

SHEET METAL WORKERS (LOCAL 280) PENSION PLAN SUMMARY

[BC PBSA REG # P085147 & CRA REG # 0327957]

GENERAL

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

If this document contains information that is not the same as that in the Plan Text – the latter will prevail in all such situations.

The Plan was created by an Agreement and Declaration of Trust [effective April 13, 1964], and is governed by six Trustees [three from Local 280 and three from the Contributory Employers’ Associations].

The Trustees have legislated reporting requirements to the Superintendent of Pensions in BC (per the provisions in the “**PBSA**”), to the Canada Revenue Agency (“**CRA**”) under the Income Tax Act, and to the Plan’s Members, Spouses and/or Beneficiaries.

Effective September 30, 2015, the Plan was amended to become a Defined Benefit Plan with a “Target Benefit Provision”. This provision states more clearly that pension benefits depend primarily on the Contributions received from the Employers, per a Collective or Special Agreement.

DEFINITIONS

The following words and phrases shall have the indicated meanings –

Actuary

A person who is a Fellow of the Canadian Institute of Actuaries, appointed by the Trustees.

Administrator

The Trustees -- as determined by the PBSA and the CRA.

Note – For day-to-day Plan administration duties, the Administrator has appointed the Staff of the Office.

Applicable Legislation

Comprises the *Pension Benefits Standards Act and Regulation* of BC [the “**PBSA**”], the Income Tax Act, and any other relevant legislation governing the operations of Registered Pension Plans in Canada.

Collective Agreement

As defined in the Trust Agreement.

Commutated Value

The lump sum actuarial present value of a pension benefit determined using actuarial assumptions adopted by the Trustees, on the advice of the Actuary, in accordance with the PBSA.

Contributions

Based on a Collective or Special Agreement, these are the amounts per hour of Covered Employment [i.e., worked] that is required to fund the benefits.

Covered Employment

Employment for which contributions to the Plan are required or would have been required had the Member not been ill, injured, or on authorized parental leave.

Employer

- a. any corporation, firm, organization, or person who is bound to a Collective or Participation Agreement; and
- b. any corporation, firm, organization, or person who is approved by the Board of Trustees to participate in the Plan, including the Union, on the terms and conditions established by the Board of Trustees.

Hours of Covered Employment

The sum of

- a. the hours of employment of a Member for an Employer for which Employer contributions are required under the Plan; and
- b. the hours in respect of authorized parental leave, maternity leave, or other prescribed leave for which contributions are made to the Plan on behalf of the Member by the Member's Employer.

Income Tax Act

The Income Tax Act (Canada) – the “ITA” -- and the Regulations thereunder, both as amended from time to time, in accordance with the administrative provisions of the CRA.

LIRA

A “Locked-In” retirement account as defined by the PBSA e.g., a Locked-In RRSP.

Locked-In

A term used to describe amounts that ultimately must be used to provide a lifetime pension, which may not otherwise be withdrawn, surrendered, or commuted for cash, as required by the PBSA.

Member

A person who satisfies the eligibility and enrollment requirements of the Plan, and who is not a Retired, Disabled, Limited [i.e., as a result of a relationship breakdown] or Terminated Member.

Non-Covered Similar Employment

Employment with an Employer, working in the same Trade and/or Industry, that is not remitting any required contributions to the Plan and/or that is in direct competition with any or all the Employers of the Plan.

Pension Fund

The fund established to provide for the payment of Plan benefits.

Registered Retirement Savings Plan, or RRSP

A retirement savings plan which is registered under the Income Tax Act.

Retired Member

A Member, Terminated Member, or Disabled Member who is receiving or has elected to receive pension benefits under the Plan by reason of retirement.

Special [Contributory and/or Participating] Agreement

Any agreement between an Employer and the Trustees which provides for the Employer to make contributions to the Plan on the Member's behalf.

Spouse

In relation to a Member

- a. a person who, at the date of determination, is married to the Member and has not lived separate and apart from the Member for a continuous period longer than 2 years immediately prior to the date of determination; or
- b. if there is no person to whom sub-clause (a) applies, is a person who lives with the Member in a marriage-like relationship for a period of at least 2 years immediately preceding the date of determination.

Totally and Permanently Disabled

Is defined as "suffering from a physical or mental impairment that prevents you from engaging in Covered Employment, for which you are reasonably suited by virtue of your education, training, and/or experience", as certified in writing by a medical doctor licensed to practice in Canada.

