BOILERMAKERS LODGE 359
PRODUCTION WORKERS PENSION PLAN

PLAN BOOKLET

January 2011

IMPORTANT NOTICE

This booklet describes the Plan in a simple and easy to read manner. It is a summary of those parts of the Boilermakers Lodge 359 Production Workers Pension Plan that most often attract questions. The booklet does not purport to be the full text of the Plan.

There is a complete Plan Text and a Trust Agreement which contain all of the provisions of the Plan. You may view a copy of these documents at the office of the Plan Administrator. If there is any omission in this booklet or a conflict between this booklet and the wording in the Plan Text and Trust Agreement, the Plan Text and Trust Agreement will prevail.

The provisions of the Plan may be amended from time to time, although no amendment can be made that would allow for any part of the Fund to be diverted to purposes other than for the exclusive benefit of Plan Members, their eligible Spouses and other beneficiaries.

This booklet reflects a summary of the rules that were in place at January 2011.

MISSION STATEMENT

The Trustees of the **Boilermakers Lodge 359 Production Workers Pension Plan** shall use all their individual and combined skills to deliver benefits to all Plan Members and beneficiaries with a high degree of certainty, while meeting the requirements of all governing legislation. The Trustees shall act in a transparent manner in the best interests of and reporting to all beneficiaries. To this end, the Trustees are committed to accept relevant education challenges, seek expert professional guidance, communicate only and act consistently in the best interests of Plan Members to the best of their ability.

The Trustees shall ensure the best possible return on pension investments to the benefit of Members through the best use of funds.

The Trustees shall oversee and create policies with regards to duties of all third party participants in the Plan, with appropriate checks and balances and fully communicate with Plan participants.

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INTRODUCTION

About the Plan

The Boilermakers Lodge 359 Production Workers Pension Plan (**Plan**) came into effect May 15, 1972. It is recognised as a Defined Contribution Plan and is registered with the British Columbia Superintendent of Pensions and with Canada Revenue Agency.

This Plan is operated on your behalf by 5 Trustees who are all Members of the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers Lodge 359 British Columbia (**Union**). The Plan is governed by a Trust Agreement which sets out the duties and responsibilities of the Trustees and by the Plan Text which sets out all the provisions of the Plan, including eligibility for benefits and the amount of benefits that are payable under various circumstances.

Each year you will receive a statement of your benefits under the Plan accumulated to date. You can verify that the proper contributions have been made by your Employer by examining this statement. You must inform the Plan Administrator if there are any discrepancies or errors in your statement of benefits within 3 months of receiving your statement.

How is the Plan run?

The *Trustees* (see next question) interpret the Plan, appoint and provide certain guidelines to the Plan Administrator, Custodian and Investment Manager, as well as oversee the running of the Plan.

The *Plan Administrator* (currently D.A. Townley & Associates Ltd.) administers the Plan by keeping records of service and contributions and by calculating benefits under the Plan.

The *Custodian of assets* (currently RBC-Dexia Investor Services) holds the pension fund assets and invests them following instructions from the Investment Manager. All contributions are made to the Custodian, and all pensions and benefits are paid by the Custodian.

The *Investment Manager* (currently Leith Wheeler Investment Counsel Ltd.) makes investment decisions within guidelines and objectives set by the Trustees.

The *Plan* is subject to the rules for registration under the *Income Tax Act* (Canada) and the *Pension Benefits Standards Act* (British Columbia) and is subject to change when those rules change.

How is the Board of Trustees set up?

The Union appoints all 5 Trustees to the Board. Your current Trustees are:

- Randy Senior (Chair)
- Mark Devitt
- Phil Halley
- Rob Kappel
- Michael Reilly

How is the Fund invested?

The Trustees have appointed a professional money manager, Leith Wheeler Investment Counsel, to invest the Trust Fund.

Leith Wheeler Investment Counsel has discretion over what securities the Trust Fund is invested in, but in selecting the investments, must always comply with the guidelines and restrictions established by the Trustees. These investment guidelines are set out in the Trustees' Statement of Investment Policies and Procedures. All Plan Members are entitled to view a copy of this document which is held at the office of the Plan Administrator.

Plan expenses

There are certain operational expenses associated with the Plan. These include fees paid out of the Plan to the Plan Administrator, Custodian, Investment Manager, Consultant and Auditor, as well as other regulatory fees and expenses that may be payable.

