TOWBOAT SEAMEN RETIREMENT PLAN

PENSION BOOKLET

- *Questions and Answers*
- *Illustrations*

2019

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MISSION STATEMENT

The Trustees of the **Towboat Seamen Retirement Plan** shall use all their individual and combined skills to provide a high quality, financially secure pension plan in a reasonably cost-efficient manner. The Plan shall be managed in accordance with proper principles of management in a prudent and fully transparent way, considering the operation and administration of similar plans.

TOWBOAT SEAMEN RETIREMENT PLAN

PLAN BOOKLET

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Important Notice

This booklet is a summary of those parts of the Towboat Seamen Retirement Plan (called "the Plan" in this booklet) that most often attract questions. The booklet is not the full text of the Plan.

There is a complete Plan text and a trust agreement which contain all the provisions of the Plan. You may view a copy of these documents at the office of the Plan Administrator. If there is any omission in this booklet or a conflict between this booklet and the wording in the Plan Text and Trust Agreement, the Plan Text and Trust Agreement will prevail.

The provisions of the Plan may be amended from time to time, although no amendment can be made that would allow any part of the Fund to be diverted to purposes other than for the exclusive benefit of Plan Participants, their eligible spouses, and other beneficiaries.

This booklet reflects a summary of the rules that were in place at the date on the cover.

ABOUT THE PLAN

The Towboat Seamen Retirement Plan **(Plan)** came into effect June 1, 1973.

The primary purpose of the Plan is the provision of retirement benefits to Participants of the Plan when they reach retirement age.

The secondary purpose is the provision of retirement benefits and death benefits to those Participants (and their surviving Spouse or beneficiary as the case may be) who leave the Plan or die prior to retirement age.

The Plan has been set up as provided for in a Trust Agreement between the International Longshore and Warehouse Union, Local 400, the Seafarers' International Union of Canada (together, **Unions**) and the Council of Marine Carriers (**Council**).

All money contributed to the Plan is held in trust on your behalf.

The Plan is a multi-employer defined contribution pension plan. The Plan is registered with Canada Revenue Agency (*Registration No.: 0375642*) and the Office of the Superintendent of Financial Institutions Canada (*Registration No.: 55548*).

Board of Trustees

This Plan is governed by a jointly trusteed Board, meaning there are representatives from both the Unions and the Council.

How is the Plan run?

The *Trustees* interpret the Plan, appoint and provide certain guidelines to the Administrator, Custodian, Investment Managers and Consultants, as well as oversee the running of the Plan.

The *Administrator* (currently D.A. Townley) administers the Plan by keeping records of service and contributions and by calculating pensions and benefits under the Plan.

The *Custodian* (currently Canadian Western Trust) holds the pension fund assets and invests them 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 Manager* (currently Leith Wheeler Investment Counsel) makes investment decisions within guidelines set by the Trustees.

How is the Fund invested?

The Trustees have appointed a professional money manager, Leith Wheeler Investment Counsel, to invest the Trust Fund. The Fund is invested in securities authorized by law for investment of registered pension trust funds.

Leith Wheeler Investment Counsel has a balanced mandate, investing in all major asset classes such as Canadian, U.S. and International equities as well as bonds and money market instruments. Leith Wheeler Investment Counsel has discretion over what securities the Trust Fund is invested in, but in selecting the investments, must always comply with the guidelines and restrictions established by the Trustees. These investment guidelines are set out in the Trustees' Statement of Investment Policies and Procedures. All Plan Members are entitled to view a copy of this document which is held at the office of the Administrator.

The Trustees regularly review the results achieved by the Investment Manager and, from time to time, they may make changes in managers.

For more information about the investment of the Trust Fund, please contact the Administrator.

Plan expenses

There are certain operational expenses associated with the Plan. These include fees paid out of the Plan to the Administrator, Custodian, Investment Manager, Consultants and Auditor as well as other regulatory fees and expenses that may be payable.

Please note that the interest that is credited to your account at each year end, is **net** of all Plan expenses. Details of Plan expenses can be found in the Plan's annual audited financial statements, a copy of which is held at the office of the Administrator.

ELIGIBILITY

Who is eligible for membership in the Plan?

