ANNUAL REPORT 2012

SHEET METAL WORKERS' LOCAL UNION 30, BENEFIT TRUST FUNDS

TO **PLAN** MEMBERS AND **CONTRIBUTING** EMPLOYERS

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FOREWORD

The Trustees of the Sheet Metal Workers Local Union 30, Benefit Trust Funds are pleased to present the 2012 Annual Report.

The next Annual Meeting is being held on Saturday May 4, 2013. The Meeting is being held at the Days Hotel & Conference Centre – Toronto Don Valley, 185 Yorkland Blvd., Toronto, Ontario. This year the Trustees are inviting Family Services Employee Assistance Plans (FSEAP) to provide a presentation on the Plan's new benefit. FSEAP provides confidential counselling services on a variety of issues from substance abuse to elder care and financial planning. This year's presentation will cover how to access these services and how Members can make the most of what FSEAP has to offer. The Annual Meeting starts at 10:00 a.m. You are encouraged to bring your spouse to the Annual Meeting.

The financial information in this Annual Report is taken from the Unaudited Financial Statements of each Trust Fund. The Funds are audited each year, with the audit of the 2012 financial statements taking place in the Spring of 2013. The Audited Financial Statements are filed with The Ministry of Labour, Ontario, in accordance with legislation. The Pension Trust 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 including significant changes to the Plans.

The Annual Report is not intended to replace your benefit booklet or the Plan documents. Detailed information about the Plans can be found in the Trust Agreements, the Pension Plan Text, Member information booklets and the contract of insurance for the Welfare Plan. New information about the Benefit Plans is always available on the Internet, at *www.lu30plan.com*.

The Plans also have a Facebook page at www.facebook.com/smwialocal30benefits.

The Trustees offer access to Plan information 24/7 on the Internet. All that is required is for you to register. A registration form is enclosed with this Report. The Plans' Web Site *www.lu30plan.com* holds an abundance of information about the Plans including claim forms, applications for benefits and newsletters.

In the event that you have any comments or suggestions, we would like to hear from you. Please address your remarks to:

Mr. B. St. Clair
Recording Secretary
Sheet Metal Workers Local Union 30, Benefit Trust Funds
45 McIntosh Drive
Markham, Ontario L3R 8C7
Fax: 905-946-2535
Email: bstclair@mcateer.ca

Yours sincerely,

The Board of Trustees,

SHEET METAL WORKERS LOCAL UNION 30, BENEFIT TRUST FUNDS

T. Kerr	A. E. White
G. May	B. Wilkinson
C. Paswisty	P. Witruk

THE PENSION TRUST 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 remain compliant with applicable legislation. Based on the draft Unaudited (not final) Financial Statements of the Fund, the following reflects the Fund's financial position as at December 31, 2012.

During 2012, the Pension Trust Fund:

Received:

Contributions	$18,557,706
Interest and Dividends	11,302,134
Net Realized Gains	0
Net Realized Capital Loss	(440,401)
Net Unrealized Capital Gains	13,124,826
GST Rebate and other	30,900
	$42,575,165

Disbursed on account of Benefits and Expenses:

Benefits	$17,144,043
Benefit Holdbacks	723,977
Consulting, Actuarial	256,604
Administration	99,440
Audit	16,634
Legal	19,064
Investment Management/Advisory	1,571,519
Custodial	51,667
Trustees and Membership Meetings	20,876
Trustees Education	23,615
Printing and Stationery	67,718
Telephone, Postage and Courier	6,605
Government Registration Fee	29,057
Trustees and Trust Fund Insurance	10,988
Miscellaneous	3,178
	$20,044,985
	22,530,180

Net Assets at the beginning of the Year	$309,163,447
Gain for the Year	22,530,180
Net Assets at the end of the Year	$331,693,627

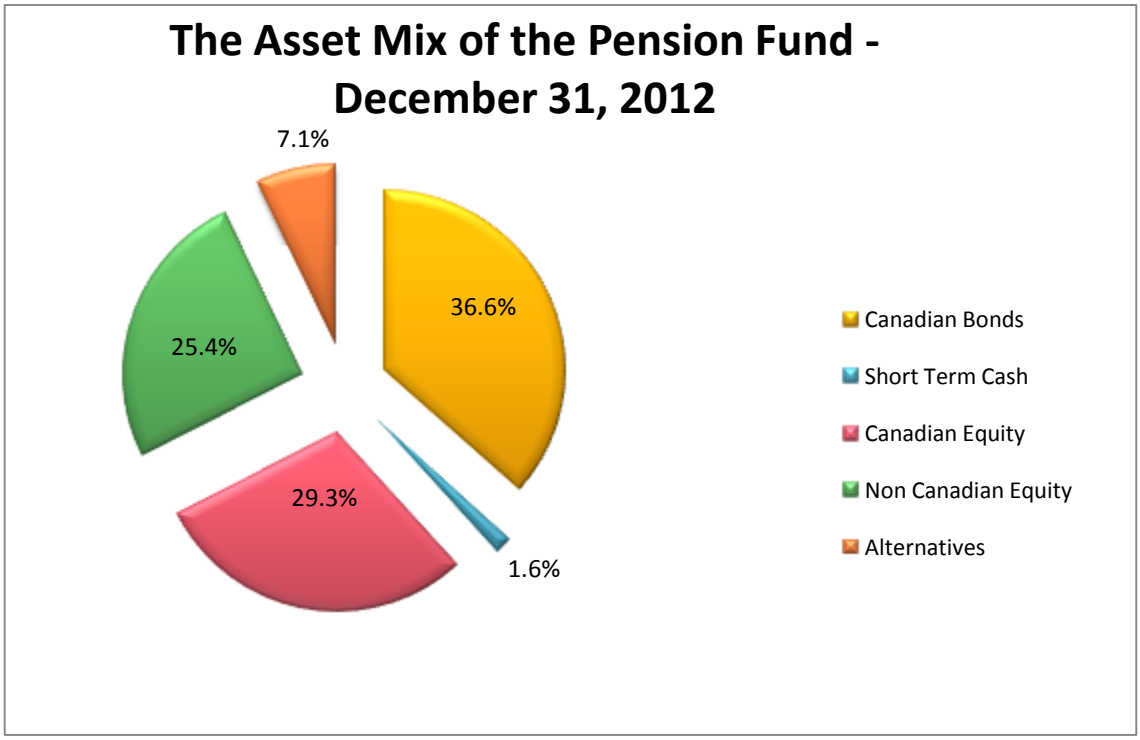
At December 31, 2012 the Net Assets of the Pension Trust Fund were represented by:

Cash (on hand or in transit, less accounts payable)	$2,323,178
Interest and Dividends earned, but not received by December 31st	58,836
Short-Term Notes, Bonds	124,394,713
Stocks	181,348,579
Alternatives	23,568,321
	$331,693,627

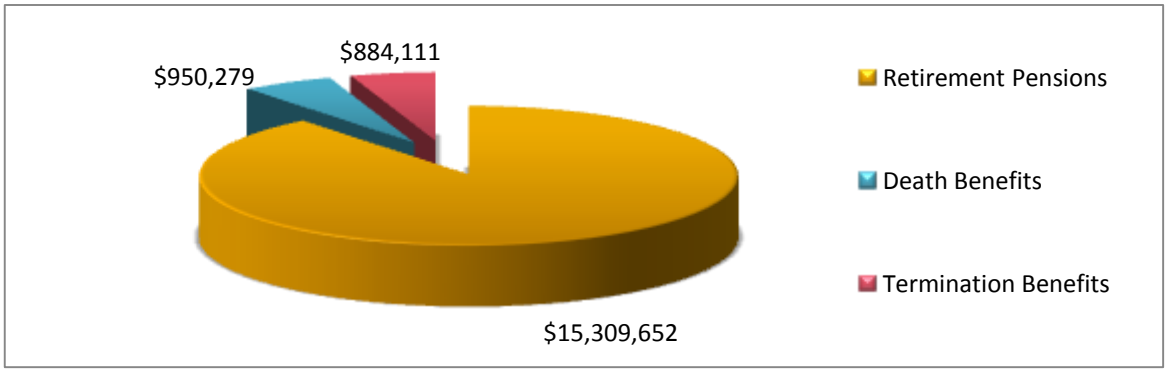
Short-Term Notes, Bonds, Alternatives and Stocks (equities) are reported at Market Value - that is, the closing price of these Securities on the last trading day in 2012.

At year end, the Fund had $331.7 Million in Net Assets.

The Fund's Investments had a market value of $331,693,627 invested in Canadian Equities, Canadian Bonds, Non-Canadian Equities, Alternatives such as Hedge Funds with absolute return strategies designed to have lower volatility than traditional equities and bonds, Alternatives and Cash as shown in the chart below.



