Heat and Frost Insulators Local 118

PENSION PLAN

Booklet revised May 2017

HIGHLIGHTS

- You can start your pension any time between age 50 and December of the year you turn 71.
- You will not outlive your pension from this plan!

  Once you retire, you will receive monthly payments from the plan for life.

  Before you start your pension you can also choose to have a pension continue to your spouse; if you choose this form your pension is smaller to account for the fact that the pension likely will be paid for longer.
- The amount of your pension is based on a formula, explained in the "Retirement" section of this booklet.

CURRENTLY THE PLAN HAS APPROXIMATELY:

- 500 actives
- 212 pensioners
- 400 terminated with benefits but not active or retired

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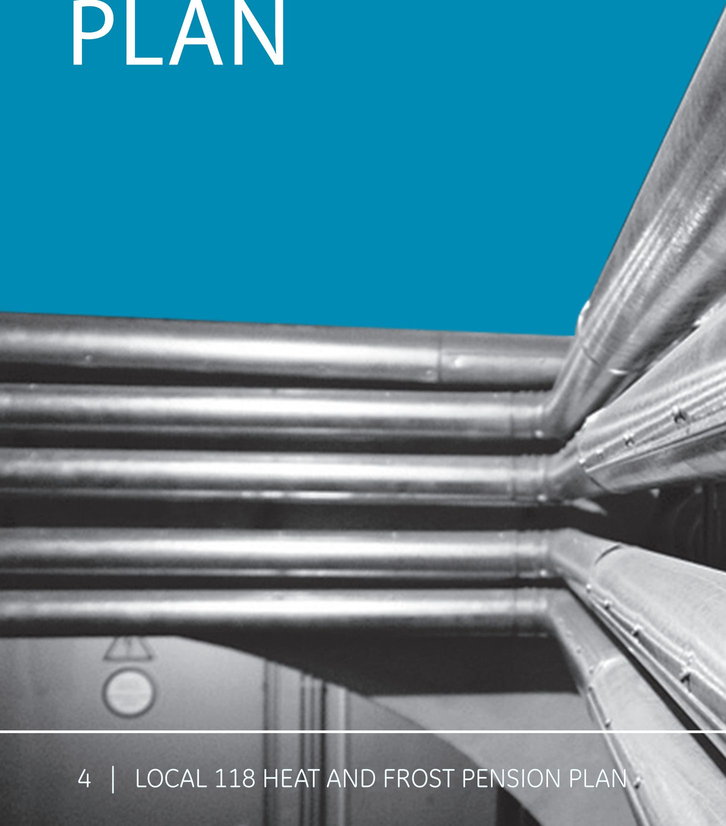
WELCOME TO THE HEAT AND FROST LOCAL UNION 118 PENSION PLAN



Your pension grows larger every hour you earn with an employer who is signatory to the collective agreement. The plan is designed to provide a pension for life to each plan member from age 60. Additionally, if a member qualifies, a monthly income is payable if he or she becomes permanently and totally disabled before age 60.

This plan started on April 1, 1969. The plan has never missed a pension payment and has never reduced pension payments. The plan covers members of the International Association of Heat and Frost Insulators and Allied Workers, Local Union 118 (the "union") who work for employers who have entered into a collective agreement that requires contributions to the plan. As a result, it is a collectively bargained multi-employer pension plan. The plan is also a target benefit pension plan. This means that you earn a monthly lifetime pension, rather than a contribution account. Another type of pension plan is a defined contribution pension plan, which gives each member their contributions with interest; it is up to those members to determine how to turn that account balance into sufficient lifetime retirement income.

The amount of pension from a target benefit plan is based on a formula, but it may be increased or decreased depending on economic circumstances, since the contribution amount is set under bargaining and does not always increase when more funds are needed. While your plan just changed from defined benefit to target benefit on December 31, 2015, it operated much like a target benefit plan since it was created, as pensions were increased when assets were sufficient, and there was the possibility since 1969 that pensions could be reduced if assets were not high enough. All money contributed to the plan is held in trust for the benefit of you and the other members.