All employees who are represented by either of the Unions and who are employed by a signatory employer (**Employer**).

You will be eligible for membership on the first day of the month following completion of 3 months of service with an Employer.

An enrolment form must be completed by each Member and submitted to the Administrator.

CONTRIBUTIONS

How much does my Employer contribute to the Plan?

Your Employer contributes a fixed percentage of your basic monthly wage, as set out in your Collective Agreement.

Your Employer is obligated to remit pension contributions to the Plan if you become injured on the job and have a claim with the Workers Compensation Board. Similarly, if you have a disability claim with the BC Marine Welfare Plan your Employer is obligated to remit pension contributions up to a maximum of 12 weeks for each claim.

Am I required to contribute to the current Plan?

Prior to May 1, 1976 Participants were required to contribute to the Plan. Since that date, Participants have not been required to make contributions.

Contributions made prior to May 1, 1976 remain in the Plan and are dealt with in accordance with the Plan's rules on the date you retire or terminate your participation in the Plan.

May I make additional contributions to the Plan?

Yes, the Plan will accept voluntary contributions from you as long as you are a participant of the Plan. You will need to make sure that contributions for any calendar year do not exceed the lesser of:

- 18% of your earnings for the year; or
- the Money Purchase Limit for the year under the Income Tax Act,

reduced by the sum of contributions paid by an Employer on your behalf and any additional RRSP contributions you may have made outside the Plan. You will be issued a tax receipt for these additional contributions.

Additional voluntary contributions may be made through your Employer by way of payroll deduction or through the Administrator. These voluntary contributions are not locked-in to the Plan.

Do my contributions earn interest?

Yes. Interest is credited to your accounts at a rate equal to the rate the Fund earns, less the costs of running the Plan. Interest may be positive or negative.

VESTING AND LOCKING-IN

What does "vested" mean?

A vested Participant is entitled to the benefits in the Plan. All Participants are immediately vested upon joining the Plan.

What does "locked-in" mean?

Locked-in money is money that can only be used to buy you retirement income. It will not be available to you in cash, except in very limited circumstances.

All contributions by your Employer(s) to the Plan and any interest earned on those contributions, are deemed to be locked-in. Voluntary contributions are not locked-in, unless they are transferred in from another plan on a locked-in basis.

Unlocking

Federal pension law also provides for limited exceptions that permit contributions to be paid out in cash or transferred to a registered retirement vehicle on a non-locked-in basis.

These include:

- Non-Resident of Canada for past 2 years
- Shortened Life Expectancy
- Financial Hardship (once transferred from this Plan)
- Small Pension Rule – A transfer may be made to a non-locked in account if the benefit is less than 20% of the Yearly Maximum Pensionable Earnings (YMPE) in the year of termination.

There is also an opportunity to unlock up to 50% of the total value of your contribution account if you are age 55 or older and you are transferring your benefit into a tax-deferred savings vehicle, from which you can then withdraw cash. To be eligible to unlock your benefit under this rule, your Spouse must first sign a waiver form. Note that funds that are unlocked, even if they are transferred to an unlocked RRSP or RRIF will lose the protection from creditors that locked-in funds have.

RETIREMENT BENEFIT

How is my retirement benefit calculated?

Retirement benefits are based upon the total contributions made by your Participating Employer(s) to the Plan, any voluntary contributions you have made, and the total amount of interest earned on those contributions. Depending upon the option that you select at retirement, this total amount will be:

- transferred to a Registered Retirement Savings Plan (**RRSP**);
- used to buy a Life Income Fund (**LIF**);
- used to buy a Restricted Life Income Fund (**RLIF**); or
- used to buy an **annuity**, which will provide you with retirement income.

When can I receive my retirement benefit?

The Normal Retirement Date under the Plan is the first day of the month on or after your 65th birthday.

However, you can retire at any time after your 55th birthday, assuming you have retired from active employment with a Participating Employer.

You must retire from the Plan before the end of the year in which you turn 71.

What if I retire and am later re-hired by a contributing Employer?

Provided you are under age 71, you will be treated as a new Member of the Plan.

RETIREMENT OPTIONS

RRSP

What is a RRSP?

