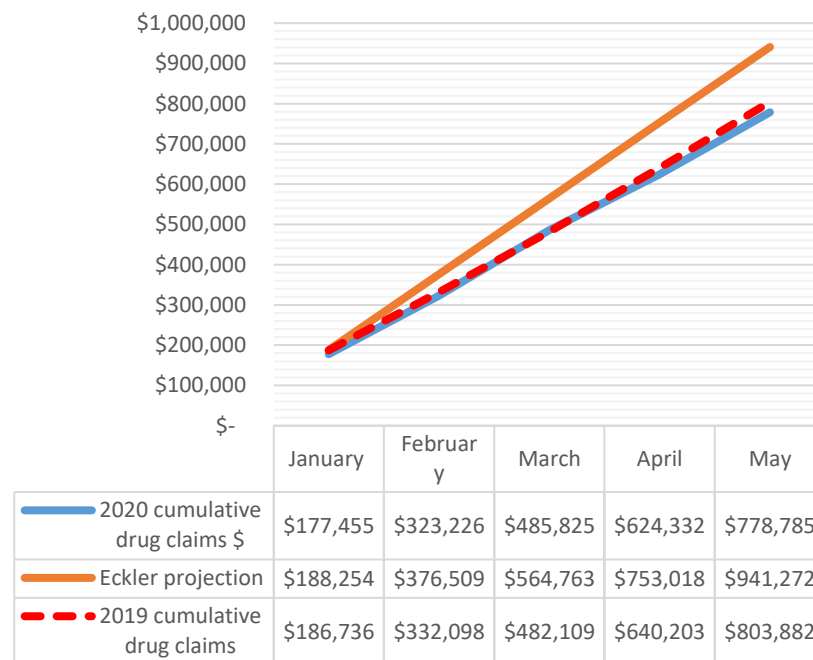


Drug claims most consistent (83%), following 2019 trend

Jan - May 2020 Drug Spend



Jan - May 2020 cumulative Drug claims \$'s

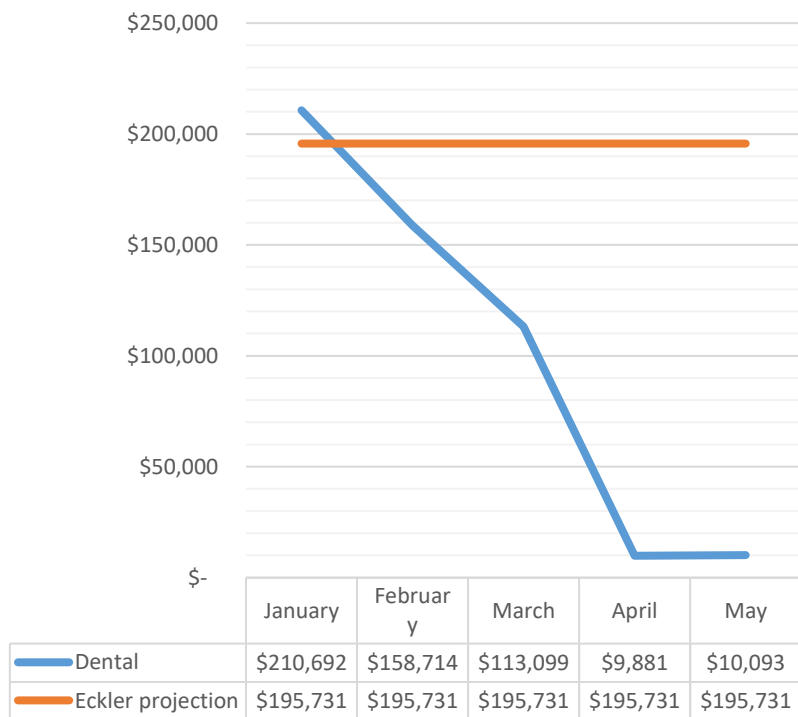




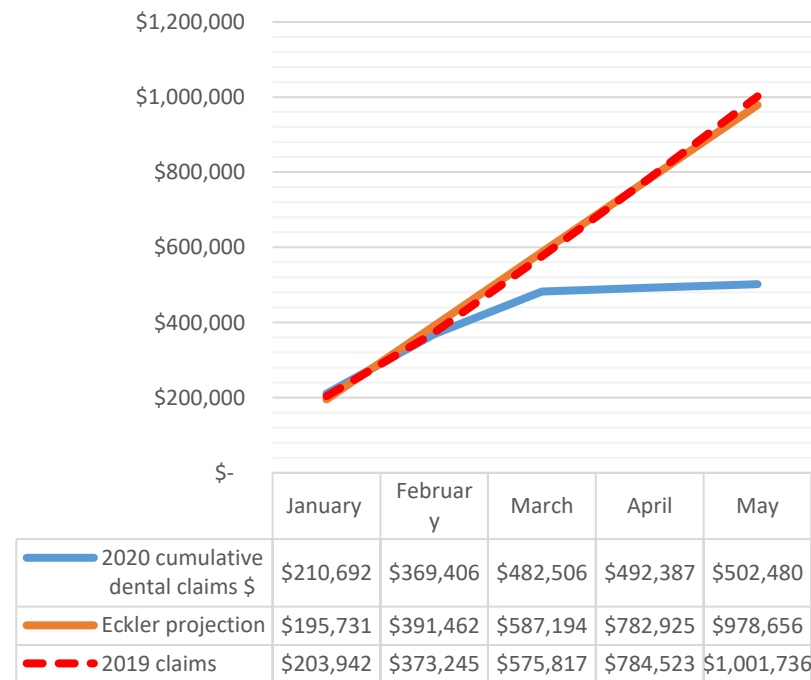
Dental claims 2020

Dramatic decline in dental claims begins Feb, YTD at 51% of forecast.

