BUILDING A BETTER FUTURE

A guide to your U.A. Local 67 Pension Plan

January 1, 2018

Hamilton-Niagara
Canadian Piping Trades®
LOCAL 67

Trustees of the Plumbing and Pipefitting Workers' Pension Plan

BUILDING A BETTER FUTURE

Congratulations! As a member of the UA Local 67 pension plan, you belong to a privileged group – the 32% of Canadian workers who belong to a workplace pension plan.

When you retire, you'll receive a pension payment from the UA Local 67 pension plan each month for the rest of your life. Even better, this pension will be in addition to any government pension or income you receive from personal savings.

Your UA Local 67 pension is a valuable benefit. Here's why: pensions are expensive. If you weren't a member of the pension plan, you'd have to save about $200,000 (in 2017 dollars) to buy a lifetime pension of $10,000 a year starting at age 62. Given those numbers, it's not unusual for plan members who are close to retirement to discover that their pension is their biggest financial asset.

ABOUT THIS BOOKLET

This booklet provides important information about your pension and how it works. We encourage you to read it carefully and to make sure you understand how the plan works. After all, the better you understand your pension, the easier it will be to put it to work for you.

This booklet describes your UA Local 67 pension plan in simple terms. It isn't a legal document and doesn't cover every detail, but it does provide the basic facts. Care has been taken to provide an accurate description of the plan in this booklet, however, if there is a difference between the information contained in this booklet and the legal plan documents (as adopted by the Board of Trustees), the plan documents will apply.

Questions?

Got a question about your pension? Contact Reliable Administrative Services, our plan administrator:

By phone: 905-387-5861

Toll free: 1-855-387-5861

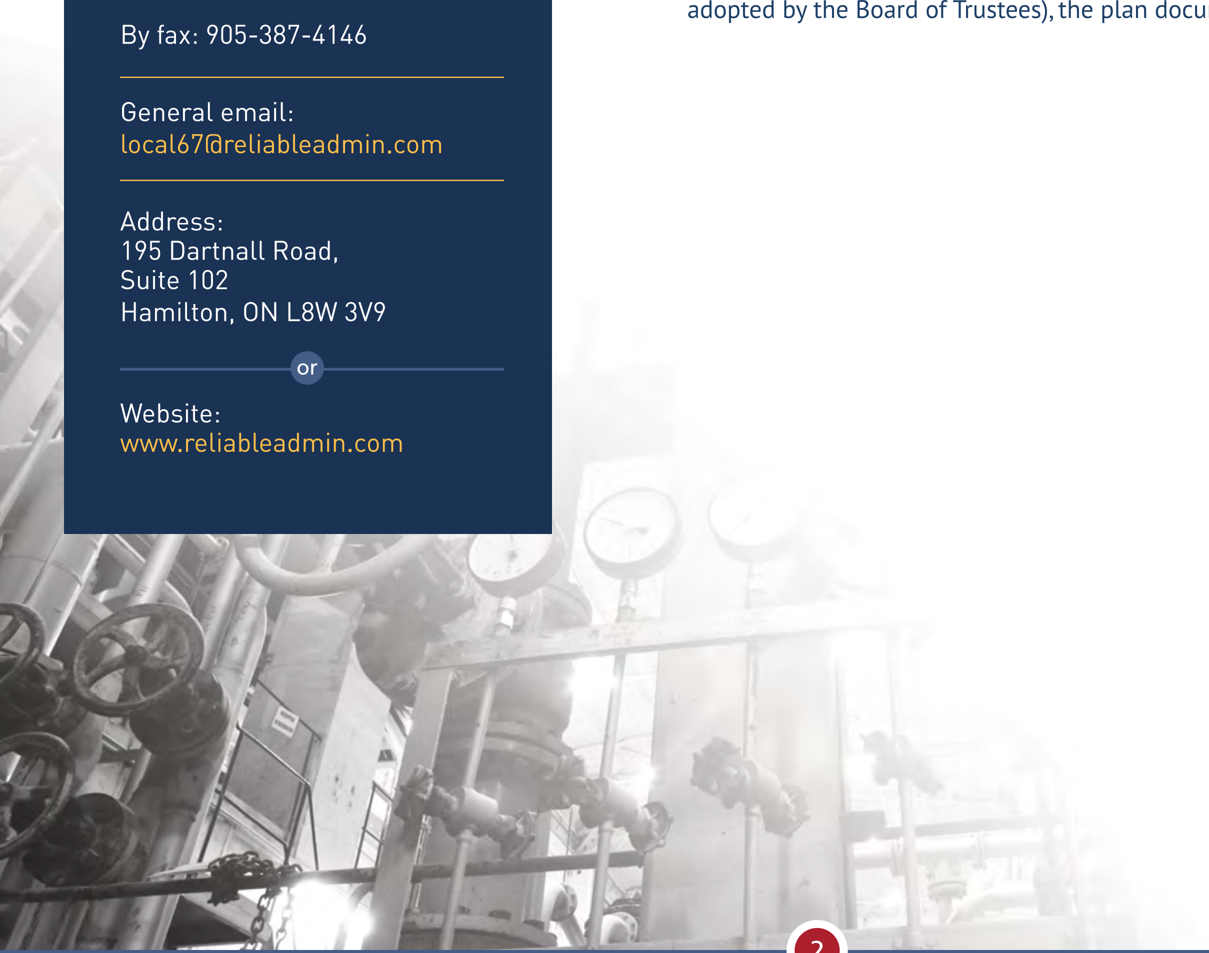
By fax: 905-387-4146

General email:
local67@reliableadmin.com

Address:
195 Dartnall Road,
Suite 102
Hamilton, ON L8W 3V9

or

Website:
www.reliableadmin.com



WHAT'S INSIDE

PLAN AT A GLANCE

Joining the plan

To join the plan new Local 67 members must earn 1,000 hours within a period of 24 straight months. Once you qualify, your membership is automatic and you'll be credited with the 1,000 hours already earned. See page 5 for details.

Contributions

You don't make contributions to the plan. All contributions are paid by your employer(s). The amount is based on your collective agreement. See page 5 for details.

Size of your pension

You will earn a certain amount of monthly pension for every hour earned that an employer contributes to the plan on your behalf. See page 6 for details.

When you can retire

You can retire as early as age 52, but if you retire before age 62 your monthly pension will be reduced to reflect the fact that you'll probably collect it longer (because you are starting it earlier). The reduction is 6% for each year (½% for each month) your retirement date falls before your 62nd birthday. See page 7 for details.

How your pension is paid

Your pension will be paid to you each month for the rest of your life. Pension payments will be deposited directly into your bank account. See page 10 for details.

Moving on

If your membership in the union ends and if no contributions are made to the plan on your behalf for 12 months or longer, you'll become an inactive member. The options available for receiving the pension you have earned will depend on your age at the time you become inactive. See page 15 for details.

