



SHEET METAL WORKERS LOCAL 30 WELFARE AND PENSION TRUST FUNDS

PLAN ADMINISTRATOR: EMPLOYEE BENEFIT PLAN SERVICES

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IMPORTANT NOTICE

March 2007

**To: All Active Members of the Sheet Metal Workers
Local 30 Pension Plan**

The purpose of this letter is to announce an extension of the unreduced early retirement Pension "Window" for Members who wish to retire in advance of their Age 63. We are also taking this opportunity to advise the Active Plan Membership of the Pension Plan's financial position.

The "Window" Is Extended to April 30, 2008

Every person who is a Pension Plan Member, either Active or Terminated Deferred Vested, is entitled to receive an unreduced Monthly Pension upon retirement on or after his/her 63rd birthday, which is the Normal Retirement Age of this Pension Plan.

An Active Pension Plan Member who is a Member in Good Standing, Sheet Metal Workers Local Union 30 and wishes to retire, and who:

1. is at least Age 60; or
2. is at least Age 56 **and** has been a Member in Good Standing, Local Union 30 and/or any other Local Union of the Sheet Metal Workers International Association for at least 30 years (in total, and not necessarily consecutive)

will be entitled to receive an unreduced Monthly Pension **provided that a completed Application for a Retirement Pension is received by the Plan administrator no later than March 31, 2008. The commencement date of the Monthly Pension must be no later than April 1, 2008.**

Members who are Totally Disabled and unable to work at any occupation for wage or profit may be entitled to an Unreduced Disability Pension. This benefit is not restricted to the Window provisions. Disabled Members are required to contact the administrator, complete an application and provide satisfactory medical evidence of total and permanent disability. A Disability Pension will commence on the first day of the 7th month following the onset of disability provided that the Member applies within one year of the onset of disability. If the application is received more than one year after the onset of disability, the Disability Pension will commence on the first day of the month coincident with, or next following, the administrator's receipt of the application.

Pension Accrual Rate

- The Annual Pension Accrual Rate will remain at 20% of Contributions.

Actuarial Review of the Pension Plan

The last full Actuarial Valuation of the Pension Plan was performed at June 30, 2004. This Valuation revealed that the Plan was 100% Funded as a "Going Concern". However, the Plan had a Solvency Deficiency when valued using the actuarial assumptions stipulated by Ontario Pension legislation.

The next Actuarial Valuation is due no later than June 30, 2007. However, as part of our deliberations about extending the Window, we asked the Actuary to complete a review, at November 30, 2006, in order to estimate whether the Plan's performance was conducive to extending the Window. The Actuary found that:

- There has been heavy use of the current Early Retirement Window which ends April 30, 2007. It is estimated that there will be almost double the number of Members retiring under the current Window. During the previous Window 14 Members retired;
- The Plan's investment rate of return for the year ended December 31, 2006 was 11.50%. This compares to the Actuarial Assumption of 6.75% after investment management fees;
- Whereas the Fund's rate of return was satisfactory, using the actuarial assumptions prescribed by Ontario Pension legislation results in higher Pension Plan liabilities. The most significant challenge facing the Pension Plan will be satisfying the solvency funding requirements prescribed in Ontario;
- If the Plan's actuarial valuation results in a direction from the Ontario regulator to take action, the Trustees may look to making Pension benefit changes, including a possible reduction in the Accrual Rate and/or changes to the Early Retirement Window.

Future Initiatives by the Trustees

The Trustees are participating in a national lobby effort which has the goal of removing the legislation which requires funding on a solvency basis for multi-employer pension plans. It is the Trustees' view that there are much better tests available to determine the financial health of a multi-employer pension plan. Ontario's present solvency valuation rules have caused the Trustees to reduce the Pension Accrual Rate and to cease any discussions about future benefit improvements. All of this takes place at a time when the Pension Fund is earning excellent returns from its investments.

The Trustees monitor the performance of the Pension Fund on an ongoing basis. It will be our goal to review the Fund's investment and retirement activity again in conjunction with the Actuarial Valuation due at June 30, 2007. At that time the Trustees will file this Valuation with the Pension regulator in Ontario, the Financial Services Commission.

It is our objective to increase the Pension Accrual Rate on the earliest date at which circumstances prudently permit. However, as noted above, pension legislation in Ontario has prevented us from taking this action.

It is Time for Members to Take Action

The Trustees have participated in the fight to change the solvency laws in Ontario for many years. Members can play an important role in having Ontario's Pension legislation changed. After all, it is your Pension which has been directly affected by the Ontario Pension legislation requiring pension plans to fund on a solvency basis. Your Pension would have been higher if Ontario Pension legislation did not require funding on the solvency basis. We are enclosing a letter which we would like you to send to Premier Dalton McGuinty. This letter is also available on the Plans' website at www.lu30plan.com. Check under Newsroom and look for the March 2007 Letter to Plan Members. We have even enclosed a stamped envelope addressed to Premier McGuinty.

It is time for Members to take action.

Yours very truly,
The Board of Trustees
Sheet Metal Workers Local 30 Pension Trust Fund

Art White, Chairman
Robert Collie
George May

Michael Bloom, Co-Chairman
James Jackson
Art Nowicki