



The Benefits Reporter

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

March 16, 2009

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Dear Member,

BOILERMAKERS PENSION PLAN UPDATE, PBSA Reg #085447

As you know, investment markets in 2008 were extremely volatile in Canada and world-wide. Most Canadian Pension plans experienced major investment losses during 2008. There was no safe haven in 2008 from the global financial crisis for any pension plan.

Prior to 2008, the Plan's investment returns, before fees, averaged 11% for the five years ended December 31, 2007. The Pension Plan's investment rate of return for the year ended December 31, 2008 was -18.2%. The Market Value of the Fund's total assets was \$121,712,357 as at December 31, 2008, in comparison with \$156,862,884 as at December 31, 2007. The Pension Plan's funding of benefits assumes an annual investment return of 7% (after investment fees) over the long term.

The Pension Plan's asset mix as at December 31, 2008 was:

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|---|--------|
| • Domestic Balanced Funds (Canadian Equities and Bonds) | 74.65% |
| • Non North American Equity | 23.74% |
| • Real Estate | 1.61% |

We are in the midst of a global recession, and financial markets continue to experience turmoil. While Canada's recession is anticipated to not be as severe as the U.S. situation, a recession will continue to negatively impact Canadian financial markets and Canadian pension plans – including the Boilermakers Pension Plan. While it is hoped that the financial markets will stabilize at some point this year, there may be ongoing market volatility and bad news before a recovery takes place. The general view is that financial markets are expected to recover over the next 12 to 24 month period.

In the September 29, 2008 Benefits Reporter, we advised Members of the results of the Pension Plan's Actuarial Valuation as at December 31, 2007. At that time, we reported that the Going Concern Valuation revealed a Funding Excess of \$7,986,958, a Solvency Deficiency of \$42,139,358, and a Contribution Rate Shortfall. The Contribution Rate Shortfall was addressed, with the Union Membership's approval, in October 2008, by an increase of \$1.00 per hour earned to the hourly Pension Contribution Rate. The new Contribution Rate, effective May 1, 2009 is \$5.75.

The December 31, 2007 Actuarial Valuation was filed with the Financial Institutions Commission (FIC) for approval. Application was made for solvency relief under the new Solvency Moratorium legislation, Schedule 1.1. The FIC has advised the Board of Trustees of their concerns about the funding of the Pension Plan. FIC has recommended that more conservative assumptions be used to determine the cost of benefits in future Actuarial Valuations. They have also recently requested that the Board of Trustees complete an Actuarial Valuation as at December 31, 2008 to be filed by June 30, 2009. FIC have stated they will, as a result of receiving this Valuation Report, assess the Board of Trustees' application made with the December 31, 2007 Valuation Report for solvency relief under the Solvency Moratorium legislation.

The Trustees are in the process of addressing this request. It is clear, however, that in the face of losses experienced by the Pension Plan in 2008, the Pension Plan will likely not be able to make expensive changes to the funding assumptions of the Plan and sustain current benefits.

At the same time, there is pressure being placed on legislators in BC and across Canada, to provide more time for pension plans to amortize losses due to the 2008 market meltdown. The Trustees are also taking an active role in this regard, along with other pension plans, towards the goal of legislative relief for pension plans so that they are given adequate time to recover from this unprecedented period of global recession and severe market volatility. The Trustees' goal, as always, is to protect the pension benefits provided by the Plan. They have a fiduciary responsibility in their management and administration of the Pension Plan and must carry out their responsibilities in the best interests of the beneficiaries of the Plan. The Trustees must always keep the Plan compliant with pension legislation. The Trustees will be proceeding with due diligence to obtain, if possible, FIC's approval for funding relief for the Plan. The Board of Trustees will keep Plan Members informed as new developments occur.

For your information, the Pension Plan's Rate of Return for the past 10 years is as follows:

1998	11.6%
1999	6.8%
2000	3.4%
2001	-1.24%
2002	-6.45%
2003	14.1%
2004	10.2%
2005	12.0%
2006	12.9%
2007	5.3%
2008	-18.2%

Re: Changes to Income Tax Act – Phased Retirement

The Income Tax Act has been amended to change the previous restriction that a pension plan member could not receive both a pension and accrue further pension benefits at the same time. The new legislation allows a pension plan to be amended to provide for this, subject to certain conditions: the member must be at least 60 years of age, or, at least 55 years of age and eligible for an unreduced pension.

You are being advised of this for information purposes only. The Board of Trustees will not be considering such an amendment to the Pension Plan as it is considered a benefit improvement, and would not be permitted if the Pension Plan is successful with its application under the Solvency Moratorium legislation.

The Board of Trustees will consider, at some point in the future, allowing a Pensioner who returns to work to stop receiving their pension and allow accrual of benefits. Due to the present issues with the Pension Plan, however, it is not an appropriate consideration at this time.

Re: Semi-Annual Member Benefit Statements

Enclosed is your semi-annual Member Benefit Statement. This Statement is for deposits received as at January 31, 2009 for the work month period July 2008 to December 2008.

It is important that you review your Benefit Statement carefully, and report, in writing, any concerns or errors to the Plan Administrator. Please note that, if a reciprocal transfer of contributions is applicable to you, there is generally a delay of 2-3 months before the reciprocated contributions are received by the Boilermakers Pension Plan and the Boilermakers Lodge 359 Health & Welfare Plan ("the Lodge 359 Plans"). For example, if you worked in December 2008 and contributions were being reciprocated back to the Lodge 359 Plans, they will not be reflected on this Statement because they had not been received as at January 31, 2009.

If you have any questions, please contact the Plan Administration office at 604-298-5411, or 1-888-612-6611, or email: 359plans@telus.net.

The Board of Trustees

Phil Halley, Chairman
John Cole
Jon Forster
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