BOILERMAKERS PENSION PLAN
for
ACTIVE FIELD MEMBERS OF LODGE 359

Current as at:
April 1, 2006

PRIVACY POLICY

The Boilermakers Pension Trust Fund will collect, maintain and communicate only the personal information considered necessary for the effective administration of the Fund and Plans. Personal information includes your Social Insurance Number, your work history, names of your eligible dependants, beneficiary designation, etc.

Completion of a Member Information Card, and Benefit Forms, constitutes your express consent for the use of your information for the effective administration for the Fund and Plan. Please note that if you do not consent to the use of your personal information, or terminate such consent at any time, the Administrator may not be able to provide you with a benefit or service under the Fund or Plan.

Personal information will be protected pursuant to the relevant privacy legislation. The Fund and Plan may use and exchange information with relevant persons or organizations (unions, institutions, investigative agencies, insurers, re-insurers, regulators) in order to manage the Fund and Plan and your entitlement to the Benefits under the Plan.

Members will have reasonable access to their personal information retained by the Fund and Plan. You must send a written request to the Administrator detailing the information you want to review in this regard. If any of the personal information kept is determined to be inaccurate or incomplete, it will be reviewed and any necessary corrections made.

Questions related to the Privacy Policy of the Fund and Plan should be directed to:

Executive Administrator
McAteer – Employee Benefit Plan Services Ltd.
4510 Dawson Street, Burnaby, BC V5C 4C1
Fax: (604) 298-5833
Email: 359plans@telus.net

TABLE OF CONTENTS

INTRODUCTION

This booklet provides a summary of the terms of the Boilermakers Pension Plan as of April 1, 2006. Should there by any inconsistencies in this booklet with the terms of the official Plan Text, the terms of the Plan Text always govern.

The Pension Plan's purpose is to be an important part of your financial security at retirement by providing a pension for life, in addition to any government benefits for which you may be eligible, and any personal savings. The Plan also provides benefits in the event of the Member's death, or when the Member terminates membership in the Plan prior to retirement, or in the event of total and permanent disability.

Your Pension Plan registration numbers are:

BC Pension Benefits Standards Act:	#085447
Canada Revenue Agency:	#0542928

We urge you to review this Booklet carefully so you understand the benefits available under the Boilermakers Pension Plan. Should you have any questions, do not hesitate to contact the Administrator, who will be pleased to assist you. For illustration purposes, this booklet has been written as if the Member is male and the Spouse is female. That is not always the case: The Member could be female, and the Spouse male. This Pension Plan also provides benefits to same-sex Spouses.

The Trustees hope that their efforts in developing and maintaining a sound programme of retirement protection for Members and their families will be of real value to you. We welcome your comments at any time.

Yours sincerely,

The Board of Trustees

THE HISTORY OF YOUR PLAN

Since October 1, 1966, Employers who are parties to Collective Agreements with the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers Lodge 359 have been contributing to the Boilermakers Pension Trust Fund. This Trust Fund provides Pension Benefits for eligible Union Members and their Dependants.

The Pension Trust Fund is managed by a Board of Trustees appointed by the Union. The duties, responsibilities and authority of the Trustees are set out in a Trust Agreement. The Trustees have a fiduciary responsibility in their management and administration of the Fund, and must carry out their responsibilities in the best interests of the beneficiaries of the Plan – the Members and their Families. The Plan Text is the governing document detailing the terms of the Pension Plan. Investments are governed by the Board's Statement of Investment Policies and Procedures, which is prepared in compliance with the Pension Benefits Standards Act restrictions on how pension funds may be invested in order that Members' benefits are safeguarded. Copies of these documents are available for your inspection at the Administrator's office, upon advance request.

Your Pension Plan has been continually revised and updated to reflect the changing needs of the Members and their Families, as well as to ensure the ongoing financial stability of the Fund. The Pension Plan is also amended, as required, to meet the registration criteria of the Pension Benefits Standard Branch, and Canada Revenue Agency.

The Trustees have appointed an Administrator, McAteer-Employee Benefit Plan Services Limited, to attend to the day-to-day administration of the Fund and Plan. The Administrator operates under the overall direction of the Board of Trustees.

