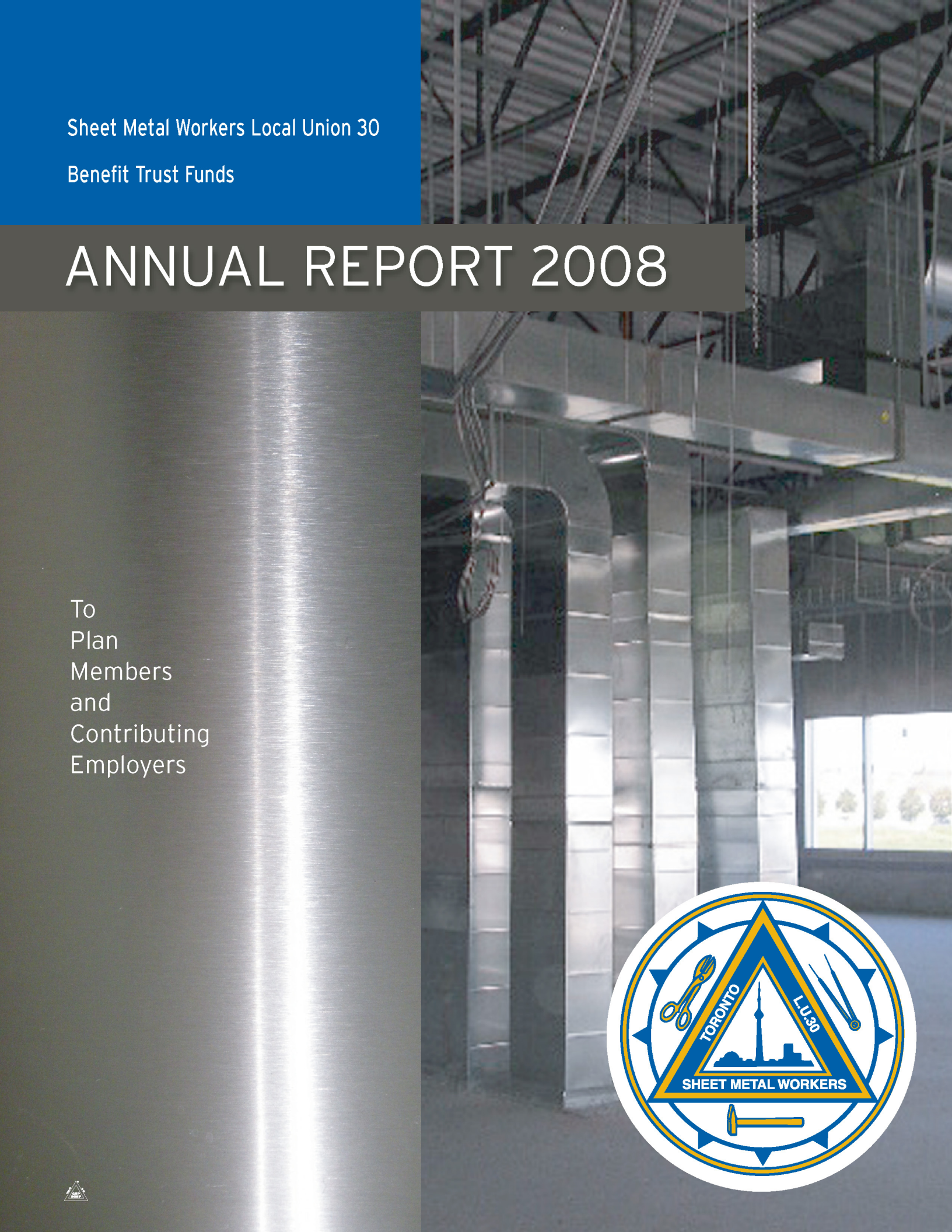
Sheet Metal Workers Local Union 30

Benefit Trust Funds

ANNUAL REPORT 2008

To
Plan
Members
and
Contributing
Employers



FOREWORD

The Trustees of the Sheet Metal Workers Local Union 30 Benefit Trust Funds are pleased to present the Annual Report covering the activity of the Funds during 2008.

The financial information herein is taken from the Unaudited Financial Statements of each Trust Fund. The Funds are audited each year, with the audit of the 2008 financial statements taking place in the Spring of 2009. A copy of each Audited Financial Statement is filed with The Ministry of Labour, Ontario, in accordance with Legislation. The Pension Fund's Audited Financial Statements are also filed with the Financial Services Commission of Ontario.

The Annual Report also provides other information respecting the Funds – it discusses significant changes to the Plans, particularly in the area of Benefit Amendments. Also included are comments about recent Legislation which affects the Benefit Plans.

The Funds are governed by a Board of Trustees. The Trustees are appointed, or elected, to the Board pursuant to the Union Constitution. There are six Trustees. The duties and responsibilities of the Trustees are set out in the Agreement and Declaration of Trust.

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

This Annual Report is an important method of providing information to the Plans' Members. In the event that you have any comments or suggestions, we would like to hear from you. Please address your remarks to:

Ms. S. Bird, CEBS
Recording Secretary
Sheet Metal Workers Local Union 30 Benefit Trust Funds
45 McIntosh Drive
Markham, Ontario L3R 8C7
Fax: 905-946-2535

The next Annual Meeting for Plan Members is being held on May 2, 2009. The Meeting is being held at the Riviera Parque Banquet Centre, 2800 Highway 7 West, Concord, Ontario at 10:00 a.m.

Yours sincerely,

The Board of Trustees,

SHEET METAL WORKERS LOCAL UNION 30 BENEFIT TRUST FUNDS

M. Bloom	G. May
R. Collie	A. E. White
J. Jackson	P. Witruk

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 0345850. 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 unaudited financial statements of the Fund, the following reflects the Fund's financial position as at December 31, 2008.

During 2008, the Pension Fund:

Received:

Contributions	$14,618,495
Interest and Dividends	10,088,002
Net Realized Capital Gains	(6,579,564
Net Unrealized Capital Loss	(57,004,186)
GST Rebate	34,839
	($38,842,414)

Disbursed:

Benefits		$13,572,584
Consulting, Actuarial		137,561
Administration		82,333
Audit		14,910
Legal		(6,533)
Investment Management/Advisory		1,194,246
Custodial		39,264
Trustees and Membership Meetings		17,886
Trustees Education	16,942	
Printing, and Stationery		16,691
Telephone, Postage and Courier		1,484
Government Registration Fee		24,321
Trustees and Trust Fund Insurance		11,094
Miscellaneous		1,221
		$15,124,004
		($53,966,418)

Net Assets at the beginning of the Year	$301,526,569
Gain for the year	(53,966,418)
Net Assets at the end of the Year	$247,560,151

At December 31, 2008 the Net Assets of the Pension Fund were represented by:

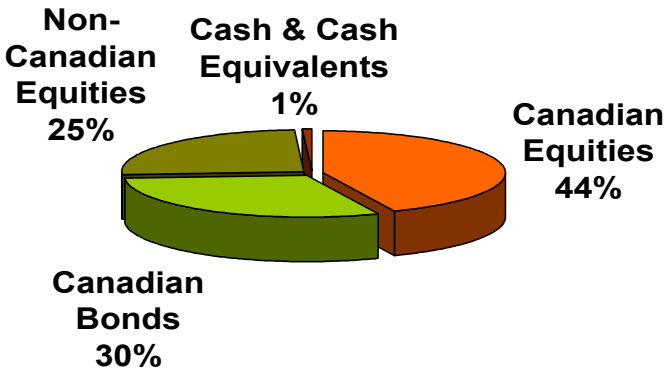
Cash (on hand or in transit, less accounts payable)	$2,473,800
Interest and Dividends earned, but not received by December 31st	51,462
Short-Term Notes, Bonds and Mortgages	94,692,327
Stocks	150,342,562
	$247,560,151

Short-Term Notes, Bonds, Mortgages and Stocks are reported at Market Value - that is, the closing price of these Securities on the last trading day in 2008. The Book Value of these Securities - that is, what the Pension Trust Fund paid for them - was $286,812,918.

