annual report

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

2017

Sheet Metal Workers Local Union 30 Benefit Trust Funds

FOREWORD

The Trustees of the Sheet Metal Workers Local Union 30, Benefit Trust Funds are pleased to present the 2017 Annual Report.

The Annual Meeting is being held on Saturday May 12, 2018. The Meeting is being held at Sheet Metal Workers' and Roofers' Local 30 office at 190 Milner Ave., Toronto, Ontario. Our special guest will be Chris Brisebois of Eckler Ltd., who will review the Pension Plan's Investments.

The Annual Meeting will begin at 10:00 a.m. and conclude by 1:00 p.m. There will be no motions accepted at this Meeting.
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 audits of the 2017 financial statements start in February and are completed by the end of June. 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 (FSCO).

The Annual Report does not replace your benefit booklets or Plan documents. Detailed information about the Plans can be found in the Trust Agreements, the Pension Plan Text, Member information booklets and the applicable contracts of insurance. The Plans' web site *www.lu30plan.com* holds an abundance of information about the Plans including claim forms, applications for benefits and newsletters. The Trustees offer Members access to their personal Pension and Welfare Plan information 24/7 via the Plans' web site.

The Plans' Facebook page is www.facebook.com/smwialocal30benefits.

Your comments and suggestions are always welcome. Please address correspondence to:

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Yours sincerely,

The Board of Trustees,
SHEET METAL WORKERS LOCAL UNION 30, BENEFIT TRUST FUNDS

A. E. White - Chair
F. Canonico
M. Roberts
P. Witruk - Co-Chair
B. LaFave
B. Wilkinson

THE PENSION TRUST FUND

The Pension Plan is registered under the Ontario Pension Benefits Act and under the Income Tax Act, Canada. The registration number is 0345850. The Plan meets the requirements of all applicable legislation, and will be amended in the future as may be required to remain compliant with all applicable legislation. Based on the unaudited financial statements of the Trust Fund, the following reflects the Fund's financial position as at December 31, 2017.

During 2017, the Pension Trust Fund:

Received:

Contributions	$21,313,989
Interest and Dividends	37,579,313
Net Realized Gains	3,549,336
Net Realized Capital Loss	0
Net Unrealized Capital Gains	15,490,313
GST Rebate and other	151,163
	$78,084,114

Disbursed on account of benefits and expenses:

Administration	$106,769
Audit	20,340
Benefits	22,018,604
Consulting, Actuarial	309,951
Custodial	145,324
Data Amendment Costs	23,110
Government Fees	30,941
Holdback Payments	696,380
Investment Management/Advisory	3,210,642
Legal fees after recoveries	7,590
Member Information Tools	69,966
Miscellaneous	5,888
Printing and Stationery	31,711
Telephone, Postage and Courier	9,404
Trustees' and Membership Meetings	12,296
Trustees' and Trust Fund Insurance	28,005
Trustees' Education	27,964
	$26,754,885
Net Income for the Year	$51,329,229
Net Assets at the beginning of the Year	$464,206,339
Gain for the Year	$51,329,229
Net Assets at the end of the Year	$515,535,568

At December 31, 2017 the Net Assets of the Pension Trust Fund were represented by:

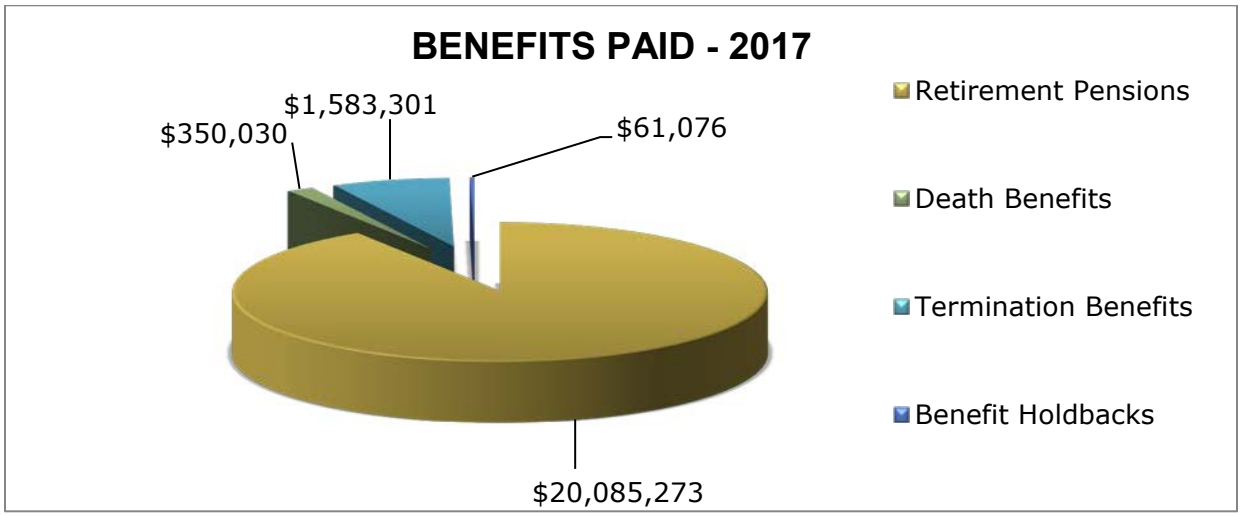
Cash (on hand or in transit, less accounts payable)	$2,399,386
Interest and Dividends earned, but not received by December 31st	39,224
Short-term notes, bonds	$118,680,734
Equities	341,379,148
Alternatives	53, 037,076
	$515,535,568

Short-term notes, bonds, equities and alternatives are reported at market value - that is, the closing price of these securities on the last trading day in 2017.

PENSION PLAN MEMBERSHIP AND BENEFITS PAID

As at December 31, 2017, 1,505 persons were receiving monthly pensions, and the total monthly pension pay-out was $1.69 million. There was a net increase of two persons in receipt of a monthly pension and a year over year increase of $68,500 in the total monthly pension pay-out when compared to December 31, 2016.

During 2017, the Trust Fund paid $22 million in benefits to Plan members and their beneficiaries. Details about benefits paid are shown in the table below.



PENSION PLAN FUNDING

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 (FSCO) to not 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 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 compliance with the *Ontario Pension Benefits Act*, an actuarial valuation of the Pension Plan is completed at least every three years and filed with FSCO. The purpose of an actuarial 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

contributions to the plan are sufficient to fund the pensions that the members earn after the valuation date.

The *Ontario Pension Benefits Act,* 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 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"** measures what would happen in the hypothetical event that the pension plan 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 if those benefits had to be purchased from an insurance company using current annuity rates prescribed under legislation.

  When completing a solvency valuation the actuary must use actuarial assumptions prescribed in the Regulations to the Ontario *Pension Benefits Act.*

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, endorsed 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.

The Ontario government is now consulting on the proposal to change the funding rules for pension plans like ours. The proposed new rules will not require plans to pay money if there is a solvency deficiency. This is good news for our Plan because the funding rules will be more realistic. It is expected that the new rules will require the Plan to have a sizeable surplus before benefits can be improved. The surplus requirement would give the Plan some protection in the event of a downturn in the capital markets.

The Valuation as at December 31, 2015 was filed with FSCO in September 2016. The Actuarial Valuation is available to Plan members on the members' web site.

The December 31, 2015 Valuation had the following highlights:

	Going Concern (in $1,000's)	**Solvency** (in $1,000's)
Assets	$424,088	$460,971
Actuarial Liabilities	462,749	824,373
Actuarial Surplus (Deficiency)	$(38,661)	$(363,402)

The smoothed actuarial value of assets of $424 million at December 31, 2015 was used for the Going Concern Valuation. Adjusted solvency assets, net of a provision for wind-up expenses, at December 31, 2015 were $460 million.

- The actuarial cost of pensions being earned by active members was less than the average hourly contribution.
- The estimated cost of benefits, plus the provision for administrative and investment related expenses, is 72.1% of estimated contributions. This was an increase from 70.6% at the previous Valuation as at August 31, 2014. The change in total annual cost is due mainly to the change in investment return rate assumption.
- Actuarial liabilities in the Solvency Valuation were $824 million and were $361.6 million greater than the actuarial liabilities of the Going Concern Valuation. This difference arises mainly because:
  - The actuarial investment return assumption in the Going Concern Valuation was 6.55% compounded annually, net of investment expenses. The Valuation at August 31, 2014 assumed 6.8%. The interest rate used in the Solvency Valuation was 2.1% for 10 years, 3.7% thereafter.

    Interest rates in Canada were almost 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.
- The Plan's 2015 Going Concern funded position of 91.6% increased from 89.6% at the August 31, 2014 Valuation.