Please note that the interest that is credited to your Member Account and Member Voluntary Account at each year end, is **net** of all Plan expenses. Details of Plan expenses can be found in the Plan's annual audited financial statements, a copy of which is held at the office of the Plan Administrator.

ELIGIBILITY

Who is eligible for membership in the Plan?

Each person who is working under the terms of a Collective Agreement between a Participating Employer and the Union shall automatically participate in the Plan.

An enrolment card must be completed by each Member and submitted to the Administrator.

CONTRIBUTIONS

How much does my Employer contribute to the Plan?

Each Participating Employer will contribute on an hourly basis at the rate stipulated in the Collective Agreement.

Am I required to contribute to the current Plan?

No.

May I make additional contributions to the Plan?

Yes, provided that you are an active Member in the Plan, the Plan will accept voluntary contributions from you. You will need to make sure that contributions for any calendar year do not exceed the lesser of:

– 18% of your earnings for the year; or

– the Money Purchase Limit for the year under the Income Tax Act ($22,450 for 2010 and $22,970 for 2011), reduced by the sum of contributions paid by a Participating Employer on your behalf and any additional RRSP contributions you may have made outside the Plan. You will be issued a tax receipt for these additional contributions.

Additional voluntary contributions may be made through your Employer by way of payroll deduction or through the Plan Administrator. These voluntary contributions are not locked-in to the Plan.

Do my contributions earn interest?

Yes. Interest is credited to your accounts at a rate equal to the rate the Fund earns, less the costs of running the Plan. The rate of interest can be positive or negative.

What does "locked-in" mean?

Locked-in money is money that can only be used to buy you retirement income. It will not be available to you in cash, except in very limited circumstances.

All monies contributed by your Participating Employer to the Plan from January 1, 1993 and any interest earned on those contributions are deemed to be locked-in.

Are any pension contributions not "locked-in"?

All contributions made to the Plan by a Participating Employer on a Member's behalf prior to December 31, 1992, plus the interest earned on those contributions, as well as all voluntary contributions, can be taken in cash or transferred to a non locked-in RRSP. Note that you must pay income tax on any cash payment you receive from the Plan.

BC pension law also provides a number of limited exceptions to the locking-in rules e.g. if you have a small account balance or if you have a considerably shortened life expectancy due to terminal illness or disability. If you have a question regarding the locking-in rules, please contact the Plan Administrator for further details.

VESTING

What does "vested" mean?

A "vested" Member is entitled to the benefits in the Plan. All employees will become vested after they have completed one year of Credited Service. A year of Credited Service is earned if you work 175 or more hours with a Participating Employer in a Plan Year.

Further, all Members will be fully vested in all benefits upon reaching age 65 or upon termination of the Plan.

RETIREMENT BENEFIT

How is my retirement benefit calculated?

Retirement benefits are based upon the total contributions made by your Participating Employer(s) to the Plan, any voluntary contributions you have made and the total amount of interest earned on those contributions. Depending upon the option that you select at retirement, this total amount will be:

– transferred to a Registered Retirement Savings Plan (**RRSP**);

– used to buy a Registered Retirement Income Fund (**RRIF**);

– used to buy a Life Income Fund (**LIF**); or

– used to buy an **annuity**, which will provide you with retirement income.

When can I receive my retirement benefit?

The Normal Retirement Date under the Plan is the first day of the month on or after your 65th birthday (provided that you have at least one year of Credited Service in the Plan).

However, you can retire at any time after your 55th birthday, assuming you have retired from active employment with a Participating Employer.

You must retire from the Plan before the end of the year in which you turn 71.

What if I retire and am later re-hired by a contributing Employer?

Provided you are under age 71, you will be treated as a new Member of the Plan.

RETIREMENT OPTIONS

RRSP

What is a RRSP?

RRSPs are retirement plans registered with Canada Revenue Agency.

Can I withdraw income from a RRSP?

This depends on whether the plan is “locked” or “unlocked”.

All contributions that were locked-in in the Plan will remain locked-in, once transferred to a RRSP.

If you then wish to withdraw income from the RRSP, you will need to convert the funds into an income stream by purchasing an annuity or transferring the money to buy a RRIF.

RRIF

What is a RRIF?

A RRIF is a registered retirement vehicle into which your money can be transferred to maintain its registered (i.e. tax-exempt) status.