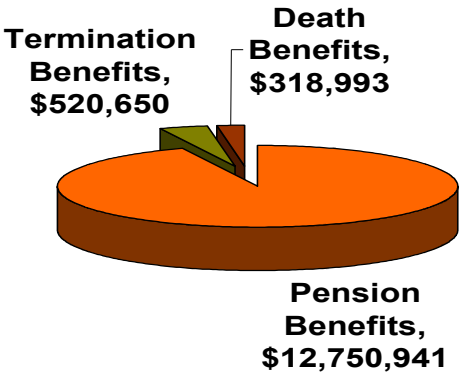
At year end, the Fund had $247.5 million in Net Assets.

The Fund's Investments had a market value of $247,560,151 invested in Canadian Equities, Canadian Bonds, Non-Canadian Equities, Futures and Cash as shown in the chart below.

December 31, 2008



During 2008, the Pension Fund paid $13.6 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. The Actuary uses 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 of a Solvency Valuation is to determine whether the Pension Plan had sufficient Assets on the Valuation Date to pay the Pensions-in-pay or earned by the Membership to that date.

  When completing a Solvency Valuation the Actuary has almost no choice in making Actuarial Assumptions. The Assumptions are prescribed in Ontario pension legislation. 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.

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

Unreduced Pension. This had the effect of removing any "Grow-in Right". Please note, however, that an Enhanced Early Retirement "Window" was introduced and the "Window" was extended to April 30, 2009. As communicated to Plan Members in February 2009, the Enhanced Early Retirement Window will be closed at April 30, 2009. This Benefit is suspended because, due to the impact on the Pension Plan of the global financial market crisis of 2008, there will not be enough funding available to finance the Window for a further year. The Trustees will continue to review the available funding for this, and other, Plan Benefits.

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 Ontario 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 Pension Plan's special status as a Specified Ontario Multi-Employer Pension Plan means that the Plan has received approval from the pension regulator to not fund the Plan on the basis of solvency for a fixed period of time.

The Trustees, along with the trustees of other Multi-Employer Pension Plans, protested the requirement for Solvency Valuations. In 2006 the Ontario Government appointed an Expert Commission on Pensions. Part of the Commission's role was to examine the relevance of Solvency Valuations. The Trustees also asked the Members to become active in protesting the requirement for Solvency Valuations for Multi-Employer Pension Plans.

On November 20, 2008, the Ontario Expert Commission on Pensions released its long-awaited report. This report recommends that solvency funding for multi-employer pension plans be abolished. The same conclusion was reached by other expert panels in Nova Scotia, Alberta and British Columbia. The general conclusion was that solvency valuations are inappropriate for multi-employer pension plans because it is highly unlikely that these plans will terminate and because they are not reliant on the funding of one employer. While this was good news, of course the financial market meltdown of 2008 took over the headlines and the concern of the Pension Plan's Trustees became the management of the Plan in a period of crisis.

The most recent Actuarial Valuation was completed at September 30, 2007, the essence of which is:

	Going Concern	Solvency
Actuarial Assets	$301,144,661	$296,953,295
Actuarial Liabilities	259,492,186	344,412,158
Actuarial Surplus (Deficiency)	$ 41,652,475	$ (47,658,863)

The Valuation showed the following:

- 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:	$5.73
Hourly Normal Actuarial Cost:	$5.01
Actuarial Hourly Surplus:	$0.72

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. This trend started to reverse in 2006.

- The Actuarial Liabilities in the Solvency Valuation are $84,919,972 greater than the Actuarial Liabilities of the Going Concern Valuation. This difference arises from the following two factors:

  - Additional accrued liability in respect of the operation of the Enhanced Early Retirement “Windows”.

  - The Actuarial Investment Return 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 Return Assumption is legislated by the Ontario Government, and in this Valuation was 4.75% for 10 years, 5.0% thereafter on Liabilities for Members who have not yet retired, and 4.75% for Retirees.

    Interest rates in Canada are about the lowest seen in the last 40 years. A decrease in interest rates results in higher Actuarial Liabilities. Higher Actuarial Liabilities result in a higher Solvency Deficiency.

Other Pension Statistics taken from the September 30, 2007 Valuation are:

- There were 1,550 Active, 1,190 Inactive and Terminated Vested Members, as well as 44 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 43.2 years.
- There were 1,064 Retired Members in the following age brackets:

Age	Number of Members
Under Age 55	20
Age 55 - 59	41
Age 60 - 64	178
Age 65 - 69	301
Age 70 - 74	230
Age 75 - 79	167
Age 80 - 84	84
Age 85 - 89	27
Age 90 and over	16

- There were 283 surviving Spouses or other Beneficiaries of deceased Members in receipt of a Pension.
- As expected the Plan's Going Concern funded position improved at September 30, 2007, mainly because the Fund's investments earned more than the Investment Return Assumption of 6.75%. The effective rate of return over the period October 1, 2004 to September 30, 2007 was 10.35%.
- Unfortunately, the Solvency Valuation showed a weaker result. This is due to a declining interest rate environment, and as a result of significant changes to the highly conservative assumptions that Actuaries are required by legislation to assume when calculating the Plan's liabilities.

The Valuation was approved at a special Board Meeting held April 10, 2008 and the Valuation Report, along with the application for Solvency Relief, was subsequently filed with the Financial Services Commission of Ontario. As part of the application process, Members along with Employers, and Local Union 30 were subsequently notified.

On April 29, 2008, the Financial Services Commission of Ontario (FSCO) recognized that the Pension Plan is a Specified Ontario Multi-Employer Pension Plan (SOMEPP).

In December, 2008, 1,398 persons were in receipt of a Monthly Pension, and the Total Monthly Pension Pay-out was $1,113,937.43. There was an increase of 38 persons in receipt of a Monthly Pension and a year over year increase of $101,330.40 in the Total Monthly Pension Pay-out when compared to December, 2007.

RECENT AMENDMENTS TO THE PENSION PLAN

The Pension Plan's Amendments have been dominated by Solvency Valuation problems since 2005.

In order to meet the Solvency funding requirements of the pension regulators, the Trustees resolved to amend the Pension Plan effective May 1, 2005 to eliminate 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 was a Member in Good Standing, Local Union 30 and:

- was 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
- was at least Age 60; or
- any age, if he was totally and permanently disabled.

Effective May, 2006 the rate of Future Service Pension was decreased to one-twelfth of 20.0% of Contributions.

The Trustees completed a Valuation as at September 30, 2007 which had the following highlights:

1. The excess of Average Hourly Contribution over Average Hourly Actuarial Cost increased from $0.63.
2. Although the Valuation on the Going Concern Basis revealed a sufficiency of Contributions to provide for the Plan Benefits this was not the case on the Solvency Basis. There were not sufficient Excess Contributions over and above the future Current Service Cost of Benefits to finance the Solvency Deficiency.

   As mentioned earlier in this Report, the Trustees made application to the Financial Services Commission of Ontario (FSCO) to be classified as a Specified Ontario Multi-Employer Pension Plan in which case no further action would be required to address the current Solvency Deficiency. As part of the application process the Actuarial Valuation as at September 30, was prepared and filed with FSCO.

   On April 29, 2008, FSCO acknowledged that the Pension Plan is a Specified Ontario Multi-Employer Plan (SOMEPP).

