Alberta Carpenters & Allied Workers

Pension Plan

January 2019

(Revised March 2019)

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INTRODUCTION

This booklet is an overview of the Alberta Carpenters and Allied Workers (ACAW) Pension Plan, referred to in this document as the Plan. It describes the benefits the Plan provides to you or your beneficiary, how you become eligible for benefits and how to apply for benefits.

In the case of any misunderstanding or discrepancy between this booklet and the official Plan documents, the information contained in the official Plan documents shall prevail.

Please be advised to contact the Plan Office directly should you require clarification with regard to the information contained in this booklet.

The Board of Trustees is the administrator of the Plan. The Board appoints the Plan manager and administrative staff to conduct the day-to-day operations of the Plan.

WE STRONGLY RECOMMEND YOU SEEK THE ADVICE OF AN INDEPENDENT PROFESSIONAL FINANCIAL PLANNER OR ADVISOR WHEN CONSIDERING YOUR PENSION BENEFIT DECISIONS.

If you have questions about the Pension Plan, please contact the Plan Office.

Respectfully submitted,

ACAW Pension Plan Board of Trustees

PLEASE NOTE

The **Carpenters Local Union 1325 Pension Plan** and the **Carpentry Workers Pension Plan of Alberta** were legally merged as of May 1, 2003 and became the **Alberta Carpenters and Allied Workers Pension Plan**. This booklet describes benefits and eligibility for those benefits on and after the merger, unless otherwise noted. Benefits due before May 1, 2003 have been determined according to the Plan you belonged to at the time the benefits were earned or paid.

For information about your pension, contact the Plan Office:

Alberta Carpenters & Allied Workers TRUST FUNDS

Suite 201, 15210 - 123 Avenue
Edmonton, AB, Canada T5V 0A3

Phone: 780-477-9131, Option #2
Toll Free: 800-588-1037, Option #2
Fax: 780-477-9134

Email: info@acawtrustfunds.ca

www.acawtrustfunds.ca

When you contact the Plan Office, be sure to provide your:

- full name
- home address and postal code
- telephone number
- Social Insurance Number*

* *By providing your Social Insurance Number, you agree to allow the Plan Office to prepare information that is required under the Income Tax Act of Canada and for pension administration purposes only.*

PERSONAL APPOINTMENTS

If you want to discuss your pension options at retirement or termination, or, if you are a beneficiary of a member who has died and you need information, you can contact the Plan Office to arrange a personal appointment.

GENERAL INFORMATION

1. Who can become a Member of the Plan?

You can become a Member of the Plan:

- when you become a member of the Union Local 1325 or 2103; or
- effective January 1, 2016, when you become a member of the Union Local 1598 or 527 or 1370 or 1907; or
- effective August 1, 2016, when you become a member of the Union Local 2499; or
- when you take employment with a related employer who has signed a Participation Agreement between the employer and the Trustees.

2. When does my membership begin?

Prior to January 1, 2014 you became a member of the Plan on the first day of the month after your Application for Membership was received by the Plan Office.

After December 31, 2013 you become a member of the Plan on the first day of the month after you are initiated as a member of the Union (Local 1325 or 2103), or on the first day of the month after you are employed with a related employer who has signed a Participation Agreement with the Trustees. If you were a member of the Union (Local 1598 or 527 or 1370 or 1907) the latter of January 1, 2016 or on the first day of the month after you are initiated as a member of the Union (Local 1598 or 527 or 1370 or 1907). If you were a member of the Union (Local 2499) the latter of August 1, 2016 or on the first day of the month after you are initiated as a member of the Union (Local 2499).

3. Should I notify the Plan Office if I move?

If you are a member of the Union, the Plan Office automatically receives address updates from the Union's electronic membership records. Be sure to keep your address current with the Union.

If you are no longer a member of the Union, but are still eligible for benefits under the Plan, you **must** inform the Plan Office of your address change in writing, so you will continue to receive important information about your pension and the Plan.

4. Do I pay income tax on employer contributions?

No.

5. Does my participation in the Plan affect the amount I can contribute to a Registered Retirement Savings Plan (RRSP)?

Yes. For each Hour of Covered Employment in a year, your employer **must** report the related contributions as a pension adjustment (PA) to Canada Revenue Agency (CRA). The PA reduces the amount that you can contribute to an RRSP in the following year. The Notice of Assessment you receive from CRA after you file your income tax return shows your current RRSP contribution limit.

