

TEAMSTERS' NATIONAL PENSION PLAN



PLAN SUMMARY

TEAMSTERS LOCAL 31 DIVISION

JULY 2017

Introduction

Preparing for retirement is an important part of life. Ensuring you will have an adequate income in your retirement years is a vital part of the preparation. The Teamsters' National Pension Plan (the "Plan") was established on January 1, 1982 to be a supplement to other forms of retirement income you may have. It is anticipated that pension benefits from the Plan along with your own retirement savings and government sponsored plans will provide you with a satisfactory retirement.

Your retirement benefits from the Plan are based on the amount of contributions made on your behalf by your Employer in accordance with your Collective Agreement. The amount of monthly pension payable to *Members* of the Plan can vary greatly depending on the contribution rate paid by the Employer, the number of hours worked in a year and the number of years for which contributions are received. Please note, the Plan also has a provision for "Voluntary Member Top-up Contributions". Please contact the Plan Administrator for additional information.

The Plan also provides benefits in the event of your death; termination of your membership in the Plan; or in certain circumstances if a disability prevents you from working. Pension plans and the legislation that governs them can be complex. The description in this booklet highlights the main features of the Plan in a format that we hope will be clear and meaningful. Of course, not every detail can be included in a summary such as this. The full details are contained in the *Trust Agreement* and the *Plan Text* which, along with other documents, can be examined in the office of the Plan or a copy may be requested from the Plan Administrator. In the event of any discrepancy between this summary and the official Plan documents, the benefits will be administered in accordance with the official Plan documents and applicable legislation.

This is your pension plan and it may play a major role in supplementing your financial future. You are encouraged to learn about it. If you have any questions which are not answered in this booklet, please contact the Plan Administrator. Contact information can be found on page 4.

Information in this booklet applies to all *Members* of the Plan on or after January 1, 2017.

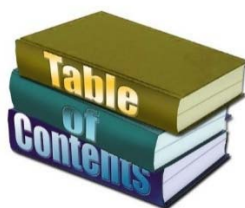


Table of Contents

Mission Statement and Plan Documents	Page 3
Glossary of Terms	5
Joining the Plan and How your Pension Accrues	9
Early Retirement	10
Pension Options	12
Termination of Employment	14
Termination of Membership	14
Death Benefits	15
Beneficiary	15
Disability Benefits	16
Division of Pension on Marriage Breakdown in BC	17
Tax Assistance for Retirement Savings	18
Planning for Your Retirement	19
Examples of Pension Accrual	20
Frequently Asked Questions	22
Other Sources of Retirement Income	26



Mission Statement

The goal of the Teamsters' National Pension Plan (the "Plan") is to provide all *Members* of the Plan with the best possible retirement income that can be provided by the assets of the fund and the contributions paid to the fund by the *Participating Employers*.

Board of Trustees

Your Plan is administered by a joint Board of Trustees on which the Union and the Employers are equally represented. The Board of Trustees are responsible for the overall operation of the Plan and meet regularly to review the Plan's terms, its assets and liabilities and investment policies. The Board of Trustees serve without compensation. The Board of Trustees have the right to amend, delete, add or change the Plan's terms as they apply to all *Members*, subject, of course to the *Trust Agreement* and applicable legislation.

Plan Documents

There are various Plan documents. These documents are available for review in the Plan's offices within 10 days of a written request. Copies of these documents may be provided if a written request is forwarded to the Plan Administrator.

Under sections 37 (2) and (4) of the *British Columbia Pension Benefits Standards Act*, you have the right to examine or to obtain additional information and records referred to in sections 42 and 43 of the *Regulations*.



Board of Trustees

Union Trustees

Stan Hennessy
Richard Van Grol
Mike Hennessy
Larry Sargeant
Grant Coleman

Employer Trustees

Peter Holloway
Brad Gehring
Adrian Samuel
Kelly Tkaczyk
Appointment Pending

Investment Managers

Canadian Equities

MFS Investment Management
595 Burrard St., Ste. 3043
Vancouver, B.C. V7X 1G4

Foreign Equities

JP Morgan Asset Management
200 Bay St., Suite 1800,
Toronto, ON V6C 3N5

Fixed Income

Phillips, Hager & North Investment Services
Waterfront Centre,
20th Floor, 200 Burrard Street,
Vancouver, B.C. V6C 3N5

Real Estate

Bentall Kennedy Prime Canadian Property Fund Ltd.
Suite 1800 – 1055 Dunsmuir St.
Vancouver, BC V7X 1B1

Custodian

Canadian Western Trust
300 – 750 Cambie Street
Vancouver, BC V6B 0A2

Actuary

PBI Actuarial Consultants Ltd.
#1070, 505 Burrard St., Box 42
Vancouver, BC V7X 1M5

Plan Administrator - Ms. Kelly Nicholson

Teamsters' National Pension Plan 1610 Kebet Way, Port Coquitlam, B.C. V3C 5W9
Phone (604) 552-2650; Toll Free 1-888-478-8111; Fax 604-552-2653;
Website – www.teamstersbenefits.ca

Glossary of Terms

In order to fully understand how the Plan provides pension benefits to its *Members*, there are some terms you should know. These terms are italicized wherever they appear in this booklet.

