

BCGEU Pension Plan Board of Trustees

Judi Filion, Chairperson
 Dan Baker
 John Cantlon
 Jim Manson
 Paul Martin
 Kelly McDonald
 Peter Mehling
 Mike Nuyens

The BCGEU Pension Plan Board of Trustees is pleased to report the results to May 31, 2007. Please note that Judi Filion was elected Chairperson of the Board of Trustees at their March 2007 meeting.

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.

New Participating Employer

The Trustees would like to welcome BCGEU members of the University of British Columbia Childcare Services Program (Component 3) who joined the Plan in May 2007.

Economic Commentary

For the first 5 months of 2007, world stock markets confirmed their strong performance, in particular the Canadian stock market. The continued strengthening of the Canadian dollar reduced foreign stock market returns for Canadian investors. The Canadian equity market posted a return of 10%, and world equity markets returned 1.3% in Canadian dollar terms during the first 5 months. Fixed income returns have been weak in 2007, with a return of -0.51% for Canadian bonds.

Pension Plan Performance

At May 31, 2007, the annual return for the Plan was 15.33%. The return for the first five months of 2006 was 3.54%. The May 31, 2007 unit value is 488.74. 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 May 31, 2007.

Avg. Annualized Rate of Return (%)				
1 Year	3 Year	5 Year	10 Year	15 Year
15.33%	11.34%	9.32%	7.68%	9.70%

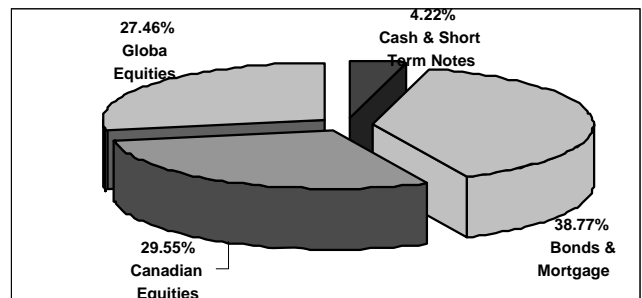
Plan Assets

- Main Fund**

The assets of the Main Pension Fund as at May 31, 2007 were approximately \$147 million and are comprised of the following asset classes:

Cash & Short Term Notes:	4.22%
Bonds and Mortgages:	38.77%
Canadian Equities:	29.55%
Global Equities:	27.46%
Total Investments	100.00%

Asset Distribution at May 31, 2007



- Immunization Fund**

The rate of return for the Immunization Fund was 4.31% for the 12-month period ending May 31, 2007 with total assets of \$2.0 million. The Immunization Fund is comprised solely of short-term notes.

- BCGEU Pension Plan Eligibility**

The question of Pension Plan eligibility arises from time to time. The terms of eligibility are determined by the various collective agreements. Eligibility is also subject to the legislation and regulations of the Pension Benefits Standards Act (PBSA) of British Columbia. The BCGEU Pension Plan is considered a Multi-Employer Pension Plan which has special features attached to it. BCGEU members hired as *regular* employees are automatically enrolled in the

Pension Plan. However, BCGEU members are often hired on an auxiliary basis before attaining a regular position.

BCGEU auxiliary employees often question when the earliest point is that they can enroll in the Pension Plan. The eligibility criteria in most collective agreements are the same as the PBSA requirements; the employee must be allowed to participate once a certain period of time and earnings have been achieved. Simply put, once the BCGEU member has worked two consecutive years (with no less than 350 hours worked each year), and has had earnings in excess of 35% of the YMPE, they must be allowed to participate in the Pension Plan at the beginning of the third year.

The YMPE (Year's Maximum Pensionable Earnings) is determined by the federal government. The YMPE for the last five years are as follows:

2003	\$39,900	(35% = \$13,965)
2004	\$40,500	(35% = \$14,175)
2005	\$41,100	(35% = \$14,385)
2006	\$42,100	(35% = \$14,735)
2007	\$43,700	(35% = \$15,295)

Lastly, it is important for members to monitor their earnings thresholds and make written application for pension participation directly to their employers. Please note that not all highways maintenance employers participate in the BCGEU Pension Plan.

Pension Plan Expenses

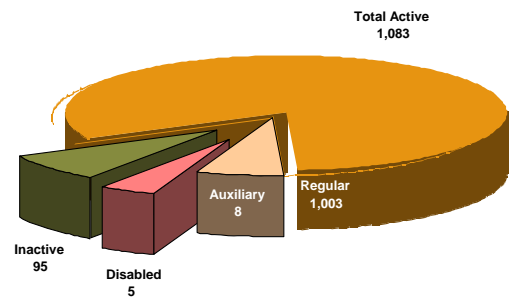
The costs of operating the BCGEU Pension Plan include fees for professional investment managers, plan administration, safe custody of plan assets and audit as well as ad hoc fees that arise from time to time. These fees are paid directly from the Plan and reduce the investment return of the fund. A Management Expense Ratio (MER) measures fees as a percentage of Plan assets. For the year ending 2006, the MER for the BCGEU Pension Plan was 0.64%.

A recent study of the retail mutual fund market indicated that Canadians pay the world's highest mutual fund fees. The average cost for funds sold in Canada was 4.7%.¹

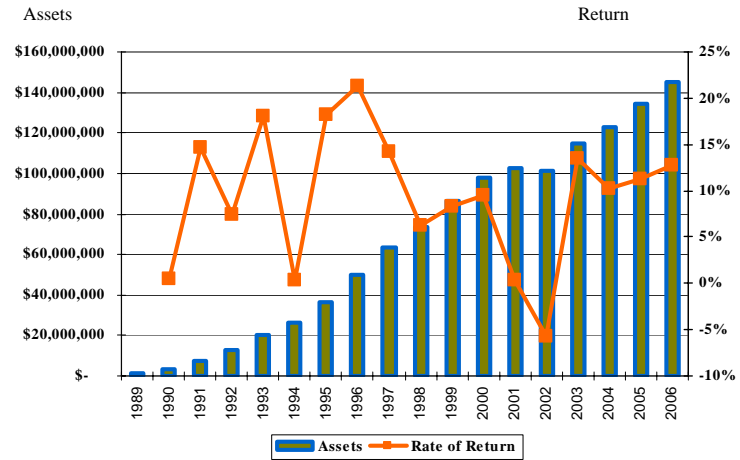
Therefore, careful scrutiny of plan expenses by trustees, as well as the elimination of the necessity to pay sales reps (who sell mutual funds) makes the costs of pension plans far more efficient than retail mutual funds.

2007 Statistics

**Distribution of Members by Status
As at December 31, 2006**



**Historical Growth and Earnings of the Main Fund
To December 31, 2006**



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 more information about your Plan, please refer to the relevant sections of your pension booklet before contacting the Union or the Plan Administrator.

BCGEU Website

The “FYI’s” are now available on the BCGEU website. Visit www.bcgeu.ca. Select “Components > 10-Operational > 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

¹ According to study by A. Koranani, of Georgia Institute of Technology; H. Servaes from London Business School; and P. Tufano of Harvard Business School