ISLAND SHEET METAL WORKERS' AND ROOFERS' PENSION PLAN SUMMARY

www.smwia276.ca

UPDATED JUNE 2021

This booklet is a summary of those parts of the pension plan that most often attract questions. There is a complete plan text and a trust agreement which contain all of the provisions of the plan. You may view a copy of these documents at the office of the plan administrator. If there is any omission in this booklet or a conflict between this booklet and the wording in the plan text and trust agreement, the plan text and trust agreement will prevail.

The provisions of the plan may be amended from time to time, although no amendment can be made that would allow for any part of the pension trust fund to be diverted to purposes other than for the exclusive benefit of plan members, their eligible spouses and other beneficiaries. The plan has been registered with Canada Revenue Agency (CRA registration #0555151) and as plan number P085231 with the Pension Department of the British Columbia Financial Services Authority, the provincial government agency that administers and enforces the *Pension Benefits Standards Act* (PBSA).

This booklet reflects a summary of the rules that were in place at the time of printing; please refer to the date on the front cover.

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Introduction

The Island Sheet Metal Workers and Roofers Pension Plan (called “the plan” in this booklet) was established on April 1, 1968 for the benefit of the members of the Sheet Metal Workers’ International Association Local 276 (“Local 276”). Since then, the plan has been improved from time to time to provide better pensions at retirement, benefits for disabled members and increased protection for the beneficiaries of members who die.

The primary purpose of the plan is to provide a monthly pension to you when you reach retirement age. However, if you leave the industry before you retire, you may also have the option

The plan also provides benefits for your spouse or beneficiary if you die before retiring. Additionally, if you qualify, a monthly income may be payable if you become totally and permanently disabled prior to your retirement.

Joining the plan

You must be a union member and must have worked 350 hours in a year for one or more companies that have a collective agreement with Local 276. Those who were previously members of the plan but had a break in service may join immediately with no 350-hour waiting period.

Your responsibilities

Keep your contact information up to date

Once you join the plan, you are responsible for ensuring that your contact information is up to date. Important pension information will be sent to you, even after you stop work.

Please ensure your current address, telephone number, beneficiary, and e-mail address are on file with the plan administrator. E-mail pensions2@datownley.com or call 1-800-663-1356 to update your contact information.

Each year you will receive a statement of your benefits under the plan. You should review this statement to verify that your employer has made contributions that are correct based on your hours of work. Also, confirm your beneficiary, date of birth, and address are correct. You must inform the plan administrator if there are any discrepancies or errors in your annual pension statement.

Your annual statements are important financial documents; please keep them in a safe place.

Stay informed

Your pension may form an important part of your retirement strategy. We encourage you to take the time to read this booklet and develop an understanding of your plan.

Designate a beneficiary

When you enroll in the plan, you will need to complete an Application for Enrolment and Beneficiary Designation Form. Your spouse or beneficiary will receive any pension benefits payable upon your death.

Once you choose a beneficiary, please give your beneficiary the contact information of the plan administrator so they know how to reach us to obtain any death benefit.

By law, your spouse will receive any benefits payable from the plan upon your death. Naming another individual as your beneficiary does not override your spouse as beneficiary.

However, your spouse may waive the right to a spousal benefit by completing a Spousal Waiver Form. If you don't have a spouse, or if your spouse has completed the waiver, you may designate anyone as your beneficiary. You may also designate several people, or even an organization as your beneficiary. You may also designate an irrevocable beneficiary or change a non-irrevocable beneficiary designation at any time without the consent of your former beneficiary.

If you do not have a spouse and if your beneficiary dies before you, and you have not made a subsequent nomination, the plan administrator will pay any death benefit owing to your estate.

Please note that you must also appoint a trustee for any beneficiary you designate who is under the age of 19.

Definition of "spouse"

In certain circumstances, a member may be unclear as to who qualifies as their spouse. Your spouse for plan purposes is:

- the person you are married to and have not been living separate and apart for a continuous period longer than two years; or
- the person who has been living with you in a marriage-like relationship for a period of at least two years.

For further details on when a common-law partner is considered a spouse, please contact the plan administrator.

Employer responsibilities

Once participating employers sign collective agreements that require contributions be made to the plan, they must send contributions, as per the collective agreements, to the plan via the plan administrator. Participating employers also must supply information about hours worked, and any other member data required for calculations of pension benefits.