Jan - May 2020 Dental Spend



Jan - May 2020 cumulative Dental claims \$'s



Vision care claims



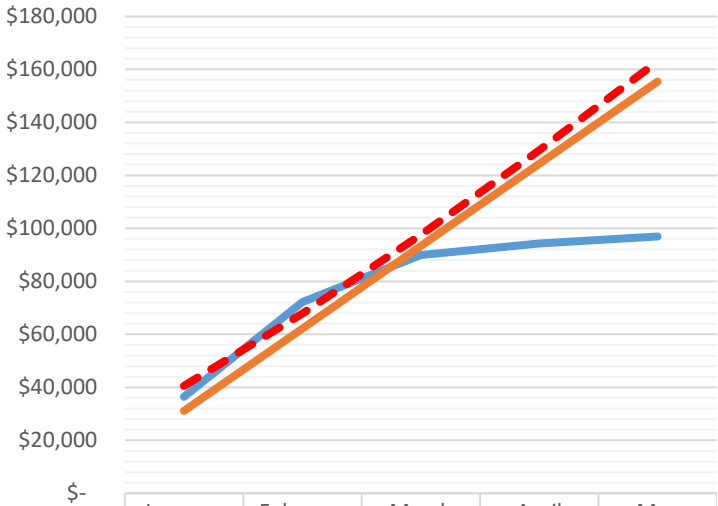
Vision claims \$'s drop significantly in March-May, YTD at 62% of forecast

Jan - May 2020 Vision Spend



	January	February	March	April	May
Vision	\$36,372	\$35,812	\$17,731	\$4,318	\$2,723
Eckler projection	\$31,088	\$31,088	\$31,088	\$31,088	\$31,088

Jan - May 2020 cumulative vision claims \$'s



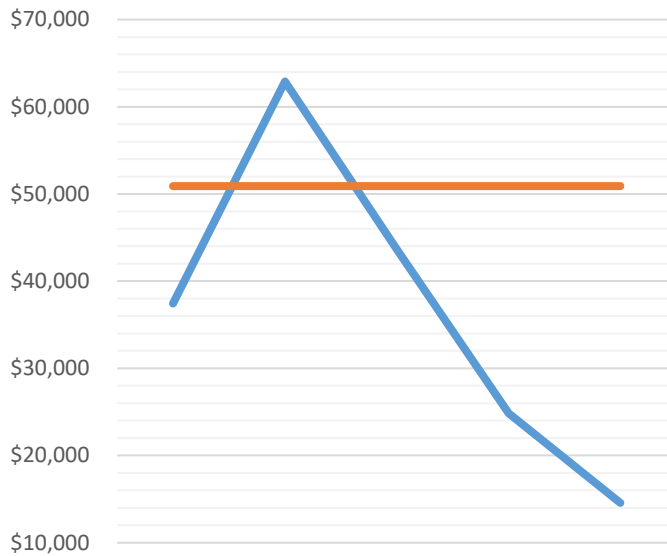
	January	February	March	April	May
cumulative vision claims \$	\$36,372	\$72,184	\$89,915	\$94,233	\$96,957
Eckler vision projection	\$31,088	\$62,176	\$93,264	\$124,352	\$155,440
2019 claims	\$40,529	\$67,807	\$97,596	\$129,475	\$162,952

Extended Health care and Medical equipment claims



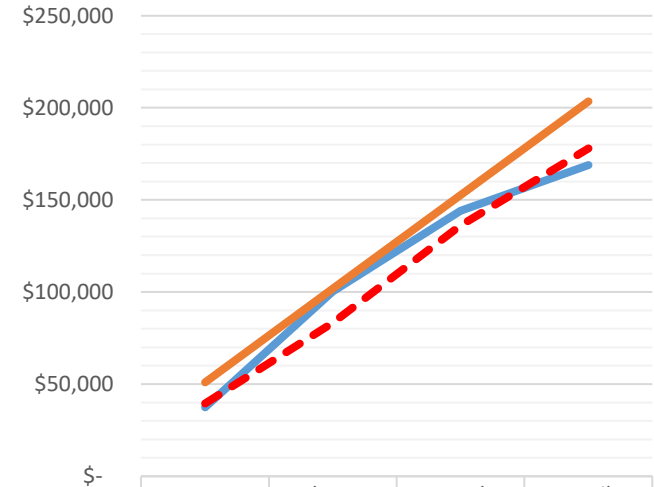
EHS/medical equipment tracking near 2019 levels, but decline in March-May

Jan - May 2020 EHS Spend



	January	February	March	April	May
EHS Health	\$37,412	\$62,908	\$43,679	\$24,848	\$14,564
Eckler projection	\$50,885	\$50,885	\$50,885	\$50,885	\$50,885

Jan - May 2020 cumulative EHS claims \$'s



	January	February	March	April
cumulative EHS/Health claims \$	\$37,412	\$100,320	\$143,999	\$168,847
Eckler projection	\$50,885	\$101,771	\$152,656	\$203,541
2019 claims	\$39,431	\$83,330	\$136,135	\$177,903

Questions?