



## PENSION PLAN

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*For the purposes of this Booklet, the masculine pronoun and adjective include the feminine; unless the context dictates otherwise.*

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### GENERAL

This Summary has been prepared to provide you with an overview of the key provisions of your Sheet Metal Workers' (Local 280) Pension Plan – the **SMW 280 Plan** – and if you require further information, please contact the Pension Plan Office [the “**Office**”].

The Plan is governed by an **Agreement and Declaration of Trust** as of April 1<sup>st</sup> 1964, when the Plan was first implemented, and is managed by 6 Trustees – 3 appointed by the Union and 3 appointed by the Employers; with each Trustee having an equal say in all decisions.

Notwithstanding how the Trustees are appointed – their primary responsibility is to always act in **the best interests of the Plan and its Members and Beneficiaries**.

Subject to Applicable Legislation – both Provincial and Federal – and in accordance with the terms and conditions of the various Collective Agreements that outline the Employer Required Rates of Contributions, the Trustees decide what the benefits of the Plan will be and how, when, in what amount and to whom those benefits will be paid.

In all cases, decisions made by the Trustees are subject to guidelines of even-handedness and prudence and shall be considered final and binding.

Briefly, your Plan is a **Negotiated Cost Multi-Employer Defined Benefit Pension Plan** – and its primary goal is to provide a specified amount of Monthly Pension Income to Members upon their retirement at any ages between 55 (earliest) and 71 (latest).

By law, an Actuary performs a special exercise [an **Actuarial Valuation**] to value the Assets and Liabilities of the Plan once every 3 years, or more often if required by legislation, and to assess the funding adequacy of the negotiated contribution rates in terms of the commitments of the commitments made to you.

**This is only a summary of the Plan and should not be relied on for legal purposes. The actual Pension Plan Text shall prevail in all instances, including any/all situations where there may be inconsistencies between this document and the provisions of the Pension Plan Text.**

**NOTE - The Plan documents are available for viewing at the Plan Office during normal business hours.**

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## GLOSSARY OF TERMS

**Beneficiary Designation** – Is your Spouse (if you have one); or any other person so designated using the applicable Form who may be changed at any time. If you are not survived by a Spouse and/or Beneficiary, any death benefits will go to your Estate.

**Collateral (Assignment)** – Benefits may not be assigned, attached or used as collateral

**Commutated Value** – The Actuarial Present Value of your monthly Pension - based on prescribed assumptions of interest rates and life expectancies and with specific reference to your age.

The underlying Commuted Value factors used in the calculations vary from month to month; and, in general, will increase as interest rates decrease and vice versa

**Continuous Service (a 'Year Of')** – For Vesting purposes, is a year in which you have worked 350 or more hours with a Participating Employer

**Covered Employment** – Employment within the **Trade** and/or **Industry** for which Contributions to the Plan are required; or would have been so, but for your illness, injury etc.

**Disability** – Prior to April 1<sup>st</sup> 2011, the Plan paid a **Monthly Disability Pension Benefit** to certain Members who satisfied **each** of the following criteria at the onset of disability

- o *Under age 60 with either 5 years of Continuous Service or 2 years of Credited Service;*
- o *Eligible for CPP Disability Pension Benefits*

From April 1<sup>st</sup> 2011, no further **Monthly Disability Pension Benefits** are payable from the Pension Plan to such Plan Members [see also DISABILITY BENEFITS].

**Employer (Participating)** – An entity that has signed a specific agreement and/or is covered by a Collective Agreement to make Required Contributions to the Plan on your behalf.

**Frozen Service** – Your Credited Service will be deemed to be frozen if you leave the Plan due to resignation, suspension, forfeiture or withdrawal from the Union **OR** upon cessation of contributions to the Plan

In certain situations, such Service may be restored (i.e. unfrozen) and thereafter included in Monthly Pension calculations at current Pension Benefit Rates

**Health Benefit Plan** – The Jointly-Trusted arrangement providing AD&D, Dental, Short- and Long-Term Disability, Extended Health and Life Insurance Benefits to eligible Members

**Locked-In** – A specific Canada Revenue Agency provision that prohibits you from “cashing-out” the Commuted Value of your Pension, and instead requires that you must use the Commuted Value at any age after 55 to provide a form of monthly income.

