Heat and Frost
Local Union 118

Pension Plan

Booklet revised April 2013

important notice

This booklet describes the Plan in a simple and easy to read manner. It is a summary of those parts of the Heat & Frost Local Union 118 Pension Plan that most often attract questions. The booklet does not purport to be the full text of the Plan.

There is a complete Plan Text and a Trust Agreement which contain all of the provisions of the Plan. You may view a copy of these documents at the office of the Plan Administrator. If there is any omission in this booklet or a conflict between this booklet and the wording in the Plan Text and Trust Agreement, the Plan Text and Trust Agreement will prevail.

The provisions of the Plan may be amended from time to time, although no amendment can be made that would allow for any part of the Fund to be diverted to purposes other than for the exclusive benefit of Plan Members, their eligible Spouses and other beneficiaries.

This booklet reflects a summary of the rules that were in place at April 2013.

introduction

Collective Agreements between the International Association of Heat and Frost Insulators & Allied Workers Union Local 118 (the "Union') and many employers specify that an hourly contribution must be paid to a pension plan.

Pursuant to the Collective Agreement the Heat and Frost Local Union 118 Pension Plan (**Plan**) has been established and registered with Canada Revenue Agency and the Pension Department of The Financial Institutions Commission of British Columbia (**FICOM**), the provincial government agency which administers and enforces the *Pension Benefits Standards Act* (**PBSA**).

The Pension Plan is administered by a Board of Trustees comprised of 5 Trustees, all of whom are appointed by the Union following an election process.

The current Members of the Board are:

- Lee Loftus (Chair)
- Bob Barter
- Earl Bleiker
- David Kermode
- David Thorne

The day-to-day administration of the Plan is carried out by D.A. Townley & Associates Ltd.

This booklet is comprised of two parts. Part 1 contains details of the benefits provided by the Plan and answers a range of questions that you may have about the Plan. Part 2 contains examples of the types of optional forms of pension available under the Plan.

Each year you will receive a statement of your benefits under the Plan accumulated to date. You can verify that the proper contributions have been made by your employer by examining this statement. You must inform the Plan Administrator if there are any discrepancies or errors in your statement of benefits.

THE BOARD OF TRUSTEES
HEAT AND FROST LOCAL UNION 118
PENSION PLAN

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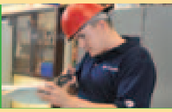

PART 1

about the plan

When was the Plan established?

The Plan went into effect on April 1, 1969. The Plan was most recently amended effective January 1, 2012.

Who is covered under the Plan?

Each person who is working under the terms of the Collective Agreement between an Employer and the Union shall automatically participate in the Plan. An enrolment card must be completed by each employee and submitted to the Administrator.

What contributions are made to the Plan?

Each participating employer will contribute on an hourly rate at the amount stipulated in the Collective Agreement.

What is the objective of the Plan?

The Plan is designed to provide a monthly life income for Members who retire under the Plan after completing certain age and service requirements. Additionally, if a Member qualifies, a monthly income is payable if he becomes permanently and totally disabled before retirement.

How is the Plan constituted?

The Plan has been set up as provided for in a Trust Agreement between the Union, the participating Employers and the Trustees of the Plan. All money contributed to the Plan is held in trust on your behalf.

The Plan is a **Defined Benefit Pension Plan**. This means that you earn a monthly benefit in the Plan, rather than accumulate contributions with interest. As outlined above, the Plan is registered with both the British Columbia Government and Canada Revenue Agency (CRA) and must comply with legislation governing registered pension plans.

How is the Plan run?

The **Trustees** interpret the Plan, provide certain guidelines to the Plan Administrator, Custodian, Investment Manager and Actuary, and oversee the running of the Plan.

The **Actuary** makes periodic estimates of pension fund surpluses and deficits, and provides direction and advice to the Trustees.

The **Plan Administrator** administers the plan by keeping records of service and contributions and by calculating pensions and benefits under the Plan.

The **Custodian** holds the pension fund assets and invests them following instructions from the Investment Managers. All contributions are made to the Custodian, and all pensions and benefits are paid by the Custodian.

The **Investment Managers** make investment decisions within guidelines and objectives set by the Trustees.

The **Plan** is subject to the rules for registration under the *Income Tax Act* (Canada) and the *BC Pension Benefits Standards Act* and is subject to change from time to time when those rules change.

How is the Fund invested?