   The Plan's Enhanced Early Retirement Window will be closed April 30, 2009. Members were informed of this change, by written notice dated February 5, 2009. The closure of the Window is the result of the significant

investment losses sustained by the Pension Plan during the financial market crisis of 2008. The Enhanced Early Retirement Window will not reopen until the financial position of the Pension Plan allows.

THE ENHANCED EARLY RETIREMENT "WINDOW" CLOSES APRIL 30, 2009

Every year, since 2005 when the Trustees amended the Plan to provide an early unreduced pension opportunity, the Trustees had the responsibility of evaluating whether it was possible to keep the Enhanced Early Retirement "Window" open. As noted earlier, because of investment losses incurred by the Plan during 2008, the Trustees have advised that the "Window" will be closed April 30, 2009. The "Window" will remain closed until the financial position of the Pension Plan improves sufficiently for the Trustees to be confident that there is sufficient funding available to support the Benefit. The Plan's Actuary must be prepared to certify that this funding is available and that the Plan will remain compliant with pension legislation.

Members who were eligible to apply for the Window benefit must have filed their retirement application with the Pension Plan by the end of March 2009 and have their Pension commenced no later than April 1, 2009.

When it was available, the Window benefit allowed every person who is a Pension Plan Member, either Active or Terminated Deferred Vested, 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.

When this Benefit was available, the Enhanced Early Retirement Window provided that 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);

could receive an unreduced Monthly Pension provided that the Application for a Retirement Pension is received by the Plan administrator by the deadline date established by the Trustees.

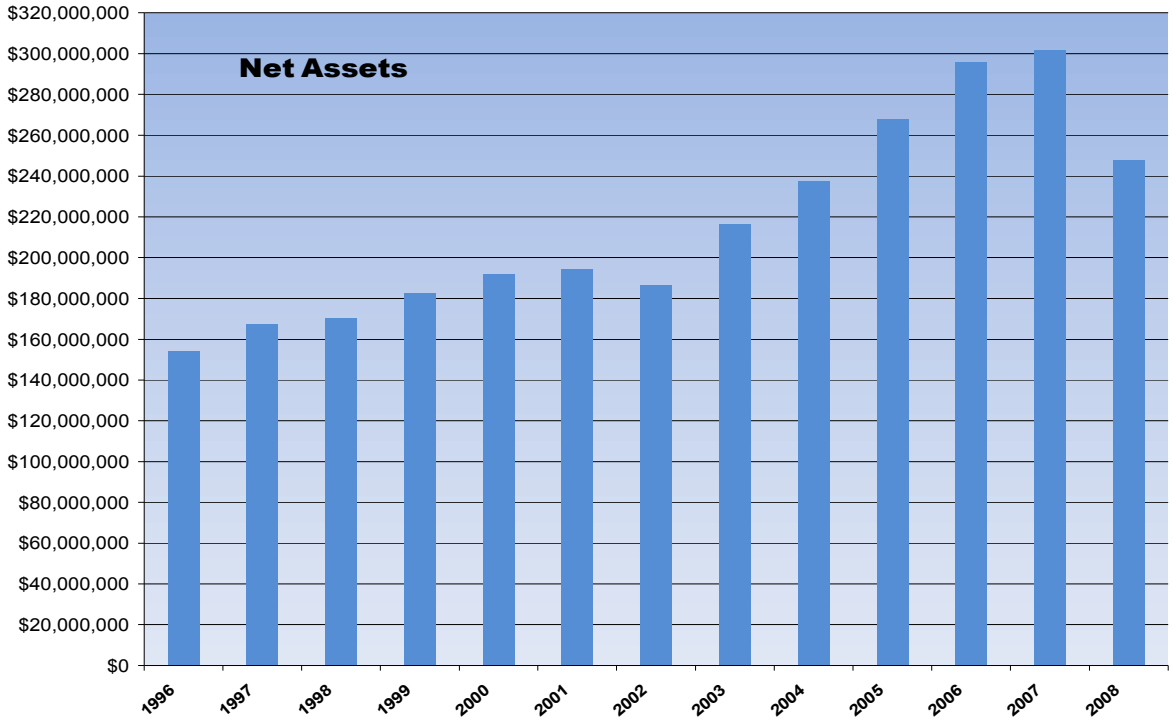
When it was available, this Benefit was financed, in part, by the reduction of the Accrual Rate from 21% of Contributions to 20% of Contributions which was effective May 1, 2006. Unfortunately, as noted earlier, the financial market crisis of 2008 impacted this, and other pension plans, in a way so severe, that funding for this early unreduced Pension Benefit was not possible.

The Trustees will continue to monitor the process of the Pension Plan's funding and, if it can be accomplished within the compliance requirements of pension plans, the Trustees will consider whether to re-introduce a Window Benefit. Because the financial market crisis has continued in the first months of 2009, it will take some time for the Pension Plan to recover from its losses. The Pension Plan, and its Members, are not alone in facing the impact of this market disruption which is unprecedented. The Trustees, as discussed earlier, must keep the Pension Plan compliant with legislation at all times.

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 non-Canadian 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 13 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	2006	$295,850,850
1997	$167,368,692	2002	$186,607,555	2007	$301,526,568
1998	$179,320,615	2003	$216,478,816	2008	$247,560,151
1999	$182,544,435	2004	$237,715,716		
2000	$191,897,412	2005	$268,020,927		

- During 2008, the Rate of Return of the Pension Fund's Assets invested in the Stock, Bond, Mortgage and Money Market Funds was -17.91%. The average Canadian pension fund earned approximately -13.74% in 2008 however there are great variances in these numbers with some Canadian pension plans reported as having lost as much as 25% during 2008. The average Canadian Multi-Employer pension plan earned approximately -14.93%. During the five years ended December 31, 2008 the Fund's Compound Annual Rate of Return was 3.09%.

  The Trustees utilize the services of RBC Dexia Investor Services, a professional Comparative Measurement Service, to compare the relative investment performance of hundreds of Canadian pension funds which, like our Fund, invest in the Capital Markets. This service shows how our return fared in comparison with the other Canadian pension funds included in the RBC service universe. For the five years ended December 31, 2008, our Fund ranked at the 83rd percentile, and at the 93rd percentile for the year ended December 31, 2008, of all Canadian pension funds in the RBC service universe.

  The Pension Plan had a return of 2.84% for the year ended December 31, 2007. The average Fund had returns of 1.46% as at December 31, 2007. The average Canadian Multi-Employer pension plan earned approximately 2.12%.

- Since 2003 the Plan has ranked in the first quarter (to 25% of pension plans) 50% of the time.

- The Trustees have adopted a Statement of Investment Policies and Procedures. The purpose of the Policy is to obtain the best possible Investment Returns with a prudent level of risk. During 2008 the Pension Fund's Statement of Investment Policies and Procedures established a target asset mix of 60% in (Equity) Stocks and 40% in Fixed Income Securities. The Policy is reviewed annually and amended as necessary.

- An Asset Liability Study, the third such study, was undertaken at the request of the Trustees. An Asset Liability Study determines whether the Plan could improve upon its funding level and diversify itself further to reduce its volatility. The results of the Study were reviewed by the Trustees at their Investment Review Meeting of February 17, 2009. The Study, performed by SEI Investments, recommended that the Pension Plan maintain its current asset mix of 60% Equity/40% Fixed Income. SEI also recommended that the Trustees remain with a Long Bond position while solvency rules are

in place, and add a Hedge Fund for some portion of US exposure. SEI reviewed the expectations for nominal rates of return over the next 10 years and remarked that, using a 60% Equity/40% Fixed Income mix, the Fund could expect a return of over 7.2%.

