

Victoria Mechanical Industry **Pension Plan**

Effective January 1, 2024

Plan's Mission:

It is the aim of the Victoria Mechanical Industry Pension Plan:

- to deliver the pension promise to the members in the most cost-effective manner possible
- to communicate and update the plan members at least annually
- to be open and available to the membership for information and assistance, and
- to invest the assets of the Plan responsibly.

The Trustees recognize their obligation to make sound, informed decisions which advance and protect the interests of both the current and future beneficiaries of the Plan.

Introduction:

This book has been prepared by the Trustees of the Mechanical Industry Pension Plan, to give you a comprehensive description of the Plan so that you can refer to it when questions arise about your pension entitlements.

The first section of this book is questions and answers regarding the plan. The second are examples of the benefits payable.

If you have any questions concerning your benefits, please contact the Administrator of the Plan at the address below.

**VMI Pension Plan
919 Esquimalt Road
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V9A 3M7**

Notice: This book describes the Plan in a simple and easy to read manner. It does not purport to be the full text of the Plan. If there is any omission in this book or a conflict between this book and the wording in the Plan text and Trust Agreement, the Plan text and Trust Agreement will govern.

Victoria Mechanical Industry Pension Plan Reference Book

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Part I

QUESTIONS AND ANSWERS

General Information

How is the Plan Constituted?

The Pension Plan has been set up as provided for in a trust agreement between Local 324, 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 **Target Benefit Pension Plan**. This means that you earn a monthly benefit in the Plan, calculated by formula based on the number of hours that you have worked and for which contributions have been made by your employer to the Plan. The Plan is registered with both the British Columbia Government under the BC Pension Benefit Standards Act and Canada Revenue Agency (CRA) under the Income Tax Act of Canada.

Eligibility

Who is eligible for membership in the Plan?

All employees who are employed by an employer who has signed a collective Agreement requiring them to make contributions is eligible, as well as anyone employed by the Union who is accepted by the Trustees for membership.

You will automatically become a member of the Plan on the earlier of:

- a) on the first day of the month following the second consecutive year in which you work at least 100 covered hours of employment, and
- b) on the first day of the month following the second consecutive year in which you had earnings exceeding 35% of the Year's Maximum Pensionable Earnings.

If I am eligible, do I have to join?

Yes.

Service

You earn one year of **credited membership service** for all years after October 1, 1968 (or January 1, 1975 as the case may be) in which you have at least 100 covered hours of employment.

Contributions

How much does my employer contribute to the Plan?

There are many individual contracts that the members work under, but they all are based on a fixed hourly rate as set out in the collective agreements. Contributions are not made on your behalf if you have reached age 71.

Am I required to contribute to the Plan?

No.

May I make contributions to the Plan?

No.

Do the employer contributions to the Plan have an impact on the amount I can contribute to my RRSP?

Yes. Each year your employer reports a “Pension Adjustment” (PA) to the Canada Revenue Agency (CRA) equal to the contributions they made on your behalf to the Plan. **The PA will reduce your RRSP contribution room.** It is reported on your T4 slip provided by your employer.

Plan Benefits

What types of benefits does the Plan provide?

There are four types of benefits provided in the Plan to vested Members or former Members:

- Normal retirement pension benefits;
- Early retirement pension benefits after age 55;
- Pre-retirement death benefits to Spouses and beneficiaries; and
- Benefits on termination of membership in the Plan prior to retirement.

Do I get disability benefits from the Plan?

If you are deemed to be **totally and permanently disabled** and are receiving benefits from the long term disability plan, you will continue to accrue service in the Plan up to 1,000 hours worked or granted annually at a rate of 83 hours per month.

In order to maintain eligibility for disability benefits, you must provide proof of continued disability to the Trustees once a year. You are responsible for paying any costs of having the information provided, but the Fund will pay the costs of any examinations, medical procedures and tests which the Trustees ask for. If you do not provide the required information within 3 months of the date of request, then you will be discontinued as a disabled Member.

Retirement

What is my Unreduced Retirement Date?

Your Unreduced Retirement Date is the first day of the month immediately following your 62nd birthday.