Retirement

Be sure to contact the union before you retire as retirement affects your health benefits:

Toll Free (B.C. only) 1-800-448-4177

E-Mail: info@smwia276.ca

When can I retire?

You can start your pension as early as age 50. If you start your pension at age 60 or later the amount of your pension will be the amount described in the next section on "Calculating your pension". If you start your pension between age 50 and 60 a reduction will be applied to your calculated pension. The reduction will be such that the pension amount you receive at retirement will be of equivalent value to the pension payable at age 60. This is referred to as actuarial equivalent. Generally, it means your pension will be reduced by between 6-7% per year for each year you retire before age 60.

To help you make this important decision, as a member you are eligible for $200 towards financial planning advice paid from this plan.

Calculating your pension

The plan targets a pension for you based on the total hours worked and reported on your behalf. The amount of the pension is based on a formula of hours as described below. It is not directly related to the amount of contributions made. To estimate how large your pension will be, estimate how many hours you will work in the future and multiply that by five cents. When added to the pension amount you have already earned, shown on your annual statement, you will have an estimate of your monthly pension at age 60.

See the examples at the end of the booklet to learn more about how this works.

From January 1, 1998 onward –
A monthly pension of $0.05 for each hour worked in each plan year.

From January 1, 1991 to December 31, 1997 –
a monthly pension of $0.04 for each hour worked in each plan year.

From January 1, 1989 to December 31, 1990 –
a monthly pension of $0.03 for each hour worked in each plan year.

From January 1, 1982 to December 31, 1988 –
a monthly pension of $0.0165 for each hour worked in each plan year.

From January 1, 1974 to December 31, 1981 –
a monthly pension of $1.65 for each 100 hours worked in each plan year.

From inception to December 31, 1973 –
a monthly pension of $21.00 for each full year, and a proportionately reduced amount for any partial year of credited service, including up to 10 years of past service before the inception of the plan.

This targeted pension is not guaranteed. The actuary conducts a valuation of the plan at least every three years and evaluates whether the assets and future contributions are sufficient to support the above formula. If not sufficient, benefits may have to be reduced to comply with the funding tests set under B.C. pension legislation.

Alternatively, the valuation may determine that there are excess assets in the plan. If this is the case, these excess assets, depending on the circumstances, may be used to grant increases in pensions to retirees and/or other members, or may be left in the plan to stabilize benefits in the future.

Regardless of the situation, the Trustees will examine the valuation results carefully and consider the advice offered to them by their professional advisors when making decisions regarding benefit levels.

Pension payments

Your first pension payment will be made at the end of the month, after you submit the required paperwork to the plan administrator and once all contributions have been received. The payment will be a direct deposit to your bank account.

Options when you retire

The formula explained in the "Calculating your pension" section is a pension payable for your lifetime, with a 60-month payment guarantee. If you choose a different form of pension, the amount of monthly pension will be adjusted to be actuarially equivalent to the life pension with a 60-month guarantee. This means that the amount you receive in any other form of pension payment will be of equivalent value to the life pension with 60-month guarantee.

If you have a spouse, B.C. pension legislation requires that you elect a form of pension that guarantees that a pension of at least 60% continues to your spouse should you die before them. Your spouse may waive their right to this option, in which case you may choose a lifetime pension, one with a guarantee period, or any of the optional forms explained below.

Optional forms:

You may elect a pension that gives your spouse more than 60% of your pension if you die before them. For instance, you may choose a joint and survivor 100% pension which means that once you die, your spouse will receive the same amount of lifetime pension as you had been receiving.

If you do not have a spouse, or if they have waived their rights to a 60% survivor pension, then you may elect to receive your pension as a pension which lasts for your lifetime only, or you may choose to have a guaranteed period of 10 or 15 years.

If you retire early, you may elect to increase the amount you receive from the plan for the first few years, prior to the commencement of Old Age Security (a government pension program). An option sheet will be provided to you prior to your retirement so that you can choose the most appropriate one for your situation.

Retirement planning

Members at any age would benefit from making a financial plan. Estimate roughly how much you will need per month once you retire. Learn how large your pension from this plan and from government benefits will be if you continue to work to your retirement age and adjust your savings so that your estimated income matches your expenses in retirement. See the “Personal financial questions” section for further information on retirement planning.