The economic crisis has negatively impacted pension plans -- your Pension Plan is no exception. It is important to note that the Trustees regard this crisis and its impact on the Pension Plan very seriously, and will continue to monitor the situation, and take all necessary steps to ensure that the Pension Plan continues to be sufficiently funded.

The Trustees consider the short term financial returns to be not in keeping with, or a true representation of, the investment policies outlined in the Statement of Investment Policies and Procedures. The Pension Plan is positioned defensively, and will be able to take advantage of its strategic asset mix when the economic recovery takes place.

RECENT CHANGES TO ONTARIO'S PENSION BENEFITS ACT

- 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 also 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, Members with Spouses had to take a reduction in their Pension to meet the new Law.

- Pre-Retirement Death Benefits had to be provided for all Vested Members.

- 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

The following are the most recent legal changes affecting your Pension Plan and for which amendments were made, if applicable:

- ***Ontario Pension Benefits Act, Ontario***

  On August 24, 2007, a new Regulation under the Pension Benefits Act was announced. The Regulation made changes to the funding rules for multi-employer pension plans like this Plan.

  The key changes were:

  (a) introduction of temporary solvency funding relief for Specified Ontario Multi-Employer Pension Plans (SOMEPPS)

  (b) clarification of the funding requirements for multi-employer pension plans.

  In order to take advantage of the new funding relief, the Pension Plan made an Election under the Pension Benefits Act. On April 29, 2008, the Financial Services Commission of Ontario (FSCO) acknowledged that the Pension Plan is a Specified Ontario Multi-Employer Pension Plan (SOMEPP).

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

  Starting with the T-4 you received for 1990, your Employers were 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 the 2009 taxation year, you may make a contribution to your own RRSP as follows: determine your 2008 Total Employment Income, add any CPP/QPP Disability Pension Benefits you received, then take 18% of that amount, subtract your 2008 PA. The balance is the amount you may contribute to your own RRSP for 2009, up to a Maximum RRSP Contribution of $21,000. You have until the end of February, 2010, to make that Contribution, and take the deduction on your 2009 Personal Income Tax Return. If you don't make the RRSP contribution by that deadline date, or didn't contribute as much as you could, then you may carry forward any unused RRSP Contribution Room to any future year.

  Effective January 1, 2007, the age limit for commencement of a pension benefit was increased to the end of the year in which the plan member turns age 71, from age 69. The same extension was given for those who are saving for retirement in an RRSP – they can also wait until the end of the year in which they turn age 71 to commence withdrawals from the RRSP, or to make a transfer to a Life Income Fund or other registered vehicle.

Income splitting was made possible. Income splitting may result in lower taxes. Income that qualifies for the pension income tax credit may be split. In order for you to be eligible to split income, you as a pensioner and your spouse must agree to reallocate income by completing form T2032, the joint election to split pension income form. This form would be attached to each of your income tax returns.

On December 14, 2008, the federal government adopted legislation allowing federally-registered employers to offer phased retirement. Phased retirement lets an employee enter into a written agreement with an employer, and accrue a pension benefit during the phased retirement period while the employee receives a maximum of 60% of his accrued lifetime pension and/or any bridge benefits payable under the plan. Pension plans are not required by law to provide for phased retirement.

Ontario decided to postpone any action on phased retirement until after the release of the Ontario Expert Commission on Pensions Report.

Effective January 1, 2009, Canadians can save additional amounts for retirement in a Tax-Free Savings Account (TFSA). The TFSA allows yearly contributions to a maximum of $5,000. TFSA contributions are neither tax deductible nor subject to tax upon withdrawal. Investment income and capital gains earned from the TFSA are non taxable. Unused TFSA room is able to be carried forward.

- ***2009 Federal Budget***

In response to the global economic downturn, the Federal government released its Economic Action Plan on January 27, 2009. It included a wide-ranging $40 billion economic stimulus package. The budget's multi-facetted approach was designed to stimulate job creation and economic growth by means of infra-structure spending. No significant announcements were made to protect pension plans.

- ***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.

Provincial and federal legislation (such as Ontario's *Employment Standards Act*), bars discrimination on account of sexual orientation. The Financial Services Commission of Ontario announced in 1999 that sponsors of 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 privacy legislation is reviewed by the government every five years.

  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 as 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 ended December 12, 2006.

  Age-based provisions in the *Workplace Safety and Insurance Act, 1997* will be exempt from the prohibition against 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 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.

An updated standard will become effective April 1, 2009 and this will impact on the amount a pension plan must pay upon the termination of pension plan membership or the payment of a lump sum death benefit.

- **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.

Because the Fund did not receive its requested withdrawal from Retrocom, the Trustees filed 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 had 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.

The Trustees will continue with their Claim under the guidance of Legal Counsel. In order to take the most conservative approach possible, the investment in Retrocom has been given a market value of zero.

No new developments took place on this matter during 2008.

BRIEF SUMMARY OF THE PENSION PLAN

Depending upon the time during which you were a Plan Member, the amount of your Monthly Pension is determined either by the number of hours you work for an Employer making contributions to the Pension Fund or by the amount of Contributions paid to the Fund on your behalf.

Each 1,680 Contributory Hours is called a "Year of Credited Service". If the number of hours worked in any calendar year was more, or less, than 1,680, the amount of Monthly Pension was 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 71.

Each year by June 30th, you will receive 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 31 - 34 for further details.

The amount of Monthly Pension is payable to you when you reach Age 63 for as long as you live. If you have a Spouse upon your retirement and that Spouse does not waive her/his rights to a Joint and Survivor Pension, and you die before that Spouse, 60% of the amount paid to you will continue to that Spouse for her/his remaining lifetime. If you do not have a Spouse upon your retirement, or she/he waives the right to a Joint and Survivor Pension, 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, 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. 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 which is payable in full at your Age 63 will be reduced by 60%.

The Pension Plan's Enhanced Early Retirement features remain in effect for eligible Members who retire on or before April 1, 2009. The Enhanced Early Retirement Window will close indefinitely for Pensions which commence after April 1, 2009.

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 Union 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 remaining $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 was 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 10 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 were granted a Minimum Monthly Pension of $50, and Members who retired on/after that date were granted the same Minimum Monthly Pension provided they had 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 would receive 50% of the deceased Member's Earned Pension at Age 65 and continued 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 were Vested if they had at least five years Credited Service.

1975 Vesting Rule amended so that Terminated Members were fully Vested if, upon termination, they had at least five calendar years' Membership in Local Union 30. Members who terminated without vesting would 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, would 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, could 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 were 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 was payable for the remaining lifetime of the Retired Member with the proviso that, if the Retired Member dies before having received 120 payments of Monthly Pension, the remaining balance was 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, had 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 was applied only up to Age 60 for such persons; but the Penalty was 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 retired 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 earned a Monthly Pension of $45 per Year of Credited Service in return for an Hourly Contribution of $1.26, Fourth Year Apprentices/Material Handlers earned a Monthly Pension of $52.50 in return for an Hourly Contribution of $1.47, and Fifth Year Apprentices/Sheeter Assistants earned 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 1st

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 would no longer be a refund equal to 50% of Contributions for persons who terminate Membership in Local Union 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 have been disabled to the extent that he/she was 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:

At 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 would most surely take place in the future – but that change may 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 was 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, would 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 were 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 was amended to extend the provisions of the Enhanced Early Retirement "Window" to April 30, 2007.

2007 Effective May 1, 2007 the text of the Pension Plan was amended to extend the provisions of the Enhanced Early Retirement "Window" to April 30, 2008.

Effective December 1, 2007 the text of the Pension Plan was amended to extend the provisions of the Enhanced Early Retirement "Window" to April 30, 2009.