Moreover, there is no reasonable expectation that you will recover from the disability, as evidenced by your eligibility to receive disability income under Local 280's Health Benefit Plan.

The effective date of such disability is the effective date upon which you become eligible to receive disability income under the Health Benefit Plan.

Trust Agreement

The Agreement between the Union and the Trustees respecting the Pension Fund and the Plan, created as of April 13, 1964, as amended from time to time.

Union

International Association of Sheet Metal, Air, Rail and Transportation Workers, Local Union No. 280; and any successor thereof.

ELIGIBILITY AND CONTRIBUTIONS

A person who is covered by a Collective Agreement shall become a Member of the Plan on their first date of Covered Employment.

The Collective or Special Agreement will define the hourly rate(s) of contributions that are required to fund your Plan benefits.

A Member must have a minimum of 100 hours in a Plan Year to accrue a benefit for that year. If the Member's Credited Hours are less than 100 in a Plan Year, those hours may be carried forward and combined with hours in the following Plan Year. Such carry-forward shall not be permitted for more than one Plan Year.

EMPLOYER RESPONSIBILITIES AND RIGHTS

Participating Employers must contribute to the Plan such amounts as are indicated in a Collective Agreement, or in any Special Agreement in respect of Members not covered by the Collective Agreement. Contributions shall be kept separate and apart from the assets of the Employer or the Union, as applicable, until such time as they are remitted to the Plan Administrator.

Contributions shall be remitted not less frequently than monthly, no later than thirty (30) days following the end of the month to which the contributions relate.

CREDITED SERVICE

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

The formula up to December 31, 2018, was based on the “unit credit” method, which grants \$75.00 per month of pension benefits multiplied by the Credited Service earned in each Plan year.

For service on or after January 1, 2019, the formula is \$0.05 multiplied by the number of Credited Hours earned by the Member in each Plan Year.

RETIREMENT – DEFINITIONS AND BENEFITS PAYABLE

Normal Retirement

Normal retirement is at age 65, but you may retire at the end of any month following your 55th birthday up until November 30th of the year of your 71st birthday, subject to Applicable Legislation and per the Plan’s provisions.

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.

Early Retirement [and applicable reduction percentages]

Upon retiring on or after age 55, a reduced pension is calculated because you have applied to receive it “early”; that is prior to the normal retirement, age 65.

If you retire from Active Membership, TABLE A (below) reductions apply.

If you retire as a Member of an affiliated Union, having transferred directly from Local 280, TABLE B reductions apply.

If you retire as a Terminated Member [a “Deferred Pensioner”], the applicable reductions are based on the calculation of the actuarial equivalent at each age and are based on the actuarial reduction calculations, in TABLE C, below.

AGE	TABLE A	TABLE B	TABLE C
55	25%	35%	50%
56	16%	28%	46%
57	9%	21%	43%
58	6%	14%	39%
59	3%	7%	34%
60	0%	0%	30%
61	0%	0%	25%
62	0%	0%	19%
63	0%	0%	13%
64	0%	0%	7%
65	N/A	N/A	N/A

Choice of pension options

Regardless of who is receiving the pension benefit, it is payable for the lifetime of the

recipient.

However, this is not the case if a Designated Beneficiary is receiving payments following your and/or your Spouse's death(s) before the expiry of a guaranteed number of pension payments.

Upon your retirement, you (and your Spouse if applicable) will be provided with a full list of monthly pension options to choose from.

If you retire before age 65 from Covered Employment, you are permitted to choose a monthly pension payment that is integrated with the Old Age Security (OAS) monthly pension benefit. If, for whatever reason, you receive an OAS Pension benefit at 65 that is less than the assumed \$300, the Plan is not obligated to make up the shortfall.

These options must, by law, provide a monthly lifetime benefit payable to your Spouse, upon your death, of no less than 60% of the amount that you were receiving prior to your death.

A key feature of each Joint and Last Survivor Pension option is that you each share provision for a total guaranteed 10 years of monthly pension payments. You and your Spouse may decline a Joint and Last Survivor Pension Option but only if your Spouse signs the "PBSA Waiver Form 2".

The following table is a summary of a typical selection of options; based on a "Normal Form" assuming a monthly pension of \$2,000 payable to an Active Member who is 60 years of age with a Spouse who is 2 years younger.

