

Towboat Seamen Retirement Plan 2018 Year in Review

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Published June 2019

Financial Markets: Short Term Volatility; Long Term Focus — 2018 Overview

The pension plan continues to hold a long-term investment outlook that is resilient to short term market fluctuations, as seen in 2018.

The 2018 year ended mostly down for investors around the world as developed international and emerging markets weakened. The FTSE All-World Index, which tracks thousands of stocks across a range of markets, plummeted 12 percent in 2018, a sharp reversal from a gain of nearly 25 percent in 2017. This was the index's worst performance since the global financial crisis.

Here at home, the S&P/TSX, the index that tracks the performance of Canadian publicly owned companies, started 2018 poised to hit new record highs, but finished the year with a decline of 11.6 percent.

December 2018 was a particularly challenging month. The Dow Jones Industrial Average, a stock market index that tracks the value of 30 large, publicly owned companies in the U.S., fell more than 800 points in a single day in early December. Subsequently it climbed over 1,000 points on December 26, realizing the largest daily point gain in history and the highest daily percentage gain since March 2009. The Dow index finished the year with a decline of 5.6 percent.

The year 2018 will be remembered for its volatility. This volatility was driven by signs of a global economic slowdown, concerns about monetary policy, ratcheting up of a global trade war, and potential for rises in interest rates and inflation. But the picture for your pension plan is not as dismal as these numbers might suggest. Here's why:

Rational Perspective — Markets will go up and down over the short term and downturns happen frequently. Short-term volatility is part and parcel of investing. However, market setbacks have typically been followed by recoveries, as evidenced in early 2019.

Strict Discipline — Trying to time the market rarely pays off and can be costly. A rigorous, disciplined approach to investing (as outlined, for example, in your pension plan's Statement of Investment Policies and Procedures, or "SIPP") provides investors with a long-term plan that can weather a volatile year like 2018.

Long-Term Focus — Although past performance is no guarantee of future results, there is ample evidence to show that, historically, stock markets have performed well over the long term. Your pension plan continues to have a long-term outlook and its assets are invested with this in mind. After all, pension benefits are long term in nature.

Did You Know?

Plan Expenses
(Compare to 2%-3%
in Retail Market) **0.6%**

\$63M Plan Assets
(Net)

Investment Earnings

2018 **\$-1.9M**

2017 **\$5.4M**

Gross Rate
of Return **-3.0%**

831 Total Pension
Plan Members

Contributions **\$2.3M**

13 Participating
Employers

Benefit
Payments **\$4.5M**

\$-4.5M Net Change
in Assets

Questions?

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Broad Diversification — The expression “don’t put all your eggs in one basket” is certainly good advice when it comes to investing. Your pension plan’s assets are well diversified, meaning that the assets are allocated to a wide variety of different investment types (bonds, stocks, mortgages, real estate, infrastructure, etc.), industry sectors (energy, utilities, consumer goods, materials, financials, etc.), geographies (Canada, U.S., developed countries outside North America, emerging economies, etc.), and even investment styles. Since different asset types are impacted by different events, a diversified portfolio, such as your pension plan’s, experiences lower volatility than any one individual investment.

Robust Governance — The Trustees have hired professional fund managers to manage your pension plan’s investments. These managers are responsible for implementing your pension plan’s investment strategy and achieving its short and long-term goals, as outlined in the SIPP mentioned above.

The Trustees oversee and regularly monitor the performance of the managers. Although these principles are presented in the context of your workplace pension plan, they are equally applicable to your personal finances. Instead of being worried by short-term market fluctuations, be prepared. Establish your personal investment goals and take a disciplined approach to investing so that when the normal ups and downs of the market happen, you can take advantage of opportunities that arise. In respect of your personal investments, a professional advisor can assist you with keeping a rational perspective, maintaining strict discipline, focusing on the long-term, diversifying broadly and implementing a robust governance framework.

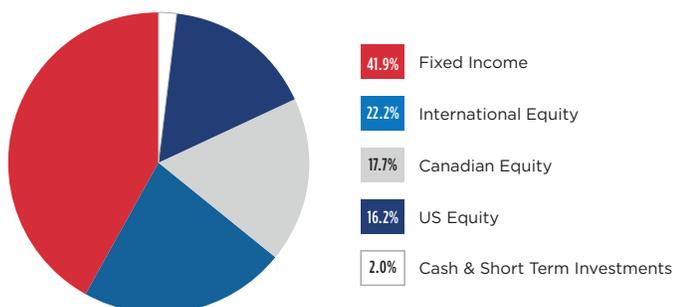
Outlook for 2019

Global economic growth has slowed. Brexit and the persistent trade war between the U.S. and China continue to be a source of investors’ worry. The U.S. is firmly in the late stage of its economic cycle. Federal Reserve in the U.S. has left its key interest rate unchanged and projects no rate hikes for the balance of 2019. The Bank of Canada is expected to follow a similar policy and hold rates steady for the rest of the year. Risk of near term recession remains low, and despite the great start to the year economists and finance experts expect modest returns from the stock market for the balance in 2019. It will be an interesting year as we watch developments.