Active Member means an individual who is employed in employment covered by the Plan if:

- a. they are, with respect to that employment,
 - i. accruing benefits under the plan or
 - ii. contributing to the plan or having contributions made to the plan on their behalf
- b. they are not, with respect to that employment, accruing benefits under the plan, contributing to the plan or having contributions made to the plan on their behalf because
 - i. they have elected to suspend their membership under section 31 of the Act, or
 - ii. the plan is one under which benefits have ceased to accrue and that is continued with the consent of the superintendent under section 95 (1) of the Act, or,
- c. they are on a temporary absence from that employment.

Actuary means a person who is a Fellow of The Canadian Institute of Actuaries or a firm employing such a person where such a person or firm has been appointed by the Board of Trustees as Actuary of the Plan.

Commuted Value means, as of a given date, and in relation to benefits that a person is or may become entitled to receive under the Plan, the actuarial present value of those benefits calculated in accordance with the actuarial assumptions used in the Plan's current actuarial valuation report to determine the going concern liabilities value of the Plan.

Deferred Member means an individual who:

- a. has ceased to be an Active Member of the Plan
- b. is entitled to receive a benefit under the Plan, and
- c. has not reached their pension commencement date

Deferred Pension refers to a monthly pension accrued by an *Active Member* who is now terminated (more than 2 years has passed since Employer Contributions were received). The pension can be held by the Plan to be paid when the Deferred Member reaches the age of *Early or Normal Retirement*.

Early Retirement is available to those who have reached age 55.

Funding Policy outlines the principles of the Board of Trustees and the Plan's *Actuary* in managing the financial position of the Plan and maintaining a balance between assets and the benefits payable to *Members*.

Governance Policy sets out the overall responsibilities for the objectives, management and administration of the Plan.

Joint and Survivor Pension a pension paid to you and your *Spouse* for their lifetime if you pass away first (this refers to your *Spouse* at the time of your retirement).

Member means:

- a. an Active Member
- b. a Deferred Member, or
- c. a Retired Member

Normal Retirement is the first day of the month after an *Active or Deferred Member* attains age 67.

Participation Agreement means a special agreement between an Employer and the Board of Trustees which provides for the participation of certain Employees of the Employer in the Plan, and under which the Employer agrees to make contributions to the Plan in respect of the Employees.

Participating Employer means an Employer who is signatory to a Collective Agreement with Teamsters' Local Union No. 31.

Pension Benefits Standards Act or **PBSA** is the federal or provincial legislation regulating the terms and operations of the Plan. The Plan is registered under the BC Pension Standards Act, Provincial Registration Number P086395-1 and complies with the BC legislation. However, some of the Plan's *Members* fall under federal jurisdiction and how their pension benefit is administered must comply with the federal legislation. Whether your pension falls under BC or federal legislation is determined by the jurisdiction of **your last place of employment** prior to your termination, retirement or death.

Pension Accrual refers to the growth of your pension. The amount of annual accrual is detailed on the personalized Pension Statement provided to you each year.

Plan Text stipulates details of the Plan's terms and conditions including eligibility rules, benefits payable, etc.

Plan Year means the 12 month period starting on January 1st and ending on December 31st each year.

Retired Member means an individual who has reached their pension commencement date and is receiving pension payments under the Plan.

Retirement Options are the various ways that your monthly benefit can be paid to you. If you have a *Spouse* at the time of your retirement, they have the right to a *Joint and Survivor pension*.

Spouse is defined by the Pension Benefits Standards Act:

Under **BC Legislation**:

Persons are “Spouses” under the BC Pension Benefits Standards Act and Regulations on any date on which one of the following applies:

- (a) they
 - i. are married to each other, and
 - ii. Have not been living separate and apart from each other for a continuous period longer than 2 years;
- (b) They have been living with each other in a marriage-like relationship for a period of at least 2 years immediately preceding the date.

Under **Federal Legislation**:

Spouse, in relation to an individual,

- a. If there is no person described in (b) below, is married to you or is party to a void marriage with you; or
- b. means a person who is cohabiting with the individual in a conjugal relationship, having so cohabited for a period of at least one year

Statement of Investment Policy and Objectives spells out the investment objectives established by the Board of Trustees and the rules and limitations under which the Investment Managers must operate.

Target Benefit Plan is a concept originally introduced to accurately describe plans such as ours. The contributions to such plans are fixed, in the Plan’s case these are, for the most part, Employer contributions negotiated during the collective bargaining process. A formula determines the amount of monthly pension that these contributions provide to an Active Member. The amount of monthly pension payable to an Active Member can be increased or decreased depending on the funded status of the plan and the provisions of the *BC Pension Benefits Standards Act*. The funded status is calculated by an actuary and confirms how a plan’s assets compare to its liabilities (the funds required to pay all current and future pensions). **The Teamsters’ National Pension Plan converted to the Target Benefit Plan model effective January 1, 2017, reflecting the changes made to the PBSA and Regulations effective September 30, 2015.**

Termination of Plan Membership is the last day of the month immediately following any two year period in which you did not work for a *Participating Employer* or the date on which you apply to “voluntarily” terminate your membership in the Plan after leaving your employment.

