



BOILERMAKERS' NATIONAL BENEFIT FUNDS (CANADA)

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

September 2024

To All Active, Former and Retired Members

Boilermakers' National Pension Plan (Canada)

Re: Explanatory Notes to Improvements to the Pension Plan's Benefits

A summary of benefit improvements is:

Change in Normal Retirement Age to Age 63

For retirements of members who were active on the date of their retirement, the Normal Retirement Age is age 63 as of September 1, 2024. The earliest retirement date for active members is now age 53.

This means if the person was not terminated in the Plan (i.e., a Former Member) at their date of retirement their pension is available on an unreduced basis at age 63 and on a reduced and possibly subsidized basis at age 53.

For members who are active at their date of retirement but who left the Plan for a period of time and have a pension on a terminated basis, the most recent active service will have a normal retirement age of 63; service earned on a terminated basis will have a normal retirement age of 65.

Members could therefore have two pension streams: one with an unreduced retirement at age 63 and one at age 65. They can be combined. The benefit payable at age 65 can be started as early as age 55 on a reduced, possibly subsidized, basis.

For persons who are terminated with a benefit remaining in the Plan (Former Members), their normal retirement age remains at age 65.

Subsidized retirement

For persons who are active on the date of their retirement and who wish to retire earlier than age 63, the retirement subsidy table will be calculated from age 53.

Other Details

A new early retirement pension table showing the subsidies for early retirement will be published by the Plan and implemented by the Plan administrator. These new subsidies will also be updated in the pension forecaster.

The Plan's benefit statements, issued twice per year to active members will be updated to show the new Normal Retirement Age of 63.

The member portal and pension forecaster available through the Plan website at www.boilermakersbenefits.ca will be updated to show active members the new Normal Retirement Age of 63.

For Retired Members, Surviving Spouses and Beneficiaries

Pensions in pay at September 1, 2024 for retired members, surviving spouses and beneficiaries receiving a monthly payment from the Plan, will be increased by 3%. The pension payment for October 1, 2024 will be increased by 3% over the amount paid for September 1, 2024.

Retroactivity

This improvement is retroactive to January 1, 2024. The retroactive payment will be made in the October 1 2024 payment.

There may be factors included in **another** retroactive payment such as:

1. Whether the person is eligible for additional credit on a Special Funding Contribution paid prior to the member's retirement.
2. Whether the person is eligible for additional pension as an ISO member.
3. Whether the person is eligible for additional pension a New Brunswick Member.

Any retroactive pension will always take into consideration the pension option selected by the member at retirement.

An explanation of the new pension payments, including retroactivity will be sent in writing to the retired person.

Additional Improvement For Active Members

Effective September 1, 2024 the Special Funding Contribution paid prior to the member's retirement will be credited with an additional 0.5%. This improvement brings the total pension accrual on the Special Funding Contribution to 1.5%.

For Industrial Sector Operations (ISO) and Shop Members

Persons in the ISO did not make Special Funding Contributions to the Plan during its recovery period. Instead, for the period of 2010 to July 31, 2018 members had a different formula for earning a new pension. Effective September 1, 2024 the benefit formula for ISO members is improved so that it will be the same as the construction sector's and the rest of Canada. This improvement applies to both active and Former Members.

Retroactivity

This improvement is retroactive to January 1, 2024.

A retired person may be eligible for a retroactive benefit to January 1, 2024 to reflect the change in the pension accrual factor. The Plan administrator is responsible for this calculation and will adjust

the person's pension when their review is complete. The retired person will receive a written explanation of the calculation from the Plan administrator.

For New Brunswick and Quebec Members

Persons who are considered New Brunswick Members and who made Special Funding Contributions to the Plan during its recovery period will receive an improvement of an additional 0.5% to the pension accrual. This improvement applies to New Brunswick Members who are active and Former Members at September 1, 2024.

Some New Brunswick Members earned their pensions at a different rate during the recovery period of 2010 to 2017. Active New Brunswick Members who had a different formula for earning pension from 2010 to 2017 will have their pensions increased so that the formula will be the same as for the rest of the construction sector's. This improvement is retroactive to January 1, 2024.

Members who were both New Brunswick Members and ISO Members had a different pension earning formula. Their pensions are improved so that they are now earned, retroactively, using the same formula as the rest of Canada.

Retroactivity

A retired member may be eligible for this improvement retroactive to January 1, 2024. The Plan administrator is responsible for this calculation and will adjust the person's pension when their review is complete. The retired person will receive a written explanation of the calculation from the Plan administrator.

For Former Members

A Former Member is a person who at September 1, 2024 has not had a contribution paid to the Plan on their behalf for at least 24 months (350 hours or less over 2 consecutive calendar years for Alberta, British Columbia and Saskatchewan members) and who did not withdraw their pension from the Plan.