YOUR RESPONSIBILITIES

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 pension plan.

- Once you join the plan, you are responsible for ensuring your information is up-to-date. Important pension information will be sent to you from time to time; please ensure your current address, telephone number, beneficiary and e-mail address are on file. Email pensions2@datownley.com or call 1-800-663-1356 to update your contact information.
- Complete an Application for Enrolment and Beneficiary Form.
- Inform the plan administrator of any change in your name, beneficiary designation, and spouse or common-law partner.
- Once you choose a beneficiary, please provide your beneficiary with the contact information of the plan administrator.
- 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.

Your annual statements are important financial documents; please keep them each year.

YOUR SPOUSE

The person who is your spouse has important rights under this pension plan. If you die before retirement your spouse may be entitled to a death benefit. If you have a spouse when you retire, your pension must be paid in a joint survivor form. The plan will give your spouse a survivor pension from

this plan if he or she lives longer than you, unless your spouse waives the right to this protection.

In certain circumstances, a member may be unclear as to who qualifies as their spouse. The definition of spouse for the purposes of a pension plan depends on the province in which you last worked for an employer who participates in this plan. If you last worked in B.C. your spouse for plan purposes is:

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

If you have a spouse, pension law states that your spouse must receive any benefits payable from the plan upon your death, unless she or he has signed a waiver. Naming another individual as your beneficiary does not override your spouse as beneficiary. Your spouse may waive the right to a spousal benefit by completing a Spousal Waiver Form.

If you don't have a spouse, or 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 your beneficiary designation at any time without the consent of your former beneficiary.

Should your beneficiary die before you, the 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.

YOUR BENEFICIARY

Each year you will receive an Annual Statement of your benefit in the plan. Your current beneficiary will be listed. If you would like to change your beneficiary designation, please request a Beneficiary Designation Form from the union or the plan administrator. It is important that you sign and date your Beneficiary Designation Form. Please make sure that you tell your prior and your current beneficiary that you have changed the designation.

Please note that the Trustees have no discretion regarding payment of your death benefit. Upon your death, if you have no spouse the Trustees will pay your benefit to the individual or organization you have designated as your beneficiary, even if you have divorced or had children. Please be sure to keep your designation current.

YOUR RIGHTS

Read this booklet to learn more about the rights of members of this plan. Plan members, participating employers, and the sponsoring union have the right to see the following plan documents:

- Actuarial valuations
- Annual information returns submitted to the BC pension regulator
- Audited financial statements
- Plan text and amendments
- Governance policies including the benefits & funding policy
- Plan summary (this booklet)
- Statement of Investment Policies and Procedures

- Trust agreement establishing this plan and any amendments to it
- Collective agreement provisions relating to your pension.

Former members of the plan have the right to see documents that apply to them that were in effect during the time period during which they earned benefits. As a plan member you also have the right to see the data and method used to calculate your benefit.

Documents may be viewed at the plan administrator's office. Personal information about other members is, of course, not available.

PRIVACY POLICY

The Trustees have developed security procedures to safeguard and protect your personal information against loss, theft, unauthorized disclosure, copying and unauthorized use or modification. To view the plan's privacy policy in detail, 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 administrator. Participating employers also must supply information about hours worked and any other member data required for calculations of pension benefits.

EMPLOYER RIGHTS

Employers that contribute to this plan have the right to see the above list of plan documents, although employers only have the right to see collective agreements to which they are signatory.

UNION RESPONSIBILITIES

The International Association of Heat and Frost Insulators and Allied Workers Local Union 118 appoints five Trustees who are responsible for all aspects of plan operations.

UNION RIGHTS

The union has the right to appoint any individual as Trustee in accordance with the union's bylaws, provided that person is a member of this pension plan. The union also has the right to see certain plan documents.