Total Disability or Totally Disabled means a disability throughout which the Active Member is physically or mentally impaired to the extent that, during the first 30 months of disability, they are unable to perform the duties of employment in which they were engaged prior to the commencement of the impairment, and following 30 months, to the extent that they are unable to perform the duties of any occupation for which they are reasonably suited by virtue of their education, training or experience.

Trust Agreement defines the role of the Board of Trustees and establishes their responsibilities and authorities.

Vesting is the time period during which required contributions are made on an individual's behalf prior to a Member having entitlement to a pension benefit. The Plan has had immediate ***Vesting*** in place for many years, meaning there is no waiting period for entitlement.

YMPE refers to Yearly Maximum Pensionable Earnings, it is the maximum amount of earnings used to calculate contributions and benefits under the Canada Pension Plan. For 2017 the ***YMPE*** is \$55,300.



Teamsters Local Union No 31 and Your Participating Employer

Joining the Plan

Participation in the Plan is automatic if you are an *Active Member* of the Union and are employed by a *Participating Employer*. The date on which your participation in the Plan will commence is determined by your Collective Agreement.

Contributions

Until recently, all contributions to the Plan originated with *Participating Employers*. The amount contributed by your Employer for each hour you work is determined during the collective bargaining process. The higher the contribution rate, the more monthly pension is payable to you at retirement. To confirm the current pension contribution rate, please refer to your Collective Agreement or call the Plan's office.

Effective January 1, 2010, a 15% contingency fund was established by the Board of Trustees. This means 85% of contributions are applied to your pension record. The contingency fund forms part of the Plan's overall assets.

Effective January 1, 2016, the Plan's Board of Trustees amended the terms of the Plan to allow for "Voluntary Member Top-up" contributions to be remitted by Plan Members under certain circumstances. Please contact the Plan Administration office for additional information.

How Your Monthly Pension Accrues

Your pension is based on the total amount of contributions made to the Plan each year on your behalf by your Employer and if applicable, any Voluntary Member Top-up contributions.



Early Retirement

You may elect early retirement at any time after age 55. If you retire early between the ages of 55 and 67 you are entitled to a reduced pension. Your pension amount is reduced because the Plan expects to be paying you for a longer period of time. *You cannot apply retroactively for early retirement, and your pension will commence no earlier than the first day of the month following the date of your application.*

From Active Member or Deferred Member Status

If you retire early from *Active Member* or *Deferred Member* status, your pension is reduced for each year that your pension commencement date precedes age 67.

The following provisions apply to early retirements:

- *For all retirements with effective dates in 2017 and 2018, a reduction of **6% per year** will be applied for years **prior to age 65**; and a **3% per year** early retirement reduction will be applied from **age 65 to age 67**;*
- *For all retirements with an effective date from January 1, 2019 forward, the standard 6% per year early retirement reduction will be applied for all years prior to age 67 (Normal Retirement).*

If you require further information please contact the Plan office.

Special Consideration for *Deferred Members* with a Deferred Pension who wish to join the Plan again.

If you did not withdraw your *Commuted Value* and you subsequently rejoin the Plan and earn a minimum of 1,000 hours of accrual, any previous service will be treated in the same manner as your current service for the purpose of the early retirement reduction. In other words, the two records would be joined for early retirement purposes.

Postponed Retirement

You may work past your *Normal retirement* date and continue to earn benefits under the Plan, however, Income Tax provisions require that you must begin receiving your pension no later than the end of the year in which you turn 71.

If you have stopped working for a *Participating Employer* and elect to commence pension payments after age 67, your pension will be increased actuarially to account for your later retirement date. Your pension amount is enhanced because the Plan will be paying you for a shorter period of time.

If you continue to work for a *Participating Employer* past age 67 your pension will continue to accrue.

If you apply for your pension after age 67 (or the date you stop working if you work past age 67), your pension will commence on the first day of the month following the month of your application. Retirement dates can be backdated to age 67 (or the date you stop working if you work past age 67) only if your application is received within 90 days from that date.

Forms of Pension

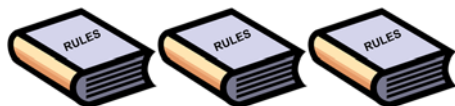
All forms of pension are paid for your lifetime. The forms of pension, as described below, determine if any benefits are paid to your *Spouse* or beneficiary after your death. You must elect a form of pension before your retirement date and you cannot change your form of pension once it commences.

Normal Form

The Plan's normal form of pension, a Life with a 5 year Guarantee Annuity, guarantees that, if you should pass away within the first 5 years of receiving pension payments, the present day value of the remaining payments in the 5 year period would be paid to your beneficiary or estate. If you pass away after the first 5 years the Pension ceases. The normal form of pension is the form used for determining your *Pension Accrual* as described in this booklet and shown in your annual pension statement.

Spousal Rights under Pension Legislation

If you have a *Spouse* when you retire, the *Pension Benefits Standards Act* requires that your pension be paid in a form that guarantees the continuation of at least 60% of your pension to your *Spouse* if you should die. Your *Spouse* may give up their right to this benefit by completing a waiver form. Please note this includes common-law *Spouses*.