During 2012, the Pension Trust Fund paid $17.1 Million in Benefits to Plan Members and their Beneficiaries.



PENSION PLAN STATISTICS

Our Pension Plan is a Specified Ontario Multi-Employer Pension Plan. The Pension Plan's special status as a Specified Ontario Multi-Employer Pension Plan means that the Plan has received temporary approval from the pension regulator to allocate contributions toward paying down the Plan's Solvency Deficiency. Pension legislation in Ontario excludes all Multi-Employer Pension Plans from any protection provided by the Pension Benefits Guarantee Fund. This means that, in the event the Pension Plan does not have sufficient assets to provide for benefits, benefits may be reduced so that the Plan remains compliant with applicable legislation. The Trustees cannot and do not guarantee benefits.

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 (mainly investments) of the Plan with its Liabilities (the value of Pensions earned by Members whether they are retired, active or terminated) at the date of the Valuation. The Valuation will show whether the Plan's Liabilities are fully funded (meaning whether there are enough assets at the Valuation date to pay all of the liabilities calculated at the Valuation date) 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 the Valuations on two bases, namely:

- **"GOING CONCERN"** which assumes that the Pension Plan will continue to receive Contributions into the future, the Pension Benefits earned by Active Members at the Valuation Date will increase on account of those Contributions, and the Retired Members will continue to receive their Monthly Pensions from the Plan. In this type of Valuation, the Actuary calculates the Liability at the Valuation Date of all Pension Benefits earned to that date, as well as the Liability for Pensions being paid now to Retired Members. The Actuary uses Actuarial Assumptions that conform to the Canadian Institute of Actuaries' generally accepted actuarial principles.
- **"SOLVENCY"** which assumes that the Pension Plan was wound up, or terminated, on the date of the Solvency 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 being paid to Retired Members and Pension Benefits earned by Active or Terminated Members.
- When completing a Solvency Valuation the Actuary must use Actuarial Assumptions prescribed in the Regulations to the Ontario *Pension Benefits Act.* Ontario is the only Province that requires Solvency Valuations to include an additional Actuarial Liability, known as "Grow-In

Rights" unless the pension plan has declared that it will not pre-fund 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 Benefit must be based upon the most advantageous Enhanced Early Retirement Date assuming that Plan Membership, if applicable, would have continued or "grown-in" to that date. This significantly increases the liabilities of a plan. The Trustees have elected to not pre-fund any early retirement benefits.

The Trustees, along with the trustees of other Multi-Employer Pension Plans, protested the requirement for Solvency Valuations on the basis that they are not meaningful when Contributions are paid by a variety of unrelated employers. Several special commissions on pensions, including Ontario's Expert Commission on Pensions, endorse that multi-employer pension plans should not be subject to Solvency Valuations and should not be required to allocate contributions toward funding a solvency deficiency. To date, pension law has not changed except to allow a temporary solvency deficiency funding hiatus for pension plans like ours.

The most recent Actuarial Valuation was completed at September 30, 2010, the essence of which was:

	Going Concern (in $1,000's)	**Solvency** (in $1,000's)
Smoothed Actuarial Assets	$322,841	$322,833
Actuarial Liabilities	323,768	409,343
Actuarial Surplus (Deficiency)	$ (927)	$(86,510)

Effective with the September 30, 2010 Valuation, a smoothed actuarial value of assets is being used. This value is equal to the average of the market value as at September 30, 2010 and the market values at the previous four 12-month periods, adjusted to September 30, 2010 with net cash flow and expected investment return. Smoothing helps to level highs and lows in the value of Plan assets and is an accepted actuarial approach. The 2007 Valuation used

The 2010 Valuation showed the following:

- The Normal Actuarial Cost of Pensions being earned by the Active Membership is less than the Average Hourly Contribution.
- The estimated cost of benefits, plus the provision for administrative and investment related expenses, is 88.3% of estimated Contributions. This is an increase from 87.4% at the previous Valuation.

  In the late 1980s, when there was widespread unemployment in Local Union 30, the average Attained Age of the Active Membership increased, as younger Members lost their jobs. The result was that older Members who continued working increased the Actuarial Cost of the Plan, 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 2010 Solvency Valuation were $85,575,000 greater than the Actuarial Liabilities of the Going Concern Valuation. This difference arose from the following two factors:

  - Additional accrued liability in respect of the retirements under the Enhanced Early Retirement "Windows". The Window was closed April 30, 2009 because the Trustees were convinced the benefit was no longer sustainable in the current economic environment.
  - The Actuarial Investment Return Assumption in the Going Concern Valuation was 6.5% 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 the 2010 Valuation was 4.54% for 10 years, 5.44% thereafter on Liabilities for Members who had not yet retired, and 4.83% 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, 2010 Valuation are:

- There were 1,589 Active, 1,156 Inactive and Terminated Vested Members, as well as 40 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 43.5 years.
- There were 1,440 Retired Members (including Surviving Spouses) in the following age brackets:

Age	**Number of Members & Surviving Spouses**
Age 30 - 35	1
Age 35 - 40	2
Age 40 - 45	1
Age 45 - 50	2
Age 50 - 55	14
Age 55 - 60	43
Age 60 - 65	181
Age 65 and over	1,196

- The Plan's Going Concern funded position was lower at September 30, 2010 than at the 2007 Valuation. This was mainly because the Fund's investments earned less than the Investment Return Assumption of 6.50%. The average rate of return over the period October 1, 2007 to September 30, 2010 was 0.52%. The period of October 1, 2007 to September 30, 2010 includes the global financial market crisis which played out mainly during 2008.

The 2010 Valuation was approved at the Board Meeting held May 10, 2011. The Valuation was filed with the Financial Services Commission of Ontario. The Plan had a solvency deficiency at September 30, 2010 and so the Trustees applied to continue to be covered under the temporary solvency relief afforded by the *Ontario Pension Benefits Act*. The Plan continues to be designated as a Specified Ontario Multi-Employer Pension Plan (SOMEPP). A SOMEPP is not required to use Contributions to pay down its solvency deficiency.

As at December 31, 2012 1,433 persons were in receipt of a Monthly Pension, and the Total Monthly Pension Pay-out was $1,285,263.81. There was an increase of eleven persons in receipt of a Monthly Pension and a year over year increase of $39,355.92 in the Total Monthly Pension Pay-out when compared to December, 2011.

The next Actuarial Valuation must be prepared as at September 30, 2013. However, the Trustees have decided to have an Actuarial Valuation prepared as at December 31, 2012. The reason for this is due to amendments to the Ontario Pension Regulations that were released on November 17, 2012 that affect pension plans that have been designated as a Specified Ontario Multi-Employer Pension Plans ("SOMEPP"). This Plan is a SOMEPP. The amendments state that it would be possible depending on the Plan's solvency funding status at the next Actuarial Valuation, currently scheduled as at September 30, 2013, that the Plan may be required to submit Actuarial Valuations on an annual basis (instead of on a triennial basis) and this would result in an additional cost to the Plan.

RECENT AMENDMENTS TO THE PENSION PLAN

The Pension Plan's Amendments have been influenced by the Plan's Solvency Valuation results since 2005.

In order to meet the Solvency funding requirements of the pension regulator, the Trustees resolved to amend the Pension Plan effective May 1, 2005 to eliminate any provision in the Plan wherein a Member could retire in advance of Age 63, and receive an unreduced Pension.

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

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

The Solvency Valuation as at September 30, 2007 showed that the Plan did not have sufficient assets to fund the Benefits calculated on a solvency basis. The Plan did have a Going Concern Surplus.

During 2007 (which is now the period recognized as the commencement of the worst global recession since the 1930's) the Plan's assets diminished in value. While it was believed that the diminution in the value of the Plan's assets was temporary, the Trustees could not be certain of the timing, or degree, of investment market recovery. Because the Trustees must keep the Plan funded in compliance with pension legislation and this compliance would not be achieved if the Window remained in place, the Early Unreduced Pension Window was closed April 30, 2009.

In Ontario pension law, there is a provision for pension plans like ours to apply for special solvency protection. 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. Allocating Contributions to pay the Pension Plan's Solvency Deficiency would most certainly reduce the amount of Benefits available to the Plan Members.

On April 29, 2008, FSCO acknowledged that the Pension Plan is a Specified Ontario Multi-Employer Plan (SOMEPP). SOMEPP status was renewed with the filing of the September 30, 2010 Valuation.

