

COPE Local 15 Pension Plan

Presentation to the Membership
June 7, 2011

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Consultant

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D.A. TOWNLEY
& ASSOCIATES LTD.

Plan Overview

- ❖ Money purchase pension plan, registered with the BC Financial Institutions Commission (**FICOM**) and Canada Revenue Agency (**CRA**)
- ❖ Board of Trustees
 - Sheila Morrison (Chair), Colleen Morlan, Bill Nielsen, Gail Nichol, Deborah Rhein
- ❖ Custodian (**RBC Dexia**), Plan Administrator (**D.A. Townley**), Investment Manager (**Leith Wheeler**), Auditor (**D'Abadie Moody**), Lawyer (**Lawson Lundell LLP**)

Board of Trustees

- ❖ Responsible for directing the operations of the Plan
- ❖ Have unlimited personal liability regarding the operation of the Plan
- ❖ Required to act in your best interest
- ❖ Must comply with:
 - Trust Agreement and Plan Text
 - *BC Pension Benefits Standards Act and Regulations*
 - Common law of trusts, tax, privacy and family law legislation

2010 Statistical Summary

Market Value of Net Assets at Dec.31, 2009	\$24,066,561
Market Value of Net Assets at Dec.31, 2010	\$26,635,373
Contributions During 2010	
Employer	\$1,247,432
Member	\$59,988
Voluntary	<u>\$234,573</u>
Total	\$1,541,993
Benefits Paid	\$1,448,696
Administrative Expenses (including money management)	\$260,585
Administrative Expenses (as a percent of assets)	1.03%
Membership Data as at Dec.31, 2010	
Active Members	373
Inactive Members	163
New Entrants in 2010	32

Retirement Options?

	Annuity	Life Income Fund	Locked-in RRSP
Description	<p>Insurance company takes the value of your account and converts it to a series of fixed monthly payments.</p> <p>The payment stream is paid over your lifetime (life annuity) or for the lifetime of you and your spouse (joint and survivor annuity).</p>	<p>Provided by various financial institutions. A LIF uses your funds to provide regular income payments during your retirement.</p> <p>Like a RRSP, you maintain control of principal amount and make investment decisions for your LIF. If your investments perform well, your benefit will increase in size with earnings. Investment earnings within the LIF accumulate on a tax sheltered basis.</p>	<p>Provided by various financial institutions. A RRSP provides a vehicle to grow your funds.</p> <p>You maintain control of the principal amount and make investment decisions. Investment earnings accumulate on a tax sheltered basis.</p>
Timing and amount of payment	<p>Paid every month. The amount depends on how much money you start with, interest rates at the time you purchase, your age (and your spouse's age if applicable) and any special features (like an annuity).</p>	<p>Provides flexibility re timing and amount of payment.</p> <p>Legislation sets a max and a min range for the payment you must receive each year. You choose how much you wish to receive between these levels. This amount is then taxed as income.</p>	<p>Purely an accumulation vehicle – you cannot withdraw your funds. To access your funds, you will need to transfer to a LIF or purchase an annuity.</p>

Retirement Options?

	Annuity	Life Income Fund	Locked-In RRSP
Survivor benefits	<p>Depends on the form of annuity selected.</p> <p>If you chose Life Only and you pass away 2 years after retirement, there is no survivor benefit.</p> <p>If you chose a Life Annuity with a 10 year guarantee period, your beneficiary would continue to receive payments for an additional 8 years. If you lived longer than 10 years, the payments would continue until your death.</p> <p>If you chose a Joint and survivor annuity, your spouse would continue to receive payments for the remainder of their lifetime.</p>	Balance of LIF goes to your Spouse or your beneficiary.	Balance of RRSP goes to your Spouse or your beneficiary

Unlocked funds?

	Unlocked RRSP	RRIF
Description	<p>Provided by a financial institution.</p> <p>Funds are invested in accordance with your directions.</p> <p>There are no prescribed minimum or maximum withdrawal limits.</p>	<p>Similar to a LIF, but using unlocked funds.</p> <p>The key difference is that although there is a minimum level of funds that must be withdrawn, there is no maximum level.</p> <p>The entire balance can therefore be withdrawn at any time.</p>

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	CURRENT RULE	NEW RULE	TAKES EFFECT?
1.	Between age 60 and 64, you must stop working to apply for CPP benefit (or drastically reduce income)	Provided you are over age 60, you can receive your benefit and continue working	Jan 1 2012
2.	Contributions cease when your benefit starts	If you are between 60 and 64 and you continue to work, both you and your employer must continue contributing	Jan 1 2012

If you are between 65 and 70 and you continue to work, you may continue contributing (in which case your employer must contribute)

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	CURRENT RULE	NEW RULE	TAKES EFFECT?												
3.	<p>CPP retirement pensions decrease/increase by 0.5% for each month before/after age 65 (up to age 70) that you begin/delay receiving them</p>	<p>Pensions will be higher/lower if you start before/after age 65</p> <table border="0"> <tr> <td><u>Pre-65</u></td> <td><u>Post-65</u></td> </tr> <tr> <td>2012 – 0.52%</td> <td>2011 – 0.57%</td> </tr> <tr> <td>2013 – 0.54%</td> <td>2012 – 0.64%</td> </tr> <tr> <td>2014 – 0.56%</td> <td>2013 – 0.70%</td> </tr> <tr> <td>2015 – 0.58%</td> <td></td> </tr> <tr> <td>2016 – 0.60%</td> <td></td> </tr> </table>	<u>Pre-65</u>	<u>Post-65</u>	2012 – 0.52%	2011 – 0.57%	2013 – 0.54%	2012 – 0.64%	2014 – 0.56%	2013 – 0.70%	2015 – 0.58%		2016 – 0.60%		<p>Pre-65 phased in from 2012 - 2016</p> <p>Post-65 phased in from 2011 - 2013</p>
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4.	<p>Can exclude 15% of your career period with lowest earnings from benefit calculation (7 years)</p>	<p>2012 – increased to 16% (7.5 years)</p> <p>2014 – 17% (8 years)</p>	<p>Phased in from 2012</p>												

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- ❖ For more information, visit the Human Resources and Skills Development Canada website:

<http://www.hrsdc.gc.ca/eng/oas-cpp/changes.shtml>