



# NewsForum

Numekevor & Associates Inc.

Health Disaster Relief Programs for Business Owners

The HDRP Specialists

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## ***Pandemic lessons***

# **Adaptability is what's essential**

It has been almost two years since the beginning of what continues to be an unparalleled global experience. Nobody has been completely untouched by the Covid-19 pandemic, and while for some people virtually every aspect of daily life was overturned, for others the impact was negligible. At any rate, one of the many pandemic lessons has been that adaptability is the key to coping and thriving during times of great uncertainty. And as it turns out, for the most part, we are pretty adaptable.

In March 2020, as housebound Ontarians were figuring out how to live, learn, and work while in constant communion with everyone in their home, essential service workers were scrambling to identify and implement best practices that would keep their workforces safe. For everyone, the near constant

threat of illness or economic collapse added extra layers of stress to daily routines. In spite of that, for companies like Elite Bending and Cambridge Heat Treating, it has been business as (almost) usual since day one of the initial public lockdown.

"The pandemic did not come to Cambridge Heat Treating," says Cheryl Mortimer. Mortimer and her brother Peter Robbins have been running the family owned metal treating operation since 1982. Because they ship and receive dozens of external packages and parcels every day, they have had well-established office hygiene protocols in place for years. In addition to a regular surface disinfection routine, hand sanitizing stations have been positioned at their Bishop St. location since moving there in 2008.

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## ***Retaining workers is just as critical as attracting them***

The pandemic has spurred a nearly seismic shift in the Canadian workforce. Workers, more conscious of how their current lives and future prospects are impacted by their jobs, have forced employers to take novel approaches to attract employees. From signing bonuses and flexible scheduling to boosting hourly pay rates and expanding benefits, business owners are looking at how to entice reluctant workers to fill persistent vacancies.

Some workers are pressing employers to establish pension plans that will help them save for retirement. At Elite Bending, a group RSP has been in place for over ten years. Owner, Matt Roy, believes having such

a program has made his recruitment package more attractive and may contribute to employee retention.



*Matt Roy and Lordy on the shop floor at Elite Bending in November 2021.*

Of his eight full-time employees, three are long-tenured men who have been with the company ten or more years — one has over 25 years on the shop floor. For such a small business, having a group RSP is not something Roy thinks his employees or prospective employees take for granted.

"Very, very few small businesses have a pension or a group RSP, and I think it makes us more competitive," said Roy. "It's hard to find people anyway, so having that extra thing makes us a more attractive employer."

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Within hours of the pandemic being declared, Plexiglas partitions were installed to separate staff from customers, and limits were placed on the movement of non-employees within the facility — precautions that were soon commonplace and widespread.

Robbins points also to a long-standing practice of staggered shifts as another way the pandemic has been kept at bay. "We've always had rotating lunches and breaks," he says. Scheduling this way is a holdover from the days before furnaces were automated and heat treating required someone to be on hand at all times to act as soon as the process was complete. "If everybody starts at a different time, then everyone has a break at a different time," Moritmer says. "So far we have not had anybody with Covid and — knock wood — we are hoping it remains that way."

At Elite Bending in Bright, new owner, Matt Roy, also implemented basic health protocols that have kept his employees working at 100 per cent capacity. Roy, after completing the *Machine Tool Builder and Integrator Program* at Conestoga College, purchased Elite Bending — a maker of automated bending machines primarily for the automotive industry — from his uncle, Barry Melski, in July 2019.

It was a natural career progression from employee, to apprentice, to owner. The biggest change, he says, was that early on, "there wasn't as much traffic coming to work." This lightheartedness underplays the real challenges he faced, like sky rocketing material costs, long lead times, supply chain shortages, and customer payment deferrals, in a first year that was much like a "crash course" in business management.