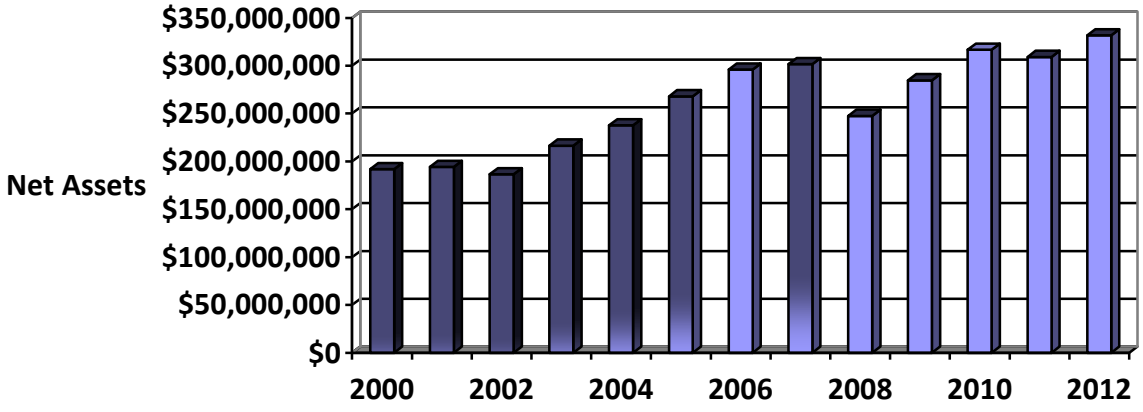
PENSION TRUST FUND INVESTMENTS

The Assets of the Pension Trust Fund are invested by four 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, Alternatives such as Hedge Funds, Bonds and Short Term Cash Securities such as Government of Canada Treasury Bills. In 2009 the Trustees retained Eckler Ltd. for the role of investment consultant and this role includes independent performance measurement services. Four times each year, the Trustees conduct a dedicated Pension Trust Fund Investment Meeting. Investment Managers are required to attend these Meetings.

A high level of monitoring and measurement compared to appropriate benchmarks is used for the Fund's investments.

The following Graph illustrates the changes in the Net Assets of the Pension Trust Fund over the last 14 years. "Net Assets" means the sum of the Fund's Short Term Cash, Equities, Alternatives and Bonds (stated at their December 31st Market Value), as well as all Interest, Dividend and Contributions earned by the Fund but not yet received at December 31st. Net Assets subtracts 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.

Net Assets of the Pension Plan 2000 - 2012



2000	$191,897,412	2005	$268,020,927	2010	$316,141,323
2001	$194,310,801	2006	$295,850,850	2011	$309,163,447
2002	$186,607,555	2007	$301,526,568	2012	$331,693,627
2003	$216,478,816	2008	$247,560,151		
2004	$237,715,716	2009	$284,715,011		

- Setting asset mix is one of the most important roles of the Trustees.
- An Asset Liability Study, the fourth 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 (how it reacts to changes in investment market activity) and to provide greater confidence that the Pension Plan's Benefits, which are target Benefits (ie they are not guaranteed) will be provided.
- The results of the latest Asset Liability Study recommended that the Pension Plan's target asset allocation be: 27.5% Canadian Equities, 27.5% Global Equities, 35.0% Universe Bonds and 10.0% Alternative Investments.
- 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 The Policy is reviewed annually and amended as necessary.
- During 2012, the Rate of Return of the Pension Trust Fund's Assets invested in the Equity, Alternative, Bond and Money Market funds was 7.8%. The Plan benefitted from the use of active investment managers during 2012.
- During the four years ended December 31, 2012 the Pension Plan's rate of return was 8.6%.
- During the five years ended December 31, 2012 the Fund's Average Annual Rate of Return was 2.7%. The market losses of 2008 will impact on the compound annual rate of return for many years to come.
- During the ten years ended December 31, 2012 the Pension Plan's rate of return was 6.86%.

LEGISLATION BEARING ON THE PENSION PLAN

THE ONTARIO 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 non-Member surviving Spouse to receive a lifetime Pension of at least 60% of the member's Pension following the Member's death. The Pension being paid to a deceased Member's Spouse must be continued for her/his lifetime and cannot be terminated upon remarriage.
- 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 (RRSP).
- 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*.
- 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). This status was renewed in 2011.

On December 8, 2010 Bill 120 "*Securing Pension Benefits Now and for the Future Act, 2010"* received Royal Assent. This legislation, which amends the Ontario *Pension Benefits Act*, will change how Ontario multi employer pension plans fund pension benefits. Solvency funding, which forces pension plans to arrange benefits on the assumption that the plan is terminating, will be drastically changed under the new legislation. However, at this time regulations to the *Pension Benefits Act* have not been issued and so it is not possible to say the degree of relief a multi employer pension plan will receive under this new law.

- Amendments to the Canada Pension Plan (CPP) were introduced in Bill C-51 which received Royal Assent in December 2009. The changes will be implemented gradually with full implementation in 2016.

  Some of the key changes are:

  1) Increases in the reduction factor applied to an early retirement pension. The reduction will increase from the current reduction of ½% for each month before age 65 to the eventual reduction factor of 0.60% per month by 2016.

     The reductions will be introduced as follows:

Year	% (monthly reduction)
2012	0.52
2013	0.54
2014	0.56
2015	0.58
2016	0.60

  2) CPP Retirement pensions will be higher if taken after age 65. Currently, the CPP pension is increased by ½% for each month after 65 (up to age 70). This will gradually increase to a maximum of 0.70% per month by 2013.

     The increases will be introduced as follows:

Year	% (monthly reduction)
2011	0.57
2012	0.64
2013	0.70

  3) Starting in 2012, an employee may begin receiving his CPP pension without any work interruption. In addition if an employee under age 65 continues to work while receiving his CPP pension, the employee and the employer must continue to make contributions to CPP. These contributions will increase the

employee's CPP benefit. If an employee is between age 65 and 70 and continues to work while receiving CPP benefits, he can choose to make CPP contributions. These contributions will increase his CPP benefit.

- On June 22, 2011 the Ontario Government proclaimed the amendment to the *Pension Benefits Act* and the Ontario Family Law Act relating to the valuation and division of pension assets on marriage breakdown.

  Some of the key changes in this legislation are:

  1) Immediate payment of pension assets to the former spouse either as a lump sum or a division of monthly pension benefits is now permitted;

  2) The valuation of the pension assets will be done by the plan administrator. The marriage breakdown couple must apply directly to the plan administrator. Special forms have been prepared by FSCO which must be used by the parties. The administrator may charge a fee for each date a valuation is requested. Any Member of this Pension Plan who submits the prescribed forms to the Plan administrator will be charged a fee of $600 per requested valuation date. The Fee is payable to the Pension Plan.

- On March 29, 2012 the Federal Minister of Finance announced a change to the age of eligibility for OAS and GIS benefits. The qualifying age will be gradually increased from 65 to 67. The change will be phased in, beginning in April 2023 and will be completed by January 2029. The change will not affect individuals who were 54 years of age or older on March 31, 2012. Individuals born between April 1, 1958 and January 1, 1962 will have an age of eligibility between 65 and 67, and those born after February 1, 1962 will be eligible at age 67.

  Beginning July 1, 2013, eligible Canadians will be allowed to voluntarily defer commencement of OAS benefits for up to 5 years and receive a higher, actuarially adjusted OAS benefit.

- On July 20, 2012 a new Regulation came into force which provided an extension of the Specified Ontario Multi-Employer Pension Plan (SOMEPP) regulations to cover actuarial valuation reports with a valuation date prior to September 1, 2017. These regulations, originally introduced in 2007, exempt multi-employer pension plans that have elected to be a SOMEPP from the solvency funding requirements otherwise applicable under the PBA.

  This Plan is a SOMEPP. The Trustees intend on making the necessary applications, including the filing of actuarial valuations as needed to remain covered as a SOMEPP.

- Effective July 1, 2012, a number of amendments to the Ontario Pension Benefits Act, were proclaimed.

  Some of the more significant reforms that are now in effect are:

(i) Immediate Vesting of Benefits

All benefits earned by a pension plan member are immediately vested upon commencement of plan participation. An eligibility waiting period (generally, up to 2 years of qualifying employment) is permitted. The Trustees amended the Pension Plan, effective July 1, 2012 to defer Plan membership until at least 700 hours of contributions have been paid into the Plan in each of two consecutive calendar years or such earlier time as is required under applicable legislation.

(ii) Small Benefit Commutation

The threshold for small amounts that can be "unlocked" has been increased and expanded. Plans may now permit the lump sum payment of the commuted value of a benefit if, in the year of plan termination, the annual benefit payable at the member's normal retirement date is not more than 4% of the Canada Pension Plan's Yearly Maximum Pensionable Earnings (YMPE) or if the commuted value of the benefit is less than 20% of the YMPE.

(iii) A number of changes were made to disclosure provisions.