There are 11 options in the table – the first 5 are based on the Member's lifetime only and the other 6 Joint and Last Survivor Pension options are based on the lifetimes of both you and the Spouse. Note – Options 5, 7, 9, and 11 show the effects of integrating the pension benefit with the assumed OAS Pension monthly pension benefit of \$300 prior to your age 65.

NOTE – The term "Normal Form" is the pension benefit that the Plan defines as the starting point for all calculations of alternative amounts of pension benefits – such as ones with guaranteed periods and those in the Joint and Last Survivor Pension formats.

Option #	Description	Pre-65 to Member	Post-65 to Member	To Spouse/Beneficiary
1	Single Life Pension Guaranteed 15 years	\$1,920	\$1,920	\$1,920
2	Single Life Pension Guaranteed 10 years	\$1,967	\$1,967	\$1,967
3	Single Life Pension Guaranteed 5 years ("Normal Form")	\$2,000	\$2,000	\$2,000
4	Straight Life Pension	\$2,013	\$2,013	N/A
5	OAS - Straight Life Pension	\$2,214	\$1,914	N/A
6	Joint Life with no reduction Guaranteed 10 years	\$1,714	\$1,714	\$1,714
7	OAS - Joint Life with no reduction Guaranteed 10 years	\$1,915	\$1,615	\$1,714
8	Joint Life reducing to 75% Guaranteed 10 years	\$1,771	\$1,771	\$1,328
9	OAS - Joint Life reducing to 75% Guaranteed 10 years	\$1,972	\$1,672	\$1,328
10	Joint Life reducing to 60% Guaranteed 10 years	\$1,807	\$1,807	\$1,084
11	OAS - Joint Life reducing to 60% Guaranteed 10 years	\$2,008	\$1,708	\$1,084

➔ Please note that these are for illustration purposes only.

RETIREMENT APPLICATION PROCESS

Before you decide to retire, 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 first payment date.

Please contact the Office to request an application form.

NOTE – In the event of a **Relationship Breakdown** we are obligated under the terms of the Family Law Act of BC and the PBSA to establish if there is any reason for us to recognize the potential division of your pension value with your ex-Spouse.

We will insist on reviewing 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 document(s), we will require you and/or your ex-Spouse to sign certain forms stating that (a) there never was such a document and/or (b) that your ex-Spouse is waiving the entitlement to a portion of your pension so that we may proceed with the commencement of your **undivided** pension.

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, the following restrictions apply if you return to this Trade/Industry.

If you return to Non-Covered Similar Employment –

Your pension will be frozen at its current rate and any Retired Members' Health Benefit coverage for you and/or your dependents will be immediately and irrevocably terminated.

If you return to Covered Employment –

Between ages 55 to 60

Your pension will be 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 and Last Survivor Pension 60%) upon your eventual re-application for retirement.

Between ages 60 to 65

In addition to the above suspension option, you may return to Covered Employment on or after your 60th birthday without suspending the payments of your current pension.

DEATH BENEFITS (PRE-RETIREMENT)

If you die prior to your retirement, your Spouse will receive the greater of [A] and [B] in the following:

[A] The Commuted Value of a fixed number 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

AND

[B] 100% of the Commuted Value of the pension that you earned to the date of your death

The lump sum Commuted Value of your pension is payable automatically to your Spouse [as defined] unless your Spouse signs the “PBSA Waiver Form 4” and presents this to the Administrator -- prior to your death.

If no Spouse exists and/or if the “PBSA Waiver Form 4” has been provided to the Administrator, your Designated Beneficiary will receive the Commuted Value of your pension in a lump sum payment that is taxable.

If your Spouse is entitled to receive the lump sum Commuted Value of your pension then it must be transferred to one of the four available arrangements as outlined in the “Termination Benefits” of this booklet, pursuant to the Plan’s provisions.

DISABILITY BENEFITS

Since April 1, 2011, if you satisfy the current definition of being “Totally and Permanently Disabled” – based on the criteria of the Health Benefit Plan – and you are receiving Long-Term Disability benefit payments from that source, then depending on the amount of your pre-disability Credited Service, you **may** be entitled to receive equivalent years and months of Future Service Pension Credits to supplement your pension.