Death before retirement

Your spouse will receive the "cash value" of the pension you earned up to the date of your death. Your spouse will have the following options for receiving this money:

- transfer it tax-free to an RRSP or
- transfer it to an insurance company to buy an annuity (a lifetime income); or
- receive it as a taxable cash payment; or
- leave it in the plan to receive a lifetime pension that he or she can start receiving right away or at a later date.

If you have dependent children but no spouse, your children will receive a one-time, taxable payment equal to the cash value of your pension. This money will be divided equally among your children.

If you don't have a spouse or any dependent children, your beneficiary or estate will receive the cash value of your pension. See page 13 for details.

Death after retirement

When you retire, you'll be asked to choose a pension payment option. The survivor benefits payable after you die, if any, will depend on the payment option you choose. If you have a spouse when you retire, under the basic option your spouse will receive a lifetime pension equal to at least 66⅔% of the pension you were receiving. If you don't have a spouse, a pension will be paid to your dependent children for as long as they qualify. See page 14 for other options.

THE BASICS

Joining the plan

Membership in the plan is automatic if you work for an employer that contributes to the plan on your behalf.

From January 1, 2017, if you are a new Local 67 member, you must earn 1,000 hours within a period of 24 straight months, and work for an employer who makes contributions to the plan on your behalf, before you qualify to join the plan. Once you qualify, you will automatically become a member and will be credited with the 1,000 hours already earned. The plan administrator, Reliable Administrative Services, will send you an enrolment form that you must complete and return.

These rules also apply if you leave the plan and withdraw your pension benefits, and then start working in the local again.

If you pay union dues but never work for an employer who makes contributions on your behalf, you will not qualify for a pension.

Travel cards

If you're working on a travel card, ask the administrator if the local you are working in has a pension agreement with UA Local 67. If it does, your pension contributions will be transferred to the UA Local 67 plan. If it doesn't, our plan will try to set up an agreement.

Contributions

Your employer must contribute money to the pension plan for every hour you earn. The amount contributed is spelled out in the collective agreement. At the end of each month, your employer reports your hours and forwards contributions to the administrator.

Employer contribution for each hour you earn	
Period	**Amount**
After May 1, 2003	$ 4.75
After May 1, 2004	$ 5.50
After May 1, 2009	$ 6.00
After May 23, 2010	$ 6.50
After May 1, 2011	$ 6.75
After May 1, 2012	$ 7.00
After May 1, 2016	$ 7.18
After May 1, 2017	$ 7.33
After May 1, 2018	$ 7.48
Rates for apprentices range from 40% of above rates in the first year to 80% of above rates in the fifth year.	

If you work in another UA local, ask the plan administrator if that local has an agreement that would allow you to transfer pension contributions to the UA Local 67 pension plan.

Keeping track of contributions

To help you keep track of your employer contributions, the administrator sends you a benefit statement every three months. This statement reports the number of hours for which contributions were received.

Check each statement carefully as soon as you get it. Make sure all of your employers have reported all of your hours. You will be given credit only for those contributions that are actually paid by your employer. If you spot any errors, call the administrator right away at 905-387-5861. Remember: unpaid contributions will result in a lower pension.

Facts on tax

You don't pay income tax on employer contributions. That said, the amount you can contribute to a registered retirement savings plan (RRSP) during the calendar year is reduced by the total of your employer contributions for the previous year.

For example, your RRSP contribution room for the 2017 tax year will be reduced by your total employer contributions for 2016. This reduction is referred to as your "pension adjustment" (or PA). The amount of your PA is reported on the T4 tax slips you get from your employers – typically in late January or early February of each year.

Your RRSP contribution room for the current year is reduced by your total employer contributions for the previous year.

Amount of your pension

The amount of your pension will depend on two things:

- when your hours were earned, and
- how many hours you earned.

In short, you will receive a specified amount of monthly pension for every hour earned that an employer contributes to the plan on your behalf. The amount of pension you'll be credited for each hour earned depends on when that hour was earned.

Don't worry, you don't have to do the math – unless you want to. The administrator sends you a statement each year showing how much pension you have earned to date.

Period when hours were earned	Monthly pension at age 62
January 1, 1972 – June 30, 1987	$0.0307 per hour earned
July 1, 1987 – April 30, 1999	$0.0517 per hour earned
May 1, 1999 – April 30, 2000	$0.0553 per hour earned
May 1, 2000 – April 30, 2002	$0.0632 per hour earned
May 1, 2002 – April 30, 2004	$0.0676 per hour earned
May 1, 2004 – April 30, 2016	$0.0693 per hour earned
May 1, 2016 – Present	$0.0748 per hour earned
Any pension you earn as an apprentice after April 1, 2002 is adjusted based on your employer contribution rate.	

If you belonged to Former Local 674 (Brantford)

If you belonged to the Former Local 674 (Brantford), your UA Local 67 pension will include any pension you earned under the Local 674 plan.

Pension statements

Each year, you'll receive a pension statement from the administrator. This statement shows how much pension you've earned to date. It also shows who you've named as the beneficiary of any death benefits payable from the pension plan. (For details on naming a beneficiary, see pages 13-14).

Your UA Local 67 pension will be paid to you in addition to any benefits you receive from the Canada/Quebec Pension Plan (C/QPP) and Old Age Security (OAS). See page 14 for details.

Security of your pension

The plan's Board of Trustees has the authority to increase or decrease benefits depending on the financial health of the plan. In fact, Trustees may be required to reduce benefits if the plan does not meet minimum legal requirements for funding.

Trustees also have the power to change the plan to ensure it continues to comply with applicable legislation, such as the federal Income Tax Act and Ontario's Pension Benefits Act. Changes can include, but are not limited to, an increase or decrease in benefits.

The Trustees intend to keep the plan running for generations to come, but reserve the right to wind-up (shut down) the plan at any time. In the event of a wind-up, any money left in the pension fund after the payment of expenses will be used to provide benefits to members.

WHEN YOU CAN RETIRE

When to retire is an important decision – one that can have a big impact on the amount of pension you receive. Here are your options.

- **Retiring when you turn 62 –** You can retire with an unreduced pension on the first of the month on or after your 62nd birthday (this is referred to as your "normal" retirement date).
- **Retiring before you turn 62 –** You can start collecting your pension as early as the first of the month following your 52nd birthday. Your pension will be calculated just as if you retired at age 62, however, it will be reduced to reflect the fact that you are starting it earlier and will likely receive it longer. The reduction is 6% for each year (½% for each month) that your retirement date falls before your 62nd birthday. However, the reduction can be lower if the cash value of your pension as of your early retirement date would provide a higher pension than using the 6% per year reduction. (See *"Impact of retiring early"* below.)
- **Retiring after you turn 62 –** If you delay your retirement and continue to work in the trade after turning 62, your employer(s) will continue to make contributions for every hour you earn and your pension will continue to grow. How much it grows will depend on how many hours you earn. In any event, you must – by law – start collecting your pension by December 1 in the year you turn age 71, even if you are still working.

The normal retirement date is age 62, but you can retire on a reduced pension as early as age 52.

