



TWU-USW Employee Life and Health Plan

Background

The TWU-USW Employee Life and Health Plan provides TWU members protection against loss of income due to Short Term Disability and death. The protection comes in the form of group life insurance, a survivor income benefit, and Short Term Disability coverage and it is provided to the members at the lowest cost possible. The basic concept which underlies the Plans are 1) to provide the spouse or designated beneficiary of a member who dies a significant tax free monthly income for a period of at least 10 years (and for the beneficiary's lifetime thereafter if the beneficiary is the member's spouse) 2) replacement of approximately 100% of a member's net income for a period of 2 years for members disabled and unable to perform their own occupation.

Participation in the Plan is optional and the cost of the Plan is paid for from member contributions.

The Plan covers TELUS employees located in multiple Canadian provinces. The Life part of the Plan coverage includes Group Life Insurance and Survivor Income Benefits while the Disability part of the Plan provides short term disability benefits.

Benefit Summary

Annual Earnings are used to determine your benefit amounts. Annual earnings are calculated as your daily rate multiplied by 260.89 (average number of paid days in one year).

Group Life Insurance provides a Lump Sum Payment of 1 x Annual Earnings, rounded to the nearest \$1000, plus \$2000 to your Group Life Beneficiary in the event of your death.

Survivor Income Benefits (SIB) provides a monthly payment to your SIB beneficiary in the event of your death. The amount of the monthly benefit is 25% of Annual Earnings divided by 12.

If your SIB Beneficiary is your Spouse - the monthly benefit is payable for the greater of your spouse's lifetime or 10 years. If your SIB Beneficiary is other than your Spouse - the monthly benefit is payable for 10 years.

Short Term Disability benefits provided by the Plan are a supplement to any benefits that you receive under the Company paid Sick Leave and Long Term Disability Plans. These supplemental benefits have been designed so that the combination of Benefit Plan disability benefits and Company paid disability benefits should provide you with a total income approximately equal to your pre-disability gross earnings net of income taxes and other deductions such as Union dues, CPP/QPP contributions, EI premiums and TW Pension Plan contributions.

Disability benefits are payable during the first 24 months of a period of disability. During the first six months of your disability, except as provided for below, you must be in receipt of Company paid sick leave disability benefits in order to qualify for disability benefits. During this six month period, if you

exhaust your Company Sick Leave plan allocation, but can provide proof of continued disability, the Benefit Plan will continue to provide you with disability benefits for the balance of the six month period.

If you are still disabled at the end of six months, you should be eligible for long term disability benefits under the terms of the Company paid LTD plan. During this time, you will be eligible for disability benefits as well. The following table summarizes when you will be eligible for disability benefits.

Disability Period	Disability Benefits
First 6 months	Eligible if in receipt of Company paid Sick Leave benefits, or if you have exhausted your Company paid Sick Leave benefits and can show proof of the inability to perform the tasks of your own occupation.
Months 6 to 18	Eligible if in receipt of Company paid LTD benefits.
Months 18 to 24	Eligible if in receipt of Company paid LTD benefits, or if you are not in receipt of LTD benefits but can show proof of the inability to perform the tasks of your own occupation.

The level of benefit payable from the Plan will depend upon the level of benefit that you are receiving from the Company and other sources. Please refer to the Plan booklet for your province of residence.

Cost of Coverage

Currently, Regular Employees pay 1.5% of actual gross earnings for Group Life, SIB & STD coverage.

Temporary Employees pay 1.2% of actual gross earnings for Group Life and SIB coverage. Temporary employees cannot participate in the short term disability plan.

On an annual basis, the Benefit Plan Trustees review the financial solvency of the Plan as well as the adequacy of the required contribution rate. In order to maintain the operation of the Plan on a sound actuarial basis, the Trustees have the right to change the contribution rate as required to achieve this goal.

It is important to note that since the current form of the Plan commenced in 1985, there has only been one contribution rate increase. In 2003, the rate was increased from 1.2% to 1.5% of pay. This increase was required as a result of the following factors:

1. A decline in interest rates which increased the cost of providing Survivor Income Benefits; and
2. A gradual increase in the level of disability and death claims.

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