

Alberta Sheet Metal Workers' Retirement Trust Fund

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October 2021 Newsletter

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Good News! Benefit Improvements

On behalf of the Board of Trustees, we are pleased to announce that effective **January 1, 2022**, you will receive a **5% increase** on the monthly pension you earned up to December 31, 2021. Your 2021 Annual Pension Statement will reflect the increase (mailed in February).

Good News! No Increase to the Standard Contribution Rate

The Trustees have agreed that based on the strong funded status, the **SCR will remain at \$5.72 for 2022.**

January 1, 2021 Valuation

The most recent valuation results, presented to the Board of Trustees on September 22, 2021, indicates that the Plan continues to be in a strong financial position, despite the uncertainty that the pandemic has brought to every aspect of life. As you can see by the valuation results on page 3, the Plan is in a very healthy position to provide benefit improvements.

The Board of Trustees' first and foremost objective continues to be that the benefit promised to you will be there when you retire. This is reflective in their long-term investment strategy and Funding & Benefits policy. Keeping the Plan properly funded is essential to benefit security, and the Trustees are mindful of this when they set the discount rate used in the valuation. The discount rate reflects what the Plan's assets can reasonably expect to earn over the long term less expenses and a margin for adverse experience (market volatility/demographic changes). When setting the discount rate, the Board recognizes the volatile nature of holding riskier assets such as equities and to not anticipate these returns until they are actually realized and reflected in the funded status of the Plan.

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. If there is a decrease in the discount rate, the value of promised benefits and the current service costs for future benefits (SCR) increases. With lower long term interest rates in effect at the time of the valuation, the cost to provide future benefits increased to \$8.23. However, as mentioned above, there will be no increase in the SCR for 2022.

SCR - the current service cost per hour to fund 4.74 cents of monthly lifetime pension, payable at age 60 & the 50% supplementary pension paid from 60 to 65.

In Remembrance

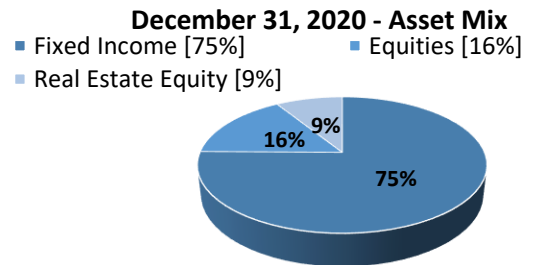
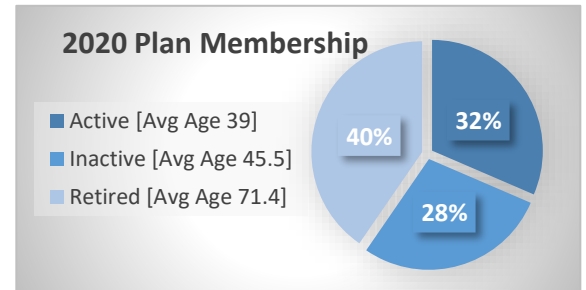
Since our last newsletter, we have lost so many members. On behalf of the Board of Trustees, Administration Staff and the Plan Membership, we extend heartfelt condolences to their families.

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

Maria L Alves	Giuseppe C Fogale	Albert Neil Jackson	Jeffrey J McNeil	E Lorraine Smith
Frank H Ball	Fausto N Fonseca	Barry M Jacobs	Albert W Mihalcean	Frank Sommer
Allan N Bentley	Paul Fotino	Marie A Johnson	Wayne A Munroe	Arnhold M Stang
Deiter Bergner	Tibor Gartner	Elmer Vern Jordan	Merton W Newman	Harvey Stelte
Neil Betterton	Gerald J Garvey	Everett Keogh	Merv D Oness	Blair Stewart
Lorne Birth	Rick Gilmore	Harold E Knutsen	James R Pratt	Edward Straub
Thomas G Bithell	Ken R Gladue	Tina Kostiuik	Winston T Rothwell	Walter Striemer
Frances Byrne	Herbert R Gron	Dennis A Krawchuk	Angel Rubio	Dave Topylko
John Cappon	Bryan Haywood	Don K Kubbernus	Eva Sallans	Roger L Tricker
Yvon Chiasson	Bernard L Hein	Michael R Lalonde	Glenn B Salls	Isidore P Willcott
John W Eddy	James Herman	Florence Lefebvre	John Schreiber	James R Willis
Arnold Ferguson	James H Hogan	Cody W Lencucha	Marian Seeley	
Daniel W Ferguson	Daniel Hunt	Robert Martin	Devin J Shepherd	

Plan Highlights - As at December 31, 2020

3,289	members
\$4,118,438	in contributions (Employer/Member self-payments)
\$15,437,965	in investment income (net of fees)
\$17,245,166	holding gain on investments
\$7,921,128	in pension payments to retired members
\$1,026,147	in survivor payments
\$66,511	in disability credits
\$3,492,579	transferred out (termination/death)
\$557,947	in professional fees and operating expenses [*represents 0.16% of Plan Assets]
\$339,327,290	Plan Assets*
\$258,587,000	Pension Obligations (Plan Liabilities)
\$80,740,290	Funding Surplus (going concern basis)



Past Service Purchase

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, please contact the Administration office.

Valuation Results – Funding Position as at January 1, 2021

The valuation is a financial check to ensure Plan assets cover Plan liabilities (promised benefits). The January 1, 2021 Valuation results show that the Plan is in a strong financial position to award all Plan members a 5% increase effective January 1, 2022 and to maintain the SCR for 2022 at \$5.72.

