

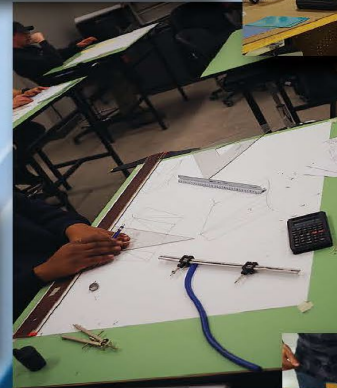
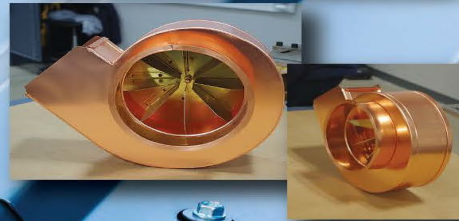


Annual Meeting for Members of the Sheet Metal Workers Local Union 30 Benefit and Pension Plans

May 6, 2023

annual report

TO PLAN MEMBERS AND CONTRIBUTING EMPLOYERS



2022

Sheet Metal Workers Local Union 30 Pension and Benefit Trust Funds

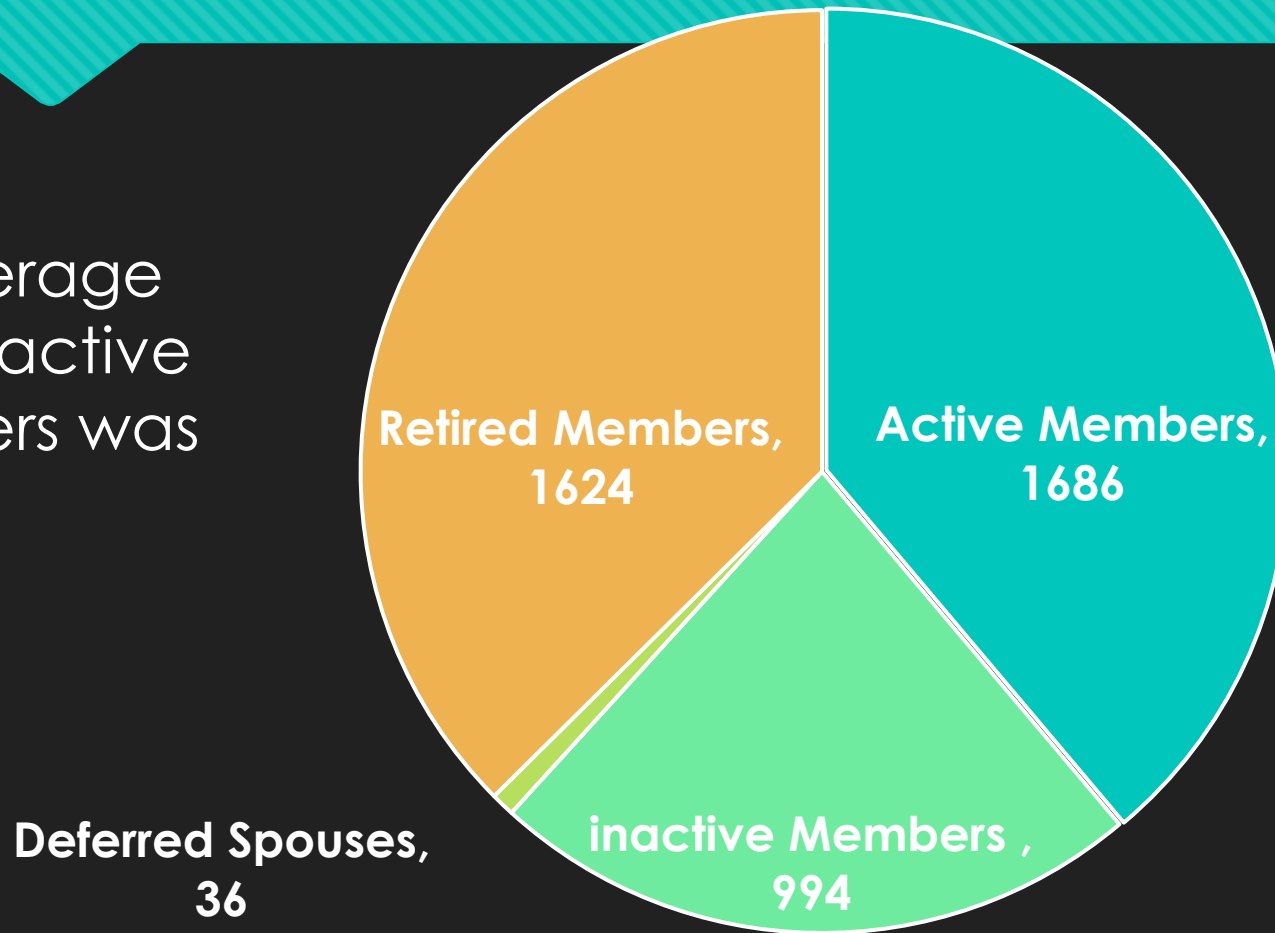


The Pension Plan

Pension Membership Information

► The average age of active members was 44.1

► The average age of retired members was 75.8



Pension Membership Information

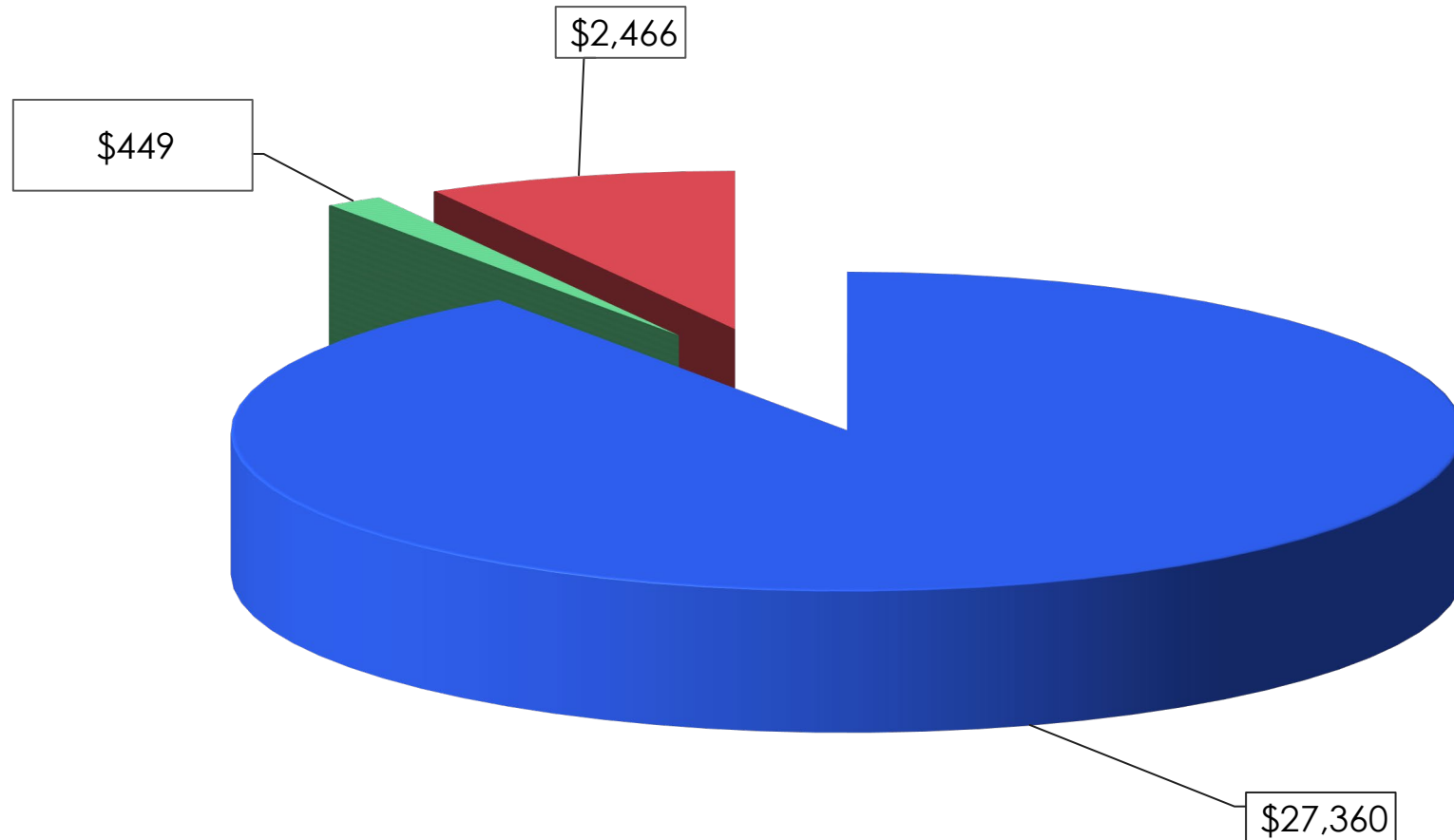
- Our 1,624 Retired Members (including surviving spouses) receiving a monthly pension:

<u>Age</u>	<u>Number of Retired Members & Surviving Spouses</u>
Age < 35	1
Age 35 - 40	1
Age 40 - 45	1
Age 45 - 50	3
Age 50 - 55	9
Age 55 - 60	22
Age 60 - 65	150
Age 65 - 70	251
Age 70 - 75	322
Age 75 - 80	350
Age 80 - 85	271
Age 85 - 90	147
Age > 90	96

