CMAW Target Pension Plan

PLAN BOOKLET

2021

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About your pension plan

The CMAW Target Pension Plan (the “Plan”) is a Target Benefit Plan that provides you with a lifetime monthly pension when you retire. Your pension from the Plan is determined by the number of hours you worked while a member of the Plan, and the pension *accrual rate* in effect at the time those hours were worked.

Read this booklet for all the information you need to know about the Plan and how it works.

Questions?

Please contact the CMAW Target Pension Plan administration office at:

#1000 – 4445 Lougheed Hwy.
Burnaby BC
V5C 0E4 Canada

Toll Free Phone: 1-844-366-2629
Website: **www.cmaw.ca**
Email: **cmaw@bgbenefitsadmin.com**

The information provided in this booklet is for general information purposes only. It is not a contract, and it is not legal or other professional advice. If the information in this booklet is different than what is in the official Plan text, the Plan text and any applicable legislation will govern in all cases.

Fast facts about the Plan

- Established on July 1, 1970
- Approximately 9,000 members and beneficiaries
- The Plan transitioned to a Target Benefit Plan effective June 30, 2016
- Governed by Trustees that monitor the financial health of the Plan and make decisions to ensure ongoing Plan sustainability
- Your pension from the Plan is determined by the number of hours you worked as a Plan member and the pension *accrual rate*
- You are not required to make any contributions to the Plan

See a term you aren’t familiar with? *Italicized* terms are explained in the Glossary section at the end of the document.

When do you join the Plan

You are eligible to become a member of the Plan if:

1. You are a member of a *par icipa ing local union*, and
2. You are covered under the terms of a collective agreement that requires your employer to make contributions to the Plan.
3. You have a signed CTPP enrollment form.

How much you can expect at retirement

Your pension from the Plan is determined by the number of hours you worked as a Plan member and the pension *accrual rate* in effect at the time those hours were worked. Since the Plan is a Target Benefit Plan, your pension may be adjusted upwards or downwards in the future depending on the financial situation of the Plan.

The pension you accrue from the Plan for hours worked after June 30, 2017 is 5.4¢ per hour worked. The 5.4¢ *accrual rate* is based on the standard contribution rate – it may be different for you depending on your collective agreement. Since the Plan is a Target Benefit Plan, the 5.4¢ *accrual rate* may change in the future to ensure the Plan remains sustainable.

Accrual rate

The *accrual rate* is used to calculate the pension you earn for each hour worked. It can go up or down depending on how much money your employer contributes, and the financial health of the Plan.

The *accrual rates* shown in the Plan booklet are based on standard contribution rates – if the negotiated contribution rate for your employer is different than the standard contribution rate, your *accrual rate* will be prorated accordingly.

What is a Target Benefit Plan?

Target Benefit Plans were introduced as part of B.C. pension legislation in 2015. Since then, many pension plans like yours have transitioned to a Target Benefit Plan to help improve long-term sustainability.

The Trustees started this transition in early 2016, and it was completed in March 2017. The transition allows your Plan to better withstand short-term financial fluctuations and help ensure stable pension benefit levels.

That's because the financial health of a Target Benefit Plan is measured using a long-term view that assumes the Plan will continue indefinitely ("going concern" basis), instead of using a short-term view that assumes that the Plan may be terminated on a given date ("solvency" basis).

This long-term funding view reduces the impact of short-term financial fluctuations on the Plan's funded level, which in turn minimizes the likelihood of having to adjust member pensions to ensure the Plan's ongoing sustainability. However, if the Plan does not have enough funds to pay for all the pension entitlements (deficit), pension entitlements may be reduced to cover the difference.

How much you can expect at retirement – an example

Meet John, age 65 at retirement	Pension formula	Monthly pension
Monthly pension entitlement for service prior to July 1, 2011: **$150*** * Your actual pre-July 1, 2011 pension will differ depending on how many hours you worked and when	Pre-July 1, 2011 pension (calculated using the rules in effect at the time the hours were worked)	$150
	+	+
Hours worked from July 1, 2011 to June 30, 2017: **12,000*** * Your actual pension will differ depending on how many hours you worked	July 1, 2011 to June 30, 2017 pension: (Hours worked) x (5¢ *accrual rate*)	12,000 x 5¢
	+	+
Hours worked after June 30, 2017: **6,000*** * Your actual pension will differ depending on how many hours you worked	Post-June 30, 2017 pension: (Hours worked) x (5.4¢ *accrual rate*)	6,000 x 5.4¢
		=
		$1,074