Other statistics taken from the December 31, 2015 Actuarial Valuation are:

- There were 1,687 active, 1,098 inactive and terminated vested members, as well as 38 spouses of deceased members entitled to a pension when they reach age 63, or an earlier reduced pension if they prefer.
- The average age of active members was 43.8.

- There were 1,494 retired members (including surviving spouses) in the following age brackets:

Age	Number of Retired Members & Surviving Spouses
Age < 35	2
Age 35 - 40	2
Age 40 - 45	3
Age 45 - 50	2
Age 50 - 55	5
Age 55 - 60	27
Age 60 - 65	119
Age 65 and over	1,334

AMENDMENTS TO THE PENSION PLAN 2012-2017

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

Funding relief for the Plan as a Specified Ontario Multi-Employer Pension Plan (SOMEPP) was extended to September 1, 2017. An extension to the solvency moratorium to August 2018 was provided June 29, 2017.

In 2012 the Ontario government allowed plans like ours to reconsider how they funded for early retirement pensions if they included a subsidy or any "grow-in" right which provided a benefit when a member had achieved a certain age and service. The Trustees decided not to pre-fund liabilities for any subsidized early retirement benefit. This is called "opting-out of grow-in rights".

In July 2012, the Ontario government required that all Ontario pension plans provide for immediate vesting. The Plan was amended to provide immediate vesting for all Members who were not terminated at June 30, 2012.

Effective September 9, 2014, the Plan's termination benefit was amended in the event the terminated member elects to transfer his/her entitlement from the Plan. If a terminated member elects to transfer his/her pension from the Plan, his/her accrued pension payable at the normal retirement age of 63 is adjusted by multiplying it by the Plan's Transfer Ratio. This will result in a lower amount being paid. If the terminated member elects not to transfer his/her pension entitlement from the Plan he/she would be entitled to the deferred pension payable as early as age 53.

Effective November 1, 2014 the Plan's Transfer Ratio is determined quarterly.

Effective May 1, 2015, the Plan was amended to establish the future service accrual rate of 15% for contributions made from September 1, 2014. The Plan was amended to limit the termination benefits paid by the Plan and effective September 9, 2014 going forward any terminated member who elected to transfer their pension from the Plan, would only receive their transfer amount would be multiplied by the Plan's Transfer Ratio.

The Trustees made this change in order to reduce the losses the Plan had in paying out lump sum benefits to terminated members instead of providing monthly pensions and to ensure that terminated members participated in the adjustments required for more secure funding.

Effective November 1, 2015, the Plan was amended so that a Plan member who applies for a disability pension must be a Member in Good Standing of Local Union 30 at the time the application for a disability pension is made and on the date the disability pension commences.

Under legislation, a surviving spouse of a Plan member who dies prior to commencing a pension from the Plan is entitled to receive an immediate or deferred pension from the Plan. Effective January 1, 2016 the Plan was amended to formally document this in the Plan Text.

Effective January 1, 2017, the Plan was amended

(i) to provide for the payment of expenses by the parties when there is a dispute over the pension payable by the Plan. This ensures the Plan is not paying legal and other costs to manage private disputes;

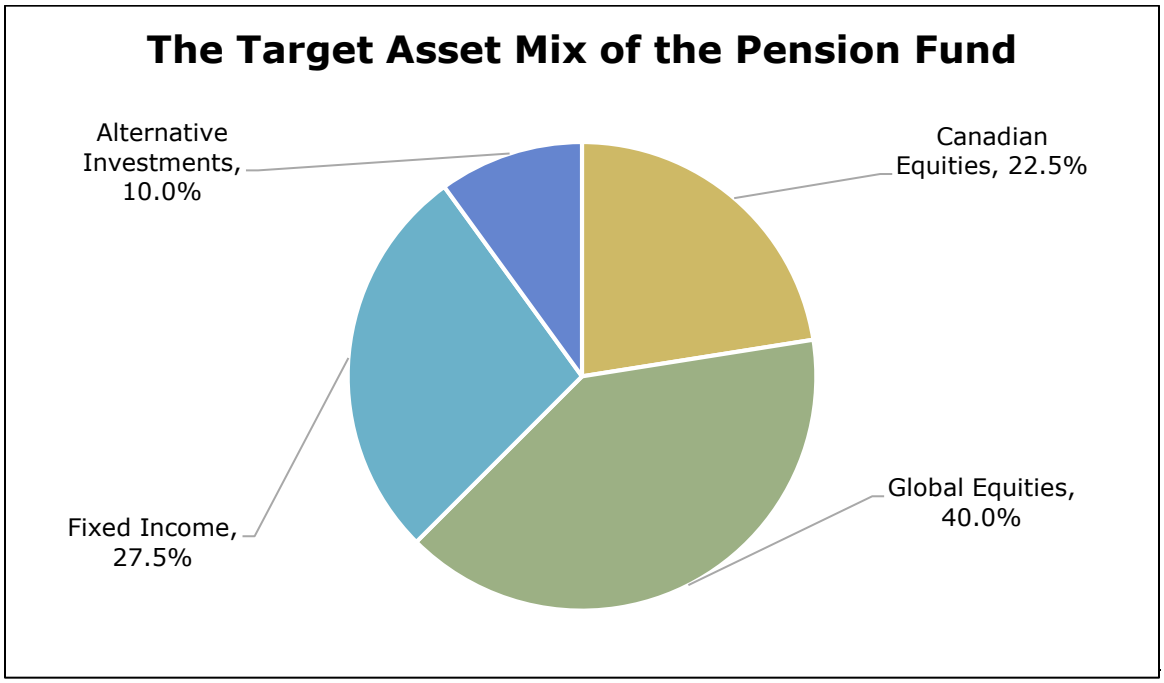
(ii) to provide for the deposit to the Trust Fund of certain fees, expenses, reimbursements and other accounts; and

(iii) to limit voluntary contributions to those approved in advance by the Trustees.

Effective January 1, 2017, the definition of spouse was amended to conform with the Pension Benefits Act. A spouse now includes a parent of a child resulting from surrogacy or assisted reproduction.

PENSION TRUST FUND INVESTMENTS

- Establishing an appropriate asset mix for the Plan is one of the most important roles of the Trustees.
- The Trustees have adopted a Statement of Investment Policies and Procedures (the "investment policy"). The purpose of the investment policy is to obtain the best possible investment returns with a prudent investment strategy. The investment policy is reviewed annually and amended as necessary.
- The 2013 Asset Liability Study recommended that the Pension Plan's target asset mix be:



The recommended target asset mix was implemented in 2014.

