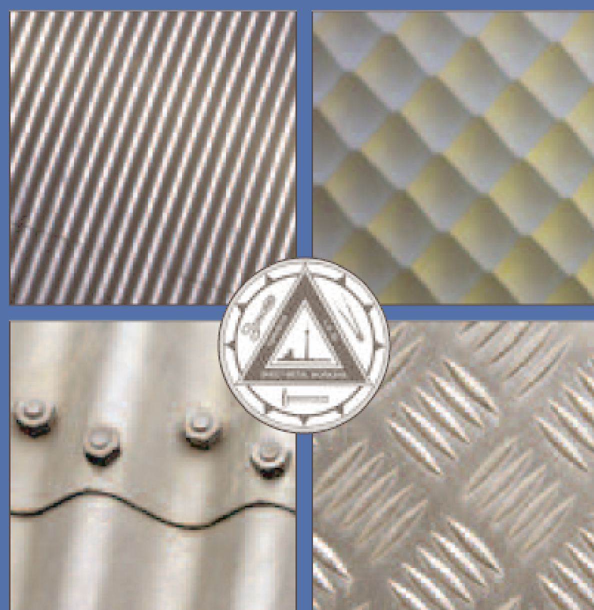
# 2005 ANNUAL REPORT



TO PLAN MEMBERS AND CONTRIBUTING EMPLOYERS

SHEET METAL WORKERS LOCAL UNION 30

BENEFIT TRUST FUNDS

# FOREWORD

The Trustees of the Sheet Metal Workers Local 30 Benefit Trust Funds are pleased to present the Annual Report covering the activity of the Funds during 2005.

The financial information herein is taken from the Audited Financial Statements of each Trust Fund. The Funds are audited each year, and a copy of each Audited Financial Statement is filed with The Ministry of Labour, Ontario, in accordance with legislation. The Pension Fund's Financial Statement is also filed with the Financial Services Commission of Ontario.

The Report also provides other information respecting the Funds, as well as confirms any significant changes to the Plans, particularly in the area of Benefit Amendments. Also included are comments about recent Legislation that affect your Benefit Plans.

In accordance with the Collective Agreement negotiated in 1992, the Trustees of the Benefit Trust Fund represent Local Union 30, only. The Agreement and Declaration of Trust was amended effective September 15, 1992, so as to provide for eight Trustees representing the Local Union, and again on February 6, 1995 reducing the number of Trustees to six.

**Information about the Benefit Plans is available on the Internet, and can be accessed at www.lu30plan.com. Welfare and Pension benefit applications can also be downloaded from this site.**

We trust that this Annual Report contains the kind of information that you want to see. In the event that you have any comments or suggestions, it would be a pleasure to hear from you. Please address your remarks to:

Ms. S. Bird, CEBS
Recording Secretary
Sheet Metal Workers Local 30 Benefit Trust Funds
45 McIntosh Drive
Markham, Ontario L3R 8C7
Fax: 905.946-2535

Yours sincerely,

The Board of Trustees,

SHEET METAL WORKERS LOCAL 30 BENEFIT TRUST FUNDS

| | |
|---|---|
| M. Bloom | H.J. McPhail |
| R. Collie | A. Nowicki |
| G. May | A.E. White |

# THE PENSION FUND

***The Pension Plan is registered under the Pension Benefits Act, Ontario, and under the Income Tax Act, Canada. The Registration Number is 345850. The Plan meets the requirements of these Acts, and will be amended in the future as may be required to maintain Registered Status. Based on the draft audited financial statements of the Fund, the following reflects the Fund's financial position as at December 31, 2005.***

During 2005, the Pension Fund:

**Received:**

| | |
|---|---|
| Contributions | $12,804,290 |
| Interest and Dividends | 12,586,115 |
| Net Realized Capital Gains | 388,097 |
| Net Unrealized Capital Gains | 18,127,040 |
| GST Rebate | 20,054 |
| Miscellaneous | 13,400 |
| | $43,938,996 |

**Disbursed:**

| | |
|---|---|
| Benefits | $11,397,941 |
| Consulting, Actuarial | 165,471 |
| Administration | 89,894 |
| Audit | 10,486 |
| Legal | 71,406 |
| Investment Management/Advisory | 976,895 |
| Custodial | 3,723 |
| Trustees and Membership Meetings | 44,597 |
| Trustees Educational Seminars | 31,772 |
| Printing, and Stationery | 17,455 |
| Telephone, Postage and Courier | 4,221 |
| Government Registration Fee | 17,727 |
| Trustees and Trust Fund Insurance | 10,784 |
| Miscellaneous | 1,897 |
| | $12,844,269 |
| | |
| | $31,094,727 |

| | |
|---|---|
| Net Assets at the beginning of the Year | $237,715,716 |
| Gain (Loss) for the year | 31,094,727 |
| Net Assets at the end of the Year | $268,810,443 |

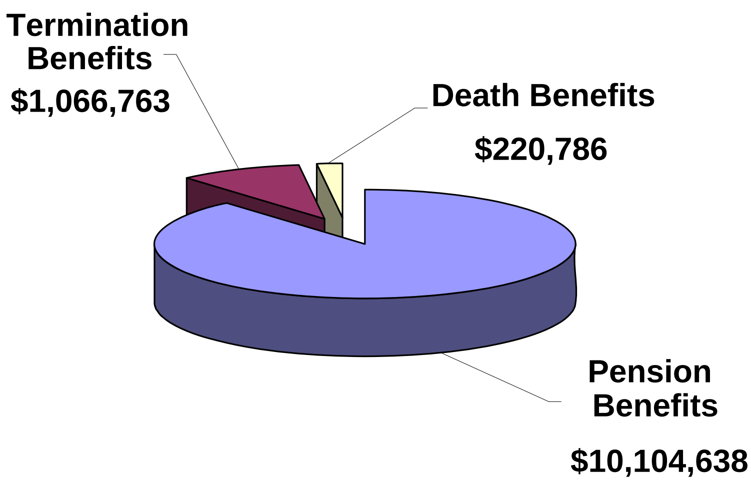
At December 31, 2005 the Net Assets of the Pension Fund were represented by:

| | |
|---|---|
| Cash (on hand or in transit, less accounts payable) | $3,768,510 |
| Interest and Dividends earned, but not received by December 31st | 11,920 |
| Short-Term Notes, Bonds and Mortgages | 100,809,486 |
| Stocks | 164,166,335 |
| Miscellaneous | 54,192 |
| | $268,810,443 |

Bonds, Mortgages, Stocks and Short-Term Notes are reported at Market Value - that is, the closing price of these Securities on the last trading day in 2005. The Book Value of these Securities - that is, what the Pension Trust Fund paid for them - was $228,625,046.

At year end, the Fund had $268.8 million in Net Assets.

During the year 2005, the Pension Fund paid $11.4 million in Benefits to Plan Members and their Beneficiaries.



# PENSION PLAN STATISTICS

In order to conform with the *Pension Benefits Act*, Ontario an Actuarial Valuation of the Pension Plan must be completed at least every three years. The purpose of that Valuation is to compare the Assets of the Plan with its Liabilities at the date of the Valuation. The Valuation will show whether the Plan's Liabilities are fully funded and whether the current Hourly Contribution to the Plan is sufficient to fund the Pensions that the Members earn after the Valuation Date.

The *Pension Benefits Act*, Ontario requires all Defined Benefit Pension Plans to complete these Valuations on two bases, namely:

- **"GOING CONCERN"** which assumes that the Pension Plan will continue to receive Contributions into the future, the Pensions earned by Active Members at the Valuation Date will increase on account of those Contributions, and the Retirees will continue to receive their Monthly Pension from the Plan. In this type of Valuation, the Actuary calculates the Liability at the Valuation Date of Pensions earned to that date, as well as the Liability for Pensions-in-pay, using Actuarial Assumptions that conform to the Canadian Institute of Actuaries generally accepted actuarial principles.

- **"SOLVENCY VALUATION"** which assumes that the Pension Plan was wound up on the date of the Actuarial Valuation, the objective being to determine whether the Pension Plan had sufficient Assets on that date to pay the Pensions-in-pay or earned by the Membership to that date.

  The Actuary completing a Solvency Valuation has almost no choice in making Actuarial Assumptions. Moreover, Ontario is the only Province in Canada that requires Solvency Valuations to include an additional Actuarial Liability, known as "Grow-In Rights". These "Grow-In Rights" require that for any Member for whom the sum of the Member's age and years of Membership in the Plan totals 55 or more, the Solvency Value of the Member's wind-up Benefits must be based upon the most advantageous Enhanced Early Retirement Date assuming that Membership, if applicable, would have continued or "grown-in" to that date.

In this Pension Plan, the Form of Monthly Pension with the highest actuarial liability is “30 and out”. For example, a Member on the Solvency Valuation Date who is Age 40 and has 15 years of Service must have his Accrued Monthly Pension valued on the basis of “30 and out”, regardless of the fact that this Member would have to complete another 16 years in the Plan to qualify for “30 and out” because only Members at least Age 56 are eligible.

The reason for which Ontario requires a Solvency Valuation is because Ontario’s pension legislation created the Pension Benefits Guarantee Fund which undertakes to pay (with certain limitations) the Pensions earned by Active Members and Retired Members of Pension Plans that are terminated with insufficient Assets. Solvency Valuations reveal to the regulatory authorities those Pension Plans that are in financial difficulty, and hence a possible claimant against the Pension Benefits Guarantee Fund.

**Our Pension Plan is a Specified Multi Employer Pension Plan. Pension legislation in Ontario excludes all Multi Employer Pension Plans from any protection provided by the Pension Benefits Guarantee Fund.**

The Trustees, along with the Trustees of other Multi Employer Pension Plans, have protested the requirement of Solvency Valuations, to no avail.

An Actuarial Valuation was completed at June 30, 2004, the essence of which is:

| | **Going Concern** | **Solvency** |
|---|---|---|
| Actuarial Assets | $223,660,752 | $216,719,420 |
| Actuarial Liabilities | 222,650,007 | 263,899,012 |
| Actuarial Surplus (Deficiency) | $ 1,010,745 | $ (47,179,592) |

The Valuation reveals the following:

- Finally, after several years, the Normal Actuarial Cost of Pensions being earned by the Active Membership is less than the Average Hourly Contribution. This can be seen in the following Table:

| | |
|---|---|
| Average Hourly Contribution: | $4.93 |
| Hourly Normal Actuarial Cost: | $4.89 |
| Actuarial Hourly Surplus: | $0.04 |

Ever since the late 1980s, when there was widespread unemployment in the Local Union, the average Attained Age of the Active Membership has increased, as younger Members lost their jobs. The result was that older Members who continued working increased the Actuarial Cost for Current Service, simply because the Pension Plan would have their Contributions for a shorter period of time before their retirement, than if those Contributions were being earned by younger Members.

- The Actuarial Liabilities in the Solvency Valuation are $41,249,005 greater than the Actuarial Liabilities of the Going Concern Valuation. This difference arises from the following two factors:

  - "Grow-In Rights" increased Liabilities by $13,083,417; and

  - The Actuarial Investment Gain Assumption in the Going Concern Valuation is 6.75% compounded annually, net of Expenses incurred to earn that Return (Investment Management and Custodial Fees).

    In the Solvency Valuation, the Investment Gain Assumption is legislated by the Ontario Government, and in this Valuation was 6% on Liabilities for Members who have not yet retired, and 5.75% for Retirees.

    Interest Rates in Canada are about the lowest seen in the last 40 years. If there is an increase in these Rates before the next Actuarial Valuation is due, the Actuarial Liabilities in a Solvency Valuation will decrease, automatically, simply because the money set aside for those Liabilities on the Valuation Date is assumed to increase more rapidly at the higher Interest Rates.

Other Pension Statistics taken from the June 30, 2004 Valuation:

- There were 1,683 Active, 1,026 Inactive and Terminated Vested Members, as well as 47 Spouses of deceased Members entitled to a Pension when they reach Age 63, or earlier if they prefer.
- The average age of the Active Members is 42.8 years.