Contributions received by the Plan Administrator are deposited to a Trust Fund held by the Plan's Custodian, RBC Investor Services.

The money is invested by Leith Wheeler Investment Counsel, professional investment managers appointed by the Trustees. A small portion of the Fund is also invested in mortgages with ACM Advisors Ltd, and real estate with GLC Asset Management and Concert Properties.

The Fund is invested in securities authorized by law for investment of registered pension trust funds.

Leith Wheeler has a balanced mandate, investing in all major asset classes such as Canadian, U.S. and international equities as well as bonds and money market instruments. Leith Wheeler has the discretion to choose securities and to modify the Fund's asset mix, but must always operate within the guidelines and constraints established by the Trustees in their Statement of Investment Policies and Procedures.

The Trustees regularly review the results achieved by the Investment Managers and, from time to time, they make changes in managers.

For more information about the investment of the Trust Fund, please contact the Plan Administrator.

vesting

What does "vesting" mean?

Vesting means that you have a right to receive a pension benefit on retirement. Effective January 1, 1998, your Plan requires 2 years of completed continuous Plan membership before you become fully vested in the Pension accumulated to date.

Please note that if the Plan terminates for any reason, all Members are considered to be fully vested.

termination from the plan

How does my membership in the Plan terminate and what happens when it does?

For the purposes of the Plan your membership will be deemed to have terminated if during 2 consecutive Plan years your Employers have remitted for less than a total of 350 hours. If this happens then you will be entitled to receive your accumulated pension upon retirement if you are fully vested.

If you terminate from the Plan with fully vested benefits, and return to work in the Plan jurisdiction for at least 175 hours in one year, you immediately

begin earning additional service in the Plan on top of your previously vested benefits.

If you terminated without full vesting, or if you transferred out the value of your earned pension in a lump sum (see "Portability"), then upon return to the Plan you will be treated as a new Plan Member with no service in the Plan.

If you terminate, you may still have Plan benefits. Be sure to notify the Plan of any address changes so that we may keep you informed.

Portability

If you terminate your membership in the Plan and you are **fully vested** (i.e. have more than 2 years of membership in the Plan) and you are **under age 55**, you can request that the Trustees transfer the **value** of your vested pension benefit to your **locked-in** RRSP or Life Income Fund (LIF), or to purchase an annuity.

Please note the critical words which are **colored** in the above. A "locked-in" RRSP or LIF is a special plan that prevents you from receiving the money in a lump sum payment. It must be used to purchase income upon retirement. Small pensions may not be "locked-in". The **value** of your benefit is not the same as the total contributions made on your behalf.

retirement dates

When may you retire and begin to receive a pension?

The following are 4 possible dates when you can receive pension benefits.

Normal retirement

The normal pension commencement date is the first day of the month on or after your 60th birthday.

Early retirement

If you have at least 10 years of Continuous Union Membership, and are age 50 or older, you may elect to receive pension benefits as of the first day of any month.

Delayed retirement after age 60

If you continue to work beyond your normal retirement date you may receive a pension on the first day of any month following your normal retirement date. You must, however, commence taking a retirement benefit from the Plan no later than the age prescribed by applicable legislation, currently that is December 1st in the year in which you turn 71.

Disability retirement

You may be eligible to receive a disability pension if you are deemed totally and permanently disabled as defined in the Plan.

You will be considered totally and permanently disabled if, based on sufficient medical evidence, you are unable to engage in any gainful occupation or employment. In no event will a disability be considered to be permanent until it has continued for a period of at least 4 months. Disability pensions can commence on the first of any month prior to your 60th birthday.

To qualify for a disability benefit you must:

- have worked in the Plan's jurisdiction in the 3 years prior to your disability;
- have at least 10 years of Continuous Union Membership; and
- not be eligible for Long Term Disability (LTD) benefits from the Heat & Frost Local Union 118 Health & Wellness Plan.

retirement benefits

What retirement benefits are provided by the Plan?

Retirement benefits are based upon the contributions received in respect of hours of credited service after the start of the Plan.

The monthly pension earned for credited services is shown in the following table.

Hourly Contribution Rate $	Number of Hours per Unit	Monthly Pension for Each Unit $	Monthly Pension per 2400 hours
For Service January 1, 2012 onward			
4.75	1	1.20%	136.80

Since 1989, for Members with at least 175 hours, credits were given for each hour of employment. No credit is accrued for Members working less than 175 hours in year.