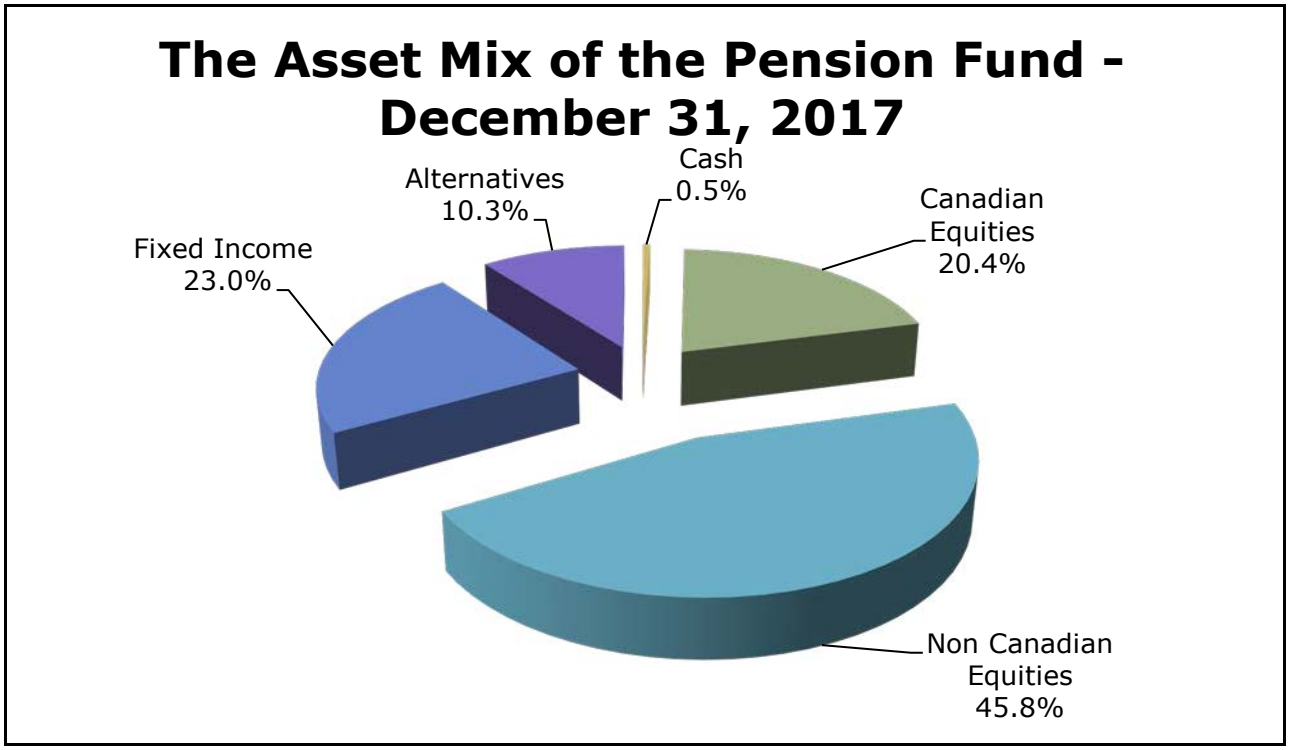
- The rate of return on the Plan's investments was 12.3% for 2017. The benchmark for the Pension Plan's return for 2017 was 9.9%. The benchmark is the return that could have been achieved using passive management instead of active management. The use of active investment managers during 2017 added to the Fund's performance by 2.4%.
- During the four years ended December 31, 2017 the Pension Plan's rate of return was 9.5%. The benchmark for the Pension Plan's returns for this period was 8.8%. The use of active investment managers during the four-year period added to the Fund's performance by 0.7%.
- During the five years ended December 31, 2017 the Pension Plan's rate of return was 10.3%.
- During the ten years ended December 31, 2017 the Pension Plan's rate of return was 6.5%. This return is impacted by the 2008-2009 financial market crisis.
- The Trustees set a benchmark level of risk that represents the expected volatility in investment returns. The Plan's risk factor is 4.8. At the end of 2017 the Plan's actual risk factor was 5.1. Most of the Plan's excess risk came from the global equity markets that were very volatile over the last five years, particularly in 2014 and 2015. Because the Fund's return was higher than the benchmark the Fund benefitted from the additional risk.
- The Trustees adopted a currency hedging policy in 2015 to reduce the volatility created by the changing value of the Canadian dollar compared to some other major World currencies. The policy is a long term strategy that does not try to predict the value of the Canadian dollar. Currency hedging increased total Fund returns by 0.7% in 2017.

The assets of the Pension Trust Fund are managed by seven professional investment managers. These investment managers are allocated a part of the Fund, and are given mandates to invest in Canadian and non-Canadian Equities, Alternatives such as real estate, Bonds and Short Term Cash.

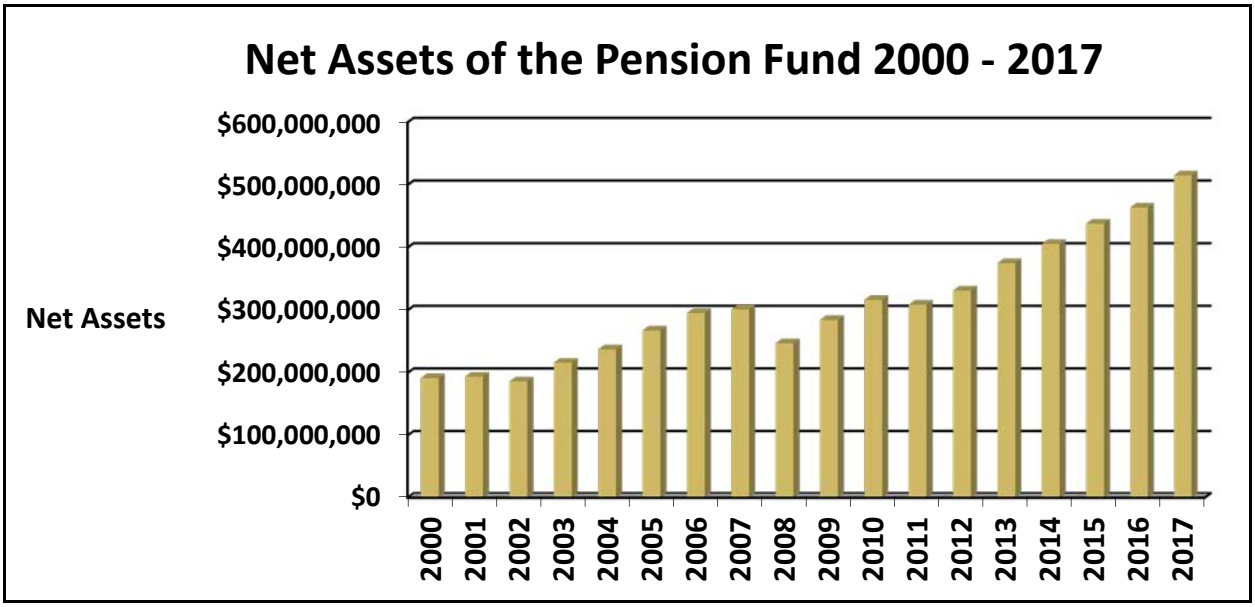
The Trustees retain Eckler Ltd. for the role of investment consultant. This role includes independent performance measurement services and other monitoring of the Fund's investment managers along with asset liability modelling and setting of investment policy.

The Trustees monitor Plan returns, its risk factors and each investment manager on a regular basis. As part of this process, four times each year and as part of their oversight responsibilities, the Trustees conduct a dedicated Pension Trust Fund Investment Meeting. Investment managers attend these Meetings to give reports on the performance of their respective portfolios and to provide an outlook on how their portfolios are structured to address the economic outlook.

The Fund's investments had a market value of $515.5 million at December 31, 2017. The actual asset mix of the Fund was:



The graph below illustrates the growth in the Net Assets of the Pension Trust Fund over the last 18 years. Net Assets are 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 Actuarial Liabilities of the Plan in respect of accrued pensions and pensions-in-pay are not included in Net Assets.



2000	$191,897,412	2006	$295,850,850	2012	$331,632,424
2001	$194,310,801	2007	$301,526,568	2013	$375,353,949
2002	$186,607,555	2008	$247,560,151	2014	$405,900,855
2003	$216,478,816	2009	$284,715,011	2015	$438,472,165
2004	$237,715,716	2010	$316,141,323	2016	$464,206,339
2005	$268,020,927	2011	$309,163,447	2017	$515,535,568

LEGISLATION BEARING ON THE PENSION PLAN 2010-2017

PROVINCIAL LEGISLATION

The Ontario Pension Benefits Act

- In December 2010, Bill 120 "*Securing Pension Benefits Now and for the Future Act, 2010"* received Royal Assent. This legislation, which amended the Ontario *Pension Benefits Act*, changes how Ontario multi-employer pension plans fund pension benefits. Solvency funding that requires that pension plans arrange benefits on the assumption that the plan is terminating, would be drastically changed under the proposed legislation. The regulations were never issued and may now be replaced by new laws about pension plan funding.
- In June 2011, the Ontario Government proclaimed an 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 and its impact on the Plan 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 were prepared by FSCO that must be used by the parties. Pension plans were permitted to charge a fee for each date a valuation is requested to reflect the additional cost of this work.

3) The Board of Trustees resolved that any member of the 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 Trust Fund.

- In July 2012, a new Regulation came into force that 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.
- Effective July 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 two years of qualifying employment) is permitted.

The Trustees amended the Plan, effective July 1, 2012, to defer Plan membership until at least 700 hours of contributions had 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” was increased. 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. The Plan charges 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 highlighted that plan members must ensure that their beneficiary designations are current and that they must not assume such designations change automatically due to a separation or divorce.

Plan members are required to ensure their Plan documents reflect their wishes and the obligations they have under any relationship agreements. Members are **required** to file these documents with the Plan administrator when they are signed by both parties.

- Pension plans must pay interest on retroactive pension payments.

Regulatory Authority

New legislation will create the Financial Services Regulatory Authority (FSRA). FSRA will be an independent body governing sectors now covered by the Financial Services Commission of Ontario (FSCO), the Ontario Financial Services Tribunal and the Deposit Insurance Company of Ontario. Its scope will include the regulation of pension plans. FSRA is expected to be operational in 2018. The Trustees expect little impact on the Plan due to this change.

Solvency and Target Benefit Legislation

In May 2017 the Ministry of Finance issued a consultation paper to introduce target benefit plans and funding on the basis of going concern plus for both single and multi-employer pension plans. The legislation will provide a phase in period. Single employer plans with a solvency position of less than 85% will not be allowed to convert to target plans.

An extension to the solvency moratorium to August 2018 was given in June 2017.

