BOILERMAKERS LODGE 191
PENSION PLAN

PLAN BOOKLET

May 2017

This booklet summarizes the plan for members and does not purport to be the full text of the plan. 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 plan has been registered with Canada Revenue Agency (CRA registration #381699) and as plan number P085621 with the Financial Institutions Commission of British Columbia, the provincial government agency that administers and enforces the Pension Benefits Standards Act.

This booklet reflects a summary of the rules that were in place on the date shown on the cover. For updated rules and for details of your specific pension, please contact the plan administrator.

Contents

About the plan

This plan is operated on your behalf by five Trustees who are all members of Lodge 191 of the International Brotherhood of Boilermakers Canada. This is a defined contribution pension plan which means that when you retire, your benefit is the balance of contributions made for hours you work including net investment returns. Several employers have signed collective agreements that include a requirement to contribute to this pension plan. As a result, this is a negotiated cost specified multi-employer pension plan.

Membership in the plan

You are eligible to join the plan once you have completed the waiting period, if there is one, outlined in your collective agreement. Once contributions are made to the plan for hours you work, you are a member.

Can I withdraw my money?

You become eligible for your benefit only when you retire, die, become very ill or disabled, or reach terminated vested status in the plan, as explained later in this booklet. The exception is voluntary contributions. You may withdraw voluntary contributions at any time. It is your responsibility to apply to the plan administrator to receive benefits when you are entitled to them; no automatic payments are made.

Your responsibilities

Your pension may form an important part of your retirement strategy. We encourage you to take the time to read this booklet and develop an understanding of your pension plan.

- Once you join the plan, you are responsible for ensuring your information is up-to-date. Important pension information will be sent to you from time to time; please ensure your current address, telephone number, beneficiary and e-mail address are on file for as long as you have a benefit in the plan. E-mail the plan administrator, D.A. Townley, at pensions2@datownley.com or call 1-800-663-1356 to update your contact information.
- Complete an Application for Enrolment and Beneficiary Form.
- Inform the plan administrator of any change in your name, beneficiary designation, and spouse or common-law partner.
- Once you choose a beneficiary, please provide them with the contact information of the plan administrator.
- If you choose to make voluntary contributions, it is your responsibility to ensure that the amount of your contributions does not exceed the limits set out in the Income Tax Act; contact the plan administrator or your tax advisor for details.
- Each year you will receive a statement of your benefits under the plan. You should review this statement to verify that your employer

has made contributions that are correct based on your hours of work. Please contact D.A. Townley immediately if your contributions, beneficiary, date of birth or address are not correct on the statement.

Your annual statements are important financial documents; please keep them each year.

Stay informed
There are plenty of opportunities to learn more about your plan. Each year you will receive an annual statement of your pension, together with a newsletter that summarizes any changes to the plan and includes articles about retirement. You also have a right to view plan documents described in the next section.

Designate a beneficiary
When you enrol with the plan, you will need to complete a beneficiary designation form. If you do not have a spouse, your beneficiary will receive any pension benefits payable if you die before retirement. Once you choose a beneficiary, please provide your beneficiary with the contact information of the plan administrator.

If you have a spouse, pension law states that your spouse must receive any benefits payable from the plan upon your death, unless she or he has signed a waiver. In order to name a beneficiary other than your spouse, your spouse must complete a Spousal Waiver Form. Please contact the administrator if you require a Spousal Waiver Form.

If you don't have a spouse, or your spouse has completed the waiver, you may designate anyone as your beneficiary. You may also designate several people, or even an organization as your beneficiary. You may also designate an irrevocable beneficiary, or change your beneficiary designation at any time without the consent of your former beneficiary. Should your beneficiary die before you, the administrator will pay any death benefit owing to your estate. Please note that you must also appoint a trustee for any beneficiary you designate who is under the age of 19.

Your spouse

The person who is your spouse has important rights under this pension plan. If you die before retirement your spouse may be entitled to a death benefit. If you have a spouse when you retire, your benefit must be paid in a joint and survivor form of annuity, unless your spouse waives the right to this protection.

