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CARPENTRY WORKERS PENSION PLAN

Your Pension Plan Update

We know how important your financial future is to you. That's why the Board of Trustees of the Carpentry Workers' Pension Plan of B.C. is committed to helping ensure you have a secure, comfortable retirement and to keeping you informed about the management of your plan.

This newsletter provides updates about the transition to a Target Benefit Plan, the plan's financial health, and answers common questions about your plan.

Read on to find out more!

HOW IS THE PLAN DOING?

The last complete valuation was performed as at June 30, 2014.

Overall, the plan's health has improved compared to the previous valuation, performed in 2011. Strong investment returns since the last valuation have increased the plan's funded ratio on a going concern (i.e., long-term) basis to 121.1%. A valuation as at June 30, 2016 is currently underway, and will be completed by March 31, 2017.

Plan updates

New pension rules in B.C.

The B.C. provincial government introduced new pension rules effective September 30, 2015. The plan documents have been updated to reflect these changes, including the introduction of Target Benefit Plans as well as the termination rules noted below.

Transition to a Target Benefit Plan

In April 2016, we announced that the Board of Trustees had decided to transition the plan to a Target Benefit Plan to better support the long-term sustainability of the plan. This transition took effect on June 30, 2016, and plan documents have been updated to reflect this transition. Under the new rules, the plan will be more stable and will be able to better withstand short-term financial fluctuations. **The plan's formula is not changing as a result of the transition – pension benefits continue to accumulate the same way, based on the same formula**.

Have questions about the plan transition?

Please refer to your at-a-glance plan summary and frequently asked questions document, which were mailed to you in June 2016, or visit the plan website.

Updates to termination rules

If you worked fewer than 350 hours over a period of two consecutive plan years before you turn age 55, your membership in the plan will automatically end. In this case, you will receive a termination statement outlining your choice between keeping your pension in the plan to draw at a later date and transferring the lump-sum value of your pension to another locked-in retirement savings vehicle, such as an RRSP. If you work additional hours in the future, you will rejoin the plan as an active member.

Answers to common questions about your plan

Transferring your lump-sum benefit out of the plan?

If you terminate active membership and decide to transfer the lump-sum value of your pension out of the plan, you need to transfer it to another locked-in account with a bank or insurance company, or to another registered pension plan. This is because the lump-sum amount will generally be "locked-in," which means that you are not allowed to withdraw any portion of it as cash until age 50, and there are restrictions on how much you can withdraw each year.

However, the Income Tax Act regulates how much you are allowed to transfer to a locked-in account without paying taxes up front. This is known as the maximum transfer value (MTV). The MTV depends on your pension amount and your age. If the lump-sum value of your pension exceeds the MTV, you'll still receive the entire benefit at once, but the amount exceeding the MTV will be paid to you as cash, less withholding taxes.

Ready to retire?

When you're getting ready to retire, you need to make an important decision about the form of pension you would like to receive. The following options are available:

1. **Lifetime pension**: A pension payable for your lifetime.
2. **Guaranteed 10 years**: A pension payable for your lifetime, with a guarantee that payments continue for at least 10 years (120 months). If you die before the expiry of the guarantee period, the pension payments will continue to your designated beneficiary until the end of the guarantee period.
3. **100% joint survivor**: A pension payable for your lifetime. After you die, 100% of your pension continues to your spouse for his or her lifetime.
4. **60% joint survivor**: A pension payable for your lifetime. After you die, 60% of your pension continues to your spouse for his or her lifetime.

Are you a pensioner returning to work?

Remember that your pension payments will continue but that you won't accrue additional service. Your employer is still required to contribute to the plan to pay for plan expenses and to ensure the plan remains sustainable.

If you have a spouse, you **must** choose a joint survivor pension, unless your spouse signs a Spouse's Waiver Form (available from the plan administrator). If you later remarry, your new spouse is not eligible for the joint survivor pension.

The lifetime pension option is considered the "normal" form of payment. If you choose a different option, you will receive a reduced monthly pension to reflect the guarantee period or the fact that your pension will continue to your spouse or beneficiary.

Example – You choose… a 60% joint survivor pension	
Monthly pension under normal form (lifetime pension)	$1,000
Monthly pension under your chosen form of pension (60% joint survivor)	$900
Monthly pension your spouse will receive after you die	$900 x 60% = $540

Please note that this is just an example. The amount you'll receive will depend on your age, your spouse's age, and your hours worked.

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