Eligible individuals (including members, former/retired members, their spouses and their agents) may access certain plan records, electronically or by mail. Eligible persons can ask for records once per year per specific record. Plans may charge a fee of 25¢/page for paper copies of records, and may charge a maximum fee of $5 for each request for documents provided electronically. Your Pension Plan will charge the maximum fee in order to offset some of the costs of printing and mailing.

- In October 2012 the decision of the Ontario Court of Appeal in Carrigan vs. Carrigan Estate cast a cloud of confusion over the determination of spousal benefit entitlements in certain circumstances.

  As a result it is more important than ever to keep the Plan Administrator informed of any Separation Agreements and to provide these to the Administration Office.

THE INCOME TAX ACT, CANADA

Starting with the T4 you received for 1990, your Employers were required to show on that Tax Form an amount known as the Pension Adjustment, or your "PA".

The amount of your PA is the sum of contributions made to, or the benefit deemed to have been earned under, a registered pension plan or plans during the year covered by the T4. For the 2013 taxation year, you may make a contribution to your own RRSP as follows: determine your 2012 Total Employment Income, add any CPP/QPP disability pension benefits you received, then take 18% of that amount, subtract your 2012 PA.

The result of this calculation is the amount you may contribute to your own RRSP for 2013, a Maximum RRSP Contribution of $23,820. You have until March 1, 2014, to make that Contribution, and take the deduction on your 2013 T1 General Income Tax and Benefit Return. If you don't make the RRSP contribution by that deadline date, or don'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 (LIF) 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 T1032, the joint election to split pension income form. This form would be attached to each of your income tax returns.

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 can be carried forward.

- ***Ontario Harmonized Sales Tax (HST)***

  Effective with most goods and services purchased in Ontario on/after July 1, 2010, if the good attracted the Federal Goods and Services Tax (GST) the charge for the service will attract HST. This will increase the non-Benefit costs of the Fund by about 8% or $174,305 per year.

- ***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 Sheet Metal Workers Local Union 30 Welfare and Pension Trust Funds continue on account of such disabilities that occurred on/before December 31, 1991. The Act required that the Trustees 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 Sheet Metal Workers Local Union 30 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 Pension Benefit will continue to grow 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.

  Federal legislation was amended in July 2005 with the assent of the *Marriage for Civil Purposes Act* so that federal Legislation no longer conflicted with provincial laws.

  The Trustees 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 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 the Plans' Members.

- ***Human Rights Code***

  In December 2005 the Ontario *Human Rights Code* was amended in order to prohibit mandatory retirement. This protected 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*.

  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 Pension Plan***

  In February, 2005 the Canadian Institute of Actuaries (CIA) updated its Standard of Practice for Determining Pension Commuted Values. This Standard is used to calculate the commuted value to be paid from a pension plan registered under Provincial or Federal pension legislation. A commuted value is the lump sum value of an immediate or deferred pension. This updated standard replaced the standard that had been in place since 1993. The new standard 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 became effective April 1, 2009 and reduced the amount a pension plan must pay upon the termination of pension plan membership or the payment of a lump sum death benefit.

- **Plan Initiated Developments**

  Effective January 1, 2011 Plan Members may now review their personal Pension and Welfare information by clicking on the Benefits on-line access on the upper right hand corner of the Plan's Web Site at www.lu30plan.com. Members must register for this access and a registration form is included with the Annual Report.

  The Trustees have launched a Facebook page for Members to quickly obtain current information about the Plans. You can find the page at

  www.facebook.com/smwialocal30benefits.

  For financial planning purposes, the Plan will allow a Member to request one commuted value calculation in each five year period. This initiative

further encourages Plan Members to conduct frequent financial planning and to keep those plans up to date.

The Trustees implemented a waiting period for Plan Membership. Once a person becomes a Plan Member, they are immediately vested in the benefits of the Plan.

BRIEF SUMMARY OF THE PENSION PLAN

Depending upon the time during which you were a Plan Member, the amount of your target Monthly Pension Benefit is determined either by the number of hours you work for an Employer making Contributions to the Pension Trust Fund or by the amount of Contributions paid to the Fund on your behalf. The amount of Benefit finally paid is subject to the funding status of the Pension Plan. The Trustees must keep the Plan compliant with relevant legislation at all times. No Pension Benefits paid, or payable, by the Plan are ever guaranteed. Benefits can be increased, or decreased.

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. A second Statement is issued about September of each year, covering the first six calendar months of the year. The amount of target Monthly Pension depends upon the Rate of Hourly Contribution, which varies by Member Classification. The target Monthly Pension you earned is set out below, by Classification:

Each 1,680 Contributory Hours is 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 Retirement Pensions are payable, in full, upon retirement at Age 63 and must start no later than the end of the calendar year in which you attain Age 71.

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 target amount of Pension earned is calculated based on a percentage of Earned Contributions, in accordance with the following Table:

Period Contributions Earned	Target 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

The target 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 right to a Joint and Survivor Pension, and you die before that Spouse, 60% of the target amount paid to you will continue to that Spouse for her/his remaining lifetime. No benefit is guaranteed and can be increased, or decreased.

If you do not have a Spouse upon your retirement, or she/he waives the right to a Joint and Survivor Pension, a 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. The amount of Monthly Pension is not guaranteed and can be increased, or decreased.

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 to age 63, the amount of your target Monthly Pension will be reduced by one half of one percent for each month (6% per Year) 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 target Monthly Pension you earned and which is payable in full at your Age 63 will be reduced by 60%.

All of the Plan's benefits including benefits in pay or payable upon the death of a Member are target benefits – they can be increased, or decreased, subject to applicable legislation.

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 all Monthly Pensions were calculated on Credited Service - the number of hours a Member worked with a Contributing Employer and for which Contributions were 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 Agreements 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 had 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 Pension, $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 Joint and 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 to 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 Form of 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 Joint and Survivor Pension, then the Pension was payable for the remaining lifetime of the Retired Member with the proviso that, if the Retired Member died 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 Joint and Survivor 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 had 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 a reduction of 1/2% per month for each month of retirement in advance of Age 63. This reduction was applied only up to Age 60 for such persons; but the reduction was still applied to Age 63 for persons who were 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 terminated Membership in

Local Union 30 on/after that date and who are not Vested - that is, they had 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 applied - that was, 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 was 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 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 were equal to 24.12% of such Contributions.

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

2002 Effective with retirements on/after March 1, 2002, Members retiring under the "30 and out" feature had to 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 were equal to 23% of those Contributions.

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

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

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

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 suffered a total and permanent disability that commenced on/before April 30, 2006 were also entitled to receive an unreduced Pension in accordance with the former Rules.

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

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

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

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 Pension Plan was amended to extend the provisions of the Enhanced Early Retirement "Window" to April 30, 2009.

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

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

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

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

In the Summer/Fall 2007 the Barrie Pension Contributions were increased to match the Toronto Contribution Rates.

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 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.

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.

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

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.

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

2010 No amendments occurred in 2010.

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

2011 No amendments occurred in 2011.

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

Application was made to have the Plan continued as a SOMEPP.

2012 The Plan was amended to provide Immediate Vesting and introduced an eligibility waiting period.

A Plan Member who was an Active Member on or after July 1, 2012 becomes automatically Vested under the Plan.

By the introduction of an eligibility waiting period a person who becomes an Employee on or after July 1, 2012 shall be eligible to become a Plan Member on the January 1 next following the attainment of either:

(i) Earnings of not less than thirty-five percent (35%) of the Year's maximum Pensionable Earnings prescribed under the Canada Pension Plan with one or more Employers; or

(ii) Seven hundred (700) hours of employment with one or more Employers,

in each of two (2) consecutive years while an Employee.

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

At December 31, 2012, Hourly Pension Contributions were:

Journeyman	$7.75
3 Year Apprentice	$4.14
4 Year Apprentice	$4.85
5 Year Apprentice	$5.59
Sheeter/Decker	$7.75
Sheeter/Decker Assistant	$6.71
Material Handler	$5.38

WELFARE TRUST FUND

Based on the draft Unaudited (not final) Financial Statements of the Fund, the following reflects the Fund's financial position as at December 31, 2012.

