THE BOILERMAKERS LODGE 191 PENSION PLAN

MAY 2015

PENSION UPDATE

2014 Highlights

The Board of Trustees met in May, July and November 2014 to review and manage the operations of the pension plan. As a further safeguard, the plan's 2014 financial statements were audited as they are each year. This involves a review of expenses, the process of paying member benefits, and contributions into the plan. The auditor found that the statements were fairly presented and the plan's records were in order.

On December 31, 2014 the plan had $31,683,413 in assets, 421 active members and 225 terminated vested members. ◉

May I make Additional Contributions to the Plan?

Yes, the plan will accept voluntary contributions from you provided that you are an active member in the plan.

(Tax Note: For tax purposes, any voluntary contribution you make to this plan is credited to the year in which it is received; for example, voluntary contributions received in 2015 will be credited for 2015. This is unlike RRSPs, which have an extended deadline to February 28th allowing early contributions to be claimed in the prior tax year or the current tax year.)

Additional voluntary contributions may be made through the plan administrator, D.A. Townley. These voluntary contributions are not locked-in to the plan, so you can start saving now and access those savings if you need them. ◉

What are my Retirement Options?

For many of us, making decisions about when and how to retire is a daunting process. The choices you make at retirement will impact you (and your spouse) for the remainder of your life. It is therefore very important that you understand what options are available to you in terms of your retirement benefit in the plan.

This pension plan does not make payments to members. Instead, when you retire, the value of all contributions that have been paid to the plan on your behalf, plus any interest earned on those contributions must be:

- converted to an annuity;
- transferred to a Life Income Fund (LIF);
- or transfer to a Locked-in RRSP ◉

The Tax Advantages of your Pension Plan

Every time you are paid, your employer makes pension contributions to the plan administrator on your behalf. Those contributions are checked, the money is deposited to the trust account in which all the pension funds are held, and your account is credited with your share. The contributions are not taxed before they are deposited to the trust. You are not taxed on that money until you draw your pension. ◉

Great Year for Pension Plans!

Your plan's gross total rate of return for the 2014 year (BEFORE deducting plan expenses) was 10.3%!

The below graph shows the average rate of return that the plan has earned in 2014 and over the last 4 years. Note that these figures do not show the amount of interest actually credited to your account, as they show returns before plan expenses are deducted.

The "market" numbers in Fig 1. show the return of a blend of several stock and bond market indices weighted as follows:

FTSE TMX Canada Universe bonds	45.0%
S&P/TSX Capped Composite	35.0%
S&P 500 (C$)	10.0%
MSCI EAFE - Net C$)	10.0%

At least once a year, the trustees review the investment strategy of the plan. The investment managers are permitted to select assets within the constraints of that strategy. Under the present investment policy, 40% - 75% of the assets may be invested in stocks, with the remainder in bonds and short-term investments. Bonds are expected to underperform stocks next year. Currently, the investment manager chooses to invest close to the maximum for stocks, as shown in Fig. 2. ◉