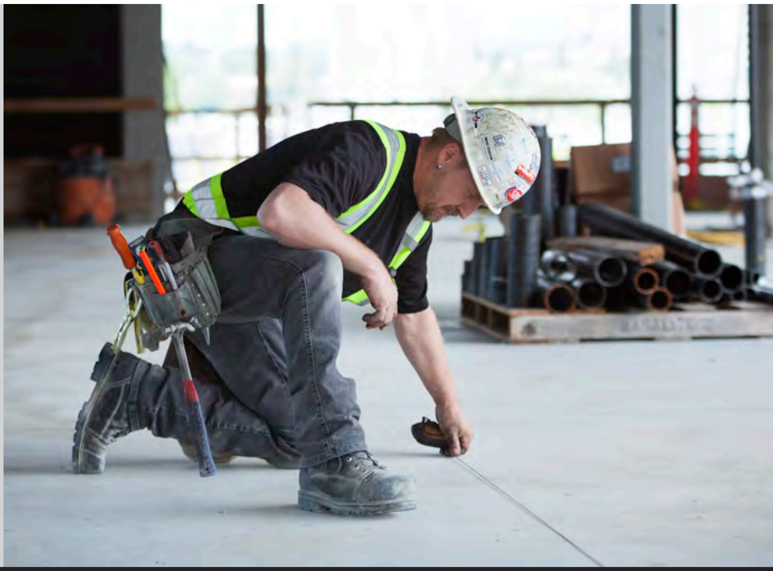
John's monthly pension: $1,074 (payable at age 65)
John's annual pension: $12,888

It is important to note that your pension entitlement will be different than the example and will be subject to income tax.

Pension Adjustment

Each year a Pension Adjustment (PA) will be reported on your T4 slip by your employer(s), equal to the amount of contributions made on your behalf by your employer(s).

The PA will reduce your new RRSP contribution room for the following year. Please note that employer contributions to the Plan are not included in your taxable income.



When you can retire

Choosing when to retire is a personal decision, but before you decide, you should consider the impact on your pension.

Normal retirement date – The first of the month following your 65th birthday. If you retire on your normal retirement date, you will receive your full pension (without any reductions). Age 65 is also when government pensions typically begin, including the Canada Pension Plan and Old Age Security. These entitlements are in addition to the pension paid by the Plan.

Early retirement date – You can retire any time after your 55th birthday. However, your pension will be reduced by 0.5% for each month your retirement date precedes your 65th birthday (6% per year). Your pension is reduced to reflect the longer period during which you will receive payments.

Postponed retirement date – You can postpone your retirement up to December 1st of the year in which you turn age 71. You will continue to accrue pension until that time if you continue to work. If you have not chosen to retire by that time you will be deemed to have retired and your pension will be paid to you regardless of whether you have applied for it or not. Even if you continue to work, you will not accrue any additional pension.

An example: early retirement reduction

Using the same example as on page 3, we can also calculate John's monthly pension if he decides to retire prior to his normal retirement date.

If John retires early at age 58, his monthly pension from the Plan would be determined as follows:

John's monthly pension payable at age 65:	$ 1,074.00
Reduction for early retirement: 6% x (age 65 – age 58) = 42%	($ 451.08)
John's monthly pension payable at age 58:	**$ 622.92**

John's pension would be reduced by $451.08 for his lifetime if he decides to retire at age 58.

Your total pension

Your pension from the Plan will form a part of your total retirement income. Your total retirement income will come from several sources including your personal savings and government pensions. The pension you receive from the Plan will not be affected by any government pension or retirement income from other sources.

You can find out more about Canada Pension Plan (CPP) and Old Age Security (OAS) at www.esdc.gc.ca or at any Canada Post Office.

Options for receiving your pension

You can choose different ways to receive your pension at retirement, also known as forms of pension. You are encouraged to choose the option that best suits your personal circumstances. Please note that if you choose option B, C or D, your monthly pension amount will be reduced so that the total value of your pension is equal to option A.

Options available to all members:

A. Lifetime pension

A monthly pension is paid to you for your lifetime. The pension payments stop when you pass away; no further pension payments will be paid upon your death. Your monthly pension is determined based on the formula described in the "How much you can expect at retirement" section.

B. Guaranteed 10 Years

A monthly pension is paid to you for your lifetime, and guaranteed for 10 years. This means that you will receive pension payments every month until you pass away. If you pass away within 10 years of your retirement date, your designated beneficiary or estate will receive the pension payments until the end of the guaranteed period. If you choose this option, the pension you receive will be reduced to reflect the difference in value compared to option A.