- There were 925 Retired Members in the following age brackets:

| Age | Number of Members |
|---|---|
| Under Age 55 | 25 |
| Age 55 - 59 | 51 |
| Age 60 - 64 | 166 |
| Age 65 - 69 | 245 |
| Age 70 - 74 | 219 |
| Age 75 - 79 | 137 |
| Age 80 - 84 | 53 |
| Age 85 - 89 | 19 |
| Age 90 and over | 10 |

- There were 260 surviving Spouses or other Beneficiaries of deceased Members in receipt of a Pension.

In December, 2005, 1,270 persons were in receipt of a Monthly Pension, and the Total Monthly Pension Pay-out was $864,545.65. There was an increase of 47 persons in receipt of a Monthly Pension and a year over year increase of $81,626.38 in the Total Monthly Pension Pay-out when compared to December, 2004.

The next full Actuarial Valuation of the Pension Plan is due no later than June 30, 2007. A "mini" Actuarial Review was completed at June 30, 2005 in order to provide an estimate of the Plan's performance over the twelve-month period ended June 30, 2005. The significant results of the Review are:

| | Projected Going Concern Position | Projected Solvency Position |
|---|---|---|
| Actuarial Assets | $250,553,527 | $238,889,166 |
| Estimated Liabilities | (224,279,269) | (274,573,778) |
| Actuarial Surplus (Deficiency) | $26,274,258 | $(35,684,612) |

This Review reveals the following:

- The projected Going Concern funded position of the Plan as of June 30, 2005 has improved substantially over the $14,856,491 Actuarial Surplus as at June 30, 2004. The increase of $11,417,767 is attributable to the excess investment return of $10,968,719 plus $449,048 in respect of excess Contributions during the year. This experience gain is net of the estimated cost of the delay in eliminating the enhanced early retirement benefits and other estimated liability experience losses.

- Unfortunately, on the Solvency basis substantial improvements have not been made. This is due not only to a declining interest rate environment, but is a result of significant changes to the stringent assumptions that Actuaries are required by legislation to assume when calculating the Plan's liabilities. When compared to the Solvency Deficiency of $16,246,573 as at June 30, 2004, the impact of these changes has resulted in a projected net increase of $19,438,038 in the Plan's liabilities on a solvency basis.

# RECENT AMENDMENTS TO THE PENSION PLAN

The Valuation completed at June 30, 2004 was filed with the regulatory authorities by March 31, 2005. An Actuarial Cost Certificate, demonstrating that the Solvency Deficiency at the Valuation Date will be eliminated within the time allowed by the Financial Services Commission of Ontario, was also filed with the Valuation.

In order to meet the requirements of the regulators, the Trustees resolved to amend the Pension Plan effective May 1, 2005 in a manner that eliminates any provision in the Plan wherein a Member can retire in advance of Age 63, and receive an unreduced Pension. Before that date, a Member could retire before his 63rd birthday and receive an unreduced Pension if he is a Member in Good Standing, Local 30 and:

- is at least Age 56, and had completed 30 years Membership in Local Union 30, or Local Union 30 and any other Local Union of the Sheet Metal Workers International Association; or

- is at least Age 60; or

- any age, if he is totally and permanently disabled.

The June 30, 2004 Valuation was restated to reflect the reduced Liabilities due to the May 1, 2005 Amendment, resulting in the following:

| | **Going Concern** | **Solvency** |
|---|---|---|
| Actuarial Assets | $223,660,752 | $216,719,420 |
| Actuarial Liabilities | 208,804,261 | 232,965,993 |
| Actuarial Surplus (Deficiency) | $ 14,856,491 | $ (16,246,573) |

Notes:

1. The excess of Average Hourly Contribution over Average Hourly Actuarial Cost increased from $0.04, before the May 1, 2005 Amendment, to $0.63 after the said Amendment.
2. We expect this 63¢ excess will be sufficient to erase the $16,246,573 Solvency Deficiency within the time allowed by the Financial Services Commission of Ontario.

At the Board of Trustees' Meeting held December 20, 2005, it was resolved to amend the Pension Plan, effective May 1, 2006, to reduce the Annual Pension Accrual Rate from 21.0% of Contributions to 20.0% of Contributions. This Accrual Rate allows the Plan's Early Enhanced Retirement Window to remain in effect until April 30, 2007.

## THE EARLY ENHANCED RETIREMENT “WINDOW” STAYS OPEN UNTIL APRIL 30, 2007

At the Board of Trustees’ meeting held November 4, 2005, it was resolved that the Early Enhanced Retirement “Window” be extended to April 30, 2007. It was further resolved that the Trustees will annually review the ability to keep this “Window” open.

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 the Pension Plan.

Active Pension Plan Members who are Members in Good Standing, Sheet Metal Workers Local Union 30 who wish to retire, and who:

- are at least Age 60; or
- are at least Age 56 and have been Members 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); or
- are Totally Disabled, and unable to work at any occupation for wage or profit

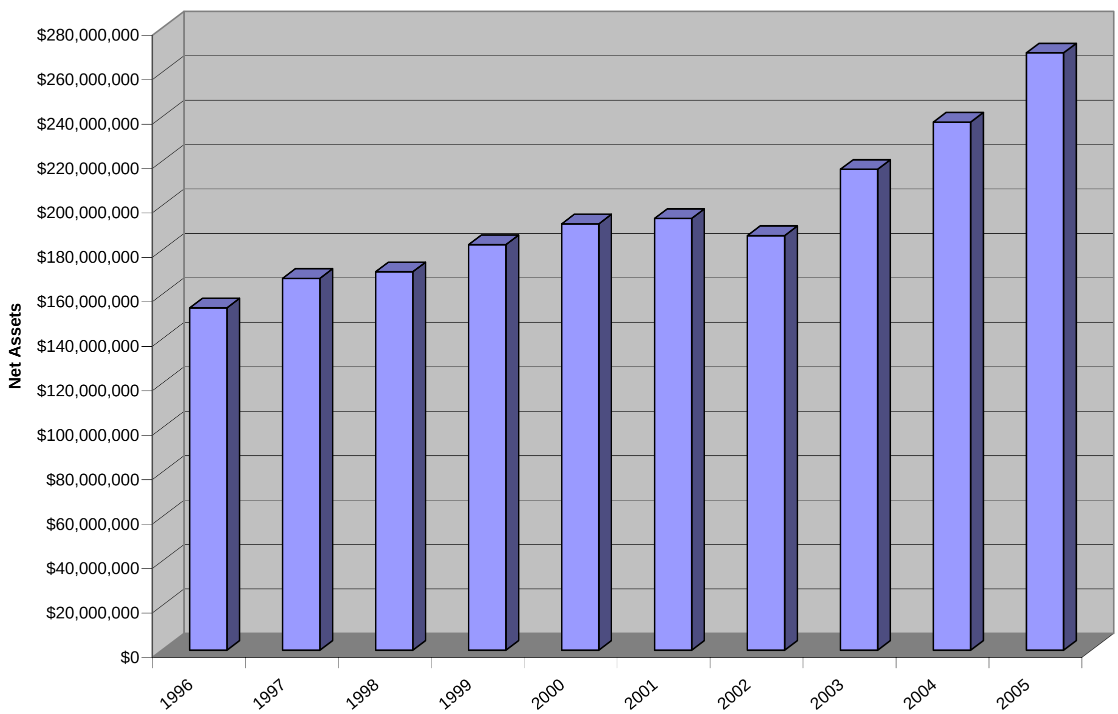
will be entitled to receive an unreduced Monthly Pension provided that the Application for a Retirement Pension is received by the Plan Administrator no later than March 31, 2007, and the commencement date of the Monthly Pension is no later than April 1, 2007. For Disability Pensions, the onset of Total Disability must be on/before April 30, 2007.

This Benefit is financed in part, by the reduction of the Accrual Rate effective May 1, 2006, from 21% of Contributions to 20% of Contributions.

# PENSION FUND INVESTMENTS

The Assets of the Pension Fund are invested by three professional Investment Managers retained by the Trustees. These Managers are each allocated a part of the Fund, and invest in Canadian and Foreign Equities, Bonds, Mortgages and Short Term Cash Securities such as Government of Canada Treasury Bills. Four times each year, the Trustees conduct a Special Pension Fund Investment Meeting, attended by the Investment Managers, in order to monitor the Results obtained by each Manager, as well as the progress of the Total Fund.

The following Graph illustrates the changes in the Net Assets of the Pension Fund over the last ten years. "Net Assets" means the sum of the Fund's Short Term Notes, Stocks, Mortgages and Bonds (stated at their December 31st Market Value), plus Cash, as well as all Interest, Dividend and Contributions earned by the Fund but not yet received at December 31st, minus any Expenses that the Fund had incurred and not yet paid. The Liabilities of the Pension Plan in respect of accrued Pensions and Pensions-in-pay are not included in Net Assets.




| | | | |
|---|---|---|---|
| 1996 | $154,071,314 | 2001 | $194,310,801 |
| 1997 | $167,368,692 | 2002 | $186,607,555 |
| 1998 | $179,320,615 | 2003 | $216,478,816 |
| 1999 | $182,544,435 | 2004 | $237,715,716 |
| 2000 | $191,897,412 | 2005 | $268,810,443 |

- During 2005, the Rate of Return of the Pension Fund's Assets invested in the Stock, Bond, Mortgage and Money Market Funds was 13.35%. During the five years ended December 31, 2005 the Compound Annual Rate of Return was 6.58%.

  The Trustees utilize the services of a professional Comparative Measurement Service, which compares the relative investment performance of hundreds of Canadian pension funds which, like our Fund, invest in the Capital Markets. This Service shows how our Investment Rate of Return fared in comparison with the other Canadian pension funds included in the Service Universe. For the five years ended December 31, 2005, our Fund ranked at the 51st percentile, and at the 22nd percentile for the year ended December 31, 2005, of all Canadian pension funds in the Service Universe.

- Several years ago, the Trustees adopted an Investment Policy for the Pension Fund, the purpose of which is to obtain the best possible Investment Gains with a prudent level of Risk. Ontario's *Pension Benefits Act* requires that all Ontario Pension Plans adopt Investment Policies. During 2005 the Pension Fund's Statement of Investment Policies and Procedures established a target asset mix of 60% in Stocks and 40% in Fixed Income Securities. The Investment Policy is reviewed annually and amended as necessary.

# RECENT CHANGES TO ONTARIO'S PENSION LAW

- Ontario's amended *Pension Benefits Act* was proclaimed effective January 1, 1988, and all Pension Plans registered in Ontario were required to meet the standards of the new Act. Our Plan was changed on that date so that Pensions earned on/after January 1, 1987 were vested for Members who terminated with at least Two Years Plan Membership.

- Survivor Pensions became mandatory, such that when a Member with a Spouse retires, the Pension must be paid as a "Joint and Survivor" Pension (unless the Spouse waives this right). This provision allows the surviving Spouse to receive a lifetime Pension of at least 60% of the Member's Pension following the Member's death. The Joint and Survivor Pension does not apply if the Member and the Spouse are living separate and apart on the date Pension payments commence. Since our Plan provided 50% continuation, all such Members had to take a reduction in their Pension to meet the new Law. Death Benefits had to be provided for all Vested Members, with or without a Spouse, who died before retirement; all Members younger than Age 53 who terminated in the Plan with a Vested Right to a Pension became entitled to transfer the Commuted Value of their Accrued Pension to another Plan, such as a Locked-in Registered Retirement Savings Plan; the Pension being paid to a deceased Member's Spouse must be continued for her/his remaining lifetime, and could not be terminated upon remarriage.

- Bill 27 which received Royal Assent on December 22, 1999 required pension plans to adopt a Statement of Investment Policies and Procedures in relation to the investment of the pension plan assets.

- An amendment to the Ontario *Pension Benefits Act* came into force on June 13, 2005 as a result of *Spousal Relationship Statute Law Amendment Act*, 2005 (Bill 171). This Bill resulted in a change to the definition of the term "spouse" to include "two persons" in place of "a man and woman", to accommodate the legalization of same sex marriage in addition to same sex common law partnerships. The term "same sex" partner has been removed from the Ontario *Pension Benefits Act*.