During 2012, the Welfare Trust Fund:

Received:

Contributions	$12,296,155
Interest Income	$975,334
Miscellaneous	$1,500
	$13,272,989

Disbursed:

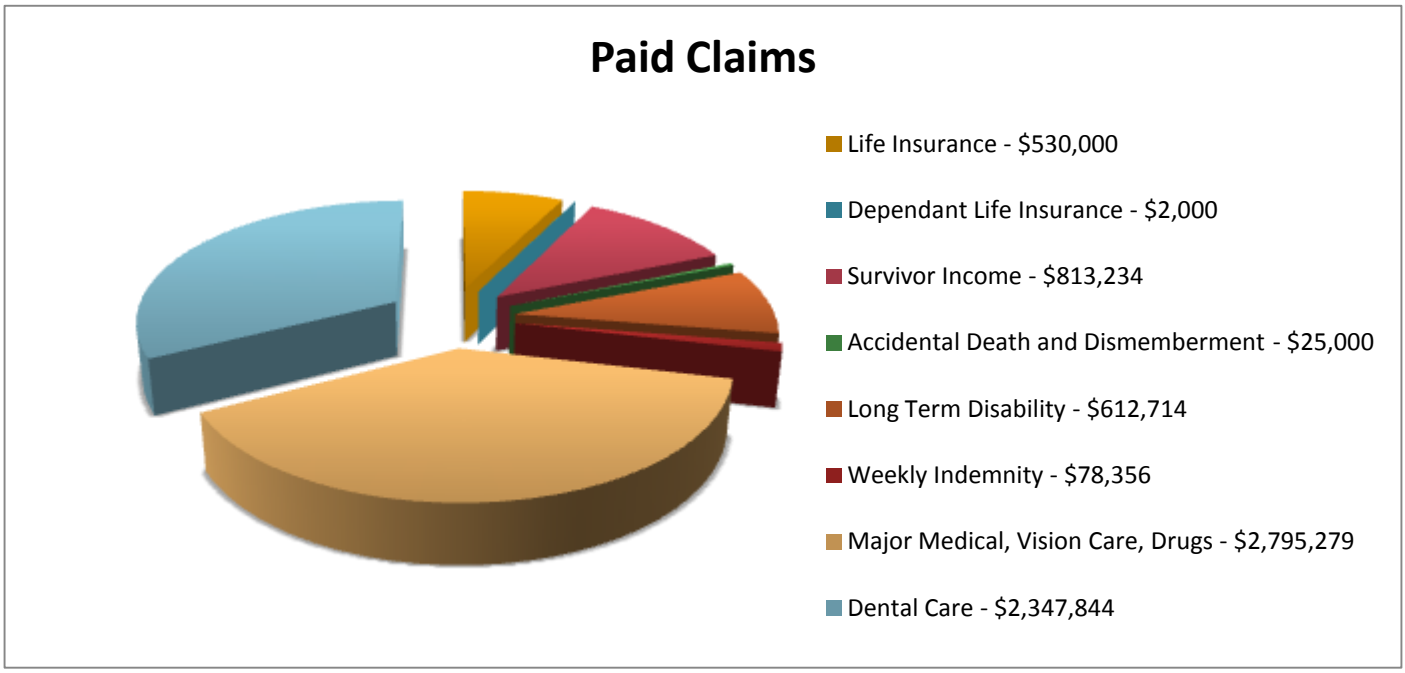
Insurance Premiums	$9,240,384
FSEAP Premiums	$16,921
Consulting Fees	23,626
Legal Fees Less Liquidated Damages	3,335
Audit Fees	19,617
Administration Fees	133,383
Investment Management Fee	74,038
Trustees and Membership Meetings	16,730
Trustees Education	20,369
Trustees and Trust Fund Insurance	13,594
Printing and Stationery	30,983
Telephone, Postage and Courier etc.	17,903
Retail Sales Tax Settlement	121,385
	$9,732,268
Excess of Receipts over Disbursements	$3,540,721
Transfer to Dollar Bank and Other Reserves	(1,098,676)
Gain for the year	$2,442,045
Net Assets at the beginning of the Year	$12,724,325
Gain for the Year	2,442,045
Net Assets, end of the Year	$15,166,370

Each Member and Apprentice has his/her own Dollar Bank, and is entitled to continue Benefits for one month for each $409.00 in his/her Dollar Bank Account. At December 31, 2012, the Closing Balance of all Reserves was $16,398,101. At December 31, 2012, after funding the Liability of the Closing Balance, the Fund had Net Assets of $15,166,370. The funding status of the following Reserves as of December 31, 2012 should be noted:

Reserves:

For Retired Member Benefits	$5,957,369
For Benefits not Purchased	$6,506,041
For Workers Safety and Insurance Board Benefits	$378,450
For Extended Benefits	$3,556,241

During the period January 1, 2012 through December 31, 2012, the Welfare Plan paid $7.2 Million in Benefits to its Members and their Beneficiaries.

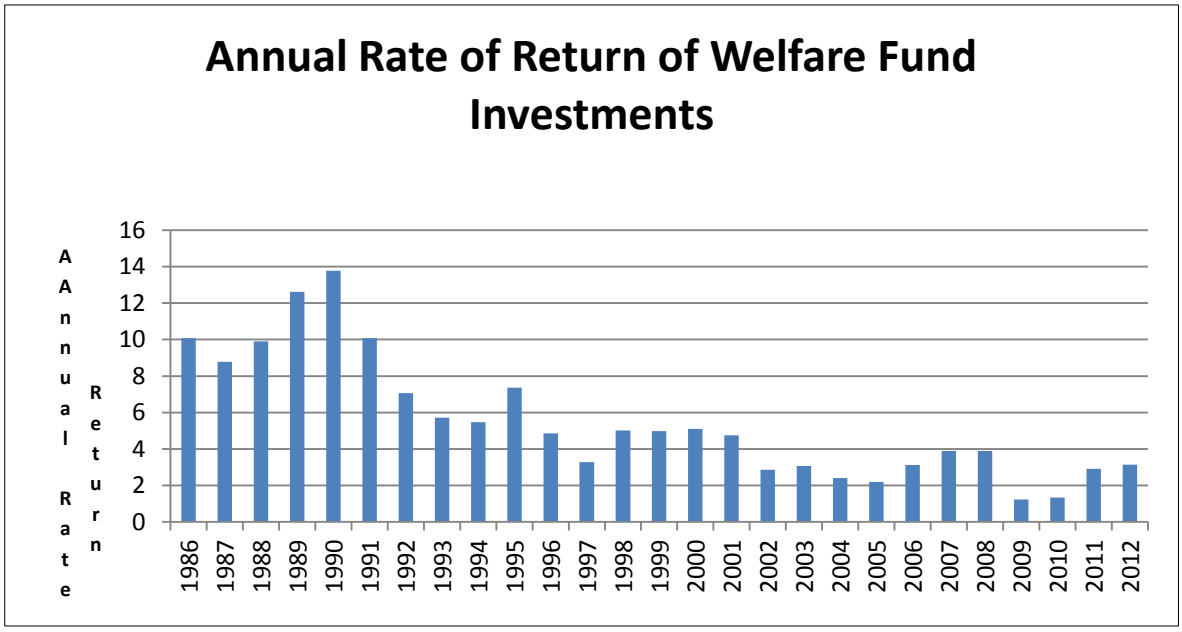


TAXABLE BENEFITS

The Plan's disability benefits have always been taxable as income and, each February, recipients receive a T-4A Supplementary for the amounts paid to them in the prior calendar year. For many years now, the premiums paid to the Insurer for Life Insurance and the Survivor Income Benefit have constituted a taxable benefit, resulting in the annual issuance of a T-4A Supplementary.

Commencing January 1, 2013, premiums paid to the Insurer for Accidental Death and Dismemberment benefits will also give rise to a taxable benefit. These amounts will be added to the T-4A Supplementary commencing in 2014 with respect to the 2013 calendar year.

The Annual Rates of Return of the Welfare Fund's Investments over the twenty-seven (27) year period from 1986 through 2012 inclusive is shown in the following Graph:



1986	10.08%	1999	4.99%
1987	8.78%	2000	5.11%
1988	9.91%	2001	4.76%
1989	12.61%	2002	2.86%
1990	13.77%	2003	3.08%
1991	10.08%	2004	2.40%
1992	7.06%	2005	2.20%
1993	5.71%	2006	3.12%
1994	5.48%	2007	3.90%
1995	7.37%	2008	3.90%
1996	4.86%	2009	1.24%
1997	3.29%	2010	1.33%
1998	5.01%	2011	2.92%
		2012	3.14%

Until December 31, 2009 the Welfare Fund's investments were in the Manulife Money Market Fund. During 2010 the Trustees, after a program of due diligence which took into consideration the risk tolerance of the Fund, decided to place most of the Welfare Fund's assets in a laddered Bond Fund managed by RBC Dominion Securities. The investments are governed by an Investment Policy approved by the Trustees.

HIGHLIGHTS OF CHANGES TO THE WELFARE PLAN

The Welfare Plan has 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 Suggested Fee Guide for General Practitioners, 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. The cost of the improvement was absorbed by the Welfare Trust Fund's Surplus.
- Effective July 1, 2005 Dental Claims were paid on the basis of the ODA Fee Guide for 2003, the cost of which was 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.

Due to funding concerns, 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, including disabilities, related to motor vehicle accidents 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 2000 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 were paid on the basis of the ODA Fee Guide for 2007.

