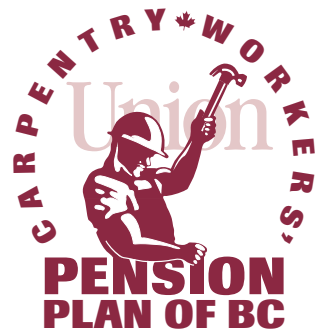


# Carpentry Workers' Pension Plan of B.C.



# Contents

	PAGE
<b>1. Introduction</b> .....	<b>3</b>
<b>2. Joining the Plan</b> .....	<b>3</b>
<b>3. Are You Eligible for a Past Service Pension?</b> .....	<b>3</b>
<b>4. Are You Eligible for a Future Service Pension?</b> .....	<b>3</b>
<b>5. My Pension Benefit – When Can I Retire?</b> .....	<b>3</b>
<b>6. How Is My Pension Calculated?</b> .....	<b>4</b>
<b>7. Forms of Pension</b> .....	<b>4</b>
<b>8. Self-Payments</b> .....	<b>5</b>
<b>9. Minimum Pension Amount</b> .....	<b>6</b>
<b>10. What If I Become Disabled?</b> .....	<b>6</b>
<b>11. How Can My Active Status Terminate?</b> .....	<b>7</b>
<b>12. What Are the Termination Benefits?</b> .....	<b>7</b>
<b>13. What Happens If I Die Before Retiring?</b> .....	<b>8</b>
<b>14. Small Pension Amounts</b> .....	<b>9</b>
<b>15. Information To Members</b> .....	<b>9</b>
<b>16. Reciprocal Agreements</b> .....	<b>9</b>
<b>17. What will happen when the Plan’s financial position improves?</b> .....	<b>10</b>
<b>18. What would happen if the Plan were to wind up?</b> .....	<b>10</b>
<b>GLOSSARY</b> .....	<b>11</b>

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## 1 Introduction

The Carpentry Workers' Pension Plan of B.C. (the "Plan") has completed over 30 years of service to carpenters, joiners, millwrights and lathers in the Province of British Columbia. The *Plan* started on July 1st, 1970, and has about 4,000 members and beneficiaries receiving pensions from it.

The purpose of this outline is to provide you information about the *Plan* and how it works. Substantial changes were made to the Pension *Plan* effective November 1, 2000, April 1, 2003 and July 1, 2003. This outline incorporates these changes.

Should there be any conflict between the wording contained in this outline and the wording used in the *Plan* text, the *Plan* text will apply.

### Questions?

If you need further information, please write to:

#### Administrator

#### Carpentry Workers' Pension Plan of B.C.

Suite 300 - 2806 Kingsway

Vancouver, BC V5R 5V1

Fax (604) 438-5348

E-mail: pension@cwbp.ca

or

Call us at 604-438-2434 or toll free at 1-877-411-2806

*Some terms in this outline are italicized. An explanation of these terms may be found in the Glossary at the end of the document.*

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## 2 Joining the Plan

You are eligible to become a member of the *Plan* if you are:

- a member of a *participating local union*; and
- covered under the terms of a collective agreement that requires contributions to be made to the *Plan* by an employer.

If you are eligible, you are required to complete a

membership application form and submit this to the Administration Office.

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## 3 Are You Eligible for a Past Service Pension?

A past service pension will be credited to you if you:

- had at least 350 hours of employment reported to the Carpentry Workers' Welfare Plan during 1969,
- were a member of a construction local union immediately prior to July 1st, 1970, and
- became a member of the *Plan* on or before March 31st, 1971.

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## 4 Are You Eligible for a Future Service Pension?

A future service pension is earned in a *Plan Year* if:

- employer contributions are paid on your behalf for 350 or more hours; or
- you make a self-payment to purchase at least one (350 hour) *unit of pension* (provided you meet the eligibility requirements described in section 8 below).

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## 5 My Pension Benefit – When Can I Retire?

### Normal Retirement Date

Your normal retirement date is the first day of the month coinciding with or immediately following the date you turn 65.

At age 65, you will also be entitled to pension benefits from Old Age Security and the Canada Pension Plan. These benefits are in addition to the pension paid by the *Plan*.