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 tax increases the non-benefit costs of the Fund by about 8% or $328,000 per year.

New Disclosure Rules

Effective January 2016 pension plans are required to disclose policies with respect to Environmental, Social and Governance (ESG) issues. These policies are included in investment policies and on annual statements issued to members. The Fund's Statement of Investment Policies and Procedures includes the Trustees' policy regarding the management of investments keeping in mind environmental, social and governance issues.

Starting in June 2017 (i.e. for the 2016 fiscal plan year), biennial statements must be issued to retired and terminated members.

Administrative Monetary Penalties

Effective January 1, 2018, FSCO now oversees a system that could assess monetary penalties to pension plan trustees. Penalties are assessed for failure to comply with legislation. The Trustees consider the risk of the Plan being assessed a penalty to be very low because there are measures in place to measure Plan compliance with all applicable legislation.

Missing Persons

FSCO introduced two administrative guidelines regarding the responsibilities of pension plans to attempt to locate "missing/unlocated persons" who may have an entitlement to benefits under a plan. Ontario registered pension plans must file a request for a waiver if the plan cannot locate persons to whom a biennial statement is owed. The Trustees have measures in place to look for persons whose contact information is no longer accurate. To protect both the Plan and the member, the Trustees will suspend a pension or other payment if it appears that the member's essential information has changed without notice to the Plan.

FEDERAL LEGISLATION

Canada Pension Plans Act

1) Changes were made to the Canada Pension Plan (CPP) so that reductions for taking an early pension (in advance of age 65) were increased to reflect the longer life expectancy of Canadians. Persons taking an early CPP pension will have a reduction of 7.2% per year for each year of retirement earlier than age 65.
2) CPP retirement pensions will be higher if taken after age 65. The CPP pension will be increased by 0.7% for each month after 65 (up to age 70). A person delaying retirement after age 65 will be given an increase of 8.4% per year for each year of delayed retirement.

Starting in 2012, an employee could begin receiving his/her CPP pension without any work interruption. In addition if an employee under age 65 continues to work while receiving his/her CPP pension, the employee and the employer must continue to make contributions to CPP. The contributions will increase the employee's CPP benefit. If an employee between age 65 and 70 continues to work while receiving CPP benefits, he/she can choose to make CPP contributions. The contributions will increase his/her CPP benefit.

Old Age Security Legislation

In March 2012 the Federal Minister of Finance announced a change to the age of eligibility for OAS (Old Age Security) and GIS (Guaranteed Income Supplement) benefits. The

qualifying age was to be gradually increased from 65 to 67. The change would have been phased in, beginning in April 2023 and completed by January 2029. However, in March 2016, the Liberal government announced it will reverse the decision to raise the eligibility for OAS to age 67.

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

Bill C-377 – An Act to Amend the Income Tax Act

Bill C-377 would have required unions and pension plans that provide benefits to union members to provide significant financial disclosure. The Trustees were concerned about this proposed legislation because of the possibility of a requirement to disclose members' personal information.

The Liberal government repealed this legislation in January 2016.

OTHER DEVELOPMENTS AFFECTING OUR PENSION PLAN

Canadian Institute of Actuaries (CIA)

In 2014 the Canadian Institute of Actuaries (CIA) released its report on Canadian Pensioners' Mortality. The report showed some important conclusions: Canadians are living longer than earlier forecasted – the life expectancy of the average 65 year old has increased by 3.5 years. The message is that Canadians and pension plans should expect that there will be more years spent in retirement. While good news, improved life expectancy increases pension costs.

The CIA has reviewed its commuted value (CV) standard in respect of multi-employer pension plans. It is proposed that CVs be calculated so that members receive only their proportionate share of plan assets. This would reduce the CV payments by about 50%. The Trustees support this new standard because it ensures that persons terminating employment do not take a benefit from the Plan that is paid for by the members who remain in the Plan.

TRUSTEE INITIATED DEVELOPMENTS NOT RELATED TO LEGISLATION

Internet Access to Personal Plan Information

Plan Members may now see their personal Pension and Welfare information by accessing the Plans' on-line resources. Access is on the upper right hand corner of the Plans' web site at www.lu30plan.com. Members must register for access. A registration form is included with the Annual Report.

Plan Facebook Page

The Trustees provide a Facebook page for members to quickly obtain current information about the Plans. Members that "like" the page are automatically sent Plan updates. You can find the page at **www.facebook.com/smwialocal30benefits**.

Financial Planning Estimates

For financial planning purposes, the Plan allows members to request one commuted value calculation in each five-year period. This initiative encourages Plan members to conduct frequent financial planning and to keep those plans up to date. Members can now use the Pension Forecaster to get this information.

Pension Forecaster

The new Pension Forecaster was made available to members in December. This robust tool is designed to help you plan for your retirement. It is customized with your personal information and will help you better understand your pension from the Plan and how it fits into your overall retirement strategy. This calculator is available through the Plans' web site.

In 2018, the Pension Forecaster will be enhanced so that members can include their RRSP savings in their retirement plans.

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 worked for an employer making contributions to the Trust Fund or by the amount of contributions paid to the Fund on your behalf. The amount of target benefit finally paid is subject to the funding status of the Plan. The Trustees must keep the Plan compliant with applicable legislation at all times. No benefit paid, or payable, by the Plan is ever guaranteed. Benefits can be increased or decreased.

Information for Active Plan Members

Each year by June 30th, active members receive an Annual Pension Statement disclosing the amount of annual pension they 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.

Normal Retirement Date is Age 63

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.

Early Retirement Available from Age 53

You do not have to wait until you are 63 to receive a 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.

How Benefits are Calculated

All members earn a target annual pension benefit expressed at the rate of 15% of contributions to the Plan. This rate can increase or decrease, subject to applicable legislation bearing on the Plan.

A summary of the prior rates of benefit in the Plan are included in the “Sheet Metal Workers Local Union 30 – A History of the Sheet Metal Workers Pension Plan” located on the Plans’ web site.

At December 31, 2017, hourly pension contributions were:

Journeyman	$9.16
3 Year Apprentice	$4.99
4 Year Apprentice	$5.84
5 Year Apprentice	$6.68
Sheeter/Decker	$9.16
Sheeter/Decker Assistant	$7.96
Material Handler	$6.76

Your Spouse's Pension Rights

If you have a Spouse upon your retirement and your Spouse does not waive her/his right to a Joint and Survivor Pension, and you die before your Spouse, 60% of the target amount paid to you will continue to your Spouse for her/his remaining lifetime. No benefit is ever 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 provision 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.

Optional Forms of Pension

Below are other forms of pension that may be chosen at your retirement:

Joint and Survivor Pension (100%) - if, upon your retirement, you have a Spouse and your Spouse does not waive her/his right to a Joint and Survivor Pension, and you die before your Spouse, 100% of the target amount paid to you will continue to your Spouse for her/his remaining lifetime.

Life Only Pension - if, upon your retirement, you do not have a Spouse, or your Spouse has waived entitlement to the Spousal Benefit, this pension is payable monthly as long as you live with the last payment falling due in the month of your death regardless of the number of payments made. No payment continues after your death.

Life Pension (Guaranteed 5 Years) - if, upon your retirement, you do not have a Spouse, or your Spouse has waived entitlement to the Spousal Benefit, this pension provides for a monthly benefit as long as you live. If you should die within five years (60 months) of your retirement date, pension payments will continue to be paid to your beneficiary (or estate) for the balance of the five year period.

Life Pension (Integrated with Old Age Security) – if, upon your retirement, your retirement date is prior to your attaining age 65 and if you do not have a Spouse, or your Spouse has waived entitlement to the Spousal Benefit, this pension is payable monthly as long as you live. The Plan will pay a higher amount to your age 65 and then a lower amount thereafter since you will then be in receipt of Old Age Security.

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.

WELFARE TRUST FUND

Based on the unaudited financial statements of the Fund, the following reflects the Fund's financial position as at December 31, 2017.