PLAN FUNDING

The plan is funded by contributions that are made to the plan. The contribution levels are set in the applicable collective agreements. B.C. pension legislation requires that, at least once every three years, a plan valuation must be performed by an actuary. The actuary examines the plan to determine if, at the valuation date, the assets and future contributions are sufficient to pay for the cost of members' benefits (the "liabilities"). If there is a difference between the assets and liabilities of the plan, the Trustees may have to consider changes to the plan to address the imbalance. These changes can include increases or decreases to pensions, to future benefit rates or reducing benefits that are accrued under the plan. If contributions are insufficient to fund plan benefits, and it is not possible to increase contributions sufficiently to cover the shortfall, the Trustees are required under B.C. pension legislation to reduce benefits to stabilize the plan's funded status.

LIFE EVENTS AND YOUR PENSION

RETIREMENT

You may start your pension from this plan on the first day of any month once you are age 50. If you are permanently disabled, you may qualify for payments from the plan before you turn 50; see the disability section below. Canadian tax law requires that you start your pension by the end of the year in which you turn 71.

CALCULATING YOUR PENSION

Once you know the amount of contributions made to the plan and your retirement date, you can determine how much pension you will receive when you are 60, or any month of your life after you start your pension. While pensions may be increased or decreased if the plan's financial health changes, target pensions are based on a formula shown on the next page.

If you retire on the first of the month on or just after your 60th birthday and choose a lifetime pension with a 120 month guarantee, your pension will be calculated as shown below. If you retire earlier or later, it will be adjusted to recognize that more or fewer payments will be made, as described in the early retirement and delayed retirement sections that follow.

If you joined in 2012 or later

Since January 1, 2012 you earn a monthly lifetime pension of 1.2% of the contributions made, but the maximum pension you could earn from working in a year is based on 2,400 hours in the year.

Example

Starting in 2017 you work 2,400 hours per year for 15 years.

Your employer contributes $11,400 each year.

Your monthly lifetime pension with a 120 month guarantee will be

1.2% of $11,400 x 15 = $2,052/month for life.

If you joined before 2012

Pension formula = pension earned year 1 + pension earned year 2 + pension earned year 3 + …

To determine the amount of pension you will receive for life, determine how much your employer contributed for hours you earned each year.

Your monthly lifetime pension with 120 month guarantee if you start at age 60 is the sum of the pension earned each year you work based on the following table:

Year	Pension earned in year payable monthly for life with 10 year guarantee	Minimum hours to earn any pension in year
2012 onward	1.2% of contributions	1
2002 to 2011	1.25% of contributions	175
1991 to 2001	4.5 cents per hour [1]	1
1990	1.78% of contributions	1
1989	2% of contributions for each unit of 1000 hours [2]	1000
1986 to 1988	$4 per unit of 100 hours if your employer contributed $2/hour $3.50 per unit of 100 if your employer contributed $1.75/hour.	100
1969 to 1985	$10.50 per month for each unit of 300 hours if your employer contributed $1.75/hour. [3]	300

1. Your pension grew at 4.5 cents per hour earned. This is equivalent to 1.343% of contributions if your employer contributed 3.35 per hour in the period of 1991-2001; or higher if your employer contributed less per hour.

2. You earned a monthly pension of $40 per 1,000 hours earned, and in 1989 employers contributed $2/hour, so this works out to $40/2000 = 2%.

3. If your employer contributed less than $1.75 before 1985, the benefit earned was $9 or less. Contact the administrator if you would like specific details.

The above formula applies if you start your pension as you turn 60 (on the 1st of the month on or after your 60th birthday) and elect a lifetime pension, with a guarantee of 120 payments. This means that you receive a pension for life and payments continue if you die in the first ten years, until 120 months of pension have been paid to you and your beneficiary. If you have a spouse when you retire, then pension law requires that you select a pension which continues for your spouse's lifetime as well, at 60% of the amount of your pension, or higher. If your spouse waives that right, you may choose a pension just for your lifetime, or a pension that continues for your lifetime and continues to a beneficiary if you die within a guarantee period. If you choose a pension which continues to your spouse, or if you choose a longer guarantee period, then your monthly pension will be smaller than the amount based on the formula, to reflect the higher likelihood that it will be paid for longer.