**Retirement pensions
paid were \$27.4 million
in 2022**

Pension Plan Membership and Benefits Paid

Pensions Paid (\$1,000) - 2022

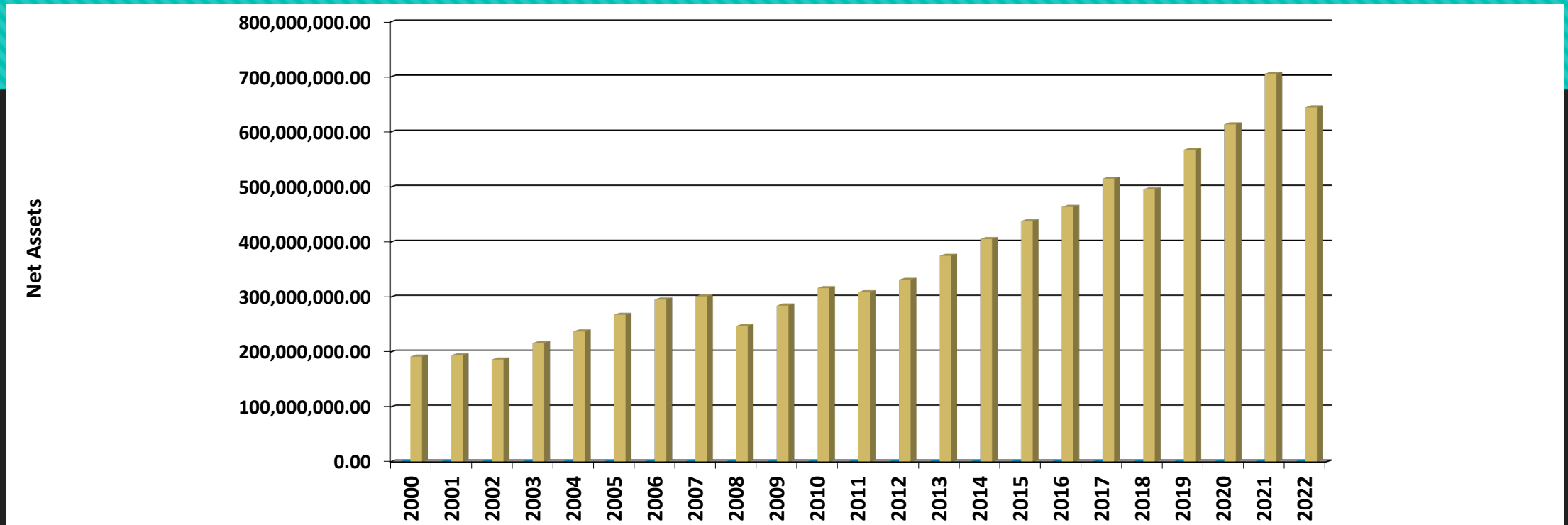


■ Retirement Pensions

■ Death Benefits

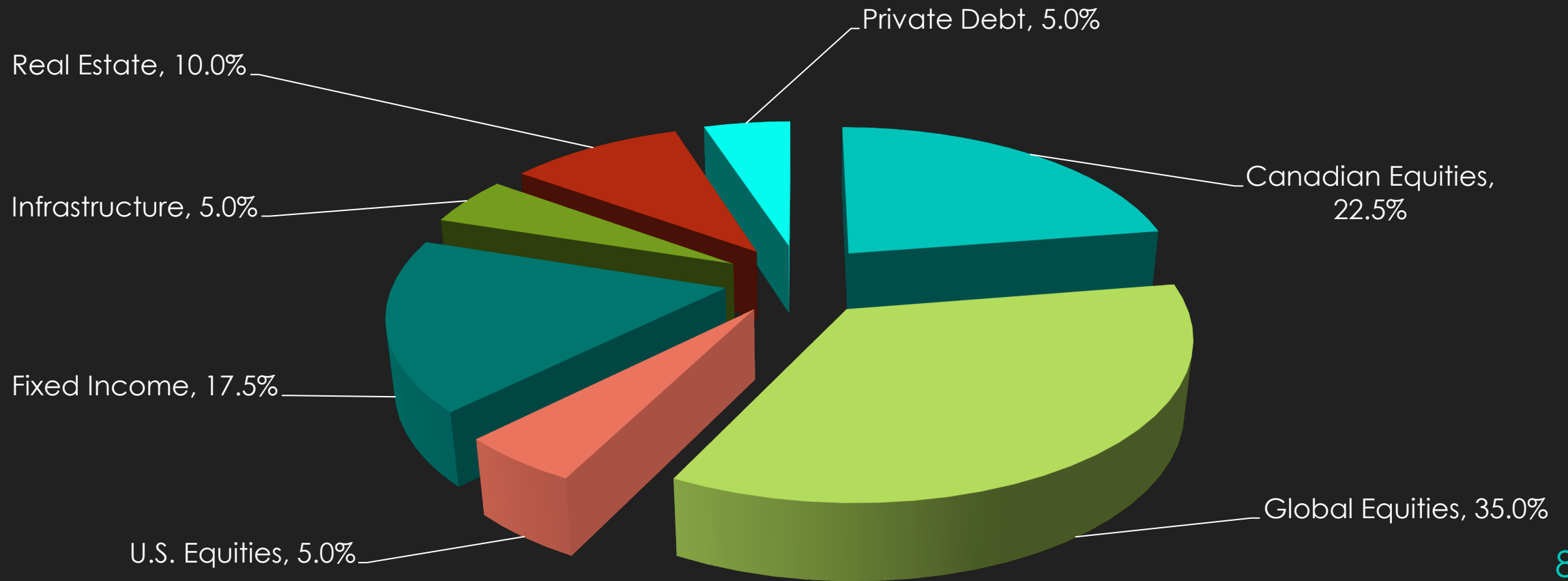
■ Termination Benefits

Net Assets of the Pension Fund 2000-2022



2000	\$191,897,412	2008	\$247,560,151	2016	\$464,206,339
2001	\$194,310,801	2009	\$284,715,011	2017	\$515,535,568
2002	\$186,607,555	2010	\$316,141,323	2018	\$496,232,419
2003	\$216,478,816	2011	\$309,163,447	2019	\$567,898,873
2004	\$237,715,716	2012	\$331,632,424	2020	\$614,153,901
2005	\$268,020,927	2013	\$375,353,949	2021	\$705,919,145
2006	\$295,850,850	2014	\$405,900,855	2022	\$644,900,993
2007	\$301,526,568	2015	\$438,472,165		

The Target Asset Mix of the Pension Fund - December 31, 2022



Pension Fund Returns

- ▶ The rate of return on the Plan's investments was -7.1% for 2022. The benchmark return for 2022 was -6.3%
- ▶ The use of active investment managers during 2022 decreased the Fund's performance by 0.8%
- ▶ Over the four years ended December 31, 2022 the Plan's rate of return was 8.5%. The benchmark return for this period was 7.7%
- ▶ During the five years ended December 31, 2022 the Plan's rate of return was 6.1%. The benchmark was 5.6%
- ▶ During the ten years ended December 31, 2021 the Plan's rate of return was 8.2%. The benchmark was 7.6%

- ▶ **The Trustees set a benchmark level of risk that represents the expected volatility in investment returns**
- ▶ For the four years ended December 31, 2022 the Plan's benchmark risk factor was 11.3
- ▶ At the end of 2022 the Plan's actual risk factor was 11.4. The Plan's risk is roughly in line with the benchmark's risk
- ▶ Because the Fund's return was 0.8% lower than the benchmark the Fund benefitted from the additional risk

The Pension Trust Fund

During 2022, the Pension Trust Fund:

Received:

Contributions	\$26,742,803
Interest and Dividends	25,276,626
Net Realized Gains/(Loss)	(2,219,973)
Net Unrealized Gains/(Losses)	(80,604,991)
Unrealized Gain/(Loss) – Currency	4,607,418
GST Rebate and other	177,341
Total Received	\$(26,020,776)