RRSPs are retirement plans registered with Canada Revenue Agency.

Can I withdraw income from a RRSP?

This depends on whether the plan is "locked" or "unlocked".

All contributions that are unlocked can be withdrawn from the RRSP account or transferred to a Registered Retirement Income Fund (**RRIF**).

All contributions that were locked-in in the Plan will remain locked-in, once transferred to a RRSP. If you then wish to withdraw income from the RRSP, you will need to convert the funds into an income stream by purchasing an annuity or transferring the money to a Life Income Fund (LIF).

RRIF

What is a RRIF?

A Registered Retirement Income Fund (**RRIF**) is a registered retirement vehicle into which your money can be transferred to maintain its registered (i.e. tax-exempt) status.

RRIFs were introduced to provide flexibility to individuals who have saved for retirement in a regular RRSP but who do not wish to purchase a life annuity.

A RRIF provides you with the ability to manage your own retirement savings.

Can I transfer my retirement benefit to buy a RRIF?

Only **non-locked in money** from your accounts can be transferred to a RRIF.

As outlined above, unlocked money includes any voluntary contributions that you have made to the Plan, together with interest earned on those contributions.

When can I access the money in my RRIF?

If you choose a RRIF, then you must receive payments each year (starting no earlier than age 55 and no later than December 31 of the year you turn 71).

Canada Revenue Agency sets a minimum amount that you must withdraw each year. There is however, no maximum payment level. Payment levels can be changed at any time.

LIF

What is a LIF?

A LIF is an investment instrument used to hold and pay out pension funds upon retirement. LIFs allow you to convert your retirement savings into retirement income.

A LIF provides an alternative to an annuity purchased from an insurance company. It provides you with the ability to maintain control over pension capital, its investment and the flow of income.

A LIF is created by transferring your locked-in pension assets from the Plan (starting not earlier than age 55 or later than December 31 of the year you reach age 71).

How are the funds invested?

The funds are invested in accordance with your direction and subject to the rules for investments of a RRIF. Further details of these rules are available from Canada Revenue Agency. The interest on a LIF accumulates tax-free until funds are paid out.

When can I access my money in a LIF?

A LIF cannot be cashed out in one lump sum. It must be used to provide retirement income for your lifetime.

By purchasing a LIF, you have some flexibility in the amount of income you receive in any given year, however, legislation sets both an annual minimum and a maximum range for the payments you can receive. The intention is that there should be sufficient money in the fund to provide income for your lifetime.

The *Pension Benefit Standards Regulations (1985)* prescribes the maximum annual withdrawal amount and the financial institution holding your LIF will advise you of the exact withdrawal amounts at the beginning of each year. You then choose the level of income that you wish to withdraw for the year.

Factors that impact on the withdrawal amounts include your age and the balance of your account at the time the amounts are being calculated.

Further information in relation to LIFs and maximum annual withdrawal amounts can be found on the website of the Office of the Superintendent of Financial Institutions (OSFI)

http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?ArticleID=1560

Where do I get a LIF?

Any financial institution wanting to offer a LIF in BC must be listed on the Superintendent of Pension's list of financial institutions for the LIF. This list is located on the FICOM website at:

http://www.fic.gov.bc.ca

D.A. Townley, together with Leith Wheeler Investment Counsel Ltd. and a company called BenFlex, also provide LIF services to Members of the Plan. For further details you can contact Craig Drake Johnson of D.A. Townley at 604-299-7482.

RLIF

What is a RLIF?

A Restricted Life Income Fund (RLIF) is a locked-in vehicle that is similar to a LIF with additional features and transfer restrictions. A RLIF permits individuals who are at least age 55, to transfer up to 50% of the balance of their RLIF to a non-locked-in tax deferred vehicle if the transfer happens within 60 days of the creation of the RLIF. After the 60-day period has expired, the RLIF will be subject to the same limits concerning maximum and minimum annual withdrawals and to the same limits on extraordinary withdrawals as a LIF.

Funds held under a locked-in contract and pension benefits that have been transferred from a registered pension plan may be transferred directly to an RLIF for unlocking.

ANNUITY

What is an annuity?