RRIFs were introduced to provide flexibility to individuals who have saved for retirement in a RRSP but who do not wish to purchase a life annuity.

A RRIF provides you with the ability to manage your own retirement savings.

Can I transfer my retirement benefit to buy a RRIF?

Only **non-locked in money** from your accounts can be transferred to a RRIF.

As outlined above, unlocked money includes any voluntary contributions that you have made to the Plan and all contributions that your Participating Employer(s) made to the Plan on your behalf before 1993, together with interest earned on those contributions.

When can I access the money in my RRIF?

If you choose a RRIF, then you must receive payments each year (starting no earlier than age 55 and no later than December 31 of the year you turn 71).

Canada Revenue Agency sets a minimum amount that you must withdraw each year. There is however, no maximum payment level. Payment levels can be changed at any time.

LIF

What is a LIF?

A LIF is a locked-in RRIF and is an investment instrument used to hold and pay out pension funds upon retirement. LIFs allow you to convert your retirement savings into retirement income.

A LIF provides an alternative to the traditional annuity purchased from an insurance company. It provides you with the ability to maintain control over pension capital, its investment and the flow of income.

A LIF is created by transferring your locked-in pension assets from the Plan (starting not earlier than age 55 or later than December 31 of the year you reach age 71).

How are the funds invested?

The funds are invested in accordance with your direction and subject to the rules for investments of a RRIF. Further details of these rules are available from Canada Revenue Agency. The interest on a LIF accumulates tax-free until funds are paid out.

When can I access my money in a LIF?

A LIF cannot be cashed out in one lump sum. It must be used to provide retirement income for your lifetime.

By purchasing a LIF, you have some flexibility in the amount of income you receive in any given year, however, legislation sets both an annual minimum and a maximum range for the payments you can receive. The intention is that there should be sufficient money in the fund to provide income for your lifetime.

The *Pension Benefit Standards Regulation* prescribes the maximum annual withdrawal amount and the financial institution holding your LIF will advise you of the exact withdrawal amounts at the beginning of each year. You then choose the level of income that you wish to withdraw for the year.

Factors that impact on the withdrawal amounts include your age and the balance of your account at the time the amounts are being calculated.

Further information in relation to LIFs and maximum annual withdrawal amounts can be found on the website of the Pension Department of the Financial Institutions Commission of BC (**FICOM)** at:

http://www.fic.gov.bc.ca/responsibilities/pension/rsp-lif/lifmax.htm

Where do I get a LIF?

Any financial institution wanting to offer a LIF in BC must be listed on the Superintendent of Pension's list of financial institutions for the purpose of the LIF. This list is located on the FICOM website at:

http://www.fic.gov.bc.ca/responsibilities/pension/rsp-lif/lif-list.htm

D.A. Townley & Associates Ltd, together with Leith Wheeler Investment Counsel Ltd. and a company called BenFlex, also provide LIF services to Members of the Plan. For further details you can contact Craig Drake Johnson of D.A. Townley & Associates Ltd at 604 299 7482.

Do I have to purchase a life annuity once I reach a certain age?

No. This requirement has been abolished in BC. You may, however, at any age, purchase a life annuity with some or all of the LIF funds.

ANNUITY

What is an annuity?

An annuity is a retirement vehicle that provides you with continuing monthly income at a level that is dependent on the total amount of money in your accounts and the form of payment that you choose.

How long does my annuity continue?

This depends on the form of annuity that you purchase.

If you purchase a **life annuity** at retirement, it will provide you with monthly payments until your death.

You can also choose a **life annuity with a guarantee period**. Payments can be guaranteed for 5, 10 or 15 years. If you die before the end of the guarantee period, payments will continue to be made to your beneficiary until the period has expired. If you live longer than the guarantee period, you will continue to receive payments until you die.

Another option is a **joint and survivor annuity**. Under this type of annuity, you will receive a monthly income for your life and when you die, payments will continue to your Spouse at a specified level for the remainder of his or her lifetime. You can choose the level of income that your Spouse will receive, either equal in size to the payment you received or at a lesser level.

Are there any special rules that I need to be aware of?

If you have a Spouse, you must, by law, receive your retirement benefit in the form of a **joint and 60% survivor annuity**. This type of annuity will provide you with a monthly income for life. Should you pass away before your Spouse, your Spouse will then receive monthly payments for the remainder of his or her life, equal in value to 60% of the amount that was being paid to you during your retirement. Your Spouse can choose to waive his or her right to this mandatory form, and allow you to choose some other form of income. The Trustees strongly suggest that your Spouse obtain independent legal advice before completing any waiver.