Pension Options

- **Life Only (LO):** your pension is payable as long as you live. Pension payments would not be payable beyond the date of your death even if death occurs soon after your retirement. If you have a *Spouse* you cannot choose this type of pension unless they have waived - *given up* - their rights as noted under Spousal Rights under Pension Legislation.

- **Life with a 5 Year Guarantee (G5):** (the normal form): your pension is payable for as long as you live. If you die within 5 years of first receiving pension payments, the current value of the payments for the balance of the 5 year period would be paid in a lump sum to your beneficiary or estate. If you have a *Spouse* you cannot choose this type of pension unless they have waived - *given up* - their rights as noted above.

- **Life with a 10 Year Guarantee (G10):** your pension is payable for as long as you live. If you die within 10 years of first receiving pension payments, the current value of the payments for the balance of the 10 year period would be paid to your beneficiary or estate. If you have a *Spouse* you cannot choose this type of pension unless they have waived - *given up* - their rights as noted above.

Joint and Survivor Pensions: under these options your pension is payable for as long as you live and a portion of your pension continues to your Spouse (if living) after your death. Please note this refers to your Spouse at the time of your retirement.

- **Joint and Survivor 60% (JS60):** your pension is payable for as long as you live. If you die before your *Spouse*, 60% of your monthly benefit will be paid to your *Spouse* for their lifetime.

- **Joint and Survivor 80% (JS80):** your pension is payable for as long as you live. If you die before your *Spouse*, 80% of your monthly benefit will be paid to your *Spouse* for their lifetime.

- **Joint and Survivor 100% (JS100):** your pension is payable for as long as you live. If you die before your *Spouse*, 100% of your monthly benefit will be paid to your *Spouse* for their lifetime.



Remember, if you have a *Spouse*, you must choose one of the *Joint and Survivor* Options unless your *Spouse* signs an agreement waiving (*giving up*) their entitlement to the continuation of at least 60% of your pension after your death. If your *Spouse* waives entitlement to a *Joint and Survivor* pension, you may select a Life Only, Life with a 5 Year Guarantee or Life with a 10 Year Guarantee pension.

If you elect a *Joint and Survivor* option and your *Spouse* dies before your monthly pension payments start, this option is automatically cancelled. You may elect another option but not later than one month before your pension payments begin.

If you elect a *Joint and Survivor* option and your *Spouse* dies after your monthly pension payments start, the amount of your own pension is not affected but after your death no further pension benefits are payable.

Integration with Old Age Security

If you elect to retire early, you may choose a form of pension that provides a larger monthly pension before age 65 which will reduce when you become eligible for Old Age Security (OAS) benefits at age 65. This is referred to as “integration” or “bridging”. The provision allows for a steady income flow from your **early retirement** date. When you reach age 65 and begin to receive OAS from the federal government, the larger monthly amount you have been receiving from this Plan is reduced. Your new amount plus OAS will provide an amount roughly equivalent to your pre-65 income (hence the steady income flow). It is an individual choice as to whether this option is appropriate for you.

If you would like further information on “Integrated Pensions”, please don’t hesitate to contact the Plan’s office.

Terminated Members of the Plan

Termination of Employment

If your employment is terminated and you subsequently return to work with your previous employer or with another *Participating Employer* within the following 2 years, your membership in the Plan is not interrupted. The service you have earned remains on account for you until you are rehired at which point you will begin earning more service provided you have not voluntarily terminated your membership under the Plan.

Termination of Membership

Your date of *Termination of Plan Membership* from the Plan will be the end of the month following any 24 month period in which you did not have eligible hours paid for by your employer or credited due to Total Disability.

As a *Deferred Member* of a pension plan you have certain rights. If the pension accrued on your record is large enough for the Plan to administer, you are able to receive a monthly pension at age 67 or a reduced pension if you draw the pension prior to age 67.

Alternative Settlement of Termination Benefit

You also have the right to transfer the *Commuted Value* (present day, lump sum value) of your pension benefit from the Plan to another approved retirement vehicle.

You are able to transfer only to:

- a Locked-In Retirement Account (LIRA) – BC jurisdiction
- a Locked-In Registered Retirement Saving Plan (RRSP) – Federal jurisdiction
- a Life Income Fund (LIF) provided that you have attained age 55
- another registered pension plan if that plan will allow it
- other prescribed locked-in retirement vehicles

There is, however, a provision whereby pension amounts which fall under prescribed limits set by legislation may be transferred to an RRSP or paid in a lump sum. These are considered taxable funds. If taken in cash they are taxable at the time, if transferred to an RRSP they are not taxable at the time of transfer but when withdrawn.

There are also maximum transfer rules which limit the amount of transferable funds. Amounts over the maximum are considered taxable funds.

