

A Newsletter for Members of the BCGEU Pension Plan

Investment Commentary

Why is the fall of each year seemingly so volatile? The fall of 2007 appears no different and in fact this year it has been quite bumpy in the markets. The rise in commodity prices, the appreciating Canadian dollar, elements of global insecurity all make for an interesting mix. The largest recent event has been the problems in what is referred to as the "asset backed commercial paper market". Briefly, it appears that credit was expanded too quickly to those without the necessary means to assure its repayment and subsequent defaults on loans, primarily in the US, have created serious problems. The BCGEU Pension Plan is broadly diversified over a number of asset classes but it can not escape the trends in the market, and fortunately has very limited exposure to this type of investment. Our biggest concern lies with how exposed the financial industry is, such that it may have to accept large write-downs which will ultimately negatively affect their share price. The BCGEU Pension Plan does have considerable holdings in the financial services sector.

It should also be noted that the Canadian equity market has been strong over the last several years, and breaking records for steady growth. When these situations occur, it appears to be only a matter of time before some market deterioration or correction occurs. As in all down markets, it also presents an opportunity to buy shares at a good price. Hopefully we can exploit the next phase.

December 2007

BCGEU Pension Plan Board of Trustees

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Pension Plan Performance

At October 31, 2007, the annual return for the Plan was 6.04%. The return for the first ten months of 2007 was 1.86%. The October 31, 2007 unit value is 480.82. To illustrate the return you have earned in the Plan, you may find it interesting that the unit value at commencement of the Plan in March 1989 was 100.

Following are the one, three, five, ten and fifteen year annualized rates of return at October 31, 2007.

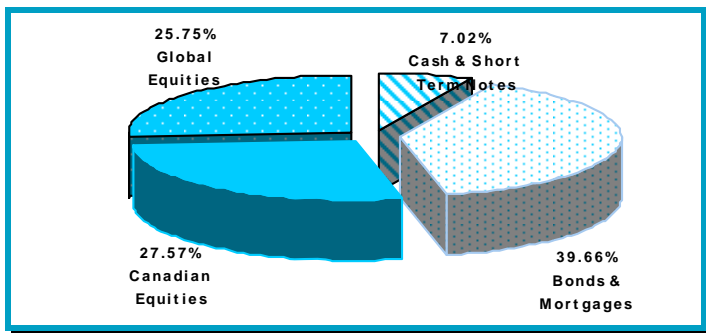
Average Annualized Rate of Return (%)				
1 Year	3 Year	5 Year	10 Year	15 Year
6.04%	9.97%	10.54%	6.65%	9.24%

Main Fund

The assets of the Main Pension Fund as at October 31, 2007 were approximately \$143 million and are comprised of the following asset classes:

Main Fund - Plan Assets:	
Cash & Short Term Notes:	7.02%
Bonds and Mortgages:	39.66%
Canadian Equities:	27.57%
Global Equities:	25.75%
Total Investments	100.00%

Asset Distribution at October 31, 2007



Immunization Fund

The rate of return for the Immunization Fund was 4.50% for the 12-month period ending October 31, 2007 with total assets of \$1.9 million. The Immunization Fund is comprised solely of short-term notes.

Voluntary Contributions

Your Pension Plan permits you to make additional contributions on a voluntary basis. Some employers permit you to do this through payroll deduction. Alternatively, you can forward post dated cheques directly to the Plan Administrator.

Voluntary contributions are **deductible from your income** for tax purposes. The annual amount of your voluntary contribution will be included on a T4. It is important to note that if you choose to make voluntary contributions, it is your responsibility to ensure that the amount of your contribution does not exceed the limits as set out in the Income Tax Act. The sum of your regular contributions, plus your employer's contribution, plus voluntary contributions cannot exceed **18% of your current year's annual earnings**. Voluntary contributions must be received by the Plan Administrator by December 31st of the tax year in order to get a deduction for the same year.

You can also transfer funds that you may already have accumulated in an RRSP to the Plan on a locked in or non locked in basis. These transfers retain their tax deferred status and are not considered as a contribution (and are therefore not part of the contribution limit).

One of the advantages of contributing to your pension plan voluntarily is that you get to take advantage of the investment management services of **skilled investment managers** (Phillips, Hager & North, AllianceBernstein), while paying **significantly lower fees** than you would pay if you were to invest the same contributions in an individual RRSP in the retail market.

While the point of making additional contributions is to accumulate more in your retirement "nest egg", voluntary contributions and transfers can be withdrawn from the Pension Plan at any month end. However, cash withdrawals are subject to withholding taxes.

For further information, please contact the Plan Administrator.

Important Reminders:

- Check that your employer is remitting the correct percentage of employee and employer contributions as prescribed in the Collective Agreement.
- If you are retiring this year, you should be aware that annuities purchased through the Plan are purchased on a "net of commission" basis. This results in annuity payments which are higher compared to annuities purchased after Plan funds have been transferred out of the Plan.

Has Your Personal Information Changed?

Remember that it's up to you to keep the Pension Plan Administrator advised of any changes of address or beneficiary. (Changes provided to your employer may not necessarily reach the Plan Administrator.) Address changes are accepted over the phone. Beneficiary changes must be received in writing.

Plan Administrator: Aon Consulting
Toll Free Fax: 1-800-818-9858
Toll Free Phone: 1-800-818-9855
Contact: Barbara Whitear
Direct Line: 604-443-2564
Email: barbara.whitear@aon.ca

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**Look for your
Annual
Member
Statement in
late February!**