

## NEW PENSION LAWS IN B.C.

New pension legislation came into effect in B.C. last September. The main impact on plan members is that all plans must have immediate vesting, meaning even those who work just a few months under a plan will be entitled to a benefit. Other changes to pension law which affect you are:

- ▶ The threshold to unlock benefits is lowered (to \$10,980 for 2016).
- ▶ All those who were active plan members on September 30, 2015 became vested, which means they are entitled to the contributions made by their employer even if they worked very few hours.
- ▶ Extra checks and balances are required. Plans must have a governance program, outlining the responsibilities of those who run the plan and a system for monitoring them.
- ▶ Those who take a LIF from the plan will now receive annual statements.



## D.A. TOWNLEY

N.D.T INDUSTRY PENSION PLAN

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Plan Income and Expenses	2015	2014
Net Assets Available for Benefits at beginning of year	31,683,413	28,484,728
Contributions	2,377,737	2,527,821
Net Investment Income	410,588	2,921,327
Pensions	(1,773,091)	(2,012,639)
Fees: Investment, Custodial, Administration, Legal, Audit	(258,142)	(237,824)
Net Assets Available for Benefits at end of year	32,440,505	31,683,413
Fees as a percent of average net assets	0.81%	0.79%

Most RRSPs have fees of 2.5% or 3% of assets; this plan's fees are 0.81%!

## WHAT DOES "TERMINATED" MEAN? AM I GOING TO LOSE MY PENSION?

No, if you become a terminated member of the pension plan, this just means you have a different membership status in the plan. If you work less than a total of 350 hours in a 2-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 leave your benefit in the plan.

## WHAT IS MEANT BY "LOCKED-IN"?

Pension laws state that benefits must be locked-in. This means the money must be used for providing a monthly retirement income, and cannot be withdrawn in one lump sum.

This material has been compiled by the Trustees of the Boilermakers Lodge 191 Pension Plan from information provided to them and is accurate to the best of their knowledge at the date of printing. Formal legal documents ultimately govern the operation of the Plan, including the Plan Text, Trust Agreement and relevant legislation. Should there be any discrepancies between the information in this Newsletter and the actual provisions in the Plan Text and Trust Agreement, the Plan Text and Trust Agreement prevail.

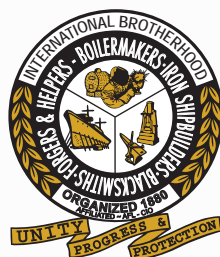
## TRUSTEES OF THE PLAN

This plan is a Union-sponsored pension plan independently managed by a Board of Trustees.

Ken G. Burgoyne (Chairperson)  
Rick Blanks  
John Hautaluoma  
Robert Taylor  
Gordon White

The Board of Trustees met in June and October to review and manage the operations of the pension plan. As a further safeguard, the plan's 2015 financial statements were audited, as they are each year. This involves a review of each expense, the process of paying member benefits, and contributions into the plan. The auditor found that the statements were fairly presented and the plan's records were in order.

In December 2015, the plan was 68% invested in stocks, with the rest invested in bonds and cash.



# BOILERMAKERS LODGE 191

## PENSION PLAN

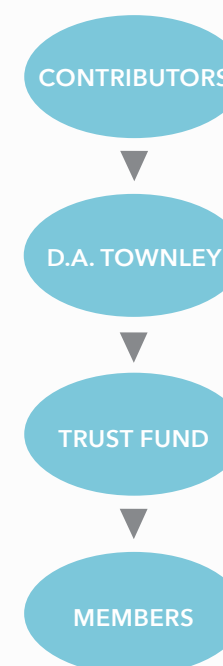
2016



## HOW THE PLAN WORKS

Every time you are paid, your employer makes pension contributions to the plan administrator - D.A. Townley - on your behalf. Those contributions are checked, the money is deposited to the trust account in which all the pension funds are held, and your account is credited with your share. The contributions are not taxed before they are deposited to the trust. You are not taxed on investment gains or on contributions.