In certain circumstances, a member may be unclear as to who qualifies as their spouse. Your spouse for plan purposes is:

- the person who is married to you and has not been living separate and apart from you for a continuous period longer than 2 years; or
- a person who has been living with you in a marriage-like relationship for a period of at least 2 years immediately preceding the relevant date.

Your rights

Read this booklet to learn more about your rights as a member of this plan. You have the right to see the following plan documents:

- Annual information returns
- Audited financial statements
- Plan text and amendments
- Governance policies
- Plan summary (this booklet)
- Statement of Investment Policies and Procedures
- Trust agreement establishing this plan and any amendments to it
- Collective agreement provisions relating to your pension

Former members of the plan have the right to see documents that apply to them that were in effect during the time period during which they earned benefits. As a plan member you also have the right to see the data and method used to calculate your benefit.

The plan is governed by a trust agreement which sets out the duties and responsibilities of the Trustees and by the plan text which documents all of the other rules of the plan, including the amount of benefits that are payable under various circumstances.

Employer responsibilities

Employers must send contributions to the plan via the administrator in the amounts stipulated in collective agreements. Participating employers also must supply information about hours worked and any other member data required to calculate pension benefits.

Employer rights

Employers that contribute to this plan have the right to see the above list of plan documents, although employers only have the right to see collective agreements to which they are signatory.

Union responsibilities

Boilermakers Lodge 191 is responsible for appointing the Trustees who have legal responsibility for all aspects of the plan.

Union rights

The union has the right to appoint any individual as Trustee in accordance with the union's bylaws, provided that person is a member of this pension plan. The union also has the right to see the above plan documents.

Running the plan

The Trustees interpret the plan, appoint the plan administrator, custodian and investment manager, and oversee the running of the plan. They also set out the roles and responsibilities of each service provider.

- D.A. Townley, your plan administrator, maintains data on your record of service and contributions and calculates pension benefits under the plan.

- Contributions are deposited in a trust fund at the custodian, Canadian Western Trust. The custodian keeps the investments safe and invest the funds as instructed by the investment manager. Pension plan benefits and expenses are paid from that pension trust fund. The custodian provides statements of those deposits and withdrawals, similar to your bank statements.
- RBC Global Asset Management, the plan investment manager, makes investment decisions within guidelines and objectives set by the Trustees.

Board of Trustees

The union appoints Trustees to the Board. Your current Trustees are:

- Ken Burgoyne (Chair)
- John Hautaluoma
- Shane Skirrow
- Robert Taylor
- Gordon White

You may contact the Trustees through the plan administrator or union.

Fund investments

All the plan's assets are held in one trust fund. You do not choose the type of investments for your benefit in this plan. All contributions are pooled together for investment purposes. The investment managers selected by the Trustees have flexibility in choosing investments for the pension fund, as long as they are within guidelines set by the Trustees in their Statement of Investment Policies and Procedures. These guidelines establish a rate of return performance target for the manager and the percentage of the total fund that can be invested in the different asset classes.

Plan expenses

Operational expenses of the plan include fees for the plan administrator, custodian, investment manager, consultant, auditor and regulator. Details can be found in the newsletters sent to members and former members each June.

Employer contributions

Hourly rates of contribution per plan member are set out in collective agreements.

Employers may receive a refund of contributions only if they have over-contributed to the plan, or made contributions which are not permissible under tax or pension laws.

Employee contributions

Am I required to contribute to the current plan?
No.

May I make additional contributions to the plan?
Yes, you will be allowed to make additional voluntary contributions to the plan if you are an active member and within the guidelines below:

- A maximum of 18% of your earnings for the year; and

- The maximum contributions allowed to a DC plan (Money Purchase Limit under the Income Tax Act, which was $26,230 for 2017).

This maximum applies to that total of all contributions paid by you and employers on your behalf and any RRSP contributions you may have made outside the plan. You will be issued a tax receipt for any additional voluntary contributions.

Additional voluntary contributions may be made through your employer by way of payroll deduction or through the plan administrator.

Employer and voluntary contributions are credited annually with net investment returns.

Benefits provided

- Retirement options (available once you are 55)
- Choice of monthly payments or a lump sum if terminally ill
- Disability pension benefits
- Pre-retirement death benefits
- Benefits on termination of membership in the plan.