6. When do I receive a statement showing the pension I earned from the Plan?

By the end of June each year, you receive a statement showing the pension you earned from the Plan.

If you have not had a total of 350 Hours of Covered Employment in the previous 2 years and are not accruing Hours of Covered Employment at December 31st, you will not receive an annual statement. Within 90 days of the plan year end, you will receive a termination benefit statement. In this situation, any pension you have earned is held for you and you will be required to make an election on your pension entitlement within 6 months of the termination date, so it is important for you to make sure that the Plan Office continues to have your correct address on file after you leave the Union. (Please refer to the **TERMINATION BENEFITS** section for more information.)

7. What if I notice an error on my annual statement?

You **must** report any errors to the Plan Office within 2 months from the date the statement is mailed to you. The Plan Office will verify and correct the statement as needed.

8. Should I keep my pay slips?

Yes. Errors can occur in reporting or tabulating your hours. Keep a record of:

- your employers and their addresses
- the hours you worked each month

If there is an error, you will be asked to provide your pay slips for review and verification.

9. How do I apply for a benefit?

Contact the Plan Office to ask any questions you may have and obtain the forms you need to complete to receive your benefit from the Plan.

10. What is a "deferred member"?

A "deferred member" is someone who is no longer an active member but still retains a pension benefit in the Plan. You will be deemed to become a deferred member if you are not accruing Hours of Covered Employment at termination, have not accrued a total of 350 Hours of Covered Employment in the previous 2 Plan Years, and have not made an election within 6 months of the date of your Termination Application or termination date.

If you are a "deferred member" with service prior to July 1, 1991, your benefit is subject to a reduction for short service.

HOW TO EARN PENSION

1. How is my pension determined?

For service up to December 31, 2017, you earned a pension based on the number of Hours of Covered Employment where contributions were reported and paid in a Plan Year. Prior to January 1, 2018, you did not earn any pension if you had less than 225 Hours of Covered Employment in a Plan Year. Effective January 1, 2018, the pension you earn is based on the contributions made in a Plan Year rather than Hours of Covered Employment and the 225 Hours of Covered Employment has been eliminated. You **must** be a member in good standing with the Union; however, if you are Suspended from the Union, no pension will accrue for contributions reported by a Participating Employer.

A pension plan may be amended at any time to reduce the benefits provided under a defined benefit provision of the plan in respect of a member.

2. What is a Plan Year?

The 12-month period from January 1st to December 31st of any year.

3. How is the pension I can earn calculated?

You earn pension as shown in the following table:

	Amount of Monthly Pension	
Calendar Year	**Per ½ Hour**	**Per 2,000 Hours**
2001	2.582¢	$103.28
2002	2.936¢	$117.44
2003-04	3.139¢	$125.56
2005	3.450¢	$138.00
2006-07	3.575¢	$143.00
2008-17	3.750¢	$150.00

>=2018* 1.1364¢ per $1 of contribution (or portion thereof)

Where 1.1364¢ is equivalent to $$\frac{\$150.00}{\$6.60 \times 2{,}000 \text{ Hours}}$$

*For service prior to January 1, 2018, a Member **must** accrue at least 225 Hours of Covered Employment in a calendar year to accrue a pension for that year.

Examples of Earned Pension Commencing January 1, 2018:

a) Your employer(s) contributed $11,011.11 in 2018:

$11,011.11 × 0.011364 = $125.13 per month

b) Your employer(s) contributed $15,025.32 in 2018:

$15,025.32 × 0.011364 = $170.75 per month

4. Can I make self-payments to increase my pension from the Plan?

Yes.

5. How much can I self-pay?

The hourly rate for self-payments is determined each year by the actuary. The resulting combined contributions, including any self-payment contributions, shall not exceed $19,800 in any given Plan Year.

You are eligible to make a self-payment if you:

- have at least 5 Plan Years,
- earned some pension in the Plan Year, and
- were a Member of the Union (1325, 2103, 2010, 1598, 527, 1370, 1907 or 2499) or employed by a Participating Employer on December 31 of the Plan Year for which the self-payment is being made.

You **cannot** make a self-payment in the year in which you retire or after you retire.