# OTHER RECENT DEVELOPMENTS

Four Laws affecting our Pension Plan have recently been amended:

- **The *Income Tax Act*, Canada**

The *Income Tax Act*, Canada was amended effective January 1, 1991 in a manner that affected the ability of every working Canadian to save for their retirement years. Before the Act was amended, there were many inequities, particularly in the area of Registered Retirement Savings Plan Contributions for those who were already covered by Registered Pension Plans, such as ours.

Starting with the T-4 you received for 1990, your Employers are required to show on that Tax Slip an amount known as the Pension Adjustment, or your "PA". The amount of your PA is the sum of Contributions made to a Registered Pension Plan or Plans during the year covered by the T-4. For 2006, you can make a contribution to your own RRSP as follows: determine your 2005 Total Employment Income, add any CPP/QPP Disability Pension Benefits you received, then take 18% of that amount, subtract your 2005 PA. The balance is the amount you can contribute to your own RRSP for 2006, up to a Maximum RRSP Contribution of $18,000. You have until the end of February, 2007, to make that Contribution, and take the Deduction on your 2006 Personal Income Tax Return. If you don't make the Contribution by that deadline date, or didn't contribute as much as you could, then you can carry forward any unused RRSP Contribution Room to any future year.

In his February, 2005 Budget Speech, Federal Financial Minister Ralph Goodale announced :

(i) that maximum Contributions to RRSPs will be increased from 2005's maximum of $16,500 to $18,000 in 2006, and a further $1,000 each year thereafter to reach $22,000 in 2010, and indexed thereafter to the average annual wage growth.

You are required to take some kind of action (such as buying an Annuity, or opening a Registered Retirement Income Fund) by the end of the calendar year in which you attain Age 69.

(ii) Registered Pension Plans (as well RRSPs) can hold unlimited amounts in foreign securities.

- ***Workers' Compensation Act*, Ontario**

Effective January 2, 1990, The *Workers Compensation Act*, Ontario, was amended, by Bill 162, so as to require the continuation of life insurance, health benefits and pension benefits to Employees who suffered a work-related disability on or after that date, and who are in receipt of Workers' Compensation. Those benefits continue as long as the Employee is in receipt of Workers' Compensation, up to a maximum of one year. Bill 162 required that Employer Contributions to the Welfare and Pension Funds continue on account of such disabilities that occurred on/before December 31, 1991. The Act required that we amend the Rules of our Plans so as to take on that responsibility without any further Employer Contributions, as it respects work-related disabilities that occur on or after January 1, 1992.

This legislation has been renamed the *Workplace Safety and Insurance Act.*

- ***Employment Standards Act*, Ontario**

The *Employment Standards Act*, Ontario was amended in December, 1990 as it respects the continuation of Life, Health and Pension Benefits for Employees who are absent from work on an Approved Pregnancy Leave of Absence and/or Parental Leave. This Act requires your Employer to continue Contributions to the Pension and Welfare Trust Funds during those Leaves. An Employee who is the natural mother of a child, is entitled to a maximum 17-week Pregnancy Leave of Absence plus an additional 18 week Parental Leave provided that it immediately follows the Pregnancy Leave. In the case of an adoptive mother, or a natural or adoptive father, the Act provides for an 18-week Parental Leave.

The Act was further amended in 2001 to increase Parental Leave from 18 weeks to 35 weeks for Employees who take Pregnancy Leave, or 37 weeks for those who do not.

Provided that your Employer continues Contributions to the Funds during these Leaves, your Benefits will continue just as if you were working.

During the last few years there have been several instances of employees taking their employers before tribunals, alleging that their employers' benefit plans are discriminatory in that the employee's same-sex "spouse" is not entitled to the survivor benefit of the employers' pension plans. These employees' allegations were based upon provincial and federal legislation (such as Ontario's *Employment Standards Act*), which bar discrimination on account of sexual orientation. In these cases, the tribunals found in favour of the employees, and the employers were ordered to amend their benefit plans so as to grant same-sex "spouses" equal benefits with other employees with opposite-sex spouses. The Financial Services Commission of Ontario (which replaced the Pension Commission of Ontario) announced in 1999 that all pension plans registered in Ontario would have to conform by amending their plans, and further that if the sponsor did not amend the plan the Commission would deem the plan to have been amended. At first this directive placed sponsors in something of a dilemma since the *Income Tax Act*, Canada (which grants favourable tax treatment to registered pension plans) established that survivor pensions were to be granted only to opposite-sex spouses. Federal legislation was amended in July 2005 with the assent of the *Marriage for Civil Purposes Act* and this complication was resolved.

The Trustees have amended the Pension Plan so as to conform with the laws.

- ***Personal Information Protection and Electronic Document* Act ("PIPEDA")**

Federal privacy legislation came into force as of January 1, 2004 and directly impacts all registered pension plans. The purpose of PIPEDA is to oversee the collection, use and disclosure of personal information by organizations, including registered pension plans, in a manner that recognizes both the right of an individual to have his/her personal information protected and the need of organizations to collect, use or disclose personal information for purposes that are reasonable.

The Trustees have adopted a Privacy Policy to protect the personal information of Plan Members.

- ***Human Rights Code***

In June, 2005 the Ontario Minister of Labour, Steve Peters introduced Bill 211, An Act to amend the *Human Rights Code* and certain other Acts to end mandatory retirement at age 65 or older. The Ontario *Human Rights Code* was amended in order to prohibit mandatory retirement, protecting employees aged 65 or more from being forced to retire, except in those cases where it could be justified a "*bona fide*" occupational requirement which is an employment requirement or qualification that is necessary because of the nature of the employment. These will continue to be permitted under the *Human Rights Code*.

The Act received Royal Assent on December 12, 2005, and mandatory retirement at age 65 or older will end one year after this date (December 12, 2006).

Age-based provisions in the *Workplace Safety and Insurance Act, 1997* will be exempt from the prohibition age discrimination in employment and in the provision of services. Entitlements under the *Workplace Safety and Insurance Act, 1997*, and its regulations and policies continue to apply and will not change. Government provided benefits which assume retirement at age 65, will also continue unchanged.

- **Other Developments Affecting Our Plan**

In February, 2005 the Canadian Institute of Actuaries (CIA) updated its Standard of Practice for Determining Pension Commuted Values. This standard is used by actuaries and pension plan administrators in the calculation of commuted values which are to be paid from a pension plan that is registered under Provincial or Federal pension legislation where the method of settlement is a lump sum payment in lieu of an immediate or deferred pension. This updated standard replaced the standard that had been in place since 1993 and takes into account the considerable changes in the financial markets, job mobility, mortality rates and other important factors which affect pension valuations.

**Retrocom Growth Fund**

In 1996, the Trustees purchased one Class "C" Share in Retrocom Growth Fund Inc. Retrocom is a labour-sponsored venture capital fund specializing in construction projects that exclusively employ union tradesmen. The purchase price of that Share was $1 Million in return for which the Pension Trust Fund received 100,652.226 Units of Retrocom's Growth Fund.

In February, 2003 the Trustees decided to redeem the Share for Cash and, in accordance with Retrocom's Prospectus, the Trustees gave Retrocom the required two years' written Notice; hence, Retrocom was expected to pay the Pension Trust Fund the Nominal Asset Value of these Units at February 28, 2005.

Repeated requests for our entitlement were deflected by Retrocom, resulting in the Trustees filing a Lawsuit against Retrocom in July, 2005. Subsequently, two other Pension Trust Funds filed similar Lawsuits against Retrocom.

In early-2006, Retrocom announced that it has insufficient Cash to honour requests for redemption, that it would suspend taking Deposits, and that it had obtained the services of a Firm to assist Retrocom in the reorganization of its business, which might include the disposal of some of its Assets, or a merger with another organization, or a wind-up of its business.

In the meantime, the Trustees are pressing their Claim with the assistance of Legal Counsel.

# BRIEF SUMMARY OF THE PENSION PLAN

The amount of your Monthly Pension is determined by the number of hours you work for an Employer making contributions to the Pension Fund. Each 1,680 Contributory Hours is called a "Year of Credited Service". If the number of hours worked in any calendar year is more, or less, than 1,680, the amount of Monthly Pension will be increased, or decreased, to exactly reflect the number of hours worked. Monthly Pensions are payable, in full, upon retirement at Age 63 (or earlier, if certain requirements are met), and must start no later than the end of the calendar year in which you attain Age 69.

About May of each year, you will receive from the Administrator an Annual Pension Statement disclosing the amount of Monthly Pension you earned to the prior December 31st. The amount of Monthly Pension depends upon the Rate of Hourly Contribution, which varies by Member Classification. The Monthly Pension you earned is set out below, by Classification:

**TORONTO AREA JOURNEYMEN**

- $5.00 per month for each Year of Credited Past Service prior to January 1, 1959;
- $18.60 per month for each Year of Credited Service from January 1, 1959 to December 31, 1980, or $21.10 per month for such credited service if contributions were made on behalf of the member between January 1, 1984 and May 31, 1985;
- $30.60 per month for each Year of Credited Service from January 1, 1981 to December 31, 1984;
- $39.30 per month for each Year of Credited Service from January 1, 1985 to December 31, 1986;
- $68.00 per month for each Year of Credited Service from January 1, 1987 to December 31, 1988;
- $66.00 per month for each Year of Credited Service from January 1, 1989 to April 30, 1993;
- $75.00 per month for each Year of Credited Service from May 1, 1993 to May 31, 1995;
- $81.00 per month per Year of Credited Service from June 1, 1995 to April 30, 1996;

- $88.00 per month per Year of Credited Service from May 1, 1996 to April 30, 1997; and
- $96.00 per month per Year of Credited Service from May 1, 1997 to December 31, 1998.

**TORONTO AREA THIRD YEAR APPRENTICES**

- $45.00 per Year of Credited Service from June 1, 1995 to December 31, 1998.

**FOURTH YEAR APPRENTICES/MATERIAL HANDLERS**

- $52.50 per Year of Credited Service from June 1, 1995 to December 31, 1998.

**FIFTH YEAR APPRENTICES/SHEETER ASSISTANTS**

- $60.00 per month per Year of Credited Service from June 1, 1995 to December 31, 1998.

**BARRIE AREA MEMBERS**

- $32.52 per Year of Credited Service from January 1, 1998 to December 31, 1998.

**Effective January 1, 1999, the amount of Pension earned is calculated based on a percentage of Earned Contributions, in accordance with the following table:**

| Period Contributions Earned | Annual Pension Benefit |
|---|---|
| January 1, 1999 – April 30, 2001 | 25.51% of Contributions |
| May 1, 2001 – April 30, 2003 | 24.12% of Contributions |
| May 1, 2003 – April 30, 2004 | 23% of Contributions |
| May 1, 2004 – April 30, 2006 | 21% of Contributions |
| May 1, 2006 onward | 20% of Contributions |

**See pages 28-30 for further details.**

The amount so expressed is payable to you when you reach Age 63 for as long as you live. If you had a Spouse upon your retirement and that Spouse did not waive her/his rights to a Joint and Survivor Pension, and you die before that Spouse, then 60% of the amount paid to you will continue to that Spouse for her/his remaining lifetime. If you did not have a Spouse upon your retirement, or she/he waived the right to a Joint and Survivor Pension, then the Monthly Pension is payable as long as you live, with the proviso that if you die before having received the Pension for 10 years then your Beneficiary will receive the balance until 120 payments of Monthly Pension, in total, have been made.

You do not have to wait until you are Age 63 to receive your Monthly Pension. Pensions can begin as early as your Age 53; but in order to account for the fact that you will receive a Pension for a longer period of time than if you delayed your retirement, the amount of your Monthly Pension will be reduced by one half of one percent for each month you receive a Pension in advance of your Age 63. For example, if you retire at your Age 53 - that is, the earliest date on which you can receive a Retirement Pension - you will have retired 10 years in advance of your Age 63, and the amount of Monthly Pension you earned and payable in full at your Age 63 will be reduced by 60%.