The Pension Trust Fund

Disbursed on account of benefits and expenses:

Administration	\$144,139
Audit	35,362
Consulting, actuarial	720,351
Custodial	192,756
Government fees	49,336
Holdback payments	(980,870)
Investment management/advisory	4,439,724
Legal fees after recoveries	(1,873)
Member/Trustee information tools	37,997
Member locating service fees	14,662
Miscellaneous	2,182
Pensions (monthly pensions, death and termination)	30,274,527
Printing and stationery	50,088
Telephone, postage and courier	18,799
Trustees' and membership meetings	26,636
Trustees' and trust fund insurance	50,989
Trustees' education	35,220
Total Disbursements	\$35,110,025

The Pension Trust Fund

Net Income (Loss) for the Year	\$(61.1) million
Net Assets at the beginning of the Year	\$706.0 million
Gain (Loss) for the Year	\$(61.1) million
Net Assets at the end of the Year	\$644.9 million



December 31, 2021 Actuarial Valuation

- ▶ The December 31, 2021 Valuation had the following highlights:

	<u>Going Concern</u> (in \$1,000's)	<u>Solvency</u> (in \$1,000's)
▶ Assets	\$637,100	\$704,100
▶ Actuarial Liabilities	621,700	1,066,500
▶ Actuarial Surplus (Deficiency)	<u>\$ 15,400</u>	<u>\$(362,400)</u>

Developments Affecting The Pension Plan

Retired Members Returning To Work

Due to changes in the *Income Tax Act, Canada*, effective May 1, 2022, employer pension contributions paid in respect of a member who is retired and 63 or older will be returned to the employer to be paid to the retired member as wages. Please note that, due to pension regulations, there may be a delay in the time taken to return the employer contributions.

Active Members Continuing To Work Past Age 71

Due to changes in the *Income Tax Act, Canada*, effective May 1, 2022, the Plan cannot accept employer pension contributions for persons over the age of 71. If the Plan receives employer pension contributions for members working after December 1st, of the year they turn 71, those monies will be returned to the employer to be paid to the member as wages. Please note that, due to pension regulations, there may be a delay in the time taken to return the employer contributions.

Developments Affecting The Pension Plan

NOTIFYING THE UNION OFFICE OF YOUR INTENT TO RETIRE

If you plan to retire and commence your pension from the Plan, you must inform the Union Office of your intent before your retirement date. Please note that if you continue to work past your Normal Retirement Date (age 63), you will not receive retroactive pension payments from your Normal Retirement Date.

Pension Plan Auditor

The Pension Trust Fund changed the auditor of its financial statements from HS & Partners Inc. to BDO Canada LLP.

Solvency and Target Benefit Legislation

- ▶ The Ontario government released its consultation paper on a permanent funding framework for target benefit plans.



Pension Forecaster



The Benefit Fund

The Benefit Trust Fund

During 2022, the Benefit Fund:

Received:

Contributions

\$13,151,915

Interest Income (Loss) – Realized or Unrealized

(2,065,748)