Additional options if you have a *spouse* at retirement:

C. 100% Joint Survivor

A monthly pension is paid to you for your lifetime. If you pass away before your *spouse*, your pension payments will continue to be paid to your *spouse* after your death at 100% of the amount that you were receiving, for your *spouse*'s lifetime. If you choose this option, the pension you receive will be reduced to reflect the difference in value compared to option A.

D. 60% Joint Survivor

A monthly pension is paid to you for your lifetime. If you pass away before your *spouse*, your pension payments will continue to be paid to your *spouse* after your death at 60% of the amount that you were receiving, for your *spouse*'s lifetime. If you choose this option, the pension you receive will be reduced to reflect the difference in value compared to option A.

If you have a *spouse* at your retirement date, you are required to choose option C or D, unless your *spouse* signs a waiver form.

Note: Options C and D provide pension payments, after your death, to the *spouse* you had at retirement. If your *spouse* dies before you, no further pension payments will be paid from the Plan after your death. If you separate from your *spouse* after retirement, your *spouse* at retirement is entitled to a portion of your pension immediately. If you remarry, your new *spouse* is **not eligible** for the pension after your death. For more information, contact the administration office.

Once you have started receiving your pension, you cannot make changes to the form of pension.

Ready to retire?

- Your pension payments do not begin automatically – you must apply
- To reduce the gap between your regular paycheque and your pension payments, you should apply approximately **three months** before your intended retirement date
- When you are ready to apply for retirement, contact the administration office at 1-844-366-2629 to get the necessary forms and further information on the process to retire
- At that point you'll have several options for your pension payments. Your choice will affect how much will go to your *spouse*, beneficiary or estate after your death. For more information about payment options, visit the plan website at www.cmaw.ca

What happens if you…

… change employers or move job sites?

If your new employer is a *participating employer*, there will be no change to your membership in the Plan or the way that you accrue pension. (If you stop working for a *participating employer*, see: “What happens if you stop working for a *participating employer*?”)

The Trustees of the Plan have also entered into reciprocal agreements with a number of other pension plans (“*related plans*”). This means that you may be able to continue earning a pension without any breaks if you change employers or job sites. There are two types of reciprocal agreements.

1. Agreement on temporary and permanent bases
    - If you work temporarily (less than 12 consecutive months) for an employer who participates in a *related plan*, contributions will be sent back to this Plan;
    - If you transfer on a permanent basis to a *related plan* and complete a Benefits Transfer Card;
        - You will earn a pension under the *related plan*; and
        - Your membership in the *related plan* and this Plan will be combined to determine your eligibility for a pension from both plans.
2. Agreement on temporary basis only
    - If you work temporarily (less than 12 consecutive months) for an employer who participates in a *related plan*, contributions will be sent back to this Plan.
    - No reciprocal provisions if you transfer on a permanent basis.

For a complete listing of plans that have a reciprocal agreement with this Plan, please contact the administration office.

… stop working for a *participating employer*?

If you worked fewer than 350 hours over a period of two consecutive *Plan Years* before you turn age 55, your membership in the Plan will automatically end. In this case, you will receive a termination statement outlining your choice between keeping your pension in the Plan to draw at a later date and transferring the lump-sum value of your pension to another locked-in retirement savings vehicle, such as a *locked-in RRSP*. If you do not elect the lump sum option within the required time on your termination statement, that option will no longer be available to you!

If you are over age 55, your membership in the Plan will not automatically end. Please see the “Ready to retire?” section on page 5. Please note that the lump-sum option will not be available to you, unless your entitlement is considered a *small pension*.

You can transfer the lump-sum value to:

- A *locked-in RRSP*;
- Another registered pension plan (if that plan allows it); or
- An insurance company to purchase an immediate or deferred pension.