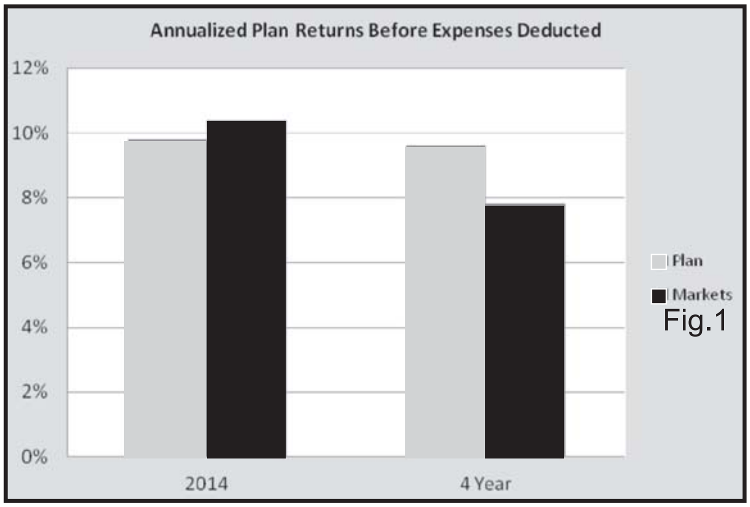


Fig.1

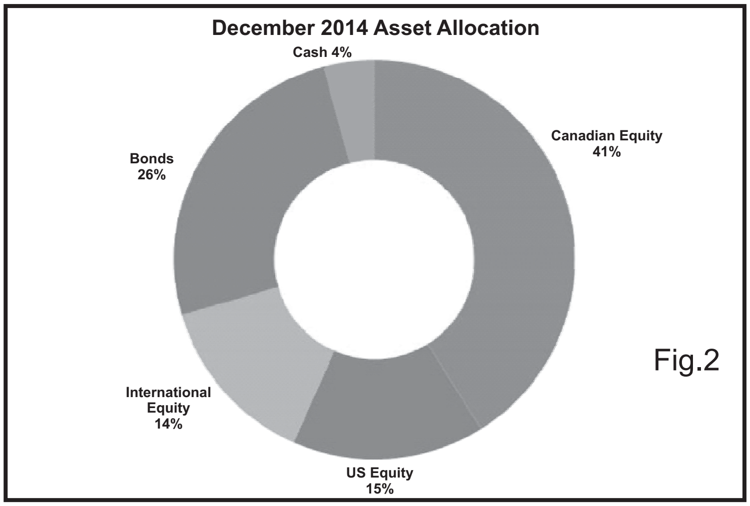
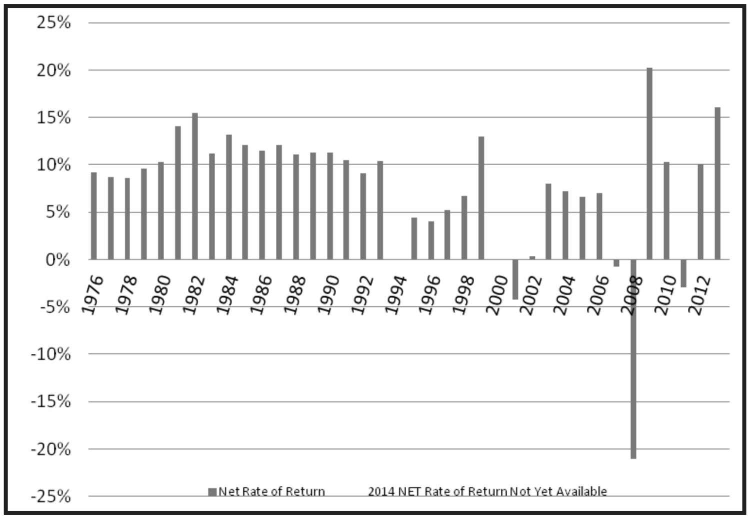


Fig.2



Trustees of the Plan

This plan is a Union-sponsored pension plan independently managed by a Board of Trustees.

This material has been compiled by the trustees of the Boilermakers Lodge 191 Pension Plan from information provided to them and is accurate to the best of their knowledge at the date of printing. Formal legal documents ultimately govern the operation of the Plan, including the Plan Text, Trust Agreement and relevant legislation. Should there be any discrepancies between the information in this Newsletter and the actual provisions in the Plan Text and Trust Agreement, the Plan Text and Trust Agreement prevail. ◉

Plan Membership

	2014	2013
Active: Contributing to this Plan	421	391
New Entrants in Year	70	33
Inactive	225	215

Which Option is Right for Me?

This will depend entirely on your personal circumstances. An annuity, a LIF and an RRSP are very different retirement vehicles and the trustees strongly recommend that you seek independent financial advice before making a decision.

While some people will like the certainty that an annuity provides, others will prefer the flexibility of a LIF.

Similarly, once you have purchased an annuity, you do not have to decide how to invest your retirement savings and you have no exposure to the volatility of the stock market. For some people, this will be the right decision. For others, maintaining control of the investment of their funds in a LIF and having the potential to grow their savings via investment in the market will be the primary attraction of a LIF.

Factors such as your age, the age of your spouse, the amount of your pension benefit, interest rates that are in effect at the time you retire and other sources of retirement income that are available to you will also have a big impact on your decision.

The key is being prepared. Seeking independent unbiased financial advice and determining which option suits your needs can be a time consuming process. Seeking professional help and becoming informed early will help you better plan towards a safe and secure retirement. ◉

Update your address and beneficiary!

The data we have on file will determine your pension and how we contact you. It is very important that your address, birth date, e-mail address, and beneficiary information on file are up to date.

If you did not complete and return a new enrolment form since 2012, or if your information has changed, please contact the plan administrator. ◉

Annuities	Life Income Fund	Locked-In Retirement Account (LIRA)
In basic terms, an annuity is a contract arrangement that is issued by an insurance company. The insurance company takes the value of your account balance and converts it into a series of fixed monthly payments.	As an alternative to an annuity, you can transfer your account balance to a financial institution that will provide a LIF. A LIF uses your funds to provide regular income payments during your retirement.	A locked-in RRSP is place to hold your savings; you are not permitted to withdraw funds. If you wish to draw an income, you may use the balance to purchase a LIF or an annuity.
The payment stream is paid over your lifetime (life annuity) or for the lifetime of you and your spouse (Joint and Survivor Annuity).	You maintain control of the principal amount and make investment decisions for your LIF. If your investments perform well, your benefit will also increase in size with interest. Investment earnings within the LIF continue to accumulate on a tax sheltered basis.	As with a LIF, you maintain control of the investment decisions for your RRSP. Investment earnings within the RRSP continue to accumulate on a tax sheltered basis.
The amount of your monthly payment depends on how much money you have to start, interest rates in effect at the time you purchase, your age (and the age of your Spouse if you are purchasing a Joint and Survivor Annuity) and any special features you might choose (such as a guarantee period).	A LIF provides you with flexibility over the timing and amount of payments you receive. Legislation sets both a minimum and a maximum range for the payment you can receive each year from your LIF. You can choose how much money you will withdraw, provided that it falls between the minimum and maximum levels prescribed by legislation. This amount is then taxed as income.	Convert an RRSP to a LIF or an annuity once you want to receive an income.
Annuities can be guaranteed for up to 15 years. If you choose a Life Annuity guaranteed for 10 years and you die before the end of the 10 year period, your beneficiary will receive the payments until the end of the 10 year period. If you live longer than the guarantee period, payments will continue until your death. For Joint and Survivor Annuities, the payment is made as long as you or your spouse is alive, so both you and your spouse have lifetime payments.	At any time, you can choose to take the funds from your LIF and purchase an annuity.	You must transfer the funds out of your RRSP to another registered retirement vehicle to access the income stream.