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

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).

were 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, 2009, and the commencement date of the Monthly Pension is no later than April 1, 2009.

Effective January 1, 2007, the text of the Pension Plan was amended to increase the age limit to 71 from 69 for the commencement of income from the Pension Plan.

Effective December 11, 2007, the text of the Pension Plan was amended to clarify that a Disability Pension is not commutable.

The Trustees made application to the Financial Services Commission of Ontario to have the Pension Plan declared a Specified Ontario Multi-Employer Pension Plan (SOMEPP) so that the Plan could take advantage of special funding rules. This application was accepted and the Pension Plan is now recognized as a SOMEPP.

2008 Effective April 1, 2008, a Plan Member, whether a Member in Good Standing or not, must have a period of at least 24 consecutive months during which no Employer Contributions have been received on his behalf before he is eligible to receive a Termination Benefit.

The Plan Actuary reported that phased retirement would likely be considered as a benefit improvement under the Pension Benefits Act of Ontario, and therefore, would contravene the Plan's SOMEPP status, if Ontario approves phased retirement.

2009 Further to the recommendation of the Pension Plan's Actuary, the Trustees at their Meeting of February 3, 2009, closed the Enhanced Early Retirement Window effective April 1, 2009 as a result of the investment losses sustained by the Plan during the 2008 financial crisis.

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.

At **May 1, 2008**, Hourly Pension Contributions were:

	Toronto Area	Barrie Area
Journeyman	$6.51	$6.51
3 Year Apprentice	$3.39	$3.39
4 Year Apprentice	$3.98	$3.98
5 Year Apprentice	$4.60	$4.60
Sheeter/Decker	$6.51	$6.51
Sheeter/Decker Assistant	$5.61	$5.61
Material Handler	$4.39	$4.39

At **May 1, 2009**, Hourly Pension Contributions will be:

	Toronto Area	Barrie Area
Journeyman	$6.87	$6.87
3 Year Apprentice	$3.61	$3.61
4 Year Apprentice	$4.24	$4.24
5 Year Apprentice	$4.89	$4.89
Sheeter/Decker	$6.87	$6.87
Sheeter/Decker Assistant	$5.93	$5.93
Material Handler	$4.68	$4.68

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THE WELFARE TRUST FUND

Based on the unaudited financial statements of the Fund, the following reflects the Fund's financial position as at December 31, 2008.

During 2008, the Welfare Fund:

Received:

Contributions	$10,182,362
Interest Income	$688,137
Miscellaneous	$1,500
	$10,871,999

Disbursed:

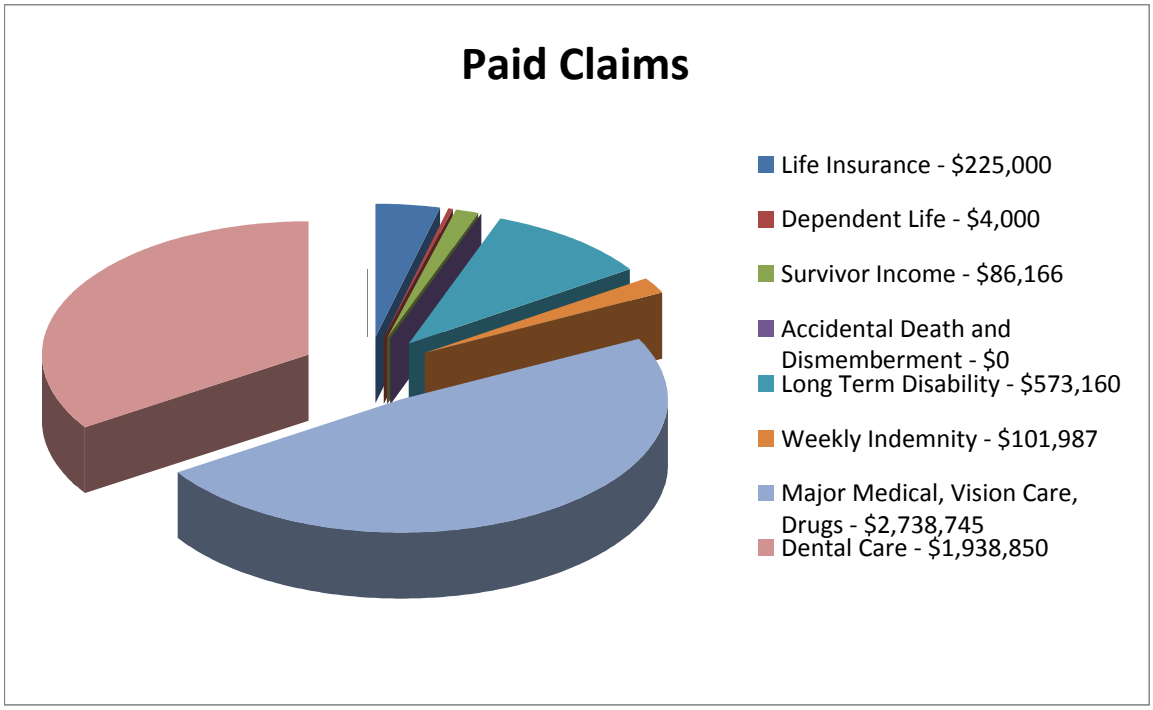
Insurance Premiums	$9,087,971
Consulting Fees	7,136
Legal Fees	(6,960)
Audit Fees	16,800
Administration Fees	118,481
Investment Management Fee	105,918
Trustees and Membership Meetings	12,483
Trustees Education	18,450
Trustees and Trust Fund Insurance	10,272
Printing and Stationery	13,848
Telephone, Postage and Courier etc.	13,971
	$9,398,370
Excess of Receipts over Disbursements	$1,473,629
Transfer to Dollar Bank Reserve	($878,536)
Gain for the year	$595,093
Net Assets at the beginning of the year	$4,274,559
Gain for the year	595,093
Net Assets, end of the year	$4,869,652

Each Member and Apprentice has their own Dollar Bank, and is entitled to continue Benefits for one month for each $366.00 in their Dollar Bank Account. At December 31, 2008, the Closing Dollar Bank Balance of all Members and Apprentices was $5,170,708. At December 31, 2008, after funding the Liability of the Closing Dollar Bank Balance, the Fund had an Unappropriated Reserve of $4,869,653. The funding status of the following Reserves as of December 31, 2008 should be noted:

Reserves:

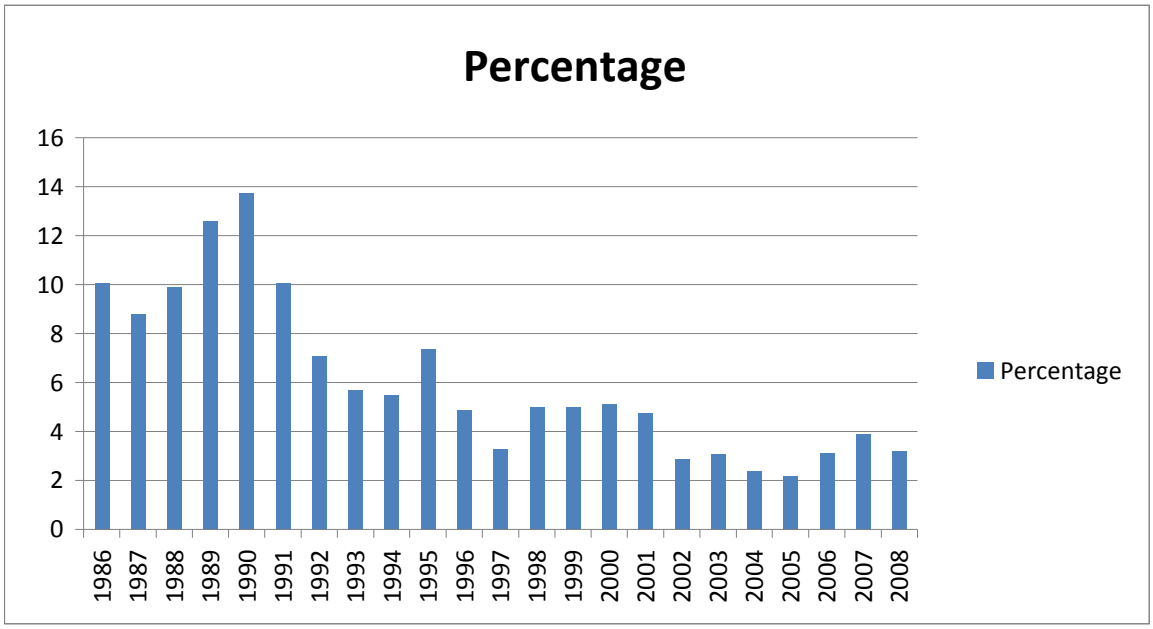
For Retired Member Benefits	$7,237,965
For Benefits not Purchased	$5,170,708
For Workers Safety and Insurance Board Benefits	$477,436
For Extended Benefits	$1,367,143