**However, and as noted elsewhere in this Annual Report, the Pension Plan's Enhanced Early Retirement Features remain in effect for eligible Members who retire on or before April 1, 2007, or who suffer a permanent and total disability on/before April 30, 2007.**

# WHERE WE'VE BEEN:
# HISTORY OF THE PENSION PLAN

When the Pension Plan was started on January 1, 1959, the Trustees were R.H. Bullock, H. Choma, J.A. Donnelly, J.F.C. Heather, H.W. Rogers and C.M. Switzer. At that time, the Hourly Wage Rate earned by a Local 30 Journeyman was $2.80, and there was a $0.10 Hourly Contribution to the Welfare Plan, which had started in 1956. The Contribution to the Welfare Plan was reduced to $0.055, and the $0.045 was allocated to starting the Pension Plan. The Welfare Trust Fund also transferred $50,000 to the Pension Trust Fund to help get it started. In the beginning, as now, all Monthly Pensions were calculated on Credited Service - that is, the number of hours a Member works with a Contributing Employer and for which Contributions are received by the Trust Fund. The Current Service Monthly Pension is based upon 1,680 contributory hours (a Year of Credited Service), and if a Member worked more or less than 1,680 hours in any year, the Monthly Pension was proportionately more, or less, as the case may be.

The Original Plan provided that the Current Service Monthly Pension was $1.46, and for each eligible year a Past Service Monthly Pension of $1.46 was granted to Members of the Plan to the Member's Date of Initiation into Local Union 30, or the Member's 45th birthday, whichever was later. Pensions were paid in full upon retirement at Age 65 provided the retiring Member had a least ten years' Plan Membership. If not, full Pensions were not payable until 10 years' Membership was achieved. For example, a Member who joined the Plan at Age 60 received a full Pension at Age 70. The Plan provided Disability Pensions, as well as Early Retirement at Age 50 if the Member had at least 15 years of Credited Service, and in these cases the Pension was reduced to its actuarial equivalent. Members who terminated in the Plan prior to retirement were entitled to receive 50% of their earned Pension if they had at least 10 years of Credited Service, rising by 5% for each additional year, so that Members who terminated with at least 20 years of Credited Service were fully Vested. The amount of Pension Payable to the retiring Member continued for the remainder of his lifetime; other Options were available (such as Guarantee periods and Survivor Pensions), which the Member could select in return for a reduction in Monthly Pension.

An Actuarial Valuation of the Plan was completed at the end of 1959, which showed 1,279 Active Members and 15 Retirees. These Retirees were receiving Average Monthly Pensions of $29.82 which, of course, was mostly their Past Service Pension. The Assets of the Pension Plan were $118,672, and the Plan had an Unfunded Liability of $247,565 which the Trustees planned to pay off over 17 years.

After that:

**1962** Hourly Contributions increased to $0.075, and Current Service Monthly Pension increased to $2.60 for service on/after October 1, 1962.

**1963** Pensions of Active Members and Retirees increased by 15%.

**1964** Current Service Monthly Pension increased to $3.00 for service on/after January 1, 1964.

**1967** Hourly Contributions increased to $0.125. Current Service Monthly Pension increased to $6.00 for service on/after January 1, 1967. Pensioners who retired prior to January 1, 1968 granted a Minimum Monthly Pension of $50, and Members who retire on/after that date granted the same Minimum Monthly Pension provided they have at least 10 years' Credited Service. Vesting Rule changed from Original Rule to completion of 10 years of Credited Service and attainment of Age 45, if earlier than Original, in order to conform with The *Pension Benefits Act,* Ontario.

**1970** Current Service Monthly Pensions increased to $3.25, retroactive to January 1, 1959 through December 31, 1966, and $6.25 for Pensions earned on/after January 1, 1967. Minimum Monthly Pensions for Retirees increased to $75, with the same Minimum for future Retirees who had at least 10 years' Credited Service.

**1971** Plan amended to add a Death Benefit, so that the Surviving Spouse of a Member who died before retirement will receive 50% of the deceased Member's Earned Pension at Age 65 and continuing until death or earlier remarriage; if the Member died after retirement, the Surviving Spouse immediately received 50% of the Monthly Pension, terminating upon death, or earlier remarriage.

**1972** Hourly Contribution increased to $0.325. Current Service Monthly Pension increased to $11.50, retroactive to January 1, 1959 for Active and Retired Members.

**1974** Vesting Rule lowered, such that Terminated Members are Vested if they have at least five years Credited Service.

**1975** Vesting Rule amended so that Terminated Members are fully Vested if, upon termination, they have at least five calendar years' Membership in Local Union 30. Members who terminate without vesting will receive a Refund equal to 50% of the Contributions received by the Trust Fund (previously, there was no Refund). Trustees agreed to enter into Pension Reciprocal Transfer Agreement with other Sheet Metal Workers Pension Plans, so that any Member transferring to another Plan, which is Party to the Agreement, will be Vested in this Plan, regardless of length of Membership. Agreement contains other benefits to the Membership, whether transferring in or out of Local Union 30.

**1976** Hourly Contribution increased to $0.525. Current Service Monthly Pension increased to $13.50, retroactive to January 1, 1959. Normal Retirement Age reduced to 63, with no reduction in previously-earned Monthly Pension.

**1980** Hourly Contribution increased to $0.775. Current Service Monthly Pension increased to $16.60, retroactive to January 1, 1959 through December 31, 1980.

**1981** Hourly Contributions increased to $1.025. Current Service Monthly Pension increased to $28.60, for Pensions earned on/after January 1, 1981. Pensions paid to Members in Good Standing of Local Union 30, and Surviving Spouses, increased by 20% across-the-board.

**1983** Hourly Contributions increased to $1.075. All Retired Members in Good Standing, Local Union 30, granted across-the-board increase of $25 in Monthly Pension.

**1985** Hourly Contribution increased to $1.675. Current Service Monthly Pension earned January 1, 1959 through December 31, 1980 increased from $16.60 to $19.10, provided that Member worked for a Contributing Employer between January 1, 1984 and May 31, 1985. Current Service Monthly Pension increased to $37.30, for Credited Service on/after January 1, 1985. Members in Good Standing, Local Union 30, may retire on an unreduced Pension as early as Age 60, provided that the Member has fully retired from any employment activity connected with the Sheet Metal Industry. Retired Members in Good Standing, Local Union 30, granted an across-the-board increase of $36 in Monthly Pensions, $18 to Surviving Spouses.

**1988** In order to comply with Ontario's new *Pension Benefits Act*, the Plan was amended in several areas, including: Two Years Plan Membership Vesting, for Pensions earned on/after January 1, 1987; mandatory Survivor Pensions for retiring Members with a Spouse; portability of Pensions, so that Terminated Vested Members could transfer the Commuted Value of their Earned Pension to an approved Plan, such as a Locked-in RRSP; Pensions-in-pay to Surviving Spouses must be continued until death; Death Benefits must be provided to all Vested Members who die before retirement.

**1989** Substantial Improvements to the Plan were implemented as follows:

- The Accrued Monthly Pension of all Pension Plan Members who had not yet retired (including Active, Inactive and Terminated Deferred Vested Members) which was heretofore expressed as "50% Spousal" was changed to '60% Spousal", such that the Pension would continue for the lifetime of the retired Member and, upon the Member's death, 60% would be continued for the remaining lifetime of the Surviving Spouse. If the retiring Member did not have a Spouse, or the Spouse "signed off' her/his right to a Survivor Pension, then the Pension is payable for the remaining lifetime of the retired Member with the proviso that, if the Member dies before having received 120 payments of Monthly Pension, the remaining balance is paid to the Member's named Beneficiary.

- Any Member who retired on/after January 1, 1988, and whose Pension was reduced in order to conform with the Act with respect to Surviving Spousal Pension, would have that Pension increased retroactive to the later of January 1, 1988 or date retired, such that the reduction was eliminated.

- Effective with Pensions earned on/after January 1, 1987, the Current Service Monthly Pension was increased from $37.30 to $66.00.

- The Accrued Monthly Pensions of all Plan Members who have not yet retired (including Active, Inactive and Terminated Deferred Vested) were increased by a flat $2.00 per month per Year of Credited Service up to December 31, 1988.

- Retroactive to January 1, 1988, the Monthly Pension of retired Members was increased by the above-mentioned $2.00, or $1.20 with respect to Surviving Spouses.

**1990** There were no changes to the Pension Plan.

**1991** There were no changes to the Pension Plan.

**1992** There were no changes to the Pension Plan.

**1993** Hourly Contribution increased to $2.095.

Every person, who was in receipt of a Pension for the month of July, 1993, received a permanent 7% across-the-board increase in that Pension. Members in Good Standing of Local Union 30, who were at least Age 60 on December 1, 1993 and who retired such that their Monthly Pension started not later than December 1, 1993, were also granted the above-stated 7% increase in Monthly Pension.

Members in Good Standing of Local Union 30, who retired in advance of Age 60, had to pay a Penalty of 1/2% per month for each month of retirement in advance of Age 63. This Penalty is now applied only up to Age 60 for such persons; but the Penalty is still applied to Age 63 for persons who are not Members in Good Standing of Local Union 30.

The previously-mentioned “30 and out” enhancement was implemented for long-service Members in Good Standing of Local Union 30 who retire at or after Age 53.

**1994** There were no changes to the Pension Plan.

**1995** A Membership Meeting was held in March, 1995 at which the Members considered certain Pension Plan Improvements. The Members approved an increase in the Hourly Contribution of 21¢ effective with hours worked on/after June 1, 1995, a further 23¢ effective May 1, 1996, and a further 25.5¢ effective May 1, 1997, such that the Pension Plan Hourly Contribution increased in three stages from $2.095 to $2.79 effective with hours worked on/after May 1, 1997. The Current Service Monthly Pension increased effective June 1, 1995 from $75 to $81 per Year of Credited Service, from $81 to $88 effective May 1, 1996, and from $88 to $96 effective May 1, 1997.

The Members also approved extending eligibility in the Pension Plan to certain Apprentices, Material Handlers and Sheeter Assistants. Effective June 1, 1995 Third Year Apprentices will earn a Monthly Pension of $45 per Year of Credited Service in return for an Hourly Contribution of $1.26, Fourth Year Apprentices/Material Handlers will earn a Monthly Pension of $52.50 in return for an Hourly Contribution of $1.47, and Fifth Year Apprentices/Sheeter Assistants will earn a Monthly Pension of $60 in return for an Hourly Contribution of $1.68.

**1996** There were no changes to the Pension Plan, except as noted above regarding increased Contributions and Pensions.

**1997** As noted above, Contributions and Pensions increased effective May 1$^{st}$.

In addition, the Trustees were required to amend the Plan in order to conform to Revenue, Canada’s requirements for registration. Effective January 1, 1997, there will no longer be a refund equal to 50% of Contributions for persons who terminate Membership in Local 30 on/after that date and who are not Vested - that is, they have not completed at least two years’ Pension Plan Membership. Effective that same date, eligibility for a Disability Pension was restricted such that, if the onset of disability was on/after January 1, 1997, the Member must be disabled to the extent that he/she is unable to perform the duties of any occupation for which he/she is reasonably suited, having regard for his/her education, training or experience. If the onset of disability was on/before December 31, 1996, the previous eligibility rule still applies - that is, the person must be medically unfit to perform the duties required in the Sheet Metal Industry.

The Pensions earned to December 31, 1997 by all unretired Plan Members, including Terminated Vested Members, were increased by 7%. All persons in receipt of a Pension received an increase of 7% starting with their Pension for January, 1998.

**1998** Prior to 1998, Barrie Area Members were covered by a separate Pension Plan, funded by Hourly Contributions approved by their Membership. In late-1997, these Members resolved to wind up their Pension Plan, and join this Pension Plan effective with Contributions earned on/after January 1, 1998. During 1998, Barrie Area Members earned a Monthly Pension of $32.52 per 1,680 Contributory Hours, adjusted to precisely reflect the number of contributory hours earned in 1998 in comparison with 1,680.

