BOILERMAKERS LODGE 359
PRODUCTION WORKERS PENSION PLAN

PLAN BOOKLET

June 2017

IMPORTANT NOTICE

This booklet summarizes the Plan Text for plan members and does not purport to be the full text of the Plan. A full copy of the Plan Text and Trust Agreement is available from your Pension Plan Administrator.

If there are any conflicts between the wording in this booklet and that of the Plan Text or Plan Trust Agreement, the Plan Text and or the Plan 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 on the date shown on the cover.

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.

BOILERMAKERS LODGE 359 PRODUCTION WORKERS PENSION PLAN

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INTRODUCTION

About the Plan

The Boilermakers Lodge 359 Production Workers Pension Plan (called "the plan" in this booklet) came into effect May 15, 1972. It is recognized 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 it.

How is the plan run?

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

The *Administrator* (currently D.A. Townley) administers the plan by keeping records of service and contributions, and by calculating benefits under the plan.

The *Custodian of assets* 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 five Trustees to the Board.

How is the Fund invested?

The Trustees have appointed a professional Money Manager, Leith Wheeler Investment Counsel Ltd., 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 plan 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.

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 ($26,230 for 2017), reduced by the sum of contributions paid by an 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. You may withdraw them as a taxable lump sum at any time.

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 is 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.

RETIREMENT BENEFIT

How much will I get?

Your retirement benefit consists of the total contributions made by your participating employer(s) to the plan for hours you worked, 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:

– paid from the plan in monthly payments, which may vary in amount each year (a **LIF**);

– transferred to a Registered Retirement Savings Plan (**RRSP**) or locked-in retirement account;

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

When can I receive my retirement benefit?

You may retire under the plan and receive your benefit any time after your 55th birthday, assuming you have retired from active employment with a Participating Employer. Your benefit will be larger if you continue to work longer for a Participating Employer.

You must start receiving payments from the plan, or transfer your benefit 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

Once you decide to retire, you may choose to transfer your benefit from the plan, or leave it in the plan and receive monthly payments from the plan.

As explained below, when you decide to retire, your options are:

(A) BM359 LIF Plan – Payments from the plan

Receive a pension from the plan which gives you flexibility in the amount you receive each year.

If you would like to keep your benefit invested in the plan even after you retire, benefitting from the low fees and professional investment management, you may choose a Life Income Fund (LIF) from this pension plan.

A LIF provides you with flexibility over the timing and amount of payments you receive. You can choose how much money you will withdraw, provided that it falls between the minimum and maximum levels set by legislation.

(B) Receive guaranteed level payments throughout your retirement by converting your balance to an annuity.

(C) Withdraw from the plan, transferring your benefit to a locked-in retirement account where you can later convert to an annuity (fixed guaranteed payments) or a Life Income Fund (LIF) which allows varying payments. This option is similar to leaving your money in the plan to choose from the above options later. The difference is that you can choose the investments for your retirement account, but as one individual you likely will pay much higher fees than as part of the group in the plan.

(D) Leave your money in the plan, to choose one of the above options later. You must choose one of the options by the end of the year you turn 71.

Payments from the Plan

What is a LIF?

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 the flow of income. Unlike annuities, LIFs do not offer a guaranteed monthly payment. With a LIF, you choose how much you withdraw each year but if investment returns are low and your withdrawals are higher in early years than supported by investment gains, you may have reduced income in later years. You may choose to keep your benefit in the plan and take LIF payments from the plan, or transfer your benefit to a financial institution that would offer a LIF.

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, but 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 plan Administrator or the financial institution holding your LIF will advise you of the permitted range of withdrawal amounts at the beginning of each year. You then may choose the level of income that you wish to withdraw for the year from in that range.

Factors that affect the range of permitted 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 by contacting D.A. Townley as well as on the website of the Financial Institutions Commission of BC at: http://www.fic.gov.bc.ca/pdf/pensions/bulletins/pens-15-005.pdf

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 LIF.

ANNUITY

What is an annuity?

An annuity is a retirement vehicle that provides you with monthly income that is guaranteed by the insurance company providing the annuity. The monthly amount will be set when you purchase the annuity. It will depend on current interest rates, 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.

Protection for your Spouse

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.

> For pension purposes, your spouse on a given date is:
>
> the person you married, provided you did not live separate and apart for longer than the 2 year period immediately preceding that date; or
>
> the person with whom you have been living for at least 2 years immediately preceding that date.

Timing

Please contact the administrator at least three months before you want to start your retirement benefits.

For example, if you wish to retire on December 1st, you should file your application by September 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 OF EMPLOYMENT BEFORE RETIREMENT

What does "terminated" mean?

Membership in the plan will be deemed to have terminated if the member:

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

– during 2 consecutive 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 a "Break in Service" and may request to withdraw your benefit 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 until you decide to transfer the benefit out, or decide to start a LIF from the plan any time after age 55; or

(b) transfer the accumulated value of your contributions to a locked-in retirement account 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. Be sure to notify the plan Administrator of any address changes so that they may keep you informed. <u>If you have terminated status in the plan, you may transfer your benefit at any time prior to the end of the calendar year in which you reach age 71.</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 does “vested” mean?

A “vested” member is entitled to the benefits in the plan. All members who were active in 2015 or joined after that are vested. For those who left the plan before 2015, they vested if they completed at least 175 or more hours with a participating employer in a year. Further, all members will be fully vested in all benefits upon reaching age 65.

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 in the plan.

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 retirement account 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 Law Act*. The division of family assets, including pension credits, comes under that legislation. Part 6 of the *Family Law 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 pensions2@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, retirement account, 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.

Update your address and beneficiary!

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 beneficiary form 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, D.A. Townley.

How do I exercise my rights?

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

- to join the plan;
- to elect a form of benefit;
- to commence benefits; and
- to obtain information.

In each case, you should contact the plan Administrator at D.A. Townley, 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 at least 30 days before you would like to withdraw your benefit.

Contact us:

D.A. Townley

4250 Canada Way
Burnaby, BC V5G 4W6

Telephone: 604-299-7482
Facsimile: 604-299-8136
Toll Free: 1-800-663-1356

Email: pensions2@datownley.com

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