6. When can I make self-payments?

Self-payments for a Plan Year can only be made during a designated period in May and/or June. The designated period will be communicated each year on the Annual Benefit Statement. If there are any questions regarding self-payments, members can contact the Plan Office.

7. Can I claim my self-payments as a tax deduction?

Yes. You will get a tax receipt mailed to you by February 28th.

RETIREMENT

1. When can I retire?

The Normal Retirement Date (or Pension Eligibility Date) is the first day of the month after your 65th birthday. You can, however, retire as early as age 55.

2. Your pension starts on the first day of the month immediately after the month in which all the following documentation is received by the Plan Office:

- ***Completed Application***
  - **must** be submitted no more than 3 months prior to the retirement date
- ***Your Proof of Age***
  - Passport or Provincially Issued Birth Certificate
- ***Proof of Age of Your Pension Partner***
  - Passport or Provincially Issued Birth Certificate
- ***Banking Information***
  - Void Cheque or Direct Deposit Form
- ***Tax Forms***
  - Federal and Provincial TD1 Forms

Pension payments are electronically deposited to your bank account on the first day of each month. If your first payment is delayed for any reason, you will not lose it. It will be included with the pension payment in the following month. Once you retire your legal name will be used for **all** pension documentation.

3. Can I delay receiving my pension until after age 65?

Yes, but your pension **must** start no later than December 1st of the year in which you turn age 71.

4. If I retire before age 60, how much will my pension be reduced?

<table>
<tr><td rowspan="2">If you were a Member of the Plan on January 1, 2015

AND

Had attained age 55 by January 1, 2015</td><td>Active Member

OR

Deferred Member* with more than 20 Plan Years regardless of age at deferral

OR

Deferred Member* with less than 20 Plan Years if deferral occurred at age 55 or older</td><td>You will receive the pension you have accrued to date, reduced by ⅓ of 1% for each month (4% for each year) that your pension begins before age 60.</td></tr>
<tr><td>Deferred Member* with less than 20 Plan Years if deferral occurred prior to age 55</td><td>You will receive the pension you have accrued to date, actuarially reduced** for the time that your pension begins before age 65.</td></tr>
<tr><td rowspan="2">If you became a Member of the Plan after January 1, 2015

OR

If you were a Member of the Plan on January 1, 2015, but had <u>not</u> yet attained age 55 by January 1, 2015</td><td>Active Member

OR

Deferred Member* with more than 20 Plan Years regardless of age at deferral

OR

Deferred Member* with less than 20 Plan Years if deferral occurred at age 55 or older</td><td>You will receive the pension you have accrued to date, reduced by:

• ⅓ of 1% for each complete month that your retirement date precedes age 60

+

• 1⁄10 of 1% for each month (1.2% for each year) between 60 and 65</td></tr>
<tr><td>Deferred Member* with less than 20 Plan Years if deferral occurred prior to age 55</td><td>You will receive the pension you have accrued to date, actuarially reduced** for the time that your pension begins before age 65.</td></tr>
</table>

* A Deferred Member means a Member entitled to a deferred pension (refer to Page 5 – Item 10) from the Plan.

** An actuarial reduction reflects expected longevity and future interest rates and is generally a larger reduction than 1.2% and/or 4% per year.

5. If I retire after age 60 but before age 65, will my pension be reduced?

If you were a Member of the Plan **on** January 1, 2015 **AND** Had attained **age 55** by January 1, 2015	Active Member **OR** Deferred Member* with **more than** 20 Plan Years regardless of age at deferral **OR** Deferred Member* with **less than** 20 Plan Years if deferral **occurred** at age 55 or older	You will receive the pension you have accrued to date and it will not be reduced.
	Deferred Member* with **less than** 20 Plan Years if deferral **occurred** prior to age 55	The pension you have accrued to date will be actuarially reduced** for the time that your pension begins **before** age 65.
If you became a Member of the Plan **after** January 1, 2015 **OR** If you were a Member of the Plan on January 1, 2015, but had not yet attained **age 55** by January 1, 2015	Active Member **OR** Deferred Member* with **more than** 20 Plan Years regardless of age at deferral **OR** Deferred Member* with **less than** 20 Plan Years if deferral **occurred** at age 55 or older	You will receive the pension you have accrued to date, reduced by 1/10 of 1% for each month (1.2% for each year) that your pension begins **before** age 65.
	Deferred Member* with **less than** 20 Plan Years if deferral **occurred** prior to age 55	You will receive the pension you have accrued to date, actuarially reduced** for the time that your pension begins **before** age 65.