When can I retire on pension?

You can retire any time after your 55th birthday, assuming you have retired from active employment. You must retire from the Plan before the end of the year in which you turn 71.

If you choose to retire early, that is before your 62nd birthday, you will get a pension that is less than the one that has been shown on your annual pension statement. Pensions that are started before age 62 will be paid longer and so need to be reduced.

What if I retire and am later re-hired by a contributing employer?

If you return to work of your own choice or at the request of the Union, your pension will be suspended but you will earn additional pension credits that will serve to increase your pension when you re-retire.

What if I want to retire before I turn 62?

For each month that you retire prior to your 62nd birthday, your pension will be reduced by ½ % (6% per year), but no more than an actuarial equivalent reduction.

Retirement Income

How much pension will I receive?

Retirement benefits are based upon your hours worked, and are designed to be paid in full to you when you retire on or after your 62nd birthday. The amount of monthly pension you will receive at that time is based on a formula as follows:

- The pension accumulated up to September 30, 1984, plus
- The pension earned between October 1, 1984 and December 31, 1989 based upon the following table, plus

Hours of Employment in Year	Monthly Benefit Earned
1500 or more	\$25.10
1400 to 1499	\$23.31
1300 to 1399	\$21.52
1200 to 1299	\$19.72
1100 to 1199	\$17.93
1000 to 1099	\$16.41
900 to 999	\$14.34
800 to 899	\$12.55
700 to 799	\$10.76
600 to 699	\$8.97
500 to 599	\$7.17
400 to 499	\$5.38
300 to 399	\$3.59
Less than 300	\$0

- A pension of 1.614 cents for every covered hour of employment worked in 1990, plus
- A pension of 3.7 cents for every covered hour of employment worked in 1991, plus
- A pension of 5 cents for each covered hour of employment worked between January 1, 1992 and December 31, 1998, plus
- A pension of 4 cents an hour for each covered hour of employment worked between January 1, 1999 and April 30, 2002, plus
- A pension of 4.2 cents an hour for each covered hour of employment worked between May 1, 2002 and December 31, 2013, plus
- A pension of 5 cents an hour for each covered hour of employment worked between January 1, 2014 and January 1, 2023, multiplied by the ratio of the contribution rate used to make contributions on behalf of the Members to the contribution rate in the standard agreement, plus

- A pension of 5.5 cents an hour for each covered hour of employment worked since January 1, 2023, multiplied by the ratio of the contribution rate used to make contributions on behalf of the Members to the contribution rate in the standard agreement.

It is important to note that the pension formula might be increased or decreased as a result of the experience of the Plan.

- Any pension you had accumulated by the end of 1991 was increased by 8% as at December 31, 1991.
- Any pension you had accumulated by the end of 2015 was increased by a further 5% as at December 31, 2015.
- Any pension you had accumulated by the end of 2017 was increased by a further 5% as at December 31, 2017.
- Any pension you had accumulated by the end of 2022 was increased by a further 10% as at December 31, 2022

Forms of Pension

How long is my pension payable?

The pension paid to you on retirement will be paid to you during your lifetime.

If you have a spouse at the time of your retirement, then 60% of the amount paid to you during your lifetime will continue on to your spouse after your death.

If you do not have a spouse, you will be paid a pension that continues for your life, with a guarantee of 10 years of payments.

The above is called the **normal form of pension**.

What if I want my pension paid in a different form?

When you apply to retire from the Plan you will be given a number of different pension options, all of them equivalent in the expected value.

You can elect a pension that pays more or less than 60% of your benefit to your spouse should you pre-decease her or him. Pensions can be guaranteed for 5, 10, or 15 years, or can be set up to cease completely upon your death. Examples of optional form amounts are given in Part II of this booklet.

Are there any special rules that I need to be aware of?

If you have a Spouse, you must, by law, receive your pension in a form that will provide her/him with at least 60% of the pension that was in payment to you during your retirement. Your Spouse can choose to waive his/her right to this mandatory form, and allow you to choose some other form of income.

Under existing legislation, your Spouse is a person to whom you are married, or with whom you have been living in a marriage like relationship for at least two years. This includes same sex couples.