Effective September 1, 2024 the Special Funding Contribution paid prior to the member's retirement will be credited with an additional 0.5%. This improvement brings the total pension accrual on the Special Funding Contribution to 1.5%.

The Normal Retirement Age for a Former Member is age 65. Early pensions are available starting at age 55. Subsidies may be available if the person is a member in good standing of the IBB at their retirement.

Persons who withdrew their pension from the Plan

A person who elected to withdraw their pension from the Plan, including a person who has a remaining holdback payment, is not entitled to the benefit improvements described in this communication.

Reminder About Earlier Benefit Restorations and Improvements

The pension plan recovery program is considered officially ended.

As a reminder the following changes were implemented starting in 2018:

1. In July 2018, the Special Funding Contribution ended. It started in May 2010, was lowered in 2015 and ended in 2018.
2. In 2018 active New Brunswick Members had an increase in their pension accrual factor so that their future pensions were earned on the same basis as those in the construction sector. This group of members had a lower accrual factor from 2010 to December 31, 2017 because pensioners in this group did not have a reduction as part of the recovery plan.
3. In 2018 active ISO Members had an increase in their pension accrual factor so that their future pensions were earned on the same basis as those in the construction sector. This group of members had a lower factor from 2010 to July 21, 2018 because ISO collective agreements did not have a Special Funding Contribution.
4. Effective May 1, 2022 retired members and others receiving a monthly pension had an increase of 5% in their monthly payment.
5. Effective May 1, 2022 active and former members received a full reinstatement of the 2010 5% reduction.
6. Effective October 1, 2023 there was a full restoration of any earlier reduction in the monthly pension for retired members and surviving spouses.
7. Effective October 1, 2023 a pension accrual factor of 1% was added to the Special Funding Contribution paid before the member retired. With the September 2024 improvements the accrual is 1.5% on all Special Funding Contributions paid prior to the member's retirement.

The Current Pension Formula For All of Canada

For all of Canada, the formula monthly pensions currently being earned in the Plan is:

1. On contributions that were payable in the collective agreement as at December 31, 2003:
1% of contributions

PLUS
2. On new contributions that are higher than the rate in the collective agreement at December 31, 2003:
1.67% of contributions.

The Plan's pension accrual tables are attached showing the accrual factors from the inception of the Plan. These tables are part of the Plan's official documents.

Interesting Statistics from the December 31, 2023 Actuarial Valuation

The Pension Plan's funding position at December 31, 2023, plus the changes to Alberta legislation made in June 2024 allowed the Board to make the significant changes described above. The full actuarial valuation is published on the member's website at www.boilermakersbenefits.ca. It was filed with Alberta Treasury Board and Finance in August 2024. The Plan's valuation was reference by the Alberta regulator as part of its assessment of the Plan's proposed improvements.

Highlights of the valuation are:

1. Plan assets were \$2.198 billion
2. The Plan was 106% funded
3. The investment return assumption for the future was 6.6% (formerly 6.5%)
4. There were 122 members and surviving spouses over the age of 90
5. There were 4,884 retired members
6. There were 8,166 active members (these are persons who earned contributions in the two years ended December 31, 2023)
7. The average annual pension of an unretired member with 35 or more years of service is \$80,000. *Members can apply for the maximum Canada Pension Plan (CPP) benefits of \$16,380 per year payable at age 65. Old Age Security (OAS) benefits of \$8,616 are payable at age 65. These are payable in addition to your Boilermaker pension. Both CPP and OAS pay an additional amount if you defer your pension to age 70. You can apply for a reduced CPP pension as early as age 55.*
8. On the basis of solvency, the Plan was 72.9% funded
9. The Trustees strengthened the assumption of the cost to wind up the Plan from \$3.5 million to \$6 million which is a figure recommended by pension regulators across Canada.

Administrative Notes

The Pension Plan's valuation at December 31, 2023 and Pension Plan Amendment 1 to the Pension Plan Text restated as at July 1, 2024 are filed with Alberta Treasury Board and Finance and Canada Revenue Agency. All Plan benefits are calculated and paid in accordance with the documents filed with and registered by the pension regulators.

