

COPE Local 15 Pension Plan

Overview of your Plan

June 7, 2011

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General Plan Information

- Money purchase pension plan registered under the *BC Pension Benefits Standards Act and Regulations* and the *Canada Income Tax Act and Regulations*
- Effective date: January 1, 2003
- Merger of OTEU Local 15 & Master Trade Pension Plans

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General Plan Information

- Total membership at end of 2010
 - ◆ 373 active
 - ◆ 163 inactive

- Net assets available for benefits at December 31, 2010 = **\$26,635,373**

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Parties Involved

- Board of Trustees
- Custodian
- Plan Administrator
- Investment Manager
- Consultant
- Auditor

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Board of Trustees

- Set policy and supervise agents
- Current Board members are
 - ◆ Sheila Morrison (Chair)
 - ◆ Bill Nielsen
 - ◆ Gail Nichol
 - ◆ Deborah Rhein
 - ◆ Colleen Morlan

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

Custodian

- RBC Dexia Services
- Holds all the investments in trust
- Contributions are deposited with the Custodian
- Pays benefits and expenses
- Produces reports for Trustees

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Plan Administrator

- D.A. Townley & Associates
- Keeps member records
- Calculates benefit entitlements
- Arranges for payment of expenses
- Monitors the contribution flow
- Manages the Fund, on the direction of the Trustees

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Investment Manager

- Leith Wheeler (LW)
- Directs the investment of the money in the Trust Fund
- Contributions received by RBC Dexia, LW advised
- LW directs RBC Dexia with regards to what securities to buy and sell

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Consultant

- D.A. Townley & Associates
 - ◆ Angie Hallas
- Advises the Board on
 - ◆ investment policy
 - ◆ legislative developments
 - ◆ plan operations
 - ◆ governance

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Auditor

- D'abadie Moody
 - ◆ Michael D'abadie
- Produces audited financial statements on an annual basis
- "Watchdog" function

Plan Governance

- Program includes:
 - ◆ Plan documents
 - Trust Agreement, Plan Text, Statement of Investment Policies and Procedures
 - ◆ Trustee policies
 - Code of Conduct, Conflict of Interest, Trustee Education, Communication, Document Retention, Delinquency, Privacy

Plan Governance

- ◆ Risk Management
 - Audit
 - Risk based controls
- ◆ Compliance
- ◆ Supervision of service providers

Benefits from the Plan

- To earn a benefit in the Plan you must be “**vested**” i.e. you must work at least 350 hours in one Plan Year
- Your vested benefit is the total of all **contributions** made to the Plan by you and/or your employer(s) on your behalf
- Interest is credited at rate earned by the Fund (net of Plan expenses). It can be positive or negative

Benefits from the Plan

- 5 events which can trigger payments from the Plan
 - ◆ termination of employment
 - ◆ retirement from active employment
 - ◆ disability
 - ◆ marriage breakdown
 - ◆ death

Termination of Employment

- You are deemed "terminated" from the Plan when you work less than 350 hours in two consecutive Plan Years
- If you have ceased working with a participating employer and you wish to transfer your benefit prior to the deemed termination period, you may do if no contributions have been made to the Plan by you or on your behalf for 6 consecutive months

Options at Termination

- If you are **not vested**, you are eligible to receive a refund of your employee required contributions and voluntary contributions (if any). You may:
 - ◆ receive a cash lump sum payment;
 - ◆ transfer to an unlocked retirement vehicle such as a RRSP or a Registered Retirement Income Fund; or
 - ◆ if permitted, transfer to another registered pension plan

Options at Termination

- If you are **vested**, all employee required and employer contributions made to the Plan on or after January 1, 1993 are locked-in i.e. they may not be refunded in cash but must be used to purchase retirement income
- You can:
 - ◆ leave your benefit in the Plan (until a maximum of age 71);
 - ◆ purchase a deferred annuity; or
 - ◆ transfer your benefit to a locked-in RRSP

Retirement

- You may retire at any time from age 55
- You must retire from the Plan by the end of the calendar year in which you turn age 71
- Your retirement benefit must be:
 - ◆ used to purchase an annuity;
 - ◆ used to purchase a Life Income Fund; or
 - ◆ transferred to a locked-in RRSP (provided you are less than age 71)
- Your unlocked benefit can be paid in cash, used to purchase a RRIF or transferred to an unlocked RRSP