The Administrator's contact information is as follows:

McAteer – Employee Benefit Plan Services Ltd.
4510 Dawson Street, Burnaby, BC
V5C 4C1

Telephone:	(604) 298-5411
Toll Free:	1-888-612-6611
Fax:	(604) 298-5833
Email:	359plans@telus.net

YOUR PENSION PLAN

Your Pension Plan is a defined benefit plan. The Pension under this type of plan is calculated based on a benefit formula.

Eligibility

You are eligible to participate in this Plan if you work for a Participating Employer under a Collective Agreement with Lodge 359. Also, any Officer, Agent, Representative or Employee of the Union may participate if the Union remits Contributions on their behalf pursuant to a written employment agreement.

You immediately become a participant in the Plan once pension contributions have been paid to the Fund by a Participating Employer in respect of your hours worked.

Note: You are not allowed to make your own contributions to the Pension Plan. If you wish to further increase your retirement income, the Trustees suggest you do so by making individual investments, eg. RRSPs, etc.

Enrollment Forms

You must complete and submit to the Administrator a Member Information Card once you become an eligible participant in the Plan. This card also records your beneficiary designation. You can obtain this Card from the office of the Administrator.

Benefit Entitlement

Members will be entitled to retirement benefits after becoming a Vested Member and satisfying the eligibility requirements for benefits.

A Member becomes a Vested Member upon completing two (2) years of *Participating* Service in the Pension Plan. For each Plan Year that you have 350 or more earned Hours of Employment reported by a Participating Employer, you earn one year of Participating Service. If you have more than 350 hours in one year, the excess hours can be carried forward to the next Plan Year and used if you have less than 350 hours in that Plan Year.

Once you become "vested", it means that you are unconditionally entitled to receive a Pension based on the Plan rules, either now or in the future, even if you cease to be employed by a Participating Employer before retirement.

Benefits Provided

There are five types of Benefits provided by your Plan:

1. Normal Retirement Benefit;
2. Early Enhanced Retirement Benefit (unreduced benefits after age 55), also known as the Rule of 85 Formula;
3. Early Reduced Retirement Benefit;
4. Pre-Retirement Death Benefits for Spouses and Beneficiaries; and
5. Termination Benefits.

Benefit Statements

The Administrator will send you a Benefit Statement, which includes a summary of your contributions remitted to the Plan and other personal information such as your beneficiary designation. The Statement is issued twice a year as follows:

For the work month period July to December of the prior year – in late February/early March.

For the prior work month period January to June in the current year – in late August/early September.

> If you believe any information contained in your Benefit Statement is incorrect or there are omissions, it is your responsibility to **notify the Administrator within 90 days** of receipt of the Benefit Statement so that the matter can be investigated.

Pension Adjustments

As required under the Income Tax Act, pension contributions remitted by your employer on your behalf for the prior year will reduce the amount you are allowed to contribute to a Registered Retirement Savings Plan (RRSP). This reduction is called a “Pension Adjustment” (PA). Your employer must report your PA on your T4 slip each year.

Note: Income tax is not paid by you on contributions remitted by Participating Employers.

T4A

Any individual (Retired Member, Spouse, Beneficiary) in receipt of a monthly Pension from the Pension Plan will receive a T4A for income tax purposes showing the amount of Pension paid to them in the prior year. The Custodian issues the T4A.

Retirees Who Return to Work

If you return to work for a Participating Employer once you start receiving a monthly retirement benefit from the Pension Plan, pension contributions remitted on your behalf as per the Collective Agreement cannot accrue to your account. Any such contributions are forfeited and applied to the general reserves of the Pension Trust Fund.
Note: Pension contributions remitted by your Participating Employer must still be reported on your T4 as a Pension Adjustment, as required under the Income Tax Act.

Definition of Spouse

An eligible “Spouse” means, in relation to another person:

- the 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 from that other person for longer than the 2 year period immediately before the relevant time,

  OR, if the above does not apply:

- the person with whom you lived and cohabitated with in a marriage-like relationship, including a marriage-like relationship between persons of the same gender, for at least 2 consecutive years immediately prior to the relevant date.

Designation of Beneficiary

You record your designation of beneficiary on your Member Information Card filed with the Administrator.