The Trustees made the following benefit improvements effective January 1, 2011:

- the Weekly Indemnity Plan's Weekly Income Benefit was increased from $445 to $468;
- For disabilities arising on or after January 1, 2011, the LTD Plan's Monthly Income Benefit was increased from $1,500 to $1,750;
- The Dental Plans covering Active, Unemployed and Retired Members commenced paying Claims based on the 2010 ODA Suggested Fee Guide, General Practitioners, in replacement of the 2007 Guide;
- The annual maximum under the Orthodontics Benefit for Active Members was increased from $500 to $1,000;
- The Lifetime Maximum under the Retired Member's Major Medical coverage was increased from $50,000 to $100,000.

- In 2011 the Trustees introduced Internet Access to Member benefit information through the Plan's Web Site at www.lu30plan.com. With this improvement, Members are able to have access to their personal benefit information 24/7. This includes information about Employer Contributions, how long you are covered for Benefits and who you have enrolled in the Plan as your Dependants.

The Trustees constantly monitor the Plan's claims experience and must, from time to time, impose limits on products or services whose costs are becoming unmanageable and to keep pace with best practices in claims administration. In order to ensure that the Plan's benefits remain sustainable, the Trustees made the following changes effective July 1, 2011:

- Massage Therapy coverage under the Active Members' Plan was reduced to 80% of the invoiced amount and an annual maximum of $1,000 ($500 for the balance of 2011) was implemented;

- Convalescent Care coverage under the Retired Members' Plan became subject of a 100 day maximum per convalescence (at $20 per day) and a lifetime maximum of $5,000 was implemented.

The Welfare Plan was subsequently amended to include the following improvements:

- Effective with disabilities arising on or after October 1, 2011, Weekly Indemnity benefits are payable from the first day of hospitalization (previously the eighth day of hospitalization if due to illness).

- Effective with claims incurred on or after October 1, 2011, "per visit" and "per half hour" limits on the amount payable under the Retired Members Plan for services of a psychologist, speech therapist, podiatrist, chiropractor, physiotherapist, osteopath, naturopath and registered massage therapist were removed, allowing Retired Members and their Spouses to claim the $225 annual maximum per practitioner with fewer visits.

- Effective March 1, 2012, the Welfare Plan commenced paying up to $45 for a treatment plan requested by the Welfare Plan administrator with respect to three paramedical benefits (chiropractic, massage therapy and physiotherapy). The cost of the treatment plan will be included in determining when a covered person reaches any Plan maximum that may apply.

- Effective May 1, 2012 the Plan was improved to pay Dental Claims on the basis of the ODA Fee Guide for 2011.

- Effective July 1, 2012, the Active Members Welfare Plan commenced providing a confidential and diverse counselling service which assists covered Members and their dependants with a variety of issues. Members can use this service for help with problems including legal, financial and family matters such as relationship problems, dealing with disability or aging.

  The benefit is delivered by Family Services Employee Assistance Plans (FSEAP) which is a professional counselling service with hundreds of locations available across Canada. Treatment for substance abuse is coordinated with the De Novo Treatment Centre. Brochures and more detailed information about this benefit, including the toll free telephone number, 1-800-668-9920 and web site access at www.myfseap.com, were issued in 2012 and are available on line. The Welfare Plan's Web Site www.lu30plans.com has a link to this new Benefit.

- Dentists may now submit claims directly to the Benefit Administration Office via the Internet. Dentists have been informed by their Association of how to use this service. This will save Members time and money as dental claims will not have to be mailed. Payments will continue to be made by cheque.

- Effective January 1, 2013 the Plan was improved again to pay Dental Claims on the basis of the ODA Fee Guide for 2012.

The Trustees, as always, will carefully monitor the funding of the Plan in order to provide the Plan's Benefits on a sustainable and prudent basis. This might require changes from time to time. Of ongoing concern to the Trustees are potential cutbacks under OHIP and/or the Ontario Drug Benefit for Seniors.

As most Members know, the Drummond Report called for extensive Provincial spending reductions and warned that, without belt-tightening, the Province will would face a crippling $30-billion deficit by 2017-18 and that failure to follow its proposed severe austerity measures could cause Ontario's debt to balloon to more than $411 billion in five years. Most of the recommendations of the Drummond Report have not been implemented.

Key to meeting the target was capping annual increases in health-care spending at 2.5 per cent, something Mr. Drummond noted no jurisdiction has achieved in the last 30 years. Health-care spending in Ontario has been rising by almost seven per cent a year.

Any severe cutbacks to OHIP and/or the Ontario Drug Benefit for Seniors will not automatically be covered by the Welfare Plan and, to the extent that they are, higher contributions to the Plan may be required, and new ceilings (maximums) may be required for some covered items.

BRIEF SUMMARY OF THE PLAN

The Welfare Plan covers Members, Apprentices, their Spouses and unmarried dependent children under Age 22, provided that these Dependants are Canadian residents and are covered under a provincial Medicare plan.

On May 1, 2009 the Hourly Contribution became $4.11. Of that amount, $3.7898 is deposited to the Dollar Bank of the Member who earned the Contribution, $0.03 is used to fund the liability to continue Welfare and Pension Plan Benefits, by continuing contributions on behalf of the Member, for up to one year on account of Members who are disabled and in receipt of Workers' Compensation (WSIB) 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, however, it was determined that the 29.02 cent contribution was not sufficient to provide both Extended Benefits and Retired Member Benefits. In 2007 the Trustees decided to fully account for the 29.02 cent allocation in an Extended Benefit Reserve. At the same time the Trustees established distinct Reserves for Retired Member Benefits and Workers Safety and Insurance Board Benefits.

Under the Monthly Dollar Bank Deduction Rules in effect commencing July 1, 2009 your Dollar Bank is debited each month in the amount of $409.00. Members can save excess Contributions in their Dollar Bank up to $4,908 - that is, one year's Coverage under the current Rules.

The Trustees have not increased the Dollar Bank Deduction since July 1, 2009 even though the cost of health care has risen since that time and improvements have been made in the Plan. The Trustees have been able to defer increasing the Dollar Bank Deduction largely due to the Ontario government initiatives which curtailed the cost of drugs and a change in the Plan's investment policy.

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

At January 1, 2013, the Plan provides Benefits to:

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

Accidental Death and Dismemberment Benefits:

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

Weekly Income:

- $468 per week, 26 week Maximum Benefit, commencing first day of disability due to accident or hospitalization, 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:

- $1,750 Monthly Income Benefit, payable from the 27th week of continuous Total Disability to Age 65 with respect to disabilities arising on or after January 1, 2011. 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.

For Members and Dependants age 65 and older, the Plan does not pay for any Drug covered under the Ontario Drug Benefit Plan (ODB) for Seniors.

- The Plan excludes coverage for expenses incurred due to a motor vehicle accident.

Vision Care:

- The Vision Care 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 $1,000 per person, within the $2,000 maximum. Claims are paid on the basis of the 2012 Ontario Dental Association (ODA) Suggested Fee Guide For General Practitioners.

- The Plan excludes coverage for expenses incurred due to a motor vehicle accident.

The Trustees reserve the right to terminate, suspend or modify the Welfare Plan should circumstances warrant.

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 $409.00 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.

Retirees who return to work are not eligible for the Extended Benefit Program.

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 Plan Administration Office.**

The Trustees reserve the right to terminate, suspend or modify the Extended Benefit Program should circumstances warrant.

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 Plan 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.

The Trustees reserve the right to terminate, suspend or modify the Apprentices Benefit Program should circumstances warrant.

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 Waiver of Premium must be made by the Member and approved by the Insurer.

It is the sole responsibility of a disabled Member to give prompt written Notice to the Plan 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.

The Trustees reserve the right to terminate, suspend or modify the Program for Permanently Disabled Members should circumstances warrant.

PAY DIRECT OPTION

In the event that the Member's Dollar Bank Balance is less than $409.00 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 months by paying the full cost of these Benefits. Members also have the option to continue only the Life Insurance Benefit or Life Insurance and Survivor Income Benefits. Details may be obtained from the Plan Administration Office. Retirees who return to work are not eligible for the Pay Direct Option.

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.

Pay Direct Notices are sent by regular (not registered) mail – they are deemed to have been received five business days after the date the Notice was mailed. Payments must be made on time. Late payments are not accepted.

The Trustees reserve the right to terminate, suspend or modify the Pay Direct Plan at any time.

RETIRED MEMBERS

When an Active Member retires, 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); and
- The Retired Plan Member makes the required Monthly Retiree Contribution (see note at end of this section),

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 $100,000 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 where the Plan Member resides.
- Subject to a Maximum Benefit of $225 per calendar year per specialty, the Plan will pay the amount charged by a Chiropractor, Physiotherapist, Psychologist, Registered Massage Therapist, Osteopath, Naturopath Speech Therapist and Podiatrist.

