

Convention report 2017-2018

This Convention report provides an update on the CMAW Target Benefit Plan (formerly Carpentry Workers' Pension Plan of B.C) as at June 30, 2018, including a summary of changes since the last Convention in 2016.

Read on to learn more!

The transition to a Target Benefit Plan is complete

Target Benefit Plans were introduced as part of B.C. pension legislation in 2015. Since then, many pension plan administrators have made the decision to transition to this type of plan to help improve long-term sustainability.

The transition to a Target Benefit Plan started in early 2016 – concluding in March 2017 with the completion of the June 30, 2016 valuation. The transition will allow the plan to better withstand short-term financial fluctuations and help ensure benefit stability. The plan provisions did not change as a result of the transition: pension benefits continue to accumulate the same way, based on the same formula.

To learn more about the transition, members can refer to the at-a-glance plan summary and frequently asked questions documents mailed in June 2016. They are also available on the plan website: www.cwbp.ca.

The plan's financial position: June 30, 2016 valuation results

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

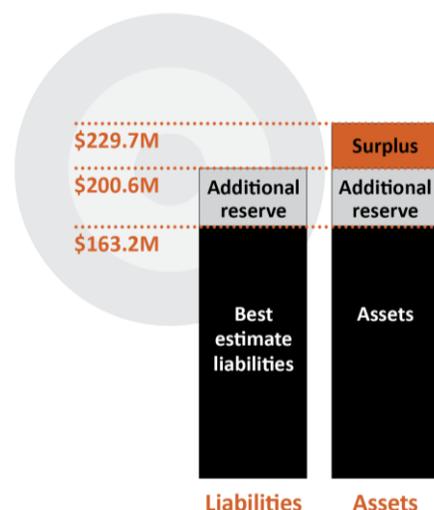
The last valuation was completed as at June 30, 2016, using the funding rules that apply to a Target Benefit Plan. These rules require the plan to hold an additional reserve to protect against adverse circumstances, such as lower than expected investment returns, interest rates and reported hours.

The valuation results indicated that the plan's financial position is strong. As at June 30, 2016, the funded ratio of the plan is 114.5% after reflecting the additional reserve. This indicates a comfortable surplus – meaning the plan has more than enough funds to pay for all pension benefits.



The pension plan has a new name: the CMAW Target Benefit Plan

As part of the transition to a Target Benefit Plan, the plan's name is also changing from the **Carpentry Workers' Pension Plan of B.C. (CWPP)** to the **CMAW Target Benefit Plan (CTBP)**.



Improvements to benefits

As a result of the plan's strong position in the recent valuation, the Trustees passed a motion to improve member benefits, while continuing to ensure that the plan will be sustainable over the long-term.

Benefits improvements for members who accrued pension in the plan prior to July 1, 2010

On September 1, 2017, members' accrued pension increased for service prior to July 1, 2010.

- **2.2% increase for both active members and deferred members** on September 1, 2017
- **4.4% increase for members receiving a pension** on September 1, 2017

Benefit improvements for members accruing pension in the plan after June 30, 2017

The accrual rate for hours worked has increased to 5.4¢ for hours worked after June 30, 2017.

Hours worked	Accrual rate
Before July 1, 2017	5¢ per hour worked
After June 30, 2017	5.4¢ per hour worked

What is an accrued pension?

An accrued pension is the amount of pension a member has earned based on their reported hours while they were a plan member, adjusted for historical benefit reductions, if applicable.

What is an accrual rate?

An accrual rate is used to calculate the pension members earn for each hour worked. This rate can go up or down, depending on both the amount of money the employer contributes to the plan, and on the financial health of the plan.

The accrual rates shown above are based on standard contribution rates. If the negotiated contribution rate for an employer differs from standard contribution rates, the member's accrual rate will be prorated accordingly.

Why did the benefits improve in this way?

The Trustees carefully considered a number of factors when determining how to improve benefits in a way that would be fair to plan members. The Trustees decided to increase benefits for service prior to July 1, 2010 in light of the plan's historical benefit reductions, with a focus on retired members who did not necessarily benefit from the increase in the accrual rate to 5¢ per hour worked on July 1, 2011. The Trustees determined that, together with the increase in the accrual rate effective July 1, 2017, the improvements were both sustainable and equitable for all members.

Asset allocation

In 2016, the Trustees commissioned an asset liability study to optimize the investment strategy under the Target Benefit Plan funding rules, which allow for a longer-term investment focus.

The plan's target asset allocation was updated to realign the investment strategy with the funding objectives and requirements of the new plan structure. The updated target asset allocation includes a diverse mix of equity, fixed income, and alternative investments in real estate, mortgages and infrastructure.

Investment managers

Following the update to the plan's target asset allocation, the Trustees also reviewed the plan's investment managers.

A number of changes have been made after careful consideration:		
Leith Wheeler Investment Counsel	Alphafixe Capital	Connor, Clark & Lunn (CC&L) Financial Group
... has been appointed as the sole Canadian equity manager, as well as the plan's high yield bond manager	... has been appointed as the plan's corporate bond manager	... has been appointed as the plan's emerging markets equity manager

The Trustees are also in the process of interviewing new infrastructure managers and reviewing the possibility of adding private equity to the existing target asset allocation.

Reported hours

Reported hours are expected to increase over the medium-term. The Site C contract continues to provide plan members with stable employment, while the Community Benefits Agreement, yielding work on the Pattullo Bridge, St. Paul's Hospital, and other projects, will increase reported hours. This increase in reported hours will help the plan better withstand fluctuations in the financial markets.

The plan's future outlook

The plan remains in a healthy long-term position, thanks to strong investment returns, stable demographics and consistent reported hours. The future of the plan looks stable: by carefully re-aligning the plan's investment strategy, the Trustees have improved benefits to levels that are sustainable over the long-term. The plan is well positioned to withstand both fluctuations in market conditions and an increased member life expectancy. The Trustees will continue to monitor the financial health of the plan to ensure a high level of benefit security.

The next full valuation is scheduled to be completed as at June 30, 2019.

The Board of Trustees

CMAW TARGET BENEFIT PLAN TRUSTEES* ARE:						
Chris Wasilenchuk (Chair)	Michele Banducci	Barbara Bachmeier	Dirk Campagnolo	Jessie Gregory	Mikael (Mike) Jensen	Shawn Delaney
Vancouver & Lower Mainland	Vancouver & Lower Mainland	Central	Okanagan	Kootenay	Northwest	Vancouver Island

* Since the last report to Convention, Chris Wasilenchuk has replaced Fred Kuhn as the Chair. In addition, Shawn Delaney has replaced outgoing Trustee Fred Kuhn, Barbara Bachmeier has replaced outgoing Trustee Peter Cail, and Mikael Jensen has filled a vacant seat.

The audited financial statements for the pension plan for the year ended June 30, 2017 are provided with this report.

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