

Alberta Sheet Metal Workers' Retirement Plan

100, 8905 – 51 Avenue, Edmonton AB T6E 5J3
 Phone: 780 466 1999 Email: info@absheetmetalpension.com
 Website: www.absheetmetalpension.com

April 2026 Newsletter

- Page 2 - Breaking it Down: Key Changes Explained
Flexibility in Retirement
- Page 3 - Earning Even More Pension
- Page 4 - Understanding the Change & Next Steps
- Insert - The Benefit Accrual Rate Explained

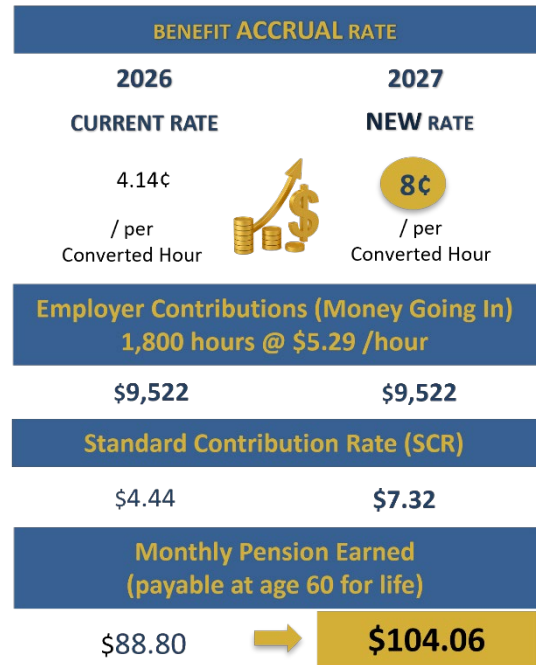
Important Update to Your Pension Plan

Effective January 1, 2027, your Pension Plan is being updated with the goal of providing you with a **higher lifetime monthly pension** at retirement and more **equitable benefits** amongst members. These changes will affect how your pension is calculated and paid, and we want to ensure you clearly understand what is changing and how it impacts you. While some plan features are being restructured, these changes result in a **19%** increase in your base lifetime pension.

The **benefit accrual rate** is increasing so your future service will build more pension than before. (see page 3 and insert).

While the 19% increase is a result of revisions, thanks to the Plan's strong financial position, you will also receive a **5% benefit improvement**. This improvement will further increase the lifetime pension you will receive at retirement.

These changes aim to support each member in maintaining a comfortable and secure lifestyle in retirement, while promoting fairness, long-term value, and the ongoing sustainability of the Plan.



Summary of Plan Changes – Effective January 1, 2027

| Pension Feature | Current Provisions | Revised Provisions | Impact |
|----------------------------------|--|--|--|
| Normal Form of Pension - Married | Joint Survivor 100% to Spouse | Joint Survivor 60% to Spouse | Lower survivor benefit 100% option still available at retirement |
| Normal Form of Pension – Single | Guaranteed 5 years | Guaranteed 10 years | Increase Guarantee period: To ensure normal form equity between members |
| Supplementary (Bridge) Pension | 50% of lifetime pension to age 65 | Removed | To provide higher lifetime benefit Optional bridge available on retirement |
| Early Retirement Reduction | 3% per year before age 60 down to age 57 | Actuarial reduction based on your age at retirement | Larger reductions before age 60 to reflect the cost of early retirement while keeping benefits fair for all members. |
| Retirement After Age 60* | No Increase | Increase: Age 60 to 65 - 6% per year Age 65 to 70 - 7% per year | Reward for working longer: Higher pension to more closely reflect the cost of delaying retirement. |

*Please note that this provision will not be applied retroactive before January 1, 2027

Breaking it Down: Revised Changes Explained

| Key Change | What It Means | |
|--|---|--|
| • Higher Lifetime Pension | Revisions result in your base monthly pension increasing permanently by 19% . | |
| • More Equitable Normal Form <i>(default form of pension)</i> | Spouse's survivor benefit changes from 100% to 60%, but <u>100% option</u> is still available. Single members increase from Guarantee 5 years to Guarantee 10 years. | |
| • More Equitable Retirement Age Provisions | | |
| ⇒ Supplementary (Bridge) Pension Removed | Bridge to age 65 is no longer automatic, but <u>optional bridging</u> is still available. | |
| ⇒ Early Retirement | You still have option to retire as early as age 55, however, retirement before age 60 will now reflect the cost of retiring early, which will result in larger reductions. | |
| ⇒ Optional Retirement After Age 60 | If you elect to retire after age 60, your pension will increase for each year delayed. 6% per year after age 60 to age 65 (0.5% per month after age 60 to 65) <table style="display: inline-table; vertical-align: middle; margin-left: 20px;"> <tr> <td>7% per year after age 65 to 70 (0.583% per month after age 65 to 70)</td> </tr> </table> | 7% per year after age 65 to 70 (0.583% per month after age 65 to 70) |
| 7% per year after age 65 to 70 (0.583% per month after age 65 to 70) | | |

Flexibility In Retirement

Although the *normal form (default)* of your monthly pension is changing, you continue to have **flexible retirement options**, such as;

- A **100% Joint Survivor Pension** – your spouse continues to receive the full amount for life.
- A **bridging option** to age 65 – you receive a higher monthly pension before 65, and a lower amount after

The default form of monthly pension amount is adjusted depending on the optional form of pension you choose.