**Marriage Breakdown (Division of Pension)** – If required by a Court Order or Separation Agreement, a prescribed amount and/or percentage of your Earned Pension entitlement under this Plan can be paid to your ex-Spouse as a separate Monthly Pension **OR** Commuted to a lump sum and transferred to your ex-Spouse accordingly

**Non-Covered Similar Employment** – Employment similar to Covered Employment but for an Employer who does NOT make Required Contributions to the Plan on behalf of his Employees

**Normal Form of Pension** – Paid for the greater of your lifetime and 60 months

**Normal Retirement Date** – The end of the month of your 65<sup>th</sup> birthday

**Pension Benefit Rate** – Currently \$58.32 per month / Year of Service

**Reciprocity** – Your Pension Plan has formally agreed with many other SMW and Construction Industry Locals – in BC and across the Country – to recognize service under certain circumstances; and you should contact the Office for further details

**Retired Member** – your status if you have ceased **Covered Employment** and have terminated your employment relationship and who has elected to receive or is receiving a Monthly Pension by reason of retirement

**Spouse** – A person who is married to you and living with you or, if there is no such person, the person who has lived with you in a marriage-like relationship for at least 2 years

**Trade / Industry** – In the context of determining **(Non-) Covered (Similar) Employment** is intended to designate the Member's particular trade, craft and/or business activities

**Vesting (or Vested)** – Another word for “ownership”; and your pension is vested [i.e. owned] going right back to the date of the 1<sup>st</sup> Plan contribution after the completion of 2 years of Continuous Service (or age 60, if sooner)

If you are not Vested, and “Hours Worked” are less than 350 in total over 2 consecutive calendar years, your pension credits will in essence be ‘forfeited’; and the contributions made based on your Hours Worked will remain in the Plan for the benefit of the remaining Members .

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## **ELIGIBILITY AND ENROLMENT**

Each Employee who is covered by a Collective Agreement with the Union, for whom required Employer Contributions are made, is automatically enrolled in the **SMW 280 Plan**.

Contributions are remitted to the Office monthly based on the Hours Worked by you; and per Applicable Legislation these are deemed to be “**Employer**” Contributions.

Thus, there are no recognized “**Employee or Member**” Contributions to this Plan.

“**Associate Membership**” is permissible under certain circumstances, as outlined in the Plan Text.

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## CREDITED SERVICE

As mentioned above in the Glossary under "Pension Benefit Rate", the Plan awards Service Credits that are generally based on the number of Hours Worked by you under the Collective Agreement for which the Required Employer Contributions are made by the Participating Employer(s).

There are 3 types of Service, as follows

- ▶ **Past Service [Max. 19 years]** is credited for work in the Industry in BC prior to April 1<sup>st</sup> 1964 with an Employer who at that time had co-signed a Collective Agreement with the Union.
- ▶ **NOTE – Service with Burrard Drydock** prior to 1975 is recognized as Past Service (in most situations) if you were employed at Burrard Drydock in 1975.
- ▶ **Current Service** is credited for work after the date that your Participating Employer began to contribute to the Plan on your behalf.

Once you become a Plan Member, the Office maintains a comprehensive record of your Hours Worked that is then used to calculate your Service Credits for the appropriate year(s).

**Under the current Service Credit formula** – if you work 1,200 or more hours in a calendar year you will be credited with a full year of Earned Pension Credit. If you work less than 1,200 hours in a year, you will receive 1/12<sup>th</sup> of a year's Earned Pension Credit for each block of 100 hours.

For example – if you work 548 Hours, you will earn 5/12<sup>th</sup> of a year of Earned Pension Credit.