* A Deferred Member means a Member entitled to a deferred pension (refer to Page 5 – Item 10) from the Plan.

** An actuarial reduction reflects expected longevity and future interest rates and is generally a larger reduction than 1.2% and/or 4% per year.

6. What form of pension will I receive?

When you retire you choose how you want your pension benefit to be paid. The Plan provides normal and optional forms of pension. The options available to you will depend on whether or not you have a pension partner when you retire. All forms of pension are actuarially equivalent.

7. If I do not have a pension partner when I retire, what is the normal form of pension?

If you do not have a pension partner when you retire, the normal form is a monthly pension paid for your lifetime with 120 payments guaranteed. This means you receive the payments for your lifetime, but if you die before you have received 120 monthly payments, the remaining payments will be paid to your beneficiary or estate. After you have received 120 monthly payments, you will continue to receive monthly payments for the rest of your life, but no benefits will be paid to your beneficiary or estate after you die. The pension shown on your annual pension statement is payable in this form. There are also optional forms of pension available.

8. If I have a pension partner when I retire, what is the normal form of pension?

If you have a pension partner when you retire, pension legislation requires you to provide a pension that will continue to your pension partner after you die. Under the Plan, the normal form of pension if you have a pension partner is a pension paid for your lifetime with the same amount (100% of your pension) continuing to your pension partner after you die. In this case, the pension amount will be lower than the amount shown on your pension statement because it is guaranteed for two lifetimes – yours and your pension partner's.

9. What are the optional forms of pension I can choose at retirement?

If you choose an optional form of pension, the amount of your pension payment may be higher or lower than the monthly pension amount provided by the normal form.

The optional forms of pension are:

A. 100% Joint and Survivor Pension Guaranteed 10 Years

If you have a pension partner when you retire, you may choose a pension paid for your lifetime with the same amount (100% of your pension) continuing to your pension partner after you die and with a guarantee of 120 monthly payments (10 years). This means that if both you and your pension partner die before 120 monthly payments have been received, the remaining payments will be paid to your beneficiary or estate. After 120 monthly payments have been received, you will continue to receive monthly payments for the rest of your lives, but no benefits will be paid to your beneficiary or estate after you both die. In this case, the pension amount will be marginally lower than for the normal form because it is guaranteed for 120 monthly payments (10 years instead of no guarantee).

B. Joint and Survivor Pension With No Guaranteed Payments

If you have a pension partner when you retire, you may choose a pension paid for your lifetime which continues to pay 75%, 60%, or 50% of your pension amount to your pension partner after you die.Your monthly payments in this optional form may be somewhat higher than for the normal form of pension because the pension partner payment is lower than 100% of your pension. After the death of both you and your pension partner, no payments will be paid to your beneficiary or estate.

C. Guaranteed 5 Years

A monthly pension paid for your lifetime with a guarantee of 60 monthly payments (5 years). This means you receive monthly payments for your lifetime, but if you die before you have received 60 monthly payments, the remaining payments will be paid to your beneficiary or estate. After you have received 60 monthly payments, you will continue to receive monthly payments for the rest of your life, but no benefits will be paid to your beneficiary or estate after you die. The monthly payments in this optional form will be higher than for the normal form of pension because the guaranteed period is shorter (5 years instead of 10 years).

D. Guaranteed 15 Years

A monthly pension paid for your lifetime with a guarantee of 180 monthly payments (15 years). This means you receive monthly payments for your lifetime, but if you die before you have received 180 monthly payments, the remaining payments will be paid to your beneficiary or estate. After you have received 180 monthly payments, you will continue to receive monthly payments for the rest of your life, but no benefits will be paid to your beneficiary or estate after you die. The monthly payments in this optional form will be lower than for the normal form of pension because the guaranteed period is longer (15 years instead of 10 years).

E. Life Only

A pension paid for your lifetime only. The monthly payments are higher for this option than for the normal form of pension because no payments will be paid to your beneficiary or estate after you die.