### Early Retirement Date

If you have earned some pension in at least two *Plan Years* you can retire as early as age 55, but your pension may be subject to a reduction.

If you have completed less than 10 *years of pension credit*, your pension will be reduced by ½ of 1% for

each complete month (6% per year) your retirement date precedes your Normal Retirement Date (age 65).

If you have accumulated at least 10 *years of pension credit*, the pension you have earned will be reduced by ½ of 1% for each complete month your retirement date precedes the first day of the month coinciding with or immediately following your 62nd birthday. As of April 1, 2003, the rule of 80 no longer applies.

### ***Postponed Retirement Date***

You may choose to retire after age 65. If you choose to do so, your pension **must** commence no later than December 1 of the calendar year in which you turn 69. If you have not chosen to retire on that date, you will be deemed to have retired and your pension will commence. The calculation of your postponed pension will include pension earned for hours worked and self-payments made after age 65 up to your retirement date.

Please make sure the *Plan* has your current address. If you haven't started your pension by age 65 and we do not have your address, we will make a reasonable effort to locate you but these efforts are not always successful. We will use internet search tools and check with your union local. If we still haven't found you, we will ask Canada Customs and Revenue Agency to forward a letter to you provided they still offer the service at a reasonable cost. The best way to guarantee we contact you with your pension options is by letting us know your new address each time you move.

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## **6 How Is My Pension Calculated?**

Your pension from the *Plan* is equal to the sum of:

- your past service pension (if any); and
- your future service pension.

### ***Past Service Pension***

Provided you are eligible, a past service pension of \$4.10 per month is credited for each full year of continuous service in a construction local union prior to the *Plan's* effective date, subject to a maximum of 25 years.

The maximum past service pension is \$102.50 per month (\$4.10 x 25 years).

### ***Future Service Pension***

Your future service pension for a *Plan Year* is determined in accordance with the schedule of benefits in effect during that *Plan Year*. At July 1, 2003, accrued pensions were reduced by 35%. Pensions already in payment were reduced by 35% – 45%.

For *Plan Years* which end on June 30, 2004 and later, future service pension is earned in accordance with the following schedule:

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<b>Number of Hours of Covered Employment</b>	<b>Monthly Pension Earned</b>
Less than 350	\$0.00
350 but less than 700	\$14.63
700 but less than 1,050	\$29.26
1,050 but less than 1,400	\$43.89
1,400 but less than 1,750	\$58.52
1,750 or more	\$73.15

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If the hourly contribution rate paid on your behalf is at a rate different to that specified in the standard agreement, your *hours of covered employment* will be adjusted proportionately.

If you have a deferred pension from a previous period of participation in the *Plan*, your deferred pension is kept separate from any additional pension you subsequently earn under the *Plan*. When you recommence your participation in the *Plan* you start from scratch. Your previous period of participation does not count towards your eligibility for benefits for your subsequent period(s) of participation.

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## **7 Forms of Pension**

On retirement, a member of the *Plan* is paid a pension for life. There are four forms of pension from which you may choose. The amount of pension you receive during your lifetime depends on the option you choose.

The options available are:

- Option A A pension payable for your lifetime, or for 84 months, whichever is longer.
- Option B A pension payable for your lifetime, or for 120 months, whichever is longer.
- Option C A pension payable for your lifetime and continuing to your *spouse* after your death at 100% of the amount that was paid to you, for your *spouse's* lifetime.
- Option D A pension payable for your lifetime and continuing to your *spouse* after your death at 60% of the amount that was paid to you, for your *spouse's* lifetime.

The amount of pension determined by the *Plan* formula is the amount payable under Option A. If you choose one of the other options, the pension payable during your lifetime will be reduced to reflect the value of the longer guarantee period (120 months vs 84 months) or the *spouse's* pension.

If you have a *spouse*, you will be required to choose an option that provides a pension to your *spouse* of at least 60% (i.e. Option C or D). Only if your *spouse* signs a pension waiver form provided by the Administrator, may you choose a pension payable for your lifetime only (i.e. Option A or B).