**1999** During 1998, the Trustees reviewed the method of calculating Monthly Pensions to be earned by the Membership, having due regard for the fact that:

- From the time the Pension Plan was started in 1959 up until May, 1995, the only Members were Toronto Area Journeymen. Since the Hourly Contribution earned by these Journeymen was the same amount – that is, when it changed it was changed for all Journeymen at the same time – during those 36 years, it was a relatively simple matter to determine the amount of Monthly Pension that would be earned by these Members, since any increases to the Hourly Contribution Rate took place at the same time, and applied equally to every Journeyman.

  As time passed, there were frequent increases in the Hourly Contribution Rate, which meant that there were 10 time-related amounts of Monthly Pension, as outlined earlier in this Report.

- Effective June 1, 1995, Apprentices, Material Handlers and Sheeter Assistants started to contribute to the Plan, and since there were three different Hourly Contribution Rates there had to be three different amounts of Monthly Pension.

- Effective June 1, 1998, Barrie Area Members joined the Plan, and since their Hourly Contribution Rate was different from any other group of Members, this required another calculation to determine the amount of Monthly Pension those Members would earn.

As at December 31, 1998, the Pension Plan had five different classifications of Members, whereas there used to be only one; the Pension Plan was also maintaining Records on fourteen different amounts of Monthly Pension, depending upon when those Contributions were earned and by what Classification of Member.

Having due regard for the fact that increases in Hourly Contribution will most surely take place in the future – but that change will likely not affect all Classifications of Members – it was clear that a change to the method of calculating Monthly Pensions had to be adopted. Naturally, any change to the method of calculating Monthly Pension had to give each person precisely the same amount of Monthly Pension for the same Contribution, and accordingly the Trustees amended the Pension Plan effective with Contributions earned on/after January 1, 1999, so that the amount of Annual Pension for every person will be related to the amount of Contributions earned by each person.

In 1999, the Trustees approved increases in Pension Benefits, as follows:

- Every person who received a Monthly Pension for December, 1999 was given an extra cheque equal to 5% of the entire amount he or she was entitled to receive throughout 1999. The amount of the average cheque was $344.18, and was paid in December, 1999. This bonus payment is a “one time” only event, so that Retirees could share in the Pension Plan’s Surplus at December 31, 1998.

- The amount of Pension earned by every Active and Inactive Member to December 31, 1999, who did not retire in 1999, was increased by 2.5%.

**2000** In order to decrease expenses, the Administrator took over the payment of all Pension Benefits effective with Benefits due on/after January 1, 2000.

Hourly Contributions to the Pension Plan were increased during the year.

**2001** Effective with Contributions earned on/after May 1, 2001, Earned Annual Pensions are equal to 24.12% of such Contributions.

**2002** Effective with retirements on/after March 1, 2002, Members retiring under the "30 and out" feature must be at least Age 56.

Hourly Pension Contributions were increased during the year.

**2003** Effective with Contributions earned on/after May 1, 2003, Earned Annual Pensions are equal to 23% of those Contributions.

**2004** Effective with Contributions earned on/after May 1, 2004, Earned Annual Pensions are equal to 21% of those Contributions.

**2005** Effective May 1, 2005, the Text of the Pension Plan was amended to remove the entitlement of any Member to retire in advance of Age 63 and receive an unreduced Pension.

However, Members in Good Standing, Local Union 30 who retire in advance of their Age 63, and who would have qualified for an unreduced Pension under the former Rules, will receive an unreduced Pension provided that their Pension started on/before April 1, 2006. Members in Good Standing, Local Union 30 who suffer a total and permanent disability that commences on/before April 30, 2006 are also entitled to receive an unreduced Pension in accordance with the former Rules.

**2006** Effective with Contributions earned on/after May 1, 2006, Earned Annual Pensions are equal to 20% of those Contributions.

Effective May 1, 2006, the text of the Pension Plan is amended to extend the provisions of the Early Enhanced Retirement "Window" to April 30, 2007.

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

Active Pension Plan Members who are Members in Good Standing, Sheet Metal Workers Local Union 30 who wish to retire, and who:

- are at least Age 60; or
- are at least Age 56 **and** have been Members 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); or
- are Totally Disabled, and unable to work at any occupation for wage or profit

will be entitled to receive an unreduced Monthly Pension provided that the Application for a Retirement Pension is received by the Plan Administrator no later than March 31, 2007, and the commencement date of the Monthly Pension is no later than April 1, 2007. For Disability Pensions, the onset of Total Disability must be on/before April 30, 2007.

At January 1, 2006, Hourly Pension Contributions are:

| | **Toronto Area** | **Barrie Area** |
|---|---|---|
| Journeyman | $5.62 | $3.78 |
| 3 Year Apprentice | $2.85 | $1.59 |
| 4 Year Apprentice | $3.36 | $1.89 |
| 5 Year Apprentice | $3.89 | $2.21 |
| Sheeter/Decker | $5.62 | $3.78 |
| Sheeter/Decker Assistant | $4.15 | $2.24 |
| Material Handler | $3.68 | $1.77 |

It is the Policy of the Trustees to continually monitor the Actuarial Assets and Liabilities of the Fund, so as to amend the Plan when circumstances prudently require or allow.

# THE WELFARE FUND

***Based on the draft audited financial statements of the Fund, the following reflects the Fund's financial position as at December 31, 2005.***

During 2005, the Welfare Fund:

Received:

| | |
|---|---:|
| Contributions | $8,405,119 |
| Interest Income | $518,534 |
| Favourable Claims Experience Refund | Nil |
| Miscellaneous | $20,533 |
| | $8,944,186 |

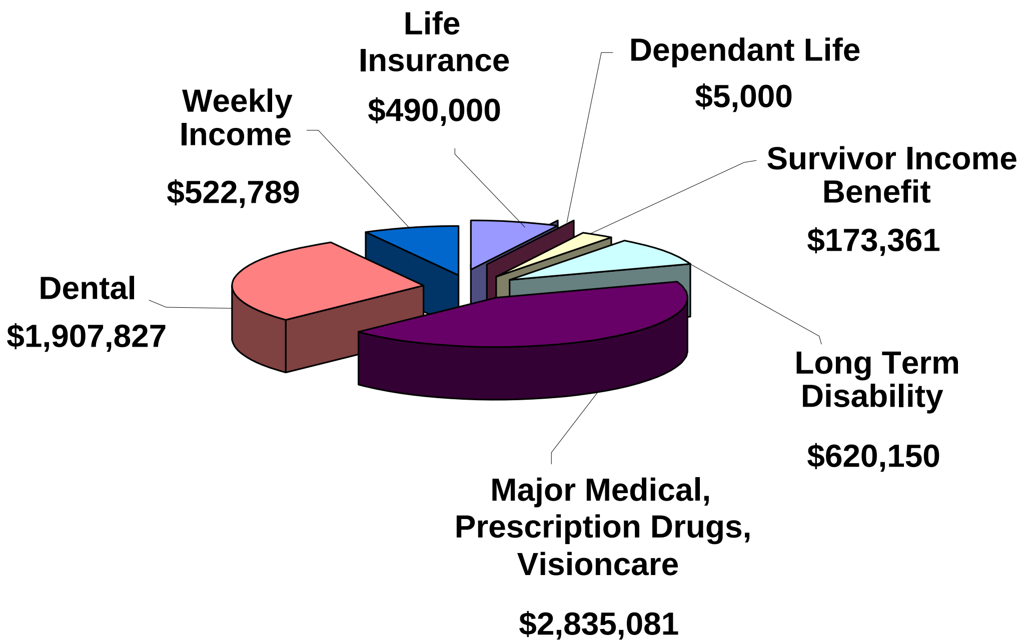
Disbursed:

| | |
|---|---:|
| Insurance Premiums | $8,426,839 |
| Consulting Fees | 19,228 |
| Legal Fees | 11,267 |
| Audit Fees | 12,180 |
| Administration Fees | 100,077 |
| Investment Management Fee | 106,916 |
| Transfer to Dollar Bank Reserve | 50,646 |
| Trustees and Membership Meetings | 21,327 |
| Trustees Educational Seminars | 24,080 |
| Trustees and Trust Fund Insurance | 9,867 |
| Printing and Stationery | 16,861 |
| Telephone, Postage and Courier etc. | 14,885 |
| Miscellaneous | 4,868 |
| | $8,768,395 |
| | |
| Gain (Loss) for the year | $125,145 |
| | |
| Net Assets at the beginning of the year | $12,253,167 |
| Gain (Loss) for the year | 125,145 |
| Net Assets, end of the year | $12,378,312 |

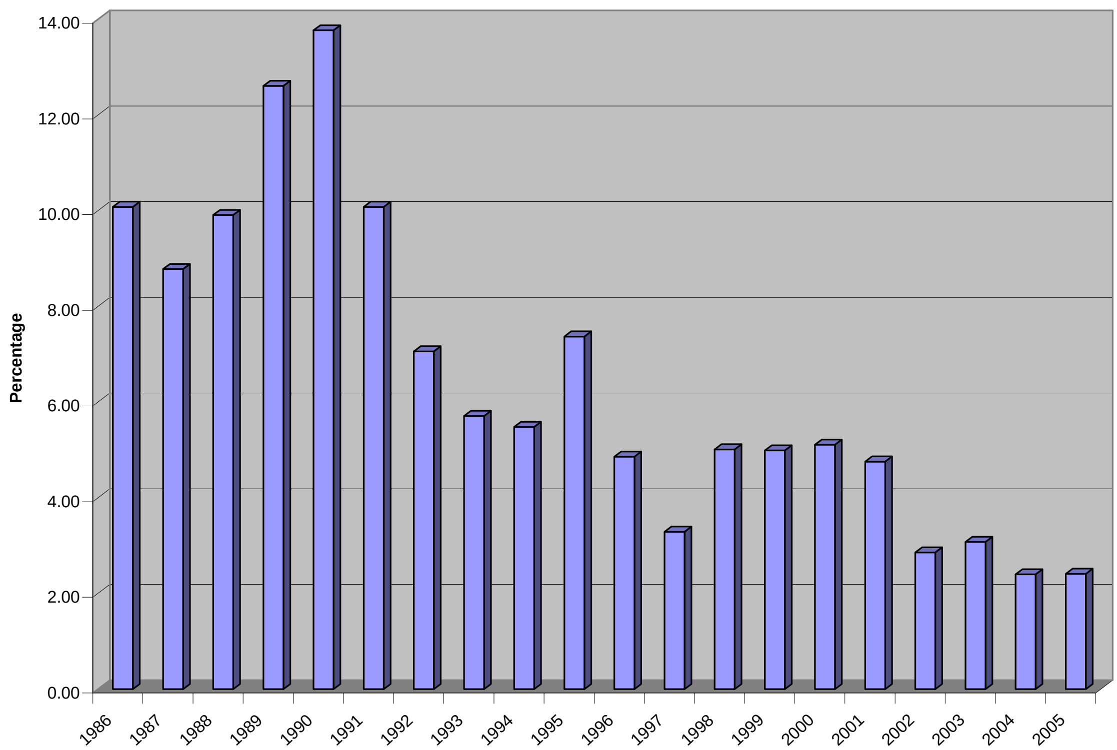
At December 31, 2005, the Closing Dollar Bank Balance of all Members and Apprentices was $4,375,423. Each Member and Apprentice has their own Dollar Bank, and is entitled to continued Benefits for one month for each $281.00 in their Dollar Bank Account. At December 31, 2005, after funding the Liability of the Closing Dollar Bank Balance, the Fund had an Unallocated Surplus of $12,378,312.

In January 1, 1986 the Assets of the Welfare Trust Fund were invested by AlphaQuest Capital Management in a Short Term Money Pool containing nothing but the highest quality Commercial and Government Securities. Interest on our Investments is calculated, and paid, monthly. The Investment Management Fee paid to AlphaQuest included a unique Capital Guarantee, which fully insured our Assets against any loss.

During the period February 1, 2005 through January 31, 2006, the Welfare Plan paid $6.5 million in Benefits to its Members and their Beneficiaries.