You must stop working for all contributing employers before you can start collecting your UA Local 67 pension.

Working after age 71

You must start collecting your pension no later than December 1 in the calendar year you turn 71 – even if you continue to work. Tax law prevents you from building pension benefits past the end of the calendar year in which you turn 71. If you continue to work past this point, your employer must make contributions on your behalf, but these contributions will not result in a bigger pension.

Impact of retiring early

Retiring early can have a big impact on your pension. The table below shows what percentage of the "normal pension" you would receive if you were to retire early (before age 62). Your normal pension is the pension you would receive if you retired at age 62.

Impact of retiring early	
Age at retirement	**Percent of normal pension***
52	40%
53	46%
54	52%
55	58%
56	64%
57	70%
58	76%
59	82%
60	88%
61	94%
62	100%

* As noted above, the percentage may be higher.

If you retire after turning age 62, your pension will not be reduced.

Examples

The following examples show how a UA Local 67 pension is calculated under different scenarios. Remember, these are examples only. The actual pension you receive will depend on your work history and your age at retirement.

Example 1: Retire at age 62

- Joined the plan in January 1, 1972
- Turned 62 on December 31, 2014
- Retired on January 1, 2015

Period when hours earned	Total hours earned	Pension per hour earned	Monthly pension
January 1, 1972 – June 30-1987	29,016	0.0307	$890.79
July 1, 1987 – April 30, 1999	22,151	0.0517	$1,145.23
May 1, 1999 – April 30, 2000	1,872	0.0553	$103.52
May 1, 2000 – April 30, 2002	3,744	0.0632	$236.62
May 1, 2002 – April 30, 2004	3,744	0.0676	$253.09
May 1, 2004 – December 31, 2014	21,124	0.0693	$1,384.60
Total monthly pension			**$4,013.85**

Example 2: Retire early at age 58

- Date joined the plan: January 1, 1976
- Turned 58 on December 31, 2014
- Retired on January 1, 2015

Period when hours earned	Total hours earned	Pension per hour earned	Monthly pension
January 1, 1972 – June 30-1987	21,528	0.0307	$660.91
July 1, 1987 – April 30, 1999	22,151	0.0517	$1,145.23
May 1, 1999 – April 30, 2000	1,872	0.0553	$103.52
May 1, 2000 – April 30, 2002	3,744	0.0632	$236.62
May 1, 2002 – April 30, 2004	3,744	0.0676	$253.09
May 1, 2004 – December 30, 2014	21,124	0.0693	$1,384.60
Subtotal			**$3,783.97**
Minus early retire reduction (62-58) X 6% = 24%			-24%
Early retirement pension			**$2,875.82**

Working after retirement

If you retired before July 1, 2003 – If you go back to work in the trade, your pension will be suspended if you are paid more than 200 hours in any calendar year. If this happens, you'll be treated as an active plan member and will earn extra pension credits based on your employer's contributions to the pension fund. When you stop working again, your pension will be recalculated to include the extra pension credits and will be paid to you starting the first day of the next month.

If you are age 62 or more and you retired before July 1, 2003, or you are any age and retired after July 1, 2003 – You have a choice of signing the retiree's active out-of-work list or the retiree list at your UA Local 67 office.

The Board of Trustees may, from time-to-time, increase or decrease the amount of pension you have earned or, if you are already retired, the amount of pension you are receiving. The size and timing of adjustments (if any) will depend on the financial health of the plan.

Signing the retiree list means that you:

1. Will not be able to apply for jobs or work on a travel card;
2. Pay retiree dues;
3. Cannot stop your pension; and
4. Cannot earn extra pension credits and your monthly pension will not increase.

Signing the retiree active out-of-work list means that you:

1. Will be eligible for jobs that cannot be filled from the active list;
2. Pay full active dues (until you switch to the retiree list);
3. Will continue to receive your pension while you are working;
4. Cannot earn extra pension credits and your monthly pension will not increase;
5. Can switch to the retiree list at any time.

Applying for your pension

Once you've picked a retirement date, notify the administrator. They will send you a pension application form.

When choosing a retirement date and applying for your pension, keep the following points in mind:

- It can take up to three months to process and start your pension. That's because the administrator must receive all of your employer contributions first. To help avoid any break in income between the time you stop working and the time you start collecting a pension, contact the administrator **at least three months *before*** the date you plan to retire.
- Your application cannot be back-dated; so plan ahead.
- You need to sign the "Out of Work" list at your UA Local 67 office before you can receive your pension. (We cannot process your application if you are still working for a UA Local 67 employer or an employer that has a pension agreement with the UA Local 67 pension plan.)
- If you decide to keep working past your scheduled retirement date, you need to notify the administrator immediately.

Your first pension payment will include the full amount owing to you from your actual retirement date.

It can take up to three months from your last day of work to receive your first pension payment. This payment will include any amount due to you from your actual retirement date.

YOUR PENSION PAYMENT OPTIONS

When you retire, you'll have several pension payment options to choose from. The option you choose will affect the amount of your monthly pension, as well as how much your spouse or beneficiary receives after your death.

The following table outlines all of the pension payment options available. The options available to you will depend on whether you are married or have children at the time of your retirement. When choosing a pension payment option, keep in mind that:

- **Your pension is paid for life –** and will be paid to you for as long as you live, no matter which option you choose.
- **If you have a spouse –** pension law states that you must choose an option that provides your spouse with a pension after you die (unless your spouse signs a waiver giving up the right to a pension).
- **Your pension payment choice is final –** so once you start receiving your pension, you can't change your pension payment option. So, take your time and pick the option that's right for you.
- **If you have a "small" pension –** that's a pension of about $184 or less per month, or a cash value of less than $11,060 (for 2017) – you will not receive a monthly pension. Instead, the total value of your pension will be paid to you as a single, lump-sum amount. You can take this money as a taxable cash payment or make a tax-free transfer to an RRSP.

You cannot change your pension option once you start receiving your pension.

Your pension payment options	
If you don't have a spouse or dependent children	
Life with a 10-year guarantee	You will receive a monthly lifetime pension. If you die within 10 years of starting your pension, your beneficiary will continue to receive your monthly pension for the rest of the 10-year period. If you don't have a beneficiary, a one-time payment (equal to the total of payments remaining during the guarantee period) will be paid to your estate. If you die after the 10-year guarantee period, no death benefit will be paid.
Life only	You will receive a monthly lifetime pension. When you die, pension payments will stop; no further payments will be made from the plan. Because this option does not include a guarantee period, your monthly pension will be higher.
If you have a spouse and/or dependent children	
Joint & survivor 66⅔%	You will receive a lifetime pension. If you die before your spouse, he or she will receive a monthly lifetime pension equal to 66⅔% of the pension you were receiving. This is referred to as a survivor pension. If both you and your spouse die, a monthly pension will be paid to your children (see definition on page 11). The total monthly pension payments made to your children will be equal to 66⅔% of the pension you were receiving. Payments will continue to each child until they no longer qualify as a dependent.
Joint & survivor 100%	You will receive a lifetime pension. If you die before your spouse, he or she will receive a monthly lifetime pension equal to 100% of the pension you were receiving. Your pension will be reduced to reflect the cost of providing a higher survivor pension. If both you and your spouse die, a monthly pension will be paid to your children (see definition on page 11). The total monthly pension payments made to your children will be equal to 66⅔% of the pension you were receiving. Payments will continue to each child until they no longer qualify as dependents.