Your spouse is your beneficiary by law. If both of you agree, you can designate someone else as your beneficiary but your Spouse must then **sign a waiver** to have their spousal right waived. It is strongly recommended that both you and your Spouse obtain legal advice before waiving your Spouse's rights.

- If you do not have a legal Spouse under the Pension Plan, you can designate anyone you wish to be your beneficiary.
- If you do not have a legal Spouse, and you do not name a beneficiary, your Pension benefit will be paid to your Estate.
- If you do not have a legal Spouse, or your Spouse waives their right to your Pension benefit, you can designate a minor as your beneficiary, but it is recommended that you consult a lawyer with respect to appointing a Trustee (otherwise a Public Trustee is assigned). Be sure to provide information about the Trustee on your Member Information Card.

Disabled Members – Pension Credit

If you are totally and permanently disabled, and are receiving Long Term Disability benefits from the Boilermakers Lodge 359 Health and Welfare Plan, or monthly disability income benefits from WorkSafe BC/WCB, then your Pension account will be credited with 29.17 Hours for each month (with proportionate allowance for completed weeks), that you remain totally and permanently disabled, to a maximum of 350 hours per Plan Year.

This credit is provided by the Pension Fund reserves at no cost to the Member – you must forward to the Administrator your WorkSafe BC/WCB disability payment stubs to support your entitlement to this credit. It continues until the Member is no longer receiving Long Term Disability or WorkSafe/WCB disability income benefits, retires, reaches age 61 or dies, whichever occurs first.

Note: Members in receipt of *Weekly Indemnity* benefits from the Boilermakers Lodge 359 Health and Welfare Plan are not entitled to Disability Pension Credits.

Reciprocal Agreements

If a Field Member is working under another construction Local of the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers, which participates in the Boilermakers National Pension Fund, the Member may have their contributions earned under that Local's collective agreement reciprocated to the Boilermakers Pension Trust Fund.

The Member must complete a "Reciprocity Authorization" form which is available from the office of the Administrator or the Local Union.

The Board of Trustees maintains Reciprocal Agreements with various other Union Benefit Plans in Canada. Contact the Administrator to determine if you may have your contributions reciprocated back to this Plan.

Pension Plan Funding

Your Pension Plan is funded entirely by Participating Employer Contributions remitted on your behalf, as well as the investment earnings achieved by the Fund.

Investment of the Pension Plan

The Assets of the Pension Trust Fund are invested in securities authorized by law for investment by registered pension plans. The Trustees' objective is to obtain the best possible returns consistent with sound investment policies.

The Trustees regularly review the results achieved by the Plan's investment managers. From time to time they may make changes in managers or in the investment policies that are deemed necessary in achieving the Plan's long term investment strategy.

Changes to the Pension Plan

The Trustees may change, modify or alter the Plan. The Plan must always comply with all applicable Federal and Provincial pension legislation, and the Income Tax Act.

NORMAL RETIREMENT BENEFIT

Important Note – You must complete and submit to the Administrator the appropriate retirement application form. Your Pension benefit payment will start **no earlier than the first of the month following the date** the application form and accompanying documentation is received by the Administrator.

NORMAL RETIREMENT

The Pension Plan's Normal Retirement date (ie. the date you can retire on a full, unreduced Pension), occurs on the latest of the following:

1. The date you attain age 61;
2. The date you complete 5 years of Participating Service or attain age 69, if earlier.

NORMAL FORM OF PENSION

The Plan's Normal Form of Pension is the ***Life, Guaranteed for 10 Years*** form. A Pension is always payable for your life. Under the Life form of pension, no further monthly Pension is paid if you die AFTER all payments in the guarantee period have been paid.

For example, under the Life, Guaranteed for 10 Years form no further monthly Pension is paid if you die after the guaranteed 10 Years of payments (or 120 months of payments) have been paid. Should you die BEFORE the 10 year guaranteed payment period expires, the balance of monthly payments remaining in the 10 year guaranteed period will be paid to your designated Beneficiary.

There are other optional forms of Pension (see page 12) that you may choose at retirement if you meet the eligibility requirements (the value of the Pension under an optional form is the actuarial equivalent of the Normal Form of Pension.)