Pursuant to the Plan's terms, monthly pensions under 2% of the *YMPE* are considered too small to be paid on a monthly basis. The Plan, therefore, has a provision that requires Deferred Members to transfer the *Commuted Value* of a small pension to an RRSP or take it as a taxable lump sum. **As noted, cash settlements from a pension plan are taxable but transfers to an RRSP are not taxable at the time of transfer.**

Voluntary Termination of Membership

If you cease employment with a *Participating Employer*, you can elect to terminate your membership in the Plan before 24 months have elapsed and transfer the *Commutated Value* of your pension out of the Plan in accordance with the options shown above under "Alternative Settlement of Termination Benefit". Please note, **until you have terminated your membership in the Plan**, the Plan is **not able** to provide you with a calculation of the *Commutated Value* of your pension.

Death Benefits - Prior to Retirement

If you die prior to retirement, your *Spouse* or if you do not have a *Spouse*, your beneficiary, will receive a death benefit equal to the greater of:

- (i) the current present value of 60 monthly payments of your accrued pension at your date of death; or,
- (ii) the *Commutated Value* of your accrued pension at your date of death.

Settlement of Spouse's Benefit upon your Death

Your *Spouse* may choose one of the following forms of payment of the death benefit:

The funds can be:

- transferred to their Locked-In Retirement Account (LIRA) - BC jurisdiction; or Locked-In Registered Retirement Saving Plan (RRSP) – Federal jurisdiction
- purchase a life annuity from a Canadian life insurance company;
- purchase a life income fund (LIF) if over age 55;
- receive an immediate pension from the Plan (if not under the prescribed limit).
- another registered pension plan if that plan will allow it
- other prescribed locked-in retirement vehicles

Death Benefits - After Retirement

If you die after your retirement date, any benefits payable to your *Spouse* or beneficiary on your death are paid in accordance with the pension option you elected when you retired from the Plan.

Beneficiary

At the time you join the Plan, you are provided with forms in order for you to make a written election of a beneficiary who will be eligible to receive certain death benefits.

If you have a *Spouse* when you die prior to pension commencement, your *Spouse* will automatically receive the death benefit, unless they have signed a waiver form. If you do not have a *Spouse* the death benefit will be paid to your beneficiary or, if you did not appoint a beneficiary, to your estate.

Some Members of the Plan elect a "secondary beneficiary" so that in the event of the Member and *Spouse* passing away at the same time, the death benefit would be paid to the beneficiary rather than to the Member's estate.

You may change your beneficiary election at any time by completing the appropriate forms and forwarding them to the Plan Administrator.



Disability Benefits

Continued Pension Accrual

If you become totally disabled while you are employed by a *Participating Employer*, and are unable to perform the duties of your regular occupation, or if you are on a maternity or parental leave as defined in the Employment Insurance Act, you may continue to accrue pension credits.

Your Employer is not required to contribute in order for these credits to be granted. The Plan absorbs the cost of this continued accrual.

For the first 6 months of disability, *Pension Accrual* would be calculated based on the lesser of the hours of work actually lost due to your disability and the maximum number of hours for which contributions would have been payable under the Collective Agreement (if you had remained at work for those months). After 6 months the continued accrual would be based on the lesser of your average monthly hours worked in the twelve months prior to your disability and 150 hours per month.

Beginning with the 31st month of disability, you could continue to accrue pension credits provided you are unable to perform the duties of any occupation for which you are reasonably suited.

Unreduced Early Retirement

If you have attained age 55, and are Totally and Permanently Disabled so that you are unable to perform the duties of any occupation for which you are reasonably suited, you may be entitled to the equivalent of an unreduced *Early Retirement* pension.

Evidence of Disability

Qualification for disability benefits will require submission of satisfactory evidence of disability. You must meet the conditions of the Plan with regard to these benefits. Please call the Plan's office for further information.



Division of Pension on Marriage Breakdown in BC

In BC, if your marriage or common-law relationship breaks down, your *Spouse* is entitled to 50% of the pension you earned under the Plan during the marriage according to the Family Law Act (FLA). This is not applicable if you provide a notarized written agreement or court order for an alternative arrangement or your spouse has provided the appropriate FLA forms to release their claim against your pension if they were previously designated as a Registered Spouse or Limited Member of the Plan.

Your former *Spouse* can apply to the Plan to be designated as a Registered *Spouse* or as a Limited Member of the Plan.

To become a Registered *Spouse* under the Plan, your former *Spouse* can file a Family Law Act **Form P1: Claim and Request for Information and Notice**. This form puts the Administrator on notice that your former *Spouse* may be claiming an interest in your pension and no termination, retirement or death benefit will be paid out from the Plan prior to notifying them. Your former *Spouse* is entitled to receive information on the benefit from the Administrator and 30 days advance notice of changes of circumstances affecting the benefits.

To become a Limited Member under the Plan, your former *Spouse* can file a Family Law Act **Form P2: Request for Designation as Limited Member**. In addition to the Form P2, a copy of your court order or separation agreement outlining your *Spouse's* benefit entitlement must be provided to the Plan.

In addition, your former *Spouse* is required to pay an administration fee to the Plan. The administration fee is \$750.00 and is shared equally by the *Member and Former Spouse*. The designation of "Limited Member" allows the Plan to pay your former *Spouse* their share of your pension directly from the Plan. This occurs on the earlier of the date that you transfer the *Commuted Value* of your pension after you become a *Deferred Member* in the Plan or the date that you reach age 55.