There are plenty of opportunities to learn more about your plan. Each year you will receive an Annual Statement of your pension, together with a newsletter that summarizes any changes to the plan and includes relevant articles about your retirement. The union website has answers to frequently asked questions and other plan information. Ask your union for access to the member portion of this site.

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If you have more questions regarding the plan or your benefits, please feel free to contact the plan administrator.

Disability benefits

You may start your pension at any age if you become totally and permanently disabled. In order to qualify for a disability pension you must first qualify for a CPP Disability Pension and be unable to work in any job that suits your skills and education. The disability pension would be equal to the amount of pension you had earned to the date of disability. A disability pension is not reduced for age; it is simply the amount calculated by the plan formula in the “Calculating your pension” section. You may also be eligible for a supplemental disability pension if you worked at least 1,000 hours in the 24 months immediately prior to the date of disability.

Death benefits

What happens if I die before retirement?

This depends on whether you have a spouse at the date of your death.

If you have a spouse, the plan will pay a monthly benefit to him or her, from the time proof of death and the appropriate forms are received, for the remainder of their lifetime. This pension to your spouse will be at least 60% of the monthly accrued pension you would have received. As an alternative, the spouse may transfer a lump sum equal to the funded portion of the value of the monthly pension you had earned to a registered retirement vehicle of their choice.

Note that if plan is underfunded, spouses who transfer a lump sum out of the plan rather than take a pension from the plan will only get the portion of the death benefit which is funded and this will represent full and final payment of their entitlement from the plan.

If you are not survived by a spouse, then your designated beneficiary or estate will be paid a lump sum equal to the funded portion of the present value of the accrued pension you had earned.

What are the benefits if I die after retirement?

This depends on the form of pension that you chose when you retired. For example, if you chose a Life Only form of pension, your benefit will cease upon your death. If you chose a lifetime pension with a 60-month guarantee and you die before the guarantee period has expired, your spouse or beneficiary will continue receiving your benefit for the remainder of the guarantee period.

Are there other plans available which will provide me with additional death benefits?

Yes. There may be benefits available to you under the Canada Pension Plan and the *Workers' Compensation Act*, which are government plans.

What happens if I have a new spouse after retirement?

Only the spouse you have at retirement, if any, is eligible to receive a spousal pension from the plan. If you marry or enter into a common-law relationship after you retire, your new spouse will not be eligible to receive the death benefit.

Termination of plan membership

If you do not complete at least 350 hours of covered employment in two consecutive calendar years, your status will change from “active” to “terminated”. If you become terminated, you will be provided with options regarding your benefit from the plan. If you are under age 50, you will be given the option of transferring the funded portion of the value of your accrued pension to a locked-in retirement account or leaving your benefit in the plan to take a pension later. If you are over age 50, your benefit must be taken as a pension from the plan; you may not transfer out a lump sum.

Note that if plan is underfunded, members who transfer a lump sum out of the plan rather than take a pension from the plan will only get the portion of their benefit which is funded and this will represent full and final payment of their entitlement from the plan.

Marriage breakdown

Pension benefits are considered a "family asset" under provincial legislation. In B.C., the *Family Law Act* applies. A couple may choose to divide family assets between themselves. If they cannot agree, the *Family Law Act* provides detailed procedures for valuing and dividing family assets after a marriage breakdown.

Matrimonial property orders made by a Court in B.C. or elsewhere in Canada are enforceable against pension assets or payments.

Your spouse has enforceable legal rights to a share in the benefits of the plan, and B.C. legislation outlines what the plan is required to do in order to protect his or her rights. In particular, the administrator must provide your former spouse with a written statement that outlines the transfer options that are available to him or her.

The Trustees strongly recommend that you seek your own legal advice regarding division of your pension entitlement.

Plan statements

Annual statement:

Each year, usually in June, the plan administrator will issue you a statement that shows your pension earned to December 31st of the previous year, along with other information about your status in the plan.

Statement on termination of membership

If your membership in the plan is terminated, you will be provided with a statement regarding your status and entitlements under the plan within 90 days.