Miscellaneous Income

14,683

Total Received

\$11,100,850

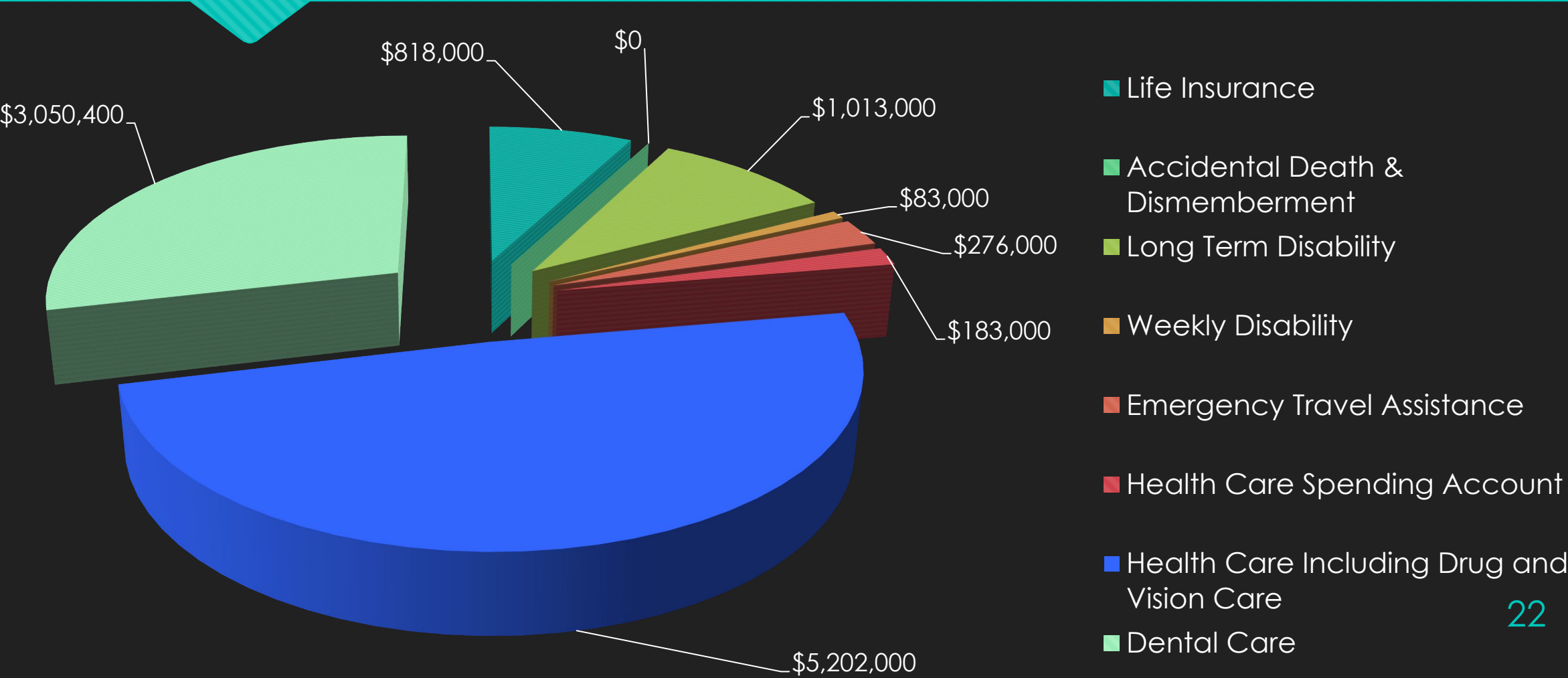
The Benefit Trust Fund

Disbursed:

Administration including claims fees	\$1,327,180
Audit fees	29,630
Consulting fees	458,143
FSEAP premiums	27,360
Insurance premiums	3,110,030
Investment management fees	136,404
Legal fees less liquidated damages	(1,873)
Member/Trustee information tools	31,282
Printing and stationery	32,310
Self-funded benefits (includes HCSA)	8,806,096
Telephone, postage and courier, etc.	32,097
Trustees' and membership meetings	26,242
Trustees' and trust fund insurance	52,069
Trustees' education	35,261
Total Disbursements	\$14,102,231