### **NOTE – WORKSAFE BC AND/OR SICKNESS CREDITS**

*A maximum of 1 year's Credited Service may be obtained on written application to the Trustees for time lost through sickness and/or while on WorkSafe BC payments.*

*Please contact the Office for more details about this provision.*

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## RETIREMENT – DEFINITIONS AND BENEFITS PAYABLE

### **Normal Retirement**

Notwithstanding age 65 being so defined, you may retire at any age between 55 and 71, in accordance with your wishes, subject to Applicable Legislation and per the Plan's provisions.

Per Applicable Legislation, payment of your pension must begin by Dec. 31<sup>st</sup> of the year in which you reach age 71 i.e. your latest retirement date is November 30<sup>th</sup> of your 71<sup>st</sup> year.

In the event that you continue working after this date, no further Service Credits will be earned.

## Pension at Normal Retirement Age

- ▶ For each year of **Burrard Drydock Service**, you will receive a monthly pension of  $1/3^{\text{rd}}$  of the current **Pension Benefit Rate**.
- ▶ For each year of **Past Service**, you will receive a monthly pension of  $1/2$  of the current **Pension Benefit Rate**.
- ▶ For each year of **Current Service**, you will receive a monthly pension equal to the full current **Pension Benefit Rate**.

**EXAMPLE** → Given a current **Pension Benefit Rate** of \$58.32 p.m. → the following will illustrate how various Service Credits would be used to calculate your pension.

Suppose ... **Burrard Service = 6 yrs, Past Service = 10 yrs & Current Service = 30 yrs.**

This hypothetical **Monthly Pension** payable to you would be;

$$\begin{aligned} & [ ( 6 \times 1/3^{\text{rd}} ) + ( 10 \times 1/2 ) + ( 30 \times 1 ) ] \times \$ 58.32 \text{ p.m.} \\ & = [ ( 2 ) + ( 5 ) + ( 30 ) = 37 ] \times \$ 58.32 \text{ p.m.} \\ & = \boxed{\$2,157.84 \text{ p.m.}} \end{aligned}$$

**NOTE** – Pension Benefits based on “**Frozen Service**” remain fixed at the Pension Benefit Rate(s) in effect on the date(s) on which your Credited Service was deemed Frozen.

Given that the Pension Benefit Rate has changed 21 times since 1964 (when the rate was \$5.00 p.m. per year of Service) – there are any number of combinations of Frozen Service calculations that might comprise your overall Monthly Pension payable at age 65.

## Early Retirement

Once you are vested and have attained age 55, you may apply for an early retirement pension.

In general, the payment of a Monthly Pension Benefit at ages prior to the Plan's Normal Retirement age leads to a reduction in the age-65 amount to reflect the increased number of payments over your expected lifetime.

As you will see below in Column [C], the true mathematical (i.e. actuarial) equivalent Monthly Pension benefit upon early retirement would be drastically reduced due to the above; **but your Plan offers some early retirement incentive subsidies.**

These **subsidies** could allow you to contemplate early retirement from 'Active Service' prior to age 65 on a **full** pension as early as age 60 or on a less-than-actuarially-reduced pension from age 55.

The early retirement pension calculation is based on one or a combination of the following 3 classifications used to determine the **level of subsidy** relating to your periods of service.

The Table to follow illustrates the rates in effect at the exact ages

- [A] **Active** → full subsidized pension at age 60 and 25% reduction at age 55;
- [B] **Frozen** → full subsidized pension at age 60 and 35% reduction at age 55;
- [C] **Terminated** → there are no subsidies in this schedule.

This table shows the levels of subsidy and reduction based on Age and Service definitions.

Early Retirement Reductions From Ages 55 to 65			
Your Age at Retirement	[A] Active Service	[B] Frozen Service	[C] Terminated Service
65	0%	0%	0%
64	0%	0%	7.75%
63	0%	0%	14.84%
62	0%	0%	21.33%
61	0%	0%	27.27%
60	0%	0%	32.72%
59	3%	7%	37.71%
58	6%	14%	42.29%
57	9%	21%	46.49%
56	16%	28%	50.34%
55	25%	35%	53.89%

**Example:** If you are a Vested Terminated member, with an earned monthly pension of \$1,000 at age 65, you will receive a monthly pension of \$535.10, say, if you elect early retirement at age 57. (i.e. the reduction is \$464.90).