The Annual Rate of Return for the twenty (20) year period 1986 through 2005, inclusive, is shown in the following Graph.




| | | | |
|---|---|---|---|
| 1986 | 10.08% | 1996 | 4.86% |
| 1987 | 8.78% | 1997 | 3.29% |
| 1988 | 9.91% | 1998 | 5.01% |
| 1989 | 12.61% | 1999 | 4.99% |
| 1990 | 13.77% | 2000 | 5.11% |
| 1991 | 10.08% | 2001 | 4.758% |
| 1992 | 7.06% | 2002 | 2.857% |
| 1993 | 5.71% | 2003 | 3.079% |
| 1994 | 5.48% | 2004 | 2.4% |
| 1995 | 7.37% | 2005 | 2.41% |

Due to the sale of Aetna, Canada to Maritime Life Assurance Company, AlphaQuest (which was owned by Aetna) could not continue to provide the mentioned Capital Guarantee. Maritime Life offered to provide that Guarantee, and the Welfare Fund's invested Assets were transferred to Maritime Life in January, 2000.

In 2004, Manulife Financial acquired Maritime Life and assumed the investment responsibilities for this Account.

# RECENT CHANGES TO THE WELFARE PLAN

The Welfare Plan has been significantly improved, as set out below:

- Effective October 1, 2003, the Group Term Life Insurance Benefit covering Active and Extended Benefit Programme Members was increased from $25,000 to $50,000, and the same Benefit covering Retired Members was increased from $5,000 to $10,000.

- Effective May 1, 2005 Option A and Option B, of the Retired Members Welfare Plan was amended to provide first-dollar coverage for Chiropractic Services, and up to $50 per person per 24 consecutive month period for Refractions (testing for eyeglasses) unless the Refraction is covered by OHIP.

- Effective May 1, 2005 the Dental Plan was amended so that Claims for services and supplies received on/after that date are paid on the basis of the 2003 Ontario Dental Association Recommended Fee Guide, General Practice, in replacement of the 2001 version.

- Effective July 1, 2005 the Welfare Plan covering Active and Extended Benefit Programme Members was amended in the same manner as set out above for Retired Members.

**The cost of these Improvements is being paid entirely out of the Welfare Trust Fund's Unallocated Surplus, as requested by the Membership at a Meeting held February 12, 2005. At that Meeting, the Trustees had asked the Active Members to approve an increase in the Hourly Welfare Plan Contribution of 14¢, effective with hours worked on/after May 1, 2005. A Motion was made to approve that increase; however, an amendment to that Motion was made requiring that these improvements be paid out of the Welfare Trust Fund's Surplus. The amended Motion was passed by the Membership. In the circumstances, the Trustees decided to extend the same arrangement to the Retired Members.**

# COST OF THE WELFARE PLAN

All of the Benefits of the Welfare Plan covering Active, Extended Benefit and Retired Members are provided through the medium of a Contract of Insurance underwritten by Manufacturers Life Insurance Company, which acquired the previous Insurer (Maritime Life Assurance Company) in 2004. The Premiums paid for each Benefit reflect the cost of Claims incurred by covered Members and their dependants, and are adjusted from time to time based entirely upon our Claims Experience. Although most Insurers will guarantee the Monthly Premium Schedule for one year, only, we have been successful in negotiating two year Premium Guarantees, the objective being to bring some stability to the cost of the Welfare Plan since it is funded, almost in its entirety, by Contributions earned by working Members plus Contributions made by Retired Members who have agreed to participate.

In recent years, it has been possible for the Trustees to improve the Plan without asking the working Members or participating Retired Members to increase their Contributions. This has been possible due, exclusively, to the Unallocated Surplus of the Welfare Trust Fund which has increased due to the much-improved employment opportunities for Sheet Metal Workers in the Greater Toronto Area.

However, it would be essential for the Trustees to acquaint the Membership with exact and current information of the cost of their Benefits in comparison with what they are presently contributing. That information follows:

## Active Members

The Collective Agreement at May 1, 2005 specifies an Hourly Contribution of $2.8802 for each hour worked, plus $0.03, the latter amount being utilized to fund the cost of Welfare and Pension Benefits for Members who suffer a work-related disability for which Workers' Compensation is payable.

For each Hourly Contribution of $2.8802, $2.59 is deposited to the Dollar Bank Account of the Member who earned that Contribution. The balance of $0.2902 is utilized to pay the Premiums for unemployed Members covered by the Extended Benefit Program, as well as to defray the cost of the Retired Members Welfare Plan.

Effective October 1, 2004 the Trustees entered into agreement with the Insurer wherein the Monthly Premium for all Benefits covering the Active Members would increase to $340.03, including the July 1, 2005 improvements. This new Monthly Premium Schedule is guaranteed to September 30, 2006.

At the Membership Meeting held February 12, 2005, the Trustees notified the Membership that if the Welfare Plan is to continue, with Benefits "as is", the Required Hourly Contribution is $3.4702, including the 3¢ for Workers' Compensation Claimants -

that is, $0.56 more than the current Contribution, if eligibility continues on the present basis of 108 contributory hours worked monthly, on average.

## Retired Members

Upon their retirement, Members of Local Union 30 who have a balance in their Dollar Bank Account continue to be covered by all of the Benefits they had as an Active Member (except the two Disability Income Plans) until their Dollar Bank Balance is less than $281. Provided that such Members qualify (see the Eligibility Requirements in the Benefits Binder), such Members are offered enrollment in three different Retired Member Welfare Plans, which require part-payment by the Retiree by way of a deduction from the Monthly Pension cheque.

The cost of the Retired Members Welfare Plan has also increased, and whereas the Trustees hope and expect to maintain the current Retired Members' Monthly Contribution to September 30, 2006, it is equally important that participating and future Retired Members be aware of the cost of their Benefits, the amount they contribute, and the amount of subsidy being paid out of the Unallocated Surplus of the Welfare Trust Fund. This information is in the Table, below:

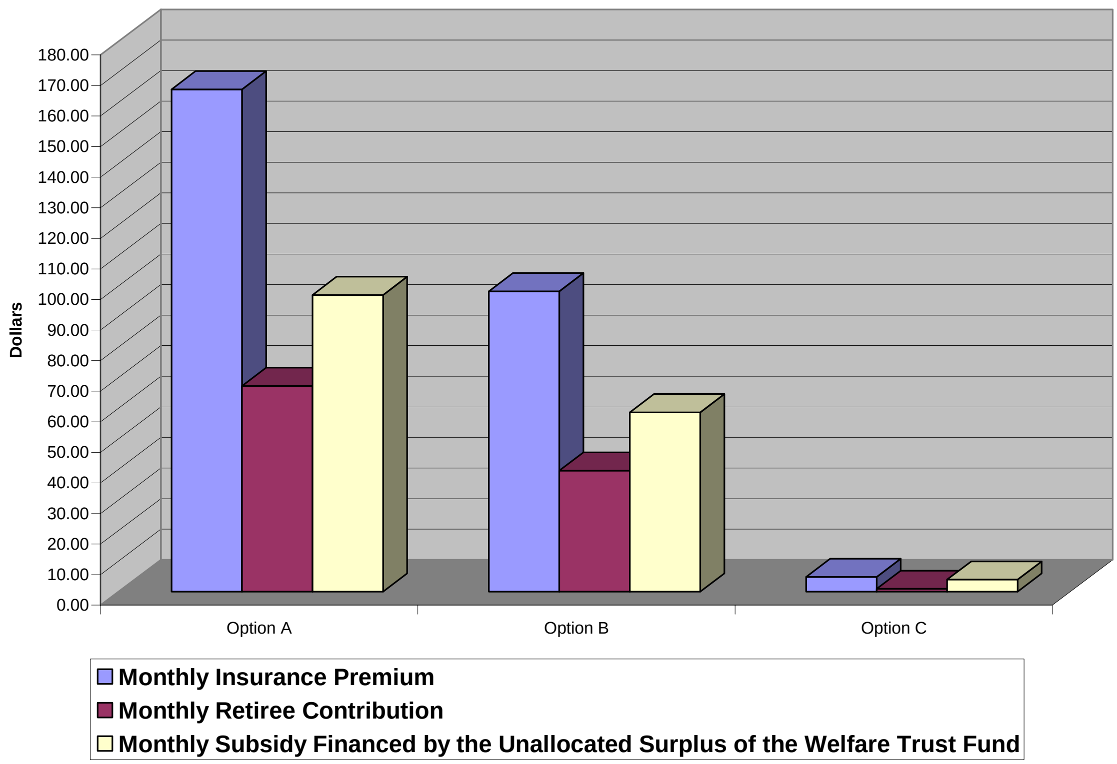
| Plan Option | Monthly Insurance Premium | Monthly Retiree Contribution | Monthly Subsidy, per Retired Member |
|---|---|---|---|
| A | $164.30 | $67.28 | $97.02 |
| B | 98.22 | 39.58 | 58.64 |
| C | 4.80 | 0.88 | 3.92 |

Notes:

1. The above amounts include the Plan Improvements effective May 1, 2005; and

2. Retired Members living in Ontario are required to pay Ontario's 8% Retail Sales Tax on their Contributions.

The graph below provides a comparison of the Monthly Insurance Premium in relation to the Monthly Contribution from the Retiree and the amount of the Monthly Subsidy which is financed by the Unallocated Surplus of the Welfare Trust Fund.



# BRIEF SUMMARY OF THE PLAN

The Welfare Plan covers Members, Apprentices, their Spouses and unmarried dependant children under Age 22, provided that these Dependants do not permanently reside outside Canada. At January 1, 2005 the Hourly Contribution was $2.9102. Of that amount, $2.59 is deposited to the Dollar Bank of the Member who earned the Contribution, $0.03 is used to fund the Welfare Trust Fund's Liability to continue Welfare Plan Benefits for up to one year on account of Members who are disabled and in receipt of Workers' Compensation as well as to credit their Pension Contribution Records as if they were fully employed. The balance ($0.2902) is used to fund the cost of the Extended Benefit Program for Unemployed Members, to keep Apprentices continuously covered while in attendance at Apprenticeship School, and to pay (to the extent possible), part of the cost of the Retired Members' Welfare Plan.

Under the Monthly Dollar Bank Deduction Rules in effect at January 1, 2006, your Dollar Bank will be debited each month in the amount of $281.00, and you can save excess Contributions in your Dollar Bank up to $3,372.00 - that is, one year's Coverage under the current Rules.

- As noted on page 36 the Fund pays $340.03 per month on behalf of each Active Member eligible for benefits. The Active Member Dollar Bank Deduction is $281.00 per month. The Fund's Unallocated Surplus makes up the difference and, during 2005, this subsidy cost $1.3 million.

Certain Benefits are continued for disabled, laid off and retired Local 30 Members, as well as Apprentices.

The Plan provides extensive Benefits, including Death, Disability, Health and Dental. OHIP Premiums, which were paid by the Fund until the end of 1989, have been replaced by a Payroll Tax paid by Employers coupled with an increase in the Provincial Income Tax Rate. In 2004, a new income-related Tax was imposed on Ontarians whose Taxable Income exceeded $20,000. The new Tax ranges from a minimum of $300 to a maximum of $900, annually.

At January 1, 2006, the Plan provides:

# ACTIVE MEMBERS

**Death Benefits:**

- $50,000 Group Term Life Insurance

- $2,000 Spouse, $1,000 Child Dependant Life Insurance

**Survivor Income Benefits:**

- $900 Spouse, $600 Child/Children Monthly Survivor Income Benefit Plan

**Accidental Death and Dismemberment Benefits:**

- Principal sum of (or a percentage of) $25,000 Accidental Death and Dismemberment

**Weekly Income:**

- $445 per week, 26 week Maximum Benefit, commencing first day of disability due to accident, eighth day due to illness.

**Long Term Disability:**

- $1,500 Monthly Income Benefit, Long Term Disability Plan, payable from the 27th Week of continuous, Total Disability to Age 65. Benefit is reduced, dollar for dollar, by any amount paid or payable by Workers' Compensation. Member must be Totally Disabled – that is, during the first 130 weeks of disability, he/she must be unable to perform the duties of his/her Own Occupation, and not engage in any Occupation for wage or profit. Thereafter, Total Disability means the Member's inability to work at Any Occupation for which he/she is reasonably qualified, having regard for education, training and experience.