Funding Position as at January 1, 2021 <i>(\$ In Millions)</i>		
	Going Concern	Solvency
Plan Assets:	\$339.3	\$338.5
Plan Liabilities:	<u>\$258.6</u>	<u>\$236.3</u>
Surplus:	\$80.7	\$102.2
Funded Ratio:	131%	143%
Current Service Cost [SCR] at \$8.23		

Going Concern - the Plan continues indefinitely

Solvency - if the Plan were to wind-up on Jan 1st, 2021

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

Your Board of Trustees ~ July 1, 2021

Garry Melcosky, Chairman, Union Trustee
 David Alle, Vice-Chairman, Employer Trustee
 Greg Hensch, Employer Trustee
 Sean Rayner, Employer Trustee
 John Archer, Union Trustee
 Daniel Lee, Union Trustee
 Brad Watters, Pensioner Trustee
 Eric Arctander, Pensioner Trustee
 John Hoekstra, Pensioner Trustee

A Heartfelt Thank You

On behalf of the Board, the Plan Members and the Administrative Staff, we would like to thank Derek Connolly for his dedication to the Plan and its members during his term as Union Trustee.

Office Hours - Monday - Friday

8:00 am to 4:00 pm (closed noon to 1 pm)

Your Administration Office

Please Note: The office is closed to visitors under the current Covid-19 restrictions. There is a secured mailbox on the east side of the building by the entrance door for any documents you wish to drop off. Also, we are currently operating with a limited number of staff. Although, every effort will be made to ensure that the pension office is opened during regular office hours, there could be an unforeseen event that may result in the office being closed. We strongly suggest that you call the office before dropping by in case this has happened and the office is closed. Of course, if you have any questions regarding your pension, please call or email the Administration office. If we are unable to take your call, please leave a message and we will get back to you as soon as possible. Additional information about your Pension Plan is also available on our website - www.absheetmetalpension.com.

*Heather Ross, CEBS
 Asst. Plan Administrator*

*Wanda Hoyle, CEB
 Plan Administrator*

1. Type of Plan

Your Pension Plan is a **Defined Benefit Plan** (flat benefit formula) and is registered as a Collectively Bargained Multi-Employer Plan (CBMEP) with the Alberta Employment Pension Plans Branch and Canada Revenue Agency. The Plan registration number is **388603**.

2. Retirement Dates

Normal Retirement Age is **65**. You may commence **Early Retirement at age 60 *with no reduction penalty***. You may choose to retire as early as age 55 and receive an actuarially *reduced* Lifetime Pension. The reduction reflects the extra pension payments you are expected to receive over your lifetime.

3. Lifetime Pension

Your Employer remits contributions for every hour that you work. The rate per hour contributed is based upon their agreement with Local Union 8. The contributions are converted to a Standard Contribution Rate (SCR) to calculate your monthly Lifetime Pension for each Plan Year. The SCR is the cost to provide 4.14 cents of monthly lifetime pension payable unreduced at age 60. The SCR is reviewed annually by the Board of Trustees. **Effective January 1, 2021**, the SCR is \$5.72 per hour and you earn 4.14 cents for each SCR hour.

- Example:

1,800 hours contributed at **\$4.50** per hour earns **\$58.04** per month **Lifetime** Pension, payable unreduced at age 60, and based on the Standard Form of Pension noted below [#5].

4. Supplementary Pension

A Supplementary Pension is payable to you if you retire **on or after age 57** and is payable **to age 65**. The Supplementary Pension is equal to 50% of the Lifetime Pension calculated at the age of retirement. For example, on early retirement occurring at age 57-59, the supplementary pension is equal to 50% of the reduced lifetime pension, payable in the Standard Form [#5]. If you elect to retire before age 57, there is no supplementary pension paid. [Supplementary Pension amounts are subject to Canada Revenue maximums.]

- Example:

Based on the above benefit of \$58.04 the Supplementary Pension is \$29.02 per month payable from age 60 to age 65.

5. Standard Form of Pension

The **Standard Form of Pension** is a Joint & Last Survivor ~ guaranteed to be paid monthly for your lifetime, and if you die before your Spouse, will continue to be paid monthly for your Spouse's lifetime. If you have no Spouse on retirement, your benefit is payable monthly for your lifetime, with the guarantee that if you die before receiving 60 monthly payments, the remaining payments will be paid to your named beneficiary.

6. In the Event of Your Death - Prior to Retirement

- *with a* Surviving Spouse - **75% of the Lifetime Pension** you had earned is payable for your **Spouse's lifetime**. If your Spouse dies before payments have been made for 120 months, the value of the remaining payments shall be paid to your Spouse's designated beneficiary.
- *with no* Spouse & your beneficiary is a Dependent - 75% of the Lifetime Pension you had earned is payable for up to ten years to your Dependent(s). [Subject to limits imposed by Income Tax Regulations]
- *with no* Spouse & your beneficiary is NOT a Dependent - a commuted value of the pension benefit you had earned is payable to your named beneficiary or estate.

7. Definition of Spouse (Pension Partner)

Spouse is a person who has rights to your pension in accordance with pension legislation and who, at the relative time, is;

- a) someone that you are married to and to whom you have not been living separate and apart for 3 or more consecutive years, or
- b) if there is no person to whom subsection (a) applies, someone you have been living with in a conjugal (common-law) relationship;
 - i. for a continuous period of at least 3 years, or
 - ii. of some permanence, if there is a child of the relationship by birth or adoption.