These are explained in the following sections. Note that this booklet refers to the plan rules in effect at the date shown on the cover. If you terminated membership in the plan before that date, contact the administrator if you would like to know more about the rules that were in effect at your date of termination, which apply to your benefit.

Retirement

Your retirement benefit is the total of contributions made by your employers to the plan, any voluntary contributions you have made and the net rate of return credited on those contributions. If you choose to take payments from the plan, you will start to withdraw from that balance. You may choose the amount you withdraw from your balance, provided it falls between the minimum and maximum amounts allowed under pension and tax law.

How do I get higher retirement income?
Payments from this plan depend on the amount of contributions made, the age you start withdrawing benefits and on investment returns. The contribution balance grows when you work more and also when you make voluntary contributions. Your pension generally will also be larger if you start payments later, although if investment returns are negative just before you start your pension, this will reduce the amount of your pension benefit.

Creating a financial plan for your future
Deciding how much to save for retirement and when to retire are important life decisions.
The Trustees recommend you seek independent, unbiased professional advice. A choice of advisors near you can be found at ouradvisor.ca, the website of the Financial Advisors Association of Canada, or by calling 1-800-563-5822.

Members at any age would benefit from making a financial plan. Estimate roughly how much income you will need once you retire by creating a list of your expected expenses. Learn how much you may expect to withdraw from this plan and from government plans if you continue to work to your retirement age, and adjust your savings so that your estimated income matches your expenses in retirement. A financial advisor can help you meet your financial priorities throughout life and also to estimate how much you need to save to have a certain income in retirement.

When may I receive my retirement benefit?
You may start payments from the plan any time after age 55 except Canadian tax law states you must start withdrawing income from the plan, or transfer your balance to a locked-in account, by the end of the year you turn 71.

Please contact the plan administrator three months before you would like to start drawing pension benefits, to allow sufficient time to complete and file the necessary paperwork.

Retirement options

Once you decide to retire, you may choose to either receive monthly payments from the plan, or transfer your pensionable amount out of the plan as follows:

Option A: Payments from the plan
This option allows you to keep your funds invested in the plan and continue to benefit from the low fees and professional money management. You may choose the amount you withdraw from your

balance, provided it falls within the minimum and maximum limit set out by legislation.

Option B: Annuity
An annuity provides guaranteed fixed payments for life. This is not available directly from the plan. You may transfer your balance to an outside provider to purchase an annuity.

Option C: Locked-in retirement account
You can choose a balance transfer to a locked-in RRSP or locked-in retirement account and later convert to a life income fund or an annuity if you prefer. With this option, you will be able to select your own investments. If you have made voluntary contributions or have contributions made before 1993, those are not locked-in so may be transferred to an RRSP or your bank account.

Option D: Leave your money in the plan
You may leave your money in the plan and choose one of the above options later. You must choose one of the options by the end of the year you turn 71.

Frequently asked questions about retirement options

What is a Life Income Fund (LIF)?
Unlike annuities, LIFs do not offer a guaranteed monthly payment. With a LIF, you choose how much you withdraw each year within legislated minimum and maximum guidelines. You may choose to keep your funds in the plan and take LIF

payments; or transfer your benefit to a financial institution that offers LIF investment products.

When can I access my money in a LIF?
A LIF must be used to provide a retirement income and therefore cannot be withdrawn in one lump sum, unless it is transferred to another retirement account. 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. Factors that are used to determine 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 Pension Department of the Financial Institutions Commission of BC at: http://www.fic.gov.bc.ca/pdf/pensions/bulletins/pens-15-005.pdf

What is a RRSP?
RRSPs are Registered Retirement Savings Plans that are registered with Canada Revenue Agency.

Can I withdraw income from a RRSP?
This depends on whether the plan is “locked-in” or “unlocked”. All contributions made to this plan after 1992 will remain locked-in once transferred to a locked-in RRSP or retirement account. To withdraw funds from a locked-in RRSP, you will need to convert it by purchasing an annuity or a LIF.

What is an annuity?
An annuity is guaranteed monthly lifetime income provided by an insurer. The monthly amount is set when you purchase the annuity and will depend on how much you transfer to buy the annuity, the interest rate and the form of payment you choose.

