



# Teamsters Local 213 Members Benefit Plans

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January 20, 2015

To: All Plan Members – Active, Inactive  
Teamsters Local 213 Pension Plan

RE: **TEAMSTERS LOCAL 213 PENSION PLAN, FICOM Reg. #86734-1, CRA Reg. #0584003**

On behalf of the Board of Trustees, we are pleased to report that the administrative details on the transfer of the regulatory supervision of the Teamsters Local 213 Pension Plan (the "Plan") from OSFI (federal jurisdiction) to FICOM (British Columbia) have been finalized. As noted previously, this change was required as the majority of the active Plan membership is BC based.

## **EFFECT OF THE CHANGE**

We want to emphasize that the change of the Plan's registration to BC FICOM is positive and was done in the best interests of the Plan and Plan members for the long term. It is important to note that no pension benefits were downgraded due to this change. To the contrary, BC's funding and solvency requirements are more appropriate for the Plan than OSFI's stringent rules which do not recognize the Plan's healthy position on a going concern valuation basis. Further, changes to BC's pension law that are anticipated to come into effect sometime in 2015 are expected to offer the Plan flexibility and modernization.

## **PLAN TEXT AMENDMENTS**

Given the change of regulatory supervision to BC and further to the letters sent to you dated August 12, 2014 and August 29, 2014, the Plan has now been amended to comply with BC pension law, including the important changes noted below. You should file a copy of this letter, along with the August 12, 2014 and August 29, 2014 letters, with your copy of the current booklet dated January 2013. Please note that once the new BC pension law changes come into effect, a new member booklet will be prepared and distributed to you.

### **Termination Benefit: Eligibility Rule Change**

- A Plan member is now considered to have terminated his or her Plan membership at the end of any period of 2 consecutive calendar years in which he or she has worked less than 350 hours of employment for which contributions have been made to the Plan on his or her behalf. (Note: *This change affects Part 11, item 1, of the January 2013 member booklet.*)
- In order to ensure that Plan members who have already terminated employment are still able to access their pension benefits as they had planned, we have received approval from FICOM to grandfather the old termination of membership test (one calendar year in which no contributions have been made to the Plan on the member's behalf) for members who would have met the old test by December 31, 2015.

### **New Exceptions to Locking-In: Non Residency Rule**

- A Plan member or his or her surviving spouse who has resided outside of Canada for two or more years and established non-residency status with the Canada Revenue Agency ("CRA") may opt to receive a lump sum commuted value payment instead of monthly pension payments. Spousal consent to unlocking is required.
- To establish non-residency with the CRA you must complete and file form NR73 with them. Once CRA sends you a return letter confirming the date of non-residency, you can then provide it to the Plan Administrator's office along with [Form 6 - Certificate of Non-Residency](#), to request the removal of the locking-in restriction.

### **New Exceptions to Locking-In: Shortened Life Expectancy (Alberta Members only at present)**

- A Plan member who is not yet receiving a pension from the Plan and who has an illness or disability that is certified by a medical practitioner to be terminal or to likely shorten the Plan member's life considerably may opt to receive all or part of his or her pension benefit as a series of payments for a fixed term or as a lump sum commuted value payment. Your doctor must write a letter that states you are expected to have a considerably shortened life, which you must provide to the Plan Administrator's office, and spousal consent to unlocking is required.
- This exception to the locking-in rules is available only to Alberta members until the BC pension law changes come into force.

## **ACTUARIAL VALUATION AS AT DECEMBER 31, 2013: UPDATE**

### **Investment Policy**

The Board of Trustees and their team of professional advisors continually monitor the Plan's finances and the asset/liability matching investment policy to which the Board has made a long-term commitment. The Plan's investment policy matches the assets and liabilities of the Plan in terms of duration and cash flows in order to make sure the Plan is able to continue to deliver the pension benefits for the long term with a high degree of certainty, regardless of movements in the securities markets and changing interest rates, and despite the challenges presented by low interest rates, aging members and increasing life expectancy. The Board continues to look for ways to increase the Plan's finances through safe, higher yielding assets in private equity and infrastructure funds.

### **Funding on a Going Concern Basis**

The Plan's last actuarial valuation as at December 31, 2013 shows that the Plan continues to be in a strong financial position and fully funded on an ongoing (also known as "going concern") basis with the funded ratio in excess of 100%. The Plan has a going concern surplus of \$38.9M. Long term interest rates were near all-time lows as at December 31, 2012 and rose significantly during 2013. Despite a decrease in the Plan's going concern assets from \$424.9M to \$385.2M over this period (due to the increase in interest rates), the Plan's going concern surplus amount remained stable at \$38.9M as the decrease in assets was offset by a similar decrease in Plan liabilities.

### **Funding on a Solvency Basis**

The Plan's solvency ratio decreased slightly. This is not cause for alarm as the decrease is due to the low interest rate environment. The solvency ratio, which is calculated on a hypothetical basis as though the Plan was to be terminated as at December 31, 2013 (which is not the case), decreased from 98.4% to 96.2%. This means if the entire Plan had hypothetically terminated as of

December 31, 2013, the Plan's assets on hand were not sufficient to cover 3.8% of the benefits to be paid out. When the solvency ratio is less than 100%, pension law may impose holdbacks on commuted value lump sum portability transfers from the Plan, with holdbacks paid to the respective members at a later date. If a Plan member's termination/transfer benefit or a pre-retirement death benefit is impacted by the solvency ratio, notification will be issued with the application package.

### **Solvency Moratorium**

With the filing of the actuarial valuation as at December 31, 2013 with FICOM, the Plan also filed an application under FICOM's solvency moratorium rule. We are **very pleased to report** to you that FICOM approved the solvency moratorium application, taking into consideration the Plan's healthy ongoing funding position. This is an important benefit to the Plan members as it means that the Plan is exempted for three years from having to make special annual payments in respect of its solvency position.

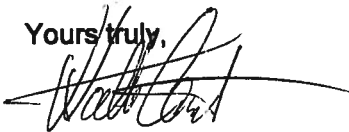
### **In Closing**

In closing, once the new BC pension law changes are in effect, we will address further Plan amendments as may then be required to comply with the new legislation. Changes are expected to be positive in scope for the Plan and the Plan members.

A reminder also that if there are any changes to your personal information, such as your spouse's name, your beneficiary designation or your address, or if you have any questions, please call the Teamsters Local 213 Members Benefit Plans office and ask for Ada Leong or Winnie Leong, phone 604-879-8627 or toll free in BC/Yukon 1-800-972-6241.

The Board, as always, continues to work hard to prudently manage the Plan with the security of Plan members' benefits the number one priority. Further updates to you will continue to be issued.

Yours truly,

A handwritten signature in black ink, appearing to read "Walter Canta", written over the words "Yours truly,".

Walter Canta, Chair  
Teamsters Local 213 Pension Plan