APPENDIX M

SECTION 8.01(b): FUTURE SERVICE FOR MEMBERS COVERED BY THE COLLECTIVE BARGAINING AGREEMENT

In relation to a Member who: (a) worked under the Collective Bargaining Agreement; and (b) submits an application for pension on their Normal Retirement Date on or after January 1, 2011 pursuant to Section 7.01 of the Plan, the Member's pension calculated pursuant to subsection 8.01(b) of the Plan is the contributions made in the respective periods below multiplied by the applicable accrual rate set out below (as is applicable to the Member):

		For Members prior to September 1, 2024			For Members on and after September 1, 2024, (and retroactive to January 1, 2024)		
From:	To:	Quebec	New Brunswick	Rest of Canada*	Quebec	New Brunswick	Rest of Canada*
1-Jul-71	31-Dec-86	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
1-Jan-87	31-Dec-98	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
1-Jan-99	31-Dec-04	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
1-Jan-05	31-Dec-09	2003 CBA	1.50%	1.50%	1.50%	1.50%	1.50%
		Post 2003 CBA	2.50%	2.50%	2.50%	2.50%	2.50%
1-Jan-10	30-Jun-10	2003 CBA	1.00%	1.00%	1.00%	1.00%	1.00%
		Post 2003 CBA	1.67%	1.67%	1.67%	1.67%	1.67%
1-Jul-10	31-Dec-10	2003 CBA	1.00%	1.00%	1.00%	1.00%	1.00%
		Post 2003 CBA	1.67%	1.67%	1.67%	1.67%	1.67%
		Post 2009 CBA	1.67%	1.67%	1.67%	1.67%	1.67%
1-Jan-11	31-Dec-17	2003 CBA	0.22%	0.22%	1.00%	1.00%	1.00%
		Post 2003 CBA	0.37%	0.37%	1.67%	1.67%	1.67%
		Post 2009 CBA	0.37%	0.37%	1.67%	1.67%	1.67%
1-Jan-18	31-Jul-18	2003 CBA	1.00%	1.00%	1.00%	1.00%	1.00%
		Post 2003 CBA	1.67%	1.67%	1.67%	1.67%	1.67%
		Post 2009 CBA	1.67%	1.67%	1.67%	1.67%	1.67%
1-Aug-18		2003 CBA	1.00%	1.00%	1.00%	1.00%	1.00%
		Post 2003 CBA	1.67%	1.67%	1.67%	1.67%	1.67%
		Post 2009 CBA	1.67%	1.67%	1.67%	1.67%	1.67%

*The Rest of Canada encompasses all active members working under the national CBAs except for Quebec and British Columbia (are separate pension plans) and New Brunswick.

APPENDIX N

SECTION 8.01(b): FUTURE SERVICE FOR MEMBERS NOT WORKING UNDER THE COLLECTIVE BARGAINING AGREEMENT (SHOP, CEMENT AND OTHER LOCALS)

In relation to a Member who: (a) is not covered by the Collective Bargaining Agreement; and (b) submits an application for pension on their Normal Retirement Date on or after January 1, 2011 pursuant to Section 7.01 of the Plan, the Member's pension calculated pursuant to subsection 8.01(b) of the Plan is the contributions made in the respective periods below multiplied by the applicable accrual rate set out below (as is applicable to the Member):

		For Members prior to September 1, 2024			For Members on and after September 1, 2024 (and retroactive to January 1, 2024)		
From:	To:	Quebec	New Brunswick	Rest of Canada*	Quebec	New Brunswick	Rest of Canada*
1-Jul-71	31-Dec-86	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
1-Jan-87	31-Dec-98	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
1-Jan-99	31-Dec-04	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
1-Jan-05	31-Dec-09	2003 CBA	1.50%	1.50%	1.50%	1.50%	1.50%
		Post 2003 CBA	2.50%	2.50%	2.50%	2.50%	2.50%
1-Jan-10	30-Jun-10	2003 CBA	0.75%	0.75%	0.75%	1.00%	1.00%
		Post 2003 CBA	1.25%	1.25%	1.25%	1.67%	1.67%
1-Jul-10	31-Dec-10	2003 CBA	0.50%	0.50%	0.50%	1.00%	1.00%
		Post 2003 CBA	0.83%	0.83%	0.83%	1.67%	1.67%
		Post 2009 CBA	1.67%	1.67%	1.67%	1.67%	1.67%
1-Jan-11	31-Dec-17	2003 CBA	0.11%	0.11%	0.50%	1.00%	1.00%
		Post 2003 CBA	0.185%	0.185%	0.83%	1.67%	1.67%
		Post 2009 CBA	0.37%	0.37%	1.67%	1.67%	1.67%
1-Jan-18	31-Jul-18	2003 CBA	0.11%	0.11%	0.50%	1.00%	1.00%
		Post 2003 CBA	0.185%	0.185%	0.83%	1.67%	1.67%
		Post 2009 CBA	0.37%	0.37%	1.67%	1.67%	1.67%
1-Aug-18		2003 CBA	1.00%	1.00%	1.00%	1.00%	1.00%
		Post 2003 CBA	1.67%	1.67%	1.67%	1.67%	1.67%
		Post 2009 CBA	1.67%	1.67%	1.67%	1.67%	1.67%

*The Rest of Canada encompasses all active members working under the national CBAs except for Quebec and British Columbia (are separate pension plans) and New Brunswick.