**Major Medical:**

- With the exception of certain services specified in your Benefit Binder, the Major Medical Plan pays 100% of the usual and customary charges for a broad range of ancillary medical expenses that are not covered by OHIP, provided that legislation does not prevent the payment thereof by this Plan. Included are charges for the services of a Registered Nurse out-of-hospital, Ambulance, Prosthetic Devices, Hearing Aids, Speech Therapy, and Hospital/Surgical/Medical Services received outside Ontario in the event of an emergency.

**Prescription Drugs:**

- The Prescription Drug Plan pays 100% of the reasonable and customary charges for Prescriptions issued by the attending physician, provided that the Prescription is for the treatment of illness or injury.

**Visioncare:**

- The Visioncare Plan pays up to $240 for each Member and each Dependant per two year period, for the initial purchase or replacement of prescription eye glasses and contact lenses and up to $50 per person per 24 consecutive month period for Refractions (testing for eyeglasses) unless the Refraction is covered by OHIP.

**Dental:**

- The Dental Care Plan provides a comprehensive range of Benefits, to an Annual Maximum Benefit of $2,000 per person. The Plan also includes an Orthodontia Benefit paying 75% of such expenses to a Maximum Annual Benefit of $500 per person, within the $2,000 maximum. Claims are paid on the basis of the 2003 Ontario Dental Association Fee Guide, General Practice.

## UNEMPLOYED MEMBERS

In the event that the Member is unemployed due to disability or lay off, all of the Benefits for Active Members remain in force until his/her Dollar Bank Balance is less than $281.00 under the current Rules. Thereafter, through the special Extended Benefit Programme for Unemployed Members, the Benefits provided to Active Members (except Disability Income) remain in force as follows:

- If unemployment is due to disability, Benefits are continued for up to 12 consecutive months for any one period of continuous disability.

- If unemployment is due to shortage of work, and the Member is actively seeking work through Local Union 30, Benefits continue indefinitely.

It would be important to note that the Trustees necessarily reserve the right to terminate, suspend or modify the Extended Benefit Programme should circumstances warrant.

In order to qualify, the Member must:

- have been covered as an Active Member immediately prior to the layoff or disability;
- be and remain a Member in Good Standing, or an Apprentice, of Local Union 30; and
- make prompt Application to the Office of Local Union 30, for approval. It is Local Union 30's Office, alone, that approves such Applications, and accordingly notifies the Administrator.

## APPRENTICES

Indentured Apprentices must periodically take time off work to attend Apprenticeship Training School. In order to ensure that they do not lose their Welfare Plan Benefits for lack of Contributions, Apprentices are granted Credits in the Welfare Plan at a rate sufficient to maintain Eligibility. The Office of the Local Union 30 reports these Apprentices to the Administrator, as is the case with Unemployed Members.

## PERMANENTLY DISABLED MEMBERS

The Welfare Plan continues certain Benefits for persons who suffer a disability while insured, and before attainment of Age 65. In some cases, the degree of this Disability is such that the person cannot continue employment in the Sheet Metal Industry, and in other cases the disability is so severe that the person cannot work at any occupation, whatever, for wage or profit. In those cases, such persons remain covered as follows:

- If the person is Totally and Permanently Disabled, the Death Benefits shown earlier for Active Members remain in force until Age 65, through the Waiver of Premium Clause in the Group Life Insurance Contract held by the Trustees, provided that prompt application for Premium Waiver has been made by the Member, and approved by, the Insurer.

- If the person is disabled, but the severity is such that the disability does not qualify for Waiver of Premium, then the Life Insurance Benefit becomes $10,000 covering the Member, only, always provided that the person is, and remains, a Member in Good Standing of Local Union 30. This Life Insurance Benefit also ceases at Age 65.

- Provided that the persons in the above two categories are Members in Good Standing of Local Union 30 at and after Age 65, the Benefit remains at $10,000.

**It is the sole responsibility of a Disabled Member to give prompt written Notice to the Administrator, and supply Evidence of the Disability. Otherwise, the Insurer is contractually able to decline the Waiver of Premium and, equally, the Trust Fund is able to decline providing the $10,000 Life Insurance Benefit.**

## RETIRED MEMBERS

When an Active Member retires, all of the above Benefits for Active Members (except the Disability Income Benefits) remain in force until his/her Dollar Bank Balance is less than $281.00. At that time, and provided that:

- The Plan Member is and remains a Member in Good Standing of Local Union 30; and

- The Plan Member is in receipt of a Monthly Pension from the Sheet Metal Workers Local 30 Pension Plan; and

- During the 120 months immediately prior to retirement, the Plan Member was covered by the Sheet Metal Workers Local 30 Welfare Plan as an Active Member or on the Extended Benefit Programme for at least 60 months (in the aggregate, and not necessarily consecutive),

then the Plan Member is eligible for the following Benefits:

**Death Benefit:**

- $10,000 Group Term Life Insurance.

The Plan Member and his/her eligible Dependants are eligible for:

**Major Medical:**

- Subject to a Deductible of $100 per person per calendar year, and further subject to Lifetime Maximum Benefit of $50,000 for each person, a Major Medical Plan that provides Benefits for a great range of medical services and supplies that are not covered by OHIP, or the Provincial Medicare Plan in which the Plan Member resides.
- Subject to a Deductible of $100 per person per calendar year, the Plan will pay the amount charged by a Chiropractor up to the Recommended Fee in the Association's current Fee Guide. Maximum Benefit is $225 per person per calendar year.

**Prescription Drugs:**

- The above-described Prescription Drug Plan for Active Members. Effective with Prescription Orders filled on/after August 1, 1998, the Plan will no longer pay the $100 Annual Deductible nor Dispensing Fee that the Ontario Government applied to the Ontario Drug Plan for Seniors - that is, persons at least Age 65. This applies to all persons covered by the Retired Members Welfare Plan, regardless of where they reside.

**Visioncare:**

- Subject to a Maximum Benefit of $50 per person per 24-month period, a Visioncare Plan for the reimbursement of the cost of frames and lenses prescribed by a physician or optometrist and for Refractions (testing for eyeglasses) unless the Refraction is covered by OHIP.

**Dental:**

- Subject to a Deductible of $100 per person per calendar year, a Dental Plan that provides reimbursement for the cost of a broad range of dental services for the treatment and restoration of natural teeth, as well as repairs to an existing denture or bridge, and the creation or replacement of dentures. Maximum Benefit is $1,000 per covered person. Claims for services and supplies will be paid on the basis of the 2003 Ontario Dental Association Recommended Fee Guide, General Practice, in replacement of the 2001 version.

# WELFARE PLAN FUNDING

Prior to July 1, 2001 Retired Members of Sheet Metal Workers Local 30 who met certain eligibility requirements were automatically covered by the Sheet Metal Workers Local 30 Retired Members Welfare Plan. The entire cost of that Plan was paid for by Local 30's Active Members.

As time passed, the number of Retired Members covered by the Plan rapidly increased. The cost of certain benefits, most notably, the Prescription Drug Plan increased significantly. In 2001, the cost of the Retired Members' Welfare Plan escalated to the point where it could no longer be funded entirely by Active Members. Effective July 1, 2001, eligible Retired Members were able to continue their Welfare Plan Benefits under one of three Optional Plans, according to their choice by agreeing to pay a monthly contribution which is deducted from the Retired Member's monthly Pension Benefit.

As can be seen in the following table, the number of Active Members has been trending downward, whereas the number of Retired Members has, as expected, trended upwards. This means that there are fewer Members earning Contributions that are sufficient to pay for their own Benefits as well as those on the Extended Benefit Program and those who are retired and covered by the Retired Members' Welfare Plan. In part, the number of Retired Members has increased due to the downturn in the construction industry in the Greater Toronto Area in the early-90's which persuaded many Members to retire because there was no work available, coupled with certain features of the Pension Plan that make unreduced or otherwise enhanced Pensions available to younger Members.

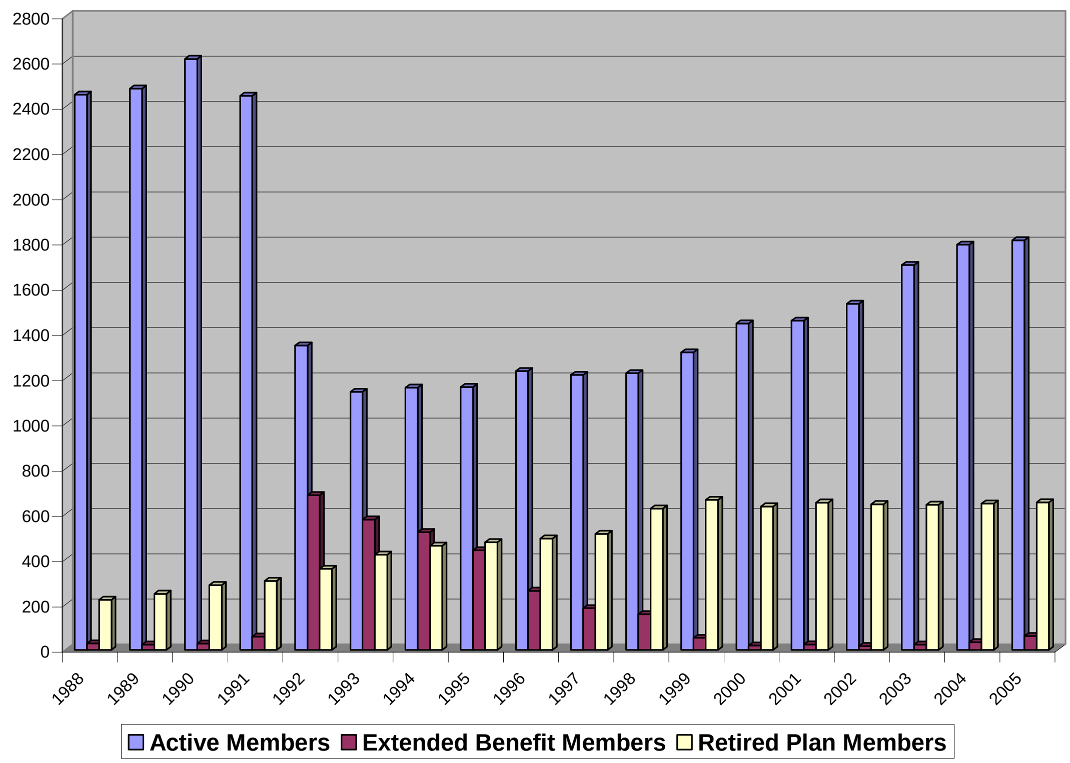
The following data are taken from the Administrator's Insured Member File, and illustrate the number of insured members in December of recent years.

| Year | Active Members | Extended Benefit Plan Members | Retired Plan Members | Ratio Of Active Members To Extended Benefit And Retired Members |
|---|---|---|---|---|
| 1988 | 2,454 | 29 | 221 | 9.82 |
| 1989 | 2,481 | 23 | 248 | 9.15 |
| 1990 | 2,612 | 28 | 286 | 8.32 |
| 1991 | 2,449 | 59 | 305 | 6.73 |
| 1992 | 1,345 | 684 | 358 | 1.29 |
| 1993 | 1,140 | 576 | 421 | 1.14 |
| 1994 | 1,159 | 521 | 460 | 1.18 |
| 1995 | 1,162 | 440 | 476 | 1.27 |
| 1996 | 1,232 | 261 | 492 | 1.64 |
| 1997 | 1,215 | 184 | 513 | 1.74 |
| 1998 | 1,223 | 158 | 624 | 1.56 |
| 1999 | 1,315 | 53 | 663 | 1.84 |
| 2000 | 1,443 | 19 | 634 | 2.21 |
| 2001 | 1,455 | 24 | 651 | 2.16 |
| 2002 | 1,529 | 17 | 644 | 2.31 |
| 2003 | 1,701 | 23 | 641 | 2.56 |
| 2004 | 1,791 | 34 | 647 | 2.63 |
| 2005 | 1,810 | 61 | 652* | 2.54 |

*Comprised as follows:

| | |
|---|---|
| Plan A | 398 |
| Plan B | 159 |
| Plan C | 95 |

The ratio of Active Members to Retired and Extended Benefit Plan Members has increased steadily which causes a strain on the Welfare Fund. The following graph compares the number of Active Members to the number of Extended Benefit Plan Members and Retired Plan Members for the period 1988 through 2005, inclusive.