In addition to pension earned on that formula, benefits were increased for all non-retired and retired members as shown below:

Effective Date	Pension earned to date was increased by
January 1, 1997	10%
January 1, 2000	5%
January 1, 2001	1% for non-retired, 3.5% for pensioners
September 1, 2007	5% on benefits earned before 2007

Furthermore, all pensions for retired members and all earned benefits earned to December 31, 2016 for active members were increased by 3% effective January 1, 2017.

WHY DO PENSIONS NOT INCREASE EACH YEAR?

Increases were common in the 1990s when higher interest rates made this financially possible. Now that interest rates are much lower, most pension plans are not able to increase pensions each year. Those plans which do increase pensions usually have high member contribution rates. It would be too risky to invest all the plan's assets in stocks, and bonds return far less now than they did even five years ago, so estimated long term returns are not high enough to allow annual pension increases. The Trustees have the right to increase pensions if there is enough money in the plan. They were not permitted under B.C. pension law to increase pensions from 2010 to 2015, as the plan was not fully funded on a solvency basis. That rule no longer applies because the plan converted to target benefit. Since the valuation study of the plan as at December 31, 2015 showed the plan is fully funded at that date and had enough money to satisfy the buffer amount required under pension law, a pension increase was allowed. The Trustees decided to increase the benefits of those who were active or taking a pension from the plan by 3% effective January 1, 2017.

If the plan becomes underfunded, as measured according to certain pension laws, either contributions must increase or benefits must decrease. As for increases, the Trustees will be permitted to increase pensions in the future if the financial health of the plan as measured by an actuarial valuation shows that the plan has enough money to cover all pensions and also has enough to cover a required rainy day fund, called a provision for adverse deviation.

SELF PAYMENT

If you have at least 175 hours in a year but less than 2,400 hours earned that year you can self pay to "top up" to a maximum of 2,400 hours at the current contribution rate, to increase the pension you earn in that year.

CREATING A FINANCIAL PLAN FOR YOUR FUTURE

Deciding how much to save for retirement and when to retire are important life decisions. The Trustees recommend you seek independent, unbiased professional advice. A choice of advisors near you can be found at ouradvisor.ca, the website of the Financial Advisors Association of Canada, or by calling 1-800-563-5822.

EARLY RETIREMENT

Your pension will be calculated based on the formula outlined above if you start it at age 60 and elect a lifetime pension with a 120 month guarantee. If you choose to start your pension before your turn 60, it will be calculated as above but then reduced to reflect the extra years of pension you will receive.

If you have active status in the plan just before you start your pension, your monthly benefit will be as calculated by the formula above then reduced by 5/12ths of 1% for each month that your date of retirement precedes your normal retirement date, which is the 1st of the month on or after your 60th birthday.

If you terminate membership before you start your pension, your monthly benefit will be reduced by 0.5% multiplied by the number of months before your normal retirement date.

WAITING TO START YOUR PENSION

If you decide to start your pension when you are older than age 60, your pension will be increased to reflect the fact that payments are starting later. You will receive a benefit equal to the pension which you earned to your normal retirement date, age 60, plus the further pension earned from working after age 60, plus an increase to reflect that you will receive a pension for fewer years.

PROTECTION FOR YOUR SPOUSE

If you have a spouse when you retire, pension law requires you to choose a form of pension that continues to your spouse if he or she outlives you, in an amount at least 60% of the pension being paid to you while you are alive. If your spouse has other income and does not need a pension from this plan, he or she may sign a waiver to allow you to choose a different form of pension that does not continue to your spouse.

Your choice of pension form is a significant financial decision. **Once you start your pension, you may not change the form of pension.** Hence, the Trustees recommend you plan carefully and consider the needs of your spouse or beneficiary as you select whether your pension from this plan will have a guarantee or payments continuing for your spouse's lifetime, or whether you choose a form that pays for your lifetime only.