During *2017*, the Welfare Fund:

Received:	
Contributions	$11,931,198
Interest Income	530,416
Miscellaneous	5,114
	$12,466,728
Disbursed:	
Administration Fees	$1,027,739
Audit Fees	22,148
Consulting Fees	287,627
FSEAP Premiums	12,932
Insurance Premiums	1,976,354
Investment Management Fees	126,240
Legal Fees Less Liquidated Damages	(3,029)
Member/Trustee Information Tools	24,454
Printing and Stationery	22,435
Self-Funded Benefits	7,172,648
Telephone, Postage and Courier, etc.	24,762
Trustees' and Membership Meetings	13,843
Trustees' and Trust Fund Insurance	29,085
Trustees' Education	29,976
	$10,767,214
Excess of Receipts over Disbursements	$1,699,514
Transfer to Dollar Bank and Other Reserves	($887,340)
Gain for the Year	$812,174
Net Assets at the beginning of the Year	$24,555,670
Gain for the Year	$812,174
Net Assets, end of the Year	$25,367,844

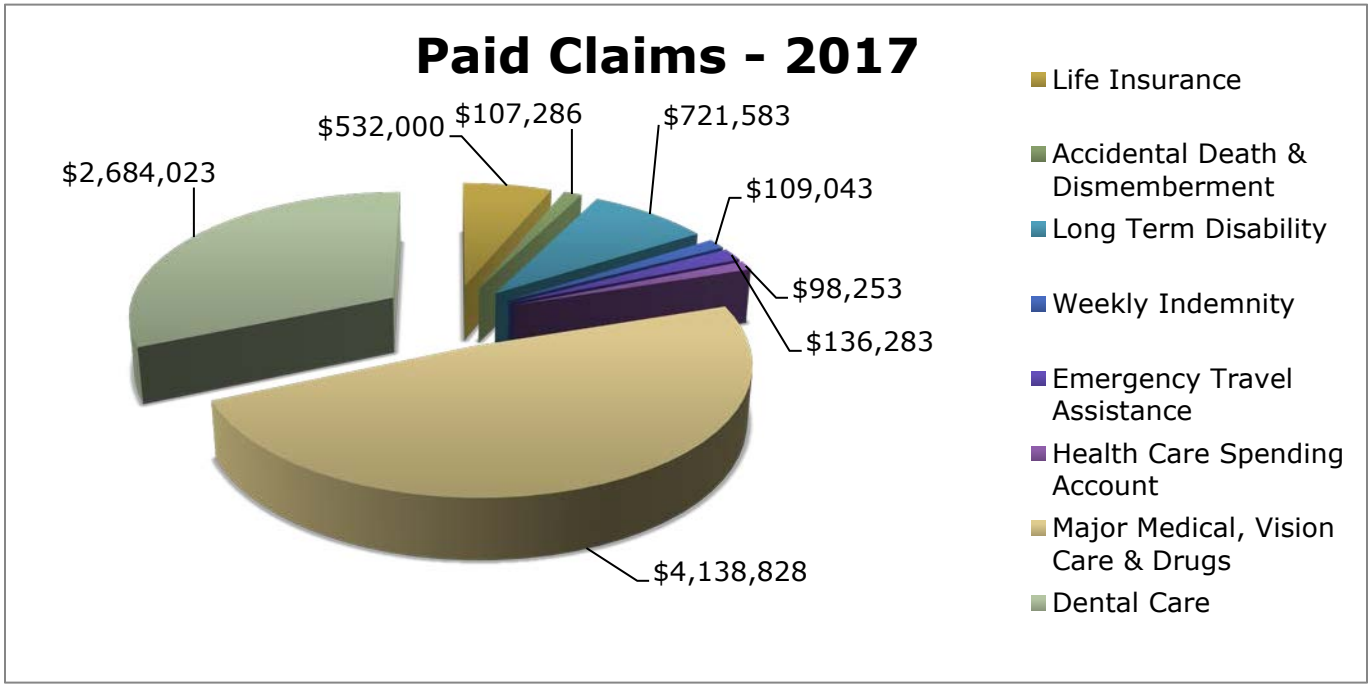
The Fund maintains several reserves to pre-fund the cost of future benefits. At the end of 2017 these reserves were:

Reserves:

For Benefits Not Yet Purchased	$6,907,876
For Claims Fluctuation Reserve	$1,039,316
For Dental Claims not reported	$174,438
For Extended Benefits	$5,983,610
For Health Care Claims not reported	$395,431
For Health Care Spending Accounts	$1,049,639
For Retired Member Benefits	$5,805,220
For Weekly Indemnity Claims not reported	$27,261
For Workers Safety and Insurance Board Benefits	$492,758

BENEFITS PAID DURING 2017

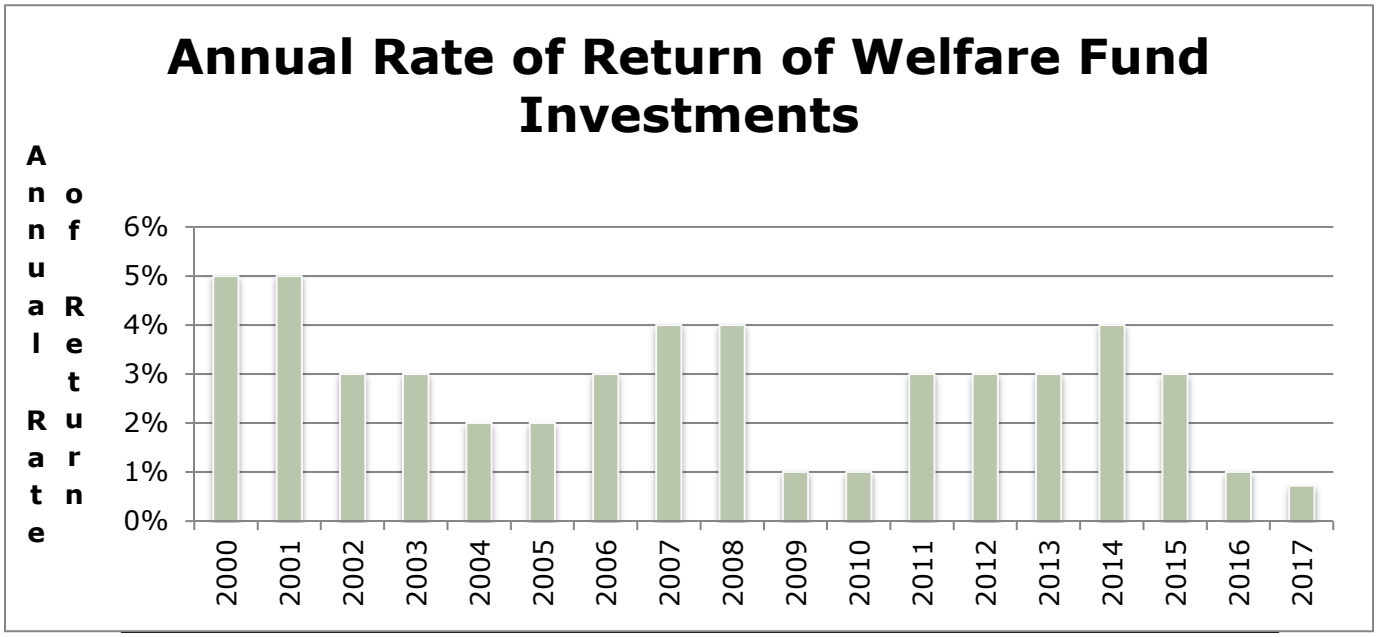
During 2017, the Welfare Plan paid $8.5 million in benefits.



The Trustees have adopted a Statement of Investment Policies and Procedures ('investment policy"). The purpose of the policy is to set out an investment strategy to obtain the best possible investment return with a prudent level of risk. The Trustees invest Fund assets in fixed income securities and do not take any equity (stock market) risk.

The Trustees' investment philosophy for the Fund is that there should be a priority on the protection of capital. The policy is reviewed regularly and amended as necessary.

The annual rates of return of the Fund's investments over the 18 year period from 2000 to 2017 inclusive are shown in the following graph:



2000	5.11%	2009	1.24%
2001	4.76%	2010	1.33%
2002	2.86%	2011	2.92%
2003	3.08%	2012	3.14%
2004	2.40%	2013	2.86%
2005	2.20%	2014	4.37%
2006	3.12%	2015	2.73%
2007	3.90%	2016	1.44%
2008	3.90%	2017	0.72%

BRIEF SUMMARY OF THE PLAN

The Plan covers members, apprentices, their spouses and unmarried dependent children under age 25 who are in full-time attendance at an accredited school, college or university. The Plan also covers disabled members, unemployed members and retired members. Everyone covered under the Plan must be a Canadian resident and covered under a provincial medicare plan.

Under the Monthly Dollar Bank Deduction rules in effect commencing July 1, 2009 members' Dollar Banks are debited each month in the amount of $409.00. Members can

save excess contributions in their Dollar Bank up to $4,908 - one year's coverage under the current rules.

The Trustees have not increased the $409.00 Dollar Bank Deduction since 2009 even though significant improvements have been made to the Plan. The Trustees have been able to defer increasing the Dollar Bank Deduction largely due to the Ontario government initiatives that curtailed the cost of drugs and efficient management of the Fund and Plan including a prudent investment policy. We caution members that the Dollar Bank Deduction will not remain at $409.00 forever as the tide has turned in terms of the cost of benefits, particularly for prescription drugs.