Your employer does report any contributions made to the plan for your benefit on your T4 slip, but that reduces RRSP room and does not directly affect your taxes. You are taxed on any money you withdraw from the plan, but that is usually once you are in a lower tax bracket.



## BOOST YOUR PENSION!

If you are an active member, you may make voluntary contributions. Additional voluntary contributions may be made through the plan administrator. These voluntary contributions are not locked-in to the plan, so you can start saving now and access those savings if you need them.

## 2015 HIGHLIGHTS & ANSWERS INSIDE

The rate of return for 2015, after expenses were deducted was -0.19%, but the plan remains well invested. While returns went up and down, the plan's return was equivalent to a steady 7% per year over the past five years. On December 31, 2015 the plan had \$32,440,505 in assets.

## UPDATE YOUR ADDRESS AND BENEFICIARY!

The data we have on file will determine your pension and how we contact you. It is very important that your address, birth date, e-mail address, and beneficiary information on file are up to date. Contact D.A. Townley to confirm this.

## HOW CAN I GET A BIGGER PENSION?

Your pension benefit is the total of contributions made for hours you earned plus investment growth. In general, your pension will be larger if you work more hours and if you retire later. Once you retire, unless you choose an annuity, your investment choices will affect your balance and hence the amount you have available to withdraw.

## NEW PLAN FEATURE IN 2016 – PAYMENTS FROM THE PLAN

When you retire, you may now choose to convert your balance into a series of payments from the plan, similar to the life income fund option that was already available. Advantages of this option:

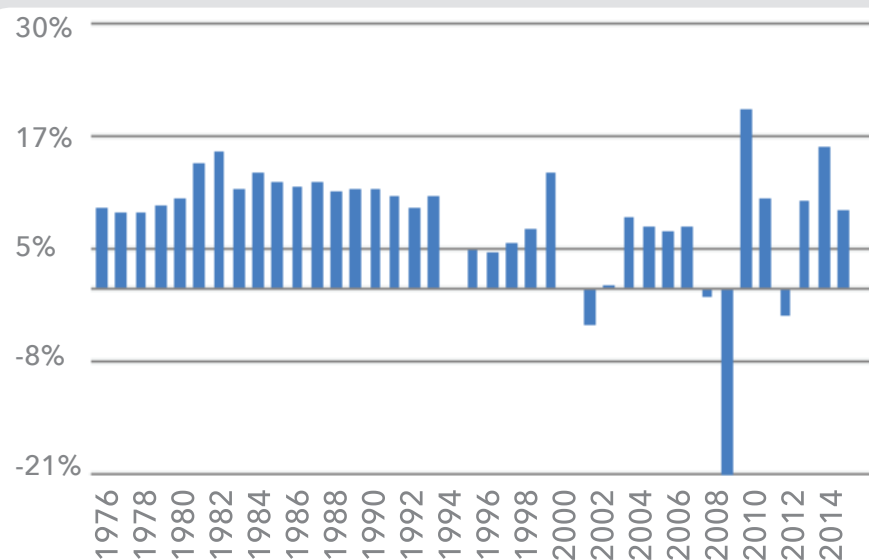
- ▶ Retirees may choose a different pension amount for each year.

- ▶ Aside from the monthly payments, your account balance remains fully invested with the other plan assets, to benefit from the lower costs found in group pension plans. This is very important as 60 cents of every retirement dollar usually comes from investment gains earned after retirement.

- ▶ In a year with low returns, your benefit (aside from monthly payments) remains invested to rebound with the stock market.

Unless you buy an annuity when you retire, the other options, including the payments from the plan, do not guarantee lifetime income, and payments may decrease some years.

INTEREST CREDITED TO MEMBERS OF THE BOILERMAKERS LODGE 191 PENSION PLAN



Your plan's rate of return for 2015 (before deducting plan expenses) was just 1.1%. After expenses were deducted, the return was -0.19% for the year. As the above graph shows, low years like this happen occasionally. The Trustees currently are reviewing the investments to determine the best approach to reduce the number of low years with poor returns and boost returns.