Options C and D continue pension payments after your death to the ***spouse that you had when you retired***. If your *spouse* dies and you later remarry, your new *spouse* would not be eligible for the survivor's pension. If you had elected Option A or B and your *spouse* died, you could name a new beneficiary for the balance of the guarantee period.

The form of pension you choose can only be changed before you receive your first pension payment. Once you receive your first pension payment, no changes to the form of pension can be made.

pension credited to you in a *Plan Year*. You may make self-payments for a *Plan year* if you have:

- 350 or more employer-paid hours during a *Plan Year*, or
- at least 25 but less than 350 employer-paid hours and you have earned some pension in at least two *Plan Years*.

If you have less than 1,750 employer-paid hours during a *Plan Year*, self-payments enable you to purchase additional *units of pension* up to a maximum of five (350-hour) units for that *Plan Year*.

Self-payments will be based on your age and the cost of the number of pension units you want to purchase. Any unused contributions made on your behalf by *participating employers* will be used to reduce the cost of the first *unit of pension*.

If Your Age at the End of the Plan Year is...	...then Your Self-Payment for Each Unit of Pension Is...
48 or under	\$ 819
49	855
50	913
51	975
52	1,041
53	1,111
54	1,186
55	1,266
56	1,351
57	1,443
58	1,540
59	1,644
60	1,683
61	1,765
62	1,843
63	1,808
64	1,773
65	1,737
66	1,701
67	1,665
68	1,629
69	1,592
70	1,555

The closer you are to retirement, the less time your self-payments will earn returns for the *Plan* before you start drawing benefits. That's why the self-payment amount is higher for older members.

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## 8 Self-Payments

Self-payments may be made by you to increase the

### **Example 1**

*A 55-year-old member  
with 25 employer-paid hours leftover  
wants to buy one additional unit of pension*

Based on this member's age, the self-payment amount is \$1,266.00. The 25 leftover employer-paid hours will lower the required payment by \$58.50 (25 hours x \$2.34), meaning that the final self-payment amount for the first *unit of pension* is \$1,207.30. The benefit for each *unit of pension* will be worth \$14.63 of monthly pension.

### **Example 2**

*A 60-year-old member  
with 175 employer-paid hours leftover  
wants to buy five additional units of pension*

Based on this member's age, the self-payment amount is \$1,683.00. The 175 leftover employer-paid hours will lower the required payment by \$409.50 (175 hours x \$2.34), meaning that the final self-payment amount for the first *unit of pension* is \$1,273.50. The next four units will cost the full \$1,683 each – for a total of \$8,005.50. The benefit for five *units of pension* will be worth \$73.15 of monthly pension.

*Units of pension* purchased by self-payments do not count towards *Years of Pension Credit*. Accordingly, they are not recognized in determining when you are eligible for the *Plan's* favourable early retirement benefits.

You may make a self-payment for the *Plan Year* in which you retire. However, you can purchase only one additional *unit of pension*.

A self-payment for any *Plan Year* (ending June 30th) will be accepted by the Administrator provided it is received by November 30th in that calendar year.

Self-payments are income tax deductible, but also reduce the amount that can be contributed to an RRSP.

You may also make a self-payment by transfer from your RRSP. If you do that, you will not have any income

tax deduction for the payment, nor will you lose RRSP contribution room. A T2033 form is required. Contact the Plan Administration Office for details.

Information on the self-payments you can make will be provided on your annual statement each year.

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## **9 Minimum Pension Amount**

The pension earned by a member of the *Plan* is subject to a minimum level provided the member has accumulated at least 10 full *Years of Pension Credit* at the time of retirement.

If an eligible member retires on or after age 65 or as a result of being *totally and permanently disabled*, the pension will be increased to \$146.46 per month if the earned pension is less than this amount at the time of retirement.

If an eligible member retires prior to age 65, the minimum pension will be \$146.46 per month reduced by ½ of 1% for each complete month (6% per year) the member's retirement date precedes the first day of the month coinciding with or immediately following the member's 62nd birthday.

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## **10 What If I Become Disabled?**

If you have accumulated at least 10 full *Years of Pension Credit*, you may apply for a disability pension if you:

- are entitled to a disability pension under the Canada Pension Plan, and
- have been *totally and permanently disabled*, without interruption, for at least 6 months, and
- have not yet attained age 65.

