BOILERMAKERS' NATIONAL
BENEFIT FUNDS (CANADA)

Administration Office
45 McIntosh Drive, Markham, Ontario L3R 8C7
Tel: 905-946-2530 • Fax: 905-946-2535

Administration Office
15220-114 Avenue, Edmonton, AB, T5M 2Z2
Tel: 780-455-3502 • Fax: 780-488-7423

Boilermakers' National Pension Fund (Canada) Plan Registration Number 0366708 and Boilermakers' National Health Fund (Canada)

FREQUENTLY ASKED QUESTIONS FORUM
PENSION BENEFITS SECTION
JULY 2021

Question: ***What are the main types of pension plans?***

There are four main types of pension plans:

Target Pension Plan
Defined Benefit
Defined Contribution
Registered Retirement Savings Plan (RRSP)

What are the main differences between these kinds of pension plans?

Target Benefit: Target benefit pension plans were formally defined benefit pension plans which have been amended to reflect that the trustees of such plans are permitted to reduce benefits in the plan. A target benefit pension plan is very similar to a defined benefit pension plan. The main difference is that a target benefit pension plan will have a provision for the trustees to reduce, or improve, benefits and therefore to deviate from the original benefit formula as necessary. In a target benefit pension plan members can estimate the amount of pension they will have at retirement however the pension plan documents will reserve the right to reduce, or improve, benefits in the future. Changes in the benefit formula of a target benefit plan will usually be driven by funding legislation or the governing body's future view of capital markets and other important factors to the plan.

The amount of benefit that a target benefit pension plan can provide is based on the amount of contributions expected to be paid into the plan and a rate of investment return assumed to be earned over the lifetime of the plan. The benefit will not normally be directly tied to the short term investment earnings of the plan. The assets of multi-employer target benefit pension plans are invested by the plan's trustees. The investments made by the trustees are structured to reflect the risk tolerance of the plan and with the goal to not have to reduce benefits in the future. A target benefit pension plan may provide benefits for members who are disabled and unable to contribute to the plan. These kinds of plans may provide unreduced early retirement or other enhanced benefits because the plan looks at the entire amount of contributions paid to the plan, the plan's investment earnings and forecasts retirement behaviour over the entire pension plan population. When members of target benefit pension plans retire, the plan is responsible for paying the monthly pension to the plan member. The benefit could, however, be changed in the future if the pension plan's funding requires a change. Target benefit pension plans are registered under a provincial or federal pension regulator, depending upon the industry of the plan's members. Pension regulations set out minimum standards for plan membership, vesting, spousal rights, funding and communications.

<u>Defined Benefit</u>: In a defined benefit pension plan members can estimate the amount of pension they will have at retirement. The amount of benefit that a defined benefit pension plan can provide is based on the amount of contributions expected to be paid into the plan and a rate of investment return assumed to be earned over the lifetime of the plan. The benefit will not normally be directly tied to the short term investment earnings of the plan. The assets of defined benefit pension plans are invested by the plan's trustees. The investments made by the trustees are structured to reflect the risk tolerance of the plan. A defined benefit pension plan may provide benefits for members who are disabled and unable to contribute to the plan. These kinds of plans may provide unreduced early retirement or other enhanced benefits because the plan looks at the entire amount of contributions paid to the plan, the plan's investment earnings and forecasts retirement behaviour over the entire pension plan population. When members of defined benefit pension plans retire, the plan is responsible for paying the monthly pension to the plan member. Defined benefit pension plans are registered under a provincial or federal pension regulator, depending upon the industry of the plan's members. Pension regulations set out minimum standards for plan membership, vesting, spousal rights, funding and communications.