Retirement options statement

In the year prior to your retirement it is your responsibility to contact the union AND the plan administrator to receive a statement of the options available to you and other information which you may require in order to make the most informed decision regarding your retirement. The application for retirement will be processed when a completed application has been received by the plan administrator. It is the responsibility of the participant to contact the administrator with any changes to their status.

Retiree statement

Retirees also receive an annual statement from the plan administrator. It will include beneficiary, member, and pension information. If you know a pensioner of this plan who did not receive a retiree statement, please contact D.A. Townley to ensure the retiree's address is on file.

How does the plan work?

The plan is a "target benefit plan", which means that when a member reaches retirement age and decides to start a pension, the plan pays a monthly pension for the member's lifetime. The plan cannot guarantee the monthly pension amount. It is possible that the Trustees may be required to reduce benefits if the assets and future contributions fall below the level required to fund the targeted pension. However, the Trustees carefully analyze the investments and benefits of the plan and run it in a conservative manner to reduce the risk of benefit cuts as much as possible.

The Trustees seek the advice of professionals such as actuaries, accountants, and investment managers to assist with planning and reducing risk. The Trustees have also hired a plan administrator to run the day-to-day operations of the plan.

For every hour of employment, participating employers contribute to the plan the amounts set out in the current collective agreement. These contributions are invested in a mix of assets chosen by professional investment managers under the direction of the Trustees of the plan. Plan expenses are lower than those for an RRSP or a smaller plan, mostly because you pay lower investment management fees.

The contributions and investment earnings go towards funding a pension that is calculated based on a formula and depends on the number of hours you worked each year. You can increase your pension by working more hours each year for a participating employer.

Only employers, not members, contribute to the plan.

From time to time, the Trustees also engage the services of other professionals such as legal counsel and consultants to provide direction and advice.

How is the money invested?

Contributions received by the administrator are deposited to a trust fund held by the custodian. The funds are then invested by the investment managers appointed by the Trustees.

The investment managers invest the funds in a mixture of Canadian and international stocks as well as Canadian commercial mortgages and bonds and global infrastructure. While the investment managers have discretion over what to invest in, it must always comply with the guidelines and restrictions established by the Trustees.

Plan expenses

There are certain operational expenses associated with the plan. These include fees paid out of the plan to the auditor, actuary, administrator, custodian, investment managers and legal counsel as well as other regulatory fees and expenses that may be payable.

Details of plan expenses can be found in the plan's annual audited financial statements, a copy of which is held at the office of the administrator.

More information

All members and others who are entitled to benefits or refunds under the plan are also entitled to review certain documents. Key information includes:

Actuarial Valuations
Annual Information Returns Audited Financial Statements Plan Text and amendments
Governance policies including the benefits policy
Plan Summary (this booklet)
Statement of Investment Policies and Procedures
Trust Agreement and amendments
Data and method used to calculate your benefit
Collective agreement provisions relating to your pension

When forwarding your written request to the plan administrator, please specify exactly what information or record you wish to examine. The administrator will contact you within 30 days of your request. Payment of reasonable costs incurred for providing you with requested information may be required.

If you wish to contact the Trustees, please do so care of the plan administrator.

Personal financial questions

Some of your questions may involve a personal financial decision, which neither the Trustees nor union have the information to help you with. For instance, decisions around when to retire, or when to choose a lump sum payment or a monthly pension. For such questions, we recommend you seek the advice of a qualified professional, such as an accountant or financial planner. Consider if the professional is independent, or if that person is primarily trained to sell one particular type of retirement solution. You can find an advisor at through the Financial Advisors Association of Canada at ouradvisor.ca.

The Plan offers a one time reimbursement of $400.00 for investment planning services provided by a financial advisor.

Pension calculation examples

These examples are intended to illustrate how pension are calculated and are not a prediction of your final pension benefit. To obtain details of your personal benefit please contact D.A. Townley.

Pension calculation for a recent hire

Sid joins the plan in 2016 and works steady hours for 20 years. If the plan accrual rate stays the same as it is today, and he works 1600 hours or more, he will add 5₵ to his future monthly pension for each hour he works.

0.05 x 1600 hours per year x 20 years = $1,600/month

Sid will receive $1,600 per month for life if he starts his pension the month he turns 60. If he dies within the first 5 years, the payments will continue to his spouse until the 5-year mark or be paid in a lump sum to his beneficiary if he has no spouse.