Retirement

- Note that if you have a "Spouse" (as defined in the Plan), BC pension law requires that when you retire you purchase an annuity that will provide your Spouse with at least 60% of the value of the payment that was being made to you, for the remainder of your Spouse's lifetime
- If you want to choose a lower level of payment e.g. 50%, or 40%, or you want to purchase a LIF or transfer your benefit to a locked-in RRSP, your Spouse must specifically waive his or her right to the mandatory form of pension by completing a Waiver Form

Retirement Vehicles

- Annuity
- Registered Retirement Savings Plan (RRSP)
- Life Income Fund (LIF)
- Registered Retirement Income Fund (RRIF)

Annuity

- Provides a fixed monthly income for life
- Payments are based on:
 - ◆ your age (and the age of your Spouse if you choose a joint and survivor annuity);
 - ◆ form chosen (e.g. Life Only, or Life Guaranteed 10 years, Joint and Survivor);
 - ◆ value of your benefit in the Plan; and
 - ◆ interest rates in effect at time of purchase
- Can be started immediately, or deferred

Annuity

- Different options:
 - ◆ **Life Only** (payments cease upon your death)
 - ◆ **Joint and Survivor** (payments are made for the lifetime of you and your Spouse)
 - ↳ You can choose the level of payment e.g. J&S 60%, meaning that if you pass away, your Spouse will receive monthly payments of 60% of the pension being paid to you until he or she passes away
 - ◆ **Guarantee Period** (e.g. 5, 10 or 15 years)
 - ↳ If you (or your Spouse if you choose a Joint and Survivor annuity) pass away before the end of the guarantee period, payments will continue until the period expires

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LIF

- Purchased from a financial institution using locked-in pension money
- Your funds are invested in accordance with your directions and are intended to provide you with an income for life. Investment income accumulates within the LIF on a tax-sheltered basis, until withdrawn
- Unlike an annuity, payments are not fixed. You choose how much and when to draw down income:
 - ◆ legislation sets a minimum and maximum annual withdrawal limit and you choose any amount between the two
 - ◆ factors that impact on the withdrawal amounts include your age and the balance of your account at the time the amounts are being calculated

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LIF

- For more information about withdrawal limits, visit the FICOM website at:
<http://www.fic.gov.bc.ca/responsibilities/pension/rsp-lif/lifmax.htm>
- FICOM also maintains a list of available LIF's registered in BC
<http://www.fic.gov.bc.ca/responsibilities/pension/rsp-lif/lif-list.htm>

Locked-in RRSP

- Similar to a LIF, but you cannot draw down funds. To access your benefit, you need to convert your RRSP into a LIF or an annuity
- Any number of different investments, including GIC's and mutual funds

RRIF

- Unlocked funds can be used to purchase a RRIF
- Funds are invested in accordance with your directions and investment earnings accumulate within the RRIF on a tax-sheltered basis until withdrawn
- As with a LIF, legislation prescribes a minimum annual withdrawal amount, however there is no maximum level

Exceptions to the locking-in rule

- There are a number of circumstances where your benefit may be unlocked:
 - ◆ you become **Totally and Permanently Disabled** (as defined in the Plan Rules);
 - ◆ you have a **terminal illness or disability** that is likely to considerably **shorten your life expectancy** and you satisfy the requirements in the Plan Rules;
 - ◆ The value of your locked-in contributions, plus interest is **less than 20% of the Year's Maximum Pensionable Earnings (YMPE)** as set out in the Canada Pension Plan or is **insufficient to buy an annual pension of 10% of YMPE** in the year of death, termination or retirement;
 - ◆ You are age **65+** and the sum of **your total entitlements** in every defined contribution pension plan, every locked-in RRSP and every prescribed retirement income fund is, in aggregate, **less than 40% of the YMPE**

How to Apply for these Benefits

- Contact Quentin Manuel at D.A. Townley
 - ◆ by phone at 604-299-7482 or 1-800-663-1356
 - ◆ by fax at 604-299-0842
 - ◆ by e-mail at qmanuel@datownley.com
 - ◆ drop into our offices at Suite 101 - 4190 Lougheed Highway in Burnaby

When to Apply

- **Retirement:** 3 months in advance
- **Termination:** as soon as you wish the money to be paid out of the Plan to you (the process will take up to a month from that point)
- **Death and Disability:** immediately