<u>Defined Contribution (DC)</u>: In a defined contribution pension plan the amount of the final monthly benefit payable as a pension is not known until the member retires and uses the account to purchase a pension or even later if the member selects a cash depository for his pension account, and continues to invest the account through a life income fund (LIF) or other vehicle. The amount of pension that can be paid from a defined contribution pension plan can fluctuate based on interest rates at the time of the member's retirement. Members of defined contribution pension plans may sometimes be responsible for making their own investment choices and their pension account will receive the net investment income or loss. In some cases a board of trustees may invest the pension plan's assets on behalf of the plan members and the members receive the net investment earnings. Defined contribution plans may not provide ongoing contributions for members who are disabled and not able to contribute. Some defined contribution pension plans may hold reserves to provide for subsidies for disabled members. When members retire under a defined contribution pension plan they may invest their pension account with an insurance company and purchase an annuity with the account balance. The amount of pension that can be purchased will depend upon interest rates in effect at the time of the purchase, the member's age at retirement and the kind of pension the member buys. The insurance company is responsible for making the monthly annuity (pension) payment. Members who retire from a defined contribution pension plan may opt to invest their pension accounts in a registered retirement income fund such as a LIF or life income retirement account (LIRA). Defined contribution pension plans are registered under a provincial or federal pension regulator, depending upon the industry of the plan's members. Pension regulations set out minimum standards for plan membership, vesting, spousal rights, funding and communications.

Retired Members, Permit Workers without reciprocal agreements with the Plan, Temporary Foreign Trained Workers and U.S. Travel Card Workers earn benefits under the Plan's defined contribution model.

<u>RRSP</u>: An RRSP is similar to a defined contribution pension plan except that it is not regulated by provincial or federal pension legislation and is considered to be an individual tax deferred retirement savings vehicle. An RRSP is regulated by the Income Tax Act, Canada. Some employers offer RRSPs as an employee benefit and a collection of RRSPs is a Group RRSP. Usually RRSP holders make their own decisions about investments and the net income or losses earned by investments directly impact the amount of the RRSP. When RRSPs are used at retirement the RRSP holder may take the RRSP balance and purchase an annuity which is a regular monthly payment. The amount that the RRSP can purchase will depend upon the interest rates in effect at the time of the purchase, the member's age at retirement and the kind of benefit purchased. Vesting is usually immediate. There are no regulations prescribing spousal rights upon retirement. There is legislation that addresses spousal rights as part of the division of matrimonial property. There is no legislation governing plan funding.

Question: *What kind of pension does the Boilermakers' National Pension Plan (Canada) provide?*

The Boilermakers' National Pension Plan (Canada) (the Pension Plan) is a Specified Multi Employer Pension Plan. In Alberta the Pension Plan is called a Collectively Bargained Multi Employer Pension Plan (CBMEPP). Final legislation is not proclaimed in Alberta (it has been outstanding for almost 7 years) but the Trustees communicate that the Pension Plan is target benefit pension plan because its benefits are not guaranteed. The contributions to the Pension Plan are set out in collective agreements. The Trustees set benefits based on assumptions about the amount of contributions they expect to receive, investment earnings and the expected life expectancy of the Pension Plan's Members. The Pension Plan is registered under the Income Tax Act, Canada and Employment Pension Plans Act, Alberta.

The Trustees may be obliged to reduce benefits in the Pension Plan based on provincial legislation and funding requirements or based on the Trustees' view of the affordability and sustainability of the Pension Plan's benefits. The Trustees may also improve or restore benefits, provided there is adequate funding to sustain the improved benefits. The determination of adequate funding for benefit improvements is not at the discretion of the Trustees but rather is strictly regulated by the Alberta regulator.

As noted above certain Pension Plan participants will be in the defined contribution benefit of the Plan.

Question: *Can you recap the history of the Pension Plan's benefits and how the Pension Plan paid for them?*

Here is a summary of the benefit changes made by the Trustees since 1971:

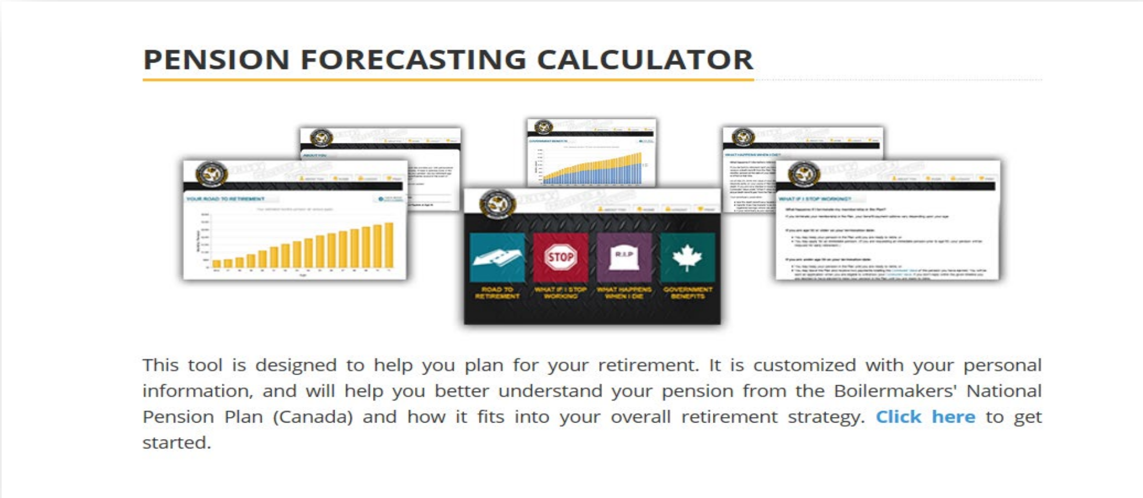
Year	**Summary of Pension Plan Benefit Changes 1971-2012**
1971	Pension Formula for ***Future Service*** was 1.67%.
1974	Pension Formula for ***Future Service*** increased to 1.726%.
1976	Pension Formula for ***Future Service*** increased to 2.1% of Contributions for ***Service*** earned between 1971 and 1975. Formula for ***Future Service*** earned after December 1975 increased to 2.56%
1978	Pension Formula for ***Future Service*** increased to 3.0%.
1980	Pension Formula for ***Past Service*** was increased to $3.00 per year, from $2.50.
1980	The minimum guaranteed payout period on Retirement Pensions (the ***Guarantee Period***) was increased to 10 years, from 5 years.
1982	All Pensioners and Beneficiaries received a 20% increase in Pension.
1983	A new ***Early Retirement Benefit*** Formula was introduced which provided greater Retirement Benefits for Members who retired early with long term membership in the Boilermakers' Union.

Year	Summary of Pension Plan Benefit Changes 1971-2012
1985	All Pensioners and Beneficiaries received a 20% increase in Pension.
1985	***Normal Retirement Age*** reduced to age 63 from age 65.
1985	Pension Formula for ***Past Service*** was increased from $3.00 to $3.60 per year.
1985	Pension Formula for ***Future Service*** was increased from 3.0% to 3.5% of Contributions earned prior to 1985.
1987	Pension Formula for ***Past Service*** was increased from $3.60 to $4.00 per year.
1987	Pension Formula for ***Future Service*** was increased from 3.0% to 3.5% of Contributions for 1987 and 1988.
1990	All Pensioners and Beneficiaries received a 15% increase in Pension.
1990	Special Unreduced Early Retirement Pension from July 1, 1990 if Member was age 61 and had 30 years of continuous Union membership. This Benefit was replaced by the "***90 Formula***".
1992	All Pensioners and Beneficiaries, in receipt of a monthly Pension in December 1991, received a 5% increase in Pension.
1994	"90 ***Formula" Special Early Retirement*** Provision introduced. Normal Retirement Age increased to 65 with special Grandfathering Provisions for older and long service Members.
1995	All Pensioners and Beneficiaries, in receipt of a monthly Pension in December 1994, received a 4% increase in Pension.
1997	All Pensioners and Beneficiaries in receipt of a monthly Pension in December 1996 received a 2.5% increase in Pension.
1998	Pension Formula for ***Future Service*** increased to 3.5% of Contributions made between 1989 and 1994.
1999	Pension Formula for ***Future Service*** increased to 3.5% of Contributions made between 1995 and 1998. All Pensioners and Beneficiaries in receipt of a Monthly Pension in December 1998 received a 3% increase in Pension.
2000	All Pensioners and Beneficiaries in receipt of a Monthly Pension in December 1999 received a 2% increase in Pension.
2005	The accrual rate for contributions in the collective agreements at December 31, 2003 became 1.5%; for contribution increases over the December 31, 2003 collective agreement rate, the pension accrual factor became 2.5% of contributions.
2005	The ***normal form of pension*** became life guaranteed 5 years and the death benefit payable to a ***spouse*** at the ***pre-retirement death*** of the Member became ***lump sum benefit***.

