

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 our management of the Plan.

This newsletter provides important updates about how the pension plan is doing financially and about recent changes in B.C. pension legislation.

Read on to find out more!

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How does the Plan work?

- For every hour you work, your employer contributes a negotiated amount to the Plan.
- The contributions are pooled in a pension fund and are carefully invested to allow them to grow.
- When you retire, your pension benefit is paid from the pension fund.

How is the Plan doing?

The Plan's funded status depends on reported work hours, benefit payments, interest rates and investment performance. The Board of Trustees frequently reviews the funded status of the Plan through regular valuations that compare the Plan's assets and liabilities.

ABOUT PLAN VALUATIONS AND FUNDED STATUS

<p>A valuation compares a pension plan's assets (funds) and liabilities (costs) to determine the plan's funded status. The funded status is a measure of how "healthy" the plan is, that is, whether there is enough in the pension fund to pay benefits to all members.</p>	<p>Assets > Liabilities = Surplus (more than 100% funded) Enough funds to pay benefits</p>
	<p>Assets < Liabilities = Deficit (less than 100% funded) The plan needs to bring assets to the level required to pay full benefits</p>

> = greater than < = less than

Valuations are completed on two bases:

1. **Going-concern:** a **long-term** view of a plan to see if there are enough funds to pay benefits in the future, assuming the plan continues indefinitely.
2. **Solvency:** a **short-term** look to determine if a plan has enough funds to pay benefits to all members if it were terminated on the date of the valuation.

June 30, 2014 valuation results

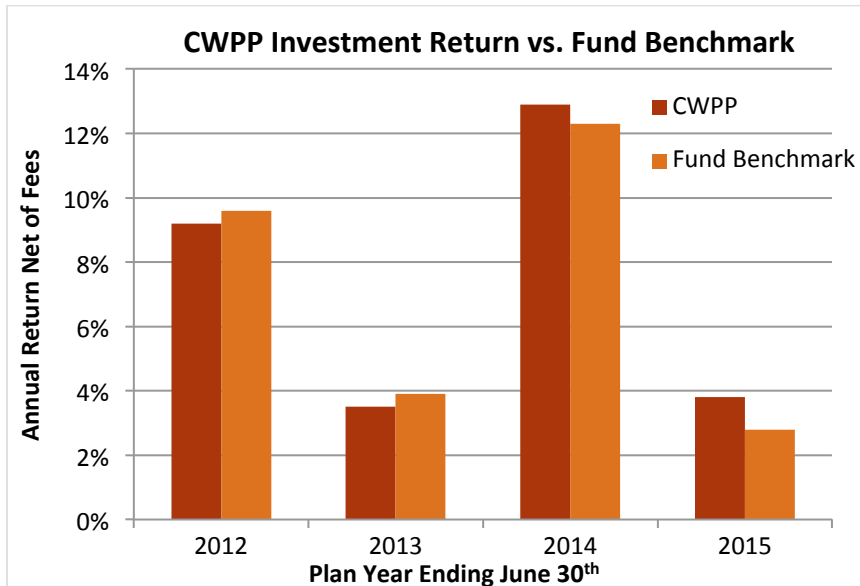
The last complete valuation was performed as at June 30, 2014. Overall, the Plan's health has improved compared to the previous valuation, performed in 2011. Strong investment returns since the last valuation have increased the Plan's surplus on a going-concern basis. Although low interest rates have increased the Plan's liabilities on a solvency basis, strong investment returns have allowed the Plan to remain well funded in challenging times.

Valuation results as at June 30, 2014:



PLAN INVESTMENT RETURNS

Here's a snapshot of the Plan's investment returns over the past four years. The average annual rate of return as at June 30, 2015 was 7.3%, compared to the 4-year fund benchmark rate of return of 7.2%.



What is a fund benchmark?

The Plan's investment performance is compared to a standard, called the fund benchmark. This standard is based on broad investment markets, where the benchmark has been compiled to match the Plan's investment strategy.

Information about lump-sum payouts for terminating members

An update of the Plan's solvency position was completed as at March 31, 2015. Due to a continued decline in interest rates, the Plan's liabilities have increased and the funded status on a solvency basis is now 93.5%. This means that lump-sum payouts for terminating members will be equal to 93.5% of the benefit entitlement, with the remaining 6.5% payable within 5 years, subject to the Plan's funding.

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 fund deficits.

What does the future look like?

Despite the increase in the Plan’s solvency liabilities at March 31, 2015, the Plan remains in a healthy long-term position, thanks to a stable number of reported hours and strong investment performance.

New pension rules in B.C.

The B.C. provincial government has introduced new pension rules effective September 30, 2015. Under the new rules:

- Your spouse or beneficiary will receive the full value of your benefit (compared to 60%) if you die before beginning your pension;
- You will receive additional information about the Plan and your benefits; and
- New governance rules will assist the Board in continuing to manage the Pension Plan effectively and transparently.

Target Benefit Plan: new in B.C.

One of the most notable changes in the legislation is the option to consider a new type of pension plan structure called a Target Benefit Plan.

Here is some information on Target Benefit Plans:

- **Same benefit structure** as what’s provided under your current Plan;
- Allows Trustees to manage Plan finances more effectively, and thus **improve the Plan’s sustainability**;
- Funding is monitored only on a going-concern (long-term) basis, which means valuations on a solvency (short-term) basis are not required. This approach provides **more stable benefit levels** and **reduces the risk of benefit reductions**.
- Lump-sum payments from a Target Benefit Plan are determined based on the Plan’s long-term funded status and **the total entitlement is paid at once**.

Note that no decision has been made yet with regards to whether a Target Benefit Plan would be right for Carpentry Workers’ Pension Plan of B.C. The Trustees will be assessing the various options available to ensure that the Plan provides members with the highest level of financial security possible.

Your Plan is now being administered by D.A. Townley.

Please call the administrator toll-free at 1-800-663-1356, Monday to Friday 7:30 a.m. to 4:30 p.m., if you have any questions about the Plan or if your personal information, such as your address or beneficiaries, changes.

YOUR TRUSTEES ARE:

Fred Kuhn Vancouver Island (Cell: 250 480-9202)	Michele (Mike) Banducci Vancouver & Lower Mainland	Peter Cail Central	Dirk Campagnolo Okanagan	Jessie Gregory Kootenay	Terry Ramin Northwest	Chris Wasilenchuk Vancouver & Lower Mainland
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