You or your former *Spouse* may obtain the FLA Forms P1 and P2 directly from the Administrator or from the FLA website.



Tax Assistance for Retirement Savings

The Plan is designed to be of assistance to you in your retirement planning. **It is very important that you consider participating in other retirement programs** including contributions to Registered Retirement Savings Plans (RRSP's) and/or Tax Free Savings Accounts (TFSA's) along with your Locked-in Retirement Accounts. As you plan for your financial security, it would be prudent to meet with an independent financial advisor to discuss your financial needs and how to best plan for your retirement.

Contributions to a RRSP may be deducted from your earned income each year. You save income tax in the year you make the contribution, but you must pay tax when you take the money out. Contributions to a TFSA may not be deducted from your earned income each year but money taken out of a TFSA is tax free.

Contributions to a RRSP are limited by the Income Tax Act. You may contribute a maximum of 18% of your previous year's earned income to a maximum of \$26,230 in 2017. This amount increases each year. The amount you are allowed to contribute is, however, affected by the amount of contributions made on your behalf to a pension plan. We understand that contributions for TFSA's may change. The TFSA contribution limit for 2017 is \$5,500.

The amount by which your RRSP limit will be reduced will be reported each year by your Employer on your T-4 slip as a Pension Adjustment (PA). In this type of Plan, your Pension Adjustment or PA is simply the amount of contributions your Employer makes to this Plan based on the hours you work and the terms of your Collective Agreement.



Planning for Your Retirement

When you are seriously considering retiring, please call the Plan's office. We will review your pension record and provide you with details on the retirement process. Once you have chosen a date, you will be provided with a Retirement Package. This contains all the forms necessary for you to retire and lists the various documents required by the Plan.

*The documents required include: your **birth certificate and/or passport**, if married your **Spouse's birth certificate and/or passport** and marriage certificate. Please note, these documents will also be required **when applying for government pensions**.*

Proof of age

A Member applying for any pension must provide proof age. A birth certificate, baptismal certificate, passport or citizenship papers are acceptable documents. Proof of age is also required for your Spouse.

Confirmation of Marital Status

Your marriage certificate or another declaration confirming marital status (the Plan's office can be of assistance with the latter).

Social Insurance Number

Pension benefits are taxable. The Plan issues T4A's to retirees in February each year. Every *Member* will already have a Social Insurance Number (SIN) as it is required for employment. It is, however, important to note that your *Spouse* must have a Social Insurance Number in order to be eligible to receive a spousal pension if applicable. (*Application forms for Social Insurance Numbers are available at your local Service Canada office*).

Examples of Pension Accrual

Current Pension Accrual – Effective January 1, 2017

The Plan will provide you with a pension in the amount of \$15.00 per month at age 67 for each \$1,000 of contributions **applied to your pension record** after 15% of contributions is applied to the Plan's Contingency Fund (see page 9).

The negotiated pension rate contributed by your Employer is a critical factor in determining the amount of pension you will receive at retirement. The number of "pensionable hours in the year" is also an important factor in how your pension accrues.

For Example:

A. Assume a contribution rate of \$2.00 per hour and 2,080 hours worked in the year (40 hours per week X 52 weeks = 2,080).

Your Employer would be required to remit $\$2.00 \times 2,080 \text{ hours} = \$4,160.00$

Therefore, for the year, you earned a monthly pension benefit of:

$\$15.00 \times 4.160 \times 85\% = \mathbf{\$53.04}$

(or $\$15.00 \times \$4,160.00 \times 85\% / 1,000 = \53.04)

Based on the above example, the contributions made on your behalf during **one calendar year** would provide you with a pension at age 67 in the amount of \$53.04 per month.

- i. **If you worked for 10 years** with the same contribution rate and number of hours, you would have a pension benefit of $10 \times \$53.04 = \mathbf{\$530.40}$ a month payable at normal retirement (age 67).
- ii. **If you worked for 20 years** at this rate your monthly pension would, of course, be **\$1,060.80**. However, it would be anticipated that the Employer contribution rate would increase over time to add to the pension benefit. Again we note, the monthly pension is payable for your lifetime.

B. If we assume a contribution rate of \$4.00 per hour and 2,080 hours worked in the Plan Year.

Your Employer would be required to remit $\$4.00 \times 2,080 \text{ hours} = \$8,320.00$

Therefore, for the year, you earned a monthly pension benefit of:

$\$15.00 \times 8.320 \times 85\% = \mathbf{\$106.08}$

(or $\$15.00 \times \$8,320.00 \times 85\% / 1,000 = \106.08)

Based on the above example, the contributions made on your behalf during **one calendar year** would provide you with a pension at age 67 in the amount of \$106.08 per month.

- i. **If you worked for 10 years** with the same contribution rate and number of hours, you would have a pension benefit of $10 \times \$106.08 = \mathbf{\$1,060.80}$ a month payable at normal retirement (age 67).
- ii. **If you worked for 20 years** at this rate your monthly pension would, of course, be **\$2,121.60**. Again we note, contribution rate increases would be anticipated and the monthly Pension is payable for your lifetime.