The amount of the disability pension is equal to the pension that you earned up to the date you became disabled. The disability pension is not reduced on account of its early commencement (before age 65). However, it is adjusted to reflect the form of payment you choose.

A disability pension is paid for as long as you continue to be classified as *totally and permanently disabled*. If you receive a disability pension, you may be required to provide proof of continued disability (not more often than annually).

If you cease to be classified as *totally and permanently disabled* prior to age 65, you can earn additional pension in accordance with the pension benefit schedule then in effect. Upon ultimate retirement, the pension earned up to the date you became *totally and permanently disabled* is added to any pension you earned after the date you returned to work.

If you do not have the *10 years of pension credit* needed to qualify for a disability pension, you can voluntarily terminate your active status in the *Plan* at any time after becoming *totally and permanently disabled* and without having to terminate membership in the union. You may then apply to transfer your entitlements out of the *Plan*.

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## 11 How Can My Active Status Terminate?

Your active status can terminate either voluntarily (i.e. at your option) or automatically.

### **Voluntary Termination**

You can terminate your active status voluntarily if you have less than a total of 350 employer-paid hours in the last two *Plan Years*.

If you satisfy this condition, you will be given the option to stay in the *Plan* or to terminate your membership. If you choose to terminate your membership, you may transfer the *commuted value* of your deferred pension out of the *Plan*. If you are eligible, you will be sent an application form with your Annual Statement. To receive your termination benefits, you must submit the prescribed application form to the Administration Office.

You may also voluntarily terminate your *Plan* membership if you are *totally and permanently disabled* and have less than *10 years of pension credit*.

### **Automatic Termination**

You are deemed to have automatically terminated your active status in the *Plan* if:

- you did not earn any pension through employer-paid hours and/or self-payments in a period of three consecutive *Plan Years* and you are not a member of a *participating local union* at the end of that period; and
- you do not have a total of 350 or more employer-paid hours in the last two *Plan Years*.

If your active status is automatically terminated, you will be given the option of receiving a deferred pension (payable when you reach retirement age) or transferring the *commuted value* of your deferred pension out of the *Plan*.

**When your active status is terminated either voluntarily or automatically, you lose your right to the *Plan's* favourable early retirement benefits, even if you have *10 years of pension credit*.** You can prevent automatic termination by maintaining your membership in a *participating local union*.

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## 12 What Are the Termination Benefits?

In order to be eligible for a termination benefit, you must have earned some pension through employer-paid hours and/or self-payments in at least two *Plan Years*.

Your termination benefit options vary depending on whether your benefits were earned before or after January 1, 1993 and on whether your termination is voluntary or automatic.

### **Benefit for Pre-1993 Period of Membership**

You may receive the portion of your benefit that was earned before 1993 in one of the following forms:

- a transfer of the *commuted value* of the deferred pension out of the *Plan* to a regular RRSP; or
- a cash refund, subject to withholding tax.

Those who terminate automatically may also choose:

- a deferred pension equal to the pension earned by you for membership in the *Plan* prior to 1993.

### ***Benefit for Post-1992 Period of Membership***

The portion of your benefit earned after 1992 may be received in one of the following forms:

- a transfer of the *commuted value* of the deferred pension out of the *Plan* on a locked-in basis to one of the following vehicles:
  - another registered pension plan (if that plan allows it), or
  - a locked-in RRSP, or
  - a life income fund, or
  - an insurance company or other savings institution to purchase a deferred pension or retirement income that is not commutable and will not start before you attain age 55.

Those who terminate automatically may also choose:

- a deferred pension equal to the pension earned by you for membership in the *Plan* after 1992.

If the amount of the pension or the *commuted value* payable for membership after 1992 is less than the amount described in Section 14, Small Pension Amounts, the *commuted value* may be transferred to a regular RRSP or received in cash, subject to withholding tax.

If your active status terminates automatically and you elect the deferred pension option, your pension may commence any time after you turn age 55; however, your pension will be reduced by ½ of 1% for each month (6% per year) that your pension commences before age 65.