An annuity is a retirement vehicle that provides you with continuing monthly income at a level that is dependent on the total amount of money in your accounts and the form of payment that you choose.

How long does my annuity continue?

This depends on the form of annuity that you purchase.

If you purchase a **life annuity** at retirement, it will provide you with monthly payments until your death.

You can also choose a **life annuity with a guarantee period**. Payments can be guaranteed for 5, 10 or 15 years. If you die before the end of the guarantee period, payments will continue to be made to your beneficiary until the period has expired. If you live longer than the guarantee period, you will continue to receive payments until you die.

Another option is a **joint and survivor annuity**. Under this type of annuity, you will receive a monthly income for your life and when you die, payments will continue to your Spouse at a specified level for the remainder of his or her lifetime. You can choose the level of income that your Spouse will receive, either equal in size to the payment you received or at a lesser level.

Are there any special rules that I need to be aware of?

If you have a Spouse, you must, by law, receive your retirement benefit in the form of a **joint and 60% survivor annuity**. This type of annuity will provide you with a monthly income for life. Should you pass away before your Spouse, your Spouse will then receive monthly payments for the remainder of his or her life, equal in value to 60% of the amount that was being paid to you during your retirement. Your Spouse can choose to waive his or her right to this mandatory form and allow you to choose some other form of income. The Trustees strongly suggest that your Spouse obtain independent legal advice before completing any waiver.

Under existing legislation, "Spouse" means in relation to another person:

(a) if there is no person described in paragraph (b) below, a person who is married to the Participant or former Participant and includes a person who is party to a void marriage with the Participant or former Participant; or

(b) a person who is cohabiting with the Participant or former Participant in a conjugal relationship at the relevant time, having so cohabited for a period of at least one year.

TERMINATION OF EMPLOYMENT BEFORE RETIREMENT

What does "terminated" mean?

Termination of employment will be deemed to have occurred if the Participant does not work for any Employer signatory under the Plan for a period of at least 6 consecutive months.

Termination of employment will also be deemed to occur when no contributions have been made in respect of that Participant by any of the Employers for a period of 24 consecutive months and the Participant is not in receipt of an immediate pension benefit.

What happens to my pension funds if I stop working for a contributing employer?

You have a choice. You may

(a) leave your contributions in the Plan and receive a pension as early as age 55 or transfer at any time prior to the end of the calendar year in which you reach age 71 (a "deferred pension"); or

(b) transfer the accumulated value of your contributions to a locked-in RRSP or, under certain statutory conditions, to another pension plan or to purchase a deferred life annuity or a LIF.

What happens to my voluntary contributions?

As long as they remain in the Plan, they will continue to accrue interest (which may be positive or negative as outlined above). If you wish to withdraw from your voluntary account, you may do so at any time. Should you withdraw from your voluntary account more than once, you will incur an administration fee on each subsequent withdrawal.

What if I am terminated and am now re-employed by a contributing Employer?

If you have left your contributions in the Plan, then new contributions will be added to your account and your status will change from terminated vested to active vested.

If you have taken your money out of the Plan, you will be treated as a new employee and will be eligible for Plan membership on the first day of the month following completion of 3 months of service with an Employer.

DISABILITY BEFORE RETIREMENT

What happens to my pension should I become disabled?

The Plan allows for disability benefits to vested Participants in the Plan.

Should you become totally and permanently disabled (certified by a physician) you can elect to retire immediately by way of an annuity or LIF, which will provide you with pension income for life.

Shortened Life Expectancy

To qualify for the Shortened Life Expectancy option, a physician must certify that a Participant has a mental or physical condition that is likely to considerably shorten his or her life expectancy.

Please contact the Administrator for further information on this option.

DEATH BEFORE RETIREMENT

What is the death benefit if I die before retirement?

The death benefit is equal to the sum of

(a) the contributions made by your Employer(s) with interest; and

(b) any voluntary contributions you may have contributed to the Plan, with interest.