Note that if you have a “spouse” as defined in the province where you work, you are required to purchase a Joint and Survivor Annuity that will provide you with a monthly income for your life and, if your spouse survives you, he or she will receive monthly payments for life equal in value to at least 60% of the payment that was being made to you. If you want to choose another form of annuity, or transfer to a LIF, you may do so only if your spouse signs a Spousal Waiver Form with the plan administrator agreeing to waive their right to this entitlement.

When Can I Take My Money Out of the Plan?

Members often wonder if they can take their entitlement out of the pension plan as soon as they stop working. You may only withdraw a benefit from the plan if you have worked less than 100 hours with any participating employer in a period of 6 consecutive months, or when you retire, die, or "terminate" from the plan, as this plan is designed to provide retirement savings.

You must be at least 55 to retire as defined by this pension plan. As for termination, you are only considered to be terminated from the plan if you have worked for a participating employer less than 350 hours in a 2-year period. Therefore, members must wait at least six months before transferring their benefit from the plan. ◉

Beware of Scams!

Some companies advertise ways to get around locking-in rules, often on a "tax free" basis. They may say that if you invest in a particular company you will be able to withdraw most of the funds invested, less a fee, or they may loan you funds from your own locked-in account and charge interest on that loan. While they may claim the money is still "invested", you can be taxed on any amounts withdrawn from your locked-in account, even if you never receive any cash from the deal.

Be wary of offers that sound too good to be true. Many are scams that charge high fees and, in some cases, cause investors to lose all of their savings. If you have questions, call D.A. Townley or the bank or financial institution where your retirement savings are held. ◉

What Does "Locked-in" Mean?

If you leave the pension plan, and your pension or its value is over a certain level, you will be given the option of a "locked-in" transfer. You may use locked-in money only to provide you with retirement income. Pension regulations do not allow you to withdraw all your locked-in funds at once; you may withdraw only a certain amount each year after age 55. Voluntary contributions are an exception; you may withdraw voluntary contributions at any time.

Locked-in money can be left in the plan or transferred to a special locked-in RRSP until you decide to take some income from it, you can use the locked-in money to buy either an annuity from a life insurance company or to buy a Life Income Fund (LIF). An annuity provides steady payments for life. With a LIF, you choose how the money is invested and have some flexibility in how much you withdraw each year. While you are still required to withdraw money from your LIF every year, the amount of income is up to you, within a certain range.

While pension regulations generally do not permit the withdrawal of locked-in funds, there are some special conditions for which exceptions are made. Note that if you qualify for an unlocked transfer, your benefit will be taxed as income unless it is transferred to an RRSP or another pension plan.

A pension benefit may be unlocked only under these circumstances:

a) If you have a shortened life expectancy (as certified by a physician).

b) If you leave the the plan and have a small balance (for 2015 that means a balance below $10,720).

c) Age 65 and Small Total Entitlement: If you are 65 or older and can demonstrate that the total of all of your locked-in amounts (in every locked-in RRSP, LIF and defined contribution pension plan under British Columbia jurisdiction) is less than a certain amount ($21,440 in 2015).

d) Non-residency: If you have written evidence from the Canada Revenue Agency stating that you are a non-resident of Canada for tax purposes. ◉

Plan Income and Expenses

	2014	2013
Net Assets Available for Benefits at beginning of year	28,484,728	23,102,773
Contributions	2,527,821	2,750,918
Net Investment Income	2,921,327	3,973,423
Pensions	(2,012,639)	(1,122,828)
Fees: Investment, Custodial, Actuarial Administration, Legal, Audit	(237,824)	(219,558)
Net Assets Available for Benefits at end of year	31,683,413	28,484,728
Fees as a percent of average net assets	0.79%	0.77%
Most RRSPs have fees of 2.5% or 3% of assets; this plan's fees are 0.79%!		

D.A.TOWNLEY

160-4400 Dominion Street
Burnaby B.C. V5G 4G3

pensions2@datownley.com
Toll Free: 1- 800- 663- 1356
Tel.: (604) 299-7482
Fax: (604) 299-8136