Effective each of January 1, 1998, January 1, 2000 and January 1, 2001, the accrued benefits for all non-retired Members were increased by 5%, 5% and 1% respectively.

Self payment

If you have at least 175 but less than 2400 hours of credits for a year, and are fully vested, you can self pay to "top up" to a maximum of 2400 hours at the current contribution rate.

Normal retirement benefit

A Member retiring on his normal retirement date will receive the full amount of benefit he has earned for credited service.

Early retirement benefit

If you retire before age 60, you will receive a reduced monthly benefit, reflecting the fact that payments are starting earlier.

If you have worked at least 350 hours in the 2 Plan years prior to your retirement (OR you work at least 175 hours in the year immediately prior to your retirement), your benefits will be reduced according to the following schedule:

Age at Early Retirement	Reduction Factor	Age at Early Retirement	Reduction Factor
59	5%	54	30%
58	10%	53	35%
57	15%	52	40%
56	20%	51	45%
55	25%	50	50%

Delayed retirement benefit

If you retire after age 60, you will receive a benefit equal to the pension which you earned to your normal retirement date plus the further pension earned after age 60. The pension will also be increased to reflect the fact that payments are starting later.

Disability retirement benefit

If you are not eligible for LTD benefits from the Heat & Frost Local Union 118 Health and Wellness Plan, you will receive a monthly disability retirement benefit, earned to your disability retirement date without reduction.

A disability retirement benefit shall cease at the earliest of the following dates:

(a) your death; or

(b) the date you cease to be entitled to disability benefits due to recovery from total and permanent disability; or

(c) the first day of the month on or after your 60^{th} birthday.

If you are receiving (or have received) disability retirement benefits, you will be entitled to a monthly retirement benefit payable in the normal form of retirement benefit upon reaching normal retirement age.

Disability Credits

If you become disabled and received LTD benefits from the Health & Wellness Fund then you will be credited with 100 hours for each calendar month that you are disabled, including the qualifying period.

You will be credited hours for the duration of your disability if you are receiving weekly income benefits from the Health & Wellness Plan or Employment Insurance sick benefits or Workers Compensation benefits and ultimately become entitled to receive LTD benefits.

This allows for you to continue to build a pension until normal retirement age.

Disability credits are only granted if at the start of your disability you are an “active” Member of the Plan. Associate members of the Heat and Frost Local 118 Health & Wellness Plan are not eligible for Pension Plan disability credits.

retirement forms

Normal form of retirement benefit

The normal form of retirement benefit shall be monthly payments to you, with the first such payment payable at your retirement date and ceasing with the monthly payment payable on the first day of the month in which your death occurs. If you do not receive at least 120 monthly payments, then payments will be continued to your beneficiary or estate until a total of 120 monthly payments have been made. This is the kind of pension you are earning with the formula described on page 12.

Mandatory form of retirement benefit

If you have a Spouse when you retire, pension legislation requires you to choose a form of pension so that upon your death your Spouse receives for the rest of his or her lifetime at least 60% of the pension being paid to you while you are alive. This form of pension is mandatory unless either the payment to your Spouse on your death exceeds 60% or your Spouse signs a waiver form, which would allow you to choose another form of payment that does not provide your Spouse with the same level of protection.

Who is my Spouse?

The person who is your Spouse has important rights under the Pension Plan. If you die before you withdraw your benefits from the Plan, your Spouse may be entitled to a death benefit. If on your pension commencement date you have a Spouse, your pension may have to be paid in a joint survivor form, which will give your Spouse a survivor pension if he/she survives you.

Your Spouse is the person, who at the relevant time:

(a) was married to you and not living separately and apart from you for the 2 year period immediately preceding the relevant time; or

(b) if paragraph (a) does not apply:

(i) a person who at the relevant time, you lived with as husband and wife for the 2 year period immediately preceding the relevant time; or

(ii) a person of the same sex who lived in a marriage-like relationship with you for the 2 year period immediately preceding the relevant time.

What are the optional forms of pension?

If you feel that your needs would be better served by a different form of pension and your Spouse signs the waiver form, you may choose one of the following options:

(1) A pension payable for your lifetime, and on your death, a pension reduced to 50% or some other acceptable percentage payable to your Spouse for his/her remaining lifetime.

(2) A pension payable for your lifetime, with a guarantee of at least 60 or 180 monthly payments, or with no guarantee.

(3) Any other form of pension which involves life contingencies and which is approved by the Trustees.