If you have a Spouse and she or he has not filed a Spousal Waiver, your Spouse may elect to transfer the sum of (a) and (b) to a locked-in RRSP or, under certain statutory conditions, to another pension plan or use it to purchase a deferred life annuity or LIF. He or she can also use it to buy an annuity to provide lifetime retirement income. The voluntary contributions are not subject to locking-in regulations (unless transferred from another locked-in account) and can be transferred to a regular RRSP or taken in cash.

If you do not have a Spouse, or if your Spouse has filed a Spousal Waiver, your beneficiary (or your estate) will receive the total sum of your account with interest to date of pay-out. This money will be taxable to the recipient.

DIVISION OF BENEFITS ON MARRIAGE BREAKDOWN

What happens to my benefits if my marriage breaks down?

You and your former spouse may include how your pension will be divided, if at all, in your separation agreement. If you do not reach an agreement, the Plan administrator must follow the terms of any court order and the *Family Law Act*.

The division of family assets, including pension credits, comes under that legislation. Part 6 of the *Family Law Act* provides detailed procedures for valuing and dividing a pension after a marriage breakdown.

The *Pension Benefits Standards Act* 1985 permits the division of pension assets by a court order or an agreement between the parties. Matrimonial property orders made by a court are enforceable against pension assets or payments.

Your Spouse has enforceable legal rights to a share in the benefits in the Plan and legislation outlines what the Plan is required to do to protect his or her rights. In particular, the 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.

There is an administration fee incurred for processing the division of pension.

AMENDMENT OR TERMINATION OF THE PLAN

Can the Plan be changed or terminated?

Yes, the sponsors of the Plan (the Union and the Council) could cause the Plan to be terminated. However, it is their intention that the Plan be maintained indefinitely.

What happens if the Plan is terminated?

In the unlikely event of Plan termination, you would be entitled to the total of all contributions you and your Employer(s) have made to the Plan, with interest.

Do I have any protection from future amendments?

Yes, amendments cannot cause the value of benefits accrued to the date of amendment to be reduced.

Can a Participating Employer ever get a refund of pension fund money?

Only if they have over-contributed to the Plan.

Right to Examine Documents

All Members and other persons who are entitled to benefits or refunds under the Plan are also entitled to review certain documents held by the Administrator. Key information includes:

Annual Information Returns
Audited Financial Statements

Plan Text and amendments
Governance policies
Plan Summary (this booklet)
Statement of Investment Policies and Procedures
Trust Agreement and amendments
Data and method used to calculate your benefit

Please contact the Administrator if you would like to view Plan documents.

Does the Plan have a Privacy Policy?

The Trustees have developed security procedures to safeguard and protect personal information against loss, theft, unauthorized disclosure, copying and unauthorized use or modification. To view the Plan's Privacy Policy in detail, contact the Administrator directly.

Are benefits taxable?

Yes, benefits are included in your income for income tax purposes when they are paid (except for direct transfers to another registered pension plan or RRSP).

Each year a "pension adjustment" (PA) under this Plan is calculated by your Employer for income tax purposes. **The PA will use up part or possibly all your RRSP contribution room**. The PA each year is equal to the total of all contributions made to the Plan in your name. It is reported on your T4 slip provided by your Employer. Voluntary contributions remitted directly to the Administrator will be reported on a separate T4 issued by the Administrator.

EXERCISING YOUR RIGHTS (DEADLINES)

To ensure that your request is processed in a timely manner, the Administrator recommends that you submit your request within the appropriate time frame:

Situation	**Time frame required by Administrator**
New hire must complete an enrolment form to join the Plan	3 months following hire
Retirement	All forms must be submitted to the Plan Administrator at least 60 days in advance of the first day of the month in which your retirement benefits are expected to begin. For example, if you wish to retire on December 1st, you should file your application by October 1st. To allow sufficient time for you to review the forms, we suggest you contact the Plan Administrator **approximately 3 months** in advance of your retirement date.
Elect optional form of pension	At least 60 days prior to election
Termination benefits election (withdrawal from the Plan)	Within 90 days after you have terminated employment for 6 months

If you wish to contact the Trustees, you can write the Trustees, care of the Administrator's office.

Address all inquiries to the Plan Administrator:

D.A. Townley

4250 Canada Way
Burnaby, British Columbia V5G 4W6

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

Email: pensions2@datownley.com

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Administrator

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