Year	Summary of Pension Plan Benefit Changes 1971-2012
2009	Due to the requirement to meet provincial legislated funding standards, the 90 Formula retirement benefit was terminated effective December 1, 2009
2010	A new Special Funding Contribution was introduced in the collective agreements governing work for Field Members. The Special Funding Contribution was introduced in January 2010. Another increase to the Special Funding Contribution was made in July 2010. The benefit formula for the Pension Plan was changed commencing with benefits earned on/after January 1, 2011.
2011	Due to the requirement to meet provincial legislated funding standards, pension benefits, either accrued pensions not yet in pay, or pensions in pay, were reduced from 5% to 15%. This change did not impact Quebec or New Brunswick Members. These Active Members have a lower prospective accrued rate to give the equivalent impact as a pension reduction.
2015	First 1/3 ($1.00) of the Special Funding Contribution discontinued.
2018	Final 2/3 ($2.00) of the Special Funding Contribution discontinued.
2018	Special recovery plan formula for benefits of New Brunswick active members restored to the same formula as for all other Field members in the Plan; having confirmed to the regulator that the recovery plan established in 2009-2010 had brought the Plan to full funding (100% funded). This group of members had a special formula because the pensions of New Brunswick members could not be reduced under the provincial legislation, resulting in New Brunswick active members bearing the retired members' share of the New Brunswick deficit.
2018	Special recovery plan formula for benefits of the Industrial Services Organization (ISO) active members restored to the same formula as for all other members in the Plan; having confirmed to the regulator that the recovery plan established in 2009-2010 had brought the Plan to full funding (100% funded). This group of members had a special formula because the collective agreements did not provide for a special funding contribution.

Question: Where can I forecast my future pension from the Pension Plan?

The Pension Plan has a robust pension forecasting tool that can provide an estimate of your future benefit payable by the Pension Plan. It can show you benefits in all of the options payable by the Pension Plan. You can also estimate the number of hours you will work and earn pension contributions. The forecaster provides estimates that are, of course, subject to change based on changes to the applicable legislation or Pension Plan benefits. The forecaster is accessible through the Pension Plan's homepage www.boilermakersbenefits.ca.



***Question*: I returned to work after I retired. Why can't the Pension contributions employers remit to the Pension Plan for me be added to my pension?**

Effective January 1, 2011, the Pension Plan provides a defined contribution benefit for Retired Members who return to work. This benefit was not permitted in the Pension Plan prior to that date. All contributions received after your retirement date will be transferred to the Plan's Defined Contribution (DC) Pension Plan.

Contributions received after December 1 of any year on behalf of a member who is over age 71 cannot be credited to the applicable member in compliance with the Income Tax Act, Canada. Those contributions will be credited to the Pension Plan as a whole for the benefit of all members.

***Question*: If I am working with the Boilermakers' Union in the United States, what happens to the pension contribution I earn there?**

The Pension Plan ("the Canadian Plan") has a reciprocal agreement with the Boilermaker Blacksmith Pension Trust Fund ("the U.S. Plan"). This reciprocal agreement provides that, when you are ready to retire, the Canadian Plan and the U.S. Plan share information about your service in each Plan. Each Plan will use the total amount of service you earned to determine if you are vested for benefits in each Plan.

For example, in the U.S. Plan it is necessary that you have 5 years of contributions to be entitled to a benefit. If you worked in the United States for only 6 months, then without looking to the service earned in the Canadian Plan, you would not earn a benefit in the U.S. Plan and the pension contributions you earned while working in the United States would be forfeited. However, because of the reciprocal agreement, the U.S. Plan will contact the Canadian Plan on your behalf (and with your permission) and determine if you had enough service in the Canadian Plan to achieve 5 years of contributions in the United States Plan. If you do achieve this benchmark, then you will have earned a benefit from the U.S. Plan. You will also likely be vested in the Canadian Plan and receive a benefit from it also. It is important to note that the U.S. Plan does not use Canadian Plan service to count toward any enhanced pension benefits.