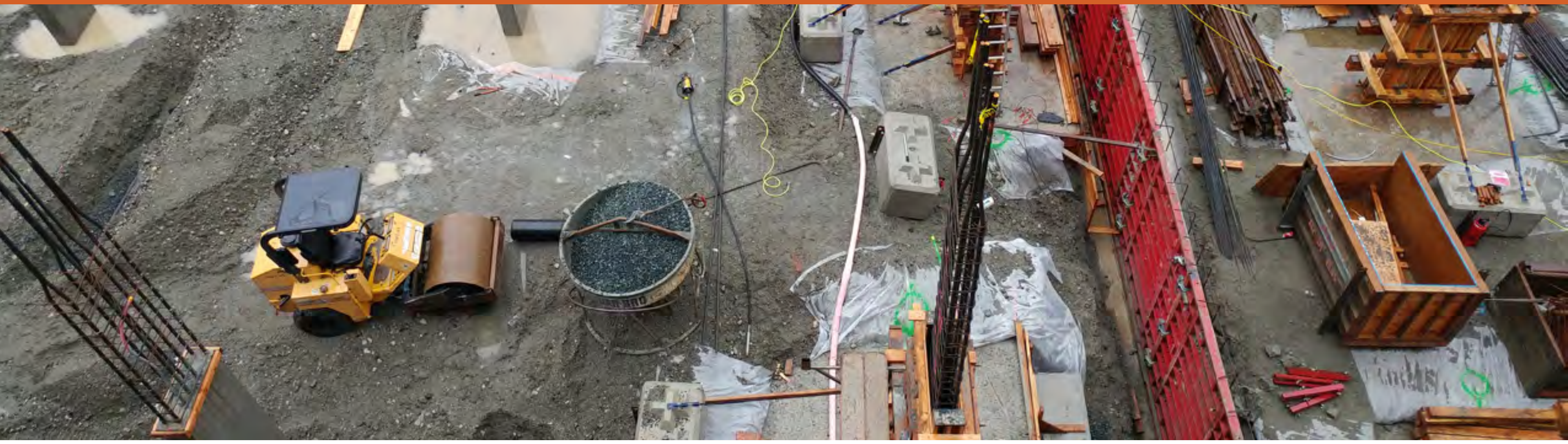
You must complete the required forms and return them to the administration office prior to the deadline outlined on the forms.

Did you leave the Plan and come back?

You can have multiple periods of participation in the Plan. If your participation in the Plan ends, you will be entitled to your earned pension at retirement. If you return, all prior periods of participation in the Plan will be combined into one period for the purpose of determining your pension entitlement.

Small pension

If the *transfer value* of your pension is less than 20% of the *Year’s Maximum Pensionable Earnings (YMPE)* as set by Canada Revenue Agency, you have the option to transfer your pension entitlement to a non locked-in RRSP or take a cash payment (subject to income tax) regardless of your age. If your monthly pension is less than $25.00, you will be paid the lump sum value of your accrued pension.



… return to work after retirement?

If you are a pensioner returning to work, your pension payments will continue but you won't accrue additional service. Your employer is still required to contribute to ensure the Plan remains sustainable.

… become disabled?

If you become totally and permanently disabled*, you are eligible for a disability pension if you:

- Have at least 17,500 *hours of covered employment*,
- Are entitled to receive a disability pension under the Canada Pension Plan, and
- Are under age 65.

Your disability pension is equal to the pension that you earned up to the date you became disabled. Your pension will not be reduced because of your age (before age 65) and it will be paid to you for your lifetime as long as you remain totally and permanently disabled.

If you meet the eligibility requirements above, please contact the administration office to determine the date you may commence your disability pension from the Plan.

***Totally and permanently disabled** means a physical or mental impairment, as certified by a medical doctor licensed to practice medicine in Canada, that prevents you from engaging in any employment for which you are reasonably suited by virtue of your education, training or experience, and that can reasonably be expected to last for the remainder of your lifetime.

… experience a marriage breakdown?

The appropriate portion of your pension will be divided between you and your former *spouse* and your pension will be reduced accordingly as required by applicable family law legislation. You and your former *spouse* will be required to pay an administrative fee to the Plan to divide your pension. Calculations or estimates cannot be provided until the administrative fee is paid.

… die before retiring?

If you have a *spouse*, he or she can choose either:

- A lifetime pension that can be provided with the lump-sum value of the pension death benefit, or
- A lump-sum payment of the *transfer value* you had earned up to the date of your death.

Your *spouse* can transfer the *transfer value* to a *locked-in RRSP*, or transfer it to another registered pension plan (if that plan allows it) or to an insurance company to purchase an immediate or deferred pension.

If you don't have a *spouse*, your beneficiary (or estate, if you did not designate a beneficiary or your beneficiary passes away after designation) will receive the *transfer value* of your pension as a lump-sum cash payment, subject to withholding tax.

… die after retiring?

If applicable, your pension will be paid to your *spouse*, beneficiary or estate according to the payment option you selected at retirement.