These Future Service Pension Credits will cease at age 60, and there is also a vesting table based on the duration of your pre-disability Plan membership that will affect the value of these credits summarized as follows --

Credited Current Service	Continuing Percentage
Less than 2 years	0.0%
2 years but less than 3	25.0%
3 years but less than 4	37.5%
4 years but less than 5	50.0%
5 years but less than 6	62.5%
6 years but less than 7	75.0%
7 years but less than 8	87.5%
8 or more years	100.0%

The calculation of your Future Service Pension Credits for a particular year is the annual average of your hours worked during your career [Maximum 1,200 Hours] times the pension benefit rate in effect at your date of disability.

TERMINATION BENEFITS

If your total hours worked in 2 consecutive calendar years is less than 350, you will be deemed a “Terminated Member” on December 31st of the 2nd such year.

Your monthly pension is then “frozen” at the pension benefit rate in effect at that time, and will not generally increase in future years.

Assuming that you are **not** over age 55 at the time, the Office will automatically send you a Commuted Value Option Statement to your last known mailing address. You may choose between transferring the lump sum Commuted Value of your pension out of the Plan or remaining in the Plan as a Deferred Pensioner; and thus, entitled to receive a monthly pension benefit after age 55 and must commence not later than the end of the calendar year you attain age 71.

This opportunity to transfer the lump sum 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 PBSA entitles the Trustees to consider that you have, by default, elected to remain in the Plan as a Deferred Pensioner.

If you elect not to remain in the Plan, you will be entitled to transfer the lump sum Commuted Value of your pension, on a “Locked-In” basis to one of the following --

- A LIRA (e.g., a Locked-In RRSP)
- A Registered Retirement Income Fund (RRIF)
- A Life Income Fund (LIF)
- Another registered Pension Plan (if their provisions permit such a transfer)
- Purchase an Annuity Contract from an Insurance Company

There are special provisions under Applicable Legislation to deal with lump sum Commuted Values that are less than certain prescribed levels, and these would be clarified for you when you receive the calculation.

The main advantage of choosing to remain in the Plan as a Deferred Pensioner is that should you ever return to Covered Employment, after accumulating at least 2 years of new Credited Service AND have a total of at least 5 years of Credited Service, your prior “frozen” credits will be restored to the appropriate pension rate in effect at that time.

NOTE – your pension rate will be automatically “frozen” ahead of the above-mentioned 2 years if you are suspended from Local 280 and/or if you are working in Non-Covered Similar Employment.

(POTENTIAL) REDUCTIONS / TERMINATION OF THE PLAN

The Board of Trustees is required to file an actuarial valuation report with the pension plan regulators at least once every three years. An actuarial valuation measures the Plan’s financial health and is performed by a qualified Actuary.

If an actuarial valuation shows that the Plan does not meet minimum funding tests, then benefits may be reduced, or a contribution increase must be facilitated through a new Collective Agreement.

Also, if an actuarial valuation shows that there are not enough assets to cover the intended benefits, then lump sum payouts from the Plan will be reduced to reflect the shortfall in funds. This is true, even if the Plan meets the minimum funding tests.

The Trustees **may** suspend or terminate the operations of the Plan upon receipt of written instructions from the Union or after a reasonable determination has been made that contributions to the Plan have been discontinued and are not likely to be resumed within the foreseeable future.

Regulations for such actions are outlined in the Plan Text in accordance with the PBSA.

On Plan termination, earned pensions and/or pensions-in-payment **may** have to be reduced if the Pension Fund’s assets are not sufficient to meet the actuarial 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 both PBSA and the ITA. In the unlikely event that the Plan is terminated, and the assets are not sufficient to cover the cost of the member’s Plan termination benefits, then benefits would also be reduced based on the target benefit ratio set out in the termination report.

The Board of Trustees maintains policies designed to safeguard the Plan's financial health and minimize the likelihood of a benefit reduction. They also continuously monitor the Plan's financial health.

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Per Section 37(2) and (4) of the Pension Benefits Standards Act and 42 and 43 of the Regulations – upon written request, any Member or former Member who has an entitlement to receive benefits and/or their Spouse and/or a designated beneficiary, has the right to review certain documents at the Administration Office during normal business hours. Furthermore, we are permitted to provide copies of any of the documents in hardcopy format subject to the payment of a nominal fee for the copying and collection.

Participating Employers have the right to view certain Plan documents per Section 37 (5) of the PBSA.

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.