

Alberta Sheet Metal Workers' Retirement Trust Fund

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October 2018 Newsletter

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Good News! - Benefit Improvements Effective January 1, 2019

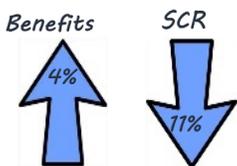
We are happy to announce, that as a result of strong investment returns and positive demographic experience, the January 1, 2018 Valuation* reports that the Pension Plan is in a financially strong position to now improve benefits. [*results on page 3]

Why Your Plan is Financially Strong

The Board of Trustees first and foremost objective is the security of the pension benefit promised to you on retirement. This is reflective in their long-term investment strategy and Funding & Benefits policy. Keeping the Plan properly funded is essential to benefit security. A key role in assessing whether there are enough Plan assets to cover promised benefits is setting the discount rate to be used in the valuation. The discount rate is the expected rate of return from investments over the long term and includes a cushion for adverse experience. When setting the discount rate, the Board recognizes the volatile nature of holding equities. Their policy is to not anticipate equity returns over and above the return that is expected on the fixed income investments (Federal/Provincial/Corporate bonds & Mortgages) until actually realized (earned). Basically, the margin for adverse experience is not counting your chickens before they hatch! Not anticipating a higher return that may or may not happen helps ensure the Plan remains sustainable for current and future members. The discount rate also plays a key role in setting the Standard Contribution Rate (SCR) at a level adequate to secure pension benefits over the long term. Long term interest rates continue to be low resulting in a lower discount rate for the valuation, thereby increasing the SCR from \$7.54 to **\$7.84** for future benefits earned. With lower long-term interest rates, it costs more to provide benefits into the future.

SCR - the current service cost per hour to fund 4.14 cents of monthly lifetime pension, payable at age 60 & the 50% supplementary pension paid from 60 to 65

How are Benefits Improving?



On October 11, 2018, the Board of Trustees passed a motion to award a **4%** cost of living increase (COLA) to all Plan members effective January 1, 2019. This increase, which will include your benefit earned in 2018, will be reported on your 2018 Annual Pension Statement. **Please note:** Any past service purchases made after October 11, 2018 will not receive the COLA increase.

In addition, the Board of Trustees have passed a motion to subsidize the Standard Contribution Rate for 2019 by **11%**. This means that the SCR **will not increase** to \$7.84 but will in fact **decrease to \$6.98** for 2019.

2019 Standard Contribution Rate reduces to \$6.98

Your pension contributions from your Employer are converted into Standard Contribution Rate Hours to calculate your earned benefit for the year.

For example, if the Plan received pension contributions of \$8,019*, the contributions received are divided by the SCR (\$6.98) to determine the number of SCR Hours; *1,800 hours @ \$4.50 less 1% Funeral Benefit Plan

$$\begin{aligned} \$8,019 / \$6.98 &= \mathbf{1,149 \text{ SCR Hours}} \times 4.14 \text{ cents} = \$47.57 \text{ lifetime monthly pension at age 60} \\ &\quad \$23.78 \text{ supplementary payable 60 to 65} \end{aligned}$$

A Membership Booklet about your pension is available on the website – www.absheetmetalpension.com.

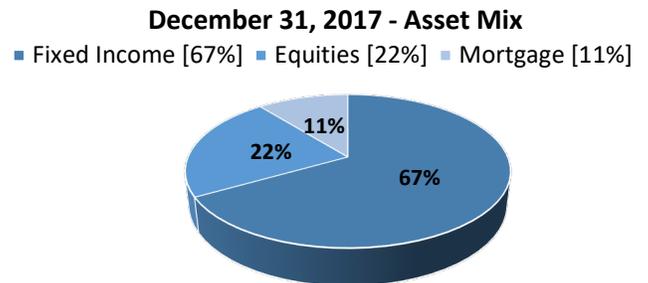
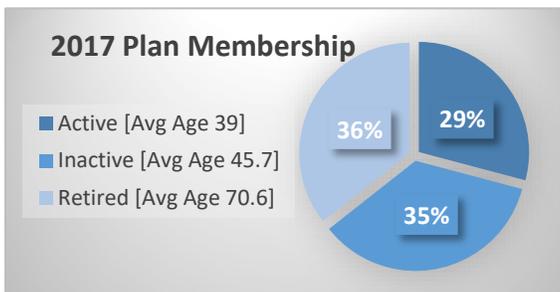
Past Service Purchase – Looking for a Tax Deduction for 2018?