The following example illustrates the different pension amounts for each of the optional forms.

John retired on January 1, 2018 at the age of 60 (Member of the Plan **on** January 1, 2015 **and** had attained age 55 by January 1, 2015) and has earned a monthly pension of $1,000. If John does not have a pension partner when he retires, his choices are:

Form of Pension	John's Monthly Lifetime Payments
Q7: Lifetime Pension, Guaranteed 10 years (normal form)	$1,000
Q9C: Lifetime Pension, Guaranteed 5 years	$1,015
Q9D: Lifetime Pension, Guaranteed 15 years	$978
Q9E: Life Only	$1,021

If you have a pension partner, you **cannot** choose any of the previous forms unless your pension partner waives the right to a Joint and Survivor pension by completing and signing the required legal waiver.

If John has a pension partner, Jane, who is 57 years old when John retires, his choices are:

Form of Pension	**John** Monthly Lifetime Payments	**Jane** (after John dies) Monthly Lifetime Payments
Q8: Joint and Survivor, 100% continuing to Jane after John dies (normal form)	$871	$871
Q9A: Joint and Survivor, 100% continuing to Jane after John dies, guaranteed for 10 years	$870	$870
Q9B: Joint and Survivor, 75% continuing to Jane	$904	$678
Q9B: Joint and Survivor, 60% continuing to Jane	$925	$555
Q9B: Joint and Survivor, 50% continuing to Jane	$940	$470

If you have a pension partner, you **cannot** choose a Joint and Survivor 50% optional form unless your pension partner waives the right to an ongoing pension of at least 60% by completing and signing the required legal waiver.

Please note that these pension estimates are just examples and are based on John and Jane's ages and on John's history of covered employment when he retires. These will be different for each Plan member, depending on their particular situation.

10. How do I decide which option to choose?

The Plan Office provides you with information about your options but **cannot** give you advice about which option to choose. Your pension choice will depend on your personal family and financial situation. If you want help with your choice, you may want to consult an independent personal financial advisor who will consider your complete financial picture in helping you to choose the best option for your needs. Your pension choice is a very important decision that requires careful consideration.

11. Can the pension option I chose be changed?

Once your first month's pension payment is issued, your pension option choice **cannot be changed.**

12. Can my monthly pension payments be stopped?

There is an annual requirement of all retirees to complete an Affirmation of Pensioner Form. In order to keep receiving your monthly pension payments you **must** complete the form and return it to the Plan Office by the deadline indicated or your monthly pension will not be deposited to your account.

13. What happens if I return to work for a participating employer after my pension begins?

As of January 1, 2018, if you started receiving monthly pension payments and you go back to work for a participating employer, your monthly pension payments **cannot** be stopped. Your monthly pension payments continue and contributions reported by a Participating Employer are not used to increase your pension.

14. When can I receive my pension benefit as a lump sum cash payment?

You will receive your pension benefit as a lump sum cash payment if your pension benefit qualifies as a **small benefit**.

The YMPE is the **yearly maximum pensionable earnings** under the Canada Pension Plan. If the commuted value of your pension that you have earned is less than 20% of the YMPE (20% of $57,400 or $11,480 in 2019), you can receive the commuted value of your pension as a cash payment (subject to withholding tax) or a non locked-in transfer to an RRSP.

RELATIONSHIP BREAKDOWN

1. What happens to my Pension on a Relationship Breakdown?

If you are currently undergoing a relationship breakdown or have gone through a relationship breakdown, your pension may be subject to a division between you and your pension partner. For a pension to be divided, a Matrimonial Property Order (MPO), or other similar pension partner agreement, **must** be filed with the ACAW Trust Funds Office.

This event will affect all your benefit plans (not just this Plan) and any beneficiary designation and coverage elections you may have made.

You are required to file any MPO with the Trust Funds Office. The ACAW Trust Funds will require a fully executed copy of the MPO in order to proceed with your termination or retirement benefit.

Contact the Trust Funds Office if you have any questions about the effect such an event may have on you under this plan.