If you are separated from the person to whom you are married, that person will continue to be considered a Spouse for purposes of the Plan for two years following your separation.

You will be asked to prove your marital status at retirement.

Termination of Employment Before Retirement

What happens to my pension if I stop working for a contributing employer?

You cease to be an Active Member of the Plan if one of the following occurs:

- (a) You cease to be a member of the Union, or
- (b) You did not work at least a total of 350 hours over two consecutive Plan Years.

If you cease to be an Active Member and you have not yet reached age 55, you will receive a package outlining your choices. You may:

- (a) Leave your benefits in the Plan and receive a pension at any time after you reach age 55, but before the end of the year in which you turn 71 (a “deferred pension”), or
- (b) Transfer the Transfer Value of your accrued benefits out of the Plan within 90 days of receiving your statement of options from the Plan Administrator.

If you have reached age 55, you are entitled to receive a pension from the Plan at any time before the end of the year in which you turn 71. The transfer option is not available to you (unless your benefits meet a “small benefit” criteria).

If you haven’t chosen to retire before age 71, you will be provided a pension option form in the year you turn 71 and you must start your pension by December 1 in that year.

What is the Transfer Value?

The Transfer Value is an amount calculated by the Actuary, based on your accrued benefit and assumptions about future experience. It is meant to approximate an amount that, deposited into a bank account earning the interest assumed in the calculation, will grow to an amount that will provide you with income at retirement equal to the pension that you have earned in the Plan.

What if I am re-employed?

If you previously elected a Transfer Value, you will be treated like a new employee for the purposes of the new benefits you are earning. If you previously left benefits in the Plan, the entitlement will continue to accumulate.

Where can I transfer my benefit?

Assuming you have not yet reached age 55, you will be able to transfer your entitlement to an RRSP or, under certain statutory conditions, to another pension plan. Under certain statutory conditions, you also have the option to transfer your benefit to an insurance company to purchase an annuity.

The benefits earned in the Plan from January 1993 onward will be **locked-in**. Your locked-in money will need to be transferred to a locked-in retirement account or a life income fund.

In some circumstances, if you wish to transfer your entitlements out of the Plan, a portion **must** be paid in cash.

What does locked-in mean?

Locked-in money is money that can only be used to provide you with retirement income. In other words, the amount you can withdraw from a locked-in account is limited. This is a requirement of the pension legislation.

What is a Life Income Fund?

It is a locked-in registered retirement income fund (RRIF) contract from which you must receive payments each year (starting no earlier than age 50 nor later than December 1st, of the year in which you turn 71).

Are any pensions not locked-in?

If the transfer value of your pension at retirement for your service after December 31, 1992 is less than 20% of the Year's Maximum Pension Limit, YMPE (e.g. if the transfer value is less than \$13,320 in 2023), it will not be locked in. Any amount transferred directly to your personal RRSP is not subject to income tax (within limits). You must pay income tax on any cash payment you receive from the Plan; tax will be withheld at source if you choose this option.

Death Benefits

What is the death benefit if I die before retirement?

Should you die prior to retirement, your Spouse, if you have one, will receive 60% of the pension you had earned up to your date of death for the rest of her/his life, or, a pension which can be provided with 100% of the Transfer Value of the pension you had earned, whichever is bigger.

If you have a Spouse and she or he has not filed a spousal waiver, your Spouse may elect to transfer the sum out of the Plan. Your Spouse will have the same transfer options as a Member and will be subject to the same Locking-In rules as you would have been if you had terminated from the Plan.

If you do not have a Spouse, or if your Spouse has filed a spousal waiver, your beneficiary (or your estate) will receive a lump sum payment equal to the transfer value at the time of death. This money will not be locked-in and will be taxable in their hands.

What are the death benefits if your death occurs after retirement?

The income your Spouse or beneficiary receives after your death will be consistent with the form of pension you chose when you retired.

Reciprocity and Portability

What happens if I am not working within Local 324's jurisdiction?

Local 324 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 will be transferred to this pension Plan.

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.