### Choice of Options

Upon your retirement, you (and your Spouse, if applicable) will be provided with a full list of Monthly Pension Options prior to the recommended appointment with the Plan Administrator.

For example, you may choose to increase or decrease the amount payable to you and/or your Spouse or lengthen, shorten or eliminate the guaranteed period.

Moreover, if you retire before age 65 from Covered Employment, you are permitted to choose a Monthly Pension payment that is integrated with Old Age Security pension.

**NOTE** - If you have a Spouse at the time of your Retirement, you both must initially consider the election of a Joint Life and Last Survivor Monthly Pension benefit that will continue to your Spouse, upon your death, in the amount of 60% or more of the amount that you were receiving prior to your death. You may decline this Option but only if your Spouse signs a specific Waiver Form.

**Note** – If your Spouse dies before you actually receive any monthly pension under a Joint Life and Last Survivor Option; said election is declared “void” and unless you elect otherwise it will be assumed that you have elected to receive the “**Normal Form**” of Pension.

The following Table illustrates the Options payable to a Member retiring at age 60, after 37 years of Service, with a Spouse who is 2 years younger than he is. For convenience, we will restate the Monthly Pension of \$2,157.84 as **\$2,160**.

Monthly Pension Options at Member's Age 60 Spouse assumed to be age 58			
Option <sup>(1)</sup>	Pre-65 Amount to Member	Post-65 Amount to Member	Amount to Spouse or Beneficiary <sup>(2)</sup>
Single Life – No guarantee	\$ 2,175	\$ 2,175	N/A
Single Life – No guarantee; OAS <sup>(3)</sup> integration	\$ 2,300	\$ 2,100	N/A
Single Life – 5 Years guaranteed <sup>(4)</sup>	<b>\$ 2,160</b>	<b>\$ 2,160</b>	<b>\$ 2,160</b>
Single Life – 10 Years guaranteed	\$ 2,115	\$ 2,115	\$ 2,115
Joint Life <sup>(5)</sup> – 100%	\$ 1,825	\$ 1,825	\$ 1,825
Joint Life – 100%; OAS integration <sup>(6)</sup>	\$ 1,955	\$ 1,755	\$ 1,825
Joint Life – 60%	\$ 1,950	\$ 1,950	\$ 1,170
Joint Life – 60%; OAS integration <sup>(6)</sup>	\$ 2,080	\$ 1,880	\$ 1,170

#### Notes

- (1) All pensions are paid for the lifetimes of the Member or the Member and/or his Spouse.
- (2) Under certain circumstances, a Beneficiary other than a Spouse may be designated.
- (3) OAS denotes any Government Benefit payable at age 65 – such as Old Age Security; and here the Plan automatically reduces the Member's pension amount by \$200 at age 65; notwithstanding the actual amount of Government Benefits paid to the Member at age 65.
- (4) This is the so-called "**Normal Form**" of Pension; which is the basis upon which all the other Options are calculated.
- (5) Full name is "Joint Life and Last Survivor" and denotes a type of pension arrangement whereby some monthly pension benefit will be paid as long as at least the Member and/or his Spouse are still living.
- (6) You will notice that the Spouse's Benefit is the original monthly benefit i.e. it is NOT the appropriate percentage of what the Member was receiving at the time of his death.

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## THE APPLICATION PROCESS

Before you decide to retire, the following Application Process should be reviewed – and please note that we require **at least 2 months written notice** of your intention to retire prior to your selected retirement date.

If we do not have this notice – we **may not have enough time** for your application to follow the normal process which could result in a delayed retirement date.