Without the waiver, you may also choose a pension that continues unreduced upon your death, or which reduces to 67% or 75%.

When you are approaching retirement, you should contact the Plan Administrator, D.A. Townley & Associates, to ask for estimates of your pension amounts.

Employment after you retire

If you return to active employment with a participating Employer after retirement, you shall continue to receive retirement benefit payments. However, you will not earn any additional pension benefits for the hours of employment or contributions remitted to the Plan while retired.

death before retirement

What happens if I die before retirement?

If you die prior to your retirement, and are survived by your Spouse, the Plan will pay a monthly benefit to your Spouse, commencing immediately, for the remainder of his or her lifetime, equal to 60% of the monthly pension benefit which you had accumulated by the time of your death. A surviving Spouse has the same “Portability” options as a terminated Member.

If you are not survived by your Spouse, or your Spouse has waived his or her right to the death benefits, but there are Dependent Children, the monthly benefit which would have been paid to your Spouse shall be shared equally between the Dependent Children. The monthly benefit for each of them will continue until the earlier of age 21 or the date the dependency ceases. The benefit may be continued to age 25 while the child remains a dependent and is attending a full time course of study at a recognized university or college of education. The Dependent Children have the right to request payment of the benefit in a lump sum.

If you die leaving no Spouse or Dependent Children, your beneficiary will receive a lump sum benefit calculated as 60 times the accrued monthly pension benefit.

The value of benefits paid to beneficiaries other than a Spouse will equal at least 60% of the accrued pension benefit.

division of benefits on marriage breakdown

What happens to my benefits if my marriage breaks down?

In the event of marriage breakdown or the ending of a common-law relationship, pension benefits are subject to division in accordance with applicable provincial property laws.

In BC the new *Family Law Act* came into force in March 2013, replacing the old *Family Relations Act*. Pensions are a “family asset” under the legislation. The division of family assets, including pension credits, comes under that legislation. Part 6 of the *Family Law Act* provides detailed procedures for valuing and dividing a pension after a marriage breakdown.

The PBSA permits the division of pension assets by a court order or an agreement between the parties. Matrimonial property orders made by a Court in BC or elsewhere in Canada are enforceable against pension assets or payments

Your Spouse has enforceable legal rights to a share in the benefits of the Plan and BC legislation outlines what the Plan is required to do in order to protect his or her rights. In particular, the Plan Administrator must provide your former Spouse or common-law partner with a written statement that outlines the transfer options that are available to him or her.

The Trustees strongly recommend that you seek your own legal advice regarding division of your pension entitlement.

reciprocity

Does the Plan have reciprocity? What happens if I am not working within the Union's jurisdiction?

The Union has entered into agreements with other locals across Canada whereby if you are working in another local with whom there is a Reciprocity Agreement, the contributions made on your behalf can be transferred to this Plan. You must fill out a form requesting and authorizing the reciprocal transfer.

In addition, Reciprocal Agreements have been signed with certain other trades who are members of the B.C. and Yukon Building and Construction Trades Council. This enables you to receive credit while temporarily working out of another jurisdiction.

Contributions submitted on your behalf from another pension plan are subject to an adjustment in accordance with the standard industrial / institutional hourly contribution rate.

What happens if I transfer my membership from the Union to another local?

If you transfer membership out of the Union to another Local of the International Association of Heat and Frost Insulators and Allied Workers Union with whom the Plan has an agreement to transfer benefits, the pension years of service accrued by you will be transferred on a pro rata basis to your new Local. If you have transferred to the Union from another participating Local, your years of service from your former Local are recognised by this Plan.

more information

How can I learn more about the Plan?

All Members and every other person who is entitled to pension benefits or refunds under the Plan and their Spouses or common-law partners, are permitted at least once in each Plan year to review certain documents held by the Plan Administrator.

Key information includes:

- Annual Information Returns;
- Financial Statements, including Plan expenses;
- Plan Text;
- Plan Amendments; and
- Statement of Investment Policies and Procedures.

Documents may be viewed at the Plan Administrator's office. If you require photocopies of these documents, the Plan Administrator is entitled to charge you a reasonable fee.

Personal information about other Members is, of course, not available.

Privacy policy

The Trustees have developed security procedures to safeguard and protect personal information against loss, theft, unauthorized disclosure, copying and unauthorized use or modification. To view the Plan's Privacy Policy in detail you can contact the Plan Administrator directly.