You can see the list of current reciprocal agreements with the Pension Plan at www.boilermakersbenefits.ca. All of the other reciprocal agreements provide that contributions will be reciprocated between the covered pension plans. Reciprocal agreements are subject to amendment and termination. There is no guarantee that reciprocal agreements will continue.

Question: *If the Pension Plan is in deficit, could we have benefit reductions?*

Pension legislation requires that pension plans be able to demonstrate a certain level of funding. If the Pension Plan cannot show that it has achieved that funding level it is possible that the Pension Plan could have benefit reductions. The Pension Plan may also ask for higher contributions and attach a benefit formula to the new contributions that helps the Pension Plan pay its deficit. The technical term for deficit is "unfunded liability".

Question: *Our pension benefit formula credits contributions based on when they were earned. Where can I see the period when my contributions were earned?*

This information is available when you access the Pension Plan's private Member information section on the Pension Plans' Web Site **www.boilermakersbenefits.ca**. When you have been registered for Internet access you will be able to see the value of contributions remitted for each credit formula. You can sign up for Internet access to your Pension Plan information at **www.boilermakersbenefits.ca.**

Question: *I understand that pension legislation requires that, if I have a spouse when I retire, I must provide a part of my pension to my spouse upon my death. Can you explain more about this?*

Since 1985, most provinces have required that retiring pension plan members take a joint and survivor pension. A joint and survivor pension gives the member a certain pension upon the date of his/her retirement and, when the pension plan member dies, leaves a portion of that pension (usually 60%) to the surviving spouse. This requirement applies whether the member is male or not and whether the spouse is female, or not. The intent of the legislation is that pension plan members consider the family circumstances and try to establish the appropriate level of income for the family, before and after the member's death.

Question: *If my spouse already has a pension is there a way that we can avoid the joint and survivor pension requirement?*

Each province has a Waiver of Joint and Survivor Pension form. This form has to be completed by the Pension Plan Member and the spouse and received by the Plan administrator before the pension commences. The Pension Plan has a Certificate of Independent Legal Advice which must be filed with the Pension Plan prior to the commencement of pension if the spouse is waiving the right to the legislated minimum pension.

Once a Waiver of Joint and Survivor Pension has been filed with the Pension Plan and the pension has commenced, the Waiver cannot be reversed. The Waiver Form can be obtained on the Pension Plan Web Site ***www.boilermakersbenefits.ca***.

A spouse may also waive the right to a pre-retirement death benefit by completing the appropriate form prescribed in legislation. These forms are also available on the Pension Plan's Web Site ***www.boilermakersbenefits.ca***.

The Pension Plan requires a certificate of independent legal advice in the event the minimum pension provided for in pension law is not elected by the member and spouse. This is part of the Pension Plan's official retirement application and must be completed with the rest of the application.

Question: I know that, if I die before I collect my pension, my spouse will be entitled to a benefit from the Pension Plan. Can you provide more details about this?

In most provinces, it is legislated that the spouse of the member on the date of his/her death will be entitled to all, or a part, of the benefit of the member earned at the member's death. This is called the pre-retirement death benefit. The exact amount of the entitlement depends upon the province in which the member resided at his death and whether the member and the spouse had waived the spouse's right to the pre-retirement death benefit. If the member and the spouse waived this right the spouse would have filed a Waiver of Pre-Retirement Death Benefit with the Pension Plan before the death of the Pension Plan Member. The Waiver Form can be obtained on the Plan Web Site ***www.boilermakersbenefits.ca.***

If a lump sum death benefit is paid it will be paid in compliance with the applicable legislation. At a high level this means for members in British Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia, Prince Edward Island and Newfoundland the benefit is calculated using going concern principles. For members in Ontario and New Brunswick, the benefit is currently calculated using solvency principles although this may change in the future.

