

ADVISORY LETTER

AL-05-15

August 20,2015

TO: ALL FIR ACCREDITED MEMBER COMPANIES

Gentlemen and Mesdames:

Re: Participation in Benefit Plans

We have recently had a few member companies ask if they could opt out of some of the benefit plans under the Coast Master Logging Agreement. They suggested that they might then provide some benefit coverage for employees under the Truck Loggers Benefit Plan or some other plan.

We thought this was a good time to review and advise on this idea.

It is not legally permissible for member companies of FIR (or any other forest company with similar contract language) to opt out of any of the benefit plans under the Agreement.

There are six basic employee benefit plans embodied in the Agreement—the Health and Welfare Plan(which covers Short Term Disability and Life insurance),the Dental Plan, the Extended Health Care Plan, MSP, the LTD Plan and the Pension Plan. Some of these Plans are inter-related so that you must be in one to have coverage in another.

Together,this package of plans is a result of industry wide collective bargaining. Although it is theoretically possible for an individual company to bargain with the union into a different benefit plan, it is not usually accomplished because of the USW's strong preference for one common set of benefits for all its represented members and because there are significant economies of scale with one large benefit plan for all employees.

The current collective agreement you are bound by provides that :

1. Insurance coverage is to be instituted on *an Industry-wide basis with a common carrier*. (Pacific Blue Cross is the industry-wide common carrier)

2. Participation in the Plans is to be *a condition of employment*. (All employees are to be enrolled in all plans.)

3. Coverage is designed to be portable for employees who change employers. (This is not possible with more than one insurance carrier.)

We are aware that some Locals of the USW have, in the past, allowed some owner operators to opt out of one or more of the industry-wide benefit plans. However, we understand that the Locals are currently in the process of rectifying this and have taken the position that there will be no “opt-outs” in the future and they are attempting to cancel existing “opt-out” agreements.

In summary, your company is legally bound to participate in the specific benefit plans referred to under the collective agreement and cannot opt out of providing the employee benefits in the Agreement or move coverage to another plan.

Please call or email Ross or myself if you have any questions.

Yours truly,

Tom Getzie