At January 1, 2018, the Plan provides the following benefits:

ACTIVE MEMBERS

Life Insurance:

- $100,000 Group Term Life Insurance
- $2,000 Spouse, $1,000 Dependant Child Life Insurance

Accidental Death and Dismemberment:

- Principal sum of $100,000

Weekly Disability Income:

- $547 per week, 26 week maximum benefit, commencing first day of disability due to accident or hospitalization, eighth day due to illness.
- The Plan does not cover disabilities arising due to motor vehicle accidents.
- This benefit is integrated with Employment Insurance.

Long Term Disability Income:

- $2,000 monthly maximum benefit, payable from the 27th week of continuous Total Disability to age 65. The benefit is reduced, dollar for dollar, by any amount paid or payable by Workers' Compensation (WSIB). It will also be reduced if income from other sources, such as from the Pension Plan, exceeds 75% of pre-disability income.
- The Plan does not cover disabilities arising due to motor vehicle accidents.

Major Medical:

- With certain exceptions and maximums, the Major Medical benefit pays 100% of medically necessary, reasonable and customary charges for a broad range of medical expenses not covered by OHIP.
- Included are charges for the services of a registered nurse, ambulance, prosthetic devices, hearing aids, speech therapy, and emergency hospital/surgical/medical services received outside Ontario.
- The Plan does not cover expenses arising due to motor vehicle accidents.
- Claims must be submitted electronically using the All-In-One Benefit Card.

Emergency Travel Assistance:

Benefits are limited to a maximum of 60 days per trip and emergency services will be paid to a maximum of $5,000,000 per incident.

FSEAP Free Counselling Services: fseap Now we're talking.

The Member Assistance Program is provided through Family Services Employee Assistance program (FSEAP). FSEAP provides 24/7 free confidential assistance for a broad range of personal and work-related issues including: personal/job stress, relationship issues, depression/anxiety, eldercare/childcare, addictions, teen hotline, divorce, parenting, financial/legal issues, nutritional counselling, smoking cessation, life coaching and much more. The toll free number is 1-800-668-9920 or go to myfseap.ca. Group Name: tosmwiamap. Password: myfseap1.

De Novo De Novo Treatment Centre

De Novo is a substance abuse program that offers pre-treatment, post-treatment and counselling programs. De Novo is available 24 hours a day and 7 days a week for the member or his/her immediate family. The toll free number is 1-800-933-6686.

Prescription Drugs:

- The Prescription Drug benefit pays 100% of the lower of the brand name or generic drug ingredient cost of medically necessary, prescription drugs prescribed by a physician for the treatment of illness or injury. The Plan pays a maximum of $8.50 per eligible prescription in respect of the Professional Dispensing Fee.
- The Plan does not pay for any drug covered under the Ontario Drug Benefit Plan (ODB).
- The Plan does not cover expenses incurred due to motor vehicle accidents.
- The Plan does not cover medical marijuana or any derivative of cannabis.
- Prescription drug claims must be submitted by your pharmacist using your All-In-One Benefit Card.

Vision Care:

- The Vision Care benefit 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.
- Providers must submit your claim using the All-In-One Benefit Card.

Health Care Spending Account:

- The Plan provides a Health Care Spending Account (HCSA). Your HCSA is intended for the reimbursement of eligible expenses that may not be covered or exceed the maximum under the Plan. Eligible expenses are those that qualify for medical tax credits under Canada Revenue Agency (CRA) Income Tax Guidelines. The allocation for 2018 is $600 per family. Allocations granted are deposited in January. Allocations must be used within 24 months of being granted. Unused allocations are forfeited at the beginning of the 25th month after they were granted. Future allocations to the HCSA are not guaranteed.

Dental:

- The Dental benefit provides a comprehensive range of benefits, up to an annual maximum benefit of $2,000 per person. The Plan also includes an orthodontia benefit that pays 75% of expenses up to a maximum annual benefit of $1,000 per person, within the $2,000 maximum. Effective January 1, 2018, claims are paid on the basis of the 2017 Ontario Dental Association (ODA) Suggested Fee Guide for General Practitioners.
- The Plan does not cover expenses incurred due to motor vehicle accidents.
- Claims must be submitted directly by your dental practitioner using the All-In-One Benefit Card.

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

UNEMPLOYED MEMBERS

In the event a 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. Thereafter, through the 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.
- Extended Benefits are limited to a maximum of 18 months (in aggregate and not necessarily consecutive) in any 36 consecutive month period. Members who refuse work three times while on Extended Benefits will be removed from Extended Benefits. Once removed from Extended Benefits, members will not be eligible for them again until they have worked at least 217 hours for a contributing employer.

In order to qualify, the member must:

- have been covered by the Plan as an active member immediately prior to the layoff or disability;
- be and remain a Member in Good Standing of Local Union 30; and
- make prompt application to the Local Union 30 for Extended Benefits. Local Union 30 is responsible for approving applications.

Retirees, including those who return to work, are not eligible for Extended Benefits.

The Trustees reserve the right to terminate, suspend or amend the Extended Benefit Program.

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 due to lack of contributions, apprentices can make arrangements with Local Union 30 to have credits granted in the Welfare Plan so that their Dollar Bank is not depleted while they are attending Apprenticeship Training School.

It is the sole responsibility of the apprentice to apply to Local Union 30 for this benefit. The Trustees reserve the right to terminate, suspend or amend the Apprentices Benefit Program.

PERMANENTLY DISABLED MEMBERS

The Welfare Plan continues some benefits for persons who suffer a disability while covered, 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 for wage or profit. In those cases, such members remain covered as follows:

If the member is Totally and Permanently Disabled, the Life Insurance benefit for active members may remain in force until age 65, through the insured Waiver of Premium benefit. At age 65, the benefit reduces to $10,000 ($5,000 for members disabled prior to October 1, 2003).

It is the sole responsibility of a disabled member to contact the Plan Administration Office and apply promptly and in writing for the Waiver of Premium**.**

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

PAY DIRECT OPTION

In the event that a 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. 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 of Local Union 30.

Pay Direct Notices are sent by regular mail or electronically – 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 amend the Pay Direct Program 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
- On the day 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; 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 all required Monthly Retiree Contributions (see note at end of this section),

the retired Plan member is eligible to choose Retiree Plan A, B or C and continue the following benefits:

Life Insurance (included under Retiree Plans A, B and C):

$10,000 Group Term Life Insurance. If the retired member has been approved for Waiver of Premium, the 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 (included under Retiree Plans A and B):

- Subject to the lifetime maximum benefit of $100,000 for each person, the Major Medical benefit provides benefits for a range of medical services and supplies that are not covered by OHIP or the member's provincial medicare plan.
- 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.
- Expenses not covered by the Major Medical Plan may be payable under your Health Care Spending Account (HCSA).
- Claims must be submitted using your All-In-One Benefit Card.

Emergency Travel Assistance (included under Retiree Plans A and B):

Benefits are limited to a maximum of 60 days per trip and emergency services will be paid to a maximum of $5,000,000 per incident.

FSEAP Free Counselling Services (included under Retiree Plans A, B and C):

The Member Assistance Program is provided through Family Services Employee Assistance program (FSEAP). FSEAP provides 24/7 free confidential assistance for a broad range of personal and work-related issues including: personal/job stress, relationship issues, depression/anxiety, eldercare/childcare, addictions, teen hotline, divorce, parenting, financial/legal issues, nutritional counselling, smoking cessation, life coaching and much more. The toll free number is 1-800-668-9920 or go to www.myfseap.ca. Group Name: tosmwiamap. Password: myfseap1.

Prescription Drugs (included under Retiree Plan A):

- The Prescription Drug benefit for active members is extended to retired members. The Plan does not pay for any drug covered under the Ontario Drug Benefit Plan (ODB).
- Claims must be submitted by your pharmacist using your All-In-One Benefit Card.

Vision Care (included under Retiree Plans A and B):

- Subject to a maximum benefit of $50 per person per 24-month period, a Vision Care benefit 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.

- Expenses not covered by the Vision Care benefit may be payable under your Health Care Spending Account (HCSA).
- Claims must be submitted using your All-In-One Benefit Card.

Health Care Spending Account (included under Retiree Plans A and B):

- The Plan provides a Health Care Spending Account (HCSA). Your HCSA is intended for the reimbursement of eligible expenses that may not be covered or exceed the maximum under the Plan. Eligible expenses are those that qualify for medical tax credits under Canada Revenue Agency (CRA) Income Tax Guidelines. The allocation for 2018 is $600 per family. Allocations granted are deposited in January. Allocations must be used within 24 months of being granted. Unused allocations are forfeited at the beginning of the 25th month after they were granted. Future allocations to the HCSA are not guaranteed.