In addition to adjusting to the pandemic's unprecedented circumstances, a prolonged skilled worker shortage persists for all trades-based industries. "I'm kind of always searching," says Roy. "It's hard to find guys who can do this — come in and just turn keys and start working." And though three of Roy's newest employees have passed the three-month qualifying period and are now eligible to receive health benefits and participate in the group RSP, the pandemic has curtailed education plans for those seeking advanced training.

"I would like them all to go to school," says Roy of his new hires and who before the pandemic was making arrangements to send his first apprentice to the same program from which he graduated. "Nobody in here has the same ticket as I have because it's fairly new," he explains. Most of his established workers are either tool makers or dye makers who have spent more than a decade honing their trade. "The young guys who are just coming up," says Roy, "they'll end up taking the *Machine Tool Builder and Integrator Program*. There is so much in it, more than what comes through here," he says. "It's good for them to learn [this trade] deeper."

For Cambridge Heat Treating, a staffing shortage has been compounded by the loss in recent years of several key employees, including Donald (Donny) Robbins, Peter and Cheryl's brother, who passed away after a bout with cancer in May 2020. "Training someone to become a heat treater takes years, and

there have been no trainable people during Covid," explains Robbins. "What we look for, is someone with a combination of mechanical and engineering knowledge." Beyond that, says Mortimer, "it's pretty much all on-the-job." Consequently, the company has been engaged in what they say amounts to an almost continuous, 40-year talent search.

The results they have been getting from this perpetual search have changed over time, however never so dramatically as in the past 24 months. Where previously, ads would yield a flood of resumés in a matter of days, now over the course of a month, responses have dwindled to single digits. And while group benefits are welcomed by potential employees, Mortimer and Robbins have had to become more flexible, adapting to the kind of lifestyle and quality-of-life of benefits an evolving workforce increasingly seeks. That has meant allowing workers to set their own schedules — including going from full- to part-time — and enabling them to pursue activities that involve education, family, or fitness.

Even with such concessions, productivity by individual employees, they say, has remained steady. "When you work on the days and hours of your choice, you don't get as tired as you might otherwise, and we want people to want to be here," affirms Mortimer. "Particularly because they are so hard to find."



*Peter Robbins and Cheryl Mortimer of Cambridge Heat Treating were fully prepared to manage the threat of Covid-19 in their facility.*

# Do you want your loved ones to have access to your estate in two weeks or two years?

Segregated funds are the often overlooked hard-working cousins of mutual funds – not as familiar to investors, yet with a unique bundle of features that provide protection and potential cost savings. One of their most compelling advantages is the ability to bypass the estate, which means the deceased's beneficiaries get their money quickly, privately and without paying estate administration fees. All that, and segregated funds offer exposure to equity and fixed-income markets for a relatively modest incremental cost.

Consider these two scenarios.

Mr. Edwin Jones dies with \$500,000 in mutual funds in a non-registered account (not RRSP) that flows through the estate. After his death, the money is either frozen in its current investments or converted to cash. Either result comes with certain risks. More importantly, the estate beneficiaries don't have control of the funds to use in the way they think is best. It may take a year or more to settle the estate and distribute money to beneficiaries. In that time, the following can happen:

1. The assets are exposed to litigation if the will is challenged, and to creditors if the deceased owed money.
2. Estate administration costs may be associated with assets that flow through an estate including legal, executor, accounting and probate fees where applicable.

On the other hand, Dr. Amina Aminah dies with \$500,000 in a segregated fund in a non-registered account with named beneficiaries.

1. The death benefit does not flow through her estate.
2. If all the paperwork is in order, beneficiaries will receive a cheque from the insurance company within two weeks.
3. The assets are generally protected from creditors and from estate litigation and are



not subject to legal, executor, accounting or probate fees.

Segregated funds offer another important estate-planning advantage in provinces where probate applies, as John Natale, Manulife's AVP of Tax, Retirement and Planning Services, points out:

"When you submit your will for probate, it becomes a matter of public record. Anyone can go down to the courthouse, pay a nominal fee and see a copy of your will. They can see whom you've named as executors of your estate. They can see whom you've designated or expressed an interest as being the guardians of your children. They can see who the beneficiaries of your estate are. Now, for some people, privacy isn't a concern – but for others, it's right there at the top of the list."