PENSION FOR YOUR BENEFICIARY

If you feel that your needs would be better served by a different form of pension and your spouse signs the waiver form, you may choose one of the following options:

(1) A lifetime pension to you, which ends the month you die;

(2) A lifetime pension to you which, if you die before your spouse, continues at 50% of the initial amount to your spouse for his/her remaining lifetime;

(3) A lifetime pension to you, with a guarantee of at least 60 monthly payments. If you die after receiving less than 60 months' of pension from

the plan, the value of the remaining payments will be paid to your spouse or beneficiary;

(4) A lifetime pension to you, with a guarantee of at least 180 monthly payments;

(5) A lifetime pension to you, with a guarantee of at least 120 monthly payments.

Without the waiver, you may also choose a pension that continues to your spouse at the same amount you received, or you may choose a pension that reduces to 67% or 75% to your spouse once you die.

When you are approaching retirement, please contact the plan administrator, D.A. Townley, at least three months in advance to ask for estimates of your pension amounts. Contact Service Canada at 1-800-206-7218 or Canada.ca early to ask about government pensions as well; these often take months to be processed.

EMPLOYMENT AFTER YOU RETIRE

If you return to work with a participating employer after you start a pension from this plan, you will continue to receive pension payments. You will not earn any additional pension benefits for the hours of employment or contributions remitted to the plan while retired. Those contributions will remain in the pension trust and will contribute to the funded status of the plan, including your pension.

TERMINATION FROM THE PLAN

Your status in the plan changes from “active” to “terminated” if during two consecutive years your employers remit for less than a total of 350 hours. If this happens then you will be offered a choice:

(a) Leave your benefit in the plan, to take a lifetime pension from the plan any time once you are 50. In this scenario, if you return to work for a participating employer after you terminate from the plan you immediately begin earning additional pension in the plan on top of your previously earned pension.

(b) If you are under 50 and have terminated status, you may transfer the funded portion of the value of your benefit from the plan to your locked-in retirement account or Life Income Fund (LIF), or to purchase an annuity from an insurer. If you choose to withdraw and your benefit is over a threshold (which is $11,060 in 2017, this amount will increase each year), then your benefit will be locked-in. This means you have the above options but you may not take a cash lump sum. If the plan is fully funded when you withdraw your benefit, you will receive the commuted value as explained below. If the plan is not fully funded, you will receive just the funded portion of your pension benefit, called the transfer value. For instance, if the plan is 95% funded when you transfer your benefit, you will receive 95% of the commuted value of your pension. In order to receive the full value of your pension, you could choose to leave the money in the plan until you are ready to take a pension from the plan. Pensions are not reduced by the funded ratio in the way the lump sum payments are. If the plan becomes severely underfunded a decrease in pensions is possible, but a reduction is not mandatory for pensions. For lump sums, the reduction is mandatory as B.C. pension law states that members taking a lump sum may receive only the funded portion of their benefit. You will receive 100% of your pension from age 60, unless the funding level has fallen so low that benefit cuts for everyone were required.

Once you transfer out the value of your earned pension, then if you return to work for a participating employer you will be treated as a new plan member with no credit for the prior period of service.

The commuted value of your benefit is not the same as the total contributions made on your behalf. It is the value of the pension you earned based on the formula shown in the section "Calculating your pension", paid every month from age 60 for your estimated lifetime based on statistical mortality studies.

VESTING

Vesting means that you have a right to receive a pension benefit on retirement. Effective September 30, 2015, all members of the plan are vested. From December 31, 1997 to September 29, 2015, those who did not earn 175 hours per year for at least two years terminated without vesting so received no benefit aside from the refund of any self pay contributions. Before 1998, those with less than five years of service may have been partially vested. Those who terminated membership before 2015 should contact the administrator or review their termination statement to determine if they earned a pension in the plan.

If you terminate, you may still have pension benefits. Be sure to notify the plan administrator of any address changes so that we may keep you informed.

DISABILITY

You may be eligible to receive a disability pension if you are deemed totally and permanently disabled as defined in the plan. You will be considered totally and permanently disabled if, based on sufficient medical evidence, you are unable to engage in any gainful occupation or employment. In no event will a disability be considered to be permanent until it has continued for a period of at least four months. Disability pensions can commence on the first of any month prior to your 60th birthday. Once you are 60, you may start a regular pension from the plan.