The plan has done well overall, but the Trustees want to reduce the downside so that members who are taking money out after market crashes are less affected by those crashes. They also added the retirement payments from the plan to allow members to keep most of their money invested once they start taking income from this pension plan.

Plan investment gains over the past 5 years, while fluctuating, are equivalent to earning 7% per year, as shown on page 3.



## WHICH OPTION IS RIGHT FOR ME?

This will depend entirely on your personal circumstances. An annuity, a LIF and a locked-in retirement account are very different retirement vehicles and the Trustees strongly recommend that you seek independent financial advice before making a decision.

While some people will like the certainty that an annuity provides, others will prefer the flexibility of a LIF. Similarly, once you have purchased an annuity, you do not have to decide how to invest your retirement savings and you have no exposure to the volatility of the stock market. For some people, this will be the right decision. Others prefer to control the investment of their funds in a locked-in retirement account, and the potential to grow their savings via investment in the market.

Factors such as your age, the age of your spouse, the amount of your pension benefit, interest rates that are in effect at the time you retire and other sources of retirement income that are available to you will also have a big impact on your decision. The key is being prepared. Seeking independent unbiased financial

advice and determining which option suits your needs can be a time consuming process. Seeking professional advice and becoming informed early will help you better plan towards a safe and secure retirement.

Our pension plan is providing a valued source of income for those who helped build this industry to what it is today. The plan is a multi-employer pension plan and all money contributed to the plan is held in trust on your behalf.

## BOILERMARKER LODGE 191 PENSION PLAN

Contributions grow tax-free until you withdraw your benefit, which you may do once one of the following apply:

- ▶ you are over 55 and have stopped working under this plan
- ▶ you have not worked 350 hours in the past 2 years and are not working
- ▶ you become disabled
- ▶ you are terminally ill
- ▶ you die.

If you have a break in service in the plan, but return to work before choosing your payment option, you no longer will be allowed to transfer your benefit out until you meet one of the above conditions again.

If you do qualify for transfer options, note that pension benefits are locked-in, which means that even once they are transferred to a bank or elsewhere, laws limit the amount you may withdraw each month.

## YOUR RETIREMENT OPTIONS ARE:



a) Receive guaranteed level payments throughout your lifetime (buy an annuity from an insurer).

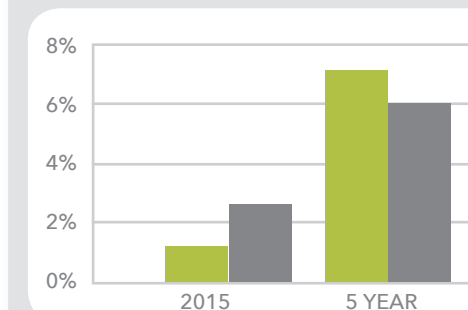
b) Withdraw from the plan, transferring your benefit to a locked-in retirement account. This is an investment account. Later, you can convert it to an annuity (fixed guaranteed payments), or a Life Income Fund (LIF) which allows varying payments.

c) LIF - Payments from the plan: Receive payments from your account balance, which remains

invested with the 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 each month, provided that it falls between the minimum and maximum levels set by tax and pension law. You may choose monthly or annual payments.

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

## ANNUALIZED PLAN RETURNS BEFORE EXPENSES WERE DEDUCTED



The "market" numbers in grey below show the return of a blend of several stock and bond market indices weighted as follows:

Canadian bonds	45%
Canadian stocks	35%
US stocks	10%
International stocks	10%

At least once a year, the Trustees review the investment strategy of the plan. The investment managers are permitted to select assets within the constraints of that strategy. For example, 40% - 75% of the assets may be invested in stocks, with the remainder in bonds and short-term investments. Bonds are expected to underperform stocks over the longer term. Currently, the investment manager chooses to invest close to the maximum for stocks.