Responsibilities

Your responsibilities

Your pension is an important part of your retirement income. It's your responsibility to:

- Use the available resources to learn about the Plan and how it works.
- Complete an Application for Enrolment and Beneficiary Form when you first join the Plan – available through the administration office.
- Provide your beneficiary with the administration office contact information – toll-free phone: 1-844-366-2629.
- Review your annual statement each year (mailed to you in December) to verify that your employer has made contributions that are correct based on your hours worked and to see your pension entitlement earned to-date. Also, confirm your beneficiary, date of birth and address are correct.
- Keep your name, address, telephone number, beneficiary, e-mail address and *spouse* or common-law partner up-to-date. You will receive important information about the Plan from time to time so it's important the administration office has correct information on file.

Employer responsibilities

- Make contributions to the Plan as per the collective agreement.
- Supply information about hours worked and any other member data required for calculations of pension entitlements.

Governance responsibilities

The Plan is governed by seven Trustees elected by the members. The Trustees are responsible for overseeing the Plan to help ensure you have a secure, comfortable retirement and to keep you informed about the management of the Plan. If you want to get in touch with the Trustees, please contact the administration office at 1-844-366-2629. They will direct you to the appropriate Trustee as necessary.

Administration responsibilities

The Plan is administered by the Trustees who have appointed Bilsland Griffith Benefit Administrators Inc. to take care of the day-to-day administration of the Fund and Plan. If you have any questions about the Plan, please contact the administration office at 1-844-366-2629.

Access to information

Under Sections 37(2) and 37(4) of the Pension Benefits Standards Act, you have the right to examine or obtain additional information and records referred to in Sections 42 and 43 of the British Columbia Pension Benefits Standards Regulation. If you wish to do so, please notify the administration office.

Naming a beneficiary is important

When you enroll in the Plan, you have the opportunity to designate a beneficiary or beneficiaries. If you have a *spouse* at the time you die, his or her spousal rights will take priority over any beneficiary's right to the death benefit unless your *spouse* waives that priority entitlement. However, it is still important to designate a beneficiary in case you do not have a spouse upon your death. You may change your beneficiary designation at any time by completing and filing a form with the administration office.

By designating a beneficiary, any remaining pension entitlement (subject to any applicable withholding tax) will be paid directly to them upon your death. If you don't name a beneficiary, any remaining pension entitlement will be paid to your estate – taxes and probate fees will apply.

Glossary

Accrual rate is used to calculate the pension you earn for each hour worked. It can go up or down depending on how much money your employer contributes, and the financial health of the Plan.

Hours of covered employment means hours of employment for which a contribution is reported and paid by a *participating employer*.

Locked-in registered retirement savings plan (locked-in RRSP): funds transferred to a locked-in RRSP or any other prescribed locked-in retirement income fund must be used to provide you with an income upon your retirement. For more information on retirement income funds and receiving an income from them, please contact your financial institution.

Participating employer means an employer who contributes to the Plan at the rate or rates specified in a collective agreement with the Construction, Maintenance and Allied Workers Canada (CMAW) or in an agreement with a *participating local union*.

Participating local union means a local union affiliated with the Construction, Maintenance and Allied Workers Canada (CMAW) and who is participating in the Plan.

Plan means the CMAW Target Pension Plan.

Plan Year means the 12-month period between July 1st of any year to June 30th of the succeeding year.

Related plans refers to plans or funds that have entered into reciprocal agreements with the Trustees of the Plan.

Small pension means that if the *transfer value* of your pension is less than 20% of the *Year's Maximum Pensionable Earnings* (YMPE) as set by Canada Revenue Agency, you have the option to transfer your pension entitlement to a non locked-in RRSP or take a cash payment (subject to income tax) regardless of your age. If your monthly pension is less than $25.00, you will be paid the lump sum value of your accrued pension.

Spouse means:

- A person who, at the date of determination, was married to you and had not lived separate and apart from you for a continuous period longer than two years, or
- A person who lived with you in a marriage like relationship for the two-year period immediately preceding the date on which the pension entitlement is determined.

Transfer value means the lump-sum value equivalent to your earned pension multiplied by the Plan's funded ratio on a Target Benefit basis, calculated in accordance with procedures prescribed by the pension legislation.

Year's Maximum Pensionable Earnings (YMPE) means the limit on earnings recognized for the purposes of the Canada Pension Plan.

Questions?

Please contact the CMAW Target Pension Plan administration office at:

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