DISABILITY RETIREMENT

1. Who can apply for disability pension?

If you are a Plan member, you can apply for a disability pension if you:

- have been totally and permanently disabled, without interruption, for at least 6 months;
- are under age 55;
- have earned some pension in at least 5 Plan Years, some of which has been earned within the last 3 years;
- have used up all the weekly disability benefits you are entitled to under the Alberta Carpenters and Allied Workers Health & Wellness Plan;
- complete an application for a disability pension;
- qualify for a disability pension from the Canada Pension Plan; and
- are a member of the Union or of a Participating Employer, at the time of application.

2. When does my disability pension start?

Your disability pension starts on the first day of the month after you meet all requirements included in #1 above.

3. How much disability pension will I receive?

The monthly pension payable for a disability pension is equal to 74% of the pension you have earned to the date of your disability.

If you are a member of the Union (Local 1325, 2103, 1598, 527, 1370, 1907 or 2499) on the date you qualify for a disability pension, you also receive a future service credit of 74% of the pension you could have earned to age 55.

4. When does my disability pension stop?

Your disability pension ends as soon as:

- you recover from your disability; or
- you resume employment; or

- you do not provide requested medical information or have a required medical examination (you may also be required to provide the Trustees with other information concerning your disability); or
- you die (depending on the form of pension you chose).

5. Will my pension partner, beneficiary or estate receive a benefit if I die while receiving a disability pension?

The benefit will depend on the form of pension you chose.

TERMINATION BENEFITS

1. What is a Termination Benefit?

A termination benefit is:

- An unreduced deferred pension starting at age 65 equal to the pension you earned to the date of termination, or
- A reduced pension starting between ages 55 and 65, subject to the applicable early retirement reduction, or
- A transfer of the lump sum value of the pension you earned out of the Plan.

2. When am I eligible for a termination benefit?

You are eligible to apply for a termination benefit if you:

- Are under age 55; and
- Have not accrued a total of 350 Hours of Covered Employment in the previous 2 Plan Years.

Your Application for Termination Benefit is eligible on the first day of the month following the date that the Plan Office receives an Application for Termination Benefit.

3. What are my options for transferring the pension I earned out of the Plan?

Generally, you can transfer a lump sum payment of the value of the pension you earned to:

- another registered pension plan, if that plan allows the transfer, provided the proceeds will only be used for a pension at retirement; or
- a locked-in retirement account (LIRA) or a **locked-in** registered retirement savings plan (LIRRSP), provided by a financial institution approved by the appropriate legislative body.

Your benefit entitlement is determined based on the pension legislation in the province or territory you were last employed with certain exceptions. You can contact the Plan Office regarding your benefit entitlement.

4. How is the lump sum value of my pension calculated?

The "commuted value" of your pension is the lump sum value of your pension at a particular point in time. It is the amount of money that **must** be set aside today at the current interest rates to provide the pension you earned at a future date. The commuted value will fluctuate with changes in factors such as your age and interest rates applicable at the time of the calculation.

5. Can I receive my termination benefit as a cash payment?

You can receive your termination benefit (i.e. if you have not commenced pension payments) as a cash payment if your pension benefit qualifies as a **small benefit**, if you have a **shortened life expectancy**, or you are a **non-resident** for the purposes of the Income Tax Act (Canada).

The YMPE is the **yearly maximum pensionable earnings** under the Canada Pension Plan. If the commuted value of your pension is less than 20% of the YMPE (which is 20% of $57,400 or $11,480 in 2019), you can receive the commuted value of your pension as a cash payment (subject to withholding tax), or a non locked-in transfer to an RRSP.

As a member, if you are diagnosed by a certified medical practitioner to have a terminal illness that is expected to severely shorten your life expectancy, you may be eligible to receive the commuted value of your pension as an immediate lump sum cash payment. Please contact the Plan Office to confirm what is required from your certified medical practitioner.

If you provide written evidence that the Canada Revenue Agency has confirmed that you are a non-resident and you complete the appropriate waiver form, you can receive the commuted value of your pension as a cash payment (subject to withholding tax) or a non locked-in transfer to an RRSP.

BENEFICIARY

1. Who can I designate as a beneficiary?

You can designate any person(s) or your estate as your beneficiary. However, if you have a pension partner, provincial law requires that the death benefit be paid to your pension partner, unless your pension partner waives the right to the normal form of pension by completing and signing a legally required waiver.

Your designated beneficiary receives the death benefit if you do not have a pension partner.

If any of your designated beneficiaries are under the age of 18, the Office of the Public Guardian and Trustee would be notified for direction.