The lump sum value of your termination benefit will not be less than your total self-payments accumulated with interest to the date on which your membership terminates.

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## **13 What Happens If I Die Before Retiring?**

If you die prior to retirement, a death benefit is payable from the *Plan* provided you had earned some pension in at least two *Plan Years*.

### ***Death Benefit***

The lump sum value of the benefit payable on your death is equal to the greater of:

- 60% of the *commuted value* of the pension you had earned up to the date of your death; and
- your total self-payments (if any) accumulated with interest to the date of your death.

The form in which the death benefit is payable depends on whether or not you have a *spouse* at the time of your death.

### ***If You Do Not Have a Spouse***

If you do not leave a *spouse*, your named beneficiary or estate will be entitled to receive the death benefit as a lump sum cash payment, subject to withholding tax.

### ***If You Have A Spouse***

If you leave a *spouse*, your *spouse* may elect to receive the death benefit in one of the following forms:

- a lifetime pension that can be provided by the lump sum value of the death benefit; or

### ***Benefit for Pre-1993 Period of Membership***

Your *spouse* may receive the portion of the death benefit that relates to the pension you earned before 1993 in one of the following forms:

- a transfer of the lump sum value of the death benefit out of the *Plan* to a regular RRSP; or
- a cash refund, subject to withholding tax.

### ***Benefit for Post-1992 Period of Membership***

The portion of the death benefit that relates to your pension earned after 1992 may be received in one of the following forms:

- a transfer of the lump sum value of the death

benefit out of the *Plan* on a locked-in basis to one of the following vehicles:

- another registered pension plan (if that plan allows it); or
- a locked-in RRSP; or
- an insurance company or other savings institution to purchase an immediate or deferred pension that is not commutable.

If the amount of the pension payable to your *spouse* or the *commuted value* of the pension is less than the amounts described in 14, Small Pension Amounts, your *spouse* may transfer the *commuted value* to a regular RRSP or receive the payment in cash, subject to withholding tax.

In the event your *spouse* dies before electing the form of payment, the death benefit shall become payable to your *spouse's* beneficiary, or if there is no beneficiary, it will become payable to your *spouse's* estate.

The amount of the death benefit paid from the *Plan* will not be less than the minimum death benefit required under applicable legislation.

### ***Appointing a Beneficiary***

You may appoint any person or persons, including your estate as a beneficiary.

However, due to legislation requirements, if you have a *spouse*, any benefits which become payable at your death are paid to your *spouse*, whether you have designated your *spouse* as beneficiary or not. The only exception to this would be if your *spouse* signs a waiver form provided by the Administration Office.

Even if you have a *spouse*, it is a good idea to name a beneficiary in case your *spouse* dies before you.

To appoint or change a beneficiary, you must complete a form prescribed by the trustees, which can be obtained from the Administration Office. Both of these forms are also available from our website at [www.cwbp.ca](http://www.cwbp.ca).

If you do not have a *spouse*, and have not appoint-

ed a beneficiary or your beneficiary dies before you, any benefits which become payable when you die will be paid to your estate.

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## **14 Small Pension Amounts**

On retirement, death or termination, you or your *spouse* (whoever is the recipient), shall be entitled to receive a lump sum payment instead of a pension, if:

- the annual pension payable is less than 10% of the *Yearly Maximum Pensionable Earnings*; or
- the *commuted value* of the pension is less than 20% of the *Yearly Maximum Pensionable Earnings*.

If your pension is less than \$25.00 per month, the *Plan* will automatically pay the benefit as a lump sum equal to the *commuted value* of the pension.

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## **15 Information To Members**

Each year, every member of the *Plan* will receive an annual statement summarizing the benefits that the member has earned. Please check your statement carefully. If your worked hours are not right, you must advise the Plan Office before November 30.

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## **16 Reciprocal Agreements**

The Board of Trustees of the *Plan* has developed and entered into reciprocal agreements with the boards of trustees of a number of plans or funds (“Related Plans”). There are two types of reciprocal agreements.