It should be noted that any contributions submitted on your behalf from another Pension Plan would be subject to an adjustment in accordance with the hourly contribution rate.

What happens if I transfer my membership from Local 324 to another Local?

If you transfer membership out of Local 324 to another Local of the United Association with whom the Plan has a Pro Rata Agreement, 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 Local 324 from another participating Local, you will receive pension years of service on a pro rata basis from your former Local.

It is important that the member contact the Administrator's office to ensure that all records are up to date and correct.

Division of Benefits on Marriage Breakdown

What happens to my benefits if my marriage breaks down?

Where required by the **B.C. Family Law Act** (for members and spouses residing in BC), your benefit will be divided between your former Spouse and your benefits adjusted accordingly, based on the terms of any separation or divorce agreement. You and your former Spouse will be required to pay an administrative fee to split the account.

Amendment or Termination of the Plan

Can the Plan be changed or terminated?

Yes, the Trustees could cause the Plan to be terminated. However, it is their intention to maintain the Plan indefinitely.

Can my pension be reduced?

Yes. Benefits are not guaranteed and there may be situations where benefits must be reduced if the Plan's financial condition deteriorates. However, the Trustees operate the Plan to minimize the likelihood of a benefit decrease.

Can my pension be increased?

Yes. In fact, the Trustees operate the Plan with the intent of increasing benefits as funding allows.

What happens if the Plan is terminated?

In the highly unlikely event of Plan termination, you would be entitled to a proportion of the Plan's assets (after accounting for the payment of all termination expenses) equal to the Transfer Value of your pension at normal retirement age. You may receive an amount that is higher than the Transfer Value amount if the Plan still has surplus after satisfaction of all benefit rights.

Can a Participating Employer ever get a refund of pension fund money?

Only if they have over-contributed to the Plan.

Operation of the Plan

How is the Plan run?

The ***Trustees*** (see next question) interpret the Plan, provide certain guidelines to the Plan administrator, custodian, investment manager and actuary, and oversee the running of the Plan.

The ***Plan Administrator*** (currently UA Local 324) administers the plan by keeping records of service and contributions and by calculating pensions and benefits under the Plan.

The *Custodian of Assets* (currently RBC Investor & Treasury Services) holds the pension fund assets and invests them following instructions from the investment manager. All contributions are made to the custodian, and all pensions and benefits are paid by the custodian.

The *Investment Managers* (currently Fiera Capital, ACM Advisors, Concert Properties, Fengate Asset Management, IFM Investors and Northleaf Capital Partners) makes investment decisions within guidelines and objectives set by the Trustees.

The *Actuary* (currently George & Bell Consulting) makes periodic estimates of pension fund surpluses and deficits, and provides direction and advice to the Trustees.

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

How is the Board of Trustees set up?

A board of six Trustees administers the Plan, three appointed by the employers, and three appointed by UA Local 324. Meetings are held at least quarterly.

More Information

How can I learn more about the Plan?

In addition to this written explanation, Plan members are entitled to read the complete Plan text and the Trust Agreement as well as a number of different governance documents. These documents are on file at the Plan Administrators office.

If you have any questions or require clarification of any pension matter, contact the administrator at 250-382-0415 or 1-888-382-0415 (toll free) by phone. You can also E-mail the Plan at haylee@ualocal324.com (Haylee Downey).

If you wish to contact the Trustees, you can write them, care of the Plan Administrator at the Union office.

Are benefits taxable?

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, RRSP or insurance company to purchase an annuity).

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 \$8,300 a year or about \$9,100 if you are over age 74 (in 2023). There is a Canadian residency requirement for this benefit. In addition, if you total your taxable income is more than \$86,912 (in 2023), a portion of your benefit will be “clawed back” when you file your income tax return.

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. If you worked or were self-employed in most years between the ages of 18 and 65 and earn about the Year’s Maximum Pensionable Earnings (\$66,600 in 2023), at age 65 you will receive a CPP retirement pension of about \$15,678 annually. After 2023, any earnings above the Year’s Maximum Pensionable Earnings, up to the Year’s Additional Maximum Pensionable Earnings (\$73,200 in 2024) will also earn a CPP benefit.

