

Court File No. 09-CV-383073

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**BETWEEN:**

**JOHN GOODWIN, JAMES McMAHON and JAMES SPRAY**

Applicants

– and –

**THE ELEMENTARY TEACHERS' FEDERATION OF ONTARIO, THE ONTARIO  
SECONDARY SCHOOL TEACHERS' FEDERATION DISTRICT 17, THE  
EXECUTIVE OF LOCAL 1310 OF THE CANADIAN UNION OF PUBLIC  
EMPLOYEES, THE ONTARIO PUBLIC SERVICE EMPLOYEES UNION and THE  
SIMCOE COUNTY DISTRICT SCHOOL BOARD**

Respondents

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**AFFIDAVIT OF ANNE STEVENSON-SCHRAMM**

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I, **ANNE STEVENSON-SCHRAMM**, of the City of Toronto, in the Province of Ontario, make oath and say as follows:

**I. Background**

1. I am a Principal at Momeau Shepell Ltd. I joined Morneau Shepell (formerly Morneau Sobeco, formerly Heath Benefits Consulting Inc.) in October 1998 as a Senior Consultant. I have expertise in all aspects of Group Insurance and over twenty-five years experience in the employee benefits industry, including benefits administration.

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2. I was retained by OPSEU in June 2010 in order to provide advice in respect of the distribution of the surplus of the Simcoe County District School Board Insurance Trust. I have knowledge of the matters to which I hereinafter depose. All the information I have deposed I believe to be true.
3. In 1969, a trust was established (the "Insurance Trust"), and trustees were appointed, to facilitate making group insurance benefits available, by means of insurance policies issued by third parties, to teachers in Simcoe County.
4. The terms under which the Insurance Trust operated were set out in a series of trust agreements.
5. On or about January 1, 1977, OPSEU commenced participation in the Simcoe District School Board Benefit Trust (the "Trust").
6. OPSEU's entitlement to its share of the surplus is based on an amendment to the trust agreement (Appendix II) and the "Financial Letter of Agreement" both of which were implemented on January 15, 1991.
7. On January 15, 1991 "Appendix II" was effected under the Trust Agreement. As a result, OPSEU was included as a participating member with a ten percent (10%) share of any surplus arising from the Trust and entitled to a ten percent (10%) surplus on the wind-up of the Trust.
8. On January 15, 1991 the "Financial Letter of Agreement" was appended to the Trust Agreement. The Financial Letter of Agreement identified the accumulated surplus of the plan as of April 30, 1990 and the cost to purchase the ten percent (10%) pro-rata share of this surplus.

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9. As a result of the amendment to the Trust in Appendix II and the Financial Letter of Agreement, OPSEU essentially bought their participation, as a group, in the Plan retroactively to January 1, 1977.
10. April 30, 1990 was the valuation date used to determine the cost for OPSEU to become a ten percent (10%) shareholder under the Trust.
11. On September 30, 2006 OPSEU terminated the coverage under the Sun Life Benefit Plan (the "Benefit Plan").
12. On January 27, 2010 the parties in this proceeding appeared before you requesting an Order approving the wind-up of part of the Simcoe County District School Board Insurance Trust and the distribution of certain of its assets.
13. In your Order of the same date, you approved the distribution of a \$22 million portion (the "First Distribution") of the Insurance Trust Assets. The particulars of that Order are detailed in the Affidavit of Amanda Darrach.

**II. Formula for Distribution of the Surplus**

14. OPSEU has chosen to distribute its share of the Insurance Trust surplus to its members. I was retained by OPSEU to develop a formula for doing so.
15. The period of participation to be included in the formula for distribution is from January 1, 1977 to September 30, 2006.

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16. Distributing the surplus to OPSEU members would normally be done on the basis of a member's individual, overall contribution to the benefit plan; however, in this case that is not possible.
17. Determining how to distribute the surplus has been complicated by the fact that:
  - a. A complete accounting of member's individual, overall contributions to the benefit plan is not available;
  - b. The rate history dating back to January 1, 1977 is also not readily available and has not been provided to me;
  - c. Participation in the benefit plan was voluntary with members opting in and out of coverage and not participating in all of the benefits;
  - d. Not all members' dates of retirement are clear;
  - e. Members moved into and out of various other groups including Administrative staff and Elementary Teaching Staff;
  - f. Approximately fifteen to twenty percent (15 – 20%) of the Retiree Members have had retroactive changes made to their records making it very difficult to ascertain exactly which Benefits any particular member was receiving at any particular time;
  - g. The retiree group included retirees from all employee groups, and is not limited to OPSEU members;
  - h. On September 1, 1994 identification numbers under the plan were changed from Social Insurance numbers to a general certificate number; and
  - i. Members' names were sometimes changed coincident with the change in the identification numbers, further complicating attempts to match participants.

18. Given the complications in attempting to determine how to distribute the surplus, including the imperfections in the data, I have proposed the following methodology for the surplus distribution :

- a. The formula for surplus distribution will be based on years of service under the plan as an OPSEU member multiplied by their "point total". That total will equal the members' value.
- b. A member's point total will be determined by participation in specific benefits over the participation period, as detailed below.
- c. The aggregate total of all members' values will be divided into the available surplus (while subtracting the estimated expenses and contingency fund) to determine the dollar value of each point.
- d. Because the actual retirement date of each member is unclear and the date they were added to the retiree division may not necessarily reflect the actual retirement date, a member's full period of participation in the plan both as an active member and a retired member has been included in their years of participation in the plan.
- e. Once the initial calculation is done, if a member's points represented less than \$20.00, the members' entitlement would be increased to \$20.00 and the available funds will be re-distributed based on the minimum payment criteria.
- f. The points will be assessed as follows to reflect the relative value of the benefit over time:


BENEFIT	POINTS
\$25,000 Life Insurance & AD&D:	0.5 point
\$100,000 Life Insurance & AD&D:	1.0 point
\$150,000 Life Insurance & AD&D:	1.5 points
\$200,000 Life Insurance & AD&D:	2.0 points
Dependent Life:	0.5 point


Long Term Disability:	1.0 point
Single Extended Health Care:	1.0 point
Single Dental:	1.0 point
Family Extended Health Care:	2.0 points
Family Dental:	2.0 points

This point distribution recognizes the relative cost of the benefits provided to each other but is not necessarily reflective of the actual historical changes in the rates paid as that information is not readily available over the full term of the Plan.

19. I make this affidavit in support of a motion to distribute the surplus of the Insurance Trust to the OPSEU members and for no other purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, this 6<sup>th</sup> day of July, 2011

  
 A Commissioner, etc.

  
 ANNE STEVENSON-SCHRAMM

**JOHN GOODWIN, et al.**

**THE ELEMENTARY TEACHERS' FEDERATION OF ONTARIO, et al.**

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- and -

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Proceedings commenced at TORONTO

**AFFIDAVIT OF ANNE STEVENSON-SCHRAMM**

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