

BCGEU Pension Plan News

February 2007

BCGEU Pension Plan Board of Trustees

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The BCGEU Pension Plan Board of Trustees is pleased to report the results to December 31, 2006.

Please let us know if there are topics you would like to see included in future issues of the Pension Plan newsletter. You may mail, fax or e-mail your requests to the Pension Plan administrator. The contact information is noted below.

To all Plan Members

With this bulletin is your 2006 annual statement in a format that we hope you will find straightforward and easy to read. Explanatory notes are on page 2 of the statement.

New Participating Employers

The Trustees would like to welcome BCGEU members of Surrey Nurseries Ltd., who were enrolled in the Plan in January 2006, and also employees of Carefree Society in Prince George, who recently joined the Plan in January 2007.

Economic Commentary

For the fourth consecutive year, returns in 2006 were strong in most equity markets. The Canadian equity market posted a return of 17.3% for 2006. World equity markets returned 20.2% on Canadian dollar terms during 2006.

Fixed income securities performed reasonably during 2006 with a return of 4.1% for Canadian bonds.

Pension Plan Performance

At December 31, 2006, the annual return for the Main Fund was 12.68%. The December 31, 2006 unit value is 472.05. To illustrate the return you have earned in the Main Fund, 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 December 31, 2006.

| Avg. Annualized Rate of Return (%) | | | | |
|------------------------------------|--------|--------|---------|---------|
| 1 Year | 3 Year | 5 Year | 10 Year | 15 Year |
| 12.68% | 11.40% | 8.15% | 7.90% | 9.51% |

Plan Assets

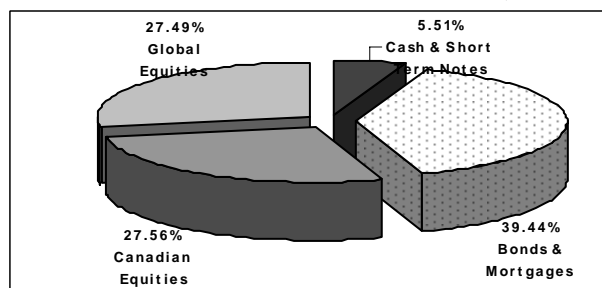
• Main Fund

The assets of the Main Pension Fund as at December 31, 2006 were approximately \$145 million and are comprised of the following asset classes:

| | |
|--------------------------|--------|
| Cash & Short Term Notes: | 5.51% |
| Bonds and Mortgages: | 39.44% |
| Canadian Equities: | 27.56% |
| Global Equities: | 27.49% |

| | |
|--------------------------|----------------|
| Total Investments | 100.00% |
|--------------------------|----------------|

Asset Distribution at December 31, 2006



• Immunization Fund

The rate of return for the Immunization Fund was 4.06% for the 12-month period ending December 31, 2006 with total assets of \$1.4 million. The Immunization Fund is comprised solely of short-term notes.

Attention Members on LTD

It is important that you check your Annual Statement carefully to ensure that your employer has contributed what you are entitled to under your collective agreement. LTD contributions differ in the Collective Agreements throughout the province. If you have questions regarding your entitlement, please contact your local union steward or area office.

How Your Pension is Paid

At retirement, you will have the opportunity to choose a form of pension payment that meets your personal needs.

Joint Survivor Pensions

A joint survivor annuity gives you the opportunity to continue payments to your spouse after your death, at a level of 50%, 60%, 66 2/3% or 100% of your monthly annuity payment amount, for the remainder of your spouse's lifetime. Pension legislation requires that married Plan members choose a "joint survivor" annuity that provides payments to your spouse after your death equal to at least 60% of your annuity payments. Your spouse may choose to give up their right to a joint survivor annuity by completing and signing a waiver form. If you elect the 5, 10 or 15 year guarantee and both you and your spouse die before the end of this period, the remaining guaranteed payments will be made to the beneficiary or estate of the last survivor.

Single Life Pensions

If you do not have a spouse at retirement, or your spouse has waived the right to a joint survivor annuity, you may choose a single life annuity. The monthly lifetime annuity payments are payable to you as long as you live. You can choose a 5, 10 or 15 guarantee period; if you die before the guaranteed number of payments have been made, the remainder of the guaranteed payments will be paid to your beneficiary or estate.

Government Benefits

In addition to your pension from the BCGEU Pension Plan, you may receive government benefits as described below. These benefits are not automatic, therefore you must apply for them.

Canada Pension Plan (CPP)

Your CPP pension will be based on your last three years of earnings, and is restricted to a defined maximum (\$863.75 per month in 2007). Your CPP pension may start any time on or after your 60th birthday, but is subject to an early retirement reduction if started before age 65. Benefits are increased annually to reflect future cost-of-living increases.

Three months before the later of age 60 or your anticipated retirement date you should submit your CPP application to the nearest Federal Government Human Resources Development office, along with proof of age and your T4 slip or statement of earnings (available from your employer).

The CPP Statement of Earnings provides a summary of your contributions and an estimate of the value of your benefits. The Statement of Earnings is an important retirement tool. To

obtain a copy of your CPP Statement of Earnings, contact 1-800-277-9914 or visit www.hrsdc.gc.ca.

Old Age Security Pension (OAS)

OAS pensions are paid from age 65 to all Canadians who meet the age and residency requirements. OAS benefits are adjusted quarterly in line with inflation. The maximum level of benefit at the beginning of 2007 is \$491.93 per month.

If your net income exceeds a certain level (\$63,511 in 2007) a portion of your OAS pension may be "clawed back" by extra tax.

Six months before your 65th birthday you should submit your OAS application with proof of age to the nearest Federal Government Human Resources Development office.

Important Reminders:

- Check that your employer is remitting the correct percentage of employee and employer contributions as prescribed in the Collective Agreement.
- If you move, **please make sure you provide the Plan Administrator and the Union with your change of address.** If you know of any member who did not receive an annual pension statement, it means that they need to provide the Administrator and the Union with their current address.
- 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. For your information, based on recent annuity purchases, a 60-year-old male member having an account balance of \$100,000 would receive an estimated pension of \$570 per month for the duration of his lifetime (with no spouse's pension).
- For more information about your Plan, please refer to the relevant sections of your pension booklet before contacting the Union or the Plan Administrator.

Changes to the BCGEU Website

Visit www.bcgeu.ca. You will now be asked to set up a user account. You can find copies of FYI's and other pension information at "C10-Highways> Pension News".

Sources of Information

| | |
|---------------------|------------------------|
| Plan Administrator: | Aon Consulting Inc. |
| Toll Free Fax: | 1-800-818-9858 |
| Toll Free Phone: | 1-800-818-9855 |
| Barbara Whitear | Extension 564 |
| E-Mail: | barbara.whitear@aon.ca |

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