Because of their estate-planning advantages, segregated funds can be especially attractive to affluent Canadians who are understandably reluctant to have the value of their estates eroded by fees, and who appreciate having protection from litigation, creditors and outsiders' prying eyes.

A death is difficult enough for loved ones to cope with. Segregated funds, can make the transfer of assets fast and easy for clients and their beneficiaries.

*This article has been modified from the Manulife Advisor Focus archives at, <https://advisorcafe.ca/winter-2019/a-new-estate-planning-conversation>*

***"You don't always go out there with the dollar sign on your forehead, because if you did that, you would be out of business tomorrow,"  
Lordy, 2018.***

# What is "any" occupation?



You may see a definition like this of "Any Occupation" in your disability insurance policy:

*"An insured will be considered "Totally Disabled" if unable to work in any gainful occupation for which the insured is reasonably suited by education, training or experience."*

"Any Occupation" is maybe the most misunderstood definition of "Total Disability". In fact, there were once strict interpretations of "Any Occupation" for "Total Disability" that were a lot like the vision people have of a big bad insurance company making skilled professionals perform subservient jobs upon disability.

Early on, "Total disability" was defined as the insured person's inability to perform the duties of literally

any occupation for remuneration or profit. By that definition, a disabled neurosurgeon, unable to act as a surgeon but able to park cars, would be barred from recovering disability benefits.

That's not how it works anymore. Most insurers have stopped using this definition because it prevented most people from qualifying for disability benefits. Also, U.S. courts have defined "Any Occupation" as,

*"an inability to perform a regular occupation or another occupation for which [one] may be fitted by education, training and experience which may yield a reasonably substantial gain or profit rising to the dignity of an income or livelihood."*

This more liberal interpretation and the practices of most companies means the previously mentioned neurosurgeon would be able to receive disability benefits under "Any Occupation" coverage.

*\*\*\* Please keep in mind that this information is for educational purposes only. All disability claims are unique and are adjudicated on the basis of their own merits. \*\*\**

## Exclusion riders: Underwriters use common sense guidelines

**Q:** My disability insurance has an exclusion rider for a leg injury I had as a teen. If I am hit crossing the street and that leg is broken, can I make a claim?

**A:** The standard practice in exclusion riders for such cases allows companies to provide disability protection in situations where a previous medical history would have prevented them from doing so.

The exclusion rider is intended to exclude only disabilities related to the condition that created a need for the rider and will be applied with common sense and reason to ensure the spirit of the contract is respected. Here are two examples:

1. A policy has an exclusion rider for a knee with a history of cartilage damage. Subsequently a tumor develops in this knee.
2. A policy has an exclusion rider for the lumbar and sacral areas of the back due to degenerative disc disease in this area. A subsequent accident leaves the insured with a fracture of a lumbar vertebra.

In both cases, the claims examiner would take into account that the condition leading to the claim is unrelated to the reason the exclusion rider was first created, and the insured might be eligible for benefit payments.

**About the company:** Numekevor & Associates in Cambridge, Ontario is one of Canada's leading corporate insurance advisory organizations. Founded in 1988 by Lordy Morgan Numekevor to focus on small business owners and executives, we are the innovators of Health Disaster Relief Programs (HDRPs), combining comprehensive benefit and insurance programs that deliver peace of mind and financial confidence across your small business. **About the newsletter:** This newsletter belongs to our clients. It is published twice annually. Submissions of original articles, photos or artwork are welcome and encouraged. For submission guidelines or to learn more about what we can offer you and your employees, contact Lordy by calling Numekevor & Associates Inc. at 519-621-4422; direct 519-729-1972; or email lordy@numekevor.com. Visit us online at [www.numekevor.com](http://www.numekevor.com).