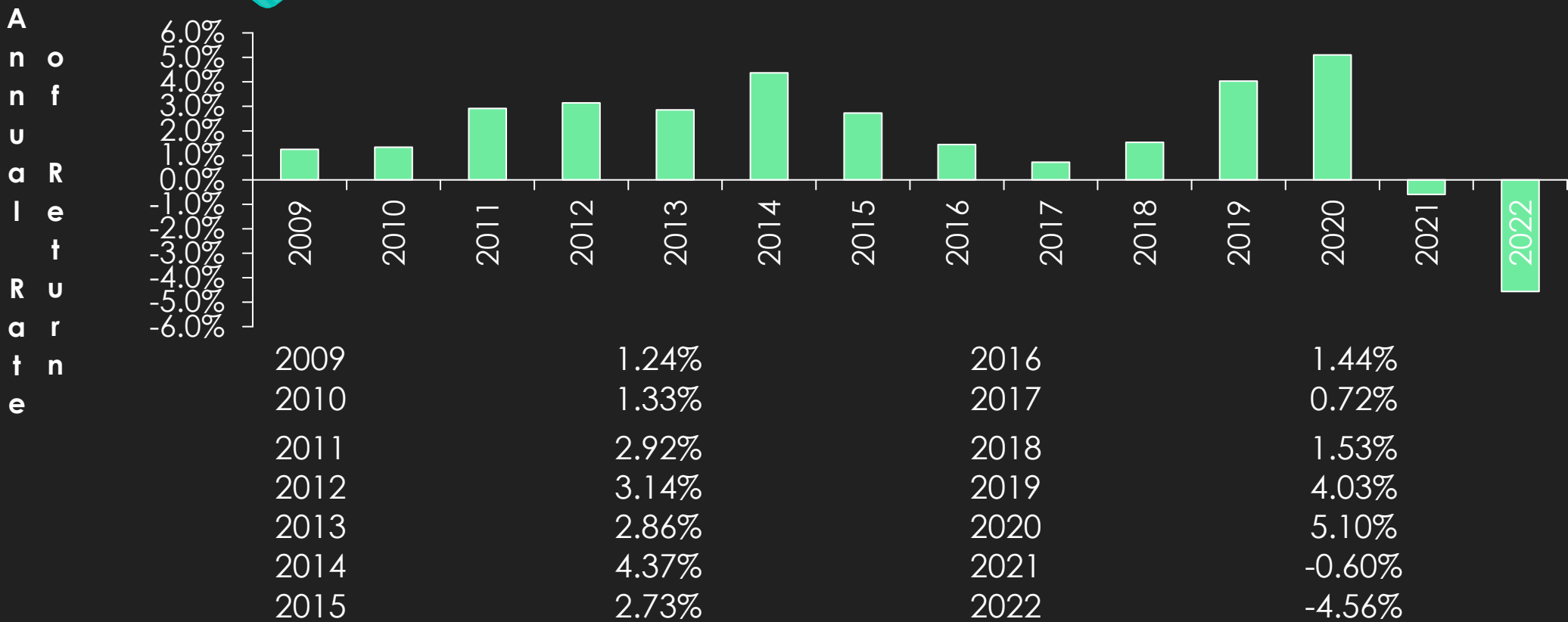
Benefits Paid During 2022

During 2022, the Benefit Plan paid \$10.6 million in premiums and claims



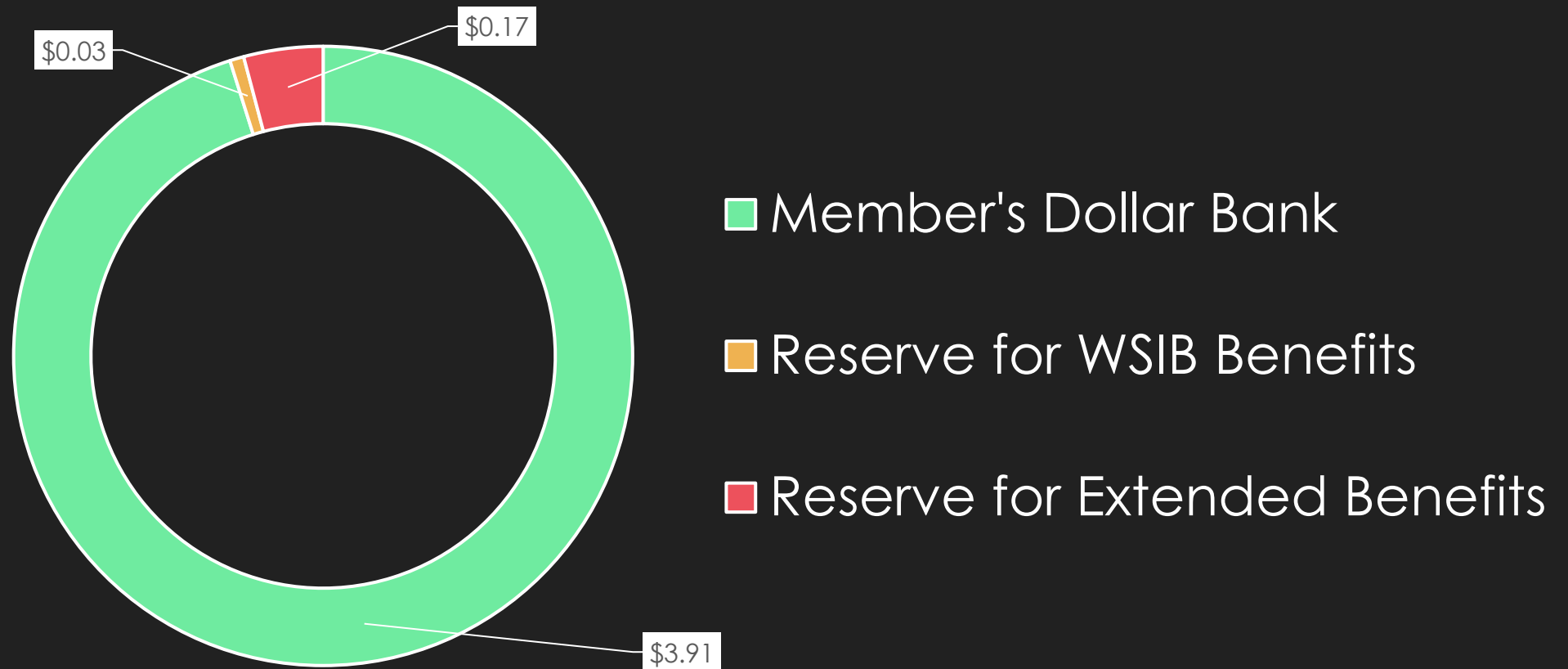
Benefit Fund Investments

Annual Rate of Return of Benefit Fund Investments