How long does my annuity continue?
This depends on the form of annuity that you purchase. The common options are:

- Life annuity which will provide you with monthly payments until your death.
- Life annuity with a guarantee period which provides you with monthly payments guaranteed for 5, 10 or 15 years and paid out to your beneficiary if you die before the end of the guarantee period. If you live longer than the guarantee period, you will continue to receive payments until you die.
- Joint and survivor annuity will provide a monthly income for your life and when you die payments will continue to your spouse at a certain level for the remainder of his or her lifetime. You can choose the amount of income that your spouse will receive, either equal to the amount you received or at a lower amount.

Protection for your spouse
The person who is your spouse has important rights under this pension plan. If you die before retirement your spouse may be entitled to a death benefit. If you have a spouse when you retire,

your benefit must be paid in a joint survivor form of annuity, unless your spouse waives the right to this protection.

If you have a spouse, you must, by law, receive your retirement benefit in the form of a joint and 60% survivor annuity or better. This type of annuity will provide you and your spouse 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% or more (depending on your initial choice) 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.

Working after retirement

If you withdraw your benefit then return to work for a participating employer, you will be treated as a new member of the plan. The plan is not allowed to accept contributions for hours you work from the year you turn 72 onward.

Other retirement income

Further sources of retirement income are discussed at the end of this booklet.

Termination

If you work less than 350 hours in a two-year period, your status in the plan changes from active to terminated, which simply means you have the option to transfer your pension benefit from the plan. You may also voluntarily terminate membership once you have worked less than 100 hours with an employer in the preceding six consecutive months.

If this happens, then you may leave your benefit in the plan until retirement, or you may withdraw the total of participating employer contributions for hours worked, voluntary contributions made, plus any investment earnings.

Am I going to lose my pension?
No. To be entitled to a pension benefit under this plan, you must meet qualifications known as vesting. Since September 30, 2015 all members of the plan are vested. Those who terminated membership before 2015 should review the statement sent to them, or contact the administrator to determine if they qualified for a benefit.

If you terminate membership, you have a choice. You may:

(a) leave your balance in the plan until you decide to withdraw it any time before the end of the year in which you turn 71; or

(b) transfer the accumulated value of your contributions to a locked-in retirement account, to another pension plan or to purchase a deferred life annuity or a LIF.

If you choose option (a) above, net plan investment returns 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 when you move. We cannot pay your benefit if we cannot find you!**

What happens to my voluntary contributions?
If your voluntary contributions remain in the plan, they will be credited with investment returns. You may withdraw your voluntary contributions at any time.

What does "locked-in" mean?
Required contributions that have been made after 1992 are "locked-in" to the plan. This means that they must be used to purchase a retirement income. Voluntary contributions are not locked-in, unless you transferred them from another registered plan.

A pension benefit may be fully unlocked only under these circumstances:

Shortened Life Expectancy: If you have a considerably shortened life expectancy (as certified by a physician) due to physical or mental disability.

Small Pension Rule: Members leaving the plan in 2017 who have a balance of less than $11,060, may unlock it.

Non-Residency: If you have written evidence from the Canada Revenue Agency stating that you are a non-resident of Canada for tax purposes.

Financial Hardship: If your status in the plan is “terminated” and you meet certain other hardship criteria. Unlocking for financial hardship is not possible for active members. Those who are terminated must first apply to withdraw their benefit. The plan administrator will transfer it on a locked-in basis. The member may then apply to the financial institution that holds their locked-in funds, to have the funds unlocked because of financial hardship.

Age: For those who leave the plan early, if their locked-in benefits are below a certain limit, those funds may be unlocked once the former plan member is 65 or older.

Are any pension contributions not "locked-in"?
All contributions made to the plan by a participating employer on a member’s behalf before 1993 plus the net investment returns earned on those contributions, as well as all voluntary contributions, are not locked in and can be withdrawn as cash or transferred to a non-locked in Registered Retirement Savings Plan (RRSP). Note that you must pay income tax on any cash payment you receive from the plan.

What if I 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. If you were a vested member when you terminated,and you left your contributions in the plan, then you will be entitled to those contributions and will earn additional benefits as you work.

Disability before retirement

If you become totally and permanently disabled (as defined in the plan text) you can elect to receive the funds accumulated in your account.