To qualify for a disability benefit you must:

- have worked in the plan's jurisdiction in the three years prior to your disability
- provide evidence you are collecting CPP disability pension or are terminally ill
- have at least ten years of continuous union membership
- not be eligible for long term disability (LTD) benefits from the Heat & Frost Local Union 118 Health & Wellness Plan.

The amount of disability benefit is as that shown in the section "Calculating your pension", except that it is not reduced to reflect that you start payments before age 60, and you can start it once you qualify, even if you have not reached age 50. Those who are not disabled may start a pension from this plan only once they are 50 or older.

If you start a disability retirement benefit from this plan, those payments will end at the earliest of the following dates:

a) the date you cease to be entitled to disability benefits due to recovery from total and permanent disability; or

b) the first day of the month on or after your 60th birthday; or

c) your death.

Once you turn 60, even if you had received a disability pension from this plan, you will be eligible for a regular pension from the plan.

Disability Credits
If you become disabled and received long term disability (LTD) benefits from the Health & Wellness Fund then you will be credited with 100 hours for each calendar month that you are disabled, including the qualifying period. You will be credited hours for the duration of your disability if you are receiving weekly income benefits from the

Health & Wellness Plan or Employment Insurance sick benefits or Workers Compensation benefits and ultimately become entitled to receive LTD benefits. This allows for you to continue to build a pension until you recover or until you reach age 60 and are eligible to start a full pension from the plan. Disability credits are only granted if at the start of your disability you are an "active" member of the plan. Associate members of the Heat and Frost Local 118 Health & Wellness Plan are not eligible for pension plan disability credits.

TERMINAL ILLNESS

If you become terminally ill before you start your pension, you may qualify to withdraw all or part of your pension benefit. Your spouse must provide written consent before you may use this provision. Also, you must submit a written statement from your doctor stating that your illness is terminal or likely to shorten your life considerably. Contact the administrator for details on what you must provide and for your specific options.

If you qualify under this provision, you may withdraw all or a portion of your benefit. You may take the benefit as a taxable cash payment or transfer it on a tax-sheltered basis to an RRSP or other registered account. You may also start monthly payments for a fixed term.

DEATH BEFORE RETIREMENT

If you die before starting a pension from this plan and you have not already withdrawn your benefit, the plan will pay a monthly benefit to your spouse, commencing immediately, for the remainder of his or her lifetime, equal to 60% of the monthly pension benefit which you had accumulated by the time of your death. Since this pension starts immediately it is often larger than the amount a member would have received if alive. If that is not the case, if the value of the death benefit pension to your spouse is less than the commuted value of your benefit at the date of your death, your spouse will receive an additional amount so that the death benefit is as large as if you were alive and had withdrawn your benefit.

Instead of taking a monthly pension, a surviving spouse may also transfer the value of this death benefit, on a tax-sheltered basis, to a locked-in retirement account, an annuity, another pension plan, or a Life Income Fund.

If you die leaving no spouse, or if your spouse had signed a waiver before your death authorizing you to name a different beneficiary, your beneficiary will receive a taxable lump sum benefit equal to the value of your pension.

The value of benefits paid to beneficiaries other than a spouse will equal at least as much as the value of the accrued pension benefit multiplied by the target benefit funded ratio. If the plan is fully funded, your beneficiary would receive 100% of the value of your benefit.

The value of your benefit is not the same as the total contributions made on your behalf. It is the value of all the months of pension you earned based on the formula shown in the section "Calculating your pension", for your estimated lifetime based on statistical mortality studies.

Once the plan administrator is advised of a death, they send a statement outlining the benefit and the options to the spouse or beneficiary on file.

DEATH AFTER RETIREMENT

If you die after your pension begins, the death benefit will depend on the pension payment option you choose at retirement. If you selected a pension for your lifetime only, or if you lived longer than any guarantee period chosen for your pension, then no death benefit will be payable.