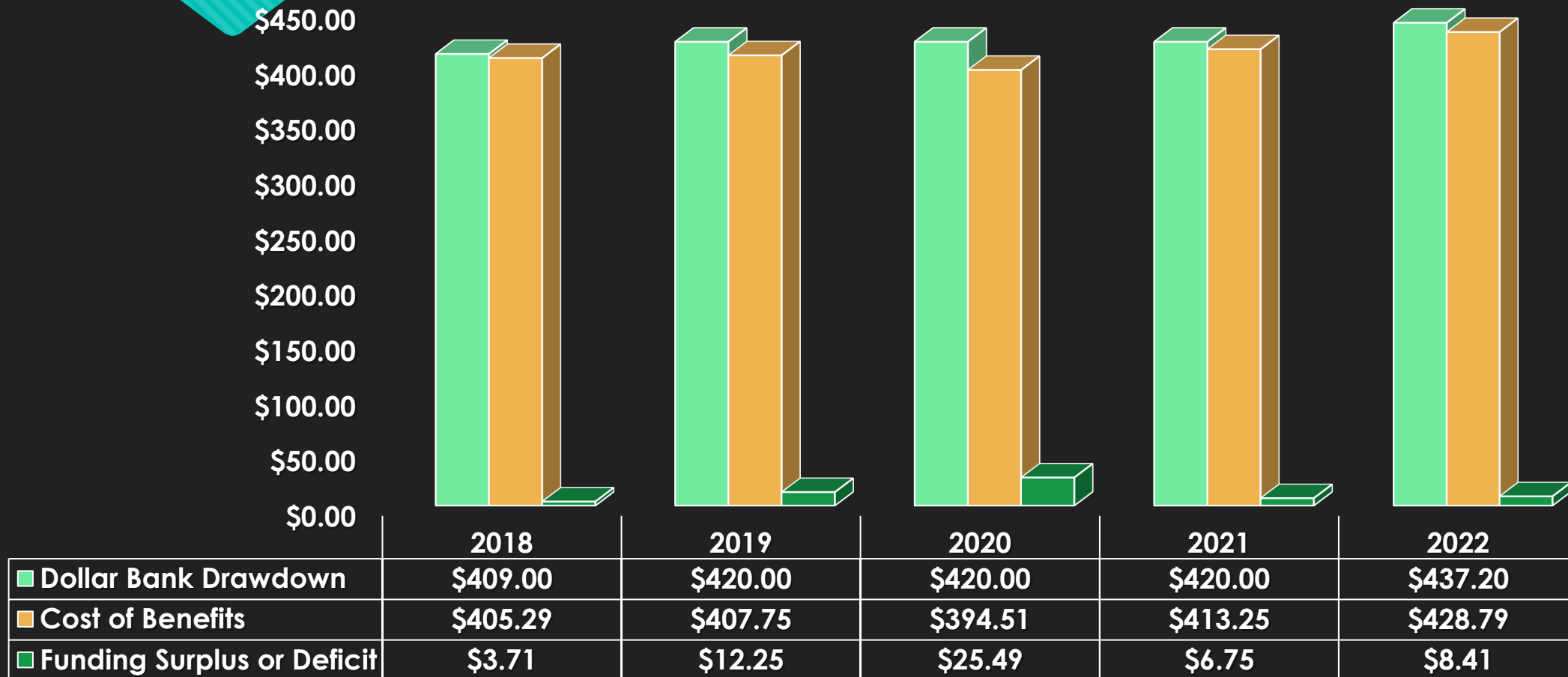
Please note that investments are held to maturity and do not generate any negative returns at the time of redemption. The loss shown for 2021 and 2022 are calculated using accounting principles. The loss was not realized.