Death

Before retirement
If you die before withdrawing your benefit from this plan your spouse or beneficiary have a right to a death benefit. The value of the death benefit is the total of all contributions you and your employer made for you, plus investment returns on those contributions.

If you have a spouse and she or he has not filed a spousal waiver, your spouse may elect to transfer the death benefit to a locked-in retirement account, 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. 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 less withholding tax.

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, including net investment returns. This money will be taxable, unless they transfer it to an RRSP or other tax-sheltered account.

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 before the guaranteed period expires, 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 or estate.

Additional death benefits

There may be benefits available to you under the Canada Pension Plan and the *Workers' Compensation Act*, which are government plans. Additionally, if you are a member of a health and welfare plan, there may be a life insurance benefit payable.

Pension protection

Pension benefits cannot be assigned, charged, anticipated or given as security other than on marriage breakdown.

You cannot surrender or commute your benefit during your lifetime, or the lifetime of your spouse except where the spouse has surrendered a death benefit to a beneficiary.

Marriage breakdown

If your marriage breaks down, you and your former spouse may come to an agreement on how to share your pension benefits and other family assets. If you do not come to a written agreement, and there is no court order on how to divide the pension, the benefits must be divided in accordance with provincial property laws. 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 the *Family Law Act* of BC outlines the actions the plan must take in order to protect his or her rights. 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.

Tax information

Do the contributions made to the plan affect how much I can contribute to my personal RRSP?
Yes. Each year a "pension adjustment" under this plan is calculated by your employer for income tax purposes. The pension adjustment will use up part of your RRSP contribution room. The pension adjustment each year is equal to the total of all contributions made to the plan that year for hours

you worked. 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.

Are benefits received from the plan 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 or RRSP).

Amendment or termination of the plan

The Trustees have discretion to change the plan but amendments cannot reduce the value of benefits already earned. You will be notified of any changes that are made.

At the direction of the union, the Trustees could also terminate the plan. In the unlikely event of plan termination, you would be entitled to the total of all contributions you and your employers have made to the plan, including net investment returns.

Privacy

The Trustees are committed to protecting your personal information. The Trustees are subject to applicable privacy legislation and have adopted a privacy policy that reflects their obligations. The privacy policy governs the way the Trustees collect, use, disclose and secure information about members. It also sets out your entitlement to access the information on file about you in order to correct or update it. Information may be held on the Trustees' behalf by the plan administrator, or other service providers that the Trustees may appoint. If you have a privacy-related query or complaint, or wish to view a copy of the privacy policy, please contact the plan's privacy officer at the office of the plan administrator.

Other sources of retirement income

- Your savings
- Canada Pension Plan (CPP)
- Old Age Security (OAS)
- Guaranteed Income Supplement
- Other plans you joined

Canada Pension Plan and Old Age Security
You can take a reduced pension from CPP as early as age 60 or begin receiving an increased pension after age 65. Once you reach age 70, there is no financial advantage in delaying CPP, as the payments do not increase after age 70. An individual who starts receiving their retirement pension at age 70 will receive 42% more per year than if they had taken it at 65.

The average payment from the Canada Pension Plan in October 2016 was $644/month. The maximum monthly CPP for 2017 is $1,114.17, but most retirees receive less than the maximum since they did not contribute the maximum amount in years where their earnings were lower. Pension payments from the CPP and OAS increase each year based on the amount of increase in the cost of living, which protects retirees in times of high inflation. The income from CPP and OAS is taxable.

Starting in 2019, contributions to the CPP will gradually increase and members will earn larger pensions from the CPP. See the estimated impact for you of the CPP enhancement by entering your age and earnings on this website: www.cppenhancement.ca

In addition to the Canada Pension Plan, those who have lived in Canada for at least 10 years may receive Old Age Security (OAS) payments from age 65. For January to March 2017, the maximum OAS payment is $578.53/month. You may defer your OAS Pension by up to 60 months in exchange for a higher monthly amount. A Guaranteed Income Supplement is paid to low-income Canadian seniors, in addition to OAS. If you earn more than a total of $74,789 while retired, you will be required to repay some of your OAS.

For more information, call Service Canada at 1-800-277-9914 or visit www.canada.ca

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