Prescription Drugs:

- The above-described Prescription Drug Plan for Active Members is extended to Retired Members. For Retired Members and Dependants age 65 and older, the Plan does not pay for any Drug covered under the Ontario Drug Benefit Plan (ODB) for Seniors, nor the $100 Annual Deductible or the Professional Dispensing Fee payable under the ODB. This applies to all persons covered by the Retired Members Welfare Plan, regardless of where they reside.

Vision Care:

- Subject to a Maximum Benefit of $50 per person per 24-month period, a Vision Care 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 each year. Claims for services and supplies will be paid on the basis of the 2012 Ontario Dental Association Suggested Fee Guide For General Practitioners.

Note: Any residual Dollar Bank remaining at the time of retirement will be used to offset any contribution requirements based on the Retired Member Plan chosen, until the Dollar Bank is exhausted. If the Retired Member returns to work, he will be required to pay for the Retired Member Plan he has chosen at the unsubsidized rate until he ceases working or exhausts his Dollar Bank, whichever comes later. However, any contributions made on his behalf while he is working will be added to his Dollar Bank.

The Trustees reserve the right to terminate, suspend or modify any of the Plan's Benefits at any time.

The following tables provide a summary of the Plan's Benefits as at January 1, 2012.

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	$468 per Week
Long Term Disability	$1,750 per Month
Major Medical	Various Levels
Dental	$2,000 Annual Maximum 2012 Ontario Dental Association Fee Guide
Prescription Drugs	100% for Generic Drugs; 70% for Brand Name Drugs $8.50 cap on Professional Dispensing Fee
Vision Care	$240 per 24 Consecutive Months

UNEMPLOYED MEMBERS

All Benefits remain in force until the Unemployed Member's Dollar Bank Balance is less than $409.00. The Extended Benefit Plan provides:

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
Major Medical	Various Levels
Dental	$2,000 Annual Maximum 2012 Ontario Dental Association Fee Guide
Prescription Drugs	100% for Generic Drugs; 70% for Brand Name Drugs $8.50 cap on Professional Dispensing Fee
Vision Care	$240 per 24 Consecutive Months

Retired Members, if eligible, may choose one of the following Plans upon retirement:

RETIRED MEMBERS – OPTION A

Benefit	Coverage
Group Term Life Insurance*	$10,000 for Member Only
Major Medical	$100,000 Lifetime Maximum
Dental	$1,000 Annual Maximum 2012 Ontario Dental Association Fee Guide
Prescription Drugs	100% for Generic Drugs; 70% for Brand Name Drugs. Members and Spouses over age 65 must be enrolled in the ODB $8.50 cap on Professional Dispensing Fee
Vision Care	$50 per 24 Consecutive Months

RETIRED MEMBERS – OPTION B

Benefit	Coverage
Group Term Life Insurance*	$10,000 for Member Only
Major Medical	$100,000 Lifetime Maximum
Dental	$1,000 Annual Maximum 2012 Ontario Dental Association Fee Guide
Vision Care	$50 per 24 Consecutive Months

RETIRED MEMBERS – OPTION C

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 AND FUNDING 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 (Manulife Financial). 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 upon the Welfare Plan's claims experience, expected future use of the Plan and the demographic changes of Members enrolled in the Plan.

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

Active Members

Effective May 1, 2009, the Hourly Contribution was $4.11, 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. Commencing January 1, 2007, the Trustees established a WSIB Reserve of $535,000 into which the 3¢ per hour is deposited, and from which the cost of the Benefits provided is withdrawn.

The opening balance of the Worker's Compensation (WSIB) Reserve as of January 1, 2012 was $377,796. The closing balance as at December 31, 2012 was $378,450. 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 2012 was $84,384 while the amount paid in Benefits was $83,731.

For each Hourly Contribution of $4.11, $3.7898 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 Training School.

The Trustees set up a Reserve for Extended Benefits as of January 1, 2007. The $0.2902 is deposited into the Reserve each year while the cost of the Benefits provided are withdrawn from it. The opening balance in the Reserve at January 1, 2012 was $2,948,211 while the closing balance at December 31, 2012 was $3,556,241. The total Contributions targeted for this Benefit since February 1992 were $ 10,526,824. The total cost of providing Extended Benefits over the same period was $ 7,006,236, leaving a positive balance of $ 3,520,588.

Effective January 1, 2013, the Fund paid $373.94 per month on behalf of each Active Member eligible for Benefits. The Active Member Dollar Bank Deduction has remained at $409.00 per month since July 1, 2009. The difference of $35.06 is deposited to the Fund's Unallocated Surplus and is used to support Retired Member Benefits, stabilize the Fund against future adverse claims experience and to support benefit improvements.

Retired Members

Provided a Retired Member qualifies (see the Eligibility Requirements in the Benefits information booklet), such Member is offered enrolment in three different Retired Member Welfare Plans.

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 increased 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 their choice of one of three Optional Plans by agreeing to pay a Monthly Contribution which, in most cases, is deducted from the Retired Member's monthly Pension Benefit.

Continuous status as a Member in Good Standing of Sheet Metal Workers Local Union 30 is necessary for the Retired Member to participate in the Retired Member Welfare Plan. Full payment for the selected Plan will be required for Retired Members who are available for work or working until they cease work and their Dollar Banks are exhausted.

The amount Retirees contribute to the Plan is set by the Trustees. The amount set by the Trustees is approximately 50% of the actual Monthly Insurance Premium paid for the benefit. The difference is paid out of the Welfare Fund's Reserve for Retired Member Benefits. The current Contribution and Subsidy structure is set out in the following Table.

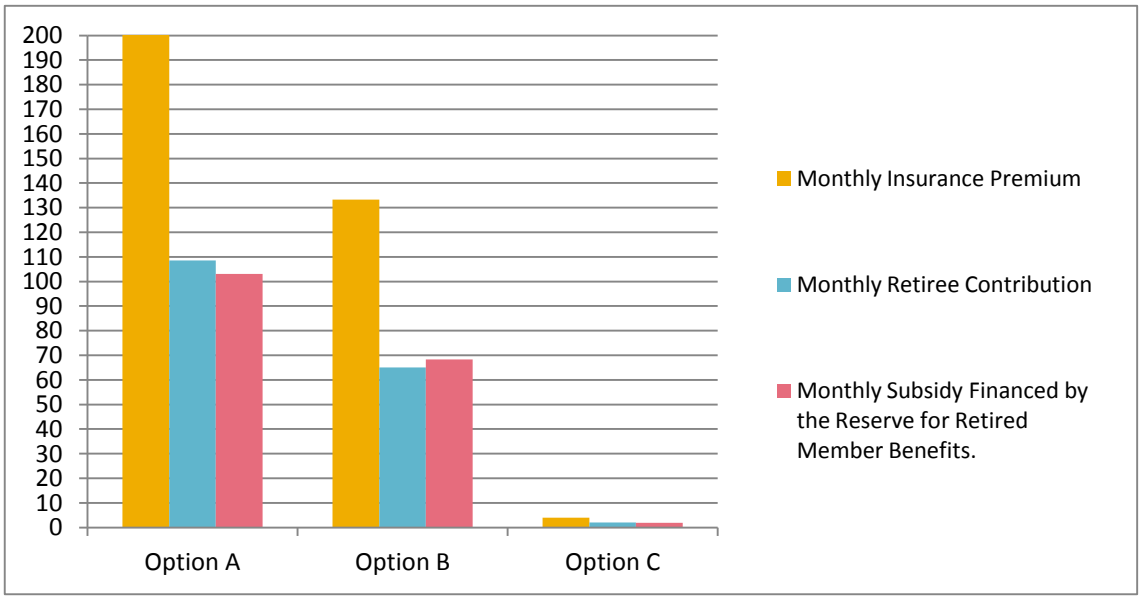
As at January 1, 2013:

Plan Option	Monthly Insurance Premium	Monthly Retiree Contribution, net of Tax	Monthly Subsidy per Retired Member
A	$211.65	$108.52	$103.13
B	$133.33	$65.01	$68.32
C	$3.95	$2.05	$1.90

Notes:

1. Retired Members living in Ontario are required to pay Ontario's 8% Retail Sales Tax on their Monthly Contribution.
2. Retired Members who are not eligible for the subsidized rate are required to pay the Monthly Insurance Premium.

The following Graph provides a comparison of the Monthly Insurance Premium in relation to the Monthly Retiree Contribution. The difference is the Monthly Subsidy which is financed by the Welfare Fund's Reserve for Retired Member Benefits.



Several years ago the Trustees engaged an Actuary to assist them in determining what funding would be required to assure that the Retired Member Benefits would be sustainable. The Actuary calculated that the amount needed would be approximately $18 Million.

