

UNITE HERE Local 47 PENSION PLAN

CRA Registration # 0398503
Alberta Registration # C42491

IMPORTANT PLAN ANNOUNCEMENT

The Trustees of the UNITE HERE Local 47 Pension Plan want to support plan members in their retirement years by providing a monthly pension. **The goal of the Trustees is to provide members and their spouses with a pension payable for their lifetime.** In order to better align the plan provisions with this goal, the Trustees have decided to change the terms of the pension plan. **Effective May 1, 2010**, Commuted Value lump sum payouts will be restricted to members who terminate membership in the pension plan and are under age 52. **Members age 52 and older will no longer have the option to take a Commuted Value lump sum. Instead, as they are eligible to retire, they must commence a monthly pension.**

In addition, eligible members who wish to take a Commuted Value lump sum may only do so if they return their *Termination of Plan Membership – Option Election Form* to the Assistant Plan Administrator (A.R.M. Management Ltd.) within 90 days of receiving their termination paperwork or prior to May 1, 2010, if later.

What is a Commuted Value?

- A Commuted Value is the amount needed at the time of transfer to provide a retirement income, payable for your expected lifetime, equal to the pension you earned under the UNITE HERE Local 47 Pension Plan. The calculation assumes you transfer the Commuted Value to a RRSP, invest it to your retirement date, at which time you commence withdrawals.

The calculation of the Commuted Value amount assumes you will earn a certain investment return on the funds transferred from the UNITE HERE Local 47 Pension Plan. This assumed investment return is prescribed by pension legislation and is based on the yield available from long-term Government of Canada bonds. The Commuted Value amount is highly dependant on this assumed return. The higher the assumed investment return, the lower the amount of the Commuted Value.

Why is this change taking place?

- As stated above, the Trustees' goal is to provide a lifetime pension to members and their spouses. Payment of a lump sum Commuted Value contradicts this goal as members may use the lump sum for purposes other than retirement. In addition, with a Commuted Value, members bear the future responsibility for converting the lump sum into a retirement pension.
- The Trustees have consistently increased retiree pensions in the past. While there is no guarantee of increases, members who take Commuted Value lump sum payouts cannot participate in these increases.
- This is a pension plan where members are better served by economies of scale and risk sharing. This means members receive the benefit of professional investment managers and consultants at a much lower cost, on a per member basis, under the pension plan than if each member paid for comparable financial planning individually. Also, as a group, the pension plan is better able to protect members against outliving their retirement assets than individual arrangements.

How does this affect me?

➤ **If you are an active member:**

This change does not impact you right now. Should you terminate membership in the future before age 52, you may still elect a Commuted Value lump sum provided you do so by returning your *Termination of Plan Membership – Option Election Form* to the Assistant Plan Administrator within 90 days of receiving your termination paperwork. If you terminate membership on or after age 52, you will no longer have the option to take a Commuted Value lump sum. Instead, as you will be eligible to retire, you must commence a monthly pension.

➤ **If you are a deferred vested member (that is, you terminated membership prior to December 31, 2009):**

- a) **If you want to receive a monthly pension from the plan, no action is required at this time.** You may commence your pension at age 62 or as early as age 52 with a reduction by contacting the Assistant Plan Administrator prior to your intended retirement date.
- b) **If you want to elect a Commuted Value lump sum, you must return your *Termination of Plan Membership – Option Election Form* to the Assistant Plan Administrator before May 1, 2010.** After May 1, 2010, you may only receive your earned pension in the form of a monthly pension commencing at age 62 or as early as age 52 with a reduction. **You will no longer have the option to take a Commuted Value lump sum after May 1, 2010.** If you cannot locate your *Termination of Plan Membership – Option Election Form*, please contact the Assistant Plan Administrator (A.R.M. Management Ltd.) at the address below:

A.R.M. Management Ltd.
#201-4853 Hastings Street
Burnaby BC V5C 2L1

Telephone: 604-294-4441
Toll Free in Canada: 1-800-661-2766
Facsimile: 604-294-0476

website: www.armmanagement.ca

This change reinforces the goal of the UNITE HERE Local 47 Pension Plan which is to provide each plan member with a retirement (monthly) pension for the remainder of their lifetime and that of their spouse. Please contact one of the members of the Board of Trustees if you have any questions.

Members of the Pension Plan Board of Trustees

Employer Representatives

Sandi Channing
Mike Deley
Erin Meehan

UNITE HERE Local 47

Joanne Moody
Ian Robb
Nick Worhaug

**UNITE HERE Local 47 Pension Plan
New Unreduced Retirement Option
Effective January 1, 2010**

The UNITE HERE Local 47 Pension Plan Board of Trustees is pleased to announce that effective January 1, 2010, UNITE HERE Local 47 Pension Plan participants who retire on or after that date, and

- ▶ are 52 years of age or older; and
- ▶ have established 30 or more years of “pension service”

are now able to retire from the Pension Plan with no reduction in their monthly pension.

A year of “pension service” is defined as a calendar year during which a minimum of 350 hours of pension contributions has been credited to the participant.

Eligible UNITE HERE Local 47 Pension Plan participants with less than 30 years of “pension service” remain eligible for retirement without reduction in their monthly pension at age 62 (the Normal Retirement Age under the Pension Plan), or as early as age 52 (Early Retirement) with a reduced monthly pension. In this case, Early Retirement pensions are reduced by ½% for every month (6% annually) the participant’s retirement date is before age 62.

Eligible Pension Plan participants who retire prior to age 62 for medical reasons satisfactory to the UNITE HERE Local 47 Pension Plan Board of Trustees, are entitled to receive an unreduced monthly pension at any time after age 52.

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