Question: If I am disabled, can I earn more pension?

Yes. If you are disabled and in receipt of workers' compensation benefits or Long Term Disability (LTD) benefits from the Boilermakers' National Health Plan (Canada), the Pension Plan will provide credits to increase your pension benefit. The amount of the benefit credit given to the disabled Member is the number of hours in the normal work week defined in your collective agreement at the date of disability, multiplied by the contribution rate in the collective agreement. The LTD credits will be granted when you retire from the Pension Plan provided you have been a member of the Plan continuously over the entire period. For Ontario members the WSIB credits are granted when the Pension Plan receives proof of your ongoing WSIB-approved disability.

This credit is given for a maximum of 12 months. Credits end at the earlier of the Member's recovery from the date of disability (evidenced by termination of workers compensation benefits or Long Term Disability Benefits) or 12 months.

Question: How do I apply for the special disability benefit?

The special disability benefit is provided by the Boilermakers' National Health Plan (Canada). You must be a covered member of that plan to be eligible for the special disability benefit. If you are disabled when you wish to apply for your pension you must apply for the special disability benefit at the same time. Late or retroactive applications are not permitted.

Question: Where does the money for the disability credits come from?

For those who are Members of both the Pension Plan and the Health Plan, the Pension Plan's disability credits are funded by 5 cents per hour from the general assets of the Health Plan. When Members are disabled, and the Plan administrator is notified of the disabled member's retirement, the credit funds are transferred from the Health Plan to the Pension Plan to the Member's pension accrual.

For those who are Members of the Pension Plan only, disability credits are paid from a reserve set up by taking 2.81% of each dollar of contribution made on behalf of these Members. When Members become disabled due to a workers compensation compensable injury or illness, up to 12 months of pension credit will be granted upon the disabled member's retirement from the Pension Plan.

The Member is responsible for informing the Plan administrator of the disability and providing the necessary documentation.

Question: If I am no longer a Member of Pension Plan can I withdraw my pension entitlement?

Generally, the answer to your question depends on the information below:

a) To withdraw your benefit from the Pension Plan you must normally have completed a period of 24 months where there were no contributions sent to the Pension Plan on your behalf. For Alberta, British Columbia, and Saskatchewan members this requirement is less than 350 hours in two consecutive calendar years.

b) You must be vested in the Pension Plan to be entitled to a termination benefit.

c) You must be under age 55 at the time you become eligible for a termination benefit. That is you must not be 55 or older once you met the standard in paragraph a above.

d) You must complete the necessary direction to the Pension Plan to withdraw your termination benefit and return it to the Pension Plan within the 90 day period provided.

e) If you take a termination benefit from the Pension Plan and subsequently return to work any service you earned earlier will be set to "zero" for the purpose of calculating any enhanced retirement benefits such as the early reduced pension. Any Health Plan service will also be set to zero for the purpose of retired member health benefits.

f) For members whose last hour worked was in Ontario or New Brunswick because of the Pension Plan's funded status you may not be entitled to 100% of the termination benefit at the time the first payment is made. At the present time, in these provinces, approximately 60% of the termination benefit calculated on the solvency funding basis is paid upon completion of the timely application. The remaining 40% will be paid within five years, or when the Pension Plan returns to a 100% solvency funded state, whichever takes place first.

g) For members whose last hour worked was not in Ontario or New Brunswick the Pension Plan uses a going concern formula to calculate the termination benefit.

h) Note that a termination benefit is not equal to the employer contributions remitted to the Pension Plan on your behalf. The termination benefit is an actuarial calculation, prescribed in pension law.

There is a form to apply for a Termination Benefit and it is found at www.boilermakersbenefits.ca.

The Pension Plan will notify you in writing when you are eligible for a Termination Benefit. You will be given 90 days to make an election to withdraw a Termination Benefit on the Pension Plan's terms. If you do not make the election to withdraw a Termination Benefit, you are deemed to have elected a Deferred Pension from the Pension Plan which may commence any time after your age 55. The Pension Plan will issue a Certificate of Deferred Pension to you for your records if you do not make the election within the 90 day period.