The first type of agreement provides for the following:

- for a member who works temporarily (less than 12 consecutive months) for an employer who participates in a Related Plan, contributions will be sent back to this *Plan*;
- for a member who transfers on a permanent

basis to a Related Plan and completes a Benefits Transfer Card;

- the member will earn pension under the Related Plan; and
- membership in the Related Plan and this *Plan* will be combined for the purposes of determining the member's eligibility for benefits from both plans.

The second type of reciprocal agreement provides for the payment of contributions back to this *Plan* for a member who works temporarily (less than 12 months) for an employer participating in a Related Plan, but contains no reciprocal provisions for members who transfer on a permanent basis.

For a complete listing of plans that have entered into reciprocal agreements with this *Plan*, please contact the Administration Office.

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## **17 What will happen when the Plan's financial position improves?**

The Trustees have adopted a Funding Policy that sets out the Trustees' objectives for managing the *Plan's* financial position. In order to protect the benefits promised by the *Plan*, the primary objective is to build up surplus to cushion the *Plan* against poor investment markets in the future. Once the surplus has reached a certain threshold, the Trustees may use part or all of the surplus in excess of the threshold to improve *Plan's* pension benefits.

As the first priority for improvements, a portion of the "across-the-board" pension reductions implemented in 2003 would be restored for older retired members and beneficiaries.

The second priority would be to restore the full amount of the "across-the-board" pension reductions implemented in 2003 for all members.

Once that is done, surplus would be used to provide increases in benefits so that, over the longer term, benefit amounts keep pace with price inflation.

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## **18 What would happen if the Plan were to wind up?**

While we don't expect this to happen, by law we have to have a policy in place. On *Plan* termination, each member becomes vested, even if he or she doesn't meet the usual vesting rules for the *Plan*.

All of the assets of the Trust Fund remaining after wind-up expenses have been paid would be used for the exclusive benefit of the members of the *Plan*, retired members and other persons entitled to benefits under the *Plan*.

If on wind up of the *Plan* there was a surplus of assets, the surplus assets would be used to improve *Plan* benefits. If the *Plan's* assets were not enough to meet its liabilities, pension benefits would be reduced in a manner that the Trustees consider appropriate and which is approved by the Superintendent of Pensions for British Columbia.

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## GLOSSARY

1. **“Commuted Value”** means the lump sum value equivalent to your earned pension, calculated in accordance with procedures prescribed by the pension legislation.
2. **“Hours of Covered Employment”** means:
  - hours of employment for which a contribution is reported and paid by a *participating employer*, or
  - hours credited as a result of a self-payment.
3. **“Participating Employer”** means an employer who contributes to the *Plan* at the rate or rates specified in a collective agreement with the British Columbia Provincial Council of Carpenters or in an agreement with a *participating local union*.
4. **“Participating Local Union”** means a local union affiliated with the British Columbia Provincial Council of Carpenters and is participating in the *Plan*.
5. **“Plan”** means “The Carpentry Workers’ Pension Plan of B.C.”.
6. **“Plan Year”** means the 12 month period from July 1st in one year to June 30th in the next year.
7. **“Spouse”** means:
  - a person who, at the date of determination, was married to you and had not lived separate and apart from you for more than 2 years, or
  - if there is no person the above applies to, a person who lived with you in a conjugal relationship for a two year period immediately preceding the date on which the benefit entitlement is determined.
8. **“Totally and Permanently Disabled”** means because of a medically determined physical or mental impairment, you are unable to engage in any substantially gainful occupation or employment for which you are reasonably qualified by education, training or experience, and there is no reasonable expectation that you will recover from the disability.
9. **“Unit of Pension”** means the pension earned for each 350-hour block of employer-paid hours or each 350-hour block purchased by self-payments during a *Plan Year*.
10. A **“Year of Pension Credit”** means:
  - 2 *Plan Years* completed before July 1st, 1989, in which you have earned some pension, or 5 full *units of pension* earned before July 1st, 1989 whichever is greater, or
  - 5 full *units of pension* earned after June 30th, 1989.

*Units of pension* purchased by self-payments do not count towards a *year of pension credit*.
11. **“Yearly Maximum Pensionable Earnings”** means the limit on earnings recognized for the purposes of the Canada Pension Plan.

CARPENTRY \* WORKERS,  
Union



**PENSION  
PLAN OF BC**