During the period January 1, 2008 through December 31, 2008, the Welfare Plan paid $5.7 million in Benefits to its Members and their Beneficiaries.



The Assets of the Welfare Trust Fund are invested by Manulife Financial in a Canadian Short Term Money Market Fund Pool containing the highest quality Commercial and Government Securities. Interest on the Investment is calculated and paid monthly.

The net Annual Rates of Return for the twenty-three (23) year period from 1986 through 2008 inclusive is shown in the following Graph:



1986	10.08%	1997	3.29%
1987	8.78%	1998	5.01%
1988	9.91%	1999	4.99%
1989	12.61%	2000	5.11%
1990	13.77%	2001	4.76%
1991	10.08%	2002	2.86%
1992	7.06%	2003	3.08%
1993	5.71%	2004	2.40%
1994	5.48%	2005	2.20%
1995	7.37%	2006	3.12%
1996	4.86%	2007	3.90%
		2008	3.20%

RECENT CHANGES TO THE WELFARE PLAN

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

- 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 October 1, 2003, the Group Term Life Insurance Benefit covering Active and Extended Benefit Program 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 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.

- Effective May 1, 2005 Option A and Option B, of the Retired Members Welfare Plan were 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 July 1, 2005 the Welfare Plan covering Active and Extended Benefit Program Members was amended in the same manner as set out above for Retired Members.

The cost of the 2005 improvements was paid out of the Welfare Trust Fund's Surplus.

In December 2006 the Trustees informed the Members that certain Benefits would be reduced effective January 1, 2007 as follows:

a) the Weekly Indemnity Benefit would be integrated with Employment Insurance;

b) expenses related to a motor vehicle accident would not be covered;

c) the Ingredient Cost of a Prescription Drug would be reimbursed at 100% if the Drug is a Generic Drug; at 70% if the Drug is a Brand Name Drug;

d) the maximum reimbursement for the Pharmacist's Professional Dispensing Fee was $7.00;

e) the maximum annual benefit for each of Physiotherapy, Massage Therapy and Chiropractic Services was $750.00.

At the Membership Meeting of April 1, 2007, the Members voted to increase the Contribution to the Welfare Trust Fund by 40 cents per hour effective on each of May 1, 2007, May 1, 2008 and May 1, 2009. This was the first increase in the Contribution Rate since 1995 and critical to the stable funding of the Plan.

In recognition of the increased Contributions, the Trustees reinstated certain Benefits effective with services incurred on/after July 1, 2007 as follows:

i) the maximum reimbursement for the Pharmacist's Professional Dispensing Fee increased to $8.50;

ii) the maximum annual benefit for Physiotherapy, Massage Therapy and Chiropractic Services was removed.

- Effective July 1, 2008 Dental Claims are paid on the basis of the ODA Fee Guide for 2007.

The Trustees, as always, will carefully monitor the funding of the Plan so as to provide the Plan's Benefits on a prudent basis.

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 May 1, 2008 the Hourly Contribution was $3.71. Of that amount, $3.3898 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 (WSIB) 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 and to keep Apprentices continuously covered while in attendance at Apprenticeship School. When the $0.2902 allocation was initially made, it was also to be used to fund the cost of the Retired Members Welfare Plan.

Under the Monthly Dollar Bank Deduction Rules in effect at July 1, 2008, your Dollar Bank is debited each month in the amount of $366.00, and you can save excess Contributions in your Dollar Bank up to $4,392.00 - that is, one year's Coverage under the current Rules.

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

At January 1, 2009, 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 due to Accidental Death or Dismemberment.

Weekly Income:

- $445 per week, 26 week Maximum Benefit, commencing first day of disability due to accident, eighth day due to illness.
- The Plan excludes coverage for disabilities arising due to a motor vehicle accident.
- This Benefit is integrated with Employment Insurance.

Long Term Disability:

- $1,500 Monthly Income Benefit, 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 (WSIB). 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.
- The Plan excludes coverage for disabilities arising due to a motor vehicle accident.

Major Medical:

- With the exception of certain services, the Major Medical Plan pays 100% of the medically necessary, reasonable 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. The Plan excludes coverage for expenses arising due to a motor vehicle accident.

Prescription Drugs:

- The Prescription Drug Plan pays 100% of the medically necessary, reasonable and customary charges for the ingredient cost of Prescriptions issued by the attending physician, provided that the Prescription is a generic Drug and is for the treatment of illness or injury. The Plan pays 70% of the Drug ingredient cost if the Drug is a brand name Drug. The Plan pays a maximum of $8.50 per eligible prescription in respect of the Professional Dispensing Fee. The Plan excludes coverage for expenses incurred due to a motor vehicle accident.

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. The Plan pays 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 2007 Ontario Dental Association Suggested Fee Guide For General Practitioners. The Plan excludes coverage for expenses incurred due to a motor vehicle accident.

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 $366.00 under the current Rules. Thereafter, through the special Extended Benefit Program 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 subject to ongoing authorization by Local Union 30.

Trustees necessarily reserve the right to terminate, suspend or modify the Extended Benefit Program 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 Administration Office.

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 can make arrangements with the Office of Local Union 30 to have their name put on a special list that Local Union 30 gives to the Administration Office. Apprentices on the list are granted credits in the Welfare Plan at a rate equal to the monthly Drawdown, so that their Dollar Bank is not depleted while they are attending Apprenticeship Training School.

It is the sole responsibility of the Apprentices to apply to Local Union 30 for this Benefit.

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 Member cannot continue employment in the Sheet Metal Industry. In other cases the disability is so severe that the Member cannot work at any occupation, whatever, for wage or profit. In those cases, such Members remain covered as follows:

- If the Member 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. At age 65, the Death Benefit reduces to $10,000 ($5,000 for Members disabled prior to October 1, 2003). Prompt application for Premium Waiver must be made by the Member, and approved by, the Insurer.
- If the Member is disabled, but the severity is such that the disability does not qualify for Waiver of Premium, the Member Life Insurance Benefit becomes $10,000. The Member must be and remain a Member in Good Standing of Local Union 30. This Life Insurance Benefit ceases upon your attainment of age 65.

It is the sole responsibility of a disabled Member to give prompt written Notice to the Administration Office, and supply evidence of the initial and ongoing disability as requested. 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.

