



NOVEMBER 2023

BOILERMAKERS' PENSION PLAN UPDATE



Past & Future Pension Benefit Increases

As a result of the continued prudent management of the Plan's financial condition, the Trustees are pleased to announce an increase to both past and future pension benefits effective January 1, 2024.

PAST SERVICE INCREASES

Past service pension benefits for all members under the Plan as of December 31, 2023 will be increased as follows:

- An 11% increase to pension benefits earned in respect of all hours worked up to December 31, 2023; plus, where applicable,
- An additional 10% increase to pension benefits earned in respect of hours worked specifically from January 1, 2012 to December 31, 2018.

FUTURE SERVICES ACCRUAL RATE INCREASES

Effective January 1, 2024, the accrual rate for members actively working and accruing benefits under the Plan will increase as follows:

- The Core accrual rate will increase to \$80 for every 1000 hours.
- The Additional Temporary accrual rate will increase to \$35 for every 1000 hours. This rate will apply to hours worked during 2024 and is expected to continue to apply during 2025 and 2026.

Continue reading for more information on the accrual rates, and the Additional Temporary accrual rate's expiry conditions.

Accrual Rates Explained

The accrual rate is the rate at which you earn a pension based on the hours that are reported for you.

HISTORICAL ACCRUAL RATES

Date Range	/1000 Hrs
10/01/1966 – 09/30/1989	\$32.31
10/01/1989 – 09/30/1992	\$68.53
10/01/1992 – 12/31/1996	\$78.32
01/01/1997 – 12/31/2002	\$93.00
01/01/2003 – 12/31/2018	\$78.32
01/01/2019 – 12/31/2023	\$86.15

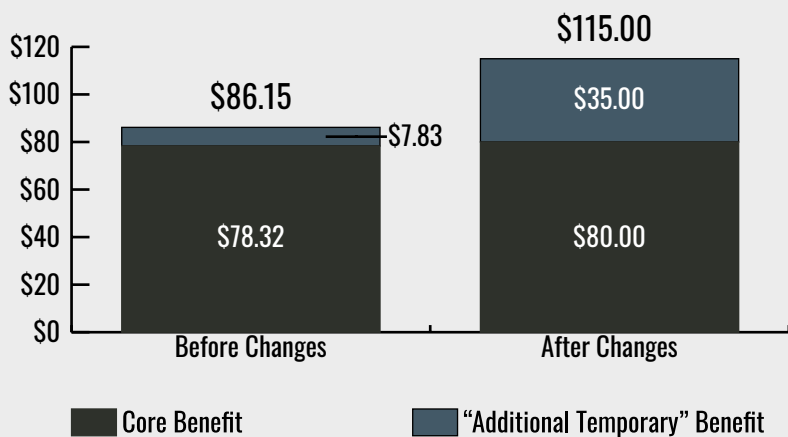
The current accrual rate is \$86.15 and is composed of a "Core" accrual rate of \$78.32 for every 1000 hours; and an "Additional Temporary" accrual rate of \$7.83 for every 1000 hours (or 10% of the Core rate).

This Additional Temporary accrual rate was set to expire effective December 31, 2024. However, the Trustees have reevaluated the rate in light of the recent actuarial valuation results and are able to provide further enhancements.



Accrual Rate Increases By 33%

Your total accrual rate during 2024 (and possibly 2025 and 2026) will increase to \$115 (\$80 + \$35) for every 1000 hours. This represents a 33% increase to the total accrual rate that would have applied during 2024 and has been in effect since January 1, 2019. You will not see this \$115 accrual rate on your annual pension statement until June of 2025. It will be used to calculate your pension accrual based on hours worked during 2024.



Additional Temporary Accrual Rate Expiry

The Additional Temporary accrual rate will be reviewed at the time of the next actuarial valuation report and will expire one year after the date of that report. When the next actuarial valuation report is completed and filed with the pension regulator, the level of the Additional Temporary accrual rate will be determined based on what the Plan can afford. It may stay the same or it could be higher or lower than the amount noted above. The Additional Temporary accrual rate may even be reduced to \$0.

The next actuarial valuation report must be filed with the regulator in the fall of 2026 and prepared as of December 31, 2025. In that case, the Additional Temporary accrual rate will remain at the above level until December 31, 2026 (one year after the valuation date). If the Trustees decide to file an earlier valuation, the Additional Temporary accrual rate may change earlier than December 31, 2026.



December 31, 2022 Actuarial Valuation Report

At least once every three years, the Trustees must file an actuarial valuation report with the B.C. Financial Services Authority (the provincial pension regulator). The most recent report was completed and filed as of December 31, 2022 and reflects changes to legislation with respect to the amount of margin (or “PfAD”) required. When a valuation report is completed, the Trustees are able to analyze the financial position of the Plan and assess whether they can make changes to the benefits that have already been earned and that will be earned in the future.

The Trustees have been carefully monitoring the Plan’s financial condition and worked with their actuary to ensure that the Plan is sustainable for the long term. They looked at the Plan’s funding under several different economic scenarios to make sure that the fund can withstand certain events, such as reported hours falling below what is typically expected, without negatively impacting the ability to deliver the pensions that members have earned.

*The PfAD is the “Provision for Adverse Deviation”; in other words, a margin or buffer or “rainy day fund”. After years of Trustees and professionals in the B.C. pension industry lobbying the government for changes with respect to the required PfAD, changes came into effect that lowered this amount significantly. This allowed the Trustees to access more of the fund for benefit improvements. The Trustees consulted with their professional advisors and followed the Plan’s Benefits Policy while deciding on the changes noted above. Supporting documents were filed with the B.C. Financial Services Authority.

PLAN FINANCIALS

Assets	\$308,835,000
Liabilities	\$257,160,000
Excess	\$51,675,000
Funded Ratio	120%
Required PfAD%	16%
Required PfAD\$	\$41,146,000
Margin Excess	\$10,529,000

Actuarial Valuation

An actuarial valuation report provides an assessment of the Plan’s financial position. It contains information required under the B.C. Pension Benefits Standards Act and identifies whether the assets and contributions to the Plan are expected to be sufficient to support the Plan’s targeted benefit levels on a long-term basis.





A Target Benefit Plan

As a reminder, the pension benefits provided by the Plan are not a “promise”, but rather a “target”. Under a target benefit plan, there may be circumstances where pensions must be decreased (not just the Additional Temporary benefit). The Trustees manage the Plan prudently to reduce the chance of pension decreases, but these remain a possibility, particularly if investments perform poorly or interest rates decline significantly. But as is the case with the benefit increase described here in this newsletter, if the Plan is managed well and experience is favourable, there may be opportunities to increase benefits. The Trustees will continue to monitor and manage the financial health of your Plan to maintain an appropriate balance between benefit security and a sustainable level of benefits over the long term.

Increase Notification

All members who have not commenced their pension nor received any lump sum payment as of December 31, 2023, will see their pension increase reflected on their 2023 annual pension statement. These will be sent out by June 30th, 2024.

All pensioners, surviving spouses and beneficiaries receiving monthly pensions from the Plan as of December 31, 2023 will see the increase reflected on their January 1st, 2024 payment. Additionally, you will receive a letter confirming the new amount of your increased monthly pension in mid-December.

Questions?

Please contact the Plan administrator, Bilsland Griffith Benefits Administrators at 1-877-926-4537 or email boilermakers359@bgbenefitsadmin.com

Your Trustees

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