2. Who is my "pension partner"?

According to provincial law, your "pension partner" is the person at the date you terminate, retire, or your death if you die before you retire, who:

["EXACT" per EPPA] In respect of a Member employed in Alberta, persons are Pension Partners or Spouses for the purposes of this Plan on any date on which one of the following applies:

(a) They:
  (i) are married to each other, and
  (ii) have not been living separate and apart from each other for a continuous period longer than 3 years;

(b) if clause (a) does not apply, they have been living with each other in a marriage like relationship
  (i) for a continuous period of at least 3 years preceding the date, or
  (ii) of some permanence, if there is a child of the relationship by birth or adoption.

["EXACT" per PBSA-BC] In respect of a Member employed in British Columbia, persons are Spouses for the purposes of this Plan on any date on which one of the following applies:

(a) They:
  (i) are married to each other, and
  (ii) have not been living separate and apart from each other for a continuous period longer than 2 years;

(b) they have been living with each other in a marriage-like relationship for a period of at least 2 years immediately preceding the date.

[CONSOLIDATED per PBSA-CN] In respect of a Member employed in the Yukon Territories, persons are Spouses for the purposes of this Plan on any date on which one of the following applies:

(a) They:
  (i) are married to each other, and
  (ii) have not been living separate and apart from each other for a continuous period longer than 1 year;

(b) they have been living with each other in a conjugal relationship for a period of at least 1 year immediately preceding the date.

3. How do I designate or change my beneficiary?

You first designate a beneficiary when you become a member of the Plan and complete an Appointment of Beneficiary form. You may change your beneficiary by completing a new Appointment of Beneficiary form which you can get from the Plan Office.

4. What happens if I do not designate a beneficiary?

If you do not have a pension partner and you do not designate a beneficiary, the death benefit is paid to your estate.

5. How does my pension partner, beneficiary or estate apply for benefits?

Your pension partner, beneficiary or estate **must** contact the Plan Office. The necessary forms will be sent for completion.

DEATH BENEFITS

1. What happens if I die before I become eligible to receive a pension?

A death benefit is paid to your pension partner, designated beneficiary, or estate.

2. What death benefit is available to my pension partner?

Your pension partner may receive a lifetime monthly pension based on the value of the pension you earned to the date of your death.

Your pension partner may choose to transfer the value of your pension out of the Plan. Generally, your pension partner's choices are:

- another registered pension plan, if that plan allows the transfer, provided the proceeds will only be used for a pension at retirement; or
- a locked-in retirement account (LIRA) or a **locked-in** registered retirement savings plan (LIRRSP), provided by a financial institution approved by the appropriate legislative body.

Your benefit entitlement is determined based on the pension legislation in the province or territory you were last employed with certain exceptions. Your pension partner can contact the Plan Office regarding their benefit entitlement.

3. What death benefits are available if I do not have a pension partner?

Your designated beneficiary or estate will receive a lump sum payment equal to the value of the pension you had earned to the date of your death.

RECIPROCITY

1. What happens if I work outside the jurisdiction of the Alberta Regional Council of Carpenters and Allied Workers?

The Trustees have reciprocity agreements with some of the other carpenters pension plans in Canada. These agreements make it possible for you to earn benefits under the Alberta Carpenters and Allied Workers Pension Plan while working in another jurisdiction. To do this, you **must** be a member in good standing in the United Brotherhood of Carpenters and Joiners of America.

COLLECTIVELY BARGAINED MULTI-EMPLOYER PENSION PLANS

In the past, the Alberta Carpenters & Allied Workers Pension Plan had been referred to as a "specified multi-employer pension plan." The Alberta pension legislation, effective September 1, 2014, uses the term "collectively bargained multi-employer pension plan" (CBMEPP) to refer to pension plans such as ours. The following information is **GENERALLY** based on the Alberta Finance booklet Understanding Your Pension Plan – Contributions to a Specified Multi-Employer Pension Plan, February 2005, supplemented by changes made to the Plan effective January 1, 2015 as a result of the changes to the *Employment Pension Plans Act* of Alberta (EPPA).