Benefit Reductions effective November 1, 2004

The Boilermakers Pension Plan, like all registered pension plans, must provide the Superintendent of Financial Institutions with two reports at least every 3 years:

1. **Going Concern Actuarial Valuation.** This Valuation shows the Fund's assets compared to its liabilities, on an ongoing basis, using the assumptions the Trustees believe are appropriate for the Pension Plan.
2 **Solvency Actuarial Valuation.** This valuation shows the Fund's assets on the basis that the Plan was being wound up as of the valuation date. Due to regulatory requirements with respect to Solvency Valuations and the interest rate used, the Plan had a solvency deficiency as per the last actuarial valuation as at December 31, 2002.
   In order to eliminate the solvency deficiency and restore the Pension Plan to a fully funded status, the Trustees were forced to make Benefit reductions to the Pension Plan effective November 1, 2004.

The table below shows the monthly benefit calculations under which the Normal Form of Pension is calculated for Active Members:

Benefit Calculation	Monthly Benefit Pre-November 1, 2004	Monthly Benefit Effective November 1, 2004
Past Service[1]	For each 1,000 pensionable hours credited in respect of Past Service, a monthly retirement benefit of $26.40	
For Hours between October 1, 1966 and September 30, 1989	$43.00 per 1,000 hours	$33.00 per 1,000 hours
For Hours between October 1, 1989 and September 30, 1992	$95.00 per 1,000 hours	$70.00 per 1,000 hours
For Hours between October 1, 1992 and December 31, 1996	$95.00 per 1,000 hours	$80.00 per 1,000 hours
For Hours between January 1, 1997 and December 31, 2002	$95.00 per 1,000 hours	1,000 hours $95.00 per
For Hours after January 1, 2003	**$95.00 per 1,000 hours**	**$80.00 per 1,000 hours**

[1] **Past Service** – a Member who was a Member in Good Standing of Lodge 359 on the Plan's effective date, October 1, 1966, is credited with one year of Past Service for each Plan year preceding October 1, 1966, during which he had a minimum of 400 hours of employment. For the purpose of establishing Years of Past Service, it will be presumed that a Member had a minimum of 400 hours of employment in each 12 month period prior to October 1, 1966 during which he was a Member in Good Standing of Lodge 359 for at least six months.

For example:
Bill Boilermaker joined Lodge 359 in 1965, and retired on January 1, 2006 at age 61. He had 1 year of past service prior to 1966.

Bill's work history up to January 1, 2006 is:

Period of Time	Hours Worked	Monthly Pension Earned
Past Service (prior to October 1, 1966)	1,000	$ 26.40
October 1, 1966 through September 30 1989	23,000	$759.00
October 1, 1989 through September 30, 1992	3,000	$210.00
October 1, 1992 through December 31, 1996	4,000	$320.00
January 1, 1997 through December 31, 2002	6,000	$570.00
From January 1, 2003 to December 31, 2005	3,000	$240.00
Total Accrued Monthly Pension Benefit, Normal Form		**$2,125.40**

EARLY RETIREMENT BENEFITS

A. UNREDUCED EARLY RETIREMENT PENSION

The Early Unreduced Retirement Benefit is also known as the **"Rule of 85 Formula".** You are eligible for this benefit if:

1. You are at least age 55 but have not reached age 61, and
2. Your years of Membership in Lodge 359 as certified by the Union, PLUS your age at the retirement date, are equal to or greater than "85", and the sum of your attained age at the retirement date and the number of years of Participating Service at that date, are equal to or greater than 80;
3. You cease to be employed by a Participating Employer;
4. In the 36 months immediately before your date of retirement, you must have at least 1,000 Hours of Employment in your account.

If you are age 56, you would need 29 years of Lodge 359 Membership to sum to 85 and be eligible for this benefit. A 57 year old Member would need 28 years of Lodge 359 Membership, in addition to meeting the criteria in items 3 and 4 above.

Years of Membership in Lodge 359 do not include any period of Membership in any other Lodge of the Union or with another Union, or period that the Member took a withdrawal card.

B. REDUCED EARLY RETIREMENT PENSION

You are eligible for an Early Retirement with Reduced Benefits if you:

(a) Are at least age 50;

(b) Have at least 10 years of service, of which at least 5 years are Participating Service;

(c) You cease to be employed by a Participating Employer;

The Early Retirement Reduced Benefit is equal to the amount of Pension that you have accumulated to your retirement date, reduced by 1/2% for each month (6% per year) that you retire before you reach age 61. For example, if you retire at age 57 your Pension would be reduced by 24%.