Pension example for retirement after age 60

Ash joined in 2010 and works 21 years until he is 63. His pension grows each year his employer contributes. As shown below, Ash's pension will be $1,819 per month for life. If he dies in the first five years after starting his pension, the payments will continue to his spouse until the 5-year mark or will be paid in one lump sum to his beneficiary if he has no spouse.

Year	Hours	0.05 x Hours
2010	420	21
2011	1140	57
2012	680	34
2013	1940	97
2014	2020	101
2015	2080	104
2016	1960	98
2017	1660	83
10% Increase Jan. 1/18		59
2019	1841	92
2020	1553	78
2021	1974	99
2022	1874	94
2023	915	46
2024	935	47
2025	2196	110
2026	2202	110
2027	2593	130
2028	2063	103
2029	2360	118
2030	2064	103
	Total:	**1,879**

Ash may also choose a different form of pension. The amount will be different to reflect the probability of payments continuing longer as shown in the final example below.

Ash could have chosen to take an unreduced pension at age 60. It would not be reduced from the plan formula but it would be smaller since his employer would not contribute in years 2028-2030. If he retired at age 60 his pension would be $1,554 since his future monthly lifetime pension would not grow in those three years.

Early retirement example

The plan begins receiving contributions for John in January 1992. He is not entitled to any past service credit. He works steadily to retirement at age 50, each year working 1600 hours.

Current Service Year	**Hours**	**Pension Credits**	
1992	1600	1600 x .04	$ 64.00
1993	1600	1600 x .04	$ 64.00
1994	1600	1600 x .04	$ 64.00
1995	1600	1600 x .04	$ 64.00
1996	1600	1600 x .04	$ 64.00
1997	1600	1600 x .04	$ 64.00
May 1, 1998		30% increase	$115.20
1998	1600	1600 x .05	$ 80.00
1999	1600	1600 x .05	$ 80.00
2000	1600	1600 x .05	$ 80.00
2001	1600	1600 x .05	$ 80.00
2002	1600	1600 x .05	$ 80.00
2003	1600	1600 x .05	$ 80.00
2004	1600	1600 x .05	$ 80.00
2005	1600	1600 x .05	$ 80.00
2006	1600	1600 x .05	$ 80.00
2007	1600	1600 x .05	$ 80.00
2008	1600	1600 x .05	$ 80.00
2009	1600	1600 x .05	$ 80.00
2010	1600	1600 x .05	$ 80.00
2011	1600	1600 x .05	$ 80.00
2012	1600	1600 x .05	$ 80.00
2013	1600	1600 x .05	$ 80.00
2014	1600	1600 x .05	$ 80.00
2015	1600	1600 x .05	$ 80.00
2016	1600	1600 x .05	$ 80.00
Jan 1, 2018		10% increase	$201.92
Total if start pension at age 60:			$2,221.12
Total if start pension at age 50:			$1,110*

John’s accrued monthly lifetime pension is $2,221 based on the above, which he could commence at age 60. Instead he decides to start his pension at the end of 2016, age 50. Since he starts his pension before he is 60, there is a reduction applied to his pension of approximately 50% (to allow for more pension payments as he is younger than the normal retirement age), meaning that his early retirement pension is $1,110 per month, with 5 years of protection for his beneficiary.

*This and the other examples will not reflect your exact pension. The examples use certain assumptions that may change before you start your pension, and your hours likely will not be the same as John’s. Please contact D.A. Townley for a personalized estimate of your pension options. Some of the numbers have been rounded down for these illustrations.

Example of your pension guarantee options

Jo is 60 and has earned a monthly pension of $2,135, if she decides on a lifetime pension with a 5-year guarantee. Her other options are shown below. Her spouse, Ron, is 57. (The relative values may change for you as they depend on your age and your spouse’s age and the assumptions in effect at the time of calculation.)

Lifetime only	$2,148
Life with a 10-year guarantee	$2,101
Life with a 15-year guarantee	$2,055
Joint and Survivor 60%*	$1,948
Joint and Survivor 75%	$1,904
Joint and Survivor 100%	$1,834

*For a joint and survivor 60% pension, you receive a lifetime pension and if your spouse outlives you, payments of 60% of the amount you were receiving continue to your spouse.

More questions? Contact us!

D.A. Townley

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Ask your union for access to the
member portion of this site:
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