Towboat Seamen Retirement Plan Asset Allocation

For the period ending December 31, 2018

Source: D.A. Townley



Employee and Family Assistance Program

Your physical and mental well-being has a significant impact on your daily life and productivity at work. The Employee and Family Assistance Program (EFAP) provides you and your family members with immediate and confidential support for any work, health or life concern.

The EFAP is a voluntary and confidential service. No one will know that you have used the service, including your family members and employer, unless you decide to tell them. No personal information that would identify you will ever be divulged to anyone, unless you provide your explicit consent. You can even access the service anonymously by providing a pseudo name. You may be asked to provide the Plan’s name so that the service agent can identify the client organization and a postal code so that the service agent can identify a provider near you.

All services under the program are short term and solution focused, at no cost to you or to your family members.

It is a common misconception that the EFAP is only an employee counselling service – it goes beyond that and includes services such as:

Health & Well-Being	Career & Workplace
Family & Relationships	Coping With Change on the Job
Physical Well-being	Traumatic Events
Mental Health	Career Development & Continuing Education
Emotional Well-being	Time Management
Diseases & Conditions	Workplace Leave
Addictions	Stress/Burnout
Financial Security	Life Events
Will Preparation	Parenting
Credit & Debt Management	Death of a Loved One
Tax	Getting Separated/Divorced
Investing	Having a Baby (or Adopting)
Real Estate/Mortgages	Getting Married (including common law)
Legal	Buying/Selling a House

To access your EFAP resources, please contact your local Human Resources Manager, or refer to your employee booklet.

Designating My Beneficiary

In the event of your death, your survivors may be entitled to benefits. You will want to make sure that your beneficiary designation for your workplace pension plan is accurate and up-to-date.

Let's look at the rules around who can be designated as a beneficiary for the purpose of your workplace pension plan.

Who is a Beneficiary?

There are two default beneficiaries: your spouse and your estate.

Your Spouse

Your workplace pension plan is governed by the pension legislation of the province in which you reside. Although we do not have uniform pension legislation across Canada, all the provinces recognize that a pension plan member's spouse has first right to the survivor benefits from a registered pension plan. This means that your spouse is entitled to certain benefits under the pension plan, regardless of any other beneficiary(ies) you have named. The spouse may waive their right by signing the applicable waiver form as prescribed by each pension jurisdiction.

The definition of spouse is different under various pension legislation. For the most part, a spouse is defined as a person who is legally married to you or living with you in a common-law relationship. What is different among the provinces is the period of cohabitation required for the relationship to be considered "common-law".

Your Estate

If you do not have a spouse and have not named a beneficiary, your estate is automatically your beneficiary when you die. The death benefit will then be distributed by the executor of your estate according to the instructions in your will.

If you die intestate, that is without a will, the death benefit will be paid to your estate. Your estate will then be distributed according to the rules of the province you reside in.

It is important that you name your beneficiary(ies) and make sure that you have a will that is up-to-date.

Death Before Retirement

If you die in service before you have commenced your pension and you have a spouse at the time of your death, any benefits you have earned for service up to the date of your death, will be paid to your spouse. Your spouse may elect to receive this benefit on a tax-deferred basis.

If you do not have a spouse at the time of death, or if your spouse has waived their right by signing the prescribed waiver form, you can name other people as your beneficiary(ies). These can include your children, other family members, friends or others. You can also name organizations, trusts, or your estate

Definition of Spouse in British Columbia

"Spouse" means in relation to another person:

- a. a person who at the relevant time was married to the Member, and not living separate and apart from the Member for a continuous period longer than 2 years; or
- b. a person who was living with the Member in a marriage-like relationship, for the two year period immediately preceding the relevant time.

as beneficiaries. The pre-retirement death benefit will be paid to your designated beneficiary(ies) as a lump sum, less applicable taxes.

Death after Retirement

If at the time of retirement, you have a spouse, you must elect a pension with at least 60% continuation to your surviving spouse for their remaining lifetime. Your spouse may waive this right at the time you retire by signing the applicable waiver form.