OPTIONAL FORMS OF PENSION PAYMENTS

If you have a Spouse, pension legislation requires you to choose the Joint and Survivor 60% Option at a minimum. This optional form provides the minimum coverage, ie. 60% of your monthly Pension, to be paid to your Spouse upon your death.

If you and your Spouse decide on a form of Pension payment which does not provide your Spouse with at least 60% of your monthly Pension upon your death, your Spouse's written consent in the form of a waiver is **mandatory.** Your Spouse provides such consent by completing a Waiver Form which is submitted to the Administrator's office. *Legal and financial advice in this matter is strongly recommended.*

If you do not have a Spouse, or your Spouse signs the above-noted Waiver Form, you can provide a benefit for any beneficiary you wish to designate by choosing one of the guaranteed options summarized below. Note – The Pension Plan does require you to sign a declaration form confirming that you do not have a Spouse.

Joint and Survivor Pension

Under a Joint and Survivor form of Pension, your Pension will be paid on the first day of each month effective with your retirement date. After your death, this monthly Pension will be continued for the rest of your Spouse's life.

The amount of Pension your surviving Spouse receives will be a percentage of the benefit you were receiving just prior to your death, based on the Joint and Survivor option you chose at retirement.

Under the Joint and Survivor form of Pension there is no guarantee period. If, after you retire, your Spouse predeceases you, no Pension benefits are payable to anyone after your death. Another person cannot be named as the joint recipient of your Pension.

Note: If your Spouse dies before your first Pension payment is made, your Form of Pension will revert to the

Normal Form of Pension and be paid to you for your lifetime. The Normal Form of Pension is guaranteed to be paid for at least 10 years, or 120 months.

The initial amount of your monthly Pension will depend on your age and the age of your Spouse. The initial amount is always calculated using the amount of your Pension in the Normal Form.

Your Joint and Survivor form of pension option choices at retirement are:

- Joint and Survivor 50% Pension
- Joint and Survivor 60 % Pension
- Joint and Survivor 75% Pension
- Joint and Survivor 100% Pension.

Single Life

Under a Single Life form of Pension, your Pension will be paid on the first day of each month effective with your retirement date, and ends when you die. Under this form, **you elect from the available options the period of time that you would like your monthly Pension to be guaranteed.**

No further monthly Pension is paid if you die AFTER the guarantee period has expired.

If you die BEFORE the guarantee period has expired, then the balance of any unpaid payments under the guarantee period are paid to your Designated Beneficiary until the total number of monthly payments made to both you and your beneficiary equal the guarantee period you selected.

You may choose one of the following Single Life Pension options:

- Life Only Pension (no Guaranteed Monthly Payments – paid for your life only)
- Life, Guaranteed for 5 Years
- Life, Guaranteed for 10 Years *
- Life, Guaranteed for 15 Years

* The Plan's Normal Form of Pension is the Life Guaranteed for 10 Years form.

Bridge Benefit

A Member who elects to retire before age 65 may also elect to bridge or integrate his Pension from the Boilermaker Pension Plan (regardless whether the form chosen is a Joint and Survivor or Life, Guaranteed) with his Canada Pension Plan and/or Old Age Security benefits.

This means that the Boilermakers Pension Plan would pay you a higher Pension until your reach age 65. At age 65 when Canada Pension Plan and/or Old Age Security benefits become payable, your Pension from this Plan would reduce.

The goal of a Bridge Benefit is to help the Member's income, from all sources, to be level throughout his retirement years – before age 65, and after age 65 when you may expect to receive CPP and/or OAS.

The Boilermakers Pension Plan Bridge Benefit is calculated using the **maximum** Government Pensions available at your retirement date. However, it is important to note that by the time you reach age 65 you may not be entitled to the maximum Government Pension, or the maximums may have changed, which means that your total pension income once you reach age 65 might be less than you originally expected.