Examples

The table below shows how much monthly pension would be paid under the different payment options. The examples assume:

- you and your spouse are age 62, and
- that you have earned a monthly pension of $500 from the UA Local 67 pension plan.

Pension payment option	Monthly pension*
Life only	$513.27
Life with a 10-year guarantee	$500.00
Joint & survivor – 66²/₃%	$500.00
Joint & survivor – 100%	$477.61

* This is an illustration only and amounts may vary based on each member's information.

Before waiving the spouse's pension, you and your spouse should each obtain independent legal advice.

Waiving a survivor pension

Your spouse can give up (waive) the right to a survivor pension by submitting a waiver form. The form must be submitted during the 12-month period before you start collecting your pension.

If your spouse submits a waiver:

- you will have the same pension payment options as a member who has no spouse or dependent children;
- your dependent children will not be eligible for a pension when you die; and
- any survivor benefits paid from the plan (if any), will go to your beneficiary or, if you do not have a beneficiary, to your estate.

It's important to note that a waiver cannot be cancelled once you start collecting your pension. You and your spouse should each obtain independent legal advice before waiving a survivor pension.

Who qualifies as your "spouse" or "child"?

Your "spouse"

Under Ontario pension law, your spouse is a person who is living with you and who is either:

- married to you; or
- not married to you, but who has been living with you in a conjugal relationship
  - continuously for at least three years, or
  - in a relationship of some permanence if you are the parents of a child as defined in section 4 of the *Children's Law Reform Act*.

Your "child"

A natural, adopted or step-child of you and/or your spouse who is dependent on you for support and who is:

- under age 18 throughout the year of your death, or
- under age 24 and a full-time student throughout the year of your death.

How your pension is paid

Pensions are paid on the first business day of each month. Payments will be deposited directly to your bank account.

To avoid any delay in receiving your pension, be sure to notify the administrator if:

- there is any change in your banking arrangements, or
- you plan to move outside of Canada.

Your pension is taxable income.

Tax and your pension

Income tax is deducted from your pension before it is paid to you. How much tax is deducted will depend on government tax tables, as well as any additional tax information you provide. In some cases, you can increase or decrease the amount of tax that's taken off your pension payment. For details, contact the administrator (see page 2).

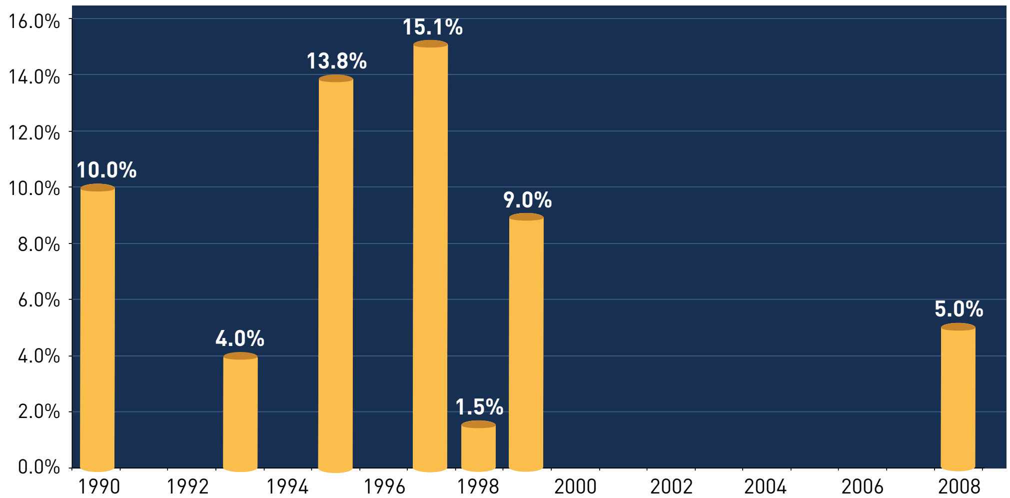
Your pension is paid on the first business day of every month. Tax is deducted first.

Pension increases

The Board of Trustees has, from time to time, increased pensions. In the past, increases have been applied to both pensions in payment and the pensions earned by active members. Increases help offset the effects of inflation on the buying power of your pension.

Future increases are not guaranteed. If the Board does grant increases in the future, the timing and size of those increases will depend on the financial health of the plan.

Pension increases for members retired since 1987



Pension increases were effective from January 1st in the years granted by the Trustees.

Pension income splitting

You can "split" your eligible pension income for tax-reporting purposes. In other words, your spouse can report up to half of your eligible pension as income on his or her annual tax return.

Pension income splitting does not affect how or to whom your pension is paid (the money will still be deposited in your bank account). It's simply a way to reduce the total amount of income tax you and your spouse pay. All you need to do is submit Form T1032, Joint Election to Split Pension Income (available from the Canada Revenue Agency) and complete an additional line on both your own and your spouse's tax returns.

Pension splitting may make sense if your retirement income is higher than your spouse's income. Before splitting your pension income, we recommend that you speak first with an accountant or qualified financial advisor.

LIFE EVENTS

Death before retirement

Your UA Local 67 pension isn't just about you. It's also about protecting those you care about. That's why your UA Local 67 pension plan includes a death benefit if your die before retirement.

If you have a spouse, he or she is the automatic beneficiary of your death benefit – even if you've named someone else as beneficiary. The only exception to this rule is if your spouse signs a waiver (before you die) giving up the right to death benefits.

If you have a spouse – Your spouse has the following options for receiving a death benefit:

- collect a lifetime pension, or
- accept a one-time payment.

If your spouse chooses the lifetime pension, he or she can start receiving that pension immediately or at a later date. The pension amount will be calculated based on:

- the "cash value" of the pension you earned, and
- your spouse's age at the time he or she starts collecting the pension.

If your spouse chooses the one-time payment, he or she will have the following options for receiving that payment:

- Transfer it to an RRSP. No tax will be deducted when the money is transferred.
- Transfer it to an insurance company to buy an annuity (a lifetime income).
- Receive it as a lump-sum cash payment. The money will be taxed as income. Tax will be withheld when the money is paid.

Don't forget to notify the plan administrator of any change in your address or banking information.

If you have children but no spouse – your children will receive a one-time payment equal to the "cash value" of your pension. This money will be divided equally among your children and will be taxed as income.