If neither your spouse nor your named beneficiary is alive when you die, the administrator will pay any death benefit from the plan to your estate. Such a death benefit may be subject to probate fees, estate taxes and creditors. It is advisable to consider your family's financial needs and tax planning when you name your beneficiary.

DIVORCE OR SEPARATION

What happens to my benefits if my marriage breaks down?

You and your former spouse must decide on how the value of your pension will be divided between you and provide the administrator with a written agreement. The B.C. Family Law Act provides detailed procedures for valuing and dividing a pension after a marriage breakdown if there is disagreement.

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 plan administrator must provide your former spouse or common-law partner 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.

RECIPROCITY

What happens if I am not working within the Union's jurisdiction?

The union has entered into agreements with other locals across Canada whereby if you are working in another local with whom there is a Reciprocity Agreement, the contributions made on your behalf can be transferred to this plan. You must fill out a form requesting and authorizing the reciprocal transfer. In addition, Reciprocal Agreements have been signed with certain other trades who are members of the B.C. and Yukon Building and Construction Trades Council. This enables you to receive credit while temporarily working out of another jurisdiction.

Contributions submitted on your behalf from another pension plan are subject to an adjustment in accordance with the standard industrial / institutional hourly contribution rate.

HOW IS THE PLAN RUN?

The Trustees oversee all plan operations. They provide guidelines to the plan administrator, custodian, investment managers and actuary. Trustees have a legal obligation to run the plan with careful due diligence and in the best interests of members.

The actuary periodically estimates the size of current and future pensions, compared to projected plan assets, to estimate the amount of ongoing contributions required to cover members' pensions.

The plan administrator keeps records of service and contributions and calculates pensions and benefits under the plan. Contact the administrator if you have questions about the plan, or about your pension in particular.

The administrator will mail important pension information from time to time; please ensure your current address is on file. Email pensions2@datownley.com or call 1-800-663-1356 to update your address. Each year you will receive an up-to-date statement of your benefits under the plan. You should notify the administrator immediately of any errors or omissions in your statement.

The custodian holds the assets of the plan in a trust fund and invests the assets following instructions from the investment manager. All contributions are made to the custodian, and all pensions and benefits are paid by the custodian.

The investment managers make investment decisions within guidelines and objectives set by the Trustees.

PLAN INVESTMENTS

Contributions received by the plan administrator are deposited to a trust fund held by the plan's custodian. The money is invested by professional investment managers hired by the Trustees. Investments include Canadian bonds, real estate and mortgages, as well as Canadian, U.S. and international stocks. The investment managers select which stocks and bonds will be purchased, and may modify the proportion of stocks or bonds somewhat, but must always operate within the guidelines and constraints established by the Trustees in their Statement of Investment Policies and Procedures. The Trustees regularly review the returns, procedures, and staffing of the investment managers and, from time to time, they make changes in managers.

For more information about the investment of the trust fund, please contact the plan administrator.

PLAN EXPENSES

There are certain operational expenses associated with the plan. The largest fees are paid to the custodian and investment managers, but other fees include those of the auditor, actuary, lawyer, administrator, and pension regulator. Members are sent a newsletter each year that summarizes cash flows for the prior year. Details of the expenses can be found in the plan's annual audited financial statements. You may contact the administrator to view the audited statements.

GOOD GOVERNANCE

The Trustees have set up many checks and balances to ensure the plan is well run. The financial statements of the plan are audited each year, which includes a review to ensure that all contributions are deposited to the trust fund. To monitor the procedures and results of investment managers, the Trustees receive independent investment performance reports four times per year. The Trustees also conduct a formal review of all service providers at least once per year.

MORE INFORMATION

Are benefits taxable?

Yes. All plan benefits are included in your income for income tax purposes when they are paid, unless they are transferred directly to another registered pension plan or RRSP.

Can I borrow against my pension?

No, benefits under the plan may not be assigned in any way, except in certain cases where benefits are split upon divorce or where taxes are owed.

