

January 1, 2018

Dear Plan Members and Beneficiaries of the Alberta Carpenters & Allied Workers (ACAW) Pension Plan

**Re: Changes to the Calculation of Commuted Values**

A recent change made to the Regulations to the Alberta Employment Pension Plans Act has allowed defined benefit pension plans that are a Collectively Bargained Multi-Employer Plan (CBMEP) to elect to have commuted values\* of pension benefits determined in accordance with the actuarial assumptions used in the current actuarial valuation report multiplied by the lesser of 1 and the going concern funded ratio.

A commuted value is calculated when a Member is given the right to transfer benefits from the Plan; for example, upon Plan membership termination, Member death, or payment to a former spouse on marriage breakdown. The lumpsum payment at this point in time is called the commuted value.

This change in the determination of the commuted value will ensure that Members who receive a commuted value from the Plan will be treated on the same economic basis as Members who keep their entitlement in the Plan. In other words, all Members' pension values will be treated equally.

As the Plan is a defined benefit pension plan and a CBMEP, the Trustees of the Plan are electing to have the commuted values determined in accordance with the change as noted above.

\*A commuted value is the lump-sum payout value of future pension payments, calculated at a present date. Some conditions apply to the right to transfer benefits from the Plan. Contact the Plan Office for further information.

Yours Truly,  
The Board of Trustees of the ACAW Pension Plan