If you don't have a spouse or children – or if your spouse has signed a waiver giving up the right to pre-retirement death benefits, you can choose anyone you want as your beneficiary(ies). When deciding who to appoint as your beneficiary, keep in mind the following:

- Only one person at a time can qualify as your spouse for pre-retirement death benefits. If a separation agreement, divorce agreement or court order gives a former spouse a claim to those benefits, it may override any other beneficiary designation.
- If you don't have a spouse (or child) and do not appoint a beneficiary, any death benefits paid from the plan will be paid to your estate. If this happens, the money will be subject to legal fees, probate fees, and creditor claims.
- If you have a common-law spouse who you want to receive your death benefits but you are married to someone who you are no longer living with, be sure to appoint your common-law spouse as beneficiary.
- If you want to name a minor as your beneficiary, you need to:
    - have your spouse sign a waiver giving up his or her right to benefits, and
    - appoint a trustee or guardian of property to look after the benefits until the minor reaches the age of majority. The age of majority is 18 in Ontario, Quebec, Alberta, Manitoba, Prince Edward Island and Saskatchewan; 19 elsewhere in the country.

For additional information, contact the administrator or talk to a lawyer.

When deciding whether to appoint a beneficiary, keep in mind the following:

- If you don't name a beneficiary, any pre-retirement death benefits paid from the plan will go to your estate – unless your will specifically states how this money should be distributed.
- The death benefit will be taxed and paid out as a single payment.

- Money paid to your estate may be subject to probate fees (a form of tax).
- Your creditors can make claims against money paid to your estate but not to money paid directly to a beneficiary.

In any event, the death benefit will be equal to the lesser of:

- the "cash value" of the pension you earned up to the date of your death; or
- 36 times the monthly pension you've earned (or, if greater, the "cash value" of the pension you've earned since January 1, 1987).

Death after retirement

If you die after retirement, the survivor benefit (if any) will depend on the form of pension you chose at retirement (see page 10).

Any survivor benefits paid after you retire will depend on the form of pension you choose at retirement.

Disability

If you are under age of 62 and unable to work due to a disability, you may qualify for disability benefits under the UA Local 67 Group Benefits Plan. If you qualify:

- **Short term disability (STD) benefits** will be paid for the first 26 weeks you are off work (following a one-week waiting period).
- **Long term of a disability (LTD) benefits** will kick in once your short term disability benefits end.

While receiving LTD benefits, you will continue to earn credits in the pension plan – even though you are not working. You will be credited with 100 hours of work for each month you are on LTD, and remain a member of UA Local 67 in good standing. Hours will be prorated for part months. You will not earn credits during periods of STD.

For details on disability benefits and who qualifies, refer to the benefits booklet.

Divorce or separation

Your pension is a family asset. This means that if you and your spouse separate or divorce, any pension you earned while married or living as a common-law couple may have to be divided. Under the law, you and your former spouse can work out a separation or divorce agreement to divide family assets, including your pension. Your pension can also be divided by a court order.

Keep in mind that if you are not living with your spouse, he or she will not automatically qualify as your spouse under Ontario pension law – even if you are legally married. It also means that he or she must be specifically named as your beneficiary to qualify for any death benefits from the plan. Please note that different rules may apply if you separated or divorced between October 31, 2012 and July 24, 2014. You should consider getting legal advice about what rules apply in your situation.

Before entering into a divorce or separation agreement that affects your pension, we recommend that you get legal advice. Doing so will ensure your interests are protected and that the agreement complies with the law. You should also contact the plan administrator for information on how to apply for a statement of pension benefits. You may be charged a fee to determine the family law value of your pension. Once you have an agreement, you should also send a certified copy to the administrator to make sure it complies with the terms of the plan.

Inactive membership

You will become an inactive member of the pension plan if:

- your membership in the union ends, and
- contributions have not been made to the plan on your behalf for 12 months or longer.

Once you are inactive, you have two choices:

1. leave the plan at any time (see *"Leaving the plan"* below for additional requirements) and transfer the cash value of your pension benefits, or
2. keep your benefits in the plan until you are ready to collect your pension.

If you keep your benefits in the plan, you can either take your full pension at age 62, or a reduced early retirement pension starting anytime between ages 52 and 62. Your reduced pension is calculated the same way as a pension at age 62, but is reduced for each year that you retire before age 62.

If your pension qualifies as a "small" pension under Ontario pension law, the full value of your pension will be paid to you in a single lump-sum instead of in monthly pension payments. The plan administrator will notify you if you qualify for a small pension.

Leaving the plan

You may end your plan membership and withdraw your pension benefits if you are under age 52, you have not earned any contributions for at least 24 straight months, and you complete an application to leave the plan.

Unless you qualify for a "small" pension, the cash value of your pension is "locked-in" by law, and must be transferred to one of the following:

- a locked-in retirement arrangement (LIRA). A LIRA works like an RRSP, except you can't withdraw funds. The money in your LIRA must be used to provide an income in retirement;
- an insurance company to buy an annuity (a lifetime retirement income);
- another UA Local pension plan in Canada; or
- to another employer's pension plan if that plan allows transfers.

These transfers are tax free.

Also keep in mind, if you leave the plan and withdraw your pension benefits when the plan has a solvency funding shortfall, your pension will be reduced, which means the cash value will also be reduced. The reduction is based on the plan's solvency funding level (also called the "transfer ratio"). See definitions on page 22.

You can avoid this reduction by staying in the plan and taking a pension at age 52 or later. You also have the option to wait and see if the plan's solvency funding level improves and end your plan membership (by withdrawing your pension benefits) at a later date – as long as you're still under age 52 and you have not earned any contributions for 24 straight months.

The reduction doesn't apply to:

- any pension that starts at age 52 or later,
- any death benefits paid from the plan, or
- shortened life expectancy (see page 16).

The Ontario Pension Benefits Act includes rules for pension plan members whose employment ends involuntarily and without cause when their age plus service equals 55 or more. Under these rules, if a terminated member chooses to transfer their pension out of the plan before age 52, the cash value of their pension includes the value of early retirement benefits they would have received if they had stayed in the plan.

These "grow in" benefits are optional for multi-employer plans like the UA Local 67 pension plan and as a result, the Trustees have opted out of the new rules. The value of early retirement benefits is currently included in the cash value of the pension for any member who leaves the plan before age 52. Therefore, opting out of the new rules has no impact on members' pension benefits.

Marriage or new partner

Because your spouse has certain rights under the plan, it's important that you notify the plan administrator if there is any change in your marital status. Keep in mind that if you enter into a new spousal relationship (marriage or common-law) after your pension begins, your new spouse will not qualify for any survivor benefits after your death – unless named as the beneficiary of any remaining guaranteed monthly pension payments.

Moving

If you leave Ontario to live in another province or country, your pension benefits under this plan will still be governed by Ontario pension law.

Shortened life expectancy

Under current pension law, you can withdraw the cash value of your pension as a taxable payment if you have less than two years to live due to an illness or disability.

To withdraw funds, contact the administrator and ask for an application for termination benefits. Keep in mind that once you withdraw the cash value of your pension, no further payments will be made from the plan to you or your survivors, including your spouse. For this reason, your spouse must also sign the form.