If the plan closes

The plan is designed to operate for many generations to come. However, should the plan close, the plan assets would be used to provide benefits to plan members and pay for the expense of winding up the plan. Pension benefits may increase or decrease, depending on whether the assets are sufficient or in surplus at that time, if the plan is closed.

OTHER SOURCES OF RETIREMENT INCOME

This pension plan is one of several sources of retirement income. You may have other retirement savings. Also, you will likely qualify for Canada Pension Plan (CPP) and Old Age Security (OAS) payments.

CPP

The amount of CPP you receive depends on how much and for how long you contribute to the CPP. The maximum monthly CPP in 2017 is $1,114.17 but most retirees receive less than that, because they did not contribute the maximum amount in years where their earnings were lower. The average payment from the Canada Pension Plan for new retirees in January 2017 was $685/month. It is larger for those who contribute more during their working years, or start it later. You may start CPP as early as age 60, but the monthly payment will be larger if you delay starting CPP payments. Once you reach age 70, there is no financial advantage in delaying as the payments do not increase after that. If you start CPP payments at age 70, you will receive 42% more per year than if you had taken it at 65.

Once you start your pension from the CPP or OAS, the amount will increase each year based on the amount of increase in the cost of living, which protects retirees in times of high inflation.

OAS

If you have lived in Canada for at least ten years, you are eligible to receive OAS payments from age 65. Unlike CPP, the pension you get from OAS does not depend on how much you earned while working. It is funded through general tax revenue, so you and your employer do not contribute to it directly with payroll deductions. The maximum monthly payment of OAS in January 2017 was $578.53. When you are retired if you earn more than a set amount ($74,788 in 2017), you will be required to repay some of your OAS. If you are earning far less, there is an additional government program called the Guaranteed Income Supplement for low-income seniors.

For more information about OAS or CPP, call Service Canada at 1-800-277-9914 or see www.canada.ca

PENSION EXAMPLE

Joe has earned a pension, based on the plan formula, of $1,750. He is considering choosing a form of pension that will continue to his spouse after his death. He could choose from the following:

Lifetime pension	1,797
Lifetime with 10 year guarantee	1,750
Lifetime with 15 year guarantee	1,704
50% of pension amount continues to spouse	1,628
60% of pension amount continues to spouse	1,597
75% of pension amount continues to spouse	1,554
100% of pension continues to spouse	1,487

The table shows how the form of pension you choose will affect the amount you will receive for life, and the amount your spouse or beneficiary will receive, if any. The above numbers will change in the future as calculation assumptions are updated in line with current mortality studies and economic conditions. In this example, Joe is 60 and his spouse is 57 when he starts his pension. If you or your spouse are different ages when you retire or if the calculation assumptions change your pension amounts will be different. To learn the actual amount you would receive for each pension form, please contact D.A. Townley for a retirement estimate package.

The Trustees strongly urge you to seek independent financial advice before making any decision regarding your benefit. A choice of advisors near you can be found at ouradvisor.ca, the website of the Financial Advisors Association of Canada, or by calling 1-800-563-5822.

PLANS CHANGE OVER TIME

This booklet is a summary of those parts of the Heat & Frost Local Union 118 Pension Plan that most often attract questions. It reflects the rules that were in place at the date shown on the cover; the plan may have changed after that date. There is a complete Plan Text and a Trust Agreement which contain all of the provisions of the plan. 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. Ultimately, provincial pension laws and Income Tax Act (Canada) overrule any of the above, if there is a conflict. This pension plan is registered with the Province of British Columbia (Registration No. P085434) and the Canada Revenue Agency (Registration No. 0560367)

NOTES

Contact us:

D.A. Townley, Plan Administrator
4250 Canada Way
Burnaby, BC V5G 4W6

Telephone **604-299-7482**
Toll-Free **1-800-663-1356**
Facsimile **604-299-8136**

Email: **pensions2@datownley.com**

If you leave us a voice message or send an email, please include your full name, the name of the Heat and Frost Local Union 118 Pension Plan, and your telephone number including area code.

650 JUNE/17