Dental (included under Retiree Plans A and B):

- The Dental benefit 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 2017 Ontario Dental Association Suggested Fee Guide For General Practitioners.
- Expenses not covered by the Dental benefit may be payable under your Health Care Spending Account (HCSA).
- Claims must be submitted directly by your dental practitioner using your All-In One Benefit card.

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

Once a Plan is chosen, retired members may select a less-comprehensive Plan in the future. You cannot improve to a more comprehensive option than the one you chose unless you advise the Plan Administration Office of your new decision within 31 days from the date of your retirement. Retired members who choose to cancel their benefits outright will not have the opportunity to subscribe at a future date.

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

COST AND FUNDING OF THE WELFARE PLAN

The Life Insurance and Long Term Disability benefits are provided under a contract of Insurance underwritten by Manufacturers Life Insurance Company (Manulife Financial). The AD&D benefit is insured by Chubb Insurance. The Emergency Travel Assistance benefit is insured by Green Shield Canada.

The Weekly Disability Income, Health and Dental benefits are funded by the assets of the Welfare Plan. Claims payment services are provided using your All-In-One Benefit Card and the Plan Administration Office.

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 expenses for claims, the expected future use and cost of the Plan, and demographic changes of members enrolled in the Plan.

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

Active Members

For each hourly contribution of $4.11, $3.7898 is deposited to the Dollar Bank of the member who earned that contribution.

Effective May 1, 2009, 3 cents per hour is used to fund the liability to continue Welfare and Pension benefits for up to one year for members on Workers' Compensation (WSIB). In 2007 the Trustees established a WSIB Reserve into which the 3¢ per hour is deposited, and from which the cost of the benefits is withdrawn. The amount collected for 2017 was $82,447 while the amount paid in benefits was $46,424.

The remaining 29.02 cents per hour is used for benefits for disabled and unemployed members covered by the Extended Benefit Program, and to keep apprentices covered while in attendance at Apprenticeship Training School.

The Trustees set up a reserve for Extended Benefits in 2007. The 29.02 cents per hour is deposited into the reserve each year while the cost of the benefits provided is withdrawn from it. Total contributions in 2017 were $792,915 while the benefits provided cost $301,186.

Effective January 1, 2018, the monthly cost of active member benefits was $405.29 per member. The active member Dollar Bank Deduction has remained at $409.00 per month since July 1, 2009. The difference of $3.71 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. The Dollar Bank Deduction amount is not guaranteed. It could change in the future.

Retired Members

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

The amount retirees contribute to the Plan is set by the Trustees and historically has been approximately 50% of the actual monthly cost of benefits. Retirees are not charged for the Emergency Travel Assistance program or the FSEAP counselling program. The difference between what the retirees contribute and what the benefits cost is paid out of the Welfare Fund's reserves. The current contribution and subsidy structure is set out in the following Table.

As at January 1, 2018:

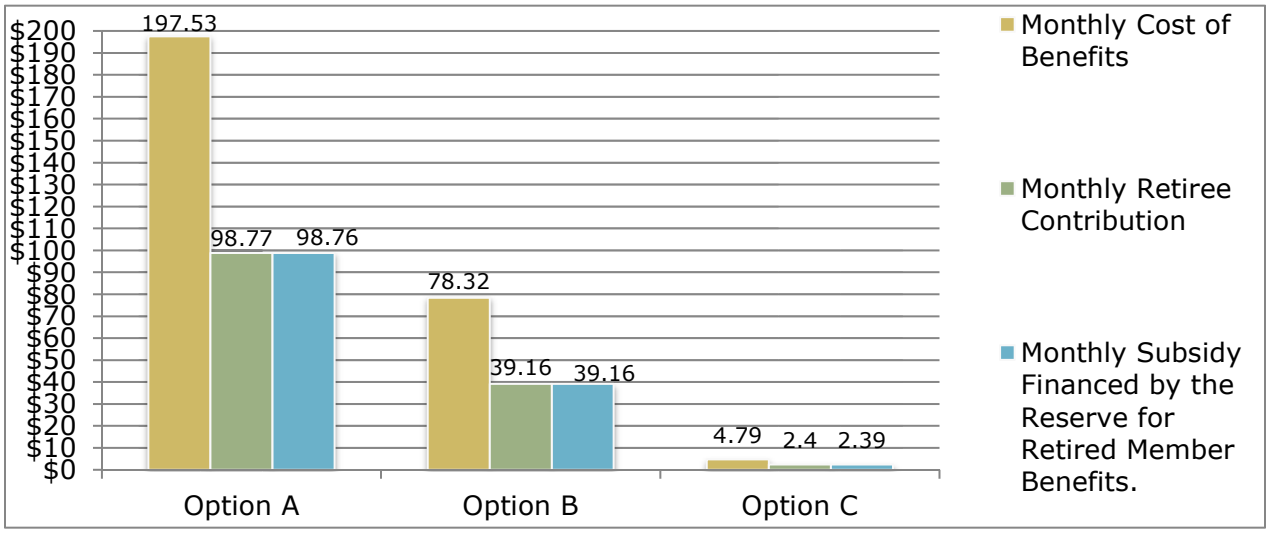
Plan Option	Monthly Cost of Benefits	Monthly Retiree Contribution, net of Tax	Monthly Subsidy per Retired Member
A	$197.53*	$98.77	$98.76
B	$78.32*	$39.16	$39.16
C	$4.79	$2.40	$2.39

* excludes the expense paid by the Fund of $37.75 per month for FSEAP and Emergency Travel Assistance benefits

Notes:

1. Retired members pay the applicable premium or retail tax assessed by the government. In Ontario this is 8%.
2. Retired members who are not eligible for the subsidized rate pay the full monthly cost of benefits.

The following graph provides a comparison of the monthly cost of benefits in relation to the monthly retiree contribution. The difference (the monthly subsidy) is financed by the Welfare Fund's Reserve for Retired Member Benefits and the Unallocated Surplus



In 2007, the Trustees established a Reserve for Retired Member Benefits. This reserve decreases by the amount the Fund pays to subsidize retired member benefits. The reserve is increased by investment income.

Commencing in 2011, the reserve was increased by the equivalent of 25 cents per hour for hours paid on behalf of active members. The cost of the hourly contribution allocation is drawn from the Fund's Unallocated Surplus.