DIVISION OF PENSION BENEFITS UPON MARRIAGE BREAKDOWN

In British Columbia, the division of pension benefits on marriage breakdown is governed by Part 6 of the Family Relations Act, July 1, 1995 (FRA). **In accordance with the Act, the Administrator must comply with a notification received regarding a separation agreement or court order dividing the pension benefit.** However, the former Spouse must make application to the Administrator using the relevant FRA Forms (described below), in order for the division of the Member's Pension under the Plan to be affected.

FRA Form 1: The former Spouse completes this Form to put the Administrator on notice that the former Spouse has a legal interest in the Member's Pension.

FRA Form 2: The former Spouse completes this Form in order to be designated as a "Limited Member" of the Pension Plan. This form is filed with the Administrator, along with a copy of the separation agreement and payment of an administration fee.

FRA Form 4: The former Spouse completes this Form to select their payment choice for the Pension Division.

FRA Form 5: The former Spouse completes this Form, rather than Forms 1, 2 and 4, <u>**only if**</u> the separation agreement or court order was dated prior to July 1, 1995.

When the Administrator receives one of the above forms, the Member will be sent an FRA Form 6 which puts the Plan Member on notice that the former Spouse has filed an FRA Form with the Administrator.

Under the FRA Part 6, the former Spouse is entitled to 50% of the pension that accrued during the period subject to division. The former Spouse has the choice of receiving their share by:

(a) A transfer of the commuted value at any date after the Member becomes eligible to receive a Pension, or takes a termination benefit, OR

(b) Waiting until the Member elects to receive their Pension, and then taking their share in the form of a separate Pension payable for the former Spouse's lifetime.

If you die BEFORE retirement, the Pension benefit is replaced by the pre-retirement death benefit, and the former Spouse is entitled to 100% of the pre-retirement death benefit that accrued during the period subject to division.

The Administrator cannot give you advice. It is strongly recommended that you seek legal advice with respect to your Pension benefits in the event of marriage breakdown.

Additional information on the pension division legislation is available at the B.C. Law Institute's website: www.bcli.org

APPLYING FOR RETIREMENT BENEFITS

STEP 1: *Request a Retirement estimate* from the Administrator, which outlines the monthly Pension amount you are estimated to receive under the various options, and provides you with the Retirement Application Forms.

You should request a Retirement estimate <u>at least 3 months in advance</u> of the first of the month in which you want to start receiving your monthly Retirement Benefit. For example, if you will be eligible to retire on December 1st, you should request an estimate by September 1st so that you and your Spouse have enough time to consider your options, complete the necessary forms, and return them along with the supporting documentation to the Administrator in advance of your retirement date.

STEP 2: *Send your completed Retirement Application Forms to the Administrator.* Retirement Benefits start on the first day of the month following the date you submit your completed Application for Benefits to the Administrator before your requested retirement date. The Application Forms must then be approved.

If you do not apply for a Pension Benefit until after you become eligible to retire, payments will commence on the first day of the month following the date your Application is approved.

In addition to the Application Forms, you will need to include a copy of your birth certificate or other proof of age*. If you have a Spouse, a copy of your Spouse's birth certificate or other proof of age* must also be provided. If applicable, you must include a copy of the Court Order and Separation Agreement from your prior marriage(s).

*Acceptable proof-of-age documents include:

- Canadian birth certificate
- Passport or landed immigrant certificate
- Quebec baptismal certificate
- Canadian citizenship certificate

Reminders:

- Your Retirement Benefits do not start automatically – you must submit an Application, along with supporting documents, in advance of your retirement date.
- You must commence your Pension by December 31st of the year in which you turn **age 69.**

Pension benefits and options are complex. If you require further information, a retirement information session can be arranged with the Administrator to review the retirement options available to you.

PREPARING FOR RETIREMENT

This section contains suggestions for applying for your Pension Benefits from the Boilermakers Pension Trust Fund and the various Government programs.

1. Boilermakers Pension Plan

- **Review the Information Newsletters sent to you from the Plan. Attend Pension Information Seminars** that are provided – no matter what your age. Preparation for your retirement should start with your first day on the job.
- **Carefully review your Benefit Statements** sent to you twice a year from the Plan to ensure that the Administrator's records of Contributions remitted on your behalf by Participating Employers are correct. If you believe that Hours/Contributions are missing based on your records, notify the Administrator and the Union immediately so that the matter can be investigated.
- **Contact the Administrator at least 3 months before** the date you wish to retire. A Retirement Application package will be sent to you. Explanations of the various options will be provided to help you to choose the Pension form which best suits your needs.