Under existing legislation, "Spouse" means in relation to another person:

(a) a person who at the relevant time was married to that other person, and who if living separate and apart from that other person at the relevant time, did not live separate and apart for longer than the 2 year period immediately preceding the relevant time; or

(b) if paragraph (a) does not apply, a person who was living and cohabiting with that other person in a marriage-like relationship, including a marriage-like relationship between persons of the same gender, and who had been living and cohabiting in that relationship for a period of at least 2 years immediately preceding the relevant time.

TERMINATION OF EMPLOYMENT BEFORE RETIREMENT

What does “terminated” mean?

A Member’s membership in the Plan will be deemed to have terminated if he or she:

– ceases to be a Member in good standing of the Union; or

– during 2 consecutive Plan Years, his or her Participating Employer(s) have remitted less than a total of 350 hours.

If this happens, then you will be entitled to receive your accumulated pension in full, provided you are vested.

Alternatively, if no hours have been remitted by a Participating Employer on your behalf for a period of one calendar year, you will have suffered a “Break in Service” and may request to withdraw your vested funds from the Plan.

What happens to my pension funds if I stop working for a Participating Employer?

You have a choice. You may:

(a) leave your contributions in the Plan and receive a pension at age 55 or transfer at any time prior to the end of the calendar year in which you reach age 71 (a “deferred pension”); or

(b) transfer the accumulated value of your contributions to a locked-in RRSP or, under certain statutory conditions, to another pension plan or to purchase a deferred life annuity or a LIF.

If you choose option (a), interest will be credited to your balance from year to year until you retire or transfer out your funds. <u>Be sure to notify the Plan Administrator of any address changes so that they may keep you informed.</u>

What happens to my voluntary contributions?

As long as they remain in the Plan, they will be credited with interest as set out above. If you wish to withdraw from your voluntary account, you may do so at any time.

What if I am terminated and am now re-employed by a Participating Employer?

If you withdrew your contributions from the Plan, you will be treated as a new Member and will have to complete one year of Credited Service to become vested in benefits that will accrue subsequent to your date of re-employment.

If you were a vested Member when you terminated, and you left your contributions in the Plan, then you will be entitled to those benefits that vested with you prior to your date of termination and you will automatically be vested in benefits that will accrue subsequent to your date of re-employment.

DISABILITY BEFORE RETIREMENT

What happens to my pension should I become disabled?

The Plan allows for disability benefits to vested Members in the Plan.

Should you become totally and permanently disabled (as defined in the Plan) before you are eligible to retire, you can elect to retire immediately by way of an annuity.

DEATH BEFORE RETIREMENT

What is the death benefit if I die before retirement?

The death benefit is equal to the sum of

(a) your Participating Employer(s) contributions, with interest; and

(b) any voluntary contributions you may have contributed to the Plan, with interest.

If you have a Spouse and she or he has not filed a Spousal waiver, your Spouse may elect to transfer the sum of (a) and (b) to a locked-in RRSP or, under certain statutory conditions, to another pension plan or use it to purchase a deferred life annuity or LIF. He or she can also use it to buy an annuity to provide lifetime retirement income. The voluntary contributions and pre 1993 Employer contributions are not subject to locking-in regulations, and so can be transferred to a regular RRSP, a RRIF or taken in cash.

If you do not have a Spouse, or if your Spouse has filed a Spousal waiver, your beneficiary (or your estate) will receive the total sum of your account with interest to date of payout. This money will be taxable.

What is the death benefit if I die after retirement?

The benefit payable depends on the form of retirement option that you chose at the time of your retirement. For example, if you elected a life annuity with a guaranteed period, and you die prior to the expiry of the guaranteed period, then your beneficiary will receive the monthly pension until the end of the guaranteed period. If you chose a LIF, the balance in the LIF will be paid to your surviving Spouse, or where there is no Spouse, to your nominated beneficiary.

DIVISION OF BENEFITS ON MARRIAGE BREAKDOWN

What happens to my benefits if my marriage breaks down?

In the event of marriage breakdown, pension benefits are subject to division in accordance with applicable provincial property laws.