For those who do not work full time hours but are eligible for *Pension Accrual* we will put forward another example:

C. Assume a contribution rate of \$1.80 per hour and 1,100 hours worked in the year (25 hours per week for 44 weeks).

Your Employer would remit $\$1.80 \times 1,100 \text{ hours} = \$1,980.00$

Therefore, for the year, you earned a monthly pension benefit of:

$\$15.00 \times 1.980 \times 85\% = \25.25

(or $\$15.00 \times \$1,980.00 \times 85\% / 1,000 = \25.25)

Based on the above example, the contributions made on your behalf during **one calendar year** would provide you with a pension at age 67 in the amount of \$25.25 per month.

- i. **If you worked for 10 years** with the **same contribution rate** and number of hours, you would have a pension benefit of $10 \times \$25.25 = \252.50 a month payable at normal retirement (age 67).
- ii. **If you worked for 20 years at this rate** your monthly pension would, of course, be \$505.00. Again we note, that increases to the contribution rate paid to the Plan by your Employer would normally increase over the years and that the

All pension amounts are quoted in the "Normal Form" which is a single life annuity guaranteed for a period of 5 years (see page 12).



Previous Formulas under the Plan

The Plan's pension formula has been amended a number of times since the Plan was established on January 1, 1982.

If you have been in the Plan for a number of years and need information on the previous formulas, please contact the Plan Administrator who will be pleased to provide details on the Plan's prior *Pension Accrual* formulas and its history.

Frequently Asked Questions



1. Who can join the Plan?

Members of the Teamsters Union Local No. 31 who are employed by a *Participating Employer* are eligible to join the Plan in accordance with the terms of their Collective Agreement.

2. If I am eligible, do I have to join?

Yes. Members cannot opt in or out of the Plan.

3. How much pension will I receive?

Your pension, at age 67, is based on the pension formula in place for the period contributions were made on your behalf under the Plan. The formula used to determine your pension has been changed or modified several times from the date the Plan started to the present time (see pages 20 and 21).

Your accrued pension is shown on your annual Pension Statement which is mailed to you before the end of June each year. Your monthly pension at retirement is based on the amount of annual contributions made on your behalf by your Employer in accordance with your Collective Agreement. Year by year the monthly amount of pension grows or “accrues” based on the contributions received from your Employer.

Currently the formula provides you with a pension at age 67 of \$15.00 per month for each \$1,000 of contributions applied to your record each year. Effective January 1, 2010 a 15% contingency fund was established by the Board of Trustees. This means 85% of contributions are applied to your pension record. The contingency fund forms part of the Plan’s overall assets.

4. When can I retire?

Early retirement is permitted at any time after age 55. *Normal retirement* is age 67. Pensions must start by the end of the year in which you turn 71 (see page 11).

5. Is the pension paid to me for my lifetime?

Yes, all pensions are paid for the Member’s lifetime (page 11).

Joint and Survivor Pensions are paid to the Member for life and then to the Member’s named *Spouse* for their lifetime if he or she is still living at the time of the Member’s passing.

6. How much will my pension be reduced if I retire earlier?

If you retire in 2017 or 2018, a reduction of 6% per year will be applied for each year prior to age 65; and a 3% per year reduction from age 65 to 67.

If you retire any time after January 1, 2019, a 6% reduction per year will be applied prior to age 67 (page 10).

7. If I choose a *Joint and Survivor Pension* can I appoint another *Spouse* after I have retired?

No. *Joint and Survivor pensions* are paid to the *Spouse* on record at the time of the Member's retirement. The calculation that determines the amount of monthly pension payable uses the Member's date of birth and the *Spouse's* date of birth (page 12).

8. Do I have to stop working before my pension is activated?

Yes, *Active Members* must cease employment before commencing their pension payments from the Plan.

9. Can I start working again after I have started to draw my pension?

Yes. However, the provisions of the Income Tax Act Regulations 8503(3) do not allow a Member to receive pension payments from the Plan and accrue a pension benefit under the Plan at the same time. If you continue to work for an Employer who participates in the Plan, the Employer must continue to make contributions, but these funds become part of the Plan's overall assets and cannot provide accrual on your pension record.

However, the Plan's terms do allow you to suspend your pension payments if you wish to return to work and earn further *Pension Accrual*.

10. Should I also contribute to a Registered Retirement Savings Plan (RRSP), Tax Free Savings Account (TFSA) or other savings plans?

It is recommended that all Members consult an independent financial advisor for advice regarding their future financial needs. Utilizing RRSPs, TFSAs and other savings may be important considerations in your overall financial plan for retirement. It is important to note that the amount you can contribute to an RRSP is affected by this Plan (page 18).

11. What happens if I don't work for several months or I move from one *Participating Employer* to another?

Your participation in the Plan is not interrupted and the service and pension you have earned is kept on account for you (page 14).

12. What do I receive if I terminate from the Plan?

You will be eligible to receive a pension when you retire. This is referred to as a *Deferred Pension*. Instead of receiving a pension, you can elect to transfer the *Commuted Value* of your pension to a locked-in retirement account or another prescribed locked-in retirement fund (page 14).