How is your \$4.11/ hour Benefit Plan Contribution spent?



Benefit Plan Funding

ACTIVE MEMBERS



Benefit Plan Funding

RETIRED MEMBERS

Retiree Plan Option	Monthly Cost of Retiree Benefits	Retiree's Monthly Contribution, Before Tax	The Plan's Monthly Subsidy per Retiree
A	\$221.92 *	\$110.96	\$110.96
B	\$129.01 *	\$64.51	\$64.50
C	\$4.10	\$2.05	\$2.05

* excludes the expense paid by the Fund of \$53.44 per month for retiree FSEAP and emergency travel assistance benefits

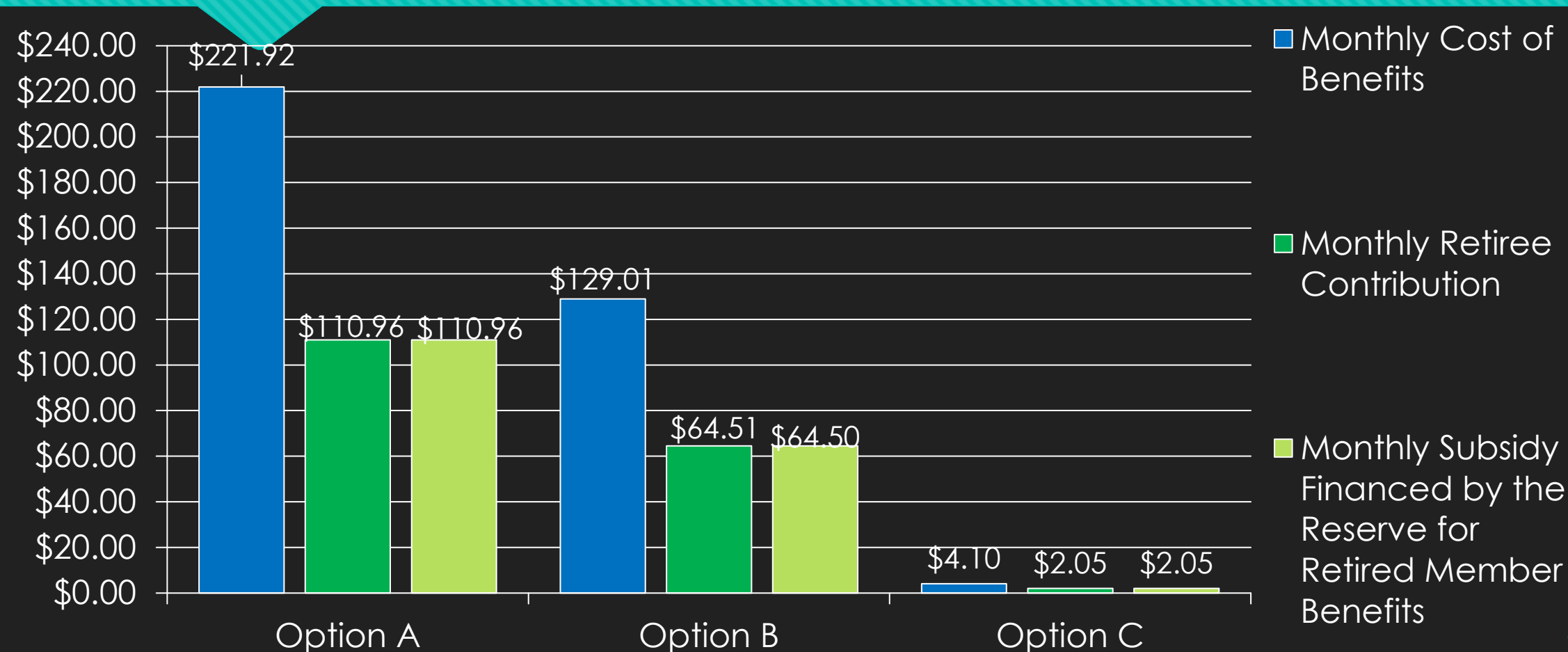
Notes:

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

Retiree Benefits Costing Information

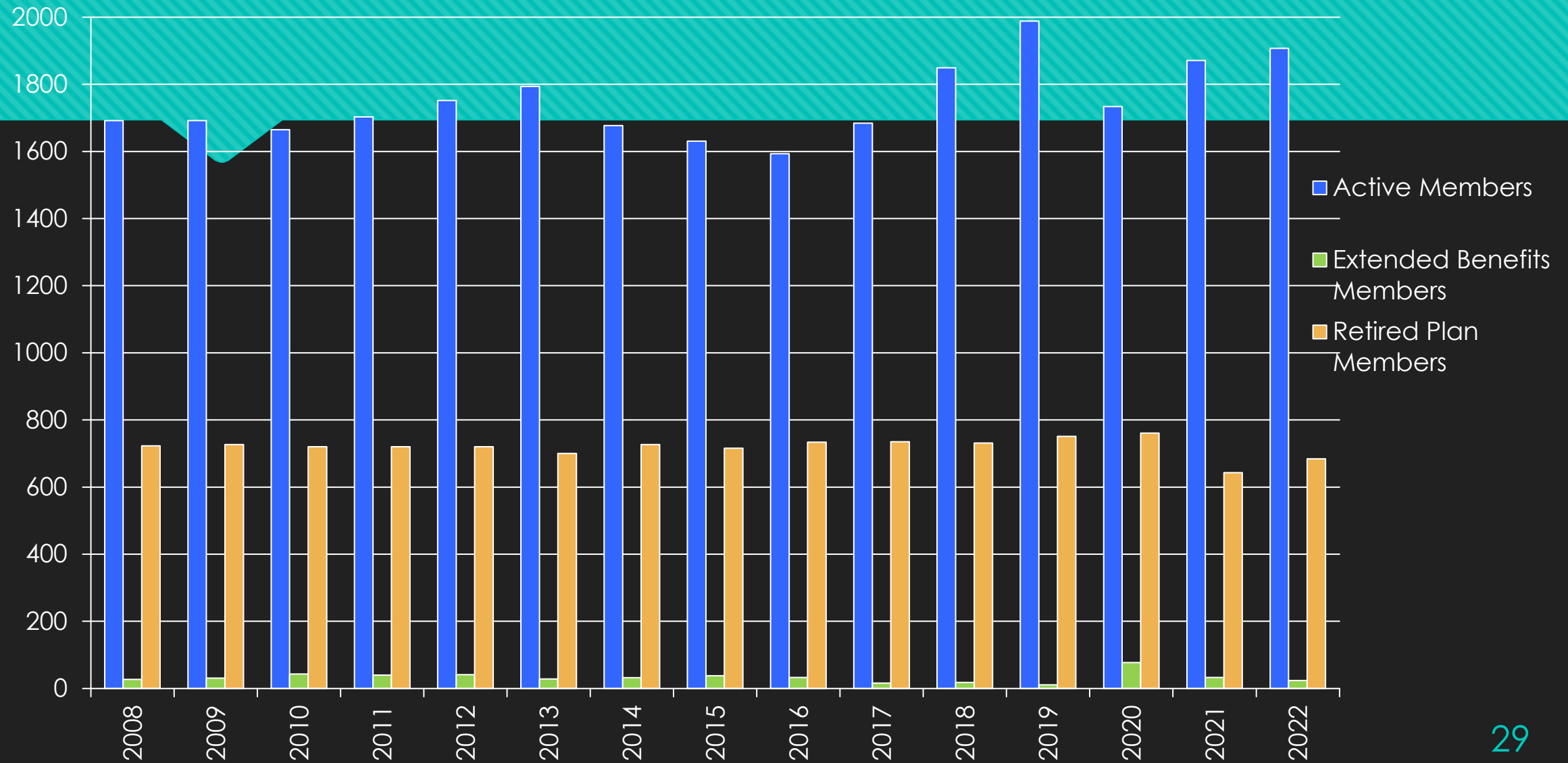
- ▶ The following graph provides a comparison of the monthly cost of retiree benefits to the monthly retiree contributions effective January 1, 2023
- ▶ The difference (the monthly subsidy) is financed by the Benefit Fund's Reserve for Retired Member Benefits and the Unappropriated Reserve

Retiree Benefits Costing Information



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 Unappropriated Reserve.

Benefit Plan Membership



Recent Changes to the Benefit Plan 2020-2022

- ▶ Effective January 1, 2020, the Plan was improved to pay dental claims on the basis of the 2019 ODA Fee Guide
- ▶ Effective January 1, 2020, the Plan's benefits for mental health were improved to cover the services of registered psychologists, registered psychotherapists, psychiatrists and registered social workers (Master of Social Work) were covered under the Plan for 100% of the reasonable and customary charges for these practitioners up to a maximum of \$200 per hour subject to a combined \$2,000 maximum benefit per person per calendar year. This benefit is included in the active member Plan and Retiree Plan A and Plan B

Recent Changes to the Benefit Plan 2020-2022

- ▶ Effective January 1, 2021, \$650 per family was credited to the HCSA of active members and retirees covered under Plans A and B
- ▶ Effective January 1, 2021, the Plan was improved to pay dental claims on the basis of the 2020 ODA Fee Guide
- ▶ Effective January 1, 2021, the maximum dental benefit is \$1,500 per covered person each year for retirees covered under Plans A and B
- ▶ Effective January 1, 2021, the Plan included an additional benefit for Maternity leave

Recent Changes to the Benefit Plan 2020-2022

- ▶ Effective with new prescriptions issued on and after January 1, 2021, the Plan was updated to have a “*biosimilar preferred*” basis of payment
- ▶ To ensure the best use of Plan money, the Plan’s pre-authorization protocol applies to all high cost drug claims
- ▶ For the Emergency Travel Assistance Program, expenses may be declined for treatment related directly or indirectly to a pre-existing or pre-diagnosed medical condition that, at the time of your departure from your province of residence, was not completely stable (in the professional opinion of Green Shield Canada (GSC) Assistance Medical Team) **and where medical evidence suggested a reasonable expectation that treatment or hospitalization could be required while traveling.** GSC reserves the right to review your medical information at the time of claim

Recent Changes to the Benefit Plan 2020-2022

- ▶ Effective November 1, 2021, the Declaration of Trust agreement was amended and restated
- ▶ Effective November 1, 2021, the Fund name was changed to the Sheet Metal Workers Local Union 30 Benefit Fund
- ▶ Effective 1, 2021, the Plan name was changed to the Sheet Metal Workers Local Union 30 Benefit Plan
- ▶ Effective January 1, 2022, \$500 per family was credited to the HCSAs of active members and retirees covered under Plans A and B
- ▶ Effective January 1, 2022, the Plan was improved to pay dental claims on the basis of the 2021 ODA Fee Guide

Recent Changes to the Benefit Plan 2020-2022

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- ▶ Effective January 1, 2023, the Plan was improved to pay dental claims on the basis of the 2022 ODA Fee Guide
- ▶ The Benefit Trust Fund changed the auditor of its financial statements from HS & Partners Inc. to BDO Canada LLP

The Trustees carefully monitor the funding of the Plans in order to provide benefits on a sustainable and prudent basis.

Things to think about:

- ▶ Legislation – biologics, pharma care, federal dental benefit
- ▶ Pension legislation

Your questions – email info@lu30plan.com

