



# The Benefits Reporter

Newsletter for Members of the  
Boilermakers Pension Plan  
Boilermakers Lodge 359 Health & Welfare Plan

December 13, 2007

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Dear Member,

## BOILERMAKERS PENSION PLAN UPDATE, PBSA Reg #085447

We are pleased to provide you with the December Semi-Annual Update on the Pension Plan, with some **promising news** to report. As you know, **Solvency lobbying efforts** were undertaken earlier this year with the Ministry of Finance to appeal for changes to Solvency regulations required by multi-employer defined benefit pension plans, such as yours. **On October 19, 2007, the following announcements were made by the BC government to address pension plan funding concerns:**

- 1) As a temporary measure, a 3-year moratorium on solvency payments for qualifying multi-employer defined benefit pension plans. ***This is good news.*** However, we are waiting for the details on this new measure to be announced. ***We expect that your Pension Plan will qualify for this 3 year moratorium, and that it will not be necessary to introduce pension benefit reductions.*** Additionally, we are still waiting to receive the Financial Institutions Commission's (FIC) approval on our application for Solvency relief, along with the reports filed late last year on the December 31, 2005 Actuarial Valuation and the actions to eliminate the Going Concern Deficiency and Contribution. *In light of the above announcements by the BC Government, we are hopeful that the FIC will issue their formal approval response in the near future.*
- 2) The appointment of an independent Alberta-British Columbia Joint Expert Panel, with a mandate to conduct a full review of pension legislation and standards in the two provinces. The Panel will "seek input from, and intends to engage in dialogue with, concerned stakeholders over the next several months". The Trustees plan to participate in the Panel's submission process.

In summary, the Panel plans to release a *Discussion Paper by December 14, 2007*, with a *February 29, 2008* deadline date for submissions from stakeholders. Consultation Meetings will take place *March 1 to June 30, 2008*. The Panel's Deadline for their final report submission to both provinces' finance ministers is *September 30, 2008*. For more details about the Expert Panel and to view their periodic news bulletins, you can visit the Panel's website at: [www.ab-bc-pensionreview.ca](http://www.ab-bc-pensionreview.ca). Periodic updates will also be posted on the Lodge 359 website at [www.boilermakers359.org](http://www.boilermakers359.org) under the Benefit Plans section.

### **\*\*\* Area Member Meetings About the Pension Plan – INTERESTED? \*\*\***

**Would you be interested in going to an Area Member Meeting about your Pension Plan in early 2008?** Topics covered would include: an update on the financial status of the Plan, Solvency lobbying update, Termination Benefit Option pros and cons, Pension Plan Rules and Pension legislation, Investment Policy, the Trustees' responsibilities. **If yes, please let us know by emailing or phoning us with your name and the area you live in:**

Phone: Lodge 359 604-291-7531 Email: [359plans@telus.net](mailto:359plans@telus.net)

## **BOILERMAKERS PENSION PLAN – 2007 INVESTMENT UPDATE**

We are pleased to report that given the market volatility this year, the Plan's investment rate of return continues to be above the 7% actuarial investment rate of return minimum target.

The total Fund rate of return for the *ten months ending October 31, 2007* was **6.70%**. This return is above the 7% actuarial assumption for the year which would, on a monthly calculation basis, be 5.83% for this ten month period. This return is also above the Plan's Benchmark return of 3.88%. The Market Value of the Fund's total assets is **\$158,470,380** as at October 31, 2007, in comparison with \$154,827,602 as at December 31, 2006.

## **BOILERMAKERS PENSION PLAN – SOME FREQUENTLY ASKED QUESTIONS**

*Question: Is our Pension Plan a Defined Benefit Plan, or a Defined Contribution Plan?*

Answer: The Boilermakers Pension Plan is a Defined Benefit Plan, which provides a pension at retirement according to a pre-determined benefit formula. The formula reflects the Pension Plan's funding status, inclusive of the Plan investment earnings.

*Question: Why does the Board of Trustees have Plan Rules that are restrictive when they don't have to be under Pension legislation? For example, Pension legislation says the Trustees may allow a Member to take a Termination Benefit on or after the date the Member reaches age 55, but the Plan's rule is you must be under age 55.*

Answer: Pension legislation establishes minimum standards, and where the *Pension Benefits Standards Act* states that a plan "may" do something the Trustees have flexibility in setting Plan Rules. This is important, because the Board of Trustees, as legal plan administrator, must make decisions on Plan Rules that are determined to be best for the long-term financial health of the Pension Plan in order to provide retirement benefits for all Plan Members and beneficiaries.

*Question: Is the requirement for Termination Benefit eligibility that the Member worked less than 350 hours in each of the two previous consecutive calendar years, or 24 months period?*

Answer: The requirement is less than 350 hours in total in two consecutive calendar years. The legislative requirement is that less than 350 hours were completed in any period of two consecutive completed fiscal years of the Plan - a Plan Year under your Pension Plan is a calendar year.