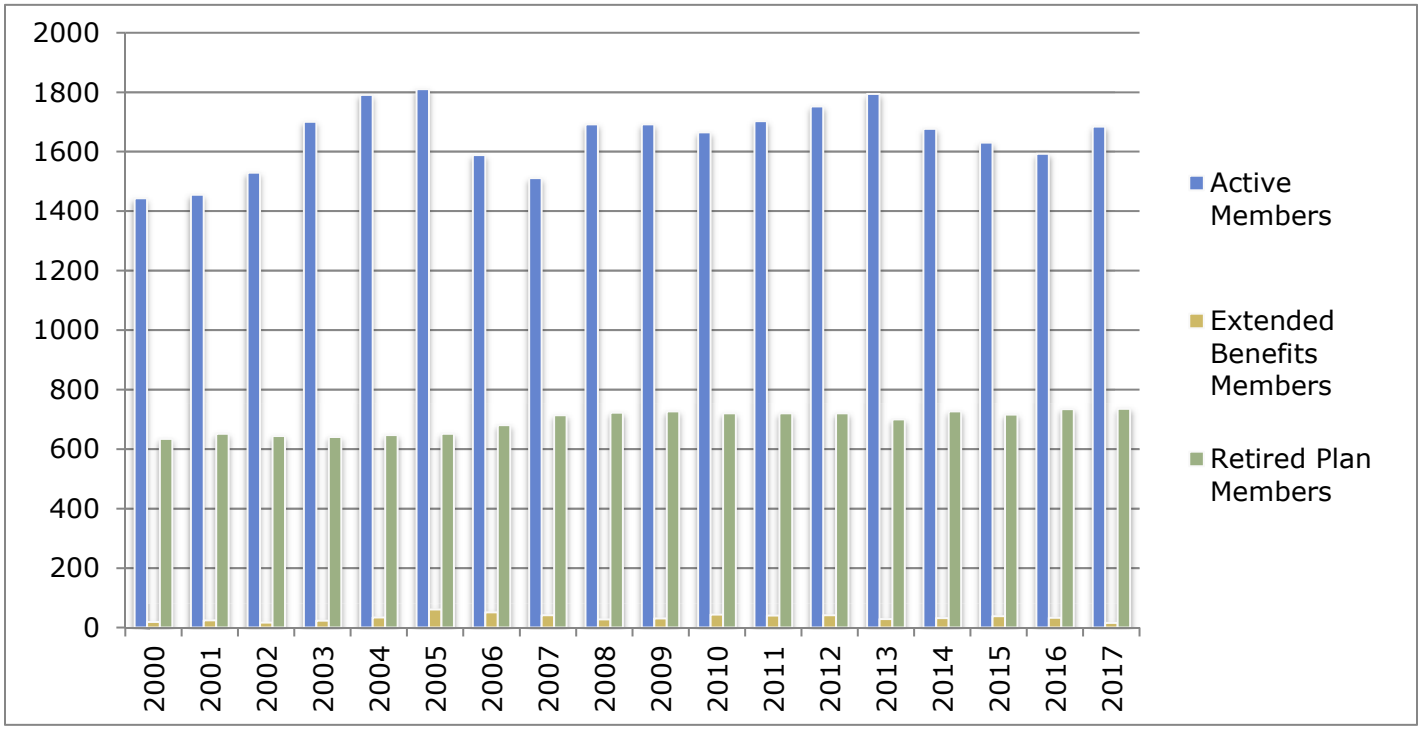
Welfare Plan Membership

The following data illustrates the number of covered 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
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	1,703	40	720	2.24
2012	1,752	41	720	2.30
2013	1,794	28	700	2.46
2014	1,677	32	727	2.21
2015	1,649	34	716	2.17
2016	1593	33	734	2.08
2017	1684	16	735*	2.24

*Comprised as follows: Plan A – 508; Plan B – 159; Plan C – 68.

The following graph compares the number of active members to the number of Extended Benefit Plan members and retired Plan members for the period 2000 through 2017, inclusive.



LEGISLATION BEARING ON THE WELFARE PLAN 2010 - 2017

- Commencing July 1, 2010, the Government of Ontario implemented changes to reduce the cost of generic drugs. The impact of this legislation while initially positive has been diminished by the introduction of new complex biologic drugs with no generic equivalent.

- The benchmark cost was reduced on a staggered basis, from 50% of the brand name drug to 25% of the brand name drug.

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

RECENT CHANGES TO THE WELFARE PLAN

The Trustees made the following benefit improvements in 2012:

- Effective March 1, 2012, the Plan commenced paying up to $45 for a treatment plan requested by the Plan administrator with respect to chiropractic, massage therapy and physiotherapy benefits. The cost of the treatment plan is included in the maximum benefit payable.

- Effective May 1, 2012 the dental benefit was improved to pay dental claims on the 2011 ODA Fee Guide.

- Effective July 1, 2012, the active members' Plan was improved by adding a confidential and diverse counselling service through FSEAP. The service offered helps with problems including legal, financial and family matters such as relationship problems, dealing with disability or aging.

  FSEAP has hundreds of Canadian locations. The FSEAP toll free telephone number is 1-800-668-9920. Web site access is at www.myfseap.ca. The Welfare Plan's web site www.lu30plan.com has a link to this benefit.

- The FSEAP program was extended to retirees effective January 1, 2013.

- Treatment for substance abuse is coordinated with the De Novo Treatment Centre. The De Novo Treatment Centre toll free telephone number is 1-800-933-6686. Their web site is www.denovo.ca

- Effective January 1, 2013 the Plan was improved to pay dental claims on the basis of the 2012 ODA Fee Guide.

- Effective January 1, 2014 the Plan was improved to pay dental claims on the basis of the 2013 ODA Fee Guide.

- Effective September 1, 2014 the Medical, Dental and Weekly Disability Income benefits became self-funded by the Fund's assets. The applicable insurance contracts were terminated.

- Effective September 1, 2014, all covered members were provided an All-in-One Benefit Card. This Card allows covered members to have claims paid at "point of sale" – at the pharmacy, dental office, therapist's office, etc. Members may also file claims online and receive a claim payment by direct deposit in as few as three days. Members can file "test claims" to see how far their coverage will go.

- Effective September 1, 2014, Emergency Travel Assistance benefits were provided to all covered members.

- Effective September 1, 2014, Life Insurance for active members was increased from $50,000 to $100,000 and the Survivor Income Benefit was terminated. Members who were disabled on September 1, 2014 are not eligible for the increased Life Insurance until they recovered and returned to work.

- Effective September 1, 2014, the Accidental Death & Dismemberment benefit amount was increased from $25,000 to $100,000.

- Effective September 1, 2014, the Weekly Disability Income benefit was increased from $468 to $514 to match the Employment Insurance (EI) maximum weekly benefit.

- Effective September 1, 2014, the Drug benefit paid for the ingredient cost of a drug based on the lower of the brand name or generic drug price.

- Effective September 1, 2014, diagnostic x-ray and medical laboratory expenses were no longer covered.

- Effective November 2014, the Drug benefit covered a 100 day supply. The previous limit covered a 90 day supply. The Plan provides a vacation supply of drugs for members going on extended vacations.

- Effective January 1, 2015, the Weekly Disability Income benefit was increased from $514 to $524 to match the EI maximum weekly benefit.

- Effective January 1, 2015, the Plan covered osteopathic services. Coverage is combined with the massage therapy coverage for active members; claims are subject to 80% coinsurance and a combined annual maximum of $1,000.

- Effective January 2015, a Health Care Spending Account was established, with an opening balance of $500 per family, for all active members and retirees in Plans A and B. The Trustees determine the amount to be allocated, if any, to the Health Care Spending Account annually. The amount will depend on the financial performance of the Fund.

- Effective March 1, 2015 the Plan was improved to pay dental claims on the basis of the 2014 ODA Fee Guide.

- For disabilities arising on or after January 1, 2016, the Long Term Disability monthly benefit was increased from $1,750 to $2,000.

- Effective January 1, 2016, the Weekly Disability Income benefit was increased from $524 to $537 to match the EI maximum weekly benefit.

- Effective January 1, 2016 the Plan was improved to pay dental claims on the basis of the 2015 ODA Fee Guide.

- Effective January 1, 2016 the $100 annual deductible under the retiree dental Plan was removed.

- Effective January 1, 2016 the $100 annual deductible under the retiree Major Medical Plan was removed.

- Effective January 1, 2016 erectile dysfunction drugs were covered.

- Effective January 2016, $500 per family was credited to the Health Care Spending Accounts of active members and retirees in Plans A and B.

- Effective January 2017, $600 per family was credited to the Health Care Spending Accounts of active members and retirees in Plans A and B.

- Effective January 1, 2017, the Plan was improved to pay Dental claims on the basis of the 2016 ODA Fee Guide.

- Effective January 2018, $600 per family was credited to the Health Care Spending Accounts of active members and retirees in Plans A and B.

- Effective January 1, 2018, the Plan was improved to pay Dental claims on the basis of the 2017 ODA Fee Guide.

- Effective January 1, 2018, the Plan was improved to extend coverage for dependant children up to age 25 as long as they are in full-time attendance at an accredited school, college or university. Verification of school attendance must be provided to the Plan Administration Office.

The Trustees 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, the cost of new biologic drugs, and the increasing incidence of multiple disease states that comes with the increasing average age of Plan Members.

PRIVACY STATEMENT

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 *Personal Information Protection and Electronic Documents Act*, requires most persons, firms and corporations that 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 certain Personal Information (such as home address, date of birth, information about income, health care expenses, disability, 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.

The Board of Trustees developed a Privacy Policy, by which the Trustees and every employee of the Plan Administration Office must abide. The Trustees have appointed a Privacy Officer to ensure that the Privacy Policy is observed. If you would like to receive a copy of the Privacy Policy, or if you have any questions, please contact:

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 INSURERS

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

Actuary / Investment Consultant	Eckler Ltd.
Administrator	Employee Benefit Plan Services Limited
Auditor	HS & Partners LLP, Chartered Professional Accountants
Banker	Royal Bank of Canada
Custodian of the Pension Fund	RBC Investor Services Trust
Employee Assistance Plan	Family Services Employee Assistance Plan (FSEAP)
General Consultant	J.J. McAteer & Associates Incorporated
Insurers	Manufacturers Life Insurance Company (Manulife Financial) Chubb Insurance Green Shield Canada
Investment Managers	Fidelity Investments Greystone Managed Investments Gryphon International Investment Counsel RBC Dominion Securities RBC Global Asset Management Sionna Investment Managers TD Asset Management Walter Scott and Partners Limited
Legal Counsel	Koskie Minsky LLP
Securities Monitoring	Labaton Sucharow LLP Robbins Geller Rudman & Dowd LLP

OFFICE OF THE PLAN ADMINISTRATOR

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