Pensions are a "family asset" under the *BC Family Relations Act*. The division of family assets, including pension credits, comes under that legislation. Part 6 of the *Family Relations Act* provides detailed procedures for valuing and dividing a pension after a marriage breakdown.

BC pension law permits the division of pension assets by a court order or an agreement between the parties. Matrimonial property orders made by a Court in BC or elsewhere in Canada are enforceable against pension assets or payments.

Your spouse has enforceable legal rights to a share in the benefits of the Plan and BC legislation outlines what the Plan is required to do in order to protect his or her rights. In particular, the Plan Administrator must provide your former spouse with a written statement that outlines the transfer options that are available to him or her.

The Trustees strongly recommend that you seek your own legal advice regarding division of your pension entitlement.

AMENDMENT OR TERMINATION OF THE PLAN

Can the Plan be changed or terminated?

Yes, the Trustees have discretion to change the Plan. You will be notified of any changes that are made.

At the direction of the Union, the Trustees could also cause the Plan to be terminated.

What happens if the Plan is terminated?

In the unlikely event of Plan termination, you would be entitled to the total of all contributions you and your Participating Employer(s) have made to the Plan, with interest. All Members automatically become vested on Plan termination.

Do I have any protection from future amendments?

Yes, amendments cannot cause the value of benefits accrued to the date of amendment to be reduced.

Can a Participating Employer get a refund of pension fund money?

Only if they have over-contributed to the Plan.

MORE INFORMATION

How can I learn more about the Plan?

All Plan Members and other persons who are entitled to benefits or refunds under the Plan are entitled to review certain documents held by the Plan Administrator. Key information includes:

– Annual Information Returns;

– Financial Statements;

– Plan Texts;

– Plan Amendments; and

– Statement of Investment Policies and Procedures.

If you have any questions or require clarification of any pension matter, contact the Plan Administrator, at (604) 299-7482 or 1-800-663-1356 by phone, or e-mail the Plan at drhein@datownley.com.

If you wish to contact the Trustees, you can write them, care of the Plan Administrator's office.

Are benefits taxable?

Yes, benefits are included in your income for income tax purposes when they are paid (except for lump sums transferred directly to another registered pension plan or RRSP).

Each year a "pension adjustment" (PA) under this Plan is calculated by your Employer for income tax purposes. **The PA will use up part or possibly all of your RRSP contribution room**. The PA each year is equal to the total of all contributions made to the Plan in your name. It is reported on your T4 slip provided by your Employer. Voluntary contributions remitted directly to the Plan Administrator will be reported on a separate T4 issued by the Plan Administrator.

WHAT ELSE SHOULD I BE AWARE OF?

Keeping your beneficiary nomination up to date

When you enrol with the Plan you will need to nominate a beneficiary. When you name someone as your beneficiary, you should advise him or her. When you change your beneficiary, you should advise both parties. You must also inform the Plan Administrator of any changes.

Please note that if you have a Spouse (as defined above) you must nominate that person as your beneficiary.

You can request a member record card from the Union or the Plan Administrator if you wish to change your beneficiary or change your address. Please make sure that you sign and date the card and mail it to the Plan Administrator.

How do I exercise my rights?

The following rights under the Plan can be exercised at appropriate times:

- to join;
- to elect optional forms of benefit;
- to commence benefits; and
- to obtain information.

In each case, you should contact the Plan Administrator, D.A. Townley & Associates Ltd., at (604) 299-7482 or toll free 1-800-663-1356. In most cases, you will be provided with the appropriate forms to complete. You must complete the forms and return them to the Administrator to initiate action.

It is the responsibility of each Member, or the beneficiary of the Member, to make application to the Trustees to receive the benefits to which they are entitled. If no application is received by the Trustees, the Trustees will attempt to contact the person eligible to receive the payment due.

To ensure that your request is processed in a timely manner, the Plan Administrator recommends that you submit your request within the appropriate time frame:

Situation	**Maximum time frame**
New hire joins the Plan Complete a member record card	3 months following hire
Retirement	At least 30 days in advance of the first of the month in which your retirement benefits are expected to begin. For example, if you wish to retire on December 1st, you should file your application by November 1st. To allow sufficient time for you to review the forms, we suggest you contact the Plan Administrator approximately 3 months in advance of your retirement date.
Termination benefits election (withdrawal from the Plan)	At least 30 days in advance.

PLAN ADMINISTRATOR

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