1. ***What is a Collectively Bargained Multi-Employer Pension Plan?***

   The Alberta Carpenters & Allied Workers Pension Plan is a Collectively Bargained Multi-Employer Pension Plan (CBMEPP). A CBMEPP (also known as a Specified Multi-Employer Pension Plan or SMEPP under the Income Tax Act) is a pension plan for members of a trade union and is administered by a Board of Trustees. Effective January 1, 2015 the Plan is a target benefit plan in respect of pension benefits accrued on and after that date (and effective December 31, 2017, in respect of all service).

   The Plan is established through a collective bargaining agreement between the union and the various employers that are parties to that agreement. The Board is the administrator of the Plan and has the responsibility to set the provisions of the pension plan in accordance with the requirements of the Employment Pension Plans Act of Alberta and to run the plan in accordance with a Trust Agreement.

   *One of the decisions that the Board **must** make is the level of pension benefit the pension plan can afford to offer. The amount of pension credits earned by active members (and eventually paid out as a pension to retirees) depends on how much the plan takes in from contributions and the investment income earned on those contributions. The contributions are negotiated between the union and the participating employers in the collective bargaining agreement.*

2. ***How is my pension funded?***

   In each round of collective bargaining, the amount of money that will be paid into the pension plan fund on behalf of a union member, on a cents-per-hour basis, is negotiated between the union and the participating employers. Once the contribution rate has been set, it is up to the Board, on the advice of their actuary, to calculate the amount of monthly pension benefit they can afford based on factors such as:

   - *average age of the members in the plan;*
   - *mortality expectations;*
   - *proportion of members who are married;*
   - *the types of ancillary benefits (e.g. death benefits and early retirement benefits) provided on top of the basic pension starting at age 65;*
   - *rate of return on investment of the plan fund;*
   - *expected hours to be worked by plan members;*
   - *dollar value of contributions to be deposited to the pension fund; and*
   - *expenses of the pension plan.*

*The actuary **must** use the negotiated contribution rate as an **average for all members**. Consequently, it is important to realize that the cost of the benefit you will earn as an individual may or may not be covered by the contribution paid by the participating employer for each hour you worked.*

3. ***Are the contributions paid on my behalf like a savings account?***

No. The participating employer is required, by the terms of the collective bargaining agreement, to contribute an amount to the pension plan fund based on your employment with that participating employer. Although the contribution is remitted on your behalf, and is reflected as an employer contribution for your pension on your income tax T4 slip, that money is credited to the plan fund as a whole, rather than to you as an individual. It is the total contributions paid by all participating employers for all members that pay for the pension offered under the plan. Your individual benefit is only a part of the total benefit payable from the pension plan.

*It is important to realize the connection between the total contributions being paid to the plan fund and the total benefit offered. It is incorrect to view the contributions paid to the pension plan for your employment as a savings account because **your benefit is based on a formula, not on the contributions being paid to the pension plan fund**.*

Further, every year that you are a member of the pension plan, you will be issued a Pension Adjustment (PA) for your income tax return. The PA will reduce the amount of eligible RRSP contributions you can make, however, this still does not mean you should view your pension plan as being similar to a savings account. As a member of a pension plan, you are issued a PA to reflect the fact that you are earning tax deferred retirement benefits.

4. ***Why isn't my plan like a savings account – couldn't I earn a greater benefit?***

*The Board has hired the services of fund managers and investment professionals who make a career out of advising pension plan sponsors. These professional advisors assist the plan in obtaining a positive rate of return on investment that can boost the level of pension provided under the pension plan. By purchasing the expertise on behalf of all plan members, the Board can most likely get a better deal than an individual could get. Additionally, the pension you earn is backstopped by the plan fund and **cannot** be reduced except in rare situations.*

There is no certainty that you would be able to earn a greater benefit if your plan were set up like a savings account. Under this type of pension scheme, also called a defined contribution pension plan, the individual benefit earned per member is the sum of the contributions with interest, minus any expenses charged to the savings account. You bear all investment losses and there is no guaranteed level of benefit you will receive. Also, this type of pension does not necessarily pay a guaranteed specific monthly pension – it can fluctuate from year to year.

5. ***Conclusion***

Your pension plan provides you with a defined benefit according to what the Board of Trustees determines using its judgment about what the plan can afford, taking into account plan membership demographics, negotiated contribution rates, and investment returns.

If you have any questions about your pension plan, please contact the Plan Office.

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