The process is as follows

- Obtain an Application Form and return it to the Office;
- The Office will send you a detailed summary of your pension options within 2 weeks of receipt of your Application.
- You are under no obligation to act on this information, but if you intend to retire on the date noted you must call the Office to arrange an interview to finalize the details.
- You will be asked to provide birth certificates or valid passports for both you and your Spouse (also referred to as your 'Contingent Annuitant').

**NOTE** – In the event of a **Marriage Breakdown**, we will insist on establishing whether or not there exists any obligation our part to recognize the potential division of your Pension Plan Assets in favour of your ex-Spouse.

We need to review the relevant paragraphs of the Court Order / Separation Agreement to be assured that we have done our due diligence; and, in the event of the unavailability of such documents, we will require you /your ex-Spouse to sign certain forms that would permit us to proceed with your retirement.

- If you are over age 60 and retiring from Active Covered Employment, we will require a **Record of Employment (ROE) – or similar formal correspondence** – attesting to your last day of work and confirming that your “retirement” is the reason for ceasing your employment with that Employer.
- Once all the paperwork has been signed, the 1<sup>st</sup> payment will be made by the Plan's Custodians (currently RBC Dexia) directly into your Bank Account at the end of each month; or earlier if that day falls on a weekend or Statutory Holiday. For example: If you retire on Mar. 31<sup>st</sup>, your 1<sup>st</sup> cheque will be deposited on the last business day of April.
- Because the monthly pension benefit is taxable, RBC Dexia will send you a T4A each year to use in filing your Income Tax Returns.

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## DISABILITY BENEFITS

▶ **If the disability occurred prior to April 1<sup>st</sup> 2011**

Monthly Disability Pension benefits were unreduced pensions payable only after the Trustees had determined that the Member satisfied the eligibility criteria.

For these Members, a Monthly Pension benefit was paid on the later of

- The date the CPP Disability Pension became payable; and
- The date that was 6 months after the Member was deemed by the Trustees to be eligible.

In addition, under certain circumstances, Members who were in Covered Employment at the time of qualifying for a Monthly Disability Pension were able to apply to the Trustees for additional Service Credits (to be included in the calculation) equal to the years and months of service prior to age 60 that the Member would have earned in Covered Employment **but for** the Disability.

▶ **If the disability occurs on or after April 1<sup>st</sup> 2011**

If you satisfy the Disability criteria of the Health Benefit Plan (and are thus receiving a Long Term Disability benefit from that source), you will be entitled to receive equivalent years /months of Service to augment your Earned Pension.

For example, a Member with 17 years of Earned Credits who becomes Disabled at age 40 and who receives monthly LTD Benefits from the Health Benefit Plan for a full 20 years until age 60 will have the opportunity to elect a Monthly Pension Benefit calculated at age 60 based on 37 (i.e. 17 + 20) years of Service.

### NOTE - Returning to Work after Retirement

You can choose to work in any employment outside the Trade and/or Industry, without restriction, as far as your pension is concerned; **however**, certain restrictions apply if you wish to return to this particular Trade / Industry.

- ▶ If you return to “**Non-Covered Similar Employment**” – your pension will be frozen at its current rate, any OAS Bridging options can be suspended **and** any Health Benefit Plan Coverage for you and/or your Dependents **will be automatically terminated**.
- ▶ If you return to “**Covered Employment**”
  - Between ages 55 to 60 – your pension will be temporarily suspended for a **minimum** of 6 months.

Subsequent Required Employer Contributions will be credited to your Account and added to your pension; which will resume in the original chosen format (e.g. Joint Life 60%, say) upon your eventual application for re-retirement.

- Between ages 60 and 65 – in addition to the above option, you have another choice.

You may return to “Covered Employment” no earlier than 2 months after your 60<sup>th</sup> birthday **without** suspension of your pension or Health Benefit coverage. This is conditional on your having retired and received 2 pension payments after age 60 before the return to work.

Going forward, your Employer must remit Required Contributions on your behalf to the Pension Plan (and, indeed, to ALL funds per the Collective Agreement); **HOWEVER** your Monthly Pension benefit will not increase due to these Contributions, although your Health Benefit Plan Hour Bank will reflect them.