Effective January 1, 2007, the Trustees established a Reserve for Retired Member Benefits. The opening balance of the Reserve as of January 1, 2012 was $5,864,336. This Reserve decreases by the amount the Fund pays to subsidize Retired Member Benefits and is increased by investment income and, commencing in 2011, by the equivalent of $0.25 per hour for each Active Member contribution earned. The cost of the hourly contribution allocation is drawn from the Welfare Trust Fund's surplus. The closing balance of the Reserve for Retired Member Benefits as at December 31, 2012 was $5,957,369.

The Reserve will be increased by any new allocations the Trustees approve for this Reserve.

Each Retired Member who wishes to be covered by one of the three Plans that are offered is required to pay approximately 50% of the Monthly Insurance Premium (plus 8% Retail Sales Tax for Ontarians). The necessary payment is deducted from the participating Retired Member's Pension payment. 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. Retired Members who return to work must pay the full Monthly Insurance Premium for their chosen Plan until they retire again and use up their Dollar Banks.

During the last five years, of the 147 Members who retired directly from Active Membership, 128 were eligible to enrol in the Retired Member Benefit Program and 121 of them did so. Only seven Retirees opted not to enrol.

Welfare Plan Membership

The following data are taken from the Administration Office's Insured Member File, and illustrate the number of insured Members in December of the indicated year.

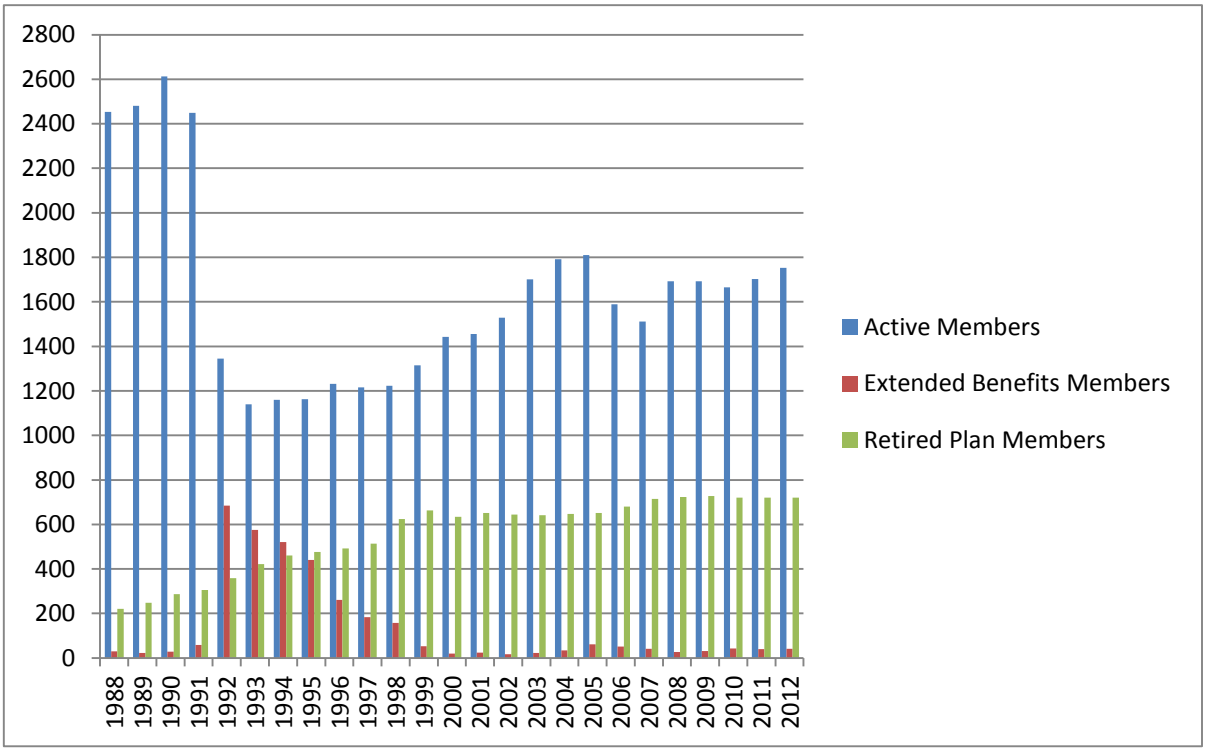
Year	Active Members	Extended Benefit Plan Members	Retired Plan Members	Ratio Of Active Members To Extended Benefit And Retired Members
1988	2,454	29	221	9.82
1989	2,481	23	248	9.15
1990	2,612	28	286	8.32
1991	2,449	59	305	6.73
1992	1,345	684	358	1.29
1993	1,140	576	421	1.14
1994	1,159	521	460	1.18
1995	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
2009	1,692	31	727	2.23
2010	1,665	43	720	2.18
2011	1703	40	720*	2.24
2012	1752	41	720*	2.30

Comprised as follows: Plan A – 463; Plan B – 161; Plan C – 96

The chart below sets out the number of Active Members, by age, enrolled in the Pension Plan in 2007 and 2010.

Ages	September 30, 2010	September 30, 2007
20-24	66	72
25-29	164	139
30-34	164	142
35-39	153	197
40-44	257	294
45-49	289	263
50-54	229	175
55-59	145	159
60-64	103	92
65 and over	19	17
Total	1,589	1,550

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 2012, inclusive.



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 Plan Administration Office issues a T4A 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.

- The Ontario Drug Benefit Plan (which once paid 100% of listed prescription medications 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 enhanced the stability of the Welfare Plan's Benefits.

- In July 2010 the Ontario Government introduced the Harmonized Sales Tax (HST). This Tax adds Provincial Sales Tax to those amounts which already attract the Goods and Services Tax (GST). HST will not be applied to Pay Direct payments or Employer Contributions. The Ontario Retail Sales Tax will still be payable on these payments.

The impact of HST on the Welfare Fund has been to increase the non-insurance operating cost of the Fund by 8% (about $ 30,500 in 2012). Some organizations are lobbying the government to provide a rebate of this tax to health and welfare funds.

- Commencing July 1, 2010 the Government of Ontario implemented changes to reduce the cost of generic drugs listed on the ODB formulary. Pricing of other generic drugs, and professional allowances paid to pharmacies with respect to such drugs, remain unregulated.

  For generic drugs paid by ODB, the benchmark cost was reduced on a staggered basis, from 50% of the brand name drug to 25% of the brand name drug. The price of the same drugs, when paid for by private plans or individuals, was previously unregulated. The new regulations limited the cost of generics to 50% of brand on July 1, 2010, to 35% of brand on April 1, 2011 and to 25% of brand on April 1, 2012.

  Dispensing fees paid to pharmacies by the ODB increased by $1 to $8 effective July 1, 2010 and will increase by a further 2.5% in each of the succeeding five years commencing April 1, 2011.

  The Government confirmed that the 8% maximum mark-up over manufacturers' prices will continue to apply to drugs paid by the ODB, but mark-ups on drugs not paid for by the ODB remain unregulated.

- In the Autumn of 2010 the Trustees surveyed the Plan Membership. 477 Members (about 19% of those receiving the Survey) responded (a survey response rate of 5% to 10% is considered satisfactory). More than half of the respondents listed Prescription Drugs, Major Medical and Dental benefits as being of the highest priority.

- In December 2011, the Ontario Court of Appeal overturned an Ontario Divisional Court ruling which would have permitted pharmacy chains such as Shoppers Drug Mart to sell "white label" generic drugs in Ontario. The Ontario Government appealed the lower court ruling because it believed the white label drugs would ultimately lead to increased costs for the generic drugs involved.

- The premiums paid to the Insurer for Accidental Death and Dismemberment benefits constitute a taxable benefit commencing January 1, 2013. The premium amounts will be added to those for the Life Insurance and Survivor Income Benefits and reported on the T-4A Supplementary tax forms issued in 2014 and subsequent years.

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, Social Insurance Numbers, etc.). The collection of this Personal Information is essential to the proper administration of the Plans as well as determining each Member's entitlement to receive a Benefit. Personal Information is provided 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 Personal 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:

Consultant	J.J. McAteer & Associates Incorporated
Actuary / Investment Consultant	Eckler Ltd.
Administrator	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
Employee Assistance Plan	Family Services Employee Assistance Plans (FSEAP)
Insurer	Manufacturers Life Insurance Company (Manulife Financial)
Investment Managers	Gluskin Sheff + Associates Inc.
	Gryphon International Investment Counsel
	RBC Dominion Securities
	SEI Financial Services
	Walter Scott Global Investment Management
Legal Counsel	Borden Ladner Gervais LLP
Securities Monitoring	Labaton Sucharow LLP
	Robbins Geller Rudman & Dowd LLP

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