PAY DIRECT OPTION

In the event that the Member's Dollar Bank Balance is less than $366.00 and he/she has exhausted his/her entitlement under the Extended Benefit Program for Unemployed Members, he/she may apply to continue the Benefits provided to Active Members (except Disability Income) for up to three (3) months by paying the full cost of these Benefits. Details may be obtained from the Administration Office.

In order to qualify, the Member must:

- have been covered as an Active Member or under the Extended Benefits Program immediately prior to making application under the Pay Direct option; and

- be and remain a Member in Good Standing, or an Apprentice, of Local Union 30.

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 $366.00. 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 Program, for at least 60 months (in the aggregate, and not necessarily consecutive),

the Retired Plan Member is eligible for the following Benefits:

Death Benefit:

- $10,000 Group Term Life Insurance, except that if the Retired Member has been approved for Waiver of Premium under the Active Members' Life Insurance Benefit, the $10,000 Group Term Life Insurance will be reduced by any amount being continued under the Waiver of Premium Benefit.

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

Major Medical:

Subject to a $100 Deductible per person per calendar year:

- 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, Physiotherapist, and Psychologist to a maximum of $20 per visit to a maximum Benefit of $225 per person per calendar year. Services of a Masseur, Osteopath, and Naturopath are covered to a maximum of $10 per visit to a maximum Benefit of $225 per calendar year. Services of a Speech Therapist and Podiatrist are covered to a maximum of $15 per visit to a maximum Benefit of $225 per calendar year ($25 for the initial assessment of a speech Therapist).

Prescription Drugs:

- The above-described Prescription Drug Plan for Active Members. The Plan does not pay the $100 Annual Deductible nor the Professional Dispensing Fee that the Ontario Government applies 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. Covered services include the treatment and restoration of natural teeth, as well as repairs to an existing denture or bridge, and the creation or replacement of dentures. The Maximum Benefit is $1,000 per covered person. Claims for services and supplies will be paid on the basis of the 2007 Ontario Dental Association Suggested Fee Guide For General Practitioners.

The following tables provide a summary of the Plan's Benefits and level of coverage as at January 1, 2009.

ACTIVE MEMBER BENEFITS

Benefit	Coverage
Group Term Life Insurance	$50,000 for Member $2,000 for Spouse $1,000 for Children
Accidental Death and Dismemberment	$25,000 Principal Sum
Survivor Income	$900 for Spouse $600 for Children
Weekly Income	$445 per Week
Long Term Disability	$1,500 per Month
Major Medical	Various Levels
Dental	$2,000 Annual Maximum 2007 Ontario Dental Association Fee Guide
Prescription Drugs	100% for Generic Drugs; 70% for Brand Name Drugs $8.50 cap on Professional Dispensing Fee
Visioncare	$240 per 24 Consecutive Months

UNEMPLOYED MEMBERS

All Benefits remain in force until the Unemployed Member's Dollar Bank Balance is less than $366.00.

Benefit	Coverage
Group Term Life Insurance	$50,000 for Member $2,000 for Spouse $1,000 for Children
Accidental Death and Dismemberment	$25,000 Principal Sum
Survivor Income	$900 for Spouse $600 for Children
Long Term Disability	$1,500 per Month
Major Medical	Various Levels
Dental	$2,000 Annual Maximum 2007 Ontario Dental Association Fee Guide
Prescription Drugs	100% for Generic Drugs; 70% for Brand Name Drugs $8.50 cap on Professional Dispensing Fee
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 $366.00.

Benefit	Coverage
Group Term Life Insurance*	$10,000 for Member Only
Major Medical	$50,000 Lifetime Maximum
Dental	$1,000 Annual Maximum 2007 Ontario Dental Association Fee Guide
Prescription Drugs	100% for Generic Drugs; 70% for Brand Name Drugs $8.50 cap on Professional Dispensing Fee
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 $366.00.

Benefit	Coverage
Group Term Life Insurance*	$10,000 for Member Only
Major Medical	$50,000 Lifetime Maximum
Dental	$1,000 Annual Maximum 2007 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 $366.00.

Benefit	Coverage
Group Term Life Insurance*	$10,000 for Member Only

* The amount of Group Term Life Insurance is reduced by any amount being extended under the Waiver of Premium provision under the Active Member Group Term Life Insurance Benefit.

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. 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 the Welfare Plan's claims experience.

It is important that the Membership be familiar with the cost of their Benefits in comparison with what they are presently contributing. That information follows:

Active Members

Effective May 1, 2008, the Hourly Contribution was $3.71, of which $0.03 per hour is used to fund the cost of Welfare and Pension Benefits for Members who suffer a work-related disability for which Workers' Compensation (WSIB) is payable.

For each Hourly Contribution of $3.71, $3.3898 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, and to keep Apprentices continuously covered while in attendance at Apprenticeship School.

The Fund paid $382.12 per month on behalf of each Active Member eligible for Benefits. The Active Member Dollar Bank Deduction is $366.00 per month. The Fund's Unallocated Surplus makes up the difference of $16.12 per Member per month.

Retired Members

Retired Members of Local Union 30 who have a balance in their Dollar Bank Account continue to be covered for all of the Benefits they had as an Active Member (except the two Disability Income Plans) until their Dollar Bank Balance is less than $366. 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.

These Plans require part-payment by the Retiree by way of a deduction from the Monthly Pension cheque. Continuous status as a Member in Good Standing of Sheet Metal Workers Local Union 30 is necessary for continued eligibility to participate in the Retired Member Welfare Plan.

The cost of the Retired Members Welfare Plans has also increased. The amount Retirees contribute compared to the Monthly Insurance Premium, and the amount of subsidy being paid out of the Unallocated Surplus of the Welfare Trust Fund, is in the Table below:

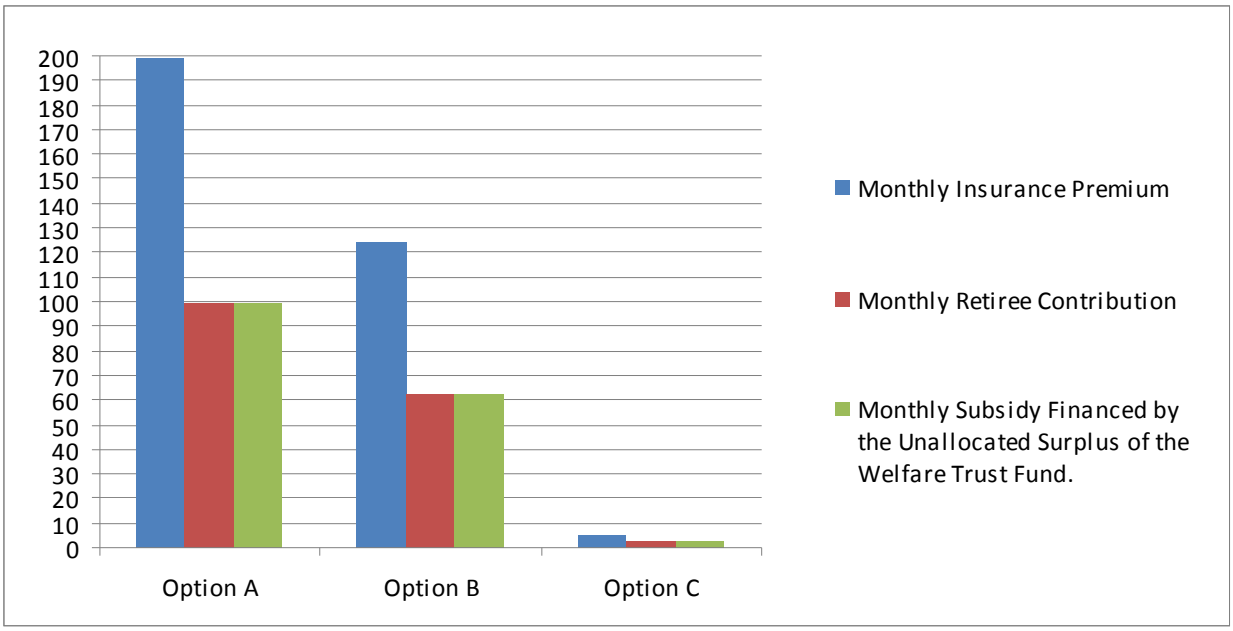
As at July 1, 2008:

Plan Option	Monthly Insurance Premium	Monthly Retiree Contribution, net of Tax	Monthly Subsidy per Retired Member
A	$199.12	$99.56	$99.56
B	$124.48	$62.24	$62.24
C	$ 5.04	$ 2.52	$ 2.52

Notes:

1. Retired Members living in Ontario are required to pay Ontario's 8% Retail Sales Tax on their Monthly Contribution.
2. The above figures include the additional contribution with respect to the Dental enhancement effective July 1, 2008

The following graph 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.