2. Canada Pension Plan (CPP)

Apply at your nearest Canada Pension Plan office with your:

(1) Proof of age.

(2) Social Insurance Number.

(3) Salary and wages for current and previous year.

Apply for CPP at least three (3) months before the date you want your pension to start. The earliest age that you can receive CPP benefits is age 60.

3. Old Age Security Pension

Applications are available at Canada Pension Plan offices, the Post Office and the Old Age Security offices. Submit your application with your proof of age.

Apply six (6) months prior to your 65th birthday.

4. Medical Services Plan of BC/Pharmacare

Apply to MSP as soon as possible after your 65th birthday, unless you are presently covered, or are intending to continue coverage on a self-pay basis at retirement, under the Boilermakers Lodge 359 Health & Welfare Plan. Refer to the Health and Welfare Plan booklet for details.

5. Proof of Age. Birth or Baptismal Certificates.

A person applying for Pension benefits must prove his age and the age of his Spouse, by providing a copy of their birth or baptismal certificate.

- If you need to obtain one of these documents:
- If you were born in Canada: write to the Registrar of Vital Statistics in the capital city of the Province where you were born and ask for a Birth Certificate.

If you were not born in Canada: check with the nearest Old Age Security office to find out where to write for a foreign birth certificate.

Baptismal Certificates can be obtained from the Church where the baptism took place.

There are various Government publications available to assist you in planning for retirement:

Contact Human Resources Development Canada regarding information on **government pensions.**
www.hrdc-drhc.gc.ca/isp/

Contact Canada Customs and Revenue Agency for **tax guides** available for seniors.
www.cra-adrc.gc.ca

DEATH BENEFITS

The following describes the payment that may be payable under the Pension Plan to your beneficiary upon the Administrator receiving notification of the death of a Plan Member.

Pre-Retirement Spousal Death Benefit

The monthly Pre-Retirement Spouse's Benefit is the greater of (a) or (b) as follows:

(a) 60% of the monthly Pension Benefit accrued by the deceased Member at the date of his death, OR

(b) If the deceased Member was eligible for early retirement at the date of his death, the benefit payable will be determined presuming the Member had made application immediately prior to his death for the Early Retirement Benefit payable on a Joint and Survivor 100% option.

Payment

The Pre-Retirement Spouse's Death Benefit commences on the first day of the month following the month of death of the Member. The monthly Benefit ceases with the payment due in the month of the death of the Spouse.

Alternatively, the Spouse may elect to receive a lump sum equal to the commuted value of the Death Benefit described above, OR, if the deceased Member had completed 2 years of continuous Plan membership, the commuted value of 60% of the monthly Pension benefit accrued by the deceased Member. This lump sum may be paid:

1. as a transfer to an RRSP in the Spouse's name, or
2. as a transfer to a Life Income Fund (L.I.F.) in the Spouse's name, or
3. to purchase an immediate or deferred annuity in the Spouse's name, or
4. to another registered pension plan in the Spouse's name.

Transfer amounts must be made in compliance with the locking-in and other requirements of the British Columbia Pension Benefits Standards Act and the Income Tax Act and Regulations.

In the event that the Administrator does not receive from the Spouse a completed Death Benefit Application Form within a 90 day period following the death of the Member, then it will be presumed that the Spouse has elected to receive a monthly income benefit from the Plan. The Administrator will notify the Spouse accordingly.

Pre-Retirement Dependant's Death Benefit

In the event that the deceased Member had completed 2 Years of continuous Plan membership, did not have a surviving eligible Spouse, but was survived by one or more eligible dependants, then a Pre-Retirement Dependant's Benefit will be paid.

The total amount of the Pre-Retirement Dependant's Benefit will have a commuted value equal to the commuted value of 60% of the monthly Pension benefit earned by the deceased Member.

Payment

The Pre-Retirement Dependant's Benefit commences on the first day of the month following the death of the Member and receipt of the completed Application Form. Payments cease with the payment due in the month preceding the dependant's attainment of age 18.

