



SHEET METAL WORKERS LOCAL 30 WELFARE AND PENSION TRUST FUNDS

PLAN ADMINISTRATOR: EMPLOYEE BENEFIT PLAN SERVICES

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IMPORTANT NOTICE

December 2007

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

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

The "Window" Is Extended to Monthly Pensions commencing no later than April 1, 2009

Every person who is a Pension Plan Member, either Active or Terminated Deferred Vested, is entitled to receive, upon retirement, an unreduced Monthly Pension at the Pension Plan's Normal Retirement Age which is age 63.

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

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

will be entitled to receive an unreduced Monthly Pension **provided that a completed Application for a Retirement Pension is received by the Plan administrator no later than March 31, 2009. The commencement date of the Monthly Pension must be no later than April 1, 2009.**

Pension Accrual Rate

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

Actuarial Review of the Pension Plan

The last full Actuarial Valuation of the Pension Plan was performed at June 30, 2007. This Valuation revealed that the Plan was 100% Funded as a "Going Concern". However, the Plan had a Solvency Deficiency when valued using the actuarial assumptions stipulated by Ontario Pension legislation.

Highlights of the June 30, 2007 Actuarial Valuation are:

- There was continued heavy use of the current Early Retirement Window;
- The Plan's investment rate of return for the years ended June 30th was:

Year Ended June 30 th	Market Yield of Investments Net of Investment Expenses
2007	14.2%
2006	6.74%
2005	10.86%

This compares to the Actuarial Assumption of 6.75% after investment expenses;

- The Pension Plan has a Going Concern Surplus of \$45,817,471. At the last Valuation, dated June 30, 2004, the Going Concern Surplus was \$14,856,491. The main reason for the growth of over \$30 Million in the Going Concern Surplus was investment earnings which were greater than the Plan's 6.75% assumed investment return;
- Using Ontario's prescribed rules for determining whether the Pension Plan is "solvent", the Actuary found that, whereas the Plan has a Going Concern Surplus of \$45.8 Million, the Plan has a Solvency Deficiency of \$43.4 Million.

In August 2007, the Ontario Government passed legislation which permits Specified Multi-Employer Pension Plan, like ours, to apply for solvency relief. Solvency relief means that the approved pension plans do not have to introduce benefit decreases in order to fund a solvency deficiency. The Board of Trustees has asked the Pension Plan's Actuary to make an application to the Financial Services Commission of Ontario (FSCO) for solvency relief. This application will be filed in early 2008 and the Trustees have a reasonable expectation that their application for solvency relief will be approved. If the application for solvency relief is not approved, the Trustees will likely be forced to consider benefit reductions which could include a possible reduction in the Accrual Rate and/or changes to the Early Retirement Window.

Ontario Expert Commission on Pensions

In the Spring of 2007, the Ontario Government established the Expert Commission on Pensions. The role of the Commission is to examine Ontario's pension law and to make recommendations for improvement to this law which would enhance the preservation of the private pension system. The Commission is to report to the Ontario Government in 2008. An important part of the Commission's work is the examination of solvency rules for Specified Multi-Employer Pension Plans, like ours. The Trustees, via our support of the Multi-Employer Benefit Council of Canada (MEBCO), have endorsed the abandonment of Ontario's solvency laws as they exist today. The Trustees believe that Ontario's solvency laws put pressure on pension plans, like ours, to reduce benefits by requiring them to set aside funds for an event (such as the termination of the pension plan) that is not likely to take place. The Trustees are hopeful that the Ontario Government will listen to organizations like MEBCO and remove the requirement for pension plans, like ours, to fund on a solvency basis. You could see, from the information provided above that, when valued on a Going Concern basis (which means that our Pension Plan is continuing its operations under normal conditions), we had a Surplus of \$45.8 Million. If Going Concern was the only mathematical test necessary for our Pension Plan, the Trustees would certainly be in a position to consider benefit improvements, including a gradual restoration of the accrual rate.

The report of MEBCO to the Ontario Expert Commission on Pensions is found on the Pension Plan's website www.lu30plans.ca. We are attaching a sample letter that we encourage Members to write, in their own handwriting, and send to the Chair of the Expert Commission on Pensions. It is important for the Commission to hear from you. You, the Plan Members, are most deeply impacted by the current solvency rules legislated in Ontario and the Commission's role is to review the Ontario legislation.

The Trustees continue to encourage Members to contact their Member of Provincial Parliament on this subject because Ontario's pension law has had the result of keeping your Pension lower than it could have been if there was no solvency legislation (or even more realistic legislation). You should send a copy of the letter you send to the Expert Commission on Pensions to your Member of Provincial Parliament. It is critical that your MPP understand that this issue is important to constituents. You can help your MPP understand that Ontario's legislation has a real impact on you--- by keeping your pension artificially low.

Yours very truly,

The Board of Trustees
Sheet Metal Workers Local 30 Pension Trust Fund

Art White, Chairman
Robert Collie
George May

Michael Bloom, Co-Chairman
James Jackson
Peter Witruk