*Question: Will I receive a full payout of my Termination Benefit?*

Answer: No, initially you will receive 74%. The Plan's Transfer Ratio is 0.74 effective September 5, 2006, and the *BC Pension Benefits Standards Act*, provides that 74% of the commuted value of a Termination Benefit may be paid out immediately upon an eligible application being processed.

*Question: When will I receive the rest of the payout due to me?*

Answer: The balance, called the deferred payment, is paid at the *earlier of five years from the initial transfer or restoration of the Plan's Transfer Ratio to 1.00* – whichever happens first.

*Question: What interest rate is applied to my deferred payment?*

**Answer:** The deferred payment earns interest per annum based on the interest rate used in the commuted value calculation performed for the Termination Benefit Application. The interest rate used can change from month to month.

*Question: Who sets the interest rate for commuted value calculations of Termination Benefits?*

**Answer:** The formula for the calculation is established by the Canadian Institute of Actuaries.

*Question: Can I take my Termination benefit in cash?*

**Answer:** No. Your Termination Benefit must be used to provide you with retirement income. It can only be transferred, as required under pension legislation, to one of the locked-in investment vehicles listed below.

- 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 from an insurance company or savings institution.

*Question: If I retire under the Boilermakers Pension Plan and then go back to work later, how come the contributions my employer sends in don't go to my pension account?*

Under the *Income Tax Act Regulations, Section 8503(3)*, a Member of a Defined Benefit Pension Plan cannot receive at the same time both a pension and have further pension contributions credited to their account because they are working after taking a pension. Under certain conditions of the *Income Tax Act* and the *Pension Benefits Standards Act*, a Defined Benefit Pension Plan *may allow* a Pensioner to suspend their pension while they continue to work, and therefore receive further defined benefit contribution accruals, but, this option is not available under your Plan. If the Trustees determine that it may be something that the Plan can offer in future they will consider it.

## **BOILERMAKERS LODGE 359 HEALTH & WELFARE PLAN**

*Question: I heard you can get your prescription drugs from Costco Pharmacy at a cheaper price than other pharmacies. Is this true?*

**Answer:** If you are interested in paying less for prescription drugs, COSTCO Pharmacy is known to charge less overall on prescription drugs filled at their pharmacy.

*Question: If I need to Self-Pay and I don't pay until the due date, am I covered still?*

**Answer:** No, until your payment is received you are not covered. If you need to get treatment in the first 2 weeks of the Self-Pay month you have to make sure your Self-Payment is received by the Administration Office before-hand. For example, if you are going to the dentist on December 10<sup>th</sup>, and the Self-Payment notice for December coverage has a due date of December 12<sup>th</sup>, then the Administration Office needs to receive your Self-Payment by December 9<sup>th</sup> to be able to tell your Dentist's office you are covered if they need to know. If you wait until the Self-Payment Due Date to pay, then any claims the Administration Office receives on your behalf will be held for payment, until your Self-Payment has been received. If your Self-Payment is not received by the due date, then the claim will be returned as not eligible.

Please remember it is your responsibility to act on receiving a Self-Payment Notice and make the necessary payment, treating it responsibly like you treat your other bills.

*Question: Can I pay my Self-Payment by money order?*

Yes, BUT you must make sure that your name is on the money order, and/or attach a copy of the Self-Pay Notice to the money order. Otherwise, the Administration Office will not know who the money order is from because the money order only prints who the payment is to and the amount.

*Question: Do I need to do anything special if I am having major dental work done?*

Yes. Before you get any major dental work done (for example, crowns or bridges), your dentist should send the Administration Office a Pre-Authorization. This provides the details of the dental treatments the dentist plans to perform. The Administration Office will then send a Dental Pre-Authorization Statement to you and your dentist, in writing, which tells you what dental services and fees will be covered by the Plan. This is strongly recommended so that both you and your dentist know the amount covered by the Plan before the treatment is started. And, you will also know in advance of any out-of-pocket expenses you may have to pay.

### **DOCTOR REFERRALS – PLAN RULE CHANGE**

**Effective immediately**, the Plan Rules have been changed so that a doctor's referral is no longer required for treatment by a physician when that treatment does not require a referral under the medical system. For example, a doctor's referral is no longer required for treatments you or an eligible family member receives from a Chiropractor, Registered Massage Therapist, Physiotherapist, Podiatrist.

### **EMPLOYEE BENEFIT PLAN SERVICES - ADMINISTRATION STAFF CHANGES**

Many of you have already met **Marie McKillop**, the new Claims Administrator. Another new member to the Administration team is **Charlotte Laviolette**, who is taking on Jennie Harlow's role as Benefits Administrator due to Jennie's retirement at year-end. We wish Jennie a long and happy retirement.

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*Best wishes to you and your family for a happy, healthy and safe Holiday Season and New Year.*

The Board of Trustees

Carl Ellsworth, Chairman  
John Cole  
Jon Forster  
Darryl Franta  
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