13. What does “locked-in” mean?

If the transferred funds are locked-in under pension standards legislation, they can only be accessed after the Member attains age 55 (the earliest retirement age under the Plan). The funds would then be received as monthly retirement income from the institution to which they were transferred (page 14).

14. How will my pension be paid?

If you elect a monthly pension option, your pension will be paid on the first day of each month.

If you elect to transfer the *commuted value* of your pension out of the Plan, the lump sum will be paid directly to the financial institution for where your locked-in account is located.

15. How do I know the amount of monthly pension I have accrued?

As an *Active Member*, you will receive an annual Pension Statement each year from the Plan giving a summary of your accrued pension under the Plan. Statements are sent out before the end of June each year so it is important to keep the Plan updated with your current contact information.

16. What type of pension plan is this?

The Plan can be accurately described as a Collectively Bargained Multi-Employer Negotiated Cost Plan with Target Benefit Provisions, often referred to as a Target Benefit Plan. The Plan also qualifies as a Specified Multi-Employer Pension Plan (SMEPP) under the Income Tax Act.

It is very important for you to understand that if the Plan is not sufficiently funded, the Plan’s *Participating Employers* are not responsible for providing additional funding. Should the Plan’s funding level not meet the requirements of government legislation, the benefit provided to the *Members* may have to be adjusted to comply with legislation.

For example, if the funding level is not adequate, benefits may have to be decreased. In the same way if the funding level shows a surplus (beyond that required by government legislation), the Board of Trustees may increase benefits.

The Plan is currently **fully funded** on a “going concern basis”, which is the criteria used to determine the funded status of the Plan.

The Plan’s Board of Trustees consult with professional advisors and government agencies to ensure the Plan is in compliance with regulatory standards.

17. What factors affect the assets and liabilities of the Plan?

In calculating the Plan’s funded status, actuaries compare assets and liabilities. For the most part, Employers’ contributions and investment income make up the Plan’s assets. The Plan’s assets are invested conservatively in pooled Canadian Equities, Global Equities, Fixed Income Securities and Real Estate.

Liabilities represent the current present value of future benefit payments for all accrued pensions in the Plan. Many factors including interest rates and Member ages are used by actuaries in determining liabilities.

18. Can I move the value of my pension entitlement instead of taking a pension from the Plan?

Yes. Under the Plan's current terms your pension benefit is "portable". The *Commuted Value* may be transferred at any age once you become a Deferred Member (page 14).

19. What is the amount that can be transferred?

The amount is referred to as the "*Commuted Value*" of your pension benefit. It is the present day value of your future pension entitlement. The interest rate and the calculation method to determine *Commuted Values* is established by the *PBSA*, its regulations and by reference to the funding of the pension plan.

20. Can I take the "*Commuted Value*" of my pension in cash?

No. Under both BC and Federal Pension Standards legislation, funds are locked-in and must be used to provide a retirement income.

There is, however, a provision whereby pension amounts which fall under prescribed limits set by legislation may be transferred to an RRSP or paid in a lump sum. These are considered taxable funds. If taken in cash they are taxable at the time, if transferred to an RRSP they are not taxable at the time of transfer but when withdrawn.

Pursuant to the Plan's terms, monthly pensions under 2% of the *YMPE* are considered too small to be paid on a monthly basis. The Plan, therefore, has a provision that requires Members to transfer the *Commuted Value* of a small pension to an RRSP or take it as a taxable lump sum. As noted, cash settlements from a pension plan are taxable but transfers to an RRSP are not taxable at the time of transfer.

Other Sources of Retirement Income

Your own Retirement RRSP's, Locked-In Retirement Account, TFSA's and Savings

As the date of your retirement approaches, it would be prudent to meet with an independent financial adviser to discuss your financial situation and how best to use your own RRSP's, Locked-In Retirement Accounts, TFSA's and savings as an additional retirement income stream.

Government Programs

Old Age Security (OAS)

It may be prudent to submit your application to the nearest Service Canada Office approximately 6 months prior to your 65th birthday. The Service Canada Office may be reached at 1-800-277-9914.

Canada Pension Plan (CPP)

You may receive CPP any-time after age 60; there is, of course, a reduction for each month your pension is started prior to age 65 based on the standard 6% per year.

Application is based on the current terms of CPP. Their office suggests that individuals apply approximately 6 months in advance for this benefit. For more information, please contact your local Service Canada Regional Office.

Other Considerations

Provincial Government Health Services Information

Information on Pharmacare, BC Medical Services Plan and Hospital services can be obtained from your local Provincial Government office.

Questions?

Pension related matters can sometimes appear complicated. The Plan's office is here to answer any questions you may have regarding the information provided in this Booklet.

We can be reached Monday to Friday (excluding Statutory Holidays) from 8:30 am to 4:30 pm at 604-552-2650 or 1-888-478-8111. We pride ourselves on the personalized assistance we are able to provide to the Plan's Members and others with entitlement under the Plan.

We encourage you to attend the Plan's **Pension Information Workshops** which are held on a regular basis.

Information on the Plan is also available on our website: www.teamstersbenefits.ca.

Notes

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