Note: If the deceased Member had completed 2 Years of continuous Plan membership, but did not leave a surviving eligible Spouse, or an eligible dependant, then the payment will be made to the Member's designated Beneficiary. In the absence of such a designation, it will be paid to the Member's Estate. The payment will be made in the form of a lump sum death benefit equal to the commuted value of 60% of the monthly Pension benefit earned by the Member.

TERMINATION BENEFITS

Eligibility

You are eligible for Termination Benefits if:

- you are a Vested Member, and
- you worked less than than 350 hours in total of employment in the two previous consecutive Plan Years (ie. calendar years), and
- you are under age 55

Options

If you meet all of the above three criteria, you may choose a deferred Pension (ie. leave your pension in the Plan to receive at a later date), OR request at any time before Normal Retirement Age (age 61) a transfer of the commuted value of your accrued Pension to one of the following locked-in vehicles to provide you with retirement income:

- a locked-in Registered Retirement Savings Plan (RRSP), or
- a locked-in Life Income Fund (LIF), or
- another registered pension plan (if that plan allows it), or
- a deferred pension or other retirement income fund that is commutable and will not commence before you attain age 50, available form an insurance company or savings institution.

The commuted value of your Pension must be used to provide you with retirement income. You cannot withdraw your Pension in cash unless you meet the Small Vested Benefits criteria detailed below.

If you do not meet the 3 criteria for eligibility for Termination Benefits, then you are not entitled to any benefits from the Pension Plan.

The commuted value represents the amount of money which, if invested today and until you reached age 61, would be expected to be sufficient to provide you with the same monthly Pension as you would have received from the Plan at age 61.

The commuted value is based on:

A. **Amount of your vested Pension:** The larger the amount of your vested Pension, the larger the commuted value.
B. **The Member's age:** The amount transferred is greater the closer you are to retirement age, because there is less time for your investment income to increase.
C. **Interest rates:** The interest rate applicable is determined based on the long-term Government of Canada bond yields. When interest rates increase your commuted value decreases since you will have higher interest earnings on the transferred amount. If the interest rates decrease, your commuted value increases since your investment would be expected to earn less.

Transfer Deficiency effective November 1, 2004

Based on the Plan's last actuarial valuation as at December 31, 2002, the Plan's Solvency Ratio is 0.89. The British Columbia Pension Benefits Standards Act, which regulates the Plan, provides that 89% of the commuted value may be paid out immediately upon Termination of Plan Membership and application for the Termination Benefit. The Solvency Ratio is the ratio of the Plan's assets compared to the Plan's Solvency Liabilities.

If you elect to transfer the commuted value of your Pension, effective November 1, 2004 your transfer is made in two installments.

The **first installment** is paid at the time your Termination benefit is processed.

The **second installment** plus interest (the deferred payment), is transferred at the earlier of 1) five years from the date of the initial transfer or 2) restoration of the Plan's Transfer Ratio to 1.00.

The deferred payment will accumulate interest based on the interest rate used in the commuted value calculation.

Small Vested Benefits

If the commuted value of your accrued Pension is less than the minimum amount specified under the Pension Benefits Standards Act*, you can choose to receive it either as a cash lump sum or as a transfer to a non-locked-in RRSP.

*$8,420 in 2006, or if the monthly pension payable at normal retirement age would be less than $350.84.

How to Apply

Contact the Administrator. If you are eligible for a Termination Benefit, you will be sent the necessary application forms.

TRUSTEES' SERVICE PROVIDERS

The Trustees are empowered to retain professional advice and services in order to assist them in the management of the Pension Plan. The Trustees' service providers are as follows:

<u>Auditor:</u>
HK&M Partners

<u>Bank:</u>
Royal Bank of Canada

<u>Consultant and Actuary:</u>
J.J. McAteer & Associates Incorporated

<u>Custodian:</u>
Royal Trust Dexia

<u>Education:</u>
International Foundation of Employee Benefit Plans (IFEBP) and Multi-Employer Benefit Council of Canada (MEBCO)

<u>Investment Managers:</u>
Connor Clark & Lunn, Gryphon International, Phillips Hager & North, Concert Properties Ltd.

<u>Legal Counsel:</u>
Lawson Lundell; McQuarrie Hobkirk

<u>Third Party Administrator:</u>
Employee Benefit Plan Services Limited