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 <http://www.servicecanada.gc.ca> or toll free at 1-800-277-9914.

Exercising Your Rights and Responsibilities

How do I exercise my rights?

The following rights under the Plan can be exercised at appropriate times:

- To elect a beneficiary
- To commence benefits
- To elect optional forms of benefit
- To receive disability accruals
- To obtain information.

In each case, you should contact Haylee Downey at U.A. Local 324 at 250-382-0415 or 1-888-382-0415 (toll free). In most cases, you will be provided with the appropriate forms and return them to initiate action.

What are my responsibilities?

If your employer is making contributions to the Pension Plan on your behalf, make sure that you have filled out a beneficiary card, available at the Plan Administrator at U.A. Local 324. You should also contact the Plan Administrator at U.A. Local 324 if your spouse or beneficiary or address has changed.

In the following cases, there are time limits on exercising your options:

<u>Situation</u>	<u>Deadline</u>
Retirement	Must inform the Plan Administrator within 60 days of your retirement date
Termination benefits election	Elect an option within 90 days after receiving your statement of options

PART II

ILLUSTRATIONS

Sample Retirement Benefits

	Example 1	Example 2	Example 3
Retirement Age	55	60	62
Total Years of Service	30	35	37
VMI pension at retirement	\$1,536	\$2,427	\$2,824
Canada Pension Plan (CPP) (maximum)	Not available Until age 60	\$836	\$1,024
Old Age Security (OAS) pension	Not available until age 65	Not available until age 65	Not available until age 65
Total retirement income from pensions	\$1,536	\$3,263	\$3,848
Replacement Ratio:			
- At retirement	24%	50%	59%
- At 65	47%	61%	70%

Notes

1. Pensions assumed to be based on the assumption that the member works 1,500 hours in each year.
2. Early retirement reductions are assumed to be in effect as outlined in the Plan Text.
3. Total pension at retirement as a percentage of earnings assume the 55 and 60 years old take CPP at age 60 in 2023 with a 36% reduction.
4. Both CPP and OAS are indexed to CPI, so annual income will increase slightly.
5. Any employment after January 1, 2023 is assumed to have a contribution rate for the member equal to earn the base benefit, 5.5 cents per hour.
6. Replacement ratio is the total pension as a percentage of earnings and assumes earnings of \$78,000 per annum at retirement. Convention indicates that a replacement ratio of 70% - 80% is needed to maintain pre-retirement standard of living. Additional retirement income will be provided by RRSPs and other registered and non-registered investments.

Sample Pre-Retirement Death and Termination Benefits

1. Age	55	35
2. Accrued monthly pension	\$1,200	\$800
3. Monthly pension payable to spouse for life	\$720	\$480
4. Transfer Value (termination or death of single member)	\$124,600	\$27,500
5. Transfer Value (death of married member)	\$130,200	\$97,100

Note

The transfer value calculations are based on an interest assumption of 5.8% per year, using the CPM2014 Private Mortality Private Table, with fully generational projection using Scale MI-2017 with industry adjustment factor 1.06, assuming the spouse is 3 years younger than the member, and assuming 75% of members are married. These assumptions will be adjusted from time to time to reflect updated demographic and economic projections.

Sample Optional Forms of Pension

Estimated Pensions for Members Married at Retirement

At retirement, married members will be provided with pension options for each of the following forms of pension:

1. Joint and Survivor, paying 60% to the survivor (normal form)
2. Joint and Survivor, paying 50% to the survivor
3. Joint and Survivor, paying 75% to the survivor
4. Joint and Survivor, paying 100% to the survivor
5. Life, no guarantee
6. Life, guaranteed 5 years
7. Life, guaranteed 10 years
8. Life, guaranteed 15 years

If a married member wishes to elect options 2, 5, 6, 7 or 8 a signed spousal waiver will be required.

Estimated Pensions for Members Single at Retirement

At retirement, single members will be provided with pension options for each of the following forms of pension:

1. Life, guaranteed 10 years (normal form)
2. Life, no guarantee
3. Life, guaranteed 5 years
4. Life, guaranteed 15 years