In order to bring to the attention of the Plan Membership that the Welfare Trust Fund might be in difficult financial straits if these trends continued, the Trustees called a Special Meeting of the Plan Membership in January, 2001. All Active and Retired Members were invited, the facts placed before them and their opinion sought. Many Members wanted to know how much more money Active Members would have to contribute in order to continue the past practice of paying for everyone, and this question was dealt with at a Special Called Meeting of Local Union 30's Active Membership on the evening of April 2, 2001. The Membership was advised of the following:

- The Trustees recommended that Retired Members pay 50% of the Premium for their own Benefits, and each Retired Member could choose a Benefit Plan from three that would be made available. If the Retired Member resided in Ontario, his 50% share of the Premium would be increased by 8%, as is required by Ontario's *Retail Sales Tax Act*, and

- If the Active Membership wanted to continue the past practice of paying for everyone, they would have to agree to increase the Welfare Plan Hourly Contribution by $0.76.

A Motion to increase the Hourly Contribution Rate by $0.76 was defeated by a very wide margin.

In the circumstances, each Retired Member who wishes to remain covered by one of the three Plans that will be offered, will be required to pay approximately 50% (plus 8% Retail Sales Tax for Ontarians) effective July 1, 2001. The co-payment will be deducted from each participating Retired Member's Pension Benefit. Retired Members will also have the ability to move to a less-comprehensive Plan in the future if he chooses; but he cannot move to one of the more comprehensive Plans. Those Retired Members who choose to cancel their Benefits outright will not have the opportunity to subscribe at a future date.

In May, 2001 a letter was sent to all Retired Members covered by the Welfare Plan explaining the reasons for this development, and asking each such Member to choose one of three available Plans, or to request outright termination, all for an effective date of July 1, 2001.

Effective with disabilities that commenced on/after July 1, 2000, the LTD Plan's Monthly Income Benefit was increased from $1,000 to $1,500. Effective that same date, the Dental Plans covering Active, Unemployed and Retired Members paid Claims based on the 1999 ODA Fee Guide, General Practice, in replacement of the 1994 Guide. These improvements were funded by the Active Members who agreed to increase the Hourly Contribution by 27.22¢, from $2.638 to $2.9102.

Effective July 1, 2002 Dental Claims were paid on the basis of the ODA Fee Guide for 2001, the cost of which was absorbed by the Welfare Trust Fund.

Effective July 1, 2005 Dental Claims were paid on the basis of the ODA Fee Guide for 2003, the cost of which is being paid out of the Welfare Trust Fund's Surplus.

The following table provides a summary of the Plan's benefits and level of coverage.

## ACTIVE MEMBER BENEFITS

| Benefit | Coverage |
|---|---|
| Group Term Life Insurance | $50,000 for Member<br>$2,000 for Spouse<br>$1,000 for Children |
| Accidental Death and Dismemberment | $25,000 Principal Sum |
| Survivor Income | $900 for Spouse<br>$600 for Children |
| Weekly Income | $445 per Week |
| Long Term Disability | $1,500 per Month |
| Major Medical | Various Levels |
| Dental | $2,000 Annual Maximum<br>2003 Ontario Dental Association Fee Guide |
| Prescription Drugs | 100% |
| Visioncare | $240 per 24 Consecutive Months |

## UNEMPLOYED MEMBERS

**All Benefits remain in force until the Unemployed Member's Dollar Bank Balance is less than $281.00.**

| Benefit | Coverage |
|---|---|
| Group Term Life Insurance | $50,000 for Member<br>$2,000 for Spouse<br>$1,000 for Children |
| Accidental Death and Dismemberment | $25,000 Principal Sum |
| Survivor Income | $900 for Spouse<br>$600 for Children |
| Long Term Disability | $1,500 per Month |
| Major Medical | Various Levels |
| Dental | $2,000 Annual Maximum<br>2003 Ontario Dental Association Fee Guide |
| Prescription Drugs | 100% |
| Visioncare | $240 per 24 Consecutive Months |

## RETIRED MEMBERS – OPTION A

| All Benefits remain in force until the Retired Member's Dollar Bank Balance is less than $281.00. | |
|---|---|
| **Benefit** | **Coverage** |
| Group Term Life Insurance | $10,000 for Member Only |
| Major Medical | $50,000 Lifetime Maximum |
| Dental | $1,000 Annual Maximum<br>2003 Ontario Dental Association Fee Guide |
| Prescription Drugs | 100% After Deductible |
| Visioncare | $50 per 24 Consecutive Months |

## RETIRED MEMBERS – OPTION B

| All Benefits remain in force until the Retired Member's Dollar Bank Balance is less than $281.00. | |
|---|---|
| **Benefit** | **Coverage** |
| Group Term Life Insurance | $10,000 for Member Only |
| Major Medical | $50,000 Lifetime Maximum |
| Dental | $1,000 Annual Maximum<br>2003 Ontario Dental Association Fee Guide |
| Visioncare | $50 per 24 Consecutive Months |

## RETIRED MEMBERS – OPTION C

| All Benefits remain in force until the Retired Member's Dollar Bank Balance is less than $281.00. | |
|---|---|
| **Benefit** | **Coverage** |
| Group Term Life Insurance | $10,000 for Member Only |

# RECENT DEVELOPMENTS

When the Welfare Plan was started in 1956, Eligibility was on the Hour Bank System. For each hour worked with a Contributing Employer, each Plan Member received One Hourly Credit in the Hour Bank, and each month a certain number of hours was deducted from the Hour Bank in order to maintain Benefits. Over the years, the Monthly Hour Bank Deduction was decreased, so that the Members could more easily maintain their Benefits, and the latest Rule was that 100 Hours were deducted each month from your Hour Bank. If you worked more than 100 Hours in any particular month, the excess over 100 was deposited to your own Hour Bank for your use in any month that you worked fewer than 100 Hours. You could save these Excess Hours up to 1,200 - that is, you could remain covered by the Welfare Plan for up to one year when you were fully unemployed.

The problem with the Hour Bank System is the difficulty in communicating the relationship of Hour Bank Eligibility to Hourly Contributions to the Plan, particularly when the Hourly Cost of the Plan is greater than the Hourly Contribution as was the case for at least 10 years ending December, 1991.

Effective June 1, 1991 the Trustees resolved to convert the Eligibility System from the Hour Bank System to the Dollar Bank System. Under this System, your Dollar Bank is credited with the dollars actually received, rather than the hours worked. Your Dollar Bank Balance is debited each month by the Monthly Cost of the Welfare Plan, which, at January 1, 2002 was $281. You will have noted that the Dollar Bank Deduction has not changed since January 1, 2002 and that the actual cost of Insurance Premiums is $340.03 per month.

- In his Budget Speech of May, 1993, the Minister of Finance for the Province of Ontario announced his intention to apply Ontario’s 8% Retail Sales Tax to certain Employment Benefits provided through Group Contracts to persons working or living in Ontario. These Employment Benefits include virtually every Benefit provided by this Welfare Trust Fund. In the event that the Benefit is not insured - all Local 30’s Benefits are insured - then a further 2% Tax would be applied.

  In June, 1993, the Minister presented his Bill 30 to the Ontario Legislature dealing with the application of the 8% Tax. The Minister retracted that Bill, and in December, 1993 he presented his Bill 138. The essential difference between the two Bills is that the former applied the 8% Tax to Premiums, whereas the latter applies the Tax to Contributions paid into a Welfare Trust Fund by both Contributing Employers and Pay Direct Subscribers.

Bill 138 was proclaimed in June, 1994, and was Law retroactive to July 1, 1993.

- In his Budget Speech of February, 1994, the Federal Finance Minister announced his intention to amend the *Income Tax Act*, Canada in a manner that would create a Taxable Benefit for Employer-paid or Trust Fund-paid Death Benefit Premiums, not including the A.D.& D. Plan.

  The Administrator issues T-4 Supplementaries to all covered Plan Members, representing Taxable Premiums paid by the Trust Fund for Life Insurance and the Survivor Income Benefit, plus 8% of those Premiums on account of Ontario's 8% Retail Sales Tax.

- Ontario Finance Minister Eves announced on November 29, 1995 that Ontario's Pharmacare Plan (which pays 100% of virtually every prescription medication for Ontarians who are at least Age 65), would be amended effective August 1, 1996. Effective that date, there is an Annual Deductible of $100 per person, followed by a User Fee equal to the dispensing fee (currently, $6.11 per prescription order), and these changes apply to Ontarians whose annual income exceeds $16,000 (single) or $24,000 (family).

  The Board of Trustees resolved to pick up the cost of these charges *until July 31, 1998*. Effective August 1, 1998, these charges are the responsibility of affected Retired Members.

- In his 2004 Budget, Ontario Finance Minister Greg Sorbara announced a new Tax effective July 1, 2004 to assist in the delivery of health services to Ontarians. The Tax is payable by all Ontario residents whose Taxable Income exceeds $20,000, and ranges from $300 to $900, annually.

- In September 2005, a historic ruling by the Supreme Court of Canada in the Chaoulli vs Quebec case, declared that Quebec laws are unconstitutional by prohibiting people from obtaining private insurance to pay for medically-necessary treatment that they cannot access in a timely manner from the public health system. Quebec's *Health Insurance Act* and its *Hospital Insurance Act* were the two provincial laws cited by the Supreme Court to be in violation of the Quebec *Charter of Human Rights and Freedoms*.

This historic ruling could substantially change the fundamentals of medicare as we now know it and is expected to have a huge impact on the delivery of health care services in Canada.

# PRIVACY STATEMENT

The *Personal Information Protection and Electronic Documents Act*, Canada was proclaimed effective January 1, 2004, and requires most persons, firms and corporations who collect Personal Information to maintain that Information in strict safekeeping, and use that information solely for the purpose for which it was collected. In the course of their duties, the Board of Trustees and the Plan Administrator collect from the Membership certain pieces of Personal Information (such as home address, date of birth, names of spouse and other dependants, and the Member's Social Insurance Number, etc.), all of which is essential to the proper administration of the Plans as well as determining every Member's entitlement to receive a Benefit. Personal Information is revealed by the Member when completing a Member Information Card, submitting a Claim for Welfare Plan Benefits, or an Application to receive a Benefit from the Pension Plan. The Plan Administrator maintains that Information in hard copy which is stored in locked cabinets or locked storage rooms, and electronically which can be accessed only by authorized persons using the password system.

The Board of Trustees has developed a Privacy Policy, by which the Trustees and every employee of the Plan Administrator have agreed to abide. The Trustees have appointed a Privacy Officer to ensure that the Privacy Policy is observed without exception. If you would like to receive a copy of this Privacy Policy, or if you have any questions on that subject, please write to:


Privacy Officer – Sheet Metal Workers Local Union 30 Benefit Trust Funds
Employee Benefit Plan Services Limited
45 McIntosh Drive
Markham, Ontario
L3R 8C7

ebps@mcateer.ca

# TRUST FUND ADVISORS AND INSURER

The Trustees of the Pension and Welfare Trust Funds have retained the following Firms to provide services:

| | |
|---|---|
| *Actuary & Consultant*: | J.J. McAteer & Associates Incorporated |
| *Administrator*: | Employee Benefit Plan Services Limited |
| *Auditor*: | Hinchcliffe Sapi LLP, Chartered Accountants |
| *Banker*: | Royal Bank of Canada |
| *Custodian of the Pension Fund*: | RBC Dexia Investor Services |
| *Insurer*: | Manufacturers Life Insurance Company (ManuLife Financial) |
| *Investment Counsellor*: | RBC Dexia Investor Services |
| *Investment Managers*: | Gluskin Sheff + Associates Inc.<br>SEI Financial Services<br>Manulife Financial |
| *Legal Counsel*: | Borden Ladner Gervais LLP |

# OFFICE OF THE ADMINISTRATOR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