Effective January 1, 2007, the Trustees established a Reserve for Retired Member Benefits. The opening balance of the Reserve as of January 1, 2008 was $7,717,635 while the closing balance as of December 31, 2008 was $7,237,965, which is far short of the $18 Million estimated cost. This Reserve decreases by the amount the Fund pays to subsidize Retired Member Benefits and is offset to some degree by investment income. The Reserve will be increased by any new allocations the Trustees approve for this Reserve.

The Trustees also set up a Reserve for Extended Benefits as of January 1, 2007. The opening balance in the Reserve at January 1, 2008 was $625,150 while the closing balance at December 31, 2008 was $1,367,143. 29.02 cents per hour is targeted for Extended Benefits. The total Contributions targeted for this Benefit since February 1992 were $7,493,025. The total cost of providing the Benefits over the same period was $6,161,532, leaving a positive balance of $1,331,493.

The opening balance of the Worker's Compensation (WSIB) Reserve as of January 1, 2008 was $484,965. The closing balance as of December 31, 2008 was $477,436. The difference is the amount collected under the 3 cent per hour allocation and the amount paid to continue the Benefits of those in receipt of WSIB. The amount collected for 2008 was $80,947 while the amount paid in Benefits was $88,475.

WELFARE PLAN FUNDING

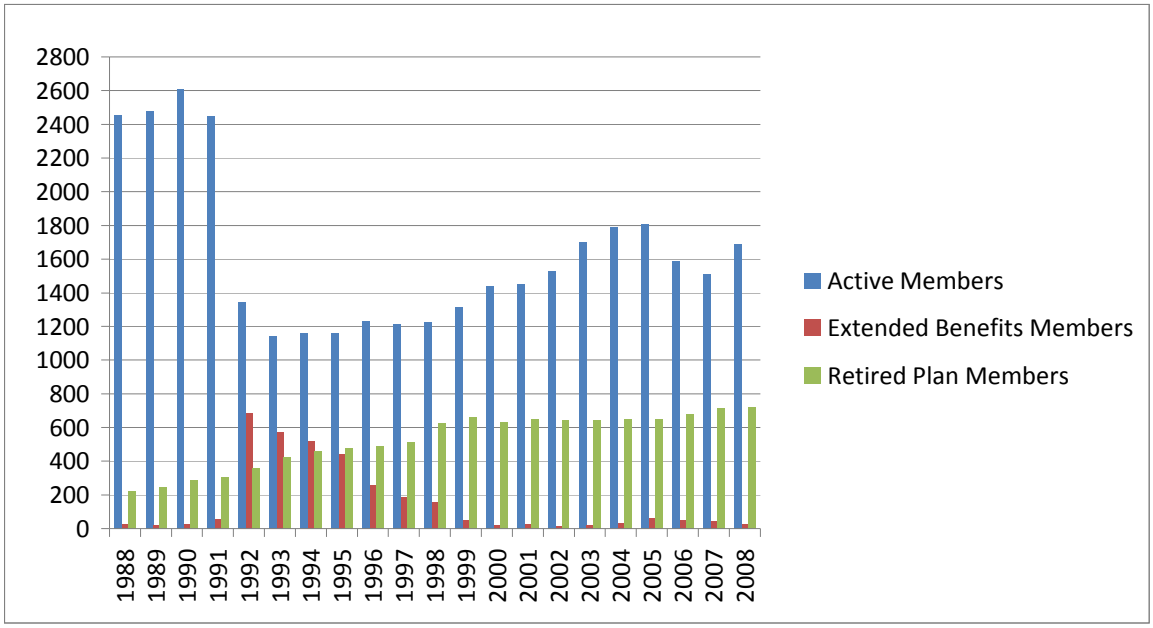
Prior to July 1, 2001 Retired Members of Sheet Metal Workers Local 30 who met certain eligibility requirements were automatically covered by the Sheet Metal Workers Local 30 Retired Members Welfare Plan. The entire cost of that Plan was paid for by Local 30's Active Members. However, the cost of the 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, in most cases, is deducted from the Retired Member's monthly Pension Benefit.

As can be seen in the following table, the number of Retired Members has, as expected, continued to trend upwards. The following data are taken from the Administration Office'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
2006	1,589	51	680	2.17
2007	1,511	41	714	2.00
2008	1,692	27	723*	2.26

*Comprised as follows: Plan A - 469; Plan B - 149; Plan C - 105

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 2008, inclusive.



Each Retired Member who wishes to remain covered by one of the three Plans that are offered is required to pay approximately 50% of the cost (plus 8% Retail Sales Tax for Ontarians). The co-payment is deducted from the participating Retired Member's Pension cheque. Retired Members have the ability to move to a less-comprehensive Plan in the future; but are not permitted to 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.

RECENT DEVELOPMENTS

- Effective July 1, 1993, Contributions paid into an Ontario Welfare Trust Fund by both Contributing Employers and Pay Direct Subscribers became subject to an 8% Retail Sales Tax.

- Commencing in 1994, premiums paid by an Employer or a Welfare Trust for Life Insurance benefits became a taxable benefit under the Income Tax Act, Canada. As a result, the Administration Office issues a T-4 Supplementary each year to each covered Plan Member, 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's Pharmacare Plan (which once paid 100% of virtually every prescription medication for Ontarians who are at least Age 65) was amended effective August 1, 1996 to require an Annual Deductible of $100 per person, followed by a User Fee equal to the Professional Dispensing Fee (currently, $6.11 per prescription order), and these changes apply to Ontarians whose annual income exceeds $16,018 (single) or $24,175 (family). These charges are the responsibility of affected Retired Members.

- A new tax was implemented 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, an 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 is expected to have a huge impact on the delivery of health care services in Canada.

- At the April 1, 2007 Meeting, the Membership cast ballots which resulted in an additional 40 cents per hour being allocated to the Welfare Fund effective each May 1st in 2007, 2008 and 2009. This new funding will enhance the stability of the Welfare Plan's benefits.

PRIVACY STATEMENT

The *Personal Information Protection and Electronic Documents Act*, Canada was proclaimed effective January 1, 2004, and requires most persons, firms and corporations which 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 Administration Office collect from the Membership certain 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 Administration Office protects that Information in accordance with the Act.

The Board of Trustees has developed a Privacy Policy, by which the Trustees and every employee of the Plan Administration Office 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
Administration Office	Employee Benefit Plan Services Limited
Auditor:	HS & Partners 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. SEI Financial Services Manulife Financial
Legal Counsel:	Borden Ladner Gervais LLP

OFFICE OF THE PLAN ADMINISTRATOR

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(McIntosh Drive runs east off Woodbine Avenue, two traffic lights north of Highway #7)