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## DEATH BENEFITS [PRE-RETIREMENT]

If you are vested and you die prior to retirement, your Beneficiary will receive **the greater of:**

**[A]** The Commuted value of 60 monthly payments of either

- [i] 100% of the pension that you earned to the date of your death if you were over 55\*  
or
- [ii] 50% of the pension that you earned to the date of your death if you were under 55;

**OR**

**[B]** 60% of the Commuted Value of the pension that you earned to the date of your death.

\* Note – This amount is increased, if necessary, in situations for anyone (over 55 and vested) who dies **after** filing an “Application to Retire” Form but **before** actually receiving the 1<sup>st</sup> payment; so that Option **[A][i]** equals the Commuted Value of the benefit that would have been payable per the optimal form selected had you retired the day before you died.

Generally, If the Death Benefit is paid to your Spouse, she will have the option of a tax-free transfer to a locked-in RRSP, to a savings institution to purchase a life income fund (LIF) &/or to an Insurance Company to purchase a lifetime annuity.

Any other Designated Beneficiary [e.g. a brother] must take the benefit in Cash, net of taxes.

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## TERMINATION BENEFITS

If your pension is vested and your “Hours Worked” in 2 consecutive calendar years is less than 350, you will be deemed “Terminated” on December 31<sup>st</sup> of the 2<sup>nd</sup> such year.

Your Monthly Pension is then “frozen” at the Pension Benefit Rate in effect at that time; and will not generally increase over time [although see below for some exceptions to this rule].

Assuming that you are not over age 55 at the time, the Office will automatically send you paperwork to allow you to choose between transferring the Commuted Value of your Earned Pension out of the Plan or remaining in the Plan as a Deferred Pensioner; and thus entitled to receive a monthly pension benefit at any age between 55 and 71.

This opportunity to transfer the Commuted Value **will not be given to you again** – and if we do NOT receive your decision within 90 days of sending you the Option Statement, the Trustees have instructed us to consider you (**by default**) as having elected to remain in the Plan.

However, if you elect not to remain in the Plan, you will be entitled to transfer the Commuted Value of your pension to an RRSP (usually “Locked-In”), to a savings institution to purchase a LIF, to another registered pension plan (if their provisions permit such a transfer) or to an insurance company to purchase a deferred lifetime pension payable on or after age 55.

There are special provisions in our Plan Text to deal with Commuted Values that are less than certain prescribed levels; and these would be clarified for you at the time.

Furthermore, at the time of updating this Booklet, the Trustees are required by law to withhold 24.2% of every Commuted Value payout for up to 5 years; at which time it will be repaid to the you (with interest) in the original format i.e. as Cash or Locked-In transfer.

The main advantages of choosing to remain in the Plan as a Deferred Pensioner are that (***should you ever return to Covered Employment***) any newly-earned credits shall automatically be vested **AND**, under certain circumstances, your prior “Frozen” credits will be restored to the current Pension Benefit Rate in effect.

***NOTE – Exemption from Freezing***

If you must leave the Plan because of disability, but you are unable to qualify for either a LTD Pension (pre-April 1<sup>st</sup> 2011 provisions) OR continued accrual of LTD Credits (post-March 31<sup>st</sup> 2011 provisions), you may be able to apply for an “Exemption From Freezing” – and please contact the Office to discuss the implications and benefits of this unique provision.

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## **DISCONTINUANCE OF THE PLAN**

The Trustees may suspend or discontinue the Plan upon written instruction from the Union or after a reasonable determination that contributions to the Plan have been discontinued and are not likely to be resumed within the foreseeable future. Regulations for such action are outlined in the Plan Text.

On Plan termination, benefits may be reduced if the Pension Fund is not sufficient to meet the liabilities of the Plan. The termination of the Plan and the associated wind-up of the Pension Fund shall be done in an equitable manner with the assistance and advice of the Plan’s Actuary and in accordance with Applicable Legislation.