Current Provisions vs Revised Provisions

(For Illustrative Purposes only – Retirement at Age 60, Spouse is 3 years younger*)

| | Normal Form of Pension At Age 60 | Supplementary (Bridging) Benefit Until Age 65 | Spouse/Survivor Benefit (if you pass away first) |
|---|-------------------------------------|--|---|
| Current Provisions | \$2,684 per month for life | \$1,342 per month to Age 65 | \$2,684 per month for life (100%) |
| Revised Provisions Includes 19% increase + 5% benefit improvement | \$3,354 per month for life | Removed | \$2,012 per month for life (60%) |
| <i>Optional Forms</i> | | | |
| <i>Normal Form + Bridge</i> | \$2,862 per month for life | \$1,677 per month to Age 65 | \$2,012 per month for life (60%) |
| <i>Joint Survivor 100%</i> | \$3,140 per month for life | ---- | \$3,140 per month for life |
| <i>Joint Survivor 100% + Bridge</i> | \$2,679 per month for life | \$1,570 per month to Age 65 | \$3,140 per month for life |

*Actuarial Assumptions: Based on Valuation filed January 1, 2023 - interest rate of 4.3% and 110% of the rates of the 2014 Private Sector Canadian Pensioners Mortality Table (CPM2014Priv) with generational improvements using CPM Improvement Scale B (CPM-B)

Earning More Pension

Starting January 1, 2027: Major Increase in the Benefit Accrual Rate

Because of the January 1, 2027 revisions, the benefit accrual rate increases from 4.14 cents to **4.65 cents**. However, to move closer to the goal of a higher lifetime pension, the benefit accrual rate will increase **to 8 cents** per Converted Hour.

What This Means for You

- Faster pension growth:**
 You earn more monthly pension for every Converted Hour.
- How This Increase is Funded**
 The employer contribution rate is fixed by the Collective Agreement and can change only through the bargaining process. This means the **SCR** needs to increase to cover the additional cost of providing 8 cents per converted hour.



On January 1, 2027, the **SCR will increase** from \$4.44 to **\$7.32** to support the new 8 cent benefit accrual.

Employer Pension Contributions (Money Going In)

Your employer pays a fixed amount for every hour you work. This amount is set in the Collective Agreement.

Example: Employer contributes **\$5.34/hour** (May 2026 Sheet Metal commercial rate)

- **\$0.05** (1%) goes to the Funeral Benefit Plan
- **\$5.29** goes directly into your pension

Putting It All Together — Annual Example

If you work **1,800 hours @ \$5.29 per hour**

Step 1 – Employer contributes:

$$1,800 \text{ hours} \times \$5.29 = \mathbf{\$9,522}$$

Step 2 – Convert contributions into Converted Hours:

$$\$9,522 \div \$7.32 \text{ SCR} = \mathbf{1,302 \text{ Converted Hours}}$$

Step 3 – Calculate your pension earned for the year:

$$1,302 \text{ Converted Hours} \times \$0.08 = \mathbf{\$104.06 \text{ per month}}$$

Payable at age 60, for Life

| Effective Date | Sheet Metal | | Sheeting & Decking | |
|----------------|-------------|------------|--------------------|------------|
| | Commercial | Industrial | Commercial | Industrial |
| May 3, 2026 | \$5.34 | \$6.50 | \$5.25 | \$6.48 |
| May 2, 2027 | \$5.70 | \$6.95 | \$5.64 | \$6.62 |
| May 7, 2028 | \$6.18 | \$7.43 | \$6.08 | \$7.31 |

With an increase in the benefit accrual rate, working **1,800 hours** in the year, the same \$9,522 annual contribution will produce a higher monthly lifetime pension, payable when you retire at age 60.

Please see enclosed insert for further information on how the Benefit Accrual works.

Understanding How Your Benefits Are Changing — and Why

We know that pension plan changes can be complex, and it's important that you understand **why these updates are being made and how they benefit you in the long term.**

Your Pension Plan is reviewed regularly by an independent Actuary and the Board of Trustees to ensure it remains **financially strong, sustainable, and fair to all members — current and future retirees alike.** As life expectancy increases and economic conditions evolve, pension plans must be adjusted to balance **security, affordability, and fairness** across generations.

The 2027 updates were developed with these key goals in mind:

- **Alignment with Industry Standards.** Moving to a Joint Survivor 60% normal form, actuarial early retirement adjustments align the Plan with best practices across pension plans in Canada.
- **Ensure fairness and sustainability.** Adjustments to features such as a 60% survivor benefit, supplementary pension removal, and early retirement reduction help balance the needs of all members while supporting the long-term health of the Plan. Early retirement actuarial adjustment ensures that members retiring earlier receive benefits that reflect the true cost of longer payment periods. Adding an increase on retirement after age 60 keeps the plan fair for all members.
- **Adjust supplementary (bridging) benefits.** The automatic supplementary (bridging) pension to age 65 is being removed to help fund the higher lifetime pension increase and ensure long-term sustainability. This change reflects a shift seen across many pension plans, where benefits are focused on **lifetime income security rather than short-term bridge payments.** Members who prefer additional income before age 65 can still choose an **optional bridging benefit** at retirement, allowing flexibility to meet individual needs.
- **Increase your lifetime pension security.** The base lifetime pension you will receive for life is increasing by **24%***, giving you more predictable income throughout retirement. [*19% due to Plan revisions; 5% benefit improvement]
- **Reward continued service.** The increased benefit accrual rate means each future hour you work builds more pension than it did before. If you decide to retire after age 60, your pension will increase ensuring your decision to retire later is treated fairly.
- **Enhance flexibility.** You will have more options when it comes to your retirement needs. Options tailored to your personal and family circumstances such as increasing survivor benefits, adding a bridging benefit or receiving a higher lifetime pension if you decide to delay retirement after age 60.

In short, while some Plan features are being restructured, these changes are designed to **provide higher long-term value, promotes fairness and equity across all members, and ensure the Plan remains secure and sustainable well into the future.**

Next Steps

- The Plan amendment & updated Plan Text will be filed with the Superintendent of Pensions (Alberta) as required
- Summary and Membership booklet will be posted on the website following registration
- Members are encouraged to contact the Administration office for help understanding how the changes will specifically affect their pension
- Revised Pension Statements will be issued in February 2027 reflecting your new pension benefit as at January 1, 2027.

If you have questions or want to understand how the changes specifically affect your pension, we encourage you to contact the Administration office at 780-466-1999 or email us at info@absheetmetalpension.com

Wanda Hoyle, CEB
Plan Administrator

HOW YOUR PENSION GROWS: BENEFIT ACCRUAL RATE

CURRENT ~ 2026~

EMPLOYER CONTRIBUTION

Step 1 1,800 hours X \$5.29 / hour
 \$5.34 total per hour
 Example: \$0.05 to Funeral Benefit
 \$5.29 to Pension



Total Contribution to Pension: **\$9,522**

STANDARD CONTRIBUTION RATE (SCR)

Current SCR: **\$4.44**

The cost to earn 1 Converted Hour of pension credit (\$0.0414)

CONVERTING HOURS

Step 2 Calculation:
 $\$9,522 \div \4.44

2,145 Converted Hours

MONTHLY PENSION EARNED

Accrual Rate:

4.14 cents per Converted Hour
 $2,145 \times \$0.0414$

Step 3 **\$88.80** per Month

Paid for lifetime from age 60

KEY CONCEPT

The Accrual Rate Trade-Off

Value: The Accrual Rate
 4.14 cents vs 8 cents



Set by the Board to target a monthly pension credit. This is the "value" promised for each Converted Hour.

Why Accrual Rate?

Target multiplier than converts hundreds or thousands of worked hours into a meaningful lifetime monthly pension.

Price: The Standard Contribution Rate (SCR)

Calculated by the Actuary. This is the necessary "price" to fund and support the promised benefit. (Requires a balanced cost-benefit ratio)

Why SCR?

Simplistic dollar to dollar ratios bracketed under fluctuating variables like longevity and investment returns.

(Current) **\$4.44** SCR (Revised) **\$7.32** SCR

Higher Converted Hours at a much lower accrual rate (4.14 cents)

Lower Converted Hours at a much higher accrual rate (8 cents)

JANUARY 1, 2027

EMPLOYER CONTRIBUTION

1,800 hours X \$5.29 / hour

\$9,522

Matches **current** contributions



NEW SCR

NEW Revised: **\$7.32**

The cost to fund the new 8 cent benefit accrual.

NEW CONVERSION

Calculation:
 $\$9,522 \div \7.32

1,301 Converted Hours

INCREASED MONTHLY PENSION

New Accrual Rate:

8 cents per Converted Hour
 $1,301 \times \$0.08$

\$104.06 per Month

Paid for lifetime from age 60



TOTAL VALUE IMPROVEMENT

17.3% Increase in Lifetime Monthly Pension
 More Pension for Every Hour Worked