This feature of the Plan allows you to increase your pension for past years where you earned less than \$86.94 of monthly lifetime pension. The cost to purchase past service is dependent on your age; the younger you are the more pension your dollar will purchase towards your future retirement. The maximum amount allowed for tax deduction purposes is \$3,500 per year and payment must be received by December 31st. If you are interested in this provision, please contact the Administration office. **Please Note:** The 2019 COLA increase of 4% will not apply on any past service purchases made after October 11, 2018.

2017 Plan Highlights

- 3,450 members at the end of 2017
- \$6,704,672 in contributions (Employer/Member self-payments)
- \$6,985,538 in investment income (net of fees)
- \$6,496,704 in pension payments to retired members
- \$967,699 in survivor payments
- \$91,785 in disability credits
- \$4,217,676 transferred out (i.e. termination/death)
- \$683,401 in professional fees and operating expenses

Professional/Operating costs represent **0.24%** of the Plan's Assets of \$283,407,122



January 2018 Valuation Results

The Valuation is a financial check to ensure Plan assets cover Plan liabilities (promised benefits). The Board of Trustees will continue to monitor the Plan's funded status and the SCR on an annual basis to ensure that the Plan is well positioned to withstand market fluctuations and demographic changes such as future increases in life expectancy. [The Funding & Benefits Policy is available for review on the Pension Plan website.]

<i>January 1, 2018 Funding Position</i>		
	Going Concern	Solvency
Plan Assets:	\$284,759,000	\$283,909,000
Plan Liabilities:	<u>\$249,335,000</u>	<u>\$235,945,000</u>
Surplus:	\$35,424,000	\$47,964,000
Funded Ratio:	114.2%	120.3%
Current Service Cost [SCR] at \$7.84		

Going Concern - the Plan continues indefinitely

Solvency - if the Plan was to wind-up on Jan 1st, 2018

Current Service Cost - determines the SCR adequate to pay for future benefits assuming Plan continues indefinitely

In Appreciation

On behalf of the Trustees, Plan Members & the Administration Staff, we extend our appreciation to **Scott St. Louis** for his support and dedication to the Plan as Union Trustee during his term.

In Remembrance

We are always saddened to hear that a Plan member has passed away. A list of those who have left us can be found on our website. On behalf of the Board of Trustees, Administration Staff and the Plan Membership, we extend heartfelt condolences to their families. Our thoughts and prayers are also with the family of Michael Pollock, who was the Plan's Legal Counsel for over 40 years.

"When someone you love becomes a memory, the memory becomes a treasure."

Your Administration Office

If you have any questions regarding your pension benefit, please call or email the Administration office. Additional information about your Pension Plan is available on our website - www.absheetmetalpension.com.

Wanda Hoyle, CEB
Plan Administrator

2018 Holiday Hours

The Administration Office will be closed Monday, December 24th and re-open on Wednesday, January 2, 2019. We wish you a Merry Christmas and a Happy New Year!

Your Board of Trustees ~ July 1, 2018

Garry Melcosky, Chairman, Union Trustee
 David Alle, Vice-Chairman, Employer Trustee
 Ron Richards, Employer Trustee
 Sean Rayner, Employer Trustee
 Brad Watters, Union Trustee
 Derek Connolly, Union Trustee
 Eric Arctander, Pensioner Trustee
 John Hoekstra, Pensioner Trustee