Are benefits taxable?

All Plan benefits are included in your income for income tax purposes when they are paid (except for lump sums transferred directly to another registered pension plan or RRSP).

Can I assign or borrow against my pension?

Benefits under the Plan may not be assigned in any way, except in certain cases where benefits are split upon divorce or where taxes are owed.

What other sources of retirement income are available to me?

Old Age Security (OAS) is available at age 65 to every senior in Canada. OAS will provide you with about $6,552 in 2013.There is a Canadian residency requirement for this benefit, but you will receive it no matter what your level of income. If in total you make above $70,954 in 2013 the benefit will be adjusted downward. For current, up-to-date levels, you should contact Service Canada.

Since you have been working and contributing to the Canada Pension Plan (CPP), you will also receive a CPP benefit. The amount of pension available depends on how much and for how long you contribute to the CPP. The maximum annual retirement pension in 2012 is about $11,840 and in 2013 it is about $12,150.

Both OAS and CPP are fully indexed to the cost of living.

CPP also provides disability and survivor benefits. Your Spouse will also be entitled to OAS and may be eligible for CPP as well. Both these benefits are administered by Service Canada. Further information is available from them on their website at **www.servicecanada.gc.ca** or toll free at **1-800-277-9914.**

what else should I be aware of?

Keeping your beneficiary nomination up-to-date

It is your responsibility or your beneficiary's to apply to the Trustees to receive benefits when entitled. If no application is received by the Trustees within one year after the date when payment became due, the Trustees will attempt to contact the person eligible to receive the payment due. If they are unable to do so, then the benefit may be forfeited.

When you name someone as your beneficiary, please advise them. When you change your beneficiary, please advise both parties of the change.

A new "Application for Enrolment" form must be completed if you wish to:

1. Change your Spouse or an alternate beneficiary. NOTE: if you have Dependent Children, you must nominate them as an alternate beneficiary in compliance with provincial regulations.
2. Change your address.
3. Enrol in the Plan

Please make sure that you date and sign the form.

Mail the form to the Plan Administrator.

Apply in advance for retirement benefit

You must make written application in advance to start receiving retirement benefit payments. Payments will not start until you make written application, including selection of Optional Form, and the Trustees have had the opportunity to verify your eligibility for benefits. Once benefit payments have started, they will continue throughout your lifetime and will end with the payment for the month in which your death occurs. Further payments may be payable to your beneficiary or joint annuitant depending upon the form of benefit you chose when you retired.

All forms must be submitted to the Plan Administrator at least 30 days in advance of the first day of the month in which your retirement benefits are expected to begin.

For example, if you wish to retire on December 1st, you should file your application by November 1st.

To allow sufficient time for you to review the forms, we suggest you contact the Plan Administrator approximately 3 months in advance of your retirement date. Benefit payments will not be made retroactively.


PART 2

illustration

optional forms of pensions

The table below provides examples of how the form of pension that you choose, can affect the monthly benefit payable. You can use this table to compare the value of a type of pension, relative to other pension options.

Please note that the illustrations are provided for **illustrational purposes only** and do not predict in any way the value of your final pension benefit. To obtain details of your personal benefit, you will need to contact the Plan Administrator directly.

Your personal objectives, circumstances or financial needs have not been taken into account. The Trustees strongly urge you to seek independent financial advice before making any decision regarding your benefit.

The figures shown in the table rely on certain assumptions which are set out below. The assumptions (including the rate of return) are estimates and not a guarantee of actual performance.

	No 1	No 2
1. Retirement age	55	60
2. Life, no guarantee	$1,011	$1,023
3. Life, guaranteed 5 years	$1,008	$1,017
4. Life, guaranteed 10 years (normal form)	$1,000	$1,000
5. Life, guaranteed 15 years	$985	$973
6. Joint and Survivor, paying 100% to the survivor	$890	$868
7. Joint and Survivor, paying 75% to the survivor	$918	$902
8. Joint and Survivor, paying 60% to the survivor	$935	$924
9. Joint and Survivor, paying 50% to the survivor	$946	$939

Assumptions:

1. These illustrations assume an interest rate of 6%, use the UP94AA2020 mortality table and assume that the Spouse is 3 years younger than the Member.

2. Assumptions will be adjusted from time to time to reflect updated demographic and economic projections.

Heat and Frost
Local Union 118

Pension Plan

Address all inquiries to the Plan Administrator:

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