If, when you retire, you do not have a spouse or if your spouse has waived their right to a survivor pension, you can name the same beneficiary(ies) as the one(s) during your working life or different one(s). Your beneficiary(ies) may be your children, other family members, other individuals, organizations, trusts, or your estate. Any death benefit payable to your beneficiaries will be determined according to the option you elected when you retired.

How to Name or Change Your Beneficiary Before Retirement

Here are the steps you need to follow:

1. Contact D.A. Townley, the Plan Administrator, to request the Application for Enrolment and Beneficiary Designation form ("Beneficiary Designation form").
2. If you have a spouse, and wish to name someone other than your spouse as your beneficiary, let the D.A. Townley staff know so they can send you the applicable spousal waiver form.
3. Complete the Beneficiary Designation Form.
4. Sign and date the form.
5. If applicable, your spouse must complete, date, and sign the spousal waiver form.
6. Mail the Beneficiary Designation form, and if applicable, the spousal waiver form, to D.A. Townley.

If you are naming more than two beneficiaries or wish to name alternate beneficiaries, include this information on a separate sheet and attach it to the Beneficiary Designation form. To be valid, the sheet must include your name

and signature dated with the same date as on the form.

If you are divorced or separated, all beneficiary nominations must comply with any separation agreements or court orders.

How to Change Your Beneficiary After Retirement

Your ability to change your beneficiary after you have retired depends on if you have a spouse and on the pension option you selected when you retired. You can contact D.A. Townley, the Plan Administrator, to find out if you are eligible to change your beneficiary.

If you are divorced or separated, all beneficiary nominations must comply with any separation agreements or court orders.

Top 10 Investment Holdings

As at December 31, 2018

Security Name	Asset Class	Percentage of Portfolio	Market Value
Canadian Government Bond 2.00% Dec/01/51	Fixed Income	1.2%	\$756,000
Toronto-Dominion Bank	Canadian Equity	1.16%	\$729,000
Royal Bank Of Canada	Canadian Equity	1.14%	\$718,000
Toromont Industries Ltd	Canadian Equity	1.13%	\$707,000
Bank Of Nova Scotia	Canadian Equity	1.07%	\$674,000
Province Of Alberta Canada 3.0% Dec/01/48	Fixed Income	1.02%	\$641,000
Canadian Natl Railway Co	Canadian Equity	1.02%	\$640,000
Brookfield Asset Manage-CI A	Canadian Equity	0.93%	\$585,000
Saputo Inc	Canadian Equity	0.88%	\$552,000
Brookfield Infrastructure Pa	Canadian Equity	0.86%	\$541,000
Total			\$6,543,000

Your Health and Welfare Plan

How You Can Help Manage the Cost

We all recognize that having a health and welfare plan is a valued benefit. Given rising healthcare costs, the plan must constantly manage its costs in order to remain sustainable. You can play a big part in making this happen.

Here are some ways you can help keep the cost of your extended health benefits down.

1. Use generic drugs when possible

Prescription drugs are the costliest component of any health and welfare plan. If you are able to use a generic version of a drug, please ask your doctor and pharmacist for it. Generic drugs provide the same quality as their brand-name counterparts but at a much-reduced price.

Here's an example of the cost of a generic versus a brand name drug.

Brand Name:	Generic Name:
Crestor	Rosuvastatin Calcium
Drug cost: \$173	Drug cost: \$45.90
Plan pays: \$138.40 (80%)	Plan pays: \$36.72 (80%)
Member pays: \$34.60 (20%)	Member pays: \$9.18 (20%)

2. Shop around for best prices

Like any shopping experience, know your prices. Compare drug prices from pharmacies in your area. You can also compare service provider fees like dentists, massage therapists and physiotherapists. Determine what matters to you: cost or convenience. This might mean visiting a pharmacy a bit further from where you normally go and finding a new pharmacist.

3. Get routine health screens

Regular health exams and tests can help find problems before they start. They can also help find problems early, when your chances for treatment and cure are better.

4. Register for Fair PharmaCare

Fair PharmaCare is an income-tested program sponsored by the government of British Columbia. Once you reach your family maximum under PharmaCare, the government will pay 100% of your drug costs. Check with your doctor to see if your prescribed drug is covered under Pharmacare.

You can register for Fair Pharmacare online or by phone at (604) 683-7151 (Toll-free 1-800-663-7100) Monday to Friday 8 a.m. to 8 p.m. and Saturday 8 a.m. to 4 p.m.

These might seem like small measures, but when we do it collectively it goes a long way. It is a win-win situation. You save money while helping the plan manage its costs.

Trustees

The Board of Trustees met four times in 2018 on March 29, June 20, October 2 and December 5.

2018 Trustees

Terry Engler

Colleen Detina

Mike Lucarz

Kevin Rokosh