Before you apply to withdraw your pension, we recommend that you obtain independent legal and financial advice. We also recommend that you check with the administrator to find out how your coverage for other UA Local 67 benefits (such as health) will be affected.

SOURCES OF RETIREMENT INCOME

To retire comfortably, experts say you'll need to replace about 60%-80% of the income you earned while you were working. Where will that money come from? The three main sources of retirement income are:

1. workplace pension plans (like your UA Local 67 pension plan);
2. government programs; and
3. personal savings.

You will need to rely on all three sources.

1. **Workplace pension plans –** A workplace pension plan, like the UA Local 67 pension plan, is an important source of retirement income. The amount you receive from the pension plan will depend on how much your employers contribute to the plan on your behalf and when those contributions are made.
2. **Government programs –** Government programs include:
   - Canada Pension Plan (CPP),
   - Old Age Security (OAS) and,
   - Guaranteed Income Supplement (GIS) for low-income Canadians.

Please refer to page 17 for more details.

3. **Personal savings –** When combined with your UA Local 67 pension plan and government pension benefits, your personal savings can help you reach your target retirement income. Options available to help you save for retirement include a registered retirement savings plan (RRSP) and tax-free savings accounts (TFSAs). RRSPs and TFSAs are available at major banks and other financial institutions.

Please refer to page 18 for more details.

Government benefits

While the UA Local 67 pension plan may form the cornerstone of your retirement income, it probably won't meet all of your retirement income needs. Government benefits combined with personal savings can help fill the gap.

Canada Pension Plan (CPP)

Most employees in Canada between the ages of 18 and 65 are required to contribute to the CPP. Contributions are based on your annual earnings, up to the Year's Maximum Pensionable Earnings (YMPE) ($55,300 in 2017). Your contributions are matched by your employer.

The CPP is intended to replace about 25% of the average industrial wage. The amount you are currently intended to receive will depend on your earnings and contributions during your working years. When the government calculates your CPP benefit, it will automatically drop out up to eight years when your earnings were their lowest or you were not working.

Keep in mind that if you take a long break from employment, work outside of Canada, or earn less than the YMPE, you may get less than the maximum CPP pension. In 2017, the maximum monthly CPP pension is $1,114 for someone who retires at age 65.

You may apply for your CPP pension anytime between the ages of 60 and 70. If you start your CPP pension before age 65, it will be reduced by 7.2% for each year you are under age 65. Reductions are permanent. For example, if you start your CPP pension in 2016 at age 60 (five years early), it will be reduced by 36% (7.2% x 5 years).

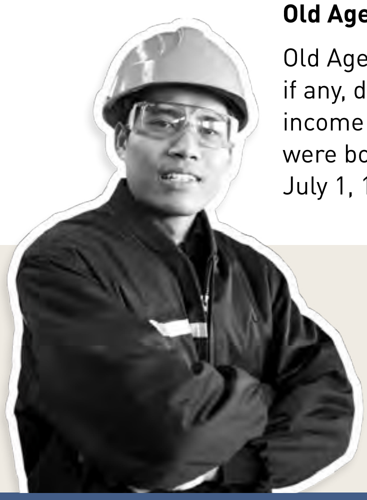
If you start your CPP pension after age 65, it will be increased by 8.4% for each year you are over age 65. For example, if you start your CPP pension at age 70, it will be 42% more (8.4% x 5 years) than it would be if you start it at age 65. Once your CPP pension begins, it will increase each January 1st if the Consumer Price Index (CPI) goes up.

Keep in mind that you are allowed to work and collect your CPP pension benefits at the same time. If you are under age 65 and work while receiving a CPP pension, you and your employer will be required to make contributions that will gradually increase your CPP pension. If you are age 65 to 70 and you work while receiving your CPP pension, you will be given the option to make contributions to increase your CPP pension. If you contribute, your employer will also have to contribute.

Information on your personal contributions and earnings history is available from your local office of Service Canada, or online at www.servicecanada.gc.ca. You should complete an application form at least six months before you want your CPP pension to start.

The CPP will be gradually enhanced starting in 2019. This will only affect you if, as of 2019, you work and make contributions to the CPP. The enhancement will increase CPP retirement, disability and survivor's pensions you may receive. Eligibility for CPP benefits will not change.

Old Age Security (OAS)



Old Age Security benefits are paid monthly starting from age 65. The amount you receive, if any, depends on the length of time you have lived in Canada when you apply, and your income level. There are two ways to qualify for a full OAS pension. You can qualify if you (a) were born on or before July 1, 1952 and met specific residence or immigration criteria on July 1, 1977; or (b) resided in Canada for at least 40 years after age 18. In either case, you

To start receiving CPP and/or OAS, you must file an application with Service Canada. Application forms are available online at www.servicecanada.gc.ca.

must also have lived in Canada for at least 10 years immediately before the approval of your OAS pension. If you don't qualify for a full OAS pension, you may still receive a partial one if you have at least 10 years of Canadian residence.

Your OAS benefit will be limited if your personal annual net income is greater than $74,788 (for 2017). Once your OAS pension begins, payments are increased every three months if the Consumer Price Index (CPI) goes up. As of January 1, 2017, the maximum monthly OAS benefit was $578. Once your OAS benefit begins, it will be reviewed each January, April, July and October to reflect increases in the CPI.

You can choose to delay your OAS benefits for up to five years. If you postpone collecting your OAS benefits, you will receive a higher government pension. Keep in mind that this change does not affect CPP benefits. You can still apply for CPP anytime from ages 60 to 70. Most individuals who are eligible for OAS will receive a notification letter from Service Canada the month after they turn 64. If you do not receive such a letter, you must apply in writing by completing Form ISP-3000, Application for the Old Age Security Pension (available from Service Canada).

Contact Service Canada at 1-800-277-9914 for more information on OAS or CPP benefits.

Guaranteed Income Supplement (GIS)

The Guaranteed Income Supplement (GIS) is a government program that provides additional support to low-income individuals living in Canada. People who receive OAS and have an income below a certain level can apply for this tax-free supplement.

You must apply for the GIS benefit and renew your application each year when you file your income tax return. If you would like more information on GIS benefits, contact Service Canada at 1-800-277-9914 or go to www.servicecanada.gc.ca.

The amount you receive from CPP and OAS has no effect on the amount you receive from the UA Local 67 pension plan.

Personal Savings

Even when combined with government pensions, your UA Local 67 pension plan may not provide the retirement income you need to support the retirement lifestyle you want. That's where personal savings come in. Personal savings can help make up the difference.

Tax-free savings accounts (TFSA) and registered retirement savings plans (RRSP) are two popular and tax effective ways to save, but we recommend that you talk to an independent financial advisor to decide the best options for you.

Tax-free savings account

All Canadian residents aged 18 or over can contribute up to $5,500 (2017 maximum) a year to a TFSA. The contributions you make to a TFSA are not tax deductible; however, you don't have to pay tax on any investment earnings or any capital gains. And, unlike an RRSP, money can be withdrawn from your TFSA tax free. Even better, when you make a withdrawal, contribution room equal to the withdrawn amount is restored the following year.

Going forward, the $5,500 per year contribution limit for TFSAs will increase in line with inflation (in $500 increments). Unused contribution room can be carried forward for as long as you wish.

Registered retirement savings plan

Another way to save for retirement is an RRSP. Any contributions you make to an RRSP (up to government limits) are tax deductible. This feature reduces the amount of income tax you pay. Money in your RRSP, including investment income, grows tax free until it is withdrawn; however, withdrawals are counted as taxable income in the year the money is withdrawn and contribution room is not restored.

Tax law limits the amount you can set aside in an RRSP each year. The current limit is:

- **18% of your previous year's "earned income"**, up to the maximum dollar limit (shown in the table below); **MINUS**
- Your pension adjustment (PA).

RRSP contribution limit	
Year	**Maximum dollars**
2015	$24,930
2016	$25,370
2017	$26,010
2018	Indexed, based on increases in the Average Industrial Wage

For current year rates, please refer to www.servicecanada.gc.ca.

RRSPs and TFSAs are available at major banks and other financial institutions.

For the purposes of RRSP contribution limits, "earned income" is defined as the annual total of your income including employment income, alimony payments received, and business or rental income. Earned income is reduced by any alimony payments you made and business or rental losses.

Your pension adjustment (PA) is equal to the amount your employer(s) contributed to the UA Local 67 pension plan on your behalf during the previous year.

Your available RRSP contribution room for the year is shown on your annual income tax Notice of Assessment. If you contribute less than the maximum in any year, you can carry forward your unused contribution room to future years.

A comparison of TFSA and RRSP features		
	TFSA	**RRSP**
Contributions	Contributions ***are not*** tax deductible	Contributions ***are*** tax deductible
Investment Income	Investment earnings grow tax-free	Investment earnings grow tax-free
Withdrawals	Withdrawals can be made at any time — tax-free	Withdrawals can be made at any time, but will be taxed as income in the year withdrawn
Restoring contribution room	When you make a withdrawal, contribution room (equal to your withdrawal) is restored the following tax year	Contribution room is not restored

Example

Let's assume that you earned $60,000 in 2017 and your employers contributed a total of $8,400 to the UA Local 67 pension plan. Based on government limits, your RRSP contribution room (the amount you can contribute to your RRSP) for 2018 would be as follows:

18% x $60,000:	$10,800
MINUS your 2017 pension adjustment (PA):	-$8,400
2018 contribution room:	$2,400

In this example, you can contribute $2,400 to an RRSP in 2018. This amount does not include any unused contribution room you may have carried forward from previous years.

It's important to keep track of your RRSP contributions to avoid over-contributing. Tax law allows a lifetime over-contribution of $2,000. Amounts above this limit are subject to a 1% per month penalty tax.

WHO RUNS THE PENSION PLAN?

The Pension Trust Fund is administered by an independent Board of Trustees. The Board is made up of eight Trustees who have a "fiduciary duty" – a legal responsibility – to act in the best interests of all plan members. Seven Trustees are elected by the union membership, plus the Business Manager of the union is appointed as a Trustee.

The Board is responsible for all aspects of the plan, including plan changes, establishing investment policy, monitoring investment performance, and overseeing plan administration. In carrying out their duties, Trustees are guided by clear-cut policies and procedures.

The Board selects and monitors a number of professional advisers – such as an actuary, auditor, lawyer, and investment consultant – to help ensure the plan is run effectively. It also delegates day-to-day administration of the plan to Reliable Administrative Service Inc.

As the plan administrator, Reliable handles a range of tasks, such as signing up new members, receiving contributions from employers, administering agreements with other unions, keeping track of bank hours, collecting union field dues, answering member questions and preparing statements. The administrator reports directly to the Board.

Investment of the plan's trust fund is handled by several professional investment managers selected by the Board of Trustees. Investment managers are regularly monitored throughout the year and must adhere to the Board's Statement of Investment Policies and Procedures.

Working together, the Board, its advisors, the plan administrator and investment managers ensure:

- the plan is well run,
- the money in the pension fund is invested wisely,
- the plan complies with the law, and
- the best interests of members are served.

The pension plan is regulated by federal and provincial legislation. It's registered under the Income Tax Act (registration No. 0381525) and the Ontario Pension Benefits Act (registration No. C0135012).

> Our pension plan has been helping members plan for and enjoy a comfortable retirement for more than 40 years.

Our current professional advisors

Plan administrator
Reliable Administrative Services Inc.

Fund managers
Beutel Goodman & Company Ltd.
Brown Advisory
Cambiar Investors
Capital Group Companies Inc.
Connor, Clark and Lunn Financial Group
Federated Investors Canada ULC
Guardian Capital
Lorica Investment Counsel Inc.

Investment consultant
Kieron Hayes
RBC Wealth Management

Actuary & communication consultant
Eckler Ltd.

Auditor
BDO Canada LLP

Legal
Koskie Minsky LLP

Custodian
RBC Dominion Services

Registration as a Specified Ontario Multi-Employer Pension Plan

In 2007, the government of Ontario introduced special rules for multi-employer defined benefit pension plans like the UA Local 67 pension plan. Because it is highly unusual for multi-employer pension plans to shut down, these rules allow multi-employer plans that meet certain conditions to register as a Specified Ontario Multi-Employer Pension Plan (SOMEPP). The plan was registered as a SOMEPP in 2008.

SOMEPPs don't have to pass the "solvency" funding test that applies to single employer defined benefit (DB) pension plans (which face a higher risk of shutting down). This solvency test checks to see what would happen if a pension plan ended immediately and had to pay out the total benefits earned by active and retired members all at once.

SOMEPPs are, however, required to meet the "going-concern" funding requirements, which assume the plan continues indefinitely. By registering as a SOMEPP, the Trustees are able to focus on maintaining the financial health of the plan over the long term. The plan is reviewed by an independent actuary at least every three years. The actuary's report is filed with the provincial pension regulator and is available for viewing on request.

Privacy

It's impossible to administer your pension benefits without using personal information. That said, the Trustees are committed to protecting your privacy and have strict safeguards in place to protect your information from unauthorized access or use. In addition, you have the right to see the information on file for you, and to update or correct it as necessary. For more information, please contact the plan administrator.

Questions?

Got a question about your pension? Contact Reliable Administrative Services, our plan administrator:

By phone: 905-387-5861

Toll free: 1-855-387-5861

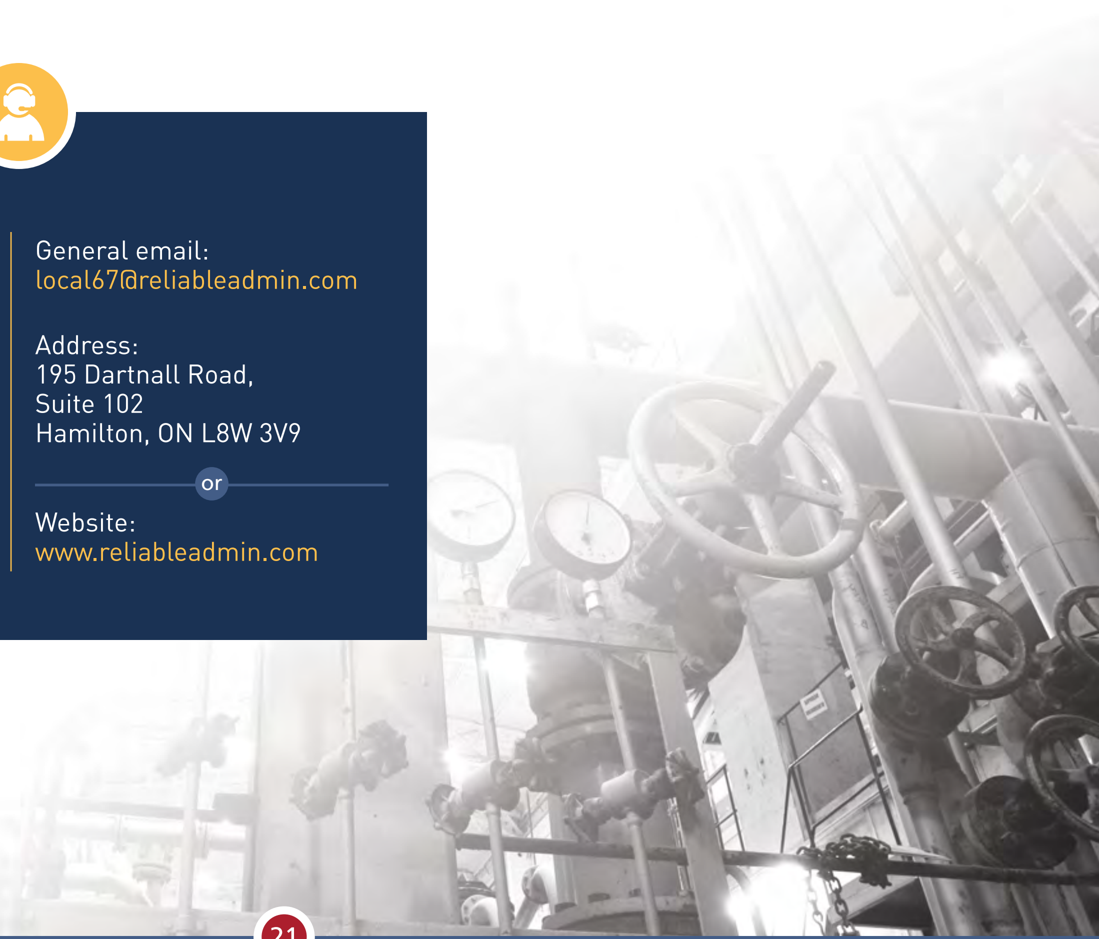
By fax: 905-387-4146

General email:
local67@reliableadmin.com

Address:
195 Dartnall Road,
Suite 102
Hamilton, ON L8W 3V9

or

Website:
www.reliableadmin.com



DEFINITIONS

A

Annuity – A monthly income bought from an insurance company.

Assets – Any cash, securities or other investments that have some value.

B

Beneficiary – The person(s) you've named to receive death or survivor benefits paid from the plan, if any. You can name anyone you choose to be your beneficiary. However, by law, your spouse is the beneficiary of any pension you have earned, unless he or she signs a waiver before your death.

Board of Trustees – The plan is governed by an independent, eight-member Board of Trustees. Seven Trustees are elected by the union membership. The union appoints the Business Manager of the union as the eighth Trustee.

C

Cash value (also commuted value) – The amount of money that would need to be invested today to pay, starting at age 62, the pension you have earned to date. The calculation is done by an actuary and depends on your age, the pension you've earned to date, and interest rates. It's also referred to as commuted value or transfer value.

Child – A natural, adopted or step-child of you and/or your spouse who is dependent on you for support and who is:

- under age 18 throughout the year of your death, or
- under age 24 and a full-time student throughout the year of your death.

D

Death benefit – The amount paid as a lump-sum or monthly benefit to your spouse, child, beneficiary or estate if you die before retirement.

Disabled – For the purposes of the UA Local 67 pension plan, you are generally considered to be "disabled" if you are receiving long term disability benefits under the UA Local 67 group benefits plan.

E

Early retirement – A plan provision that allows you to retire before your 62nd birthday (the "normal" retirement age). Under the UA Local 67 pension plan, you can retire with an unreduced pension on the first of any month on or after your 62nd birthday. If you retire early – before age 62 – your pension will be reduced by 6% for each year (½% for each month of part years) that your retirement date falls before age 62. The reduction reflects the fact that pension payments are being spread over a longer period.

L

Locked-in retirement account (LIRA) – A retirement savings account that works like an RRSP, except that funds are "locked in" and must be used to provide a retirement income (cannot be withdrawn in cash except under special circumstances). If you leave the UA Local 67 pension plan before age 52, you have the option to transfer the cash value of your pension to a LIRA.

P

Pension adjustment (PA) – The "value" for tax purposes of the pension benefit you earn in a calendar year. It is equal to the total contributions paid by your employer(s) on your behalf during the year. Your RRSP contribution room for the current year is reduced by your PA for the previous year.

R

Registered retirement savings plan (RRSP) – A retirement savings plan that is approved and registered under the provisions of the Income Tax Act (Canada). Taxes on RRSP deposits and investment earnings are not paid until funds are withdrawn.

S

Spouse – Under Ontario pension law, your spouse is a person who is living with you and who is either:

- married to you; or
- not married to you, but who has been living with you in a conjugal relationship
  - continuously for at least three years, or
  - in a relationship of some permanence if you are the parents of a child as defined in section 4 of the *Children's Law Reform Act*.

Survivor benefit – The amount paid as a lump-sum or monthly benefit to your spouse, child, beneficiary or estate if you die after retirement.

T

Tax-free savings account (TFSA) – A savings plan that is approved and registered under the provisions of the Income Tax Act (Canada). Contributions to a TFSA are not tax deductible; however, money held within a TFSA grows on a tax-free basis.

Transfer ratio – A measurement of the pension plan's financial health assuming the plan ended on a specific date and paid out all pensions earned by active and retired members on that date.

The final word

This booklet describes your UA Local 67 pension plan in simple terms. It isn't a legal document and doesn't cover every detail, but it does provide the basic facts. Care has been taken to provide an accurate description of the plan in this booklet, however, if there is a difference between the information contained in this booklet and the legal plan documents (as adopted by the Board of Trustees), the plan documents will apply.

Canadian Piping Trades®
LOCAL 67

Hamilton-Niagara

Trustees of the Plumbing